

Patterns of Work Participation in CalWORKs

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Summary

The legislation that created the Temporary Assistance for Needy Families (TANF) required states to engage 50 percent of most adults receiving cash assistance in work or related activities (job search, education related to employment, work experience, and the like), or face fiscal penalties. Since the TANF program began in FY 1997, most states have not found this requirement to be a binding constraint because large credits for caseload reductions dramatically reduced effective work participation requirements. Changes to the legislation governing the TANF program, effective FY 2006, have the potential to turn work participation into a binding constraint for states. This Occasional Paper examines data for the period 2001-2004 submitted by states as evidence of their compliance with federal requirements in order to gain insight into the portion of the CalWORKs caseload required to participate in federally-approved activities, and especially those not meeting work participation requirements. It focuses solely on the single-parent caseload. It excludes two-parent cases, which were in a Separate State Program (SSP) in California from FY 2000 through FY 2005. This portion of the caseload is not inconsequential because recipients in SSPs are required as of FY 2006 to be counted in states' work participation rates; at the same time, those two-parent cases in California's SSP form a minority of the total CalWORKs caseload.

One way in which California's welfare caseload is distinctive in the nation are that sanctioned and time-limited cases that used to be counted as part of the child-only caseload will now be counted in the work participation calculation. Focusing on 2004, the most recent year of data available, we see, first, that less than half of California's single-parent caseload was required to participate in work activities; however, this fraction will be somewhat higher in the coming years because those who are sanctioned and time limited are newly required by recent legislation to be counted in the work participation rate.

Looking at the single-parent caseload in California in 2004 that was required to participate (under the old law), we see that the majority was not meeting the requirement (76.4 percent). Among those who were meeting their required hours, the most common activity in California and other states was unsubsidized employment. In order to better understand the groups that were not participating, I first apply the rules in effect as of October 2006 concerning the portion required to participate to the caseload in 2004, and then examine each of four groups in turn: those exempted from participation under state law, but still counted in the federal participation calculation; those not exempted and contributing no hours; those participating for some, but not enough, hours; and those newly required to participate under the new legislation (sanctioned and time-limited cases). While it is not possible using these data to isolate the causes of these groups' participation shortfall, it is possible to summarize what the effect of successful state and county efforts to engage each of these segments of the caseload would be on the work participation rate.

Taking these segments of the caseload in reverse order, I find that the sanctioned and time-limited made up a sizeable but still relatively small minority (16.4 percent) of those counted in the work participation rate calculation starting in October 2006. In addition, under federal rules the state can exclude a portion of the sanctioned caseload from the rate calculation. Thus a reasonable estimate of the effect of including these sanctioned cases in 2004 is a 1 to 2

percentage point reduction in the rate. Timed-out adults could have lowered the rate in 2004 by about the same amount, but only if no adult in this group participated. If timed-out adults participated at the same rate as other single-parent adults on the TANF caseload, there would have been no effect on California's work participation rate, and if their participation rate was 10 percent higher (or lower) than the overall rate, California's rate would have increased (or decreased) by 0.1 percentage points.

Those exempted by state law but counted in the federal work participation calculation made up about the same fraction of the caseload required to participate under the new rules, at 19.8 percent. An important reason given for exemption in California, although not in other states, was lack of sufficient child care. If California could have obviated this reason for exemption, for every 10 percent of this exempted group that met their participation requirement (and making some assumptions about the contribution of the sanctioned and the time limited to the numerator and denominator of the rate), California's work participation rate would have been 1.0 percentage points higher, and the consequence of successfully engaging this group at a rate comparable to those with young children who were not exempted would have been a 2.9 percentage point increase.

Those who were not exempted in 2004 and who had no recorded hours of participation made up the largest fraction of the caseload required to participate under the rules in effect as of FY 2006 (32.7 percent). For every 10 percent increase in full participation among this group (and making the same assumptions about the sanctioned and time limited), the work participation would have been 3.7 percentage points higher in 2004 than it actually was. Those contributing some hours of participation was the smallest group among those required to participate in work activities, at 11.3 percent. For every 10 percent increase in full participation among this group (and making the same assumptions about the sanctioned and time limited), the work participation rate would have been 1.3 percentage points higher.

Looking more specifically at the characteristics of those in these last two groups as compared to those who were successfully meeting their hours requirement – that is, focusing on the non-exempt and not disregarded caseload – I find that new applicants in this group were somewhat less likely to have participated for some or any hours and that those with less than a high school education were less likely to have participated at all (although not less likely to have had some hours as compared to enough hours). If those with less than a high school education had been engaged at the level of those with a high school education, the rate would have been 2.1 percentage points higher than it actually was in 2004. If those new to aid had been engaged in a manner similar to those not new to aid, California's work participation rate would have been 1.4 percentage points higher. Program administrators may want to focus attention on these identifiable groups in order to better understand, and overcome, the factors that impede their participation.

In sum, in 2004 California's work participation rate among single parents was an estimated 26.4 percentage points below 50 percent, and the inclusion of sanctioned cases would likely have lowered it by 1 to 2 percentage points. Equally successful efforts to engage segments of the caseload that are counting toward the denominator of the rate but not the numerator will have differently-sized effects on the work participation rate because of the varying sizes of the segments. Program administrators may want to consider those newly required to participate,

those exempted, those with some hours of participation, and those contributing no hours and who are not exempted separately as they develop strategies to expand work participation among CalWORKs adults.

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Introduction

In 1996, Congress replaced the long-standing program to aid low-income families with children, Aid to Families with Dependent Children (AFDC), with a successor program, Temporary Assistance for Needy Families (TANF). The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) both devolved considerable responsibility to states to design their cash assistance programs and required that states engage a substantial number of adult welfare recipients in work or activities intended to lead to employment (“work participation”), or show evidence of caseload reductions not due to eligibility changes, or both.¹ Aspects of the funding of their programs are tied to some degree to reports on these two measures that states must submit to the federal government.²

In February 2006, the President signed into law the Deficit Reduction Act of 2005.³ Among other things, this legislation reauthorizes the TANF program for a five-year period. One aspect that is of particular importance to states as they consider how to run their cash assistance programs is changes to measures of recipient engagement in work or other federally-allowed activities.

This Occasional Paper draws on data that states have provided to the federal government as evidence of their compliance with federal rules regarding work participation. I use these TANF Data Reports (TDRs) and SSP-MOE Data Reports (SDRs) to sketch a picture of work participation among adults on single-parent cases in California and the remainder of the United States. The analysis excludes two-parent cases. While most two-parent families, including California’s have been excluded from the work participation calculation because they were in Separate State Programs (SSPs), they must now be counted in states’ work participation rates; at the same time, they form a minority of the caseload and are subject to different work participation rules. For these reasons, I defer a discussion of two-parent families to a later publication.⁴ For comparison purposes, I include five other states in the discussion: Florida, Nevada, New York, Ohio, and Texas. While determining effective means of increasing work participation among groups that are not meeting their requirement is beyond the scope of this analysis, I am able to pinpoint groups that policymakers and program administrators may want to target in their efforts to analyze ways of increasing the work participation rate in California.

Overview

In the balance of this Occasional Paper, I review the policy backdrop, then describe changes in the portion of the caseload required to participate in work activities between 2001 and 2004. Focusing thereafter on the portion of the single-parent caseload required to participate in work activities, I first document common activities in which those who are participating were engaged. I then take a closer look at the portion of the caseload that is

¹ Public Law 104-193. For histories of cash assistance programs in the United States, see Bane and Ellwood (1994), Skocpol (1992), and Weaver (2000).

² TANF is a block grant program; if states do not meet federal criteria, they are required to spend more state funds toward the program, and their block grant may be reduced.

³ Public Law 109-171.

⁴ An in-depth description of the data source is presented in Appendix C.

required to participate but was not in 2004, the most recent year of data available. This non-participating portion can be usefully segmented into those who were exempted, who were newly required to participate (sanctioned and time-limited), who were not exempted and not participating, and who were participating for some but not enough hours. I examine what can be learned from the data about each of these groups in turn. I conclude by summarizing the change in the work participation rate in 2004 that would have resulted from changes in work participation among these various groups.

Policy Background

The Work Participation Rate

The 1996 legislation required, by FY 2002, a work participation rate of 50 percent of all cases not excluded from work participation requirements (the largest category of which are those that do not contain an aided adult, or child-only cases).⁵ There was also a separate rate for two-parent families that reached 90 percent in FY 1999. Countable work participation included employment (both unsubsidized and subsidized), but also job search, community service, vocational education, and on-the-job-training, for twelve categories in all. In order to count toward the rate, adult heads of single-parent cases were required to participate in these permitted work activities for 30 hours a week, averaged over a month, or 20 hours if they were single custodial caretakers of a child under age 6 or were minor heads of household.⁶

Against this 50 percent, rate states received a 1 percentage point credit for every percentage point their entire caseload declined since 1995 (there was no increase in the required rate if a state experienced a caseload increase).⁷ Large caseload reductions nationally in the mid-1990s through 2000 meant that states received substantial credits against the required rate. For example, the Administration for Children and Families (ACF) within the U.S. Department of Health and Human Services (DHHS), reports that the average caseload reduction credit for FY 2004 was 52 percentage points (ACF, 2005). While California's official work participation rate for FY 2004, the most recent published rate, was 23.1 percent, the state's caseload reduction credit was 46.1 percentage points, so that the work participation rate it had to meet was only 3.9 percent.⁸

In addition, states could create programs for segments of their caseloads they did not want subject to federal rules by using funds they were required to spend toward their welfare programs (so-called Maintenance of Effort, or MOE, funds). By the end of FY 2005, 34 states had created such Separate State Programs (SSPs). By the end of that fiscal year, all 34 had some or all of their two-parent families in an SSP, 22 also had some of their one-parent cases in an SSP (but never all, and only Virginia had a majority), and 17 had some (and Virginia had all) of their

⁵ In this Occasional Paper, I use the terms "single-parent" or "one-parent" case to indicate cases that have one work eligible adult (and thus are counted only in the all families work participation rate). Similarly, I use "child-only" to indicate those cases with no work eligible adult. I use the term "two-parent case" to indicate those with two work-eligible adults.

⁶ One or both adults on two-parent cases must participate for 35 hours a week (or 55 hours if they are receiving federally-funded child care assistance). See Minoff (2006) for a complete list of activities and a description of states' FY 2004 performance across the categories. There are limitations on the number of hours and/or period of months that may be devoted to some activities. In addition, a few activities are capped: States can only count up to 30 percent of those engaged in work activities overall in the categories of vocational education, education directly related to employment, and satisfactory school attendance.

⁷ States did not receive a caseload reduction credit if it was determined that their caseload declined as a result of eligibility changes.

⁸ Appendix C describes differences between official work participation rates for California and the estimates presented in the body of this Occasional Paper.

child-only cases in an SSP. California created an SSP for all of its two-parent CalWORKs families in October 1999. States have typically required families with aided adults in SSPs to meet state program rules regarding work participation and time limits on aid, among other things (and California is no different); however, such families were excluded from federal work participation rate calculations.

Finally, some states, including California, had policies that removed the adult, but continued the children, on the case if the adult failed to comply with program-related requirements (one of which is participation in work activities) or reached a time limit on welfare receipt. For purposes of the work participation rate, such cases were counted as child-only and were therefore not counted in the portion of the caseload required to participate in work activities. Other states reduced the family's grant without removing the adult and had to count these sanctioned families in the denominator of their rate (although they could "disregard" them for three months out of every twelve they were in sanction status).⁹

The 2006 legislation did not change the number of hours that adults are required to participate. The legislation also left unchanged the 50 percent work participation rate for all families containing an aided adult, and the additional 90 percent work participation rate for two-parent families. The twelve categories of work participation also remain unchanged. There are, however, significant changes to work participation put into place by the new legislation.

First, the legislation changed the base year for the calculation of the caseload reduction credit from 1995 forward to 2005. Caseloads have declined little in recent years in California: The year-on-year caseload change ranged between -3 and 2 percent in the past four federal fiscal years.¹⁰ Second, MOE-funded cases can no longer be excluded from the work participation rate. Third, states like California whose policy it is to continue assistance to the case after removing the adult from the assistance unit if the adult receives a welfare-to-work sanction or reaches a time limit on welfare must nevertheless now count these cases in their work participation rate if they receive federal TANF or state MOE cash assistance. Fourth, as of June 29, 2006, there are federal regulations that define permissible activities within each of the twelve categories.¹¹ These changes took effect on October 1, 2006.

States are subject to penalties if they fail to meet the required work participation rate. According to LAO estimates, in California the size of the penalty will initially be as much as

⁹ Naturally, states that terminated the case if the adult was sanctioned or reached a time limit did not count the case in the denominator of the rate. See Urban Institutes' Welfare Rules Database (available at anf.urban.org) for details of states' sanction policies.

¹⁰ After factoring in an estimated caseload reduction credit, ACF estimates that California must double the number of cases with an adult meeting the requirement in order to meet the work participation rate in FY 2006. See peerta.acf.hhs.gov/pdf/Public_WPR.pdf.

¹¹ These regulations are interim final, but they are effective in the current federal fiscal year. See DHHS (2006) and Horn (2006). A GAO report (2005) found substantial variation in the definition of permissible activities and in reporting and verification procedures across the ten states (including California) reviewed.

\$353 million, and it may grow over time (LAO, 2006).¹² If California is subject to a penalty, counties that have not met the rate will also face fiscal penalties.

Comparison States

One can imagine that purely “mechanical” effects of varying welfare policies might have a substantial effect on a state’s work participation rate. States that sanction families by closing the case if the adult fails to comply with work-related program requirements also remove from their work participation rate those who reduce the rate by adding to the denominator, but not the numerator. Those with short time limits on aid may remove from aid those who are counting toward both the numerator and the denominator of the rate (especially if sanctions for noncompliance are implemented swiftly, so that it is unlikely that someone who is not participating remains on the caseload for very many months). Finally, those states with benefit structures that make adults with full- or near full-time employment unlikely to be eligible for benefits also remove from aid those contributing toward both the numerator and denominator of the rate. In addition, welfare recipients may respond to the behavioral “sticks” and “carrot” embedded in sanctioning, time limit, and benefit structure policy, further altering these policies’ effects on work participation rates.

While it is beyond the scope of the present analysis to isolate the effects of these policies on states’ work participation rates (and much less the mechanical as opposed to the behavioral component of any policy effects), I do present statistics on work participation for California and five other states for comparison purposes: New York, Florida, Ohio, Nevada, and Texas. As Table 1 shows, New York is the state with the second largest number of adult-headed TANF cases, and it had relatively similar policies to California’s, so might be expected to have relatively similar patterns of work participation.¹³ At the other extreme, California’s neighbor Nevada, with a much smaller caseload, combined a full-family sanction policy, short full-family time limit, and a short-term ability to combine employment and welfare. Texas, Florida, and Ohio were in-between. Texas, another state with a large caseload, had a full-family sanction policy, a short partial family time limit, and a very generous benefit structure for four months, followed by the second-to-lowest level of earnings at which the grant became zero in the nation.¹⁴ Florida and Ohio also had relatively large caseloads and stricter time limits and sanction policies than California and New York. Florida’s benefit level was about half that of California’s, and Ohio’s was about 60 percent that of California’s (although the minimum wage in 2004 was also lower in both states). If the purely mechanical, rather than behavioral,

¹² The penalty is comprised of two pieces: a reduction in the state’s TANF block grant and a required increase in the MOE funds that states are required to contribute to their programs in order to draw down their block grants. The size of the penalty grows over time (up to 21 percent of the state’s TANF block grant); however, at the discretion of DHHS, it can be pegged to the extent of non-compliance.

¹³ Of course, factors other than policy likely affect work participation. One important additional factor is the strength of the economy, although one might expect that the effect of this factor would be muted by recipients’ ability to participate—at least in a limited way—in activities apart from subsidized or unsubsidized employment.

¹⁴ Texas had the third highest overall caseload but the sixth highest number of cases containing an adult. Although Texas has a full-family sanction after 60 months of benefit receipt, the rule that an adult can only receive 12, 24, or 36 months of benefits followed by a five-year period of ineligibility implies that it would take at least 25 years for an adult to accumulate 60 months of benefit receipt.

consequences of these policies dominated, California's work participation rate might be expected to be among the highest across these states because of the relatively long time limit recipients face combined with the higher earnings at which families become income-ineligible for CalWORKs cash assistance.¹⁵ Clearly, there is more going on because California's rate was the lowest among these six states in 2004.

In fact, comparisons across states should be made cautiously. During this period, states had not only adopted widely varying policies in incentives to combine work and welfare, sanctions for non-compliance with program-related requirements, and time limits on welfare receipt, they also implemented them differently. One potentially important difference noted in a 2005 GAO report was that they had leeway to define permissible work activities within the 12 categories named in the legislation that created the TANF program, and states implemented varying reporting and verification procedures (GAO, 2005). The estimates presented in this Occasional Paper do not take into account these cross-state differences.¹⁶ In addition, some states (including Ohio and Texas) had waivers to federal program rules in effect during this period.¹⁷

¹⁵ In addition, California's (and New York's) sanction policy had the effect of removing the adult from the denominator of the rate without dropping the children from aid.

¹⁶ However, a future report will characterize these cross-state differences in order to model their effect on work participation rates.

¹⁷ While the work participation rate that takes into account waiver activities was much higher in Texas than the one that did not, in Ohio the two rates were nearly identical (see OFA, 2004; OFA, 2003; OFA, 2002). Work participation calculations presented in this Occasional Paper do include waiver activities. See Appendix C for details.

Table 1.
Selected State TANF Policies and Caseloads in FY 2004

State	Work-related sanction (first occurrence)	Cash assistance time limit	Earnings at \$0 grant rank, first month of employment*	Earnings at \$0 grant rank, thirteenth month of employment*	Minimum wage in effect	Adult-headed TANF cases rank
California†	Sanctioned adult removed from case until compliance	60 months, Safety Net continues benefits to eligible children	\$1,563 3 (Region 1)	\$1,563 2 (Region 1)	\$6.75	250,459 1
Florida	Assistance terminated for the longer of three months or compliance; benefits may be paid to children under age 16	24 out of every 60, or 36 out of every 72, months; 48 months lifetime	\$786 34	\$786 31	\$5.15	21,491 16
Nevada	Assistance terminated until compliance	24 months, then ineligible for 12; 60 months lifetime	All earnings disregarded#	\$428 48	\$5.15	4,544 42
New York†	Sanctioned adult removed from case until compliance	60 months; all continued on Safety Net Assistance (non-cash benefit)	\$1,067 22 (New York City)	\$1,067 16 (New York City)	\$5.15	83,769 2
Ohio	Assistance terminated for the longer of one month or compliance	36 months, then ineligible for 24 and must show good cause when reapplying; 60 months lifetime	\$976 27	\$976 22	\$5.15	42,249 7
Texas	Assistance terminated for the longer of one month or compliance ⁺	12, 24, or 36 months, then ineligible for 60 (adult removed); 60 months lifetime (entire case)	\$1,723 2	\$323 50	\$5.15	48,957 6

Sources: U.S. House Ways and Means Committee, 2004, Table 17-16; Urban Institute, Welfare Rules Database, www.urban.org/center/anf; Office of Family Assistance Caseload Data, www.acf.hhs.gov/programs/ofa/caseload/caseloadindex.htm; state Employment Development Department (or equivalent) web sites.

Note: Shaded cells indicate states in which sanctioned or time-limited cases count toward the work participation rate as of FY 2006.

†Benefit levels vary, depending on the region of the state in which a recipient lives. Benefit levels shown apply to the majority of the caseload.

*Earnings at which 3-person case (1 adult and 2 children) became ineligible for assistance on 1/1/2003 (most recent comparison available).

⁺While most states did not change their TANF policies between 2001 and 2004, Texas did increase the penalty for sanction between 2003 and 2004.

#Nevada is one of five states that disregards all earnings for a period of months.

Who Is Required to Participate in Work Activities?

States are not required to engage certain welfare recipients in work participation. These cases fall into two groups: the officially “disregarded” and child-only cases. Cases that states may disregard when calculating work participation rates are those that contain a child under age 1 (but only for twelve months over an adult head’s lifetime), cases in which adults have been sanctioned, but not for more than three months in the previous twelve, cases participating in a tribal TANF program, and cases part of an approved research evaluation or that are exempted under a waiver to federal program rules. Child-only families contain no aided adult.

The uppermost sections of the bars in Figure 1 show shares of the caseload over 2001-2004 in these two major categories – striped for disregarded, white for child-only, and gray for child-only because sanctioned or time-limited. The remainder of the caseload (the black portion) was counted in the federal work participation rate. In California, the portion of the entire caseload that was required to participate dropped from 61.4 to 46.0 percent between 2001 and 2004. In comparison, in the rest of the United States the share that was required to participate held steady at between 50.1 and 52.1 percent.

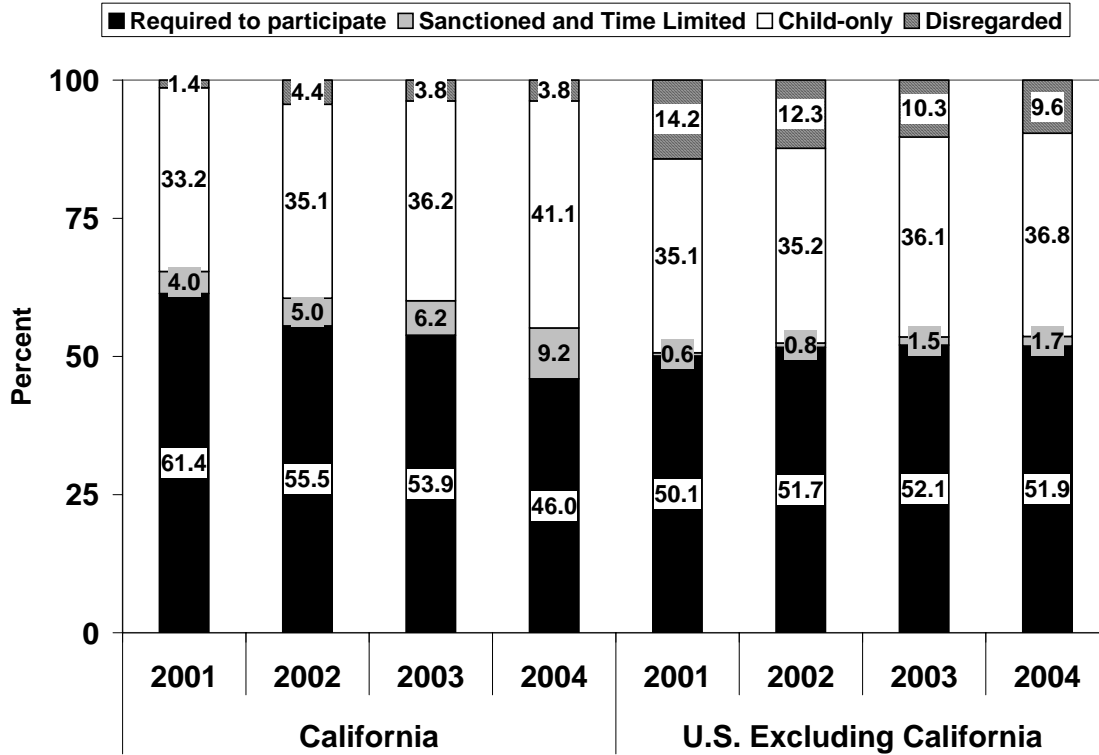
Figure 1 shows that 9.2 percent of California’s welfare caseload in 2004 was in sanction status or the Safety Net program set up for eligible children whose parents have reached the CalWORKs time limit. These cases counted as child-only before the DRA reauthorized the TANF program; now a portion of these will be counted in the work participation calculation.¹⁸ Below I examine the likely effect of including time-limited and sanctioned cases in California’s work participation calculation.

While Figure 1 presents estimates that span the entire welfare caseload – both those receiving TANF- and SSP-MOE-funded assistance – I exclude two-parent families from all calculations presented in the remainder of this Occasional Paper.¹⁹

¹⁸ Some of the sanctioned can be disregarded.

¹⁹ In FY 2004, 15 percent of the entire welfare caseload, excluding child-only cases, consisted of two-parent families in California. In the rest of the nation, 11 percent was two-parent. Two-parent families have had higher participation rates than single-parent families; however, using DHHS estimates of the participation rate among two-parent families in 2004, I estimate that California’s rate for the combined caseload would have been 1.3 percentage points higher (24.9 percent) than the estimate for the single-parent caseload alone (23.6).

Figure 1
Distribution of the TANF Caseload, 2001-2004



Source: Author's calculations using the TANF and SSP-MOE Data Reports.

Notes: "Sanctioned" and "time-limited" cases are those designated as child-only because all aided adults have been removed from the case due to violations of program rules. Sanctioned cases in which the adult has not been removed are part of the "required to participate" category. The estimates presented in this figure and in Table A-1 include two-parent cases.

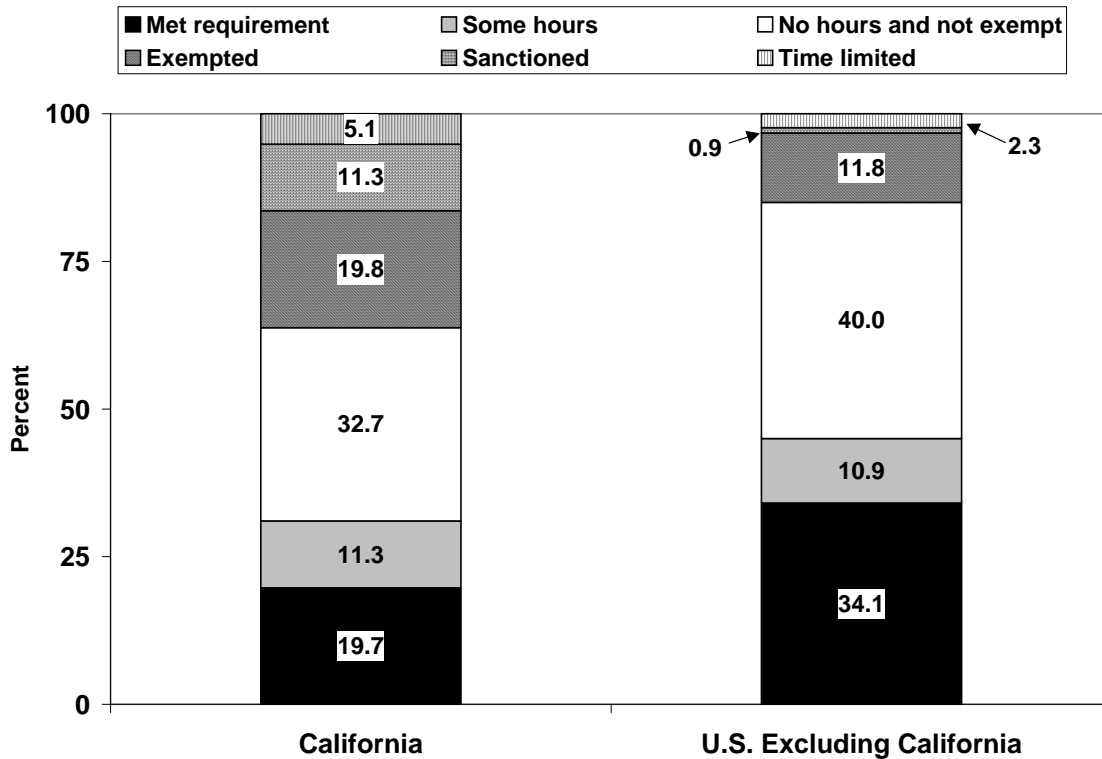
Work Participation Among Those Required to Participate

Excluding for the moment sanctioned and time-limited cases not counted in the rate before October 2006, those participating for enough hours to count toward the federal rate (30 hours for single-parent cases, or 20 hours for minor heads of household or single custodial parents with a child under 6) made up 23.6 percent of those required to participate in California in 2004. This was California's work participation rate for the fiscal year.²⁰ The estimated work participation rate in the United States excluding California among one-parent families was 35.2 percent. Among the five comparison states, the equivalent work participation rate ranged between 33.5 (in Nevada) and 67.6 percent (in Ohio). Based solely on this evidence it does not appear that the purely mechanical effects of state sanction, time limit, and benefit structure policies drove differences in work participation rates across these states.

Figure 2 and Table A-3 incorporates the rules in effect as of October 2006 and show the estimated shares of the TANF caseload in 2004 in six major participation categories: successfully meeting the work participation requirement, meeting a portion of the requirement, exempted from participation by the state but counted in the federal work participation rate, required to participate, but not participating, and newly required to participate in the two categories of sanctioned and time limited.

²⁰ Appendix C provides a description of the methodology used to construct work participation rates.

Figure 2
Distribution of Single Parents Required to Participate Under Current Law, FY 2004



Source: Author's calculations using the TANF and SSP-MOE Data Reports.

Note: Sanctioned and time-limited cases with no aided adult were not counted in the work participation rate before FY 2006.

Common Work Activities

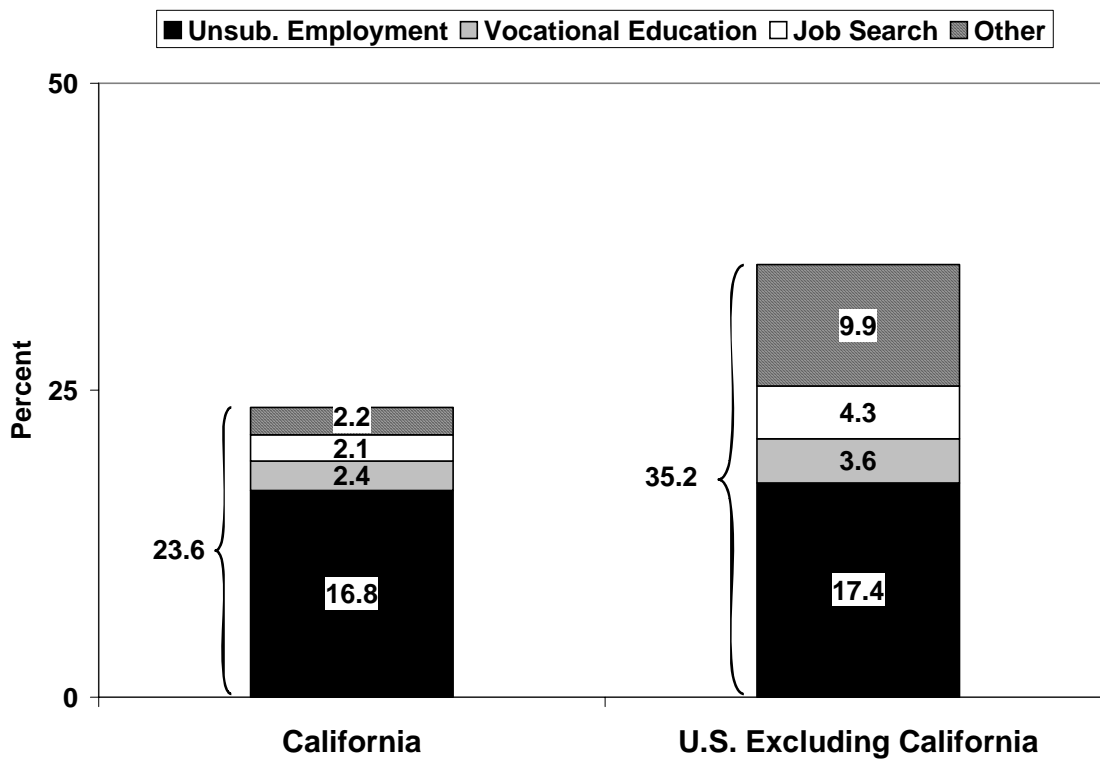
Adults can participate in twelve types of activities, along with other activities allowed under state waivers, in those states (excluding California) that obtained waivers to federal program rules: unsubsidized employment, subsidized private employment, subsidized public employment, job search, vocational education, satisfactory school attendance, education related to employment, job skills training, on-the-job training, work experience, community service, and providing child care services to those engaged in community service.²¹ What were common work activities among adults in single-parent cases who met their hours requirement?

Unsubsidized employment headed the list in California, in the remainder of the nation, and in the other comparison states in 2004. The most common activity is also one whose definition did not change in the interim final regulations released by DHHS in June of this year (Horn, 2006).

²¹ Work experience, defined as "work in return for welfare to improve the employability of those who cannot find a job," is also now defined to bar activities that meet the definition of another activity (Horn, 2006).

Looking at Figure 3 and Table A-2, unsubsidized employment was the primary activity for 16.8 percent of the adults required to participate in California in 2004 (under the old law).²² In the rest of the nation, unsubsidized employment was just as common, at 17.4 percent of those required to participate. This is perhaps unexpected, given the strength of California’s policy enabling recipients to combine work and welfare in comparison to that of other states. At the same time, among the comparison states, Nevada (with a weak incentive for those with more than a few months of benefit receipt) had the highest rate of unsubsidized employment among those required to participate in work activities (28.0 percent), and Florida, New York, and Ohio all had relatively similar rates of between 18.2 and 21.0 percent.

Figure 3
Primary Work Activity as a Fraction of All Required to Participate, FY 2004



Source: Author’s calculations using the TANF and SSP-MOE Data Reports.

Notes: The estimates shown in this figure include only those required to participate under old law (i.e., they exclude cases with no aided adult because of a sanction or reaching the time limit). I assign those with equal hours in two activities to a primary activity using the following ranking: unsubsidized employment, vocational education, job search, satisfactory school attendance, community service, work experience, education related to employment, private subsidized employment, on-the-job training, job skills training, public subsidized employment, child care services, and waiver activities.

The two next most common activities in California were vocational education and job search, at 2.4 and 2.1 percent. In the rest of the nation, vocational education and job search made

²² I exclude those newly required to participate (sanctioned and time-limited cases with no aided adult) from this calculation because information about these adults’ work activities is not recorded in the TDRs.

up 3.6 and 4.3 percent of work activities among those required to participate. Other relatively common activities in the remainder of the United States were work experience, at 4.4 percent, and community service, at 2.6 percent.

Adults Not Meeting Their Participation Requirement

Among those not participating at the required level in 2004, the largest group were the non-exempted with no hours, followed by the exempted, the partly participating, the sanctioned, and the time limited (see Figure 2).²³ Clearly, equally effective strategies for engaging each of these groups will have larger overall impacts on the work participation rate for larger groups. At the same time, equally effective strategies likely come with varying costs. Using the data at hand, I am not able to estimate these costs. I can, however, use the TANF and SSP-MOE Data Reports to bring into focus the size of each of these segments of the caseload and to characterize them to the extent possible.

Newly Required to Participate

Sanctioned and time-limited cases made up 16.4 percent of the TANF caseload required to participate in work activities under the new rules in California by 2004 (see Table 2). How would the rate calculation have changed for California if sanctioned and time-limited cases had been counted in the rate calculation in 2004 as they will be in the coming years?

Table 2
Newly Required to Participate, FY 2004

<i>Share of caseload required to participate (as of FY 2006)</i>	<i>California (%)</i>	<i>U.S. Excluding California (%)</i>
Newly Required to participate	16.4% (1.0%)	3.2% (0.1%)
Sanctioned	11.3% (0.9%)	0.9% (0.1%)
Time Limited	5.1% (0.6%)	2.3% (0.1%)

Source: Author's calculations using the TANF and SSP-MOE Data Reports. Standard errors in parentheses.

Those in sanction status for less than three months in twelve can be disregarded from the work participation calculation. Assume that 55 percent of the sanctioned could have been disregarded in California in 2004, the same rate they were disregarded in the rest of the United States (i.e., among states that had a policy of gradually reducing grants without removing the adult).²⁴ Making this assumption, the work participation rate would have been 1.4 percentage points lower in 2004 (22.2 vs. 23.6 percent). More generally, for every 10 percent of sanctioned cases that would have had to be counted in the denominator of the rate (that is, could not have

²³ This rank ordering did not change over the period 2001-2004.

²⁴ Author's calculation using the FY 2004 TDR.

been disregarded), California's overall work participation rate would have been 0.3 percentage points lower.

Assuming that time-limited families participated at the rate that non-time-limited families did (23.6 percent), clearly California's work participation rate would not have changed, had time-limited adults been included in the calculation.²⁵ More generally, for every 10 percent decrease *or* increase in the rate of participation among time-limited adults as compared to non-time-limited adults, the work participation rate would have been 0.1 percentage points different. For example, if work participation was 50 percent lower among time-limited families (11.8 percent), California's overall rate would have been 0.7 percentage points lower (22.9 vs. 23.6 percent).²⁶

Although CalWORKs began in January 1998, adults began to reach their time limit only in January 2003, and it may be that the size of the caseload in the Safety Net program will continue to grow over time while the sanctioned caseload may remain relatively constant, so that assumptions about the rate at which time-limited adults participate will have a relatively greater influence on the work participation rate as time goes on. At the same time, sanctioning practices may change as a result of the new work participation regulations. Below, I examine the implications of the possibility that some non-exempt adults with no hours of participation will be converted to sanctioned status as a result of efforts to comply with the new participation rate rules.

Because it is unknown exactly how much the sanctioned and the time limited will affect California's work participation rate in the coming years, I assume throughout the remainder of this analysis that the California's work participation rate would have been 1.4 percentage points lower than it actually was in 2004 (22.2 percent vs. 23.6 percent) had those who are newly required to participate in work activities been counted in that year. That is, I assume that the

²⁵ Is it reasonable to assume that time-limited cases participate at the same rate as non-time-limited cases? While it is unlikely that those who reach the time limit are representative of the caseload overall, it is unclear that they are less likely to be working. It may in fact be that they are over-represented among the portion of the caseload participating in work activities. After all, reaching the time limit implies complying with program requirements to the extent of avoiding being sanctioned for lengthy periods of time (although some portion of those reaching the time limit would not have been subject to sanction because they were exempted from welfare-to-work participation but not from the time limit). London and Mauldon (2006) find that 47 percent of a sample of adults on single-parent cases nearing the time limit in six California counties in 2004 were employed at the time they were surveyed, and slightly over half of these reported usually working at least 31 hours per week. Using unemployment insurance records, Smilanick (2006) finds that the rate of employment, as well as median and mean earnings, among adults associated with Safety Net cases was similar to that of adults on CalWORKs in the last quarter of 2005.

²⁶ Comparing the TDRs and county reports of sanctioned and time-limited cases in the WTW 25 and CA 237 CW, the former appears to undercount time-limited and sanctioned cases. Using the latter data source, the work participation rate would have been 2.2 percentage points lower if sanctioned cases were disregarded at the same rate as they were nationally and would have decreased by 0.5 percentage points for every 10 percent decrease in the rate at which sanctioned cases could be disregarded. For time limits, every 10 percent increase in the rate of participation by time-limited adults as compared to non-time-limited adults would have changed the work participation rate by 0.3 percentage points.

time limited would have participated at the rate of non-time-limited adults and that 55 percent of the sanctioned could have been disregarded.

Exempted

Among those required to participate in California in 2004, there was a greater fraction contributing no hours than contributing any hours: Table 3 shows that the fraction of those required to participate with no hours (the sum of exempt and non-exempt and not participating) was 51.8 percent of those required to participate under the current law (and a somewhat larger fraction under the old law). In the remainder of the nation, the fraction of those required to participate who were participating for no hours was nearly identical, at 52.5 percent. In the comparison states, this fraction in 2004 ranged from 23.4 percent in Ohio to 50.5 percent in New York (see Table A-3).

There is, however, an important distinction to be made between two categories of cases in this group of non-participants: Some were granted a state exemption from welfare-to-work activities, and some were not exempted and not participating. In every state in this analysis, as well as in the United States excluding California, the latter group made up the majority of those participating for no hours. I turn first to exempted adults and then take a closer look at those who were not exempted and not participating in conjunction with a discussion of those who were participating for insufficient hours.

Exempted adults are not required to participate in welfare-to-work activities (that is, they are not sanctioned for non-participation), but they must be counted in the denominator of the state's work participation rate. Table 3 lists reasons for exemption given in the TDRs.²⁷ Exemptions were less common in the remainder of the nation than they were in California (11.8 percent as compared to 19.8 percent). In the comparison states, exemptions ranged from 0.1 percent of those required to participate in Ohio and 1.3 percent in Florida to 16.5 percent in Texas and 18.1 percent in New York. Across all of these states, by far the most common reason for exemption was disability, except in Texas, where exemptions were given only for "other" reasons. Exemption for reasons of disability were similarly prevalent among all those required to participate in California and the remainder of the United States (7.6 percent and 7.9 percent, respectively).

²⁷ Because the categories of exemption vary between the federal record and state categories, it is not always possible to pinpoint reasons for exemption. In addition, the federal exemption categories do not always fully cover state exemption regulations. For example, the child care exemption described in the federal data does not cover the entire population of CalWORKs adults who might be exempted from welfare-to-work activities for reasons of insufficient child care. See California Department of Social Services, Manual of Policies and Procedures, Division 42, Chap. 42-712.12-13, available at www.dss.cahwnet.gov/ord/CDSSManual_240.htm. Presumably, those who were exempted for lack of child care who did not meet the definition given in the manual for the TDR are categorized as having an "other" exemption.

Table 3
No Hours of Participation, FY 2004

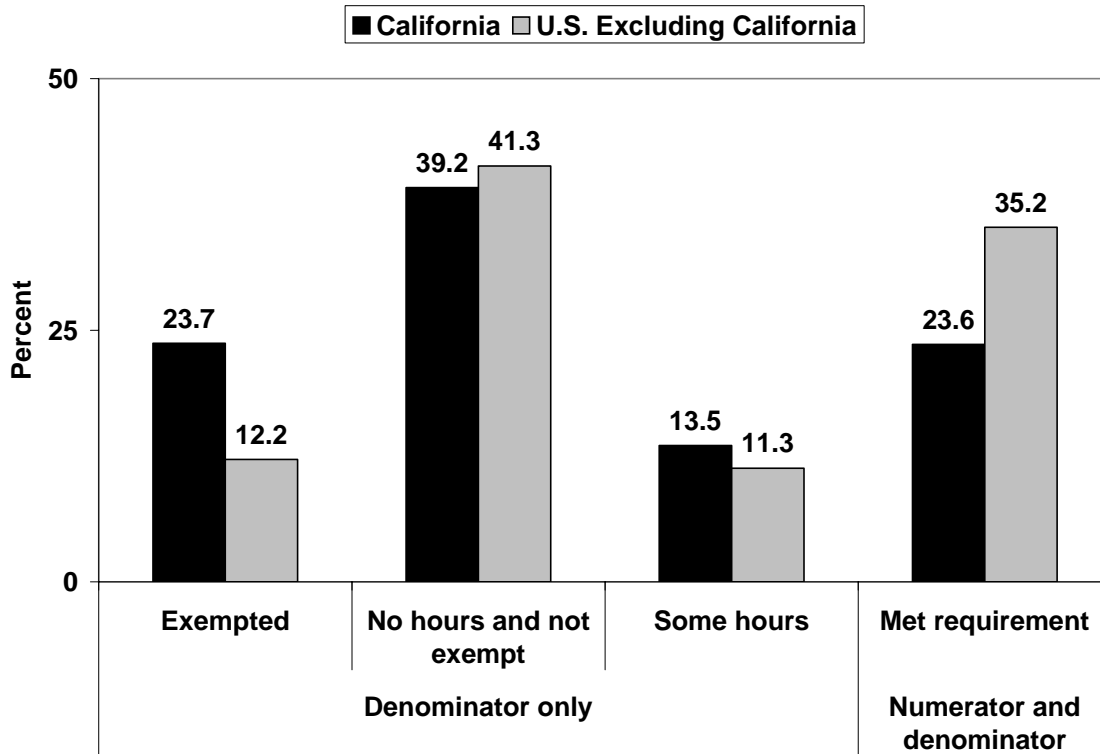
<i>Share of caseload required to participate (as of FY 2006)</i>	<i>California (%)</i>	<i>U.S. Excluding California (%)</i>
Exempt	19.8 (1.1)	11.8 (0.2)
Single custodial parent with child under age 6, child care unavailable	8.5 (0.7)	0.1 (0.0)
Disabled	7.6 (0.7)	7.9 (0.2)
Caring for a severely disabled child	1.6 (0.3)	0.6 (0.0)
Domestic violence	0.3 (0.1)	0.2 (0.0)
State waiver	0.0 (0.0)	0.2 (0.0)
Other	1.8 (0.3)	2.8 (0.1)
Non-exempt and Not Participating	32.7 (1.2)	40.0 (0.3)

Source: Author's calculations using the TANF and SSP-MOE Data Reports. Standard errors in parentheses.

However, in California the largest category of exemption in 2004 for adults in single-parent cases was inadequate child care. This group made up 8.5 percent of all single parents who were required to participate in work activities, or 43 percent of all exempted single parents. Very few exemptions for lack of child care were given in other states (0.1 percent of all exemptions).

Overall, a higher work participation rate in 2004 in the United States excluding California as compared to California was to a large extent balanced out by a lower rate of exemption (see Figure 4).

Figure 4
Decomposition of the Denominator and Numerator of the Rate in California and the
Remainder of the United States, FY 2004



Source: Author's calculations using the TANF and SSP-MOE Data Reports.

Note: The estimates shown in this figure include only those required to participate under old law (i.e., they exclude cases with no aided adult because of a sanction or reaching the time limit).

If all single parents required to participate in work activities had had sufficient child care, how would the work participation rate in California have changed in 2004? Assuming that those in this exempted group fully participated at the rate of those required to participate 20 hours per week (30 percent; statistic not shown in Table A-3), California's work participation rate among single parents would have been 2.9 percentage points higher (25.1 vs. 22.2 percent). More generally, for every 10 percent increase in the participation of this group, the work participation rate would have been 1 percentage point higher than it was.²⁸

²⁸ Child care subsidies are normally provided to adults in single-parent CalWORKs cases if they are engaged in welfare-to-work activities. According to Department of Social Services regulations, such a recipient could be granted an exemption if child care was not "reasonably available" during hours of training or employment, or if child care arrangements have broken down. See California Department of Social Services, Manual of Policies and Procedures, Division 42, Chap. 42-712.12-13, available at www.dss.cahwnet.gov/ord/CDSSManual_240.htm.

Contributing Some Hours

Looking at Tables 4 and A-3, we can see that a minority of the single-parent caseload required to participate in work activities under the new regulations was doing so for some but not enough hours. Even if all partial participants were to have increased their hours to meet their requirement, California and many other states would still have been short of meeting a 50 percent work participation rate among adults on single-parent cases. If every adult who was participating for some, but not enough, hours in California in 2004 had participated for their required hours, California's rate would have been 35.0 percent instead of 22.2 percent. More generally, for every 10 percent increase in the rate at which partial participants were participating fully, the rate would have increased by 1.3 percentage points.

Table 4
Some Participation,
FY 2004

<i>Share of caseload required to participate (as of FY 2006)</i>	<i>California (%)</i>	<i>U.S. Excluding California (%)</i>
All Partial Participation	11.3 (0.8)	10.9 (0.2)
Up to 50 percent of Full Participation	4.2 (0.5)	4.4 (0.1)
50 to 75 percent of Full Participation	3.7 (0.5)	3.5 (0.1)
75 to 100 percent of Full Participation	3.4 (0.5)	2.9 (0.1)

Source: Author's calculations using the TANF and SSP-MOE Data Reports. Standard errors in parentheses.

At the same time, patterns of full and partial participation indicate that those who had some but not enough hours were quite often missing their required hours by a substantial fraction. Of the 11.3 percent participating for some but not enough hours in California in 2004, 62.7 percent (and 7.1 percent of all those required to participate) were within 50 percent of meeting the requirement (i.e., within 15 hours for someone with a 30-hour requirement, and within 10 hours for someone with a 20-hour requirement), but only 30.3 percent (and 3.4 percent of all those required to participate) were within 25 percent of the requirement. Across the rest of the nation, the picture looks similar, with 59.1 percent of those with some hours within 50 percent of meeting their requirement and 26.9 percent within 25 percent of the requirement. In the comparison states, the fraction within 50 percent of meeting their requirement ranged from 32.2 percent in Nevada to 68.6 percent in New York, while the fraction within 25 percent of the requirement ranged from 14.6 percent in Nevada to 31.5 percent in Texas (estimates not shown in Table A-3).

Below, I use multivariate regression analysis to identify characteristics associated with full as compared to partial or no participation.

Contributing No Hours (and Not Exempt)

The non-exempt and non-participating portion of the caseload in California in 2004 comprised 32.7 percent of the single-parent caseload required to participate under the new regulations. In the remainder of the nation, it comprised 40.0 percent (see Table 3). Across the comparison states, the same fraction in 2004 ranged from 23.3 percent in Ohio to 48.0 percent in Florida (see Table A-3).

It is possible that one outcome of the changes to work participation rules will be to increase the rate of sanctioning among this group. At one extreme, if all adults contributing no hours of participation had been sanctioned in 2004, and they could have been disregarded at the same rate as they were nationally, California's work participation rate would have been 5.7 percentage points higher than it actually was (27.9 percent as compared to 22.2 percent).²⁹ More generally, for every 10 percent of the non-exempt and non-participating caseload that was sanctioned (and still assuming the rate at which they could have been disregarded to be 55 percent), the rate would have increased by 0.5 percentage points.

In order to obtain further insight into this large and stable fraction of the caseload required to participate in work activities, I next compare characteristics of non-exempt adults in California in FY 2004 who had at least some hours of participation with adults who had no hours of participation. I exclude all adults that the state has determined are exempt from this model since they are not expected to participate. The results of this modeling exercise are shown in Table 5, along with proportions of the caseload in each of the categories included in the model.

Table 5
Selected Associations Between Non-Exempt Adults' Characteristics and No, Partial, and Full Participation, FY 2004

	<i>Partial Participation (Relative Risk Ratio)</i>	<i>No Participation (Relative Risk Ratio)</i>	<i>Proportion (%)</i>
Not new to aid	comparison category		95.5
New to aid	2.8*	3.6*	4.5
Participation Requirement			
20 hours per week	comparison category		47.7
30 hours per week	1.1*	1.05	52.3
Youngest child (age)			
under 1	0.4	0.3*	4.2
1 to 6	comparison category		48.8
6 to 12	0.6	1.1	34.2
13 to 19	1.6	2.0	12.8

²⁹ This is not meant to imply that all those contributing no hours and who lack an exemption are potential candidates for sanctioning. Some are in the process of exiting CalWORKs, while others have finished an activity and are waiting for another to begin. Still others are out of compliance, but still able to cure their non-compliance and avoid a sanction.

Table 5 (continued)

	<i>Partial Participation (Relative Risk Ratio)</i>	<i>No Participation (Relative Risk Ratio)</i>	<i>Proportion (%)</i>
Education			
Less than high school	comparison category		40.4
High school diploma	1.0	0.6*	58.3
More than high school	0.7	0.7	1.3
Age			
under 25	comparison category		25.3
25 to 35	1.2	1.3	33.7
35 to 45	1.8	0.9	28.7
45 and older	1.3	1.3	12.2

* Significant at 5%. Appendix B describes the methodology and provides the complete list of estimated coefficients and standard errors for the model.

Just why were these cases not participating? Since single-parent cases that are in sanction status are recorded as child-only cases for the purposes of federal reporting in California, these adults contributing no hours of participation were not sanctioned cases. At the same time, they were not cases that had been granted a state-recognized reason for exemption. Other research indicates that these may have been cases that are out of compliance with program requirements but not yet sanctioned, or cases in which adults were between activities. The implication is that there is often a gap between a recipient's completion of one activity (e.g., job search) and starting the next (e.g., community service), and that caseworker compliance with CalWORKs regulations means that there is typically a significant amount of time before a recipient who is not participating is sanctioned (Klerman, et al., 2000; Moreno et al., 2006).

The modeling exercise cannot provide insight into these possibilities, but it can help to identify subgroups that were participating at a lower rate. Such subgroups could be the focus of further investigation to identify means of engaging them in work activities. One further caveat is in order: The relationships that I find in 2004 are relevant in 2006 and later years only to the extent that the composition of the caseload has not greatly changed. That is, those on welfare today and in 2004 must be similarly responsive to CalWORKs policies and to other factors such as the economy in order for even these descriptive relationships to hold.

The first two columns of numbers in Table 5 indicate the associations between the two outcomes of participating for some and no hours as compared to enough hours. The numbers in these columns should be read as multiplier effects. For instance, someone who was new to aid was three times as likely to contribute partial as opposed to full hours of participation. Overall, the model results indicate that those new to aid, those with older children, and those without a high school education were more likely to have been in the no participation group, holding other factors constant, than they were to have been in the full participation category. However, the conclusion to be drawn is not that being new to aid or having older children or less than a high school education resulted in lower participation. Most distinctively, those with infants in this group were much more likely to have met their hours requirement than those with older

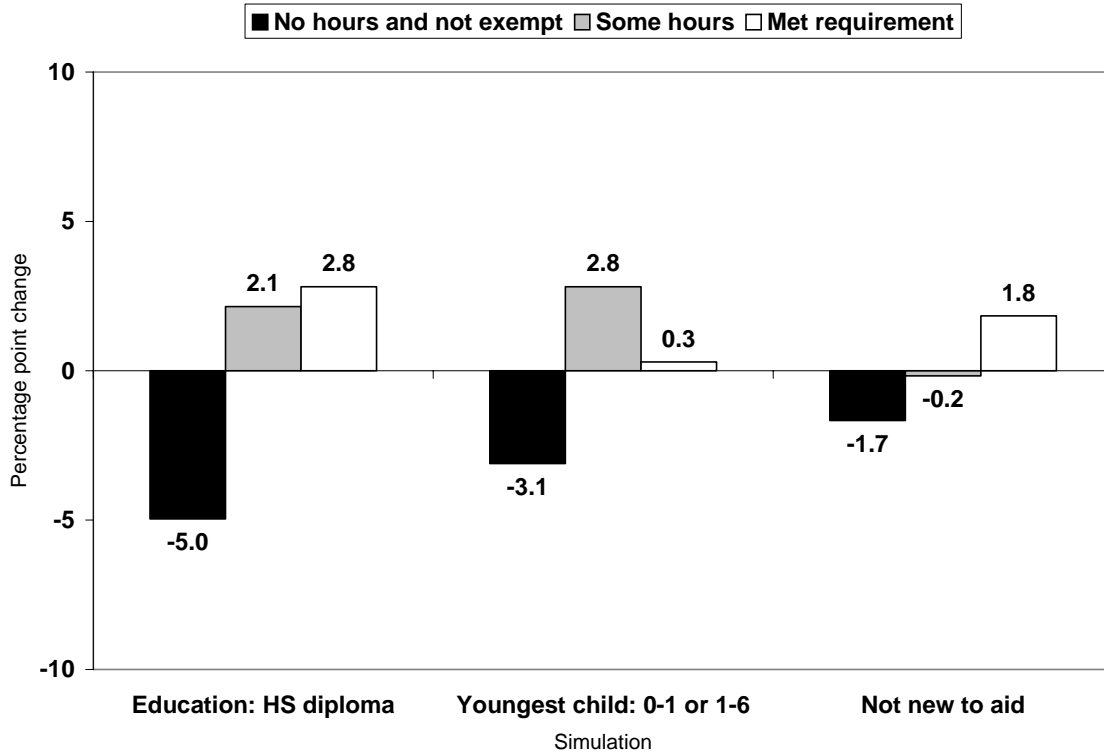
children. This startling result is likely due to the fact that those with infants who were not exempted and not disregarded are an unusual, and possibly highly motivated, group. If this is the case, it is not the presence or absence of an infant that matters; rather, their motivation drives their participation. In this sense, the model results indicate simply that the groups defined by these characteristics did have a lower likelihood of participation. While these groups could be targeted for further assistance, determination of the factors that impeded their participation or the services they might need in order to participate is a matter for investigation.

The final column indicates the proportion of the group in each of the categories. It is important to consider all three columns in conjunction because the overall change in the probability of full participation is partly a function of the size of the group under consideration. For example, even though new participants are three and four times as likely to have been in the partial and no participation categories as in the full participation category, less than 5 percent of the group was new to aid in any one month.

What do these relationships imply for California's work participation rate? It is useful to calculate some predictions from the model as a means of summarizing the overall change in work participation that the model predicts would occur as a result of shifting within the three categories of no, some, and full participation. Figure 5 shows the result of simulations where all sample members are assumed, in turn, to have one of the three characteristics associated with enough hours as compared to either partial or no hours. For instance, if all non-exempt and non-disregarded recipients participated to the extent that those with a high school education did, the model predicts that "no participation" would have dropped by 5.0 percentage points, and the increase would have been divided across partial (2.1 percentage points) and full (2.8 percentage points) participation.

If everyone in the group had exhibited the work participation behavior of those with infants, the rate of full participation among non-exempted single parents would have been 19.3 percentage points higher than it actually was (simulation not shown in Figure 5). This is due both to the large coefficient and the small size of the group. This group is, however, a highly select group because most of those with infants were disregarded from the rate calculation. Taking a more typical age-group for youngest child – those age 1 to 6 – and simulating the outcome if all *except* those with infants had had the behavior of those with children age 1 to 6 results in a much smaller simulated shift in the work participation rate. The model predicts a reduction in the probability of participating for no hours of 3.1 percentage points, balanced out by increases of 2.8 and 0.3 percentage points in the probability of partial participation and the probability of meeting the requirement, respectively (see Figure 5).

Figure 5
Simulations Based on Model Results for California, FY 2004



Note: Simulations based on model results presented in Tables 5 and B-1.

Folding these simulations into the work participation rate calculation (that is, one that includes all those required to participate), the implication is that if all non-exempt adults had had the work participation behavior of those with a high school education, the work participation rate would have been 2.2 percentage points higher than it was in 2004 (24.4 vs. 22.2 percent). Likewise, if all (except those with infants) had participated in a manner similar to those with preschoolers, the rate would not have changed. Finally, if all had had the behavior of those not new to aid, the work participation rate would have been 1.4 percentage points higher than it actually was (23.6 vs. 22.2 percent).

Conclusion

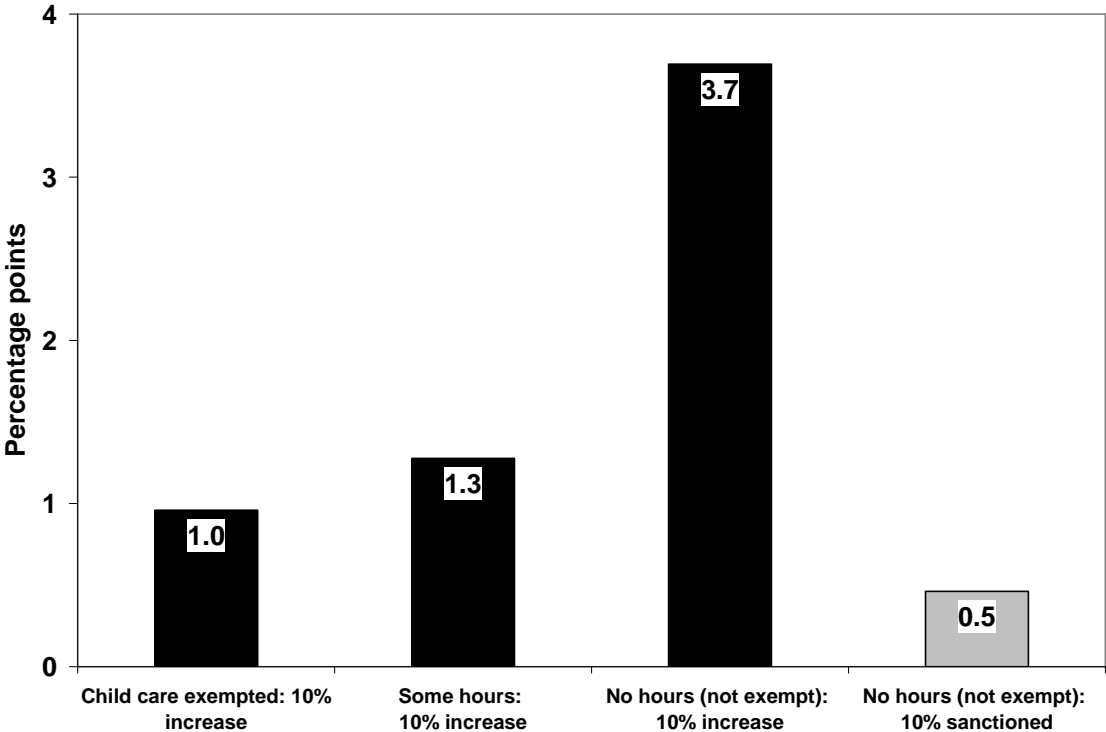
The DRA of 2005, signed into law in February 2006, did not change the overall work participation rate that states are required to meet, and it did not require states to change their program policies. It did, however, make changes to aspects of the TANF program that have altered the landscape of work participation in California and other states.

Keeping in mind the aim of expanding work participation among CalWORKs adults, the findings from this analysis of data that states submit to the federal government in support of their compliance with federal regulations indicates that there are a number of distinct groups among the single-parent caseload that could be targeted in order to raise California's work participation rate. I find that, under reasonable assumptions, including sanctioned and time-limited cases in the population of those required to participate will likely not affect the work participation rate greatly: Including the sanctioned will likely reduce the work participation rate by 1 to 2 percentage points, and including the time-limited may not change the rate at all, or may even raise it.

Clearly, increasing participation by the same fraction for a larger, rather than a smaller, group of those not meeting their requirement will have a greater effect on the rate. Figure 6 summarizes changes in the rate for every 10 percent increase in work participation among those with partial hours, those with a child care exemption, and those with no hours in FY 2004. Each 10 percent increase in work participation among those with no hours would have resulted in a 2004 work participation rate that was 3.7 percentage points higher, while each 10 percent increase in participation among those with partial hours would have resulted in a 1.3 percentage point increase in work participation. Each 10 percent increase in work participation among those with child care exemptions would have resulted in a 1.0 percentage point increase in the work participation rate. Finally, the rightmost bar in the figure indicates that the counter-intuitive effect of increasing the rate at which non-exempted cases are sanctioned for non-compliance with work-related requirements would be an increase in the work participation rate of an estimated 0.5 percentage points for every 10 percent increase in sanctioning among this group.

While the mechanisms of increasing California's work participation rate are complex and not tackled here, this Occasional Paper will have served its purpose if it focuses attention on distinct portions of the caseload that may benefit from further analysis of strategies and services to increase their participation in work activities.

Figure 6
Summary of the Relative Effect on the Work Participation Rate of Altering the Participation
of Those Not Meeting the Requirement in California, FY 2004



Source: Author's calculations using the TANF and SSP-MOE Data Reports.
 Note: The rightmost bar indicates the estimated change in the work participation rate if those participating for no hours were sanctioned and a portion (55 percent) of these were disregarded because of the short length of their sanction spell.

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Appendix A. Supplementary Tables

Data source for this appendix: Author's calculations from TANF Data Reports. Standard errors in parentheses.

Table A-1: Distribution of the TANF and SSP Caseload (%)

		U.S. Excluding						
		California	California	Florida	Nevada	New York	Ohio	Texas
FY 2004	Disregarded	3.8	9.6	9.3	8.2	9.1	3.1	3.2
		0.3	0.1	0.5	0.5	0.5	0.1	0.3
	Child-only	41.1	36.8	57.8	44.3	33.0	50.0	43.6
		0.9	0.2	0.8	0.8	0.8	0.3	0.9
	Sanctioned and Time Limited*	9.2	1.7	0.9	0.1	0.8	0.0	7.8
		0.5	0.1	0.2	0.1	0.2	0.0	0.5
	Required to participate	46.0	51.9	32.1	47.4	57.1	46.9	45.3
		0.9	0.2	0.8	0.8	0.8	0.3	0.9
FY 2003	Disregarded	3.8	10.3	8.8	7.2	6.2	3.5	10.2
		0.3	0.1	0.5	0.5	0.4	0.1	0.6
	Child-only	36.2	36.1	56.1	41.5	33.6	47.6	36.7
		0.9	0.2	0.8	0.9	0.8	0.3	0.9
	Sanctioned and Time Limited*	6.2	1.5	0.5	0.2	0.7	0.0	5.8
		0.5	0.1	0.1	0.1	0.1	0.0	0.5
	Required to participate	53.9	52.1	34.5	51.2	59.5	48.9	47.3
		0.9	0.2	0.8	0.9	0.8	0.3	0.9
FY 2002	Disregarded	4.4	12.3	11.0	6.4	6.7	4.1	22.6
		0.4	0.1	0.5	0.5	0.4	0.1	0.8
	Child-only	35.1	35.2	54.2	36.4	30.6	46.9	32.4
		0.9	0.2	0.8	0.9	0.8	0.3	0.9
	Sanctioned and Time Limited*	5.0	0.8	0.6	0.1	0.7	0.0	3.7
		0.4	0.0	0.1	0.1	0.2	0.0	0.4
	Required to participate	55.5	51.7	34.2	57.1	62.0	48.9	41.4
		0.9	0.2	0.8	0.9	0.8	0.3	0.9
FY 2001	Disregarded	1.4	14.2	11.0	8.3	10.4	4.7	37.2
		0.2	0.1	0.5	0.5	0.6	0.1	0.9
	Child-only	33.2	35.1	55.5	46.1	28.0	44.7	31.8
		0.9	0.2	0.8	1.0	0.9	0.3	0.9
	Sanctioned and Time Limited*	4.0	0.6	0.8	0.1	0.3	0.0	2.3
		0.4	0.0	0.2	0.1	0.1	0.0	0.3
	Required to participate	61.4	50.1	32.7	45.5	61.3	50.6	28.7
		0.9	0.2	0.8	0.9	1.0	0.3	0.8

*This category includes only those cases classified as cases with no aided adult because the adult had been sanctioned or reached a time limit. Such cases are included in the work participation calculation as of FY 2006. Other sanctioned cases that remained classified as single-parent cases and that were not disregarded were, and continue to be, counted in the calculation, and are recorded in the "No hours" category.

Table A-2
Primary Work Activity Among Those Meeting Their Participation Requirement as a Fraction
of Single Parents Required to Participate – Old Law (%)

		U.S.						
		Excluding						
		California	California	Florida	Nevada	New York	Ohio	Texas
FY 2004	Unsub. Employment	16.8	17.4	18.2	28.0	21.0	20.9	23.4
		(1.1)	(0.2)	(1.2)	(1.2)	(0.9)	(0.4)	(1.3)
	Vocational Education	2.4	3.6	5.7	1.5	4.2	10.9	1.2
		(0.5)	(0.1)	(0.7)	(0.3)	(0.5)	(0.3)	(0.3)
	Job Search	2.1	4.3	7.2	1.2	0.3	2.5	5.6
		(0.4)	(0.1)	(0.8)	(0.3)	(0.1)	(0.1)	(0.7)
	Satisfactory School Att.	0.8	0.9	4.9	0.2	0.1	0.7	0.4
		(0.3)	(0.04)	(0.7)	(0.1)	(0.1)	(0.1)	(0.2)
	Community Service	0.5	2.6	3.2	1.1	6.1	0	2.6
		(0.2)	(0.09)	(0.6)	(0.3)	(0.6)	-	(0.5)
	Work Experience	0.5	4.4	1.7	1.4	6.2	32.2	1.3
		(0.2)	(0.1)	(0.4)	(0.3)	(0.5)	(0.4)	(0.4)
	Education Related to Emp.	0.2	0.4	0.5	0	0.1	0.02	0.1
		(0.1)	(0.03)	(0.2)	-	(0.08)	(0.01)	(0.1)
	Private Sub. Emp.	0.1	0.08	0.3	0	0.1	0.008	0.3
		(0.1)	(0.02)	(0.2)	-	(0.1)	(0.008)	(0.2)
	Job Skills Training	0.09	0.3	0.1	0	0	0.2	0
		(0.09)	(0.02)	(0.1)	-	-	(0.04)	-
	On-the-Job Training	0.09	0.1	0	0	0	0.05	0
	(0.09)	(0.009)	-	-	-	(0.02)	-	
Child Care Services	0	0.03	0.1	0	0	0	0	
	-	(0.009)	(0.1)	-	-	-	-	
Public Sub. Emp.	0	0.5	0.4	0.07	2.6	0.09	0.09	
	-	(0.05)	(0.2)	(0.07)	(0.3)	(0.03)	(0.09)	
Work Activities Waiver	0	0.7	0	0	0	0	0	
	-	(0.04)	-	-	-	-	-	

Table A-2 (continued)

		U.S. Excluding						
		California	California	Florida	Nevada	New York	Ohio	Texas
FY 2003	Unsub. Employment	18.0	18.3	13.8	19.5	21.1	20.9	19.3
		(1.1)	(0.2)	(1.1)	(1.1)	(0.9)	(0.4)	(1.2)
	Vocational Education	2.6	3.4	4.3	0.6	5.6	9.2	1.2
		(0.4)	(0.09)	(0.6)	(0.2)	(0.5)	(0.2)	(0.3)
	Job Search	1.3	3.5	5.3	1.1	0.5	2.3	3.5
		(0.3)	(0.09)	(0.7)	(0.3)	(0.2)	(0.1)	(0.5)
	Satisfactory School Att.	0.5	1.3	3.5	0.3	0.08	3.2	1.2
		(0.2)	(0.05)	(0.6)	(0.1)	(0.07)	(0.2)	(0.3)
	Community Service	0.5	1.8	3.4	0.6	6.6	0	2.0
		(0.2)	(0.09)	(0.6)	(0.2)	(0.6)	-	(0.4)
	Work Experience	0.2	3.9	3.1	0.07	4.8	29.2	0.8
		(0.1)	(0.08)	(0.5)	(0.07)	(0.5)	(0.4)	(0.3)
	Education Related to Emp.	0.5	0.3	0.2	0.08	0	0.022	0.1
		(0.2)	(0.02)	(0.1)	(0.06)	-	(0.0)	(0.1)
	Private Sub. Emp.	0.2	0.09	0.09	0	0.02	0	0.4
		(0.1)	(0.02)	(0.09)	-	(0.02)	-	(0.2)
	Job Skills Training	0	0.4	0.2	0	0.07	0.3	0
		-	(0.03)	(0.1)	-	(0.04)	(0.05)	-
	On-the-Job Training	0	0.03	0	0.07	0.01	0.007	0
		-	(0.005)	-	(0.07)	(0.01)	(0.007)	-
Child Care Services	0	0	0	0	0	0	0	
	-	-	-	-	-	-	-	
Public Sub. Emp.	0.09	0.3	0.2	0	0.5	0.05	0.1	
	(0.09)	(0.028)	(0.1)	-	(0.1)	(0.02)	(0.1)	
Work Activities Waiver	0	1.7	0	0	0	0	0.1	
	-	0.05	-	-	-	-	(0.1)	

Table A-2 (continued)

		U.S. Excluding						
		California	California	Florida	Nevada	New York	Ohio	Texas
FY 2002	Unsub. Employment	20.4 (1.1)	21.0 (0.2)	13.9 (1.1)	16.1 (1.0)	24.0 (1.0)	21.8 (0.4)	19.9 (1.3)
	Vocational Education	1.6 (0.3)	2.9 (0.1)	5.8 (0.7)	2.4 (0.4)	3.0 (0.4)	9.0 (0.2)	1.1 (0.3)
	Job Search	2.7 (0.5)	3.4 (0.09)	4.5 (0.6)	3.3 (0.5)	0.9 (0.2)	2.3 (0.1)	4.9 (0.7)
	Satisfactory School Att.	0.6 (0.2)	1.3 (0.05)	3.1 (0.5)	0.1 (0.1)	0.3 (0.1)	3.0 (0.1)	0.7 (0.3)
	Community Service	0.3 (0.2)	2.0 (0.1)	2.5 (0.5)	0.3 (0.1)	6.5 (0.6)	0 -	0.8 (0.3)
	Work Experience	0.4 (0.2)	3.4 (0.08)	1.4 (0.4)	0.1 (0.07)	3.1 (0.4)	23.0 (0.4)	0.7 (0.3)
	Education Related to Emp.	0.08 (0.08)	0.3 (0.03)	0 -	0 -	0.06 (0.06)	0.02 (0.01)	0.3 (0.2)
	Private Sub. Emp.	0 -	0.09 (0.02)	0.2 (0.1)	0 -	0.08 (0.07)	0 -	0.2 (0.1)
	Job Skills Training	0 -	0.4 (0.03)	0.09 (0.09)	0 -	0.2 (0.1)	0.6 (0.07)	0 -
	On-the-Job Training	0.2 (0.1)	0.03 (0.006)	0 -	0 -	0 -	0 -	0 -
	Child Care Services	0 -	0.004 (0.003)	0 -	0 -	0 -	0 -	0 -
	Public Sub. Emp.	0.2 (0.1)	0.2 (0.02)	0.5 (0.2)	0 -	0.06 (0.06)	0 -	0 -
	Work Activities Waiver	0.2 (0.1)	1.7 (0.05)	0 -	0 -	0 -	0 -	1.4 (0.4)

Table A-2 (continued)

	U.S. Excluding						
	California	California	Florida	Nevada	New York	Ohio	Texas
Unsub. Employment	22.2	24.2	16.0	26.7	28.0	25.9	24.3
	(1.1)	(0.3)	(1.2)	(1.3)	(1.3)	(0.4)	(1.6)
Vocational Education	1.6	3.0	4.3	2.1	2.1	8.3	2.8
	(0.3)	(0.1)	(0.6)	(0.5)	(0.4)	(0.3)	(0.6)
Job Search	5.3	2.9	2.5	3.8	0.7	2.1	6.0
	(0.6)	(0.08)	(0.5)	(0.5)	(0.2)	(0.1)	(0.9)
Satisfactory School Att.	0.4	1.3	4.4	0.4	0.2	3.0	0.6
	(0.2)	(0.05)	(0.6)	(0.2)	(0.1)	(0.2)	(0.3)
Community Service	0.08	1.8	0.8	0.8	5.3	0	0.2
	(0.07)	(0.1)	(0.3)	(0.3)	(0.7)	-	(0.2)
Work Experience	0.6	3.4	2.3	0	3.2	16.8	0.7
	(0.2)	(0.1)	(0.5)	-	(0.5)	(0.3)	(0.3)
Education Related to Emp.	0.4	0.4	0.2	0	0	0.02	1.0
	(0.2)	(0.0)	(0.1)	-	-	(0.01)	(0.4)
Private Sub. Emp.	0.1	0.1	0	0	0.2	0.007	0.4
	(0.1)	(0.03)	-	-	(0.1)	(0.007)	(0.3)
Job Skills Training	0.006	0.5	0	0	0.09	0.5	0.05
	(0.006)	(0.03)	-	-	(0.09)	(0.06)	(0.05)
On-the-Job Training	0.1	0.05	0	0	0	0	0.1
	(0.1)	(0.01)	-	-	-	-	(0.1)
Child Care Services	0	0.003	0.1	0	0	0	0
	-	(0.002)	(0.1)	-	-	-	-
Public Sub. Emp.	0.06	0.2	0.1	0	0	0.007	0.1
	(0.06)	(0.02)	(0.1)	-	-	(0.007)	(0.1)
Work Activities Waiver	0	1.3	0	0	0	0	4.9
	-	(0.05)	-	-	-	-	(0.8)

Note: The calculations shown in this table and in Figure 3 in the text exclude the newly required to participate (sanctioned and time-limited cases containing no aided adult) because information about their work participation activities is not recorded in the TDRs.

Table A-3
Single-Parent Cases Required to Participate in Work Activities as of October 2006,
By Participation Category (%)

		U.S.						
		Excluding						
		California	California	Florida	Nevada	New York	Ohio	Texas
FY 2004	Exempt	19.8 (1.1)	11.8 (0.2)	1.3 (0.3)	4.6 (0.6)	18.1 (0.9)	0.1 (0.03)	16.5 (1.1)
	No hours and not exempt	32.7 (1.2)	40.0 (0.3)	48.0 (1.6)	41.1 (1.3)	32.4 (1.0)	23.3 (0.4)	31.1 (1.3)
	Some hours	11.3 (0.8)	10.9 (0.2)	7.1 (0.8)	20.7 (1.1)	7.9 (0.6)	9.0 (0.3)	7.8 (0.7)
	Met requirement	19.7 (1.1)	34.1 (0.2)	41.5 (1.5)	33.5 (1.2)	40.2 (1.1)	67.6 (0.4)	30.0 (1.3)
	Sanctioned*	11.3 (0.9)	0.9 (0.1)	2.2 (0.5)	0.1 (0.1)	1.4 (0.3)	0 -	0 -
	Time limited*	5.1 (0.6)	2.3 (0.1)	0 -	0 -	0 -	0 -	14.6 (1.0)
	FY 2003	Exempt	20.7 (1.1)	11.6 (0.2)	0.9 (0.3)	4.1 (0.5)	19.0 (0.9)	0.2 (0.04)
No hours and not exempt		37.5 (1.3)	41.5 (0.3)	54.7 (1.5)	55.0 (1.3)	35.5 (1.1)	26.1 (0.4)	41.2 (1.4)
Some hours		10.6 (0.8)	10.1 (0.1)	9.4 (0.9)	18.4 (1.0)	5.6 (0.5)	8.5 (0.2)	5.0 (0.6)
Met requirement		21.5 (1.1)	34.0 (0.2)	33.6 (1.4)	22.4 (1.1)	38.9 (1.1)	65.2 (0.4)	25.4 (1.2)
Sanctioned*		8.5 (0.8)	0.8 (0.0)	1.4 (0.4)	0.08 (0.08)	1.1 (0.3)	0.0 (0.0)	0.0 (0.0)
Time limited*		1.2 (0.3)	2.0 (0.1)	0 -	0 -	0 -	0 -	11.2 (0.9)
FY 2002		Exempt	17.4 (1.0)	10.6 (0.2)	1.8 (0.4)	0.8 (0.3)	18.9 (0.9)	0.2 (0.04)
	No hours and not exempt	38.3 (1.3)	41.2 (0.3)	55.9 (1.5)	61.5 (1.4)	35.8 (1.1)	30.6 (0.4)	45.5 (1.5)
	Some hours	11.0 (0.8)	10.5 (0.2)	9.3 (0.9)	15.4 (1.0)	7.0 (0.6)	9.5 (0.3)	5.1 (0.7)
	Met requirement	24.4 (1.1)	36.3 (0.3)	31.4 (1.4)	22.3 (1.2)	38.0 (1.1)	59.7 (0.4)	27.5 (1.4)
	Sanctioned*	8.9 (0.8)	0.7 (0.0)	1.6 (0.4)	0 -	0.4 (0.2)	0.007 (0.007)	0 -
	Time limited*	0 -	0.6 (0.1)	0 -	0 -	0 -	0 -	8.1 (0.9)

Table A-3 (continued)

	U.S. Excluding							
	California	California	Florida	Nevada	New York	Ohio	Texas	
FY 2001	Exempt	17.7	9.7	1.7	1.6	17.4	0.3	0.3
		(1.0)	(0.2)	(0.4)	(0.4)	(1.1)	(0.1)	(0.2)
	No hours and not exempt	36.1	38.9	57.3	45.3	33.3	32.2	47.8
		(1.2)	(0.3)	(1.5)	(1.5)	(1.4)	(0.4)	(1.7)
	Some hours	11.5	11.5	9.0	19.3	9.2	10.9	6.1
		(0.8)	(0.2)	(0.9)	(1.2)	(0.9)	(0.3)	(0.8)
	Met requirement	29.3	38.9	30.1	33.8	39.6	56.6	38.1
		(1.2)	(0.3)	(1.4)	(1.4)	(1.4)	(0.5)	(1.7)
	Sanctioned*	5.4	0.6	1.9	0	0.5	0	0
		(0.6)	(0.1)	(0.4)	-	(0.2)	-	-
Time limited*	0	0.4	0	0	0	0	7.7	
	-	(0.0)	-	-	-	-	(1.0)	

*This category includes only those cases classified as cases with no aided adult because the adult had been sanctioned or reached a time limit. Such cases are included in the work participation calculation as of FY 2006. Other sanctioned cases that remained classified as single-parent cases and that were not disregarded were, and continue to be, counted in the calculation, and are recorded in the "No hours" category.

Appendix B. Details of the Multivariate Model

The multivariate model predicting the likelihood of full, partial, and no participation is estimated on 1,169 observations. These sample members include all sampled California single parent TANF cases in FY 2004 that were non-exempt and not disregarded and that had non-missing data. It excludes 12 non-exempt sample members for whom all children's ages were missing. All results are weighted to account for the survey design.

The model is estimated with a set of multinomial logistic equations:

$$\Pr(y = NP) = \frac{e^{X\beta^{NP}}}{e^{X\beta^{FP}} + e^{X\beta^{PP}} + e^{X\beta^{NP}}}$$
, where NP=no participation, PP=partial participation, and FP=full participation.

Analogous equations apply for each of the other two outcomes. To identify the model, I set the coefficients in the FP equation to 0, so the estimates are interpreted as relative to full participation.

Table B-1
Complete Estimation Results

	<i>Multivariate model</i>				<i>Descriptive Statistics</i>	
	<i>Partial participation</i>		<i>No participation</i>		Proportion (%)	Std. Err. (%)
	Coeff.	Std. Err.	Coeff.	Std. Err.		
Not new to aid					95.5	(0.2)
New to aid	1.0	(0.2)	1.3	(0.2)	4.5	(0.2)
<i>Participation requirement</i>						
20 hours per week					47.7	(1.7)
30 hours per week	0.1	(0.04)	0.05	(0.04)	52.3	(1.7)
<i>Youngest child (age)</i>						
under 1	-0.9	(0.6)	-1.2	(0.4)	4.2	(0.7)
1 to 6					48.8	(1.7)
6 to 12	-0.5	(0.5)	0.1	(0.4)	34.2	(1.6)
13 to 19	0.5	(0.5)	0.7	(0.5)	12.8	(1.1)
<i>Education</i>						
Less than high school					40.4	(1.6)
High school diploma	-0.04	(0.2)	-0.6	(0.2)	58.3	(1.6)
More than high school	-0.4	(0.9)	-0.3	(0.7)	1.3	(0.4)
<i>Age</i>						
under 25					25.3	(1.5)
25 to 35	0.2	(0.3)	0.3	(0.2)	33.7	(1.6)
35 to 45	0.6	(0.3)	-0.1	(0.3)	28.7	(1.5)
45 and older	0.3	(0.4)	0.3	(0.3)	12.2	(1.1)

Table B-1 (continued)

	<i>Multivariate model</i>				<i>Descriptive Statistics</i>	
	<i>Partial participation</i>		<i>No participation</i>		Proportion (%)	Std. Err. (%)
	Coeff.	Std. Err.	Coeff.	Std. Err.		
Region of aid receipt						
Los Angeles			comparison category		35.7	(1.6)
S. Calif. (excluding LA)	-0.7	(0.3)	-1.1	(0.2)	20.0	(1.3)
Southern Farm	-0.4	(0.3)	-0.7	(0.2)	19.0	(1.3)
Bay Area	-0.6	(0.4)	-0.05	(0.3)	12.8	(1.1)
North and Mountains	0.2	(0.6)	0.6	(0.5)	4.4	(0.7)
Central Valley	-0.3	(0.4)	0.2	(0.3)	8.0	(0.9)
Month sampled						
January			comparison category		7.1	(0.8)
February	0.0002	(0.6)	0.3	(0.4)	7.9	(0.9)
March	0.3	(0.6)	1.2	(0.4)	7.4	(0.9)
April	0.1	(0.5)	-0.04	(0.4)	9.3	(1.0)
May	-0.6	(0.5)	-0.1	(0.4)	8.1	(0.9)
June	-0.7	(0.6)	0.2	(0.4)	8.1	(0.9)
July	0.04	(0.5)	0.2	(0.4)	8.1	(0.9)
August	-0.3	(0.5)	-0.3	(0.4)	8.8	(0.9)
September	-0.01	(0.6)	0.2	(0.4)	7.5	(0.9)
October	0.1	(0.5)	-0.2	(0.4)	8.2	(0.9)
November	0.1	(0.5)	-0.1	(0.4)	10.4	(1.0)
December	0.2	(0.5)	0.2	(0.4)	9.2	(1.0)
Constant	-3.1	(1.1)	-0.3	(0.9)	-	-

Note: Coefficient estimates are presented in this table, while relative risk ratios are reported in Table 5 in the text. Counties are grouped according to the regions defined in CDSS (2001).

Appendix C. Data Source: TANF and SSP-MOE Data Reports

States submit work participation data quarterly to DHHS using form ACF-199 (TANF Data Report) and form ACF-204 (SSP-MOE Data Report).³⁰ As required by statute, these files contain individual-level information necessary to calculate monthly work participation rates for a sample of active cases. They include information about recipient work activities (in the twelve categories permitted under federal law) and individual- and case-level characteristics.

This Occasional Paper focuses on the four most recent years of data available (FY 2001-2004), and on single-parent cases, which make up the majority of the caseload in all states and who were not, for the most part, shifted to Separate State Programs.³¹ Even though families in SSPs were not part of the work participation rate calculation during this time period, data somewhat more limited in scope than the TDR are also available for samples of families in SSP-MOE programs, which contain most two-parent families nationwide. Table C-1 presents sample sizes for the states and group of states used in the analysis. Sample sizes for the United States excluding California also exclude the U.S. territories of American Samoa, Guam, and the Virgin Islands and the commonwealth of Puerto Rico.

Table C-1
TANF and SSP-MOE Data Reports - Sample Sizes

	Geographical Area	Single-parent	Two-parent	Child-only	Total
FY 2004	California	1,826	2,661	1,981	6,468
	U.S. Excluding California	138,133	74,208	74,366	286,707
	Florida	1,300	3,302	1,993	6,595
	Nevada	1,794	2,814	2,139	6,747
	New York	3,524	1,615	1,167	6,306
	Ohio	13,921	1,465	15,363	30,749
	Texas	1,290	3,043	1,840	6,173

³⁰ In California, this dataset is called the Q5.

³¹ According to federal data available at

<http://www.acf.dhhs.gov/programs/ofa/caseload/caseloadindex.htm>, among large states California, New York, and Texas had SSPs between FY 2001 and 2004. California's SSP was in place for the entire period, while New York and Texas had SSP cases in 2002-2004. California had two-parent cases in an SSP, New York had all types of cases in an SSP (child-only, one-parent, and two-parent) although the bulk were one-parent cases, and Texas also had all types of cases in an SSP, although most were two-parent cases. Between 9 and 10 percent of California's caseload was in an SSP between 2001 and 2004. New York had between 17 and 25 percent of its caseload in an SSP, and Texas had 4-5 percent in an SSP. SSP cases made up between 2 and 8 percent of all cases in the nation as a whole between 2001 and 2004.

Table C-1 (continued)

	Geographical Area	Single-parent	Two-parent	Child-only	Total
FY 2003	California	1,822	3,003	1,461	6,286
	U.S. Excluding California	141,676	76,580	71,431	289,687
	Florida	1,363	3,299	1,929	6,591
	Nevada	1,749	3,866	1,954	7,569
	New York	3,504	1,591	1,183	6,278
	Ohio	14,517	1,538	14,590	30,645
	Texas	1,544	3,038	1,823	6,405
FY 2002	California	1,872	3,100	1,303	6,275
	U.S. Excluding California	140,862	74,671	68,151	283,684
	Florida	1,476	3,249	1,872	6,597
	Nevada	1,978	3,142	1,615	6,735
	New York	3,770	1,763	1,039	6,572
	Ohio	14,686	1,526	14,341	30,553
	Texas	1,701	3,007	1,710	6,418
FY 2001	California	1,836	3,042	1,203	6,081
	U.S. Excluding California	132,979	65,040	65,221	263,240
	Florida	1,568	3,102	1,890	6,560
	Nevada	1,576	793	1,240	3,609
	New York	1,780	836	754	3,370
	Ohio	13,563	1,244	12,070	26,877
	Texas	1,913	2,823	1,545	6,281

Methodology Used to Determine Work Participation Status

A variable indicating categories of work participation exists in the TDRs and SDRs. It indicates whether an individual adult has been disregarded from the work participation rate (in one of five federally-defined categories), is required to participate but has been exempted from participation by the state of welfare receipt (in one of six categories), is required to participate, and is not engaged in work activities (in one of three categories), is fulfilling some required hours of participation, or, finally, is fully participating in activities (in one of three categories).

Using this variable alone, however, results in calculating work participation rates that are frequently several or more percentage points different from the official rate. Discussions with officials at the California Department of Social Services indicates that the Department itself uses internal checks to ensure that work participation is coded in accordance with federal regulations. I do the same, relying on the instructions to states for coding work participation as well as for determining the rate given in instructions for filling out the TDRs and SDRs and in the *TANF Statistical and Sampling Manual* (DHHS, 1999; DHHS, 2002).

I check the work participation code given in the data in several ways, recoding it if necessary. In general, where there is a decision to be made about including an adult in one rather than another category of work participation, I make the choice that maximizes the work participation rate. First, I count the number of adults on the case. This determines whether it is a child-only, single-parent, or two-parent case. I then create a variable indicating whether an

adult who is a member of the case is in the category of single custodial caretaker with a child under age 6 or is a minor head of household. I total the countable hours recorded for each of these adults, taking into account the special rules for those designated as single custodial caretakers of children under age 6 and minor heads of household. I then compare countable hours of participation against required hours, and code work participation as “none”, “partial”, or “full”. For those not coded as having “full” work participation, I recode them as “exempt” if the work participation variable given in the data designates them as such. The same is true of those designated “disregarded”, with the exception of those disregarded for having a child under one. If there is no child under one in the family, I move these disregarded cases into the “none”, “partial”, or “full” participation categories. Likewise, I move a limited number of cases into the “disregarded” category: If there is only one child on the case who is under age one, and the adult is a single custodial caretaker and does not have “full” participation coded, then I recode the adult as disregarded.

Work participation is calculated uniformly across states and years in the datasets.

Seventeen states – but not California – had waivers to federal work participation rules in effect for some or all of the period. Overall, the official work participation rate for the entire nation without taking waivers into account was between 27.5 and 29.9 percent. Taking waivers into account, they ranged between 31.3 and 34.4 percent (OFA, 2002; OFA, 2003; OFA 2004; OFA 2005). I include waiver activities and waiver hours, as coded by states, in calculating an adult’s hours of work participation.

Some activities can comprise no more than 30 percent of a state’s work participation rate. Only 2 to 3 percent of the TANF caseload in the United States as a whole reached this ceiling, and no California recipient’s work participation was capped. I pursue the analysis without taking this aspect of federal regulations into account.

After coding work participation in this way, with the exception of 2001, I come close to the official numerator and denominator recorded for California’s work participation rate (Table C-3). I generally find more adults in both the numerator and denominator than official statistics indicate, although this is not uniformly the case.

Table C-3
California's Work Participation Rate, Numerator and Denominator
Computed vs. Official

	FY 2001	FY 2002	FY 2003	FY 2004
Computed from TDRs*				
numerator	83,145	62,586	53,015	45,580
denominator	269,064	234,297	224,083	191,968
work participation rate	30.9%	26.7%	23.7%	23.7%
Official				
numerator	70,989	63,515	52,956	44,091
denominator	273,228	232,538	220,757	190,245
work participation rate†	26.0%	27.3%	24.0%	23.2%
Percent difference				
numerator	17.1%	-1.5%	0.1%	3.4%
denominator	-1.5%	0.8%	1.5%	0.9%

Sources: Author's calculations from TANF Data reports and OFA (2002), OFA (2003), OFA (2004), OFA (2006).

Note: Work participation rates presented in the body of this Occasional Paper differ slightly from those presented in this table because a few SSP cases have one work eligible adult, so I include them as single parent families.

* In order to obtain estimates of the numerator and denominator, I first compute fractions of the TANF caseload in the numerator and denominator, then multiply them by official fiscal year average TANF caseloads. Computed and official caseloads differ by 2 percent or less in California over the period.

†Work participation rates reported in the table are the ratio of the official numerator and denominator. Official rates reported in OFA (2002) and OFA (2006) vary slightly from this ratio in 2001 and 2004.

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