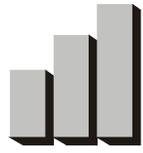


While this report was issued prior to the enactment of the DRA, it includes useful research on sanctions and examples of how states can craft a sanction policy that reduces noncompliance and uncovers underlying barriers to participation.



CENTER ON BUDGET AND POLICY PRIORITIES

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A COMPLIANCE-ORIENTED APPROACH TO SANCTIONS IN STATE AND COUNTY TANF PROGRAMS¹

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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. Many states have adopted sanction policies that are more stringent than required under federal law. Often sanctions are imposed on families that have barriers which may interfere with their ability to comply with program requirements. In the long run, these policies may not serve, and indeed may impede, the goal of moving families from welfare to work and independence.

Some states and counties are implementing policies and programs that identify families with barriers to participation in work-related activities and that emphasize the role the sanction process can play in assisting future participation in work activities for families that have difficulty complying. These compliance-oriented strategies serve to identify and address barriers to compliance at various times both before and after sanctions are imposed.

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.

Background

Federal law requires all states to sanction families that refuse to comply with work activities or with child support requirements 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. States have considerable latitude regarding how sanctions are designed and applied. For example, benefits may be reduced or eliminated altogether; the benefit loss may apply to the parent's benefit or to the children's benefits as well; and the benefit reduction or elimination may be temporary or permanent.

Most states' sanction policies are more stringent and more extensive than required by federal law. Thirty-six states impose full-family sanctions for noncompliance with work requirements; in half of these states, the full-family sanction is imposed for the first instance of noncompliance. In general, states also impose work-related sanctions for a longer time period than required by federal law. While federal law does not require a state to continue to impose a sanction once the family has come into compliance, most states impose the sanction for a minimum period of time even if the family comes into compliance sooner.

Sanctions have reduced or terminated benefits to several hundred thousand families. A study from the General Accounting Office found that for each month of calendar year 1998, an average of 112,700 families (4.5 percent of the families receiving TANF cash assistance) were under a partial-benefit sanction. The study also found that an average of 16,000 families per month lost cash assistance completely due to full-family sanctions. However, because full-family sanctions usually keep families off assistance beyond the initial month of closure, the total number of families without assistance due to sanctions at any given point is many times larger than the number of new case closures each month. Using GAO's numbers along with state-level data, it can be estimated that 540,000 families nationwide lost assistance following a full-family sanction sometime from 1997 through 1999. Approximately two-thirds of these families (370,000) are likely to have remained off assistance at the end of 1999.²

Research indicates that sanctioned families, when compared to other families receiving welfare, have greater barriers to employment and are more likely to have multiple barriers. They tend to have lower education levels, more limited work experience, and a greater incidence of domestic violence, disabilities, and other physical and mental health problems. For example, a study in South Carolina found that among all families leaving TANF, those with the lowest education levels were twice as likely to be sanctioned. 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 several of these barriers at once. A study in Utah found that 72 percent of sanctioned families had three or more barriers to employment. Some of these barriers may affect the ability of the parents to understand and comply with program requirements and thus may be the cause of the family's sanction.

Chart 1: Quarterly Earnings
First Quarter After Welfare Exit

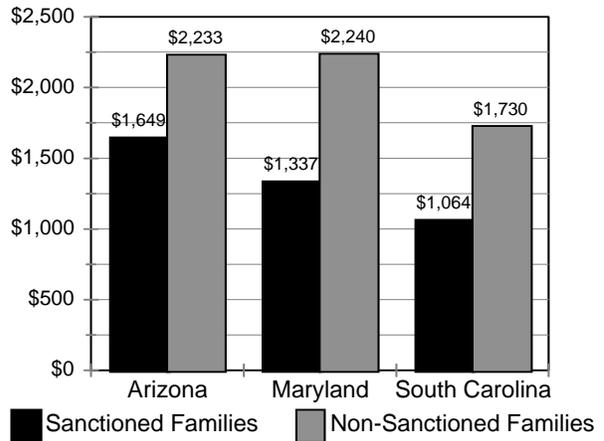
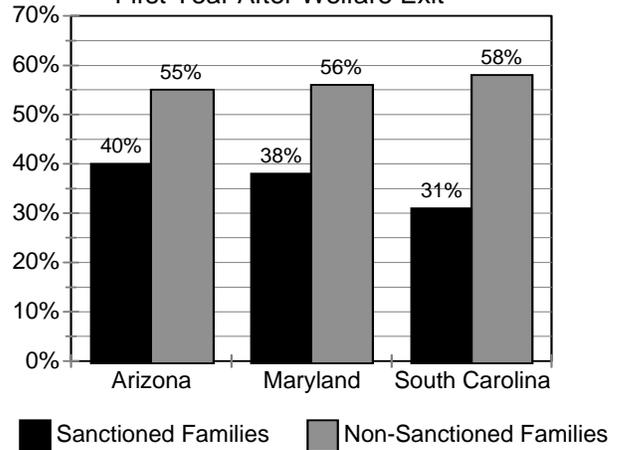


Chart 2: Employment Rates
First Year After Welfare Exit



Families that leave welfare due to a full-family sanction also tend to fare less well in the labor market than other families leaving welfare. They are less likely to be employed, and if employed, they tend to have lower earnings than families that leave welfare for reasons other than a sanction. See Charts 1 and 2.³

In sum, noncompliance often results from a variety of barriers to cooperation, rather than from willful disregard of TANF rules, and 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 and counties have recognized this problem and have begun to use the sanction process to assess and intervene with the most vulnerable families in hopes of improving their outcomes. The rest of this paper examines strategies that states and counties can take to achieve better outcomes for families that have difficulty complying with work requirements.

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

If a state or county actively helps families with barriers to 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. An assessment of each individual's employability and skills is required under the federal welfare law. Many states use the assessment process to screen for and identify obstacles that can affect a family's ability to comply. While a number of states conduct an assessment only after a parent has not found employment, assessments conducted *prior* to requiring participation in work activities, and periodically throughout the family's time on assistance, can prevent sanctions from being imposed. Such assessments can help determine the most appropriate work activities and their ideal sequence based upon each individual family's circumstances. (For example, a number of states require a period of job search before the recipient

can be assigned to any other activity, but some parents may require certain support services, such as mental health or substance abuse counseling, in order to search for employment.)

To reduce the risk of noncompliance, caseworkers should have the flexibility to set work participation requirements that reflect the needs and barriers identified in the assessment. Initially, many states were reluctant to do that and instead implemented "work first" approaches in their TANF programs that were designed to maximize participation that would count towards the federally required work rate. However, a more flexible approach is now possible. Because of dramatic caseload reductions, states are easily meeting the required federal work participation rate and have greater flexibility than anticipated to adjust their requirements to better serve families with barriers to compliance. Some states have used this flexibility to modify their work requirements for families with barriers to employment, particularly for individuals with disabilities or health-related barriers.

One form this flexibility can take is allowing a wider range of activities to count toward the state's work participation requirement for certain families, such as substance abuse treatment, mental health counseling, adult basic education, supported work programs, and specialized training programs. Another form is allowing certain parents with special needs (such as those who have children with severe disabilities) to work fewer hours than the state work participation requirement, or to allow care for the child to count toward meeting the state's work requirement.

Under **Tennessee's** Family Services Counseling program, 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 under contract with the state TANF agency conduct or secure assessments and provide intensive case management and referrals. FSC counselors also can redesign individual responsibility plans to suspend time limits or to include alternative or

reduced work requirements. Families can choose to participate, without being required to disclose the details of their personal circumstances to their welfare caseworkers. Caseworkers also are required to inform families of the program whenever they come in to apply for assistance or be re-certified (about every three to six months).

After Noncompliance but Before a Sanction Is Imposed: States and Counties 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, or that it faces barriers to compliance that had not been identified previously. A pre-sanction review can serve as a second opportunity to evaluate the circumstances of a noncompliant family and provide more intensive services to help the family come into compliance. Addressing these issues *before* a sanction is imposed will make compliance more likely and could prevent the family from experiencing a deeper crisis resulting from the loss of income.

A pre-sanction review can assess whether there is good cause for noncompliance or whether the family should be exempt from work requirements. All states have established some good cause criteria for noncompliance that can prevent a sanction from being imposed wrongfully, but the criteria vary widely among states. In general, 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. The majority of states also exempt families from work participation in some other situations, most commonly if the adult is disabled or caring for a family member who is disabled. A pre-sanction review also 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 benefit from assignment to alternative work activities that prepare them for

work, such as specialized training. A pre-sanction review also can ensure that the individual understands the actions that are necessary to comply with state work requirements. Finally, a pre-sanction review can be used to secure additional supports or training that can make it possible for the parent to move into stable employment.

There are a number of ways a state or county can design pre-sanction reviews. For example, in **Mesa County, Colorado**, if a family has failed to participate in required work activities, a case manager must refer the case to an Intervention Program social worker, who meets with the family to assess their needs, identify barriers, and provide intensive services to address those barriers. The social worker also has the authority to redesign the Individual Service Plan to include activities that are more appropriate for the family, such as basic education or counseling. If the individual complies with the new plan within 90 days (or longer at the social worker's discretion), no sanction will be imposed. In the program's three year history, about 68 percent of the referred families have come into compliance and avoided a sanction.

Using pre-sanction reviews to avert a sanction can be critical to helping families avert a deeper crisis. Once a sanction has been imposed, the parent may need to spend time seeking emergency help and thus be less able to participate in work activities. Moreover, sanctions that are imposed in a state's TANF program may result in additional sanctions in other benefit programs, specifically Medicaid, food stamps, and certain housing assistance.⁴

After a Sanction Is Imposed: States and Counties Should 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 or county should not abandon a family that is in sanction status but should provide follow-up

services to help the family 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. In addition, a family that has been sanctioned may need additional crisis prevention or intervention because of the loss of income due to sanction.

Such follow-up services not only can help the family come into compliance but can help them to maintain compliance. Unaddressed needs or barriers are likely to continue to prevent compliance both during the sanction period and even after a sanction has been lifted. For example, if a parent does not have transportation to the required work activity, compliance is unlikely until the transportation problem is addressed. Follow-up services also can prevent escalation of sanctions to more severe penalties. In about half of the states, the penalty for an initial instance of noncompliance escalates if the family does not come into compliance within a specified time. In addition, follow-up services ensure that the welfare agency does not lose contact with sanctioned families altogether. This is especially significant in states with full-family sanctions. Some studies indicate that two-thirds of families that lose TANF benefits due to full-family sanctions do not return to welfare. Meanwhile, these families generally are less likely to be employed, and if employed, are likely to be earning less than families that left welfare for other reasons.

Follow-up services can consist of phone calls, home visits, providing social services and referrals to outside services. They should include an explanation of why the sanction was imposed and how the family can come into compliance, address any barriers to compliance, and establish a plan to help the family maintain compliance after the sanction is lifted. Some families also may need help in meeting basic needs. Follow-up services also can ensure that a sanctioned family has not improperly lost access to Medicaid, food stamps, and child care. Some states also continue other work supports to families after a sanction, in order to help facilitate compliance. For example, in **New York**, families in sanction status continue to be eligible for the state's transportation program,

which includes car donations and repair costs as well as driver training.

Some states and counties have taken steps to provide follow-up services after a sanction has been imposed. Under the Safety Net program in **Cuyahoga County, Ohio**, staff from two social service agencies conduct home visits with families that have been sanctioned and work with the family for as long as necessary until they come into compliance. The staff conduct assessments and connect families to outside services. They also maintain contact with the family's case manager at the welfare agency to help cure the sanction and to serve as a liaison if problems arise. 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 received information and services. Almost all of these families were able to participate in work activities and have their cases re-opened.

Once a sanction has been imposed, it is important that a family knows how to cure it and have their benefits restored. This information should be provided orally by caseworkers and in clear written notices from the agency. Sanction notices often are difficult to understand, especially for families with limited English proficiency, low education or literacy levels, low intelligence, or learning disabilities. In one study, researchers found that only one-third of the sanction notices they reviewed explicitly provided information on how to come into compliance.

States that restore benefits upon compliance for any instance of noncompliance

Arizona
Arkansas
Kentucky
Massachusetts
Oregon
Rhode Island
Utah
Washington

Families also should be informed about minimum sanction periods, including how long the sanction will last. They also should be notified when the sanction period ends so they can have their benefits restored. **Pennsylvania** recently began sending “end of sanction” letters when the minimum sanction period expires to invite families to contact the caseworker or supervisor about how to return to assistance.

A compliance-oriented model should restore benefits as soon as the family comes into compliance. Currently, very few states consistently take this course. More than half of the states initially impose at least a minimum of one month of sanction for a first instance of noncompliance. In many states the duration of the sanction increases either over time, or for further instances of noncompliance, so that 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. To impose a mandatory minimum period of disqualification 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.

Conclusion

Consistent with their desire to move all families to work, some states and counties have begun to assist families that would otherwise face sanction to comply with required work activities. The benefits to families can be enormous. By helping a family come into compliance, the state or county often learns more about the family’s needs and the barriers it must overcome in order to secure and retain employment. When the family ultimately leaves welfare, its chances for success will be improved. Incorporating strong pre-sanction and post-sanction procedures is good public policy, supports states’ and counties’ welfare reform goals, and will ensure that more families are better able to successfully leave cash assistance and work and support their families.

1. This publication is based on a larger report, *A Compliance-Oriented Approach to Sanctions in State and County TANF Programs*, by Heidi Goldberg and Liz Schott, Center on Budget and Policy Priorities, October 2000. The longer report contains additional examples of state and county practices. It is available at <http://www.cbpp.org/10-1-00sliip.htm> or can be obtained from the Center by calling 202-408-1080. The author wishes to thank Liz Schott for her work on the larger report and John Springer for his editorial assistance in preparing this version.

2. For additional details about these calculations, see the Appendix E of the full report cited in footnote 1.

3. The data for these charts are from the three state studies of sanctioned families listed below. For more information about these findings, see pages 10-11 of the full report cited in footnote 1.

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.

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>.

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 Dept. of Social Services, November 1999.

4. This is not always the case. For more details, see page 21 of the full report cited in footnote 1.