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Testimony

of

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before the

Senate Finance and Assembly Ways and Means Committees

Joint Public Hearing on
Human Services

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I greatly appreciate the opportunity to appear before you today. This testimony will consist of five major parts.

- The first part presents an analysis of the ways in which the 2004-2005 Executive Budget proposes to utilize New York State's federal Temporary Assistance for Needy Families (TANF) block grant. Over the last two years, all the TANF reserve funds that New York State had built up since the inception of the TANF program have been spent. Since these reserve funds have been exhausted, this year the budget proposes to reduce spending to a more sustainable level. The Executive Budget proposes to spend only a tiny fraction of the TANF block grant funds on education, training and other supportive services for low-income families.
- Second, I will analyze the Governor's proposal reduce benefits to public assistance recipients by making changes to budgeting rules and eliminating the earned income disregard for long term cases.
- Third, I will summarize the results of an FPI analysis of the relationship between the minimum wage and government safety net expenditures. This analysis indicates that increasing the federal and/or state minimum wage is an effective and responsible way to decrease TANF expenditures for cash assistance and the cost of other safety net programs (like the EITC and Food Stamps) while enhancing living standards for many low-income families.
- Fourth, I will discuss some ways in which the Unemployment Insurance system could be reformed to better serve the needs of former welfare recipients and other low-income workers.
- Finally, I will show how state and local reporting on TANF and related Maintenance of Effort spending could be greatly improved by piggybacking on the quarterly reports that the state is currently required to file with the federal government.

Background

Over the last eight years, the interaction of two major developments – dramatic reductions in the number of needy families receiving governmental cash assistance and major changes in the way that the federal government shares in the costs incurred by the states in providing such assistance and related services – have given the states an unprecedented level of resources that can be used with an unprecedented degree of flexibility in meeting the needs of families that continue to receive cash assistance and families that need additional supports to successfully remain working.¹

In New York State, the number of people receiving public assistance has declined by more than one million, from 1,643,832 recipients in January 1995 to 622,068 in October 2003. Despite this precipitous decline in the welfare rolls, since December 1996 New York has received a fixed amount of money from the federal government (\$2.44 billion per year) for "temporary assistance to needy families (TANF)." This combination of fixed funding and falling caseloads has resulted in the so-called "TANF surplus." In its simplest formulation, this surplus is the difference between (a) the \$2.44 billion in federal aid that New York receives in a particular federal fiscal year under the TANF Block Grant and (b) the amount that it needs to cover the federal portion of cash assistance to needy families (about \$1 billion).

New York can then use these "additional" resources to (1) invest in programs and services that assist needy families in becoming and remaining self sufficient and/or, (2) subject to some restrictions imposed by federal guidelines, fund certain existing programs of assistance to needy families, thus providing fiscal relief to the state by allowing it to reduce the amount of General Fund resources necessary to continue those programs and/or (3) to build up reserve (or "rainy day") funds for use during economic downturns when caseloads (and therefore, cash assistance expenditures) are likely to increase.

As cash assistance caseloads have declined, New York has divided its growing TANF surpluses among each of these three categories of allowable expenditures.

- Some TANF funds have been used to initiative a broad array of programs and services to assist needy families in becoming and remaining self sufficient, including child care, transportation, wage subsidy programs and literacy and English as a Second Language programs. A descriptive list of the numerous programs and services that have been funded over the past few fiscal years is available on our web site — www.fiscalpolicy.org.
- TANF funds have also been used to provide fiscal relief to state and local governments and the portion of the state's TANF Block Grant going to fiscal relief grew in the last two fiscal years. The 2004-2005 Executive Budget includes spending that can be classified as

¹ The Temporary Assistance for Needy Families (TANF) program which replaced the Aid to Families with Dependent Children (AFDC) program was up for reauthorization in Congress in 2002 but Congress adjourned without passing reauthorizing legislation. Since then the program has been funded through a series of extensions, the latest of which was passed in September 2003 extending the existing program through March 2004.

“fiscal relief” of about \$844 million, up from \$597 million in 2000-2001 but less than the \$1.7 billion in 2002-2003 and \$1.1 billion in 2003-2004.

- For the first five years of the block grant, a significant portion of the TANF block grant was allocated to reserve or contingency funds or otherwise left unspent. In the past two years,, the state spent almost all those reserve or contingency funds that had been accumulated in the first five years. Total spending from the TANF grant exceeded the \$2.4 billion block grant in each of the last two fiscal years. This has exhausted any reserve funds.

For the past two years, TANF resources were used to provide fiscal relief by funding existing programs of assistance to needy families to an unprecedented degree. The state used TANF funding for the Tuition Assistance Program (\$626 million), pre-K programs (\$50 million), Advantage Schools² (\$20 million) and Extended Day Programs (\$11.3 million). In addition, the state used almost \$900 million for the refundable portion of the state Earned Income Tax Credit(EITC) and the state Child and Dependent Care Credit (CDCC) while transferring the maximum allowable \$241 million to Title XX each year.

Given the extent to which the state used “TANF surplus” to balance the state budget over the last two years, the funds left to support new and innovative approaches to helping low-income families were extremely limited. Despite the restoration of so-called “legislative initiatives” in the enacted budget, New York still spent only \$150 million for TANF-funded employment and transitional services initiatives, \$28 million less than spending in the prior year.

TANF spending in the current fiscal year is expected to exceed the annual TANF block grant by more than a billion dollars which would exhaust all previously unobligated and unliquidated federal balances. Although in the latest federal report on TANF spending available to us, for the quarter ending September 30, 2003, the state reported a balance of \$417 million, the state is expected to obligate and liquidate almost the entire balance of these funds prior to the end of the state’s fiscal year on March 31. In particular, the state plans to draw down the \$354 million allocated in this state fiscal year budget for the Child Care Block Grant from these reserve funds.

² It is somewhat difficult to determine when funding is for a new program and when funding constitutes fiscal relief for an existing effort. This analysis classifies several of the programs that the Division of Budget lists as “Services and Health Initiatives” as Child Welfare Fiscal Relief (Home Visiting, APPS, YEETP) based on the prior year characterizations of these funding commitments as “fiscal relief.” For example, the Senate Finance Committee Minority’s Comparison of the Executive, Senate, Assembly and Enacted Budget Provisions for 2000-01 classified all three of these programs, plus the Child Care Credit Expansion as “fiscal relief.” I do not include the \$140 million commitment for Child Welfare Emergency Assistance to Families as fiscal relief since these expenditures have historically been funded by AFDC/TANF.

Summary of TANF Funding Sources and Uses SFY 2004-2005 (in billions)

Federal TANF Block Grant	\$2.440
PROPOSED USES	
Estimated 2002-2003 Spending on Assistance and Closely Related Programs (Base Expenditures)	\$1.192
Fiscal relief, cost containment and federal maximization	\$.844
Child Care	\$0.375
Other expenditures	\$0.138
Total TANF Spending: SFY 2002-2003	\$2.549

Once again, the Executive Budget proposes to use a large portion of the TANF resources to fund existing programs and initiatives. Funding for the Earned Income Tax Credit and the Child and Dependent Care Credit would increase by 13% from \$461 million to \$523 million. Notably, the Governor does not propose to continue to use TANF funds for education-related fiscal relief for the Tuition Assistance Program.

After fiscal relief of approximately \$844 million, there is a balance of only about \$400 million for all other TANF programs. With the proposed, and necessary increase in child care assistance from \$372 million to \$375 million, and the reprogramming of unspent funds from prior year obligations, a scant \$138 million is left for all other education, training and service initiatives. As recently as SFY 2000-2001, this category of programs and services received an allocation in excess of \$980 million, more than eight times the current proposal. Even last year, these program were allocated \$150 million.

Last year welfare caseload rose slightly. Clearly long term success at reducing dependence on public assistance requires a greater investment in education and training programs. As the resources needed to support the important State Earned Income Tax Credit and Refundable Child and Dependent Care Credit continue to mushroom, serious consideration must be given to funding these critical tax credits from general state funds and redirecting TANF resources towards the programs and services which will help families more towards self-sufficiency.

The Governor's 2004-2005 budget proposal includes a number of proposals which will make it much harder for needy families to make ends meet.

Grant Reductions for Families with Disabled Members: Modification of the grant eligibility determination methodology for households which include a SSI recipient would save the state approximately \$10 million per year but reduce benefits to about 26,700 families by an average of \$90 per month. The Office of Temporary and Disability Assistance (OTDA) has already submitted proposed regulations to implement these changes.

Changes to the Earned Income Disregard: The budget proposes to limit the Earned Income Disregard to 50% (it is currently 51% and indexed to changes in the federal poverty guidelines) for recipients on welfare less than two years; reduce the disregard percentage to 25% for recipients on welfare more than two years but less than five years and eliminate the disregard entirely for recipients on welfare more than five years.

Benefit Cuts for Long Term Recipients: Families on assistance for five years and individuals and childless couples on assistance for more than one year would face a 10 percent reduction in the non-shelter portion of their public assistance grant.

Full Family Sanctions: Currently public assistance benefits are withheld only from the head of household for noncompliance with work requirements. The Executive Budget proposes the elimination of public assistance benefits to the entire household if the head of household does not comply with work requirements.

The Executive Budget's proposals to reduce public assistance benefits are mean spirited and will significantly hurting low income families while making a minimal contribution toward closing the 2004-2005 budget gap.

According to the Executive Budget, these proposals together will close about \$88 million of the \$5 billion budget gap. While providing no more than a minuscule contribution to the current fiscal crisis, they impose considerable hardship on public assistance families. For example, the change in benefit calculation for families including an SSI recipient will reduce monthly public assistance benefits for some families by more than 10%. The elimination of the Earned Income Disregard for families after five years of assistance could reduce the income of a family with a full time, year round worker earning the minimum wage by as much as 15%.

These proposals also introduce perverse incentives to New York's public assistance system by penalizing families who are doing the "right" thing — working long hard hours — merely because they are stuck in low paying jobs that do not enable them to earn enough to support their families without public help.

These proposals also fly in the face of what basic economic theory tells us is needed in a recession. They take money away from the families with the highest marginal propensity to consume and therefore would have a very negative impact on the state's economy.

Full family sanctions will punish children for the actions or inactions of their parents

despite the fact that research has found that states with full family sanctions have not been any more successful in moving families from welfare to work than states (California and New York) which do not currently exercise this option. Sanctionable offenses can be as minor as being late for an appointment or not filing paperwork with the right office.

New York should be helping its low-income families work towards self sufficiency by increasing the minimum wage, maintaining and strengthening work incentives and investing in services and programs to help families move from welfare to the labor force.

New York should increase its minimum wage immediately to \$7.10 per hour and prevent future erosion in its purchasing power by providing for automatic adjustments tied to the Consumer Price Index or Average Weekly Wages. This is a policy proposal that would encourage and reward work while helping to close the state's budget gap.

New York should maintain and expand the current work incentives, particularly the Earned Income Disregard. Currently recipients are ineligible for public assistance when their total monthly income exceeds the lower of the poverty level or 185% of the standard of need. New York should change its eligibility rules to permit benefits until income reaches the higher limit to recognize the increased costs faced by families in those counties where 185% of the standard of need exceeds the poverty threshold.

New York should invest in programs and services that help public assistance recipients gain skills and work experience which will help them earn high enough wages to no longer need public income support.

New York should devote more resources to programs and services that remove barriers that prevent public assistance recipients from moving into the work force rather than focusing on mean spirited reductions in already extremely low benefits or punitive sanctions to try to "push" recipients off the welfare rolls.

An increase in the federal and/or state minimum wage would result in a small, but symbolically important, reduction in future TANF spending requirements.

Many current TANF recipients are working but earning so little that they continue to be eligible for cash assistance. One reason that these families continue to have incomes below the county-specific standards of need, despite considerable hours of work, is that the purchasing power of the minimum wage had deteriorated significantly over the past 30+ years. The attached table provides estimates of the number of workers in each county who would benefit from a minimum wage increase from the current \$5.15 an hour to \$7.10 per hour. Some of these workers in each county are currently receiving TANF or Safety Net cash assistance. If the minimum wage were to be increased, their incomes would go up but spending on cash assistance (and in most cases food stamps and the EITC) would go down.

Raising the minimum wage to \$7.00 an hour would directly benefit nearly 700,000 New York workers now making between \$5.15 and \$6.99, and likely would boost the wages of many of the 500,000 workers making between \$7 and \$8 an hour. The majority of those benefitting directly are adults (74%) and people who work more than halftime (78%). Because

women and people of color tend to be more concentrated in industries and occupations paying lower wages, they are over-represented among those who stand to benefit from a minimum wage increase. Of those who would directly benefit, 61% are women, 20% are Hispanic, and 15% are African-American. Lower income households disproportionately will benefit. One third of the earnings gain will accrue to the bottom 20% of households although they receive only 5% of all wage earnings. The lowest earning 40% will receive 56% of the benefit. The earnings of New York's minimum wage workers are vital to the total wage earnings received by their families. Their wages provide half of total family wage earnings in families with minimum wage workers. More than a third of all families with a minimum wage worker rely solely on the earnings from minimum wage employment. *I have included with my testimony our recent report on the importance of increasing the state minimum wage.*

Many former welfare recipients may be forced to return to the TANF caseloads because Unemployment Insurance (UI) eligibility requirements make it difficult for them to qualify for benefits when they lose their jobs.

Although the unemployment insurance system was created to provide income support to those who involuntarily lose these jobs by replacing a portion of an unemployed family's earnings while the unemployed person is looking for a new job, many workers do not receive unemployment benefits when they lose their jobs and some of these are forced to rely on TANF and other public assistance programs to sustain their families. A survey conducted by the Community Services Society of New York in August and September of 2002 found that while 22% of lower-income New Yorkers reported losing their jobs in the past twelve months, only 29% of these received unemployment insurance benefits.³ Like the unemployment insurance programs in other states, New York's program was designed to meet the needs of male household heads with full-time, full-year employment and therefore workers who do not match this profile, particularly former welfare recipients with low wages, part-time and/or part-year work, and family responsibilities, are much less likely to receive benefits when they are unemployed and if they do receive benefits, may receive weekly benefits too small to support their families.

There are a number of ways in which New York's current UI system fails to provide an adequate safety net for former welfare recipients and other low-income workers. Former welfare recipients often are forced to leave a job for compelling personal reasons and since the New York law is vague about the definition of "good cause" for separation from employment, these workers may be unfairly denied benefits. Second, New York's UI system requires that a worker have earned \$1600 in a single quarter which disadvantages low-wage and part-time workers. Third, former welfare recipients may have a more difficult time maintaining eligibility for benefits because they are more likely to have family circumstances which restrict their job searches beyond what is allowed by the law. Finally, UI benefits are set at one half of average weekly earnings (up to a maximum) so benefits for low-wage workers are often so low that even workers who are eligible for UI benefits must turn to the public assistance system for supplemental assistance.

The following are a number of ways in which New York's unemployment insurance program could be reformed to better serve the needs of former welfare recipients and therefore

³ "The Unheard Third: What Low-Income New Yorkers Have to Say to Our Newly Elected Officials," Community Service Society, December 2002.

decrease the likelihood that they will return to the welfare rolls.⁴

- # Eligibility rules for unemployment insurance should be revised to increase the percentage of the unemployed who actually receive benefits. Many low wage workers do not qualify for benefits because they have not earned \$1600 in a single quarter. In order to ensure equitable treatment of low wage workers, eligibility rules should be revised to require a minimum number of hours per quarter rather than an earnings threshold.
- # Although New York's unemployment insurance law is better than the law of most other states in that it permits benefits for those who find themselves without work due to personal circumstances, the statute does not explicitly discuss these "compelling individual circumstances" and many low wage workers, particularly women, may be denied benefits due to unduly narrow and inconsistent interpretations of the law by program administrators. New York should explicitly recognize that compelling domestic circumstances, health-related reasons, marital obligations and domestic violence constitute "good cause" justifying a voluntary separation from work.
- # For those workers who do receive benefits, the weekly benefit, one half of the average weekly wage, is often not sufficient to keep their families' incomes above the poverty line. Many minimum wage workers receive weekly UI benefits so low they are eligible for public assistance. Consideration should be given to setting the benefit level at more than 50% of the average weekly wage for those who have worked full-time at the minimum wage for six months or more.

New York should improve TANF and MOE expenditure reporting.

The New York State Division of the Budget does a good job of making information available on the uses of the TANF Block Grant proposed by the Governor in his Executive Budget. These lists then serve as the basis for Senate and Assembly review and revision, and for the discussions of the allocation of the TANF surplus by the Budget Conference Subcommittee on Human Resources. To fully inform the policymaking process and the public, however, the state agencies responsible for the implementation of welfare reform in New York State should report quarterly on the obligations and disbursements that have been made against the programmatic allocations of the TANF Block Grant and of MOE funds that were included in the adopted budget.

New York has been slow to spend appropriated funds but the lack of expenditure reporting makes it impossible to identify which programs are responsible for the unspent funds. In each of the past several years, the Executive Budget has proposed "reprogramming" of millions of dollars of previously allocated but unspent funds for a variety of programs. Knowing that there were large unspent balances in these programs would have enabled advocates to suggest changes in program design and implementation which might have made it more likely that these funds would be spent for the intended purposes.

Reporting could be improved by building upon the reporting requirements established by the federal government. The goal of this reporting should be to provide state legislators and the

⁴For a more complete discussion of these issues, see FPI's June 2000 report, *Modernizing New York's Unemployment Insurance System*, available on our web site: www.fiscalpolicy.org.

public with useful and timely information on the utilization of the federal, state and local resources allocated to meet the requirements of the federal welfare reform law.

1. At the same time that the state makes quarterly reports to the federal government on its TANF and MOE expenditures, this same information, broken down into the program categories used in the state budget process, should be reported to the legislature and made public.
2. The states provide quarterly reports on their MOE expenditures to the federal government. Since New York State's MOE expenditures are made partially by the state and partially by the local social services districts, a supplementary report should be made available to state legislators and the public showing the state-local breakdown of New York's MOE expenditures.
3. The relevant state agencies should also produce a supplementary report for state legislators and the public that presents a breakdown, by spending category, of the state's unliquidated obligations.
4. The new federal TANF regulations require all quarterly financial reports to be filed electronically. These electronic reports should be promptly posted by the relevant New York agencies on their Internet sites. *See* the attached copies of the New York's ACF form for the fourth quarter of federal fiscal year 2001 and the table of contents summarizing the data provided on the web site of the Department of Health and Humans Services's Administration for Children and Families.
5. Since many of the single purpose TANF programs have been folded into block grants provided to local social service districts, expenditure reports for each social service district should also be required. These reports should be sufficiently detailed to enable state legislators and the public to determine how much is being spent on each specific purpose (e.g. transportation, domestic violence screening.)

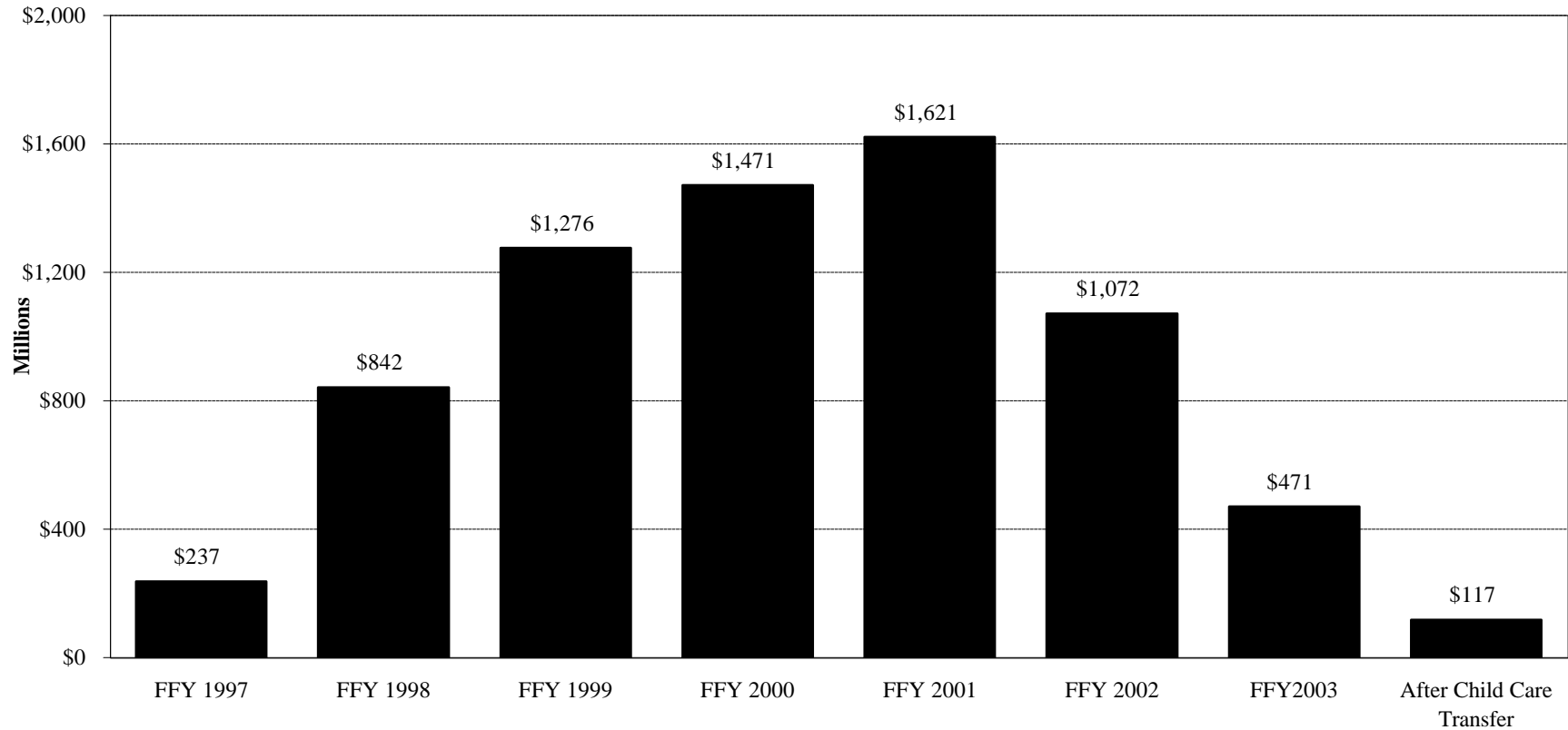
Thank you

New York State TANF Block Grant Expenditures, by Federal Fiscal Year
Millions

	<u>FFY 1997</u>	<u>FFY 1998</u>	<u>FFY 1999</u>	<u>FFY 2000</u>	<u>FFY 2001</u>	<u>FFY 2002</u>	<u>FFY2003</u>	<u>After Child Care Transfer</u>
Transfers								
Child Care Development Block Grant	-	\$55	\$270	\$437	\$375	\$394	\$40	
Title XX Block Grant	\$168	\$221	\$244	\$244	\$244	\$244	\$244	\$354
Expenditures								
Cash and Work Based Assistance	\$1,327	\$1,063	\$954	\$886	\$722	\$1,440	\$1,495	
Work Activities	\$58	\$103	\$108	\$148	\$155	\$305	\$225	
Transportation	-	-	-	\$1	\$2	\$10	\$9	
EITC	-	-	-	-	\$348	(\$348)		
Nonrecurrent short term payments	-	-	-	-	-	\$24	\$24	
Prevention of Out of Wedlock Pregnancies	-	-	-	-	\$7	\$98	\$369	
Two parent family formation	-	-	-	-	-	\$0	\$39	
Administration	\$230	\$228	\$221	\$201	\$155	\$303	\$198	
Systems	\$5	\$7	\$11	\$13	\$25	\$18	\$21	
Non-Assistance Authorized Under Prior Law	-	-	-	\$80	\$71	\$106	\$92	
Other	\$110	\$161	\$202	\$256	\$187	\$396	\$312	
Total Expenditures	\$1,730	\$1,562	\$1,495	\$1,585	\$1,674	\$2,353	\$2,783	
Total Expenditures and Transfers	\$1,899	\$1,838	\$2,009	\$2,266	\$2,293	\$2,992	\$3,067	
	\$2,136	\$2,443	\$2,443	\$2,461	\$2,443	\$2,443	\$2,466	
	\$237	\$605	\$434	\$194	\$150	(\$549)	(\$601)	
Available Surplus	\$237	\$842	\$1,276	\$1,471	\$1,621	\$1,072	\$471	\$117

New York has just about depleted its TANF reserves. When the 2003-2004 Child Care Block Grant funds are transferred, New York's balance will be almost zero.

New York Total Unliquidated or Unobligated TANF block grant funds by Federal Fiscal Year



Source: ACF-196 submitted by New York State to the Department of Health and Human Services Administration for Children and Families

TANF Spending Summary, by State Fiscal Year

(in thousands)

	<u>SFY 1998-1999</u>	<u>SFY 1999-2000</u>	<u>SFY 2000-2001</u>	<u>SFY 2001-2002</u>	<u>SFY 2002-2003</u>	<u>SFY 2003-2004</u>	<u>Proposed SFY 2004-2005</u>
Federal TANF Block Grant	\$2,442,930	\$2,442,930	\$2,442,930	\$2,442,930	\$2,442,930	\$2,442,930	\$2,442,930
TANF Base Expenditures	\$1,551,095	\$1,222,649	\$1,044,542	\$979,166	\$852,320	\$1,206,001	\$1,191,914
Fiscal Relief, Cost Containment and Federal Maximization	\$233,000	\$403,000	\$591,100	\$770,600	\$1,738,400	\$1,142,055	\$843,723
Child Care	\$76,600	\$430,000	\$291,000	\$304,000	\$340,400	\$408,000	\$375,000
Employment/Transitional Services/Health	\$180,300	\$641,700	\$980,400	\$210,400	\$181,450	\$149,770	\$138,900
Total TANF Block Grant	\$2,040,995	\$2,697,349	\$2,907,042	\$2,264,166	\$3,112,570	\$2,905,826	\$2,549,537
Maintenance of Effort Expenditures	\$1,736,642	\$1,719,050	\$1,494,066	\$1,610,533	\$1,483,358	\$1,779,752	\$1,719,000
TOTAL	\$3,777,637	\$4,416,399	\$4,401,108	\$3,874,699	\$4,595,928	\$4,685,578	\$4,268,537

**Estimated Base Temporary Assistance Expenditures in New York
Federal TANF and State Maintenance-of-Effort (MOE) Funds**

	(in thousands)													
	<u>SFY 1998-1999</u>		<u>SFY 1999-2000</u>		<u>SFY 2000-2001</u>		<u>SFY 2001-2002</u>		<u>SFY 2002-2003</u>		<u>SFY 2003-2004</u>		<u>SFY 2004-2005</u>	
	TANF	MOE	TANF	MOE	TANF	MOE	TANF	MOE	TANF	MOE	TANF	MOE	TANF	MOE
Administration														
Local Administration	\$292,851	\$285,651	\$190,096	\$295,059	\$191,389	\$181,889	\$191,560	\$209,272	\$232,050	\$231,950	\$23,128	\$0	\$0	\$0
State Administration	\$57,700	\$25,000	\$67,700	\$25,000	\$67,700	\$28,000	\$93,700	\$24,000	\$98,700	\$30,000	\$0	\$0	\$0	\$0
Local Administration - Base	\$227,191	\$227,191	\$119,073	\$235,799	\$119,739	\$119,739	\$120,410	\$148,622	\$140,050	\$150,450	\$148,000	\$159,000	\$153,000	\$164,600
State Operations	\$45,000	\$15,000	\$55,000	\$15,000	\$55,000	\$18,000	\$80,000	\$14,000	\$85,000	\$20,000	\$86,500	\$20,000	\$83,461	\$20,000
Local Employment Program Administration	\$54,760	\$54,760	\$57,023	\$54,760	\$57,650	\$57,650	\$57,650	\$57,650	\$79,000	\$79,000	\$78,870	\$78,870	\$83,084	\$83,084
Jobs Staff	\$7,200		\$9,500		\$9,500		\$9,500		\$9,500		\$9,500		\$9,500	
DOL TANF Staff	\$2,700		\$2,700		\$2,700		\$2,700		\$2,700		\$2,700		\$2,700	
Electronic Benefits Issuance	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Federal Compliance Staff							\$1,000		\$1,000		\$1,000		\$1,000	
Child Assistance Program-Administration	\$3,700	\$3,700	\$4,500	\$4,500	\$4,500	\$4,500	\$4,000	\$3,000	\$3,500	\$2,500	\$1,000	\$1,000	\$1,000	\$1,000
Subtotal - Administrative Expenditures	\$350,551	\$310,651	\$257,796	\$320,059	\$259,089	\$209,889	\$285,260	\$233,272	\$330,750	\$261,950	\$360,698	\$268,870	\$343,745	\$278,684
Programs														
Family Assistance	\$966,400	\$992,700	\$714,600	\$965,500	\$474,200	\$1,203,145	\$335,710	\$1,114,996	\$283,517	\$1,134,375	\$406,378	\$1,193,582	\$377,391	\$1,235,207
Family Assistance Commitments	\$966,400	\$966,400	\$714,600	\$900,200	\$819,200	\$819,200	\$663,427	\$663,427	\$542,333	\$542,333	\$650,878	\$590,126	\$630,391	\$630,391
Five Year Time Limit Cases								\$104,450		\$316,826		\$358,956		\$351,816
Foster Care MOE SWAP					(\$120,000)	\$120,000	(\$150,000)	\$150,000	(\$175,000)	\$175,000	(\$244,500)	\$244,500	(\$253,000)	\$253,000
Share Adjustment					(\$225,000)	\$225,000	(\$177,717)	\$177,717	(\$83,816)	\$83,816	\$0	\$0	\$0	\$0
Predetermination Grant - Aid to Families with Dependent Children Shift		\$0		\$19,000										
Child Support Disregard		\$26,300		\$26,300		\$21,945		\$19,402		\$16,400		\$16,000		16000
Child Support Disregard Increase		\$0		\$20,000		\$17,000								
Emergency Assistance	\$179,800	\$319,800	\$200,000	\$319,800	\$260,000	\$160,000	\$280,000	\$203,700	\$345,000	\$195,000	\$422,500	\$171,500	\$428,000	\$56,009
Emergency Assistance to Families	\$79,800	\$79,800	\$40,000	\$79,800	\$40,000	\$40,000	\$30,000	\$30,000	\$30,000	\$30,000	\$38,000	\$38,000	\$35,000	\$35,000
Child Welfare Emergency Assistance to Families	\$100,000	\$240,000	\$160,000	\$240,000	\$220,000	\$120,000	\$250,000	\$173,700	\$315,000	\$165,000	\$384,500	\$133,500	\$393,000	\$21,009
Child Welfare EAF Commitments	\$100,000	\$240,000	\$160,000	\$240,000	\$100,000	\$240,000	\$100,000	\$323,700	\$140,000	\$340,000	\$140,000	\$378,000	\$140,000	\$274,009
Foster Care MOE SWAP					\$120,000	(\$120,000)	\$150,000	(\$150,000)	\$175,000	(\$175,000)	\$244,500	(\$244,500)	\$253,000	(\$253,000)
TANF Day Care		\$78,297		\$78,297		\$104,000		\$127,000		\$102,000		\$102,000		\$102,000
Educational Development for Gainful Employment/Bridge	\$22,053	\$12,494	\$22,053	\$12,694	\$22,053	\$14,332	\$22,053	\$14,332	\$9,553	\$3,675	\$22,053	\$11,800	\$22,053	\$11,800
Job Placement and Retention Initiative	\$3,700	\$3,700	\$3,700	\$3,700	\$3,700	\$3,700	\$3,700	\$3,700						
Rent Supplement Program/Assessment Centers	\$9,000	\$9,000	\$12,000	\$9,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$12,000	\$6,000	\$6,000	\$6,000	\$6,000
Refugee Resettlement	\$1,500		\$1,500		\$1,500		\$1,500		\$1,500		\$1,500		\$1,425	
Tier II Debt Service on Family Shelters	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$13,300	\$13,300
Other Programs	\$8,091	\$0	\$1,000	\$0	\$2,000	\$2,000	\$128,943	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Local MOE Plans							\$68,000							
Green Teams/Welfare Reform Evaluation							\$943							
Pre-TANF Federal Repayment							\$60,000							
Food Assistance Program for Children	\$8,091		\$0											
Pride 2000			\$1,000		\$2,000	\$2,000								
Subtotal - Programmatic Expenditures	\$1,200,544	\$1,425,991	\$964,853	\$1,398,991	\$785,453	\$1,509,177	\$793,906	\$1,485,728	\$661,570	\$1,457,050	\$845,303	\$1,510,882	\$848,169	\$1,440,316
Total Base Expenditures	\$1,551,095	\$1,736,642	\$1,222,649	\$1,719,050	\$1,044,542	\$1,719,066	\$1,079,166	\$1,719,000	\$992,320	\$1,719,000	\$1,206,001	\$1,779,752	\$1,191,914	\$1,719,000
Annual TANF Grant /MOE Requirement	\$2,442,930	\$1,719,000	\$2,442,930	\$1,719,000	\$2,442,930	\$1,719,000	\$2,442,930	\$1,719,000	\$2,442,930	\$1,719,000	\$2,442,930	\$1,719,000	\$2,442,930	\$1,719,000
Difference between TANF Grant/MOE Requiremen	\$891,835	(\$17,642)	\$1,220,281	(\$50)	\$1,398,388	(\$66)	\$1,363,764	\$0	\$1,450,610	\$0	\$1,236,929	(\$60,752)	\$1,251,016	\$0

Fiscal Relief, Cost Containment and Federal Maximization

(in thousands)

	<u>SFY 1997-1998</u>	<u>SFY 1998-1999</u>	<u>SFY 1999-2000</u>	<u>SFY 2000-2001</u>	<u>SFY 2001-2002</u>	<u>SFY 2002-2003</u>	<u>SFY 2003-2004</u>	<u>Proposed SFY 2004-2005</u>
State MOE Refinancing	\$248,400	\$18,000	\$0	\$0	\$0	\$100,000	\$0	
Other One-time Fiscal Relief			\$0	\$0	\$0	\$0	\$0	
Prior year EITC and CDCC			\$0	\$0	\$0	\$282,000	\$0	
Audit Recoveries			0	0	0	\$30,000	\$0	
Child Welfare Fiscal Relief	\$168,000	\$215,000	\$354,000	\$402,000	\$369,000	\$405,600	\$409,000	\$285,800
Transfers	\$168,000	\$215,000	\$241,000	\$241,000	\$241,000	\$241,000	\$241,000	\$119,000
Transfer to Title XX	\$160,000	\$207,000	\$233,000	\$233,000	\$233,000	\$233,000	\$241,000	
Transfer to Title XX - Foster Care Rates Increase	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000		
Other Child Welfare Fiscal Relief	\$0	\$0	\$113,000	\$161,000	\$128,000	\$164,600	\$168,000	\$166,800
OCFS Juvenile Delinquents Program	\$0	\$0	\$10,000	\$15,000	\$12,000	\$12,000	\$12,000	\$12,000
Local Juvenile Delinquents/Persons in Need of Supervisor	\$0	\$0	\$60,000	\$80,000	\$80,000	\$105,000	\$105,000	\$105,000
New York City Foster Care Tuition	\$0	\$0	\$43,000	\$36,000	\$36,000	\$41,000	\$41,000	\$41,000
Preventive Services	\$0	\$0	\$0	\$30,000	\$0	\$0		
PINS Preventive Services	\$0	\$0	\$0	\$0	\$0	\$4,600	\$7,000	\$5,950
Child Welfare Quality Improvement	\$0	\$0	\$0	\$0	\$0	\$2,000	\$2,000	\$1,900
OCFS Community Based JD Services							\$1,000	\$950
Education-Related Fiscal Relief Initiatives	\$0	\$0	\$0	\$0	\$0	\$454,800	\$259,406	\$13,325
Tuition Assistance Program	\$0	\$0	\$0	\$0	\$0	\$380,000	\$245,906	\$0
Pre-K	\$0	\$0	\$0	\$0	\$0	\$50,000	\$0	\$0
Extended Day	\$0	\$0	\$0	\$0	\$0	\$11,300	\$0	\$0
School-based health centers	\$0	\$0	\$0	\$0	\$0	\$3,500	\$3,500	\$3,325
Advantage Schools (partial)	\$0	\$0	\$0	\$0	\$0	\$10,000	\$10,000	\$10,000
Other Fiscal Relief Initiatives	\$0	\$0	\$0	\$15,100	\$17,600	\$28,000	\$12,800	\$21,954
Home Visiting	\$0	\$0	\$0	\$5,600	\$5,600	\$16,000	\$8,500	\$16,000
Pregnancy Prevention/APPS	\$0	\$0	\$0	\$7,700	\$7,700	\$7,700	\$0	\$5,954
Youth Education and Employment Training Program	\$0	\$0	\$0	\$1,800	\$4,300	\$4,300	\$4,300	\$0
Tax Credit Cost Containment	\$0	\$0	\$49,000	\$174,000	\$384,000	\$438,000	\$460,849	\$522,644
Earned Income Tax Credit			\$49,000	\$174,000	\$323,000	\$351,000	\$370,093	\$414,944
Child and Dependent Care Credit					\$61,000	\$87,000	\$90,756	\$107,700
TOTAL	\$416,400	\$233,000	\$403,000	\$591,100	\$770,600	\$1,738,400	\$1,142,055	\$843,723

**TANF Surplus Spending Allocations
Programmatic Initiatives
(in thousands)**

	<u>SFY 1997-1998</u>	<u>SFY 1998-1999</u>	<u>SFY 1999-2000</u>	<u>SFY 2000-2001</u>	<u>SFY 2001-2002</u>	<u>SFY 2002-2003</u>	<u>SFY 2003-2004</u>	<u>SFY 2004-2005</u>
Child Care								
Child Care Assistance	\$66,600	\$76,600	\$230,000	\$230,000	\$304,000	\$330,000	\$372,100	\$375,000
Child Care Enforcement/Oversight	\$0	\$0	\$0	\$18,500	\$0	\$0	\$18,500	\$0
Child Care for Migrant Workers	\$0	\$0	\$0	\$2,500	\$0	\$0	\$1,000	\$0
Child Care Reserve Fund	\$0	\$0	\$200,000	\$0	\$0	\$0	\$0	\$0
Child Care Recruitment/Retention				\$40,000	\$0	\$0	\$0	\$0
Child Care Demos						\$5,000	\$11,000	\$0
Child Care SUNY/CUNY						\$3,400	\$3,400	\$0
Satellite Child Care						\$2,000	\$2,000	\$0
Subtotal - Child Care	\$66,600	\$76,600	\$430,000	\$291,000	\$304,000	\$340,400	\$408,000	\$375,000
Employment/Transitional Services/Health								
Academic Intervention	\$0	\$0	\$0	\$5,000	\$0	\$0	\$0	\$0
ACCESS – Welfare to Careers	\$0	\$0	\$0	\$0	\$1,000	\$1,140	\$500 x	\$0
Advantage Schools	\$0	\$0	\$0	\$10,000	\$10,000	\$10,200	\$0	\$10,200
Automotive Skills Training	\$1,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Basic Education						\$5,000	\$0	\$0
Blueprint	\$0	\$0	\$0	\$0	\$0	\$1,500	\$0	\$0
BRIDGE Child Care	\$3,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Bridge College to Work	\$3,500	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Building Independence for the Long Term	\$1,800	\$0	\$18,100	Block Grant	\$0	\$0	\$0	\$0
Built-on-Pride Apprenticeships	\$400	\$0	\$5,000	\$6,000	\$0	\$0	\$0	\$0
Caretaker Relative Assistance	\$0	\$0	\$0	\$1,000	\$500	\$0	\$0	\$0
Case Management for Homeless Families/Rent Subs	\$0	\$0	\$1,500	\$0	\$3,000	\$4,000	\$4,000	\$0
Alternative to Incarceration Pilot	\$0	\$0	\$1,000	\$4,000	\$4,000	\$4,000	\$0	\$3,800
Child Assistance Program Expansion	\$1,500	\$1,000	\$1,000	Block Grant	\$0	\$0	\$0	\$0
Child Support Disregard Toward MOE	\$0	\$0	\$0	\$17,000	\$0	\$0	\$0	\$0
Compliance with Federal Reporting Requirements	\$0	\$0	\$1,000	\$1,000	\$0	\$0	\$0	\$0
CUNY Work Experience	\$500	\$0	\$1,000	\$0	\$0	\$0	\$0	\$0
DAP						\$500	\$500	\$0
Displaced Homemakers Program	\$600	\$0	\$600	\$1,200	\$1,200	\$1,200	\$1,600	\$0
Domestic Violence Screening	\$5,000	\$5,000	\$8,000	\$8,000	\$8,000	\$7,000	\$6,000	\$6,000
Drug Abuse Screening/Treatment	\$18,000	\$12,000	\$18,000	\$18,000	\$15,000	\$5,000	\$2,500	\$2,500
EDGE "Plus": English as a Second Language	\$5,000	\$0	\$3,000	\$5,000	\$1,000	\$1,050	\$1,250	\$0
EDGE "Plus": Literacy and Work Preparedness	\$8,000	\$0	\$0	\$4,000	\$2,000	\$1,000	\$1,000	\$0
EDGE "Plus": Local Interagency /VESID Employme	\$2,500	\$0	\$6,000	\$3,000	\$2,000	\$1,000	\$3,000	\$0
EDGE Enhancement	\$0	\$6,000	\$0	\$0	\$0	\$0	\$0	\$0
Emergency Homeless						\$500	\$500	\$0
Empire State Development Agency Job Specific Trai	\$2,000	\$0	\$2,000	\$3,000	\$0	\$500	\$0	\$0
Employment Agency Initiative	\$3,000	\$0	\$2,000	\$3,000	\$0	\$0	\$0	\$0
Employment Demonstration								
Employment/Transitional Block Grant	\$0	\$0	\$0	\$0	\$60,000	\$34,500	\$38,625	\$50,000
Employment Set-Aside	\$0	\$0	\$3,700	\$2,000	\$0	\$0	\$0	\$0
Family Loan Program	\$0	\$0	\$500	\$500	\$0	\$0	\$0	\$0
Federal Compliance Staff	\$0	\$0	\$1,000	\$1,000	\$0	\$0	\$0	\$0
Food Pantries/Nutrition Assistance	\$0	\$0	\$12,000	\$12,000	\$12,000	\$13,600	\$12,000	\$12,000

TANF Surplus Spending Allocations
Programmatic Initiatives
(in thousands)

	<u>SFY 1997-1998</u>	<u>SFY 1998-1999</u>	<u>SFY 1999-2000</u>	<u>SFY 2000-2001</u>	<u>SFY 2001-2002</u>	<u>SFY 2002-2003</u>	<u>SFY 2003-2004</u>	<u>SFY 2004-2005</u>
Green Teams	\$0	\$0	\$0	\$0	\$0	\$860	\$1,010	\$0
Health Care Recruitment/Retention	\$0	\$0	\$0	\$80,000	\$20,000	\$0	\$0	\$0
High Performance Bonus Spending***	\$0	\$0	\$0	\$4,000	\$0	\$0	\$0	\$0
Home Visiting Expansion	\$0	\$0	\$0	\$14,800	\$0	\$0	\$0	\$0
Hospital Wage Subsidy	\$0	\$0	\$2,000	\$0	\$0	\$0	\$0	\$0
InVEST	\$3,250	\$0	\$25,000	\$25,000	\$0	\$0	\$0	\$0
Kinship Foster Care Workgroup	\$0	\$0	\$0	\$150	\$0	\$1,000	\$150	\$0
Learnfare	\$1,000	\$1,000	\$4,000	\$4,000	\$0	\$0	\$0	\$0
Medical Exams	\$3,000	\$3,000	\$3,000	Block Grant	\$0	\$0	\$0	\$0
Medical Society	\$0	\$0	\$0	\$1,200	\$0	\$0	\$0	\$0
Mental Health/Foster Care Recruitment/Retention	\$0	\$0	\$0	\$13,000	\$0	\$0	\$0	\$0
Merit Scholars/Incentives	\$500	\$0	\$1,000	Block Grant	\$0	\$0	\$0	\$0
New York Works (Work Now)	\$29,000	\$13,000	\$100,000	\$103,600	\$0	\$0	\$0	\$0
Parents Count Demo	\$0	\$0	\$0	\$2,000	\$500	\$1,000	\$175	\$0
Performance Awards	\$11,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PINS Workgroup	\$0	\$0	\$0	\$150	\$0	\$0	\$0	\$0
Preventive Services Initiative	\$0	\$0	\$10,000	\$23,000	\$6,700	\$18,000	\$17,960	\$0
Rape and Pregnancy Prevention	\$7,000	\$7,000	\$10,000	\$10,000	\$10,000	\$11,600	\$10,000	\$9,500
Department of Labor Job Placement Staff	\$0	\$0	\$2,300	TANF Base	\$0	\$0	\$0	\$0
Summer Youth Employment	\$0	\$0	\$0	\$35,000	\$25,000	\$25,000	\$25,000	\$15,000
Supportive Housing for Families						\$2,000	\$2,000	\$0
TANF Services Block Grant	\$0	\$0	\$0	\$100,000	\$0	\$0	\$0	\$0
Technology Training	\$0	\$0	\$0	\$5,800	\$7,000	\$7,000	\$7,000	\$0
Teen Works	\$0	\$0	\$0	\$7,000	\$0	\$0	\$0	\$0
Transitional Activities	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transition/Performance	\$22,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transitional Opportunities Program	\$0	\$0	\$0	\$3,000	\$0	\$0	\$0	\$0
Transportation	\$8,000	\$5,000	\$20,000	\$20,000	\$10,000	\$7,500	\$5,000	\$5,000
Wage Subsidy Demonstration Program	\$0	\$0	\$12,000	\$45,000	\$5,000	\$5,000	\$5,000	\$0
Welfare Management Systems Update	\$50,000	\$10,000	\$30,000	\$50,000	\$0	\$0	\$0	\$11,500
Welfare Reform Contingency Reserve Fund	\$104,000	\$114,000	\$330,000	\$318,000	\$0	\$0	\$0	\$0
Welfare Reform Evaluation	\$0	\$300	\$0	\$500	\$0	\$500	\$0	\$0
Women, Infants and Children Program	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Women, Infants and Children Program Expansion	\$0	\$0	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$1,900
Work Programs in Educational Institutions	\$0	\$0	\$1,000	\$1,500	\$500	\$0	\$0	\$0
Workplace Accommodations**	\$3,000	\$0	\$1,000	\$2,000	\$0	\$0	\$0	\$0
Youth Enterprise Program	\$0	\$0	\$0	\$1,000	\$1,000	\$1,000	\$0	\$0
Youth Post Discharge Program	\$0	\$0	\$0	\$1,000	\$0	\$0	\$0	\$0
Subtotal - Other Services	\$310,550	\$180,300	\$641,700	\$980,400	\$210,400	\$177,150	\$149,770	\$138,900
Total	\$377,150	\$256,900	\$1,071,700	\$1,271,400	\$514,400	\$517,550	\$557,770	\$513,900



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PARTIAL SANCTIONS HAVE NOT LED TO SMALLER CASELOAD DECLINES

Current federal law requires states to penalize families whose members do not comply with Temporary Assistance for Needy Families (TANF) requirements. However, states have the flexibility to choose partial sanctions (benefit reductions), full sanctions (elimination of the families' entire public assistance payments), or a combination of the two. California, New York, and 13 other states have chosen to use the partial sanction option; California and New York stop payment of benefits to noncompliant adults, but continue to provide a subsistence grant to children.

Proponents of full-family sanctions claim that California and New York's cash assistance caseloads would have dropped more quickly if they penalized noncompliant adults by eliminating families' welfare benefits, rather than only reducing them.¹ However, California and New York, the two largest states with partial sanction policies, have not experienced substantially smaller declines in their welfare caseloads than the nation as a whole. Moreover, economic and policy factors unrelated to sanctions play an important role in explaining this small difference.

ECONOMIC AND POLICY FACTORS PARTLY EXPLAIN DIFFERING CASELOAD DECLINES

California and New York have experienced slightly slower TANF caseload declines than the nation as a whole. The number of families in California and New York that receive federally funded cash assistance has declined by half since 1994, as compared to the national caseload decline of 58 percent.² This difference is partly attributable to differing economic contexts, as well as California and New York's policy to support working welfare recipients with earnings supplements.

California And New York Experienced Different Economic Trends

In addition to welfare reform and other federal policy changes, analysts point to the strong US economy of the mid to late 1990s as an important factor in reducing welfare caseloads. However, California and New York emerged from the recession of the early 1990s later than the rest of the nation, and their TANF caseloads peaked about a year later than the country as a whole. Comparing caseload trends for a period of six years following their peaks, which helps account for differing economic trends, demonstrates that California and New York's caseload declines are similar to the national decline. Between 1995 and 2001, California and New York's caseloads declined 48 and 50 percent, respectively. This is only slightly lower than the national decline of 55 percent during the comparable six-year period, from 1994 to 2000.

California And New York Use Earnings Supplements To "Make Work Pay"

California and New York have more generous "earnings disregard" policies than most states. These policies supplement recipients' earnings because they do not reduce their cash grants dollar-for-dollar as earnings increase. Studies by the Manpower Demonstration Research Corporation (MDRC) indicate

that these earnings supplements increase family income and represent the only welfare policy that has been demonstrated to increase child well-being.³ Earnings disregards allow families to work a significant number of hours and continue to receive a small cash grant. In the absence of these supplements, families would leave the welfare caseload more quickly. Since California and New York support these families, their caseloads have experienced slower declines.

PURPOSE OF SANCTIONS IS TO INCREASE COMPLIANCE WITH PROGRAM REQUIREMENTS, NOT REDUCE CASELOADS

Most observers view sanctions primarily as a tool to encourage recipients to meet program requirements rather than to reduce state welfare caseloads. In fact, many argue that caseload reduction itself is an imperfect criterion by which to evaluate the success of welfare reform. Not only is caseload reduction dependent on the economy and other factors, it does not take into account important welfare outcomes, such as how former recipients fare in the workforce. For example, despite having a smaller caseload decline than the rest of the nation, California has received performance awards in the last two years from the US Department of Health and Human Services for the relatively high levels at which former recipients retain employment and increase their earnings.⁴

Research suggests that penalties above a certain level do not increase participation in required activities, indicating that full-family sanctions may not be more effective than partial sanctions in this regard. MDRC evaluated welfare-to-work programs in several states and found that programs that used strict enforcement measures, including sanctions, did not have higher participation rates than “medium-enforcement” programs.⁵ Analysis of California county data by the California Budget Project indicates that sanction rates above a certain level do not increase participation in CalWORKs, its TANF program, suggesting that harsher sanction policies, including full-family sanctions, may not result in increased participation by CalWORKs participants.⁶ Addressing full-family sanctions directly, the Brookings Institution concludes, “There is not enough solid evidence to draw firm conclusions about the relative effectiveness of full-family and partial sanctions.”⁷

PARTIAL SANCTION POLICY SUPPORTS CHILDREN

Current federal law allows states to choose a sanction policy that balances the effect of encouraging program compliance against the possible harm to children caused by reduced family income. One study finds that even partial sanctions are associated with increased risk of hospitalization and food security for children under the age of three.⁸ California and New York, which have legal mandates to meet the basic needs of poor residents, have chosen a partial sanction policy in order to maintain a subsistence grant to children.⁹ A partial sanction policy also helps caseworkers remain in contact with families and identify any barriers that may prevent adults from complying with program requirements. Research indicates that adults who are sanctioned often face multiple barriers, such as low education levels, lack of work experience, domestic violence, depression, and substance abuse.¹⁰

CONCLUSION

Partial sanctions have not led to substantially smaller caseload declines in California and New York. Delayed emergence from the recession of the early 1990s and relatively generous earnings disregard policies partly explain why California and New York lag behind other states in terms of caseload declines. Moreover, full-family sanctions do not necessarily lead to higher program participation. California, New York, and other states have chosen partial sanctions in order to maintain a basic subsistence allowance to support children. Federal law should continue to let states make that choice.

ENDNOTES

- ¹ See, for example, Jason Turner, *Don't Let California and New York Undermine Welfare Reform's Work Requirements* (The Heritage Foundation Executive Memorandum No. 819: June 13, 2002).
- ² Since national caseload data only include families supported with federal funds, the data in this section do not include families that receive cash assistance funded with state-only funds. California and several other states have separate state programs that support a portion of their welfare caseload.
- ³ Gordon L. Berlin, *What Works in Welfare Reform: Evidence and Lessons to Guide TANF Reauthorization* (Manpower Demonstration Research Corporation: June 2002).
- ⁴ US Department of Health and Human Services, High Performance Bonus Awards, downloaded from <http://www.acf.dhhs.gov/programs/opre/hpb/> on July 15, 2002.
- ⁵ Because the programs that MDRC evaluated pre-dated the 1996 welfare reform law, they included, at most, partial sanctions. The 1996 law allowed states to begin to implement full-family sanctions. Gayle Hamilton, et al., *National Evaluation of Welfare-to-Work Strategies: How Effective Are Different Welfare-to-Work Approaches? Five-Year Adult and Child Impacts for Eleven Programs* (Manpower Demonstration Research Corporation: November 2001).
- ⁶ California Budget Project, *Mandatory TANF Sanction Policy Reduces Flexibility In California* (May 3, 2002).
- ⁷ Dan Bloom and Don Winstead, *Sanctions and Welfare Reform*, "Welfare Reform & Beyond" Policy Brief No. 12, (Brookings Institution: January 2002).
- ⁸ Children's Sentinel Nutrition Assessment Program, *The Impact of Welfare Sanctions on the Health of Infants and Toddlers* (July 2002), downloaded from <http://dcc2.bumc.bu.edu/csnappublic/Welfaresanctions.htm> on July 15, 2002.
- ⁹ New York has a constitutional requirement to serve needy residents (New York State Constitution, Article XVII, Section 1). California state law requires counties to assist poor residents (California Welfare and Institutions Code, Section 17000).
- ¹⁰ See, for example, US General Accounting Office, *State Sanction Policies and Number of Families Affected* (March 2000) and David C. Mancuso and Vanessa L. Lindler, *Examining the Circumstances of Welfare Leavers and Sanctioned Families in Sonoma County* (Sphere Institute: June 29, 2001).

David Carroll of the California Budget Project (CBP) and Trudi Renwick of the Fiscal Policy Institute (FPI) wrote this paper.

The CBP was founded in 1994 to provide Californians with a source of timely, objective, and accessible expertise on state fiscal and economic policy issues. The CBP engages in independent fiscal and policy analysis and public education with the goal of improving public policies affecting the economic and social well-being of low- and middle-income Californians. Publication of this paper was supported by grants from the David and Lucile Packard, William and Flora Hewlett, and Streisand Foundations. General operating support for the California Budget Project is provided by foundation grants, individual donations, and subscriptions. Please visit the CBP's web site at www.cbp.org.

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New York Workers Who Would Benefit from an Increase in the Minimum Wage to \$7/Hour by County of Residence

	Average Annual Resident Employment: 2002*	Workers with Wages between \$5.15 and \$6.99 Who Would Benefit Directly**		Workers with Wages between \$7.00 and \$7.99 Who Would Benefit Indirectly***		Workers Who Would Benefit Directly or Indirectly	
		Number	Percent	Number	Percent	Number	Percent
STATEWIDE****	7,814,000	691,000	8.8%	509,000	6.5%	1,200,000	15.4%
New York City	3,049,000	287,000	9.4%	218,000	7.1%	505,000	16.6%
Bronx	420,000	45,100	10.7%	34,500	8.2%	79,600	19.0%
Kings	852,000	87,700	10.3%	66,900	7.9%	154,600	18.1%
Manhattan	682,000	58,600	8.6%	44,400	6.5%	103,000	15.1%
Richmond	180,000	14,900	8.3%	10,800	6.0%	25,700	14.3%
Queens	915,000	80,700	8.8%	61,400	6.7%	142,100	15.5%
Rest of State	4,765,000	404,000	8.5%	291,000	6.1%	695,000	14.6%
Albany	140,500	11,600	8.3%	8,300	5.9%	19,900	14.2%
Allegany	19,920	1,700	8.5%	1,300	6.5%	3,000	15.1%
Broome	84,150	8,400	10.0%	6,100	7.2%	14,500	17.2%
Cattaraugus	34,000	3,300	9.7%	2,400	7.1%	5,700	16.8%
Cayuga	32,350	3,000	9.3%	2,200	6.8%	5,200	16.1%
Chautauqua	55,660	5,700	10.2%	4,100	7.4%	9,800	17.6%
Chemung	35,900	3,600	10.0%	2,600	7.2%	6,200	17.3%
Chenango	20,330	2,000	9.8%	1,500	7.4%	3,500	17.2%
Clinton	34,710	2,900	8.4%	2,100	6.1%	5,000	14.4%
Columbia	29,680	2,300	7.7%	1,700	5.7%	4,000	13.5%
Cortland	19,250	1,800	9.4%	1,300	6.8%	3,100	16.1%
Delaware	18,290	2,000	10.9%	1,500	8.2%	3,500	19.1%
Dutchess	110,630	9,300	8.4%	6,700	6.1%	16,000	14.5%
Erie	392,130	38,600	9.8%	27,800	7.1%	66,400	16.9%
Essex	15,560	1,600	10.3%	1,200	7.7%	2,800	18.0%
Franklin	18,550	1,800	9.7%	1,300	7.0%	3,100	16.7%
Fulton	23,050	2,200	9.5%	1,600	6.9%	3,800	16.5%
Genesee	26,020	2,500	9.6%	1,800	6.9%	4,300	16.5%
Greene	19,680	1,800	9.1%	1,300	6.6%	3,100	15.8%
Hamilton	2,150	300	14.0%	200	9.3%	500	23.3%
Herkimer	26,290	2,700	10.3%	2,000	7.6%	4,700	17.9%
Jefferson	36,370	3,700	10.2%	2,700	7.4%	6,400	17.6%
Lewis	9,870	1,000	10.1%	700	7.1%	1,700	17.2%
Livingston	27,930	2,300	8.2%	1,700	6.1%	4,000	14.3%
Madison	30,010	2,500	8.3%	1,800	6.0%	4,300	14.3%
Monroe	327,940	28,300	8.6%	20,400	6.2%	48,700	14.9%
Montgomery	19,710	2,200	11.2%	1,600	8.1%	3,800	19.3%
Nassau	612,870	49,000	8.0%	34,800	5.7%	83,800	13.7%
Niagara	90,540	9,300	10.3%	6,700	7.4%	16,000	17.7%
Oneida	96,930	9,600	9.9%	7,000	7.2%	16,600	17.1%
Onondaga	203,330	17,500	8.6%	12,600	6.2%	30,100	14.8%

New York Workers Who Would Benefit from an Increase in the Minimum Wage to \$7/Hour by County of Residence

	Average Annual Resident Employment: 2002*	Workers with Wages between \$5.15 and \$6.99 Who Would Benefit Directly**		Workers with Wages between \$7.00 and \$7.99 Who Would Benefit Indirectly***		Workers Who Would Benefit Directly or Indirectly	
		Number	Percent	Number	Percent	Number	Percent
STATEWIDE****	7,814,000	691,000	8.8%	509,000	6.5%	1,200,000	15.4%
Ontario	45,180	3,800	8.4%	2,800	6.2%	6,600	14.6%
Orange	141,620	10,800	7.6%	7,800	5.5%	18,600	13.1%
Orleans	16,890	1,600	9.5%	1,200	7.1%	2,800	16.6%
Oswego	47,540	4,500	9.5%	3,200	6.7%	7,700	16.2%
Otsego	28,890	2,400	8.3%	1,800	6.2%	4,200	14.5%
Putnam	50,800	3,000	5.9%	2,100	4.1%	5,100	10.0%
Rensselaer	70,400	5,800	8.2%	4,200	6.0%	10,000	14.2%
Rockland	133,190	9,500	7.1%	6,700	5.0%	16,200	12.2%
Saratoga	95,460	7,200	7.5%	5,100	5.3%	12,300	12.9%
Schenectady	64,550	5,900	9.1%	4,300	6.7%	10,200	15.8%
Schoharie	12,910	1,200	9.3%	800	6.2%	2,000	15.5%
Schuyler	7,550	700	9.3%	500	6.6%	1,200	15.9%
Seneca	13,990	1,400	10.0%	1,000	7.1%	2,400	17.2%
St. Lawrence	42,610	4,000	9.4%	2,900	6.8%	6,900	16.2%
Steuben	40,070	3,900	9.7%	2,800	7.0%	6,700	16.7%
Suffolk	647,210	47,300	7.3%	34,100	5.3%	81,400	12.6%
Sullivan	27,630	2,900	10.5%	2,100	7.6%	5,000	18.1%
Tioga	22,040	1,900	8.6%	1,400	6.4%	3,300	15.0%
Tompkins	46,680	2,900	6.2%	2,100	4.5%	5,000	10.7%
Ulster	73,460	6,700	9.1%	4,900	6.7%	11,600	15.8%
Warren	27,130	2,800	10.3%	2,000	7.4%	4,800	17.7%
Washington	24,080	2,300	9.6%	1,700	7.1%	4,000	16.6%
Wayne	40,550	3,500	8.6%	2,500	6.2%	6,000	14.8%
Westchester	400,070	31,200	7.8%	22,200	5.5%	53,400	13.3%
Wyoming	18,310	1,600	8.7%	1,100	6.0%	2,700	14.7%
Yates	11,930	1,000	8.4%	700	5.9%	1,700	14.2%

* Excludes self-employed.

** Assumes a \$1.85 increase in the federal minimum wage from \$5.15 to \$7.00.

*** Various studies have found that, due to the so-called "spill-over effects," the group of workers earning just above the minimum wage (perhaps as much as a dollar above) also receive a wage gain as a result of an increase. For example, William Spriggs and Bruce Klein, 1994, *Raising the Floor: The Effects of the Minimum Wage on Low-Wage Workers*, Washington, D.C., Economic Policy Institute.

**** Statewide estimates provided by the Economic Policy Institute. County-specific estimates do not add to the statewide totals due to rounding.

Note: The number of workers in each county in each wage range was estimated using the Economic Policy Institute estimate of the number of workers statewide in each wage group and distributing them among the counties based on the 1999 distribution of low-income tax filers by county.