

While this report was issued prior to the enactment of the DRA, it includes useful research on sanctions and examples of how states can craft a sanction policy that reduces noncompliance and uncovers underlying barriers to participation.

October 1, 2000

**A COMPLIANCE-ORIENTED APPROACH TO
SANCTIONS IN STATE AND COUNTY TANF PROGRAMS**

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Overview

Analysis of data from states and other sources indicates that under the Temporary Assistance for Needy Families (TANF) block grant, states and counties have imposed sanctions that reduced or terminated benefits to several hundred thousand families.² Under the federal law, states must require recipients to participate in work activities and must impose financial penalties on families that refuse, without good cause, to do so. When sanctions are imposed, some or all family members lose TANF cash benefits. The benefit loss may be partial or complete and it may be temporary or permanent, depending on the policies chosen by each state.

Many states have adopted sanction policies that are more stringent than required under federal law. In the long run, these policies may not serve, and indeed may impede, the goal of moving families from welfare to work and independence. Policies more stringent than required are found in the 36 states that impose full-

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¹The authors thank Ed Lazere for his contributions to this paper, including the section on the magnitude of sanction use and the accompanying appendix (Appendix E).

²While most references in this paper are to states, the policies are equally applicable to counties in those states which have devolved welfare policy-making to the county level. Some of the models discussed in this report are from county-based programs.

family sanctions, which terminate cash assistance to the entire family, and in the 39 states that continue sanctions for fixed periods of time, even if the family has come into compliance with the requirements during the sanction period. Moreover, many states have curtailed or eliminated procedural protections for families facing a sanction.

These aggressive sanction policies appear to be aimed at families that, while able to comply with work requirements, simply refuse to do so; they were intended to send a strong message that work requirements would be enforced. Evidence after four years of TANF, however, indicates that families sanctioned for noncompliance with work requirements are *not* primarily those that refuse work, but rather those that face substantial barriers to employment. Sanctioned families are characterized by a high incidence of health problems and low education levels as well as a lack of transportation and child care. In addition, there is evidence that sanctioned families often do not know or understand what actions they are required to take to be in compliance or the consequences of failing to take those actions.

Research also shows that families leaving welfare due to sanctions fare less well than families that leave for other reasons. They are less likely to become employed and, if employed, have lower earnings than other families leaving welfare. In addition, sanctioned families may experience hardships resulting from the sanctions themselves; loss of income can precipitate a crisis in meeting basic needs that can lead to eviction or other circumstances that can compound a family's problems and make it more difficult for a parent to work.

By contrast, there are some states and counties that are administering their sanction policies in ways that seek to mitigate these adverse and unnecessary consequences. They are implementing policies and programs that identify families that have barriers to participation in work-related activities and that emphasize the role that the sanction process can play in assisting future participation in work activities for families that have difficulty complying. These strategies for a compliance-oriented approach to sanctions include the following steps.

- Before any noncompliance occurs, using effective, comprehensive assessments to develop appropriate personal responsibility requirements while identifying and addressing barriers to participation;
- After noncompliance but before a sanction is imposed, working with noncompliant families to review their circumstances, facilitate compliance and avoid unnecessary sanctions; and
- After a sanction is imposed, continuing to work with families in sanction status to assist and encourage compliance and reinstating benefits as soon as compliance occurs.

This paper reviews research that has been conducted on the use of sanctions and on their consequences for families, and spells out some of the strategies states and counties have used for assisting more families in complying with TANF requirements and improving family outcomes.

Comparison of Two Sanction Procedures

The following examples contrast two approaches to sanction policy. The first example shows how a state sanction policy can adversely affect a family that has significant barriers to compliance. The second example illustrates how some of the policies and programs that will be further described in this paper can benefit families.

South Carolina has one of the highest sanction rates in the nation. This particular example, provided by the South Carolina Applesseed Legal Justice Center, involves a single mother who has ongoing physical and mental health problems and a seven-year-old child with severe disabilities. The child requires ongoing medical care and also has had several cardiac-related surgeries. This mother faced a sanction in 1999 when she missed an appointment with her caseworker because she was at the hospital for her child's surgery. The mother sought to have the sanction removed through the state's conciliation process. In that process, the state did not recognize that the mother had ongoing problems that would make compliance difficult or that required special services. Instead, the sanction was lifted only under the condition that the mother pledged not to miss any other appointments. Only one month after the initial sanction threat, the mother faced another sanction when she was late for a job training program because the bus she needed to take was an hour late. This time, she did not seek conciliation because she did not fully understand the notice she received. The notice prepared by the caseworker stated that she did not have good cause for missing the training activity. She therefore thought that she did not have the right to seek a good cause exemption. As a result, her entire family was terminated from assistance. A legal services attorney is assisting her as she seeks a fair hearing with the welfare agency to restore her benefits.

Mesa County in Colorado, by contrast, employs procedures intended to avoid inappropriate sanctions and to provide services that enable families to comply with program rules. (Welfare programs in Colorado are operated by counties, which have tremendous flexibility over program design.) The sanction rate in Mesa County is very low. The key to this outcome is a pre-sanction review process for all families before the imposition of any sanction. Under this process, any parent who is noncompliant with program rules is referred to a social worker outside of the welfare agency. The social worker is expected to assess the reasons for non-compliance, change the individual's plan to better reflect his or her needs and barriers, and offer services necessary to address identified barriers. The social worker can, for example, help families find specialized child care for children with disabilities and help with the purchase of a car for families with transportation problems. In addition, the social worker is expected to assist parents in the conciliation process, which may involve helping parents seek a good cause exemption for an incidence of non-compliance or explaining to parents what they must do to comply with a particular rule and avoid a sanction. This process does not guarantee that families will not be sanctioned, but it does help ensure that families understand program rules and that they have the tools needed to comply. In the three years since implementation of the program, about 68 percent of families referred came into compliance and avoided a sanction.

For further discussion of Mesa County's pre-sanction procedures, see page 20.

Background

The federal law requires all states to sanction families that refuse to comply with work activities without good cause, either by reducing or terminating benefits. Some states also impose sanctions in their TANF programs for failure to comply with other requirements such as ensuring that children are immunized and attending school.³ While work sanctions are required, states have considerable latitude regarding how those sanctions are designed and applied. Benefits may be reduced or completely eliminated. The benefit loss may apply only to the parent's benefit or it may apply to the children's benefits as well. In addition, the benefit reduction or elimination may be temporary or permanent. Most states have adopted sanction policies that are more stringent and more extensive than required by federal law. Thirty-six states impose full-family sanctions for noncompliance with work requirements. In 18 states, the full-family sanction is imposed for the first instance of noncompliance. In the other 18 of the 36 states, a full-family sanction is imposed after a continued period of noncompliance or for repeated instances of noncompliance. In nearly all of these remaining states, an initial instance of noncompliance can escalate into a full-family sanction if the adult remains out of compliance.⁴

In general, states also impose work-related sanctions for a longer time period than required by federal law. Federal law does not require a state to continue to impose a sanction

³The federal statutory and regulatory provisions relating to work sanctions can be found at 42 USC § 607(e)(1); 45 CFR § 261.14. Federal law prohibits, however, a state from imposing a sanction for refusal to comply with work requirements on a family with a child under age six if child care is unavailable. 42 USC § 607(e)(2); 45 CFR § 261.15, §§ 261.56-7. See additional discussion in box on p. 18.

The federal welfare law also requires states to impose sanctions if an individual fails to cooperate without good cause with child support enforcement requirements. States must reduce benefits to the family by at least 25 percent and may deny or terminate benefits entirely. 42 USC § 608(a)(2), 45 CFR § 264.30. Thirty states impose a full-family sanction for failure to cooperate with child support requirements and in 17 of these states, the full-family sanction is imposed upon the first instance of noncompliance.

In addition, other provisions of the federal welfare law authorize, but do not require, states to impose TANF sanctions on an individual who refuses without good cause to comply with an individual responsibility plan that may set forth a range of actions that an individual must take, such as immunization of children or school attendance. 42 USC § 608(b); 45 CFR § 261.13.

⁴State-by-state charts of state work-related sanction policies are attached as Appendices A and B. More detailed information about state work-related sanction policies is available from the State Policy Documentation Project, a joint project of the Center for Law and Social Policy and the Center on Budget and Policy Priorities, at <http://www.spdp.org>. Information about state sanction policies also can be found in *Welfare Reform: State Sanction Policies and Number of Families Affected*, General Accounting Office, GAO/HEHS-00-44, April 2000, <http://www.gao.gov>. The GAO report covers work-related sanctions, child support cooperation sanctions and any other bases a state uses to impose TANF sanctions. GAO published a follow-up letter clarifying the methodologies they used for calculating the number of families terminated due to full-family sanctions. *Additional Information about the Scope and Limits of Sanction Data Provided in Recent GAO Report on Temporary Assistance for Needy Families*, GAO/HEHS-00-133R, June 2000, <http://www.gao.gov>.

once the family has come into compliance. Most states, however, impose the sanction for at least a minimum period of time even if the family comes into compliance sooner.⁵

Magnitude of State Sanction Use

Analysis of data from states and other sources indicates that under the Temporary Assistance for Needy Families (TANF) block grant, states and counties have imposed sanctions that reduced or terminated benefits to several hundred thousand families. In some states, the number of cases closed due to full-family sanction represents a significant share of case closures.

A recent study from the General Accounting Office (GAO) found that in 1998, an average of 112,700 families each month received reduced TANF benefits due to sanction during each month of calendar year 1998. This meant that 4.5 percent of the families receiving TANF cash assistance were under a partial-benefit sanction.⁶

The GAO study also found that an average of 16,000 families per month lost cash assistance completely nationwide due to full-family sanctions in 1998.⁷ Data on sanctions from the U.S. Department of Health and Human Services show substantial differences from the GAO data in many states, although the overall national figure from HHS — an average of 15,000 monthly case closures due to sanction in fiscal year 1998 — is similar to the GAO national figure.⁸

⁵The primary focus of this paper is on state policies and procedures governing noncompliance with work requirements. Some of the information about sanctioned families discussed in this paper, such as the GAO numbers and some of state studies of sanctioned families, relates to all sanctioned families in state TANF programs including work-related sanctions as well as child support or other sanctions. The vast majority of TANF sanctions, however, are work-related.

⁶ U.S. General Accounting Office, *Welfare Reform: State Sanctions Policies and Number of Families Affected*, March 2000 (GAO/HEHS-00-44). The GAO figure is roughly equal to HHS data on TANF families subject to partial sanction, which show that 3.8 percent of TANF families were under partial sanction in FY 1998.

⁷The GAO report found that an average of 23,100 families per month lost assistance nationwide due to sanctions in 1998. This figure was inflated, however, by the misinterpretation of data from Illinois. The GAO report indicates that an average of 7,200 families per month lost assistance due to sanctions in Illinois in 1998. Phone conversations with Illinois state officials indicate that this figure likely reflects actions initiated to close cases for procedural reasons, such as missing a scheduled appointment, rather than case closures due to sanctions. Moreover, the vast majority of families facing procedural closings in Illinois do not experience any loss of benefits because they quickly meet the required procedure, such as re-scheduling a missed appointment. Fewer than 100 families per month lose assistance due to sanction in Illinois. Adjusting for this discrepancy leaves approximately 16,000 families per month losing assistance due to sanctions.

⁸The HHS data are widely regarded as understating the magnitude of sanctions, because the reason for case closures is not recorded in the majority of cases reported to HHS. Because the GAO national total is roughly the same as the HHS number, the GAO study also may undercount the magnitude of sanctions in some states.

The total number of families without assistance due to full-family sanctions at any given point in time, however, is many times larger than the number of new case closures each month. This is because full-family sanctions usually keep families off assistance beyond the initial month of closure. The GAO found that one-third of families receiving a full-family sanction returned to assistance within a few months, but that the vast majority remained off permanently. This means that in any given month, a certain number of families may newly lose assistance due to sanction, while many other families remain without assistance due to sanctions imposed in prior months. A complete measure of the magnitude of sanctions must consider both groups.⁹

For example, South Carolina reported that an average of 628 families per month newly lost assistance due to sanction in 1998. The South Carolina report also shows that the total number of families that left assistance due to sanction and had not returned averaged 9,500 per month in 1998, or 15 times higher than the number of new monthly case closures.¹⁰ This reflects the fact that South Carolina implemented its full-family sanctions policy late in 1996, and that the vast majority of families sanctioned each month do not return to assistance.

The methodology employed by South Carolina and some other states in recent “caseload reduction credit” reports submitted to HHS can be used to estimate the cumulative number of families that have been subject to full-family sanctions and *remain* without benefits nationally. Using reasonable assumptions, it can be estimated that 540,000 families nationwide lost assistance following a full-family sanction sometime from 1997 through 1999. Approximately 370,000 families, or about two-thirds of those receiving a full sanction, are likely to have remained off assistance at the end of 1999.¹¹

It also is useful to view the number of case closures due to full-family sanction as a share of all case closures. In some states, terminations due to sanction represent a significant share of

⁹When the GAO study was first released, it appeared to characterize its monthly case closure data as reflecting the full number of families under full-family sanction in 1998. Based on this characterization, the GAO study concluded that “few” families were subject to full-family sanctions. A subsequent letter from GAO to the initial requesters of the sanctions study, however, notes that the monthly case closure data it collected generally does not count families past the initial month of the sanction. *Additional Information about the Scope and Limits of Sanction Data Provided in Recent GAO Report on Temporary Assistance for Needy Families*, GAO/HEHS-00-133R, June 14, 2000, <http://www.gao.gov>.

¹⁰South Carolina’s case closure information comes from the state’s 1999 Caseload Reduction Report which was submitted to the Administration for Children and Families, U.S. Department of Health and Human Services, in late 1999.

¹¹The estimate begins with the adjusted figure from the GAO report that approximately 16,000 cases were closed due to sanctions each month in 1998. The estimate also assumes that the level of sanctions in 1997 was the same as in 1998, based on HHS administrative data which show that the number of families sanctioned in mid-1997 was roughly the same as the number sanctioned in 1998. Finally, this estimate assumes that full family sanctions averaged 13,000 in 1999, based on HHS administrative data for FY 1999. For more information about these calculations, see Appendix E.

case closures. For example, state studies of families that have left welfare due to sanction have found that sanctions represented 28 percent of case closures in South Carolina, 20 percent in Arizona, and 31 percent in Kansas over the specific periods of time covered in each study.¹² In addition, the administrative data that states collect and report to HHS indicate that sanctions represented roughly one-fifth or more of the case closures in seven states in fiscal year 1999 — Arkansas, Florida, Idaho, Iowa, Mississippi, Oklahoma, and South Carolina.

While sanctions do not represent the majority of reported case closures in any state, they are one of the primary reasons for case closures in a number of states. Moreover, to date, more than three times as many families have lost TANF benefits due to a full-family sanction than due to reaching a time limit.¹³

Characteristics of Families That Are Sanctioned

Research indicates that families that are sanctioned have greater barriers to employment than other families receiving welfare. Some or all of these barriers may be the cause of the family being sanctioned since they may affect the ability of the parents to understand and comply with rules or engage in work.

Sanctioned families, when compared to other families receiving welfare, have less education, more limited work experience, and a greater incidence of domestic violence, disabilities and other physical and mental health problems. Sanctioned families also face barriers to employment caused by lack of support services such as child care and transportation. They also are more likely than other families receiving welfare to have more than one of these barriers to employment.

¹²Karen Westra and John Routley, *Arizona Cash Assistance Exit Study, First Quarter 1998 Cohort*, Arizona Department of Economic Security, December 1999, at <http://www.de.state.az.us/links/reports/exitstudy.html>; Marilyn Edelhoach, Qiduan Liu and Linda Martin, *The post-welfare progress of sanctioned clients: A study using administrative and survey data to answer three of four important questions*, South Carolina Department of Social Services, November 1999; and Kansas Department of Social and Rehabilitative Services, *A Survey of Kansas Households Leaving the Temporary Assistance for Families Program: Final Report*, April 2000. See additional discussion of the studies at footnote 25.

¹³At least 60,000 families have lost TANF benefits due to reaching a time limit in the 15 states in which families are reaching time limits that result in termination of benefits to the entire family. See Liz Schott, *Ways States Can Serve Families that Reach Welfare Time Limits*, Center on Budget and Policy Priorities, June 2000, <http://www.cbpp.org/6-21-00wel.pdf>.

A number of researchers have noted the low education levels of adults in sanctioned families as compared with other welfare recipients, and have associated low education levels with a lack of ability to comply with TANF requirements.¹⁴

- A recent South Carolina study found that, among all families leaving TANF, those with the lowest educational attainment were twice as likely to be sanctioned, and half as likely to exit due to earned income, as those with the highest education levels. The researchers concluded that this finding “lends support to the theory that sanctioned clients may not be as functionally capable of work as those who leave for other reasons.”¹⁵
- Studies from Arizona and Minnesota found that slightly more than half of the families that left TANF due to sanction had an adult with less than a high school education. Of all families leaving TANF in those states, about 40 percent had less than a high school education.¹⁶
- A recent Delaware study similarly found that nearly half of the sanctioned families had not completed high school; the typical sanctioned family had completed 11.2 years of education. The Delaware study noted that sanction rates are higher for those with the least education and that sanctioned individuals were more likely to have trouble understanding TANF rules and the consequences of not participating.¹⁷

Aside from education and skill levels, past work experience often is a crucial factor in obtaining employment. Sanctioned recipients tend to have less prior work experience than other

¹⁴The recent GAO report notes that six state studies found that individuals who were sanctioned were more likely to have dropped out of school than those who were not sanctioned, citing studies from Arizona, Delaware, Michigan, Minnesota, Tennessee and Washington. GAO/HEHS-00-44, April 2000, <http://www.gao.gov>.

¹⁵Edelhoch, et.al, November 1999.

¹⁶Karen Westra and John Routley, *Arizona Cash Assistance Exit Study, First Quarter 1998 Cohort*, Arizona Department of Economic Security, December 1999, <http://www.de.state.az.us/links/reports/exitstudy.html>.

Minnesota Department of Human Services, Internal Memorandum, 1996.

Minnesota Department of Human Services, *Minnesota Family Investment Program Longitudinal Study: Baseline Report*, August 1999, <http://www.dhs.state.mn.us/infocenter/docs.htm>.

¹⁷David J. Fein and S. Lee Wang, *Carrying and Using the Stick: Financial Sanctions in Delaware's A Better Chance Program*, Abt Associates, Inc., May 1999, <http://www.abtassociates.com/reports/welfare-download.html>.

recipients. In Maryland, 41 percent of sanctioned families had no history of prior earnings compared with approximately 31 percent of families that left welfare for other reasons.¹⁸

State studies that have looked at characteristics of sanctioned families also have found a high prevalence of health-related barriers to employment.¹⁹

- A Utah study found that health or medical problems were the most common barriers to employment among sanctioned families. For over a third of the families in the study, a physical health problem was the reason for nonparticipation. One-fifth of the families identified a mental health problem as a reason for nonparticipation.²⁰
- A Minnesota study found sanctioned families were four times as likely as the caseload as a whole to report chemical dependency, three times as likely to report a family health problem, and twice as likely to report a mental health problem or domestic violence.²¹
- Data from Connecticut's safety net program, which serves families not eligible for TANF cash assistance because they have exhausted the maximum 21 months of cash benefits that Connecticut provides to families and cannot receive an extension because of sanctions, provide a further indication that sanctioned families are among the most vulnerable. As compared to the general population receiving welfare benefits in Connecticut, families in the safety net program had a significantly higher incidence of substance abuse, health or mental health problems, and domestic violence.²²

¹⁸Catherine Born, Pamela Caudill, and Melinda Cordero, *Life After Welfare: A Look at Sanctioned Families*, University of Maryland, School of Social Work, November, 1999.

¹⁹For more information on the prevalence of disabilities among current and former welfare recipients, see Eileen Sweeney, *Recent Studies Indicate That Many Parents Who Are Current Or Former Welfare Recipients Have Disabilities and Other Medical Conditions*, Center on Budget and Policy Priorities, February 2000, <http://www.cbpp.org/2-29-00wel.htm>.

²⁰Michelle K. Derr, *The Impact of Grant Sanctioning on Utah's TANF Families*, University of Utah, October 1998. This study identified some differences between those families sanctioned because they chose to finish their college degree instead of participating in required work activities, and those sanctioned for other reasons. As a result, the findings were presented about each group separately. Percentages from the study cited in this paper refer to the population of sanctioned families which excludes those sanctioned for attending college.

²¹Minnesota Department of Human Services, Internal Memorandum, 1996.

²²*Welfare Reform in Connecticut WorkSteps: Connecticut's Safety Net Program*, presentation materials prepared by Donna Campbell, Executive Director, Employment Success Program, February 24, 1999. This program is discussed in further detail at footnote 42.

- A study in Iowa surveyed families that had received a second sanction for noncompliance, which terminated their cash benefit. It found that health concerns were a contributing factor to their noncompliance with program rules. One-fifth of adults cited their own health as the contributing factor, and one-eighth responded that a family member's health problem presented a challenge to compliance.²³

In addition, many parents experience a wide range of other barriers that make compliance with work activities a challenge. Various studies have found that noncompliance with work activities is frequently a result of a lack of fundamental supports such as child care and transportation. In the Utah study, 55 percent of sanctioned families cited transportation as a barrier to employment, and almost a quarter of respondents said lack of transportation was the primary reason they were unable to comply. Lack of child care also was a common barrier to compliance for sanctioned families. In the Iowa study, transportation and child care were the most common obstacles for sanctioned families. Almost half of the families in the study said that transportation problems contributed to their noncompliance and over a third cited lack of child care as a reason.

Sanctioned families are more likely than other families receiving welfare to experience several barriers at once, making compliance even more challenging.²⁴ In Minnesota, 76 percent of sanctioned families had at least one barrier, compared to 35 percent of the total welfare population. Moreover, 39 percent of sanctioned recipients had multiple barriers, compared with only 16 percent of the total population. In the Utah study, 72 percent of sanctioned families had three or more barriers to employment. Those having multiple barriers were most likely to report having health problems, lack of transportation, and mental health problems as reasons for being unable to comply with program requirements.

Employment Rates and Earnings of Families That Are Sanctioned

Families that leave welfare due to a full-family sanction fare less well than other families leaving welfare. Sanctioned families are less likely to be employed and, if employed, have lower earnings than families that leave welfare for other reasons. In three recent state studies of families leaving TANF, researchers in Arizona, Maryland and South Carolina each specifically

²³Lucia Nixon, Jacqueline Kauff, and Jan Losby, *Second Assignments to Iowa's Limited Benefit Plan*, Mathematica Policy Research, Inc., August 1999, <http://38.150.5.70/secondlbp.pdf>.

²⁴A study of welfare recipients in Michigan found that the greater the number of barriers, the less likely a woman is to work (at least 20 hours per week). Women with only one barrier were less likely to work than women with no barriers (71.5 percent versus 82.1 percent). However, employment decreased sharply and significantly for women with two or more barriers. A woman had a 62.4 percent probability of working if she had two or three barriers; a 40 percent probability of working if she had four, five or six barriers; and only a 5.3 percent chance of working if she had seven or more barriers to work. (This study examined all welfare recipients, not just those subject to a sanction.) Sandra Danziger et al, *Barriers to the Employment of Welfare Recipients*, University of Michigan Poverty Research and Training Center, February 2000, <http://www.ssw.umich.edu/poverty/pubs.html>.

compared the employment rates and the earnings levels of families that left TANF due to sanction with those of other families in the same state that left TANF for reasons other than sanction.²⁵ In all three states, families that left TANF due to sanction were significantly less likely to be employed in the quarter after leaving TANF than families that left TANF for other reasons. See Table 1. For example, 31 percent of the families that left TANF due to sanction in South Carolina were employed after leaving TANF as compared to 58 percent of the families that left TANF for other reasons.

Table 1

Employment Rates of Sanctioned Leavers Compared to Non-sanctioned Leavers: First Quarter After Welfare Exit		
	Sanctioned Families	Non-sanctioned Leavers
Arizona	40%	55%
Maryland	38%	56%
South Carolina	31%	58%

When families leaving welfare due to sanction were employed, they had significantly lower earnings than other TANF leavers who were employed. In Maryland and South Carolina, both of which measured median earnings after leaving welfare, the typical employed family that

²⁵Arizona data is from Karen Westra and John Routley, *Arizona Cash Assistance Exit Study, First Quarter 1998 Cohort*, Arizona Department of Economic Security, December 1999, <http://www.de.state.az.us/links/reports/exitstudy.html>. The Arizona study was based on all 10,647 cases closed for a three-month period from January 1998 through March 1998. The study used administrative data for the cases closed and supplemented the information with a survey of 821 of these families.

Maryland data is from Catherine E. Born, Pamela Caudill, and Melinda Cordero, *Life After Welfare: A Look at Sanctioned Families*, University of Maryland School of Social Work, November 1999. The Maryland study included some analysis of all 55,348 cases that were closed at least once for any reason during an 18-month period from October 1996 through March 1998, which included 3,864 cases closed at least once due to sanction. The employment status and wage level data are based on a randomly chosen group of 3,171 families whose cases were closed for any reason, including sanctioned and non-sanctioned families. From this group, churners (those who returned to assistance within 30 days or less) and those with no available case closure data were excluded, resulting in a sample size of 2,262.

South Carolina data is from Marilyn Edelhoch, Qiduan Liu and Linda Martin, *The post-welfare progress of sanctioned clients: A study using administrative and survey data to answer three of four important questions*, South Carolina Dept. of Social Services, November 1999. The South Carolina study looked at all 15,412 mandatory cases closed from October 1996 through March 1997. A mandatory case is one in which the head of household is assessed to be job-ready and is mandated to seek employment. The agency used administrative data and survey responses. The analysis compared the families that left due to sanction with the families that left due to employment. The researchers, however, provided the Center on Budget and Policy Priorities with supplemental data from the research that compared sanctioned families with non-sanctioned leavers so that the South Carolina data could be comparable to the results from Arizona and Maryland in Tables 1 and 2.

left due to sanction had earnings that were three-fifths the amount of the typical employed family that left TANF due to other reasons. Lower earnings also were found in an Arizona study which looked at average earnings (see Table 2). In addition, in Arizona and South Carolina which conducted follow-up analyses, families that left due to sanctions continued to have lower earnings throughout the study period. The studies followed families after exit for up to an additional year in Arizona and two years in South Carolina.

Table 2

Earnings of Employed Families that Left TANF Due to Sanction as Compared to Those of Employed Families that Left TANF for Other Reasons: First Quarter After Welfare Exit		
	Sanctioned Families	Non-sanctioned Leavers
Arizona	\$1,649 (average)	\$2,233 (average)
Maryland	\$1,648 (average) \$1,337 (median)	\$2,456 (average) \$2,240 (median)
South Carolina	\$1,689 (average) \$1,064 (median)	\$1,835 (average) \$1,730 (median)

In sum, it is evident from the research described above that noncompliance often results from a variety of barriers to cooperation, rather than from willful disregard of TANF rules. It also is clear that sanctioned families tend to fare worse in employment and earnings than other families who leave welfare. This evidence suggests that severe penalties imposed quickly on large numbers of families can be counter-productive because the sanction destabilizes the family and reduces the chance that a parent can adequately support the family without welfare.

Some states already have recognized this problem and have begun to use the sanction process as an opportunity to assess and intervene with the most vulnerable families and to improve their outcomes. These states have taken steps to adjust their sanction process. The rest of this paper will examine strategies that states can take to achieve work participation and better outcomes for families that have difficulty complying with work requirements.

Before Noncompliance: States Can Reduce a Family’s Risk of Sanction by Assessing Barriers to Compliance and Setting Appropriate Participation Requirements

If a state actively helps families with barriers comply with work requirements, it is likely that fewer families will face sanctions for noncompliance. A family will be more likely to comply successfully if the activity required is appropriate for the family’s circumstances and any barriers to participation are identified and addressed at the outset.

A key way to match recipients with work activities, and to identify barriers to compliance, is through individualized assessments. The federal welfare law requires states to assess an individual's employability and skills.²⁶ Many states use the assessment process to screen for and identify any obstacles that can affect a family's ability to comply. While it is important that an assessment be conducted at the beginning of a family's time on assistance or the first time TANF requirements are imposed on the family, assessment should be viewed as an ongoing or periodic process rather than a single event. Even if a state generally requires initial job search before an in-depth assessment, the state should incorporate an initial screening to identify families for whom an in-depth assessment should be conducted prior to any work requirement being imposed.

States can utilize the assessment process to effectively promote a compliance-oriented approach.

- **An in-depth assessment conducted *prior* to requiring participation in work activities can prevent sanctions for noncompliance with inappropriate work requirements.** A thorough assessment can help determine which activities are most appropriate for a family, or whether the parent requires additional supports or services to facilitate participation. Currently, a number of states conduct an assessment only after a parent has not found employment through an initial period of job search. Thus a family might be sanctioned in those states for not complying with the job search requirement before the state has assessed what a plan for this family should include or address any barriers to compliance.
- **An in-depth assessment can help determine the ideal sequence of work activities based upon each individual family's circumstances.** Each family may require a different sequence of activities that will best ensure ongoing compliance. A number of states always require a period of job search — typically for four weeks but in some states for eight or 12 weeks — before the recipient can be assigned to any other activity, even before an assessment takes place. This may be an appropriate course for some families. However, a parent who may require substance abuse treatment to obtain and retain employment may not succeed at following the TANF job search requirements and could end up sanctioned before any services or referrals to more appropriate activities are provided. Similar consequences are likely for many other parents with barriers to employment.

Assessment alone, of course, is not sufficient. To reduce the risk of noncompliance, caseworkers should have the flexibility to set work participation requirements that reflect the needs and barriers that the assessment finds. Initially, many states were reluctant to do that and instead implemented aggressive “work first” approaches in their TANF programs. A number of

²⁶Federal law requires that states conduct an initial assessment within 30 days of the date the individual becomes eligible for assistance or, at state option, 90 days. 42 USC § 608(b)(2)(B)(ii); 45 CFR § 261.11.

states designed their TANF programs to maximize participation that would count towards the federally required work rate. A more flexible approach is possible now because, as described below, all states are easily meeting federal work participation requirements.

- **Allowing a wide range of activities to meet the state’s participation requirement can encourage compliance by permitting families to utilize the supports and activities the assessment suggests are necessary.** State TANF programs should be flexible enough to meet needs that are identified by an assessment. This includes activities such as substance abuse treatment, mental health counseling, adult basic education, supported work programs, and specialized training programs.
- **Flexibility in a state’s hourly participation requirements can be necessary to prevent sanctions from being imposed on certain vulnerable families.** The majority of states require all single parents to participate in work activities for at least 30 hours per week regardless of the circumstances of the family. A family’s individual circumstances, however, may dictate that the parent is only available for work for limited periods or while a child is in school. For example, a parent of a child with severe disabilities may need to be home when the child returns from school. In some cases, a parent’s disability may require that the parent work fewer hours.

Because of dramatic caseload reductions, states are easily meeting the work participation rate that applies to all families and have greater flexibility than anticipated to adjust their requirements to better serve families with barriers to compliance. All states met their effective work participation requirements for 1999, due in part to a federal statutory provision called the “caseload reduction credit” which reduces the required work participation rates based on the state’s past caseload decline since 1995.²⁷ Some states have used this flexibility to adjust the initial design of their TANF programs and modify the work requirements for families with barriers to employment, particularly for individuals with disabilities or health-related barriers.

- **New Mexico** recently modified its work participation requirements for individuals whose disability requires reasonable modifications in work activities but is not so severe as to qualify for a total exemption from work participation under the state’s TANF rules. The new policy requires an assessment and a modified work plan for such individuals, with greater flexibility about the types of activities and number of hours of participation required. Generally, a nonexempt individual with a disability will still be required to participate in work-related activities for 30 hours a week, but 10 hours of this requirement can be met with specialized training or with therapeutic activities. Some individuals may instead receive a temporary exemption from the work requirement. In these cases, the service provider works

²⁷ For additional discussion of the federal work participation rates and state flexibility to meet the required work rates and address the needs of families with barriers to employment, see Appendices C and D.

with the individual to develop a specialized plan to address the identified limitations. While the state can count alternative activities outlined in the specialized plan toward the state's work requirement, they may not all necessarily be counted toward the federal participation rate under TANF. However, as explained above, this is unlikely to pose a problem because of substantial caseload reduction credits in most states.

- **Tennessee** has recently implemented the Family Services Counseling program (FSC) which can result in a modified work plan for a family. Families that are not immediately ready to work have an option to enter a more intensive program through which masters-level social workers from local counseling agencies conduct or secure assessments and provide intensive case management and referrals. FSC counselors also can redesign individual responsibility plans to include alternative or reduced work requirements. They can suspend both work requirements and time limits entirely if necessary. The program is considered a work activity for the purposes of the state's work requirements. It is designed to address barriers such as mental health, domestic violence, substance abuse, learning disabilities, and children's health and behavior problems. *Welfare caseworkers are required to inform families of the program whenever they come in to apply or be re-certified (about every three to six months).* Families can choose to participate, without being required to disclose the details of their personal circumstances to their caseworkers. Caseworkers also are required to refer to the program families that are at risk of being sanctioned, experiencing any of the barriers listed, identified by another agency as a referral to the FSC program, or individuals who are currently in a substance abuse or domestic violence program.

After Noncompliance but Before a Sanction Is Imposed: States Can Review the Circumstances of Noncompliant Families and Help Them Comply

An individual's noncompliance with a TANF work requirement may provide a state with a signal that the family does not understand what is required of them, or that it faces barriers to compliance that had not been identified previously. This may be particularly true if a state has not conducted assessments with sufficient depth or frequency to identify such barriers at the outset. In the context of a family about to be sanctioned, noncompliance can serve as an indicator of barriers and as an additional alert to the state to provide more intensive services to the family. A pre-sanction review should not be viewed as a substitute for an up-front and in-depth assessment. Such a review can serve, however, as an important second opportunity to identify family needs

A Compliance-Oriented Approach to Sanctions and the Americans with Disabilities Act

State TANF programs must comply with requirements under the Americans with Disabilities Act (ADA). The ADA requires a state to make reasonable modifications to program policies and procedures that deny a person with a disability access to benefits under the program if the modification would not fundamentally alter the program. Imposing a sanction that denies or reduces TANF benefits to a person with a disability for failure to comply with work requirements could violate the ADA if the individual's disability prevents compliance but the person could meet participation requirements with reasonable modification. For example, if a parent has a disability that precludes full-time employment but the parent could work 25 hours per week, sanctioning the family for failure to comply with the state's TANF policy requiring 40 hours per week of work activities would violate the ADA. As states conduct assessments of TANF recipients, any employability plan that is developed should include the accommodations required by the individual's disability.

In the majority of states, certain individuals with a disability or who are caring for a household member who is disabled are not required to participate in TANF work activities and thus are not likely to be sanctioned. In these states, however, some individuals with disabilities who qualify for protection under the ADA may not meet the state's standard for a work exemption, which may require very severe or prolonged disability. For example, New Mexico exempts individuals from participation in work activities only if they have a *total* disability which prevents *any* gainful employment. In addition, some individuals who qualify for a disability exemption may wish to volunteer to participate in work activities but require some accommodation. Under the ADA, a state should assist such voluntary participation in work activities, including making reasonable modifications that will enable participation. Thus, a state that generally exempts persons with disabilities from work requirements will still need to ensure that it does not improperly sanction individuals with disabilities. States that do not exempt individuals with disabilities from work requirements likewise need to ensure that they do not improperly sanction an individual with a disability who is unable to comply with a work requirement but could comply with a modified requirement.

In response to ADA concerns, both New Mexico and Tennessee have recently implemented changes to their TANF programs to allow individuals with disabilities to meet their TANF work requirements through modified work plans. See discussion of New Mexico and Tennessee initiatives at pages 14 and 15.

For a general discussion of the applicability of the ADA to TANF programs, see "Guidance on Civil Rights Laws and Welfare Reform," HHS Office for Civil Rights, August, 1999, available at <http://www.hhs.org.gov/ocr/ocrtanfpr.htm>.

and barriers and to adjust the required Individual Responsibility Plan if needed. Addressing a family's barriers to compliance *before* a sanction is imposed will make it more feasible for the parent to come into compliance. Once a sanction has been imposed — particularly a full-family sanction — the family faces a deeper crisis to meet basic needs which can make compliance even more difficult.

A pre-sanction review provides the state a second opportunity to evaluate the circumstances of a noncompliant family and to assist the family to participate successfully in work activities.

- **A pre-sanction review can provide a second look at whether there is good cause for noncompliance or if the family should be exempt from work requirements.** Individuals may be noncompliant as a result of temporary or permanent barriers that prevent participation in certain TANF activities. All states have established some good cause criteria for noncompliance that, when identified, can prevent a sanction from being imposed wrongfully.²⁸ Moreover, federal law prohibits a state from imposing a sanction on a single parent of a child under age six if child care is not available. See box on page 18. In addition, the majority of states exempt families from work participation in certain situations, most commonly if the adult is disabled or caring for a family member who is disabled. Families that should be exempt under the state’s exemption criteria, however, could face sanctions if the basis for an exemption was not identified in the assessment process or developed after the initial assessment was completed.
- **A pre-sanction review provides another opportunity to identify and address any barriers to compliance, and to determine if the required activity should be modified for the family.** Families that are not exempt from work requirements may require more supports, or alternative activities, that can help them work. See ADA box on page 16. For example, transportation problems that may not have been anticipated at the initial assessment may be the cause of an individual’s noncompliance. While an individual may demonstrate good cause for missing an appointment because of a transportation problem — and therefore a sanction is not imposed — the next step is to address the problem so that the individual can comply in the future. A compliance-oriented approach to sanctions, therefore, goes beyond avoiding inappropriate sanctions and also assists compliance.
- **A pre-sanction review also can provide a second chance for compliance by ensuring that the individual understands what actions he or she is required to take.** As noted by researchers in Delaware, particularly in light of the higher sanction rates among recipients with less education, many recipients who are sanctioned may not understand the program requirements.²⁹ In an Iowa study, over

²⁸Federal law requires, “subject to good cause or other exceptions as the State may establish,” states to impose sanctions when an individual *refuses* to engage in work activities. 42 USC § 607(e)(1).

²⁹David J. Fein, and S. Lee Wang, *Carrying and Using the Stick: Financial Sanctions in Delaware’s A Better Chance Program*, Abt Associates, Inc, May 1999, <http://www.abtassociates.com/reports/welfare-download.html>.

States May Not Impose Sanctions on a Single Parent of a Child Under Age Six if Child Care Is Not Available

Under the federal welfare law states may not reduce or terminate assistance to a single parent caring for a child under age six if the parent demonstrates an inability to obtain needed child care for one or more of the following reasons:

- Appropriate child care is not available within a reasonable distance from home or work;
- Informal child care by a relative or under other arrangements is unavailable or unsuitable; or
- Appropriate and affordable formal child care is unavailable.

While the parent must demonstrate that child care is not available, the state must set forth criteria for such a determination and define the relevant terms. In addition, the state must inform parents of this exception — that they cannot be sanctioned for failure to participate in work if child care is unavailable — and of the process for obtaining a determination based on this exception. Thus, under the TANF federal rules, every sanction notice should include this information. States should review the notices they provide to be sure they comply with the final rules. To the extent that the state has other good cause reasons under which a sanction will not be imposed, as every state has, sanction notices should also contain information about other circumstances under which a sanction will not be imposed. It is also important that notices inform parents that under the ADA, if they have a disability, modifications to requirements can be made to accommodate them.

States are subject to penalties if they improperly impose sanctions on a single parent of a child under age six who cannot obtain needed child care. The final TANF rules, published April 12, 1999, also address the factors HHS will consider in determining whether to impose the maximum penalty, or a reduced penalty if a state violates this prohibition. The rules provide that the maximum penalty will be imposed if there is a pattern of substantiated complaints or if there is no statewide process in place to inform parents about this exception and enable them to demonstrate an inability to obtain child care. Conversely, HHS may reduce the penalty if such violations were isolated or affected a minimal number of families.

See 42 USC § 607(e)(2); 45 CFR § 261.15, §§ 261.56-7.

one-quarter of the parents who lost cash assistance due to sanction cited their lack of understanding about program rules.³⁰

- **A pre-sanction review can be utilized to secure additional supports and training that can make it possible for the parent to move into stable employment.** For example, suppose a parent was sanctioned for losing a fast-food cashier job because of a previously unidentified learning disability. A pre-

³⁰Lucia Nixon, et al., *Second Assignments to Iowa's Limited Benefit Plan*, at 19, Mathematica Policy Research, Inc., August 1999, <http://38.150.5.70/secondlbp.pdf>. In Iowa, families that fail to comply with work requirements a second (or subsequent) time are assigned to a Limited Benefit Plan which results in total loss of cash assistance for six months.

sanction review could allow a caseworker to assess the problem and connect the parent to a specialized training program leading to a more stable job that is better matched to the parent's needs and abilities.

There are a number of ways a state can design pre-sanction reviews. Many states have retained a "conciliation" process from the former JOBS program. Conciliation is an attempt to resolve a sanction prior to imposing it and could be a vehicle for the types of efforts discussed below. About 20 states have eliminated conciliation but have some alternate process. In many cases, however, neither the conciliation nor the alternate process are used as effectively as they could be to assist in a compliance-oriented approach to sanctions.

Three approaches to pre-sanction reviews currently used in states or counties are discussed below. In each of these models, the sanction is not imposed if the pre-sanction review process results in compliance or a determination that the sanction or the work requirement is not appropriate.

- Under **Tennessee's** Customer Service Review process, all families whose assistance is scheduled to be terminated due to noncompliance (as well as cases to be closed for other reasons) are given a second look and a second chance for compliance.³¹ Reviewers who are not a part of the local welfare agency meet with the family to gauge whether or not the caseworker's noncompliance determination is appropriate. They look at whether the family should have been exempt from work requirements or if there is good cause for noncompliance. Families are then given a second chance whereby if they agree to comply, and then do comply for two weeks, they will not be sanctioned.³²

During 1999, about a third of the families that were slated to receive full-family sanctions ultimately did not receive them as a result of Customer Service Reviews. In 70 percent of these cases, the parents came into compliance. In the remaining 30 percent, the reviewers found errors in caseworkers' application of the sanction policies. Since the program was implemented in 1998, there also has been a reduction in the number of initial determinations to impose a sanction.

³¹Customer Service Reviews are conducted for all case closures except those that are closed due to excess income or resources, the family moving out of state, or if the youngest child is over 18. In Tennessee, because any instance of noncompliance with work requirements leads to a full-family sanction, all sanctions result in case closure. Families that are sanctioned for noncompliance with requirements other than work requirements, such as child immunization and school attendance requirements receive a grant reduction rather than a full-family sanction and therefore do not receive a customer service review.

³²Noncompliant families are generally referred to the state's Family Services Counseling program (FSC) initially (see description on p. 15). However, some families may go straight to Customer Service Reviews. Sometimes families do not find out about the FSC program because caseworkers do not always meet with them before the noncompliance is determined. Also, families that do not choose to go into the FSC program are given Customer Service Reviews instead. Noncompliant families that go into the FSC program do not receive Customer Service Reviews, but instead work with FSC social workers to come into compliance before a sanction is imposed.

- **Mesa County, Colorado** also has a pre-sanction review process. Prior to sanctioning a family that has failed to participate in required work activities, a case manager must refer the case to an Intervention Program social worker. For a three-month period, the social worker meets with the family as many times as necessary, including home visits, to provide services including assessing the family's needs, identifying barriers, and providing intensive services to address the barriers. The social worker also has the authority to redesign the Individual Service Plan to include activities that are more appropriate for the family given the barriers they are facing, such as basic education or counseling. If the individual complies with the new plan within 90 days (or longer at the social worker's request), the sanction will not be imposed. At the end of the 90-day period, another meeting is held with a review team consisting of the social worker, the social worker's supervisor and the individual. The individual is given a final chance to comply at this time. In the three years since implementation of the program, about 68 percent of families referred came into compliance and avoided a sanction.
- In **Philadelphia**, the TANF Compliance Program provides intensive services to noncompliant families facing sanction with the goal of helping them understand the sanction process, and assisting them to come into compliance.³³ Teams of service providers conduct home visits with families in which they explain the sanction process and the steps required for compliance, explain the resources available to assist TANF recipients find a job or work activity, and provide referrals to outside social services and child care resources. In addition, the team, which is composed of employees of a non-profit social service agency, accompanies the family to appointments at the welfare agency to ensure that the process runs smoothly and the family understands all of the TANF rules. This has been especially useful for families that do not speak English as a first language. Counselors in the program make follow-up calls to families on an ongoing basis until the family has come into compliance.

Philadelphia's TANF Compliance Program already has seen positive results since its inception. Between June 1999 and February 2000, 82 percent of the families referred to the program are no longer at risk of sanction.³⁴

³³The TANF Compliance program in Philadelphia is a partnership between the Pennsylvania Department of Human Services and Congreso de Latinos Unidos, a local community organization.

³⁴Most of these families came into compliance or were working toward compliance after receiving services from the program, although some were found to be exempt or to have good cause for not complying. This number (82 percent of referrals) also includes families that were no longer at risk of sanction because of case closure for another reason; about one-fifth of families referred to the TANF Compliance Program became ineligible for TANF for other reasons. The TANF compliance program also has a post-sanction component. The 19 percent of the families referred for whom sanctions have been initiated or are in progress continue to receive post-sanction intensive services from the TANF Compliance Program until the welfare agency confirms that the family is no longer at risk of sanction because their barriers have been addressed and they have taken the steps necessary to cure

(continued...)

Obtaining Compliance to Avoid Imposing a TANF Sanction Also Helps Families Avoid Sanctions Affecting Medicaid, Food Stamp and Housing Benefits

Sanctions in TANF programs can result in loss of benefits in other needs-based programs on which many TANF recipients rely to meet basic needs. The compounding of the TANF sanction penalties by reducing, and in some circumstances, terminating these other benefits can further disrupt the family and impede the adult's capacity to comply with the original TANF work requirement. Some of the policies that carry TANF sanctions over to other programs are required under federal law while others are state options.

- **Medicaid:** States have the *option* — which 13 states have chosen — to terminate Medicaid coverage of non-pregnant adults who lose TANF due to refusal to comply with TANF work rules. States *cannot* terminate the Medicaid of children or pregnant women based on an adult's noncompliance with TANF work activities. (State-specific information about this option is available through the State Policy Documentation Project, www.spdp.org).
- **Food stamps:** Unlike TANF sanctions, full-family sanctions *cannot* last beyond six months in the food stamp program. Under some circumstances, depending on the options a state has selected, food stamps may continue to families under sanction in TANF. A broader range of people are exempted from food stamp work requirements than from TANF work requirements; the largest exempted group are parents with children under age six. For individuals who receive sanctions for noncompliance with TANF work rules, and who are not exempt from food stamp work requirements, a state *must* terminate the individual's food stamps and *may* disqualify the whole household from food stamps; 19 states have opted to terminate the entire household. If an individual receives a sanction for noncompliance with TANF conduct requirements (for example, failure to immunize a child), states have a separate *option* to disqualify the individual (but not the entire household) from food stamps; 16 states have chosen this option. In general, a family *cannot* receive an increase in food stamps based on the loss of income due to a TANF behavioral sanction. A state also *may* reduce food stamps up to 25 percent as a means of, or in addition to, ensuring that there is no food stamp increase due to the loss of TANF income resulting from a sanction. Food stamp sanctions may last longer or less long than a TANF sanction for the same instance of noncompliance.
- **Federal public housing and Section 8 certificates and vouchers:** A family that experiences a loss of income due to a TANF work-related sanction *cannot* qualify for a reduction in rent that otherwise would be available to adjust for the loss of family income. Thus, for example, a family that loses TANF due to a full-family sanction and cannot pay a rental amount that was based on the TANF income may be evicted and lose access to the ongoing housing subsidy. (This "sanction rent" policy does not apply to project-based Section 8 tenants.)

As part of a compliance-oriented approach to sanction, states that have chosen policy options extending TANF sanctions by carrying them over to other public benefit programs may want to revisit these choices. Compounding penalties will only make it more difficult for families to comply or, whether or not they return to TANF, to meet their families' needs. Moreover, carrying-over of sanctions to the benefits received from other programs is triggered when the TANF sanction is imposed. By making efforts to obtain compliance *before* any sanction is imposed, states can promote a family's successful compliance by avoiding the family disruption caused both by the loss of cash assistance and by any resulting loss or reduction of Medicaid, food stamps or a housing subsidy.

³⁴(...continued)

the sanction. In most cases, families comply within one to two months.

Using pre-sanction reviews to avert a sanction can be critical to families that could suffer a deeper crisis as a result of a sanction. Once a sanction has been imposed, the parent may need to spend time seeking food or other emergency help, trying to stop eviction or utility shut-off, or otherwise trying to survive without income. The parent is less likely to have time, or resources, to participate in work activities. Moreover, sanctions that are imposed in a state's TANF program can and, in some cases, must result in additional sanctions in other benefit programs, specifically Medicaid, food stamps and certain housing assistance. See further discussion in box on page 21. The loss of TANF income as well as the carrying over of a TANF sanction to other benefits thus can further deepen a family crisis and impair a parent's capacity to comply.

After a Sanction Is Imposed: Continue To Work with Sanctioned Families To Help Them Come Into Compliance and Avoid Future Sanctions, and Reinstate Benefits As Soon As Compliance Occurs

When a sanction has been imposed, a state should not abandon a family that is in sanction status. Even if benefits have been terminated, states should consider continuing to follow-up with families and provide services to help them come into compliance. As with pre-sanction reviews, post-sanction compliance efforts provide an opportunity to explain how to come into compliance and cure the sanction, and to identify and address any barriers to compliance.³⁵ In addition, a family that has been sanctioned may need additional crisis prevention or intervention because of the loss of income due to sanction.

Post-sanction Follow-up and Services

There are several reasons why it is important to continue follow-up services with families that have been sanctioned:

- **To assist the family to come into compliance after a sanction, and to maintain compliance.** Whatever barriers prevented compliance prior to the sanction being imposed are likely to continue to prevent compliance after a sanction. For example, if a parent has no transportation to the required work activity, compliance is unlikely until the transportation problem is addressed. Moreover, if the problem that prevented an individual from complying persists, even after the initial sanction is cured, noncompliance could recur. If the parent without transportation borrowed a car temporarily as a special favor to come into compliance and alleviate the crisis of the sanction, ongoing compliance will require a stable transportation solution.
- **To prevent escalation of sanctions to more severe penalties, as can occur in many states.** In about half the states, the penalty for an initial instance of

³⁵In addition, to the extent that the parent has a disability which affects her ability to comply and which the state failed to appropriately address, failure to maintain contact with the family and make modifications to serve them could violate the ADA.

noncompliance escalates if the family does not come into compliance within a specified time. In most of these states, a partial sanction escalates into a full-family sanction. Often the minimum duration of the sanction escalates as well, and in some cases the sanction becomes permanent. Families with barriers that are not addressed may not be able to comply before the sanction escalates. An increased sanction is likely to exacerbate the family's problems and make compliance more difficult.

- **To ensure the welfare agency does not lose contact with sanctioned families altogether, missing an opportunity to assist them to participate in work activities.** This is especially significant in states with full-family sanctions. Some state studies indicate that two-thirds of families that lose TANF benefits due to full-family sanctions do not return to welfare.³⁶ Families that have no other means of support are at risk of serious hardships if they do not understand how to come into compliance and have their benefits restored. Sanction notices often are difficult to understand, especially for families with limited English proficiency, low education or literacy levels, low intelligence, or learning disabilities. They may not know that they still are eligible to receive benefits after the sanction ends and they may feel alienated from the welfare office and not want to return. A post-sanction home visit can help the family to understand the compliance process, maintain the agency's connection with the family, and identify other steps needed — services and supports — that will enable the parent to successfully work or move toward employment.

For these reasons, it is important to continue to work with sanctioned families to help them understand the process, come into compliance, and obtain the services they need. This can be accomplished through follow-up phone calls, home visits, and referrals to outside services. Follow-up services should include an explanation of why the sanction was imposed and how the family can come back into compliance, address any barriers to compliance and establish a plan to help the family maintain compliance after the sanction is lifted. It also is important to assist the family in meeting basic needs. This may include referral to emergency services or directly providing services including vouchers for certain needs such as rent and transportation costs. Follow-up services also can ensure that a sanctioned family has not improperly lost access to Medicaid and food stamps.³⁷

³⁶U.S. General Accounting Office, *Welfare Reform: State Sanctions Policies and Number of Families Affected* (GAO/HEHS-00-44), March 2000, <http://www.gao.gov>. As discussed at p. 7 above, families that lose benefits due to full-family sanctions fare less well than other families leaving welfare. Sanctioned families are less likely to be employed and, if employed, have lower earnings than other welfare leavers.

³⁷A TANF work-related sanction can result in loss of Medicaid to an adult in the 13 states that have chosen this option but should never result in loss of Medicaid to children (except for a minor head of household) or pregnant women. A TANF work-related sanction can carry over to food stamps in several ways but it rarely results in loss of food stamps for the entire household. See further discussion in box on p. 22.

Some states and counties have taken steps to provide follow-up services *after* a sanction has been imposed.

- In **El Paso County, Colorado**, a Sanction Prevention team — consisting of a TANF supervisor, caseworker, a vocational rehabilitation worker, and others as needed — meets with sanctioned individuals to review their Individual Responsibility Contracts (IRC), and develop a plan for curing the sanction.³⁸ At this point, the IRC may be rewritten. The family's barriers to compliance are addressed through referrals to various support services, such as child care and medical services, and counseling. If the individual cannot be reached by phone, up to two home visits are made. The team will continue to work with the family for as long as necessary to help it cure the sanction. Once the client comes into compliance, the sanction is lifted. The results from the program have been positive. For the period between August 1999 and June 1999, half of the families that were referred to the program cured the sanction. Many of the remaining families did not wish to receive services from the Sanction Prevention Program, although some could not be reached by the Sanction Prevention team.
- A program in **Cuyahoga County, Ohio** provides similar post-sanction services.³⁹ The county's Safety Net program seeks to ensure the well-being of families that have been sanctioned and to re-engage parents with work activities by connecting families to an extensive network of service providers, including both government and non-profit agencies throughout the community.⁴⁰ The program is run through a contract between Cuyahoga County and two social service agencies using TANF funds.⁴¹ Staff from the two outside agencies contact families that have been sanctioned through phone calls and home visits. Once contact has been made, the home visitors continue to work with the family for as long as necessary while also maintaining contact with the family's case manager at the welfare agency to assist

³⁸In Colorado, sanction amounts increase either for continued noncompliance over time or for repeated instances of noncompliance. State policy sets the sanction penalties but each county can choose the duration of the sanction and the pace of escalation of the sanction for continued noncompliance within a range set by the state. El Paso County's policy is as follows: for a first instance of noncompliance, the sanction is a 25 percent grant reduction. After one month of continued noncompliance (or for a second instance) the reduction increases to a 50 percent reduction. After one more month of noncompliance (or for a third instance) the family is terminated from assistance for a minimum of three months.

³⁹In Ohio, any instance of noncompliance leads to a full-family sanction. However, the duration of the sanction escalates with each instance of noncompliance. For a first instance the sanction lasts one month or until compliance (whichever is longer). This increases to three and six months respectively for second and third instances.

⁴⁰The Safety Net program also features a pre-sanction review process to identify possible good cause reasons for noncompliance.

⁴¹Cities and other municipalities may want to consider approaching their states about designing similar programs using TANF funds for the purpose of collaborating with social service agencies in the community who will provide these types of services.

with the process of curing the sanction and to serve as a liaison if problems arise. The purposes of the home visits are to:

- ▶ Explain the sanction process and how the family can come into compliance.
- ▶ Conduct an assessment of the family and identify why they did not comply and any barriers which may have prevented compliance.
- ▶ Connect the family with a range of services in the community, including housing agencies, utility companies, the police department, counseling services, food pantries, schools, and early childhood programs to address any needs or risks that arise from losing income.

During the first 10 months of implementation (August 1999 through June 2000), 46 percent of sanctioned families that were referred to the Safety Net program were assessed and provided with information and services. Almost all of these families (42 percent of all referrals) were able to participate in work activities and have their cases re-opened as a result of the program. The remaining families either no longer needed services from the program, or did not wish to receive them. Many were able to return to assistance on their own, either through curing the sanction or by having good cause for noncompliance.⁴²

Ensure That Families Know How to Cure a Sanction and Then Restore Benefits as Soon They Comply

Once a sanction has been imposed, it is important that a family knows how to cure the sanction or come into compliance, and that their benefits be restored at the time they comply. If a family that has lost benefits does not know how to come into compliance, it may never regain eligibility. Information on how to come into compliance should be provided orally by caseworkers and in written notices from the agency. The HHS Office of Inspector General reports that only one-third of the sanction notices they reviewed explicitly provide information on how to come into compliance.⁴³

⁴²Another post-sanction program is Connecticut's WorkSteps Program which serves families that, because of past sanctions, may not qualify for an extension of benefits when they reach the state's 21-month time limit. Because this program serves families when they reach time limits, rather than at the time of the sanction, it is not discussed in detail here. The services that the program provides include assessments, intensive case management services, and, for families not receiving TANF cash assistance, Safety Net Assistance through vendor payments. Despite the somewhat different context, WorkSteps can provide a useful model for serving families that have had difficulty complying with TANF work requirements. Additional information about Connecticut's safety net program can be found in a summary prepared by the Welfare Information Network, <http://www.welfareinfo.org/jandecpromising.htm>, and at the website of its service provider, Connecticut Council of Family Service Agencies, <http://www.ctfsa.org/esp.html>.

⁴³*Temporary Assistance for Needy Families: Improving Client Sanction Notices*, Department of Health and Human Services Office of Inspector General, OEI-09-98-00292, October 1999, <http://www.dhhs.gov/>

(continued...)

Many states do restore benefits upon (or shortly after) compliance, particularly at the first instance of noncompliance with work requirements. But more than half of the states impose at least a minimum of one month of sanction at the first instance of noncompliance and at least six states impose minimum periods that are longer than one month. Most states impose longer minimum sanction periods for subsequent or continuing instances of noncompliance. In nearly half the states, the most stringent sanction for noncompliance with work requirements is imposed for a minimum of six months. This includes seven states that impose lifetime full-family sanctions.

While information on how to “cure” a sanction always should be included in the original sanction notice, it would help families if the information also were provided when any minimum sanction period has lapsed. For example, Pennsylvania recently has adopted a procedure in which an “end of sanction” letter is sent when the minimum sanction period has expired. The letter invites families to contact the caseworker or supervisor to find out what they need to do to return to assistance.⁴⁴

In addition, a compliance-oriented model should restore benefits as soon as the family comes into compliance. Depending on the circumstances, such an approach might require more than a promise to participate in work and require some demonstrated act of compliance or a brief period (for example, two weeks) of demonstrated compliance. To impose a mandatory minimum period of disqualification, however, does not encourage or further compliance and primarily serves a punitive purpose. Moreover, a severe and prolonged sanction — such as total loss of benefits — can create a serious disruption in the family’s life. Under these circumstances, attempting to comply with TANF requirements becomes even more challenging for the family. For example, a family may experience eviction or need to seek emergency help because of reduction or loss of cash welfare benefits, reducing the adult’s capacity to spend time complying with work activities.

Conclusion

Consistent with their desire to move all families to work, some states have adopted procedures which assist families that would otherwise face sanction to comply with required work activities. The benefits to families can be enormous. Through the process of assisting families to come into compliance, states and counties often learn more about the particular family’s needs and the barriers they need to overcome in order to secure and retain employment. In some cases, modifications to individual contracts can be made that reflect better the person’s

⁴³(...continued)
progorg/oei/reportindex.html.

⁴⁴Pennsylvania imposes different sanction penalties depending upon length of time on assistance. For a family that has received less than 24 months of assistance, the sanction is the removal of the noncompliant individual(s) from the grant. For a family that has received more than 24 months of assistance (consecutive or not), the sanction is termination of assistance to the entire family. Both sanctions are for one month for the first instance of noncompliance, two months for the second instance, and permanently for the third instance.

limitations and pace. When families ultimately leave welfare, the chances are greater that they will be earning a better salary. Incorporating strong pre-sanction and post-sanction procedures is good public policy, supports states' welfare reform goals, and will ensure that more families are better able to successfully leave cash assistance, and work and support their families.

Appendix A: Summary of State Sanction Policies

State	First Sanction		Maximum Sanction		Can first instance escalate to maximum sanction for any families? ¹
	Reduction Amount	Duration	Reduction Amount	Duration	
Totals	33 Partial sanction only 15 Termination only 3 Both (policy differs by subgroup) ²		15 Partial sanction only 34 Termination only 2 Both (policy differs by subgroup)		Yes: 23 No: 24 N/A: 4
Alabama	25%	Until compliance	Termination	6 months	Y
Alaska	Adult's needs (about \$369)	Until compliance	Adult's needs (about \$369)	12 months	N
Arizona	25%	1 month	Termination	Until compliance	Y
Arkansas	25%	Until compliance	25%	Until compliance	N/A
California	Adult's portion	Until compliance	Adult's portion	6 months or compliance, whichever is longer	N
Colorado	25%	1 to 3 months ³	Termination	3 to 6 months	Y
Connecticut	20%	3 months	Termination	3 months	Y
Delaware	One-third	Until compliance	Termination	Permanent	Y
District of Columbia	Adult's portion	1 month or compliance, whichever is longer	Adult's portion	6 months or compliance, whichever is longer	N
Florida	Termination	Until compliance for 10 days	Termination	3 months followed by compliance for 30 days	N
Georgia	25%	Until compliance	Termination	Permanent	Y
Hawaii	Termination	Until compliance	Termination	3 months or compliance, whichever is longer	N
Idaho	Termination	1 months or compliance, whichever is longer	Termination	Permanent	N
Illinois	50%	Until compliance	Termination	3 months or compliance, whichever is longer	Y

<u>State</u>	<u>First Sanction</u>		<u>Maximum Sanction</u>		<u>Can first instance escalate to maximum sanction for any families?¹</u>
	<u>Reduction Amount</u>	<u>Duration</u>	<u>Reduction Amount</u>	<u>Duration</u>	
Indiana	Adult's portion	2 months or compliance, whichever is longer ⁴	Adult's portion	36 months or compliance, whichever is longer	N
Iowa	Termination	Until compliance	Termination	6 months or compliance, whichever is longer	N
Kansas	Termination	Until compliance	Termination	2 months or compliance, whichever is longer	N
Kentucky (group 1) ⁵	Pro rata reduction of percentage of noncompliant individual	Until compliance	Pro rata reduction of percentage of noncompliant individual	Until compliance	N/A
Kentucky (group 2)	Termination	Until compliance	Termination	Until compliance	N/A
Louisiana	Adult portion	3 months	Termination	1 month	Y
Maine	Adult portion	Until compliance	Adult portion	6 months or compliance, whichever is longer	N
Maryland	Termination	Until compliance	Termination	Until compliance for 30 days	N
Massachusetts	Adult portion	Until compliance	Termination	Until compliance	Y
Michigan (group 1) ⁶	Termination	Until compliance	Termination	Until compliance	N/A
Michigan (group 2)	25%	1 month or compliance, whichever is longer	Termination	1 month or compliance, whichever is longer	Y
Minnesota	10% of transitional standard ⁷	1 month	30% of transitional standard after rent and utilities are vendor-paid	6 months	Y
Mississippi	Termination	2 months or compliance, whichever is longer	Termination	Permanent	N
Missouri	25%	Until compliance	25%	3 months or compliance, whichever is longer	N

<u>State</u>	<u>First Sanction</u>		<u>Maximum Sanction</u>		<u>Can first instance escalate to maximum sanction for any families?¹</u>
	<u>Reduction Amount</u>	<u>Duration</u>	<u>Reduction Amount</u>	<u>Duration</u>	
Montana	Adult portion	1 month or compliance, whichever is longer	Adult portion ⁸	12 months or compliance	Y
Nebraska	Termination	1 month or compliance, whichever is longer	Termination	12 months or compliance, whichever is longer ⁹	N
Nevada	One-third or pro-rata reduction of noncompliant individual's share, whichever is greater	Until compliance	Termination	Permanent	N ¹⁰
New Hampshire	Adult portion	1 payment period (at least ½ month)	2/3 reduction after deduction of the adult's portion	1 payment period (at least ½ month)	Y
New Jersey	Adult portion	1 month or compliance or termination	Termination	3 months ¹¹	Y
New Mexico	25%	Until compliance	Termination	6 months	Y
New York	Pro-rata reduction	Until compliance	Pro-rata reduction	6 months or compliance, whichever is longer	N
North Carolina ¹²	25%	3 months	Termination	1 month and subsequent compliance for 1 month	Y
North Dakota	Adult portion	1 month or compliance, whichever is longer	Termination	12 months	N ¹³
Ohio	Termination	1 month or compliance, whichever is longer	Termination	6 months or compliance, whichever is longer	N
Oklahoma	Termination	Until compliance	Termination	Until compliance, after 2 weeks of compliance (at worker discretion)	N
Oregon	\$50	Until compliance	Termination	Until compliance	Y
Pennsylvania (group 1) ¹⁴	Adult portion	30 days or compliance, whichever is longer	Adult portion	Permanent	N
Pennsylvania (group 2)	Termination	30 days or compliance, whichever is longer	Termination	Permanent	N

<u>State</u>	<u>First Sanction</u>		<u>Maximum Sanction</u>		<u>Can first instance escalate to maximum sanction for any families?¹</u>
	<u>Reduction Amount</u>	<u>Duration</u>	<u>Reduction Amount</u>	<u>Duration</u>	
Rhode Island (group 1) ¹⁵	Adult portion	Until compliance	Adult portion	Until compliance	N/A
Rhode Island (group 2)	110% of adult portion	Until compliance	140% of adult portion	Until compliance	Y
South Carolina	Termination	Until compliance for 30 days	Termination	Until compliance for 30 days	N/A
South Dakota	50%	1 month	Termination	1 month	Y
Tennessee	Termination	Until compliance	Termination	3 months or compliance, whichever is longer	N
Texas	Noncompliant individual's portion ¹⁶	1 month or compliance, whichever is longer	Noncompliant individual's portion	6 months or compliance, whichever is longer	N
Utah	\$100	Until compliance	Termination	Until compliance	Y
Vermont	Adult portion	Until compliance	Adult portion	6 months or compliance, whichever is longer	N
Virginia	Termination	1 month or compliance, whichever is longer	Termination	6 months or compliance, whichever is longer	N
Washington	Adult portion	Until compliance	40%	Until compliance	Y
West Virginia	one-third	3 months	Termination	6 months	Y ¹⁷
Wisconsin	Pay-for-performance sanction policy - per hour reduction ¹⁸		Termination	Permanent	Y
Wyoming	Termination	1 month and subsequent compliance for 1 month	Termination	1 month and subsequent compliance for 1 month	N/A

Note: Data for Appendices A and B come from the State Policy Documentation Project (SPDP), a joint project of the Center on Budget and Policy Priorities and the Center for Law and Social Policy.

1. In many states, sanctions escalate after further instances of noncompliance or continued noncompliance, or, in many cases, both. In these states the amount and/or the duration of the sanction can increase. This column describes whether or not individuals can receive the maximum sanction amount and duration for continued noncompliance after an initial sanction. "N/A" refers to states in which each sanction imposed is identical, so there is no maximum sanction.

2. In four states, sanctions differ for different subgroups. This can be either a difference in the amount of the grant reduction, or one group may be terminated while the other receives a partial sanction. This is explained in greater detail in the notes below.

3. In Colorado, counties determine the duration of sanctions within the given time frame.
4. In Indiana, minors and recipients who are not mandated to participate but volunteer for the program have a shorter sanction duration (until compliance for the first sanction and 6 months for the maximum sanction).
5. In Kentucky, families in which the participant does not complete an assessment (group 2) are subject to a more strict sanction than recipients who do not comply with other program requirements (group 1).
6. In Michigan, those who do not comply within the first two months of receiving assistance (group 1) are subject to a more strict sanction than those who have received assistance for longer than two months (group 2).
7. In Minnesota, the “transitional standard” is equivalent to the total cash plus MFIP food portion of the grant.
8. In Montana, the sanctioned individual must renegotiate their Family Investment Agreement (FIA) in order to begin receiving the full grant after the sanction period ends. If this does not occur, the case is closed and the entire family is terminated from assistance. The state considers this an eligibility requirement, rather than another level of sanctioning.
9. In Nebraska, the maximum sanction duration may be shorter than 12 months if the family reaches the state’s 48-month time limit before the 12 month sanction period ends.
10. In Nevada, families can be terminated from assistance if they continue to be in noncompliance after the first sanction. However, they will not be permanently terminated from assistance (the maximum sanction duration) unless they continue to be in noncompliance after third sanction.
11. In New Jersey, if noncompliance continues beyond 3 months during the maximum sanction period, the case is formally terminated.
12. For subsequent sanctions after the first sanction, families in North Carolina are under a “pay-after-performance” system lasting three months in which individuals must be in full compliance for the whole month before receiving any benefits the following month. Note: North Carolina changed its sanction policy as of April 1, 2000. Under the former policy, recipients received partial sanctions for noncompliance beginning with a \$50 reduction for a first instance of noncompliance and escalating to a maximum of a \$75 grant reduction.
13. In North Dakota, families can be terminated from assistance for 3 months for continued noncompliance within the first sanction. However, the 12-month termination occurs after the 4th instance of noncompliance only if the noncompliance continues past the initial 3-month termination period.
14. In Pennsylvania, families that have received assistance for more than 24 months (group 2) are subject to a more strict sanction than those on assistance for less than 24 months (group 1).
15. In Rhode Island, families who are within their first 24 months of an employment plan (group 1) are subject to a different sanction than families who have had an employment plan for at least 25 months (group 2).
16. In Texas, the noncompliant individual’s portion is equal to \$78 if one parent does not comply and \$125 if two parents do not comply.

17. In West Virginia, 3 instances of noncompliance lead to a maximum grant reduction sanction (as opposed to continued noncompliance), however, all 3 instances can occur within the time frame of the first sanction.

18. In Wisconsin's "Pay-for-Performance" system, participants receive an hour for hour grant reduction based on the number of hours they miss of their work activity. Participants who do not participate at all receive a "strike." After three strikes, the individual becomes permanently ineligible to participate in that component of Wisconsin's welfare reform program for life.

Appendix B: Timing of Full-Family Sanctions for Noncompliance with Work Activities (In the 36 states that impose full-family sanctions)

State	<u>First Instance of Noncompliance</u>		<u>Second Instance of Noncompliance</u>		<u>Third Instance of Noncompliance</u>	
	Full -family sanction imposed immediately	Period of noncompliance necessary for partial sanction to become full-family sanction	Full -family sanction imposed immediately	Period of noncompliance necessary for partial sanction to become full-family sanction	Full -family sanction imposed immediately	Period of noncompliance necessary for partial sanction to become full-family sanction
Totals*	18	18	22	14	31	6
Alabama		3 months (whether or not consecutive)		3 months (whether or not consecutive)		3 months (whether or not consecutive)
Arizona		2 months ¹		1 month	✓	
Colorado		Time period determined by county ¹		Time period determined by county	✓	
Connecticut		6 months ¹		3 months	✓	
Delaware		4 months ¹		2 months	✓	
Florida	✓		✓		✓	
Georgia		3 months	✓		✓	
Hawaii	✓		✓		✓	
Idaho	✓		✓		✓	
Illinois		3 months		3 months	✓	
Iowa	✓		✓		✓	
Kansas	✓		✓		✓	
Kentucky	✓ ²		✓ ²		✓ ²	
Louisiana		3 months	✓		✓	
Maryland	✓		✓		✓	
Massachusetts		30 days		30 days		30 days
Michigan (group 1) ³	✓		✓		✓	
Michigan (group 2)		4 months		4 months		4 months
Mississippi	✓		✓		✓	
Nebraska	✓		✓		✓	

State	<u>First Instance of Noncompliance</u>		<u>Second Instance of Noncompliance</u>		<u>Third Instance of Noncompliance</u>	
	Full -family sanction imposed immediately	Period of noncompliance necessary for partial sanction to become full-family sanction	Full -family sanction imposed immediately	Period of noncompliance necessary for partial sanction to become full-family sanction	Full -family sanction imposed immediately	Period of noncompliance necessary for partial sanction to become full-family sanction
Nevada		2 months ¹		2 months ¹		2 months
New Jersey		3 months		1 month	✓	
New Mexico		6 months ¹		3 months	✓	
North Carolina		3 months	✓		✓	
North Dakota		6 months		4 months		4 months ⁴
Ohio	✓		✓		✓	
Oklahoma	✓		✓		✓	
Oregon		4 months ¹		2 months	✓	
Pennsylvania	✓ ⁵		✓ ⁵		✓ ⁵	
South Carolina	✓		✓		✓	
South Dakota		1 month	✓		✓	
Tennessee	✓		✓		✓	
Utah		2 months		2 months		2 months
Virginia	✓		✓		✓	
West Virginia	No full-family sanction at this stage		No full-family sanction at this stage		✓ ⁶	
Wisconsin ⁷	✓		✓		✓	
Wyoming	✓		✓		✓	

Notes:

* The totals calculated in this row count Michigan twice because the state has different policies for two different subgroups (see note #3). Also, West Virginia is only counted in the third instance of noncompliance column because no full-family sanctions are imposed for a first or second instance (see note #6).

1. In these states, a second grant reduction takes place after the initial sanction and before a full-family sanction is imposed.

2. In Kentucky, a full-family sanction is only imposed on families in which the participant does not attend or complete an assessment. All other instances of noncompliance result in a grant reduction.

3. In Michigan, a full-family sanction is imposed immediately only if noncompliance occurs within the first two months of receiving assistance (group 1). If noncompliance occurs after the first two months (group 2), families receive an initial grant reduction followed by a full-family sanction after 4 months of continued noncompliance.

4. In North Dakota, subsequent sanctions after the third instance of noncompliance escalate to a full-family sanction after three months of noncompliance.

5. In Pennsylvania, a full-family sanction is imposed only on families who have been on assistance for more than 24 months (whether or not consecutive). For families on assistance for less than 24 months, the sanction is a grant reduction.

6. In West Virginia, three instances of noncompliance lead to a full-family sanction. Consequently, if the third instance of noncompliance occurs within the time period of the first or second sanction, a full-family sanction can be imposed at that time as well.

7. Wisconsin has a Pay-for-Performance system. Recipients who do not participate in assigned work activities receive an hour for hour grant reduction based on the number of hours they miss of their work activity. Therefore, families could have their entire cash benefit reduced depending on the number of hours missed. Participants who do not participate at all, without good cause, may receive a "strike". After three strikes, the participant is ineligible to participate in that component of Wisconsin's welfare reform program for life.

Appendix C: Federal Work Participation Rates and State Flexibility to Permit Activities that May Not “Count” Toward Work Rates

Under the federal welfare law, states are required to ensure that a set percentage of recipients participate in designated work activities for a minimum number of hours. For fiscal year 2000, states are required to have 40 percent of all families participating in countable work activities. However, as discussed below, this required rate is reduced in relation to a state’s caseload decline under TANF.

The federal law lists 12 types of work activities for which an individual’s participation will count toward the state’s work rate. 42 USC § 607(d). Of these, some activities such as basic education will only count when combined with at least 20 hours of participation in another countable activity. While states are free to provide other types of activities that are not listed in the federal law — and generally can use TANF funds to pay for such services — the state will not get credit towards its work rate for an individual’s participation in an activity that is not on the list.

For an adult’s participation in a work activity to count toward the state’s work rate, the adult generally must participate at least 30 hours per week (and, at least 35 hours per week for two-parent families). 42 USC § 607(d). However, the federal law deems a single parent with a child under age six to be participating if the parent works at least 20 hours per week. The majority of states generally require a single parent with a child under age 6 to participate in work at least 30 hours per week although this is a greater hourly requirement than required for a state to get credit toward its work rates for the parent’s participation.

The effective work rates that a state must meet are reduced because of a provision of the federal welfare law known as the “caseload reduction credit.” 42 USC § 607(b)(3). This provision reduces the percentage of work participation that a state must achieve by the number of percentage points equal to the percentage of a state’s caseload decline since 1995.⁴⁵ For example, for fiscal year 2000, states are required to have 40 percent of all families participating in countable work activities. If a state has achieved 40 percent caseload decline since 1995 — as three-quarters of states have — the state would have an effective work participation rate of zero. This would mean that the state could make its own policy choices about types of work activities and hourly requirements without being driven by the need to comply with federal work rates. If a state has achieved 25 percent caseload decline since 1995 (and all but two states have done so), the state’s effective work rate would be 15 percent. As any state is likely to have at least 15 percent of its caseload participating in employment, all states have flexibility to design their work requirements for policy reasons independent of meeting the federal work rates. (See Appendix D for a list of each state’s FY 1999 caseload reduction credit and effective participation rate.)

⁴⁵Under the federal provision, a state may not receive credit for total caseload decline. Any caseload decline that is attributable to changes in state or federal eligibility rules are not counted as caseload decline for the purposes of calculating the caseload reduction credit. Because full-family sanctions are considered an eligibility change under the federal regulations, any caseload decline resulting from the imposition of full-family sanctions is not applied toward the state’s caseload reduction credit.

In addition, a state that is concerned about meeting its work participation rate has flexibility under the final TANF rules to provide appropriate services and benefits to families outside of its TANF-funded program using state funds. Families receiving benefits in such separate state programs are not counted for the purpose of the state's work participation rate but funds spent on such families do count toward meeting state maintenance-of-effort requirements under TANF. States are required to continue to spend 80 percent (or, in some cases, 75 percent) of historic state welfare spending as a condition of receiving federal TANF funds. Using state maintenance-of-effort (MOE) funds in a program that receives no TANF funds can allow a state to provide more appropriate services to families with multiple barriers for whom the work activities that count toward the federal participation rate may not be appropriate.⁴⁶

⁴⁶For additional information, see Eileen Sweeney et al., *Windows of Opportunity: Strategies to Support Families Receiving Welfare and Other Low-income Families in the Next Stage of Welfare Reform*, Appendix B, Center on Budget and Policy Priorities, January 2000, <http://www.cbpp.org/1-12-00wel.htm>.

**Appendix D: Maximum Caseload Reduction Credits and
Minimum Work Participation Rates For All Families, Fiscal Year 1999¹**

	FY99 Maximum Caseload Reduction Credit	FY99 Minimum Effective Participation Rate²
ALABAMA	49.2%	0.0%
ALASKA	18.2%	16.8%
ARIZONA	41.1%	0.0%
ARKANSAS	29.0%	6.0%
CALIFORNIA	26.5%	8.5%
COLORADO	45.1%	0.0%
CONNECTICUT	15.3%	19.7%
DELAWARE	40.2%	0.0%
DISTRICT OF COLUMBIA	21.1%	13.9%
FLORIDA	50.1%	0.0%
GEORGIA	42.3%	0.0%
HAWAII	11.9%	23.1%
IDAHO	53.7%	0.0%
ILLINOIS	28.9%	6.1%
INDIANA	39.0%	0.0%
IOWA	30.3%	4.7%
KANSAS	31.1%	3.9%
KENTUCKY	29.2%	5.8%
LOUISIANA	38.5%	0.0%
MAINE	29.1%	5.9%
MARYLAND	27.8%	7.2%
MASSACHUSETTS	34.1%	0.9%
MICHIGAN	38.5%	0.0%
MINNESOTA	21.3%	13.7%
MISSISSIPPI	50.3%	0.0%
MISSOURI	32.8%	2.2%
MONTANA	44.8%	0.0%
NEBRASKA	15.3%	19.7%
NEVADA	33.9%	1.1%
NEW HAMPSHIRE	36.4%	0.0%
NEW JERSEY	27.9%	7.1%
NEW MEXICO	35.9%	0.0%
NEW YORK	26.7%	8.3%
NORTH CAROLINA	44.9%	0.0%
NORTH DAKOTA	34.2%	0.8%
OHIO	33.6%	1.4%
OKLAHOMA	45.4%	0.0%
OREGON	51.5%	0.0%
PENNSYLVANIA	34.1%	0.9%
RHODE ISLAND	13.0%	22.0%
SOUTH CAROLINA	28.3%	6.7%
SOUTH DAKOTA	33.4%	1.6%
TENNESSEE	44.3%	0.0%
TEXAS	41.8%	0.0%
UTAH	32.8%	2.2%
VERMONT ³	—	—
VIRGINIA	39.8%	0.0%
WASHINGTON	22.1%	12.9%
WEST VIRGINIA	38.9%	0.0%
WISCONSIN	69.9%	0.0%
WYOMING	73.5%	0.0%

1. Data is from Department of Health and Human Services' Annual Report to Congress, August 2000, Table 3-1, p. 45, <http://www.acf.dhhs.gov/programs/opre/director.htm>.

2. The basic work participation rate for all states before subtracting the caseload reduction credits is 35%.

3. According to HHS, Vermont has waiver inconsistencies which exempt all cases from participation rates.

APPENDIX E

How Many Families Have Lost TANF Cash Assistance Due to Full-Family Sanctions?

As noted in this report, limitations in available data make it difficult to determine with precision the number of families that have been subject to a full-family sanction and remain off assistance. It is worthwhile, however, to explore existing data and the potential for using those data to generate sanctions estimates.

- The two primary sources of sanctions data — administrative data from the U.S. Department of Health and Human Services and a recent report from the U.S. General Accounting Office — reveal substantially different figures for many states.⁴⁷ For example, the HHS data for fiscal year 1998 indicate that an average of 75 families in Kansas lost assistance due to sanction each month, while GAO found an average of 240 Kansas families were subject to full-family sanctions in an average month in calendar year 1998, or more than three times the HHS figure. In Tennessee, HHS data show an average of 273 families sanctioned each month in 1998, compared with the GAO figure of 179. National totals in the HHS and GAO studies, however, are roughly similar, after adjusting for an apparent problem in the GAO study, as described below.
- In addition, there are some indications that the HHS data understate the magnitude of full-family sanctions. Most important, the reason for case closure is unknown for more than half of all families who leave cash assistance. Some of these case closures appear to reflect families that chose to leave welfare without contacting a caseworker. But it also seems likely, given the high proportion of families with data missing on the reason for case closure, that data collection was not complete and that at least some of the cases closed for unknown reasons represent families that lost assistance due to a full-family sanction. Moreover, because the GAO figure on average monthly sanctions nationally is roughly the same as the HHS figure, the GAO data also may understate the magnitude of sanctions in some states.
- While many states implemented TANF programs in late-1996 or early 1997 — including full-family sanctions policies in many states — HHS did not collect administrative data on sanctions from states until July 1997. Sanctions

⁴⁷U.S. General Accounting Office, *Welfare Reform: State Sanctions Policies and Number of Families Affected*, March 2000 (GAO/HEHS-00-44). The HHS administrative data have been released in different publications. The data for FY 1997 were included in *Characteristics and Financial Circumstances of TANF Recipients, July - September 1997* (undated). The data for FY 1998 were included in *Temporary Assistance for Needy Families: Second Annual Report to Congress*, August 1999, and the data for FY 1999 were included in the *Temporary Assistance for Needy Families: Third Annual Report to Congress*, August 2000.

imposed between late 1996 and July 1997 thus have not been measured and are not included in HHS or GAO data.

- Neither GAO nor HHS has produced data on the cumulative number of families that have lost assistance due to full-family sanctions since the implementation of TANF or on the proportion of those families that remain off assistance. The existing sources merely address the number of families whose cases were closed in a particular month or year due to full-family sanctions, not the number of months that families remained off assistance following the sanction.

Despite these limitations, the available data can be used to generate a reasonable national estimate of the cumulative number of families that lost cash assistance due to a full-family sanction and that remain off assistance. The first step involves estimating the number of families sanctioned in an average month since 1997, when TANF programs were implemented in most states. The second step is to estimate how many sanctioned families subsequently returned to welfare after complying with the relevant rules. From these, an estimate of the number of families that remain off assistance following a full-family sanction can be determined.

Step One: Monthly Full-Family Sanction Estimates for 1997, 1998, and 1999

Sanctions in calendar year 1998: This is the year for which both GAO and HHS administrative data are available. The GAO study found that on average, 23,100 families lost assistance due to full family sanctions each month in 1998. This figure contains an apparent misinterpretation, however, of the sanctions data from Illinois. The GAO report shows that an average of 7,214 families per month lost assistance due to sanction in Illinois, while the HHS data shows a figure of 44 per month. (This discrepancy in the GAO and HHS sanctions data is greater than for any other state.) Based on conversations with officials of the Illinois Department of Human Services, it appears that the HHS figure is the more accurate representation of the number of sanctioned families. The larger figure from GAO appears to reflect actions initiated to close cases for *procedural* reasons, such as failing to attend a scheduled meeting, rather than a sanction. Under Illinois law, families facing case closure for procedural reasons can stop the closure process by correcting the procedural violation within 10 days. Illinois officials noted that the vast majority of families facing procedural case closings experience no reduction or break in benefits because they address the procedural violation within the required time period.

If the GAO data for Illinois are adjusted to match the HHS data, the national totals from both sources are roughly the same — 14,900 from HHS for FY 1998 and 15,900 from GAO for calendar year 1998. This report's estimate of the number of families sanctioned in 1998 uses the higher of the two estimates because of the indications of under-counting in the HHS data, as discussed above. (Using the lower HHS figure would not affect the final estimate substantially.)

Sanctions in calendar year 1997: The estimate assumes that the number of families that lost assistance due to sanction in calendar year 1997 was the same as in 1998, or 15,900 per month. The only sanctions data available for 1997 are HHS administrative data covering 38 states for the July-

through-September quarter of 1997. Although not covering all states, the number of families that lost assistance due to sanction in that quarter was virtually the same as the average quarterly figure from the HHS data for federal fiscal year 1998.⁴⁸ It thus seems reasonable to assume that the number of families sanctioned throughout 1997 was at least as high as the number sanctioned in 1998.

Sanctions in calendar year 1999: This estimate uses the HHS figure on the number of families that lost assistance due to sanction in federal fiscal year 1999, or 13,000 per month. While the *federal fiscal year* covers a slightly different period than *calendar year* 1999 — federal fiscal year 1999 ran from October 1998 through September 1999 — the sanction figures for the two periods are likely to be very similar. The HHS data show that the rate of sanctions has been steady relative to welfare caseloads — full-family sanctions equaled 5.7 percent of the average monthly TANF caseload in FY 1998 and six percent of the average monthly caseload in FY 1999. Because the average monthly welfare caseload in calendar year 1999 was virtually the same as the average monthly caseload in federal fiscal year 1999 — 2.5 million vs. 2.6 million — the number of families subjected to full-family sanctions in calendar year 1999 is likely to be very similar to the number sanctioned in fiscal year 1999.

Sanctions in 1997, 1998, and 1999 combined: Altogether, these figures suggest that about 540,000 families lost assistance due to sanction from 1997 through 1999. It should be noted that some families could have lost assistance due to a full-family sanction more than once. This could occur if a family that loses aid due to sanction subsequently returns to assistance but then faces another sanction. It is not possible from available data to determine the extent to which full-family sanctions represent multiple sanctions for the same family. Thus, while the estimate suggest there have been 540,000 instances of full-family sanctions, the number of families that have been subjected to one or more sanctions may be somewhat smaller.

The next steps of this process take into account the fact that some sanctioned families subsequently return to the welfare rolls. As a result, the final estimate of the number of families that remain off assistance following a full-family sanction is not subject to double-counting.

Step Two: Estimates of Sanctioned Families that Return to Welfare After Addressing Program Violations

Under most state sanction policies, families that lose assistance due to a full-family sanction are allowed to return to assistance after a certain period if they come into compliance with program requirements. No national data are available on the extent to which sanctioned families come into compliance and return to welfare. According to the GAO study on sanctions, studies from 10 states show that roughly one-third of the families that lose assistance due to sanction return to assistance, typically within a few months, but roughly two-thirds remain off assistance permanently.

⁴⁸The HHS data show that 43,000 families lost assistance due to sanction from July 1997 through September 1997 in the 38 states for which data are available. The HHS data for federal fiscal year 1998, based on information for all states, show that an average of 45,000 families lost assistance due to sanction each quarter.

Step Three: Generating a National Estimate of Families that Remain Off Assistance Following a Full-Family Sanction

The information above on the number of families subject to sanction and the proportion of sanctioned families that return to welfare can be used to create an estimate of the number of families that lost assistance due to sanction and remain off assistance today. This estimate is derived by tracking over time the group of families sanctioned in each month and identifying in each subsequent month the number of families that remain off assistance. At any given point in time, e.g., December 1999, the number of families that remain off assistance following a sanction is the sum of the families sanctioned in that month plus families sanctioned in each previous month that remain off assistance.

This is the method included in instructions from HHS to states for completing “caseload reduction credit” reports for submission to the federal government. In those reports, states are required to measure the impact of policy changes on the number of families that have left welfare due to changes in state policies, including sanction policies.

Table 1 shows the results of this method when applied to the estimates of the number of families subject to sanction each month since 1997 and the proportion that subsequently returned to assistance. The table shows 15,900 families sanctioned every month in calendar years 1997 and 1998, and 13,000 every month in calendar year 1999. It also assumes that for each monthly group of sanctioned families, one-third returned to the rolls at a steady rate over a four-month period. Each row of the table reflects the impact of sanctions newly imposed in a given month. Each column reflects, for a given month, the number of families that left assistance due to sanction and had not returned to the welfare rolls. The bottom row of the table thus indicates the full number of families in that month that were off assistance following a sanction.

Table 1 shows that the number of families that left assistance due to sanction and did not return has grown each month since January 1997. This reflects the fact that in each month, some families are newly sanctioned, while the majority of families sanctioned in previous months remain off assistance. The table shows that by the end of 1999, nearly 370,000 families had lost welfare benefits due to assistance and remained off aid.

It is important to note that this is not a measure of the number of families that would be on welfare today in the absence of a sanction policy, both because it does not reflect sanctions imposed in 2000 and because it does not reflect the fact that some families that left welfare due to sanction would have left at some point for other reasons in the absence of a sanction. Unfortunately, it is difficult to estimate how many sanctioned families would have left welfare at some point in the absence of a sanction. The research findings presented in this report show that many families subject to full-family sanctions face multiple barriers to employment and that the employment rate and earnings of families that leave due to sanction are very low. Both of these facts suggest that in the absence of a sanction, many of these families would have continued to receive cash assistance.

Appendix Table 1
Estimated Number of Families That Lost TANF Cash Assistance Due to Sanction and Remain off Assistance

Month of Initial Sanction	Families Remaining Off Assistance in Month																	
	Jan 1997	Feb 1997	Mar 1997	Apr 1997	May 1997	Jun 1997	Jul 1997	Aug 1997	Sep 1997	Oct 1997	Nov 1997	Dec 1997	Jan 1998	Feb 1998	Mar 1998	Apr 1998	May 1998	Jun 1998
Jan 1997	15,900						10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600
Feb 1997		14,367				10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600
Mar 1997			14,367			10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600
Apr 1997				14,367		10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600
May 1997					14,367		10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600
Jun 1997						14,367		10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600
Jul 1997							14,367		10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600
Aug 1997								14,367		10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600
Sep 1997									14,367		10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600
Oct 1997										14,367		10,600	10,600	10,600	10,600	10,600	10,600	10,600
Nov 1997											14,367		10,600	10,600	10,600	10,600	10,600	10,600
Dec 1997												14,367		10,600	10,600	10,600	10,600	10,600
Jan 1998													14,367		10,600	10,600	10,600	10,600
Feb 1998														14,367		10,600	10,600	10,600
Mar 1998															14,367		10,600	10,600
Apr 1998																14,367		10,600
May 1998																	14,367	
Jun 1998																		14,367
Total	15,900	30,267	43,250	54,980	65,580	76,180	86,780	97,380	107,980	118,580	129,180	139,780	150,380	160,980	171,580	182,180	192,780	203,380

Table 1, Cont'd

Month of Initial Sanction	Families Remaining Off Assistance in Month																	
	Jul 1998	Aug 1998	Sep 1998	Oct 1998	Nov 1998	Dec 1998	Jan 1999	Feb 1999	Mar 1999	Apr 1999	May 1999	Jun 1999	Jul 1999	Aug 1999	Sep 1999	Oct 1999	Nov 1999	Dec 1999
Jan 1997	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600
Feb 1997	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600
Mar 1997	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600
Apr 1997	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600
May 1997	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600
Jun 1997	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600
Jul 1997	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600
Aug 1997	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600
Sep 1997	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600
Oct 1997	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600
Nov 1997	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600
Dec 1997	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600
Jan 1998	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600
Feb 1998	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600
Mar 1998	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600
Apr 1998	11,731	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600
May 1998	12,982	11,731	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600
Jun 1998	14,367	12,982	11,731	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600
Jul 1998	15,900	14,367	12,982	11,731	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600
Aug 1998		15,900	14,367	12,982	11,731	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600
Sep 1998			15,900	14,367	12,982	11,731	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600
Oct 1998				15,900	14,367	12,982	11,731	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600
Nov 1998					15,900	14,367	12,982	11,731	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600
Dec 1998						15,900	14,367	12,982	11,731	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600	10,600
Jan 1999							13,000	11,747	10,614	9,591	8,667	8,667	8,667	8,667	8,667	8,667	8,667	8,667
Feb 1999								13,000	11,747	10,614	9,591	8,667	8,667	8,667	8,667	8,667	8,667	8,667
Mar 1999									13,000	11,747	10,614	9,591	8,667	8,667	8,667	8,667	8,667	8,667
Apr 1999										13,000	11,747	10,614	9,591	8,667	8,667	8,667	8,667	8,667
May 1999											13,000	11,747	10,614	9,591	8,667	8,667	8,667	8,667
Jun 1999												13,000	11,747	10,614	9,591	8,667	8,667	8,667
Jul 1999													13,000	11,747	10,614	9,591	8,667	8,667
Aug 1999														13,000	11,747	10,614	9,591	8,667
Sep 1999															13,000	11,747	10,614	9,591
Oct 1999																13,000	11,747	10,614
Nov 1999																	13,000	11,747
Dec 1999																		13,000
Total	213,980	224,580	235,180	245,780	256,380	266,980	274,680	282,660	290,892	299,353	308,019	316,686	325,353	334,020	342,687	351,354	360,021	368,688