

HOW CAN WE IMPROVE CALIFORNIA'S WELFARE WORK PARTICIPATION RATES?
A CRITERIA-ALTERNATIVES MATRIX ANALYSIS

A Thesis

Presented to the faculty of the Department of Public Policy and Administration
California State University, Sacramento

Submitted in partial satisfaction of
the requirements for the degree of

MASTER OF PUBLIC POLICY AND ADMINISTRATION

by

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SPRING
2013

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Abstract
of
HOW CAN WE IMPROVE CALIFORNIA'S WELFARE WORK PARTICIPATION RATES?
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In 1996 federal welfare reform was passed by the United States government, shifting the focus of welfare programs to ending the dependence of needy parents on government benefits through the promotion of job preparation, work, and marriage (Reed & Karpilow, 2010). As a part of welfare reform, federal Work Participation Rates (WPRs) were established for state welfare programs as a benchmark to measuring the success of these priorities, with substantial fines being assigned to states failing to meet their WPR goals. The State of California has failed to meet its WPR every fiscal year since 2007, with the State accruing \$161,294,348 in fines, and making very few attempts to resolve the issue.

In this thesis I identify and evaluate a variety of strategies used by other government entities in their efforts to maintain the federally required WPR levels. I begin my analysis by conducting an in-depth review of the most common strategies used in other states, and how effectively those strategies have worked. Using the information gleaned during my review, I complete a criteria-alternatives analysis in matrix form, evaluating ten different alternatives based on whether they will improve WPRs in an effective, low-cost, and equitable manner.

My analysis finds that three of the five alternatives I evaluate, which are geared toward state-level decision-making, are consistently better suited to improving California's WPRs in a low-cost and equitable manner. These options include implementing stricter sanction policies,

shifting to performance-based contracts, and using a new data system to monitor WPR performance. My analysis also found that all five of my alternatives focused on county-level policies are strong options for improving California's WPRs, including expanding unpaid work opportunities, developing sanction re-engagement programs, creating special units to focus on WPRs, expanding subsidized employment programs, and providing incentives for recipients who meet work requirements. Based on these findings I recommend that California utilize a holistic approach that implements a combination of the strongest state and county level alternatives evaluated in my analysis.

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Date

ACKNOWLEDGEMENTS

As I finally put the finishing touches on a thesis that often felt as though it would never end, I am reminded of the many people who have supported me along the way. To them I must find a way to express my gratitude, though mere words will never be enough to explain how I feel.

First, I must thank my entire family, who have always supported and believed in me. Special thanks go to my Mom and Dad, who have provided unwavering support as I took the many twisted paths that brought me here today.

I am eternally grateful to my thesis advisors, Dr. Mary Kirlin and Dr. Steve Boilard, for their patience and support as I worked through this process. I know that their insightful comments helped me create something far better than anything I could have done alone. I am especially grateful to Mary, who put up with more emails, phone calls, and office visits from me than anyone should ever have to. Finally, I am thankful to my classmates, so many of whom have served as sounding boards, support systems, shoulders to cry on, and friends during this process.

I sincerely appreciate the people mentioned in this acknowledgement, as well as so many other people who have helped me along the way. I never would have finished this thesis if it were not for all of you. Thank you!

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Chapter 1

WELFARE AND WORK RATES: WHAT WE NEED TO KNOW

When national welfare reform was passed by the United States in 1996 the focus of public assistance programs shifted to ending the dependence of needy parents on government benefits through the promotion of job preparation, work, and marriage (Reed & Karpilow, 2010). Federal Work Participation Rates (WPR) were established for state welfare programs as a benchmark to measuring the success of these priorities. WPRs are intended to measure the extent to which families receiving assistance through federally funded welfare programs are engaged in work activities (U.S. Department of Health and Human Services [HHS], 2012). A lot of importance is placed on these measurements, and states failing to meet WPR goals are penalized with substantial fines. Despite these fines, the State of California has failed to meet its WPR every fiscal year since 2007. This is a significant concern for the state, yet very few legitimate attempts have been made to improve these results.

In this thesis I identify and evaluate methods California's welfare program might use to improve its federal WPR while giving consideration to effectiveness, cost, and equity. In the rest of this chapter, which constitutes the introduction to my thesis, I outline the background information necessary to understand California's trouble with the WPR. I begin with a description of the federal block grant program that funds welfare in America, and continue with a discussion of the regulations imposed by the federal government as stipulations of receiving these block grants. Next, I outline the details of California's welfare program, the California Work Opportunity and Responsibility to Kids (CalWORKs) program. Finally, I provide a description of California's recent difficulty achieving its target rates of work participation.

Understanding Federal Welfare Reform

Former President Bill Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) into law on August 22, 1996, which resulted in a massive federal welfare reform (Reed & Karpilow, 2010). PRWORA eliminated federal welfare entitlements and instead developed a block grant that is divided up between states to provide funding for welfare programs. According to Mikesell (2007), the PRWORA block grant is a multiyear fixed appropriation grant that is administered to states based on a set formula, with the stipulation that state programs must maintain certain federal standards and achieve certain performance goals in order to continue receiving the funds.

Temporary Assistance for Needy Families (TANF)

When PRWORA was passed it established the Temporary Assistance for Needy Families (TANF) program, which replaced the federal welfare programs existing at the time. According to Reed and Karpilow (2010), TANF aims to accomplish four interrelated goals, including:

- 1) *Providing assistance to needy families so that children may be cared for in their own homes or the homes of relatives;*
- 2) *Ending dependence of needy families on government benefits by promoting job preparation, work, and marriage;*
- 3) *Preventing and reducing the incidence of out-of-wedlock pregnancies and establishing annual numerical goals for preventing and reducing the incidence of these pregnancies;*
- 4) *Encouraging the formulation and maintenance of two-parent families.*

In order to meet these goals several important features are imposed upon state welfare programs by TANF, including a five-year lifetime limit of welfare eligibility for needy families, minimum work participation rates for states, and minimum work requirements for recipients.

Additionally, states are required to provide a minimum financial contribution of their own money toward welfare related services, called the Maintenance of Effort (MOE).

Federal Work Participation Rates (WPR)

As a condition of receiving federal welfare funding, TANF mandates that states must meet two specific WPRs each year, one for all families on the caseload and one for two-parent families (HHS, 2012). States failing to meet these WPRs are financially penalized through the loss of a portion of their TANF grant allocation in a future year (Reed & Karpilow, 2010).

Determining annual WPRs is a complex and time consuming process. Each year states submit data to HHS on recipient participation in work activities. HHS uses this data to calculate participation rates, and then notifies each state of their achieved work rates (HHS, 2012). HHS determines WPRs by dividing the number of cases meeting the federal work requirements by the number of cases subject to the requirements (Reed & Karpilow, 2010).

States can receive a reduction in their expected WPR if they reduce their welfare caseload, through a TANF benefit called the Caseload Reduction Credit (CRC). A state's CRC is based on any decline in the state's caseload since the reauthorization of TANF legislation in 2005. The CRC provides an incentive for states to reduce their total caseload, as this provides a subsequent reduction in the total WPR a state is required to achieve.

“All-Families” Rates

TANF block grants dictate that each state should receive an “all-families” WPR of 50 percent, meaning that more than half of the families on the caseload must meet work requirements (Reed & Karpilow, 2010). However, the nationwide all-family WPR is generally much lower than 50 percent after taking into account the large number of families who are exempt from work activities for various reasons, and the CRC's of each state. For example, the national all-families WPR in Fiscal Year (FY) 2009 was 29.4 percent (HHS, 2012). In the same

year, an additional 15.6 percent of TANF families had some hours of participation, but did not complete enough hours to count toward the WPR. TANF's system for calculating WPRs does not allow for partial credits, meaning that families who work some hours but do not meet the federally mandated number of hours each week do not count at all towards their state's WPR.

Two-Parent Rates

The federally mandated WPR for two-parent families receiving welfare is 90 percent. However, the two-parent national average rate in FY 2009 was 28.3 percent (HHS, 2012). This low average can be attributed to a combination of exemptions, state CRCs, and non-compliance.

Child-Only Cases

In order to serve the needs of impoverished children, TANF offers states the option of funding child-only cases with a portion of their block grant. Child-only cases are those in which no adult is eligible for a cash grant, but a small grant is still allotted for the children in a family (HHS, 2012). Most often, families become eligible for child-only assistance when the adults in the family are ineligible for cash assistance due to sanctions, time limits, felony drug convictions, immigration status, or receiving Supplemental Security Income (SSI). The TANF reauthorization legislation passed in 2005 mandates that parents in child-only cases must count towards a state's work rate, making it difficult for states offering child-only assistance to meet their WPR.

California is one of very few states that fully takes advantage of the child-only option. In FY 2007-2008 California had 266,534 child-only cases, making up 55 percent of the total caseload (Reed & Karpilow, 2010).

Penalties

The complex system of penalties utilized by the TANF program is intended as a deterrent for states failing to meet their prescribed WPRs. A state that fails to meet its WPR for the first time is subject to a penalty of up to a five percent reduction in its federal block grant, with

penalties increasing by as much as two percent for each successive year of noncompliance (Reed & Karpilow, 2010). Penalties may continue to increase until they reach a maximum amount of 21 percent (Danielson & Reed, 2009).

Penalties are determined through the use of data submitted by the states each year to HHS regarding recipient participation in work activities. HHS uses this data to calculate the participation rates, and then notifies each state if it is subject to a penalty (HHS, 2012). This process can span several years, leaving states uncertain about the status of their WPR until two or three years after the closing of each fiscal year.

Upon receiving notification of a penalty, the state has 60 days to submit a plan for dealing with the penalty. The state in question may choose from three options, which include disputing the penalty, showing reasonable cause for exception, or entering into a corrective compliance plan (HHS, 2012). Disputing a penalty is expensive and time consuming, and is rarely a successful approach. A state is somewhat more likely to be successful in gaining a reasonable cause waiver, which results in some level of reduction to the amount of the penalty. If the state fails in the first two options, it may still enter into a corrective compliance plan. This is a plan that outlines how the state intends to adjust their program in order to improve their WPR. A state that achieves compliance within the timeframe specified by its plan will have its penalty rescinded. Any state failing to reach compliance will be forced to pay the penalty it has accrued.

California's Welfare Program

California responded to the new federal welfare regulations enacted through PRWORA by restructuring its welfare program, implementing the California Work Opportunity and Responsibility to Kids Act (CalWORKs) in 1998 (Reed & Karpilow, 2010). As a step towards meeting the new work participation rates the state developed the Welfare-to-Work (WTW)

program. The program is mandatory for all eligible recipients, and uses a work first approach that places emphasis on employment as a first option, rather than training and education.

Role of State and County Governments

CalWORKs is supervised at the state government level by the California Department of Social Services (CDSS), but is administered by the counties (Reed & Karpilow, 2010). At the state level, the government is responsible for overseeing grant allocation to the counties and supervision of the county programs. Also, in order to create consistency across counties, the state decides many CalWORKs policies such as individual work participation requirements, time limits, sanction procedures, and cash grant amounts.

However, the state government does not control welfare implementation, as California is one of only ten states that devolved responsibility for implementation to the county level (Reed & Karpilow, 2010). Devolution is the process in which one level of government shifts program design, administration, and financial responsibility to a lower level of government. In the case of CalWORKs, this means California's 58 counties are responsible for executing welfare at the local level, and each county holds the ability to design and deliver the program in a manner that meets the needs of its constituents. Counties receive a single allocation each year in the form of a block grant, and then become responsible for delivering a range of services that include eligibility screening, cash assistance, employment services, and case management.

Individual Work Participation Requirements

For many years California's expectations regarding individual work participation were more stringent than the federal expectations. However, recently the state adjusted its requirements to match the federal mandates, meaning that single adults must participate in 30 hours per week of work related activities and two parent households are required to participate in a combined total of 35 hours per week (Reed & Karpilow, 2010). Individuals receiving welfare can meet their

work hours through a combination of core and non-core work activities. Recipients must complete at least 20 of their weekly hours in core activities, which include employment, work experience, community service, or vocational education. The remaining hours may be completed in non-core activities, including job skills training and adult basic education.

Time Limits

Despite the 60-month maximum lifetime limit imposed by TANF, California recently changed its policy regarding time limits. Most adults are subject to a 24-month time limit for receipt of cash assistance, although adults meeting federal work requirements entirely in unsubsidized employment may remain on cash aid for an additional 24 months (48 months total) (State of California, 2012).

Sanctions

When recipients fail to comply with program requirements (including work rates), state law requires that counties sanction the noncompliant individual. When sanctioned, the adult's portion of the cash aid is subtracted from the family's monthly cash aid payment, and the sanction period continues to count toward the individual's time limit. The noncompliant individual must enter into and complete a curing plan, which is a plan for how they will become compliant with program requirements, in order to again receive their portion of the cash aid payment (Health and Human Services Agency [CHHS], 2008). In FY 2007-2008 California had 41,368 sanctioned families, which made up 9 percent of the state's total welfare caseload.

California's Work Participation Troubles

California first began to struggle with its WPR after the federal government implemented reauthorization of TANF through the Deficit Reduction Act (DRA) of 2005. The DRA of 2005, implemented in late 2006, mandated several changes that had a negative impact on California's ability to meet its WPR. First, the DRA of 2005 added additional categories of recipients who

would be included in the WPR calculation, most significantly including the parents in child-only cases and sanctioned cases (Reed & Karpilow, 2010). This change proved to be a significant barrier to California due to the state's safety net program, which continues to provide cash aid for minor children living in poverty regardless of their parents' work status. Additionally, the DRA of 2005 changed the baseline year used to calculate the CRC from 1995 to 2005, meaning that any reductions in caseload would only be considered from 2005 to the present. This is especially difficult for many states to overcome, including California, given that the recession beginning shortly after this law went into effect often resulted in increasing rather than declining caseloads.

California has been notified of noncompliance on its federal all-families WPR requirements in the 2007, 2008 and 2009 FYs. While calculations have not been completed for FYs 2010, 2011, and 2012, it is likely that California also failed to meet its all-families WPR in each of these years, as no major changes have been made to CalWORKs that are likely to result in an increased WPR. Tables 1.1 and 1.2 display information regarding California's target and achieved WPRs for FY 2007 through 2009. According to the results in these tables, from 2007 through 2009 California achieved all-families WPRs ranging from 22 percent to nearly 27 percent, while the target rate set by TANF for the three years is an average of 30 percent (ACF, 2009). This means that as much as 8 percent of the caseload needs to begin meeting their work targets or be removed from the caseload in order for California to meet its federally mandated work goals.

Table 1.1: California's All Families WPR			
Year	Target Rate	Achieved Rate	Compliant
2007	32.3%	22.3%	No
2008	29%	25.1%	No
2009	29%	26.8%	No
Source: (Wagner, 2010) (Wagner, 2011) (Administration for Children and Families [ACF], 2009)			

Year	Target Rate	Achieved Rate	Compliant
2007	0.0%	31.7%	Yes
2008	0.0%	26.5%	Yes
2009	0.0%	28.6%	Yes

Source: (Wagner, 2010) (Wagner, 2011) (ACF, 2009)

Penalties for WPR noncompliance are assessed to states through a complex federal formula. After applying the federal reduction formula, California's penalty in 2007 was reduced to zero (Wagner, 2011). However, the formula did not reduce the state's 2008 or 2009 penalties to zero. A summary of California's WPR noncompliance penalties is displayed in Table 1.3. After being notified of each penalty, the state submitted a claim of reasonable cause for assessment by HHS. While all three claims of reasonable cause are still currently pending, if the claims are rejected California will be forced to enter into and effectively implement a corrective compliance plan with ACF in order to avoid the penalties, which may prove difficult given that the state has failed to correct the problem for six consecutive years (Wagner, 2011).

Year	Penalty
2007	No Penalty
2008	\$47,664,514
2009	\$113,629,834

Source: (Wagner, 2010) (Wagner, 2011) (ACF, 2009)

These penalties will continue to grow with each year of noncompliance, potentially draining a large share of funding that should be designated for

helping impoverished Californians. Currently, California receives a \$3.7 billion TANF block grant from the federal government each year for the funding of welfare (Reed & Karpilow, 2010). Additionally, California contributes \$2.9 billion per year to CalWORKs or other welfare related programs for its Maintenance of Effort (MOE) funds, which are a stipulation of receiving the TANF grant. By combining these two funding streams, California spends a total of \$6.6 billion on welfare related programs each year, typically designating \$5.2 billion to CalWORKs and the other \$1.4 billion to other programs eligible for TANF and MOE funding (Reed & Karpilow,

2010). For example, in the proposed budget for FY 2013-2014 the Governor has suggested spending \$5,171,000 on CalWORKs, with the remainder of the TANF and MOE funds designated to a variety of other programs (Brown, 2013). While the existing WPR penalties constitute only a small portion of the money California spends on welfare programs each year, with the \$113 million penalty from FY 2009 equaling only 3.07 percent of the \$3.7 billion TANF block grant for that year, the loss of even a small portion of funding is a hardship for the state during difficult economic times. Paying the \$113 million penalty from FY 2009 would be the equivalent to providing an entire year of cash assistance at a maximum award amount of \$694 per month to 13,644 three-person families. Additionally, if the program continues its trend of noncompliance, the penalties will continue to grow by approximately 2 percent of the federal block grant each year, eventually reaching as much as 21 percent of the total TANF block grant.

Conclusion

California's recent history of noncompliance with the federally mandated WPR is concerning for organizations and individuals invested in welfare programs throughout the state. In this chapter I described California's troubles engaging welfare recipients in an adequate amount of work activities. I began with a description of welfare policies at both the federal and state level, and concluded with an update on the status of California's WPR noncompliance.

Throughout the remainder of this thesis I will identify and analyze a variety of solutions that California might adopt in order to improve its WPR. In the second chapter of this thesis I will complete a review of available literature on the topic of increasing WPRs. In the third chapter I will describe the methodology I intend to use in my analysis of this issue, which involves the use of a Criteria-Alternatives Matrix (CAM) analysis. I will also use this chapter to describe the alternatives and criteria included in my analysis. During the fourth and fifth chapters of this thesis I will complete several CAM analyses, and discuss my findings. Finally, I will use the sixth

chapter to conclude with recommendations for how California might improve its WPR, based upon the findings from the previous chapters.

Chapter 2

STRATEGIES FOR INCREASING WPRS: WHAT THE RESEARCH TELL US

In this chapter I complete a review of literature and previous studies that discuss strategies used by state and county welfare programs throughout the country to increase federal WPRs. As discussed in Chapter I, California's state government oversees supervision, funding allocation, and major policy decisions regarding CalWORKs, while county governments oversee the actual design and delivery of welfare programs throughout the state. However, many studies on the topic of improving WPRs discuss strategies aimed at both oversight and implementation of welfare programs. For this reason, in this literature review I divide the strategies for improving the WPR into two categories: (1) strategies that California's state government might consider, and (2) strategies that might be implemented by California's counties.

I begin this literature review with a description of each study I found on the topic of strategies for increasing WPRs, including the methodology and data sources used. Next, I examine the major findings of each study regarding state and county level strategies. Finally, I identify several holes in the available research, and conclude by explaining how I utilize the information from this literature review throughout the remainder of my thesis.

Details and Methodology

This review considers the findings from twelve different articles, all of which have studied strategies for improving welfare work participation. Table 2.1 summarizes descriptive information regarding the methodology and data sources of each article. The majority of the studies are case studies, although I also identified two logistic regression studies, and three articles that complete another form of analysis. Ideally, I would have found more analytical and quantitative studies, but as research on this topic is limited, the case studies seem to be the next best option for guiding California toward an increased WPR.

The twelve studies identify and analyze a variety of strategies for increasing WPRs at the state and county level. For state government, the studies identify several administrative strategies, such as performance-based contracts, using data systems to monitor performance, and eliminating child-only grant. The studies also identify several potential state welfare policy adjustments that may improve WPRs, such as shifting at-risk clients off the federal caseload and into state funded programs or stricter sanction policies. The studies also discuss numerous strategies that counties can implement in order to improve WPRs, such as creating new work opportunities through unpaid or subsidized employment programs, incentivizing desirable behaviors in recipients, designating special units or caseworkers to focus on WPR related issues, and engaging sanctioned clients in work activities.

Article	Methodology	Data Source
Danielson & Reed (2009)	Logistic Regression	Datasets from the Office of Family Assistance and U.S. Bureau of the Census
Derr (2008)	Case Study	Case studies of welfare programs in New York, Montana, and Ohio
Hasenfeld, Ghose, & Larson (2004)	Logistic Regression	Random sample of female welfare recipients in four California counties (n=1202)
Kauff & Derr (2008)	Case Study	Case studies of welfare recipients in Maryland and Utah; Telephone interviews; In-person site visits
Kauff, Derr, & Pavetti (2004)	Multi-Pronged Analysis	Comprehensive case studies from seven sites; Administrative data from two sites
Kauff, Derr, Pavetti, & Martin (2007)	Multi-Pronged Analysis	In-depth case studies at eight sites; Telephone survey of TANF staff; Administrative data from three sites
Martinson & Holcomb (2007)	Multi-Pronged Analysis	Phone interviews with program managers; Internet searches; Reviews of existing data and reports
Max & Kirby (2008)	Case Study	Case studies of welfare programs in New York City and Utah
Pavetti, Kauff, Derr, Max, Person, & Kirby (2008)	Case Study	Case studies drawn from nine welfare programs in the United States
Person, Pavetti, & Max (2008)	Case Study	Case studies of welfare programs in Colorado, Kentucky, and California
Spiegelman & Yongmei	Cross-Sectional	Sanctioned and safety net cases in five

(2008)	Study	Northern California counties. Self-reported data from face-to-face interviews with female parents associated with CalWORKs (n=143)
State of California (2009)	Best Practices	Surveys administered to all 58 California counties

State Government Strategies

My review of the literature on WPR improvement strategies has indicated that the State of California can choose from a variety of options in its attempts to increase its WPR. The most common strategies occurring in the literature that might be implemented at the state government level in California include the use of data systems for monitoring WPR performance, performance based contracts, eliminating the child-only program, shifting at-risk families into a state funded program, and implementing stricter sanction policies.

Reports/Data Systems for Monitoring Performance

One strategy that has been identified as helpful in increasing WPRs involves the use of data and reports for monitoring performance. A case study completed by Max and Kirby (2008) describes the use of two unique data reports in Utah's efforts to maintain its comparatively high WPR. One of Utah's data systems provides detailed information about the individual work achievements for each recipient, as well as producing warning flags when an individual is in danger of not meeting the expected rate. Utah also developed a data report that provides WPR statistics for each region, office, and individual case manager. Following the implementation of this project Utah's rate improved from 19 percent in 2006 to 44 percent in 2007. However, the state also made simultaneous changes to other program and policy areas, making it difficult to determine how much of this improvement can be attributed to the new data system (Max and Kirby, 2008). New York implemented a similar strategy called the Ring Report, which was

followed by only a slight improvement in WPR from 39 to 42 percent in one year (Max and Kirby, 2008)

Two other studies included in this literature review also support the idea that data and reporting systems can assist states in maintaining federally required work rates. Kauff, Derr, and Pavetti (2004) used their study to identify successful engagement strategies, and identified systems that track participation as a major help to caseworkers by allowing them to discover and respond to noncompliance in a timely manner. The State of California (2009) best practices study also supports the use of reporting tools. The study states that three California counties self-identified as using performance management reporting tools to assist them in identifying non- or partially-participating cases, with each county reporting that after implementing this strategy they experienced a decrease in the number of families failing to meet work requirements. The report argues that these systems are easy to maintain once they have been developed, and appear to increase work participation among recipients.

Another case study profiles Maryland's JobStat system, which provides a monthly report summarizing outcomes on important measures and scores on each county's performance. Most of the statistics in this report already existed prior to the creation of JobStat, with the new system simply making the information more accessible for counties and caseworkers (Kauff & Derr, 2008). Max and Kirby (2008) argue that this strategy builds on existing data collection and reporting capacity, which allows states to calculate indicators and participation rates quickly and cost-effectively, therefore not requiring a great deal of financial resources. Unfortunately, none of the studies considering this alternative provide more specific information regarding the cost of implementation and maintenance.

Performance Based Contracts

Many welfare programs have considered shifting towards performance-based contracts as a method of improving participation rates. Welfare programs that rely on vendors to provide employment services to recipients can hold these vendors accountable for achievement of specific outcomes by tying their pay-rate to their achievements regarding work rates. One case study of states with excellent WPRs describes Maryland's shift from cost-reimbursement contracts to pay-for-performance contracts, in which vendors are paid a set amount as each client accomplishes specified milestones (Kauff & Derr, 2008). In this system vendors do not receive payment for clients that do not reach federal work rates, and may receive lower levels of payment for recipients working fewer hours. Another case study discusses a county in New York that pays its vendors based on the average participation each quarter, resulting in each vendor achieving a participation rate ranging from 60 to 90 percent (Pavetti et al., 2008). While the two studies discuss the positive effects of performance-based contracts, they both fail to consider the potential for perverse incentives that these contracts can create, such as the incentive to present false data or otherwise cheat the system. Additionally, the literature fails to discuss whether there are costs associated with this strategy, or whether it raises equity issues.

Eliminating Child-Only Cases

When PRWORA was passed in 1996 it gave states wide-ranging flexibility to develop their own policies on many topics, including child-only cases (Anthony, Vu, & Austin, 2007). States may choose to offer child-only assistance to all impoverished children, they may offer assistance to a subset of children, or they may elect to entirely eliminate child-only cash assistance. While many states offer child-only assistance to a small portion of the caseload, California is one of very few states that have chosen to provide assistance to all impoverished children whose parents have become ineligible for assistance. This policy has resulted in a

particularly steep rise in child-only cases in CalWORKs since its adoption, with these cases making up 55 percent of the total caseload (266,534 cases) in FY 2007-2008 (Reed & Karpilow, 2010).

One cross-sectional study of female parents involved in CalWORKs child-only cases found that 49 percent of respondents lacked full time employment within the past 3 years, and 70 percent lacked any employment within the past week (Speiglmán & Yongmei, 2008). This research indicates that mothers of child-only cases in California face multiple barriers to employment, which likely has a large impact on the WPR, given that all of these unemployed families are included in the state's WPR calculation. One way California might deal with this issue is to follow the lead of many other states and reduce or eliminate child-only cases. The literature fails to discuss the fact that this strategy raises some extreme equity concerns, which I address during my analysis of this alternative in Chapter IV.

Creating a Solely State Funded Program

Another strategy that some states have utilized to improve their WPRs involves creating solely state funded programs that do not receive any funding from the TANF block grant or MOE dollars. Families that are most at-risk for not meeting work rates can be placed in these programs in order to keep them off the TANF caseload and out of the WPR count. A study attempting to determine what strategies Maryland and Utah have used to accomplish relatively high WPRs explains that both states have created solely state funded programs for at-risk families (Kauff & Derr, 2008). Another study also describes several state programs that have successfully utilized this strategy in order to lower their WPR (Pavetti et al., 2008). For instance, Oregon created a solely state funded program for recipients eligible for SSI, while they complete the application process. West Virginia's state program targets students enrolled in post-secondary education leading towards a two or four year degree. Minnesota's program targets any families that are not

making significant progress toward self-sufficiency, with the goal of stabilizing families at risk of long-term poverty. The two studies which discuss this strategy point out numerous states that have embraced this strategy in attempts to improve their WPRs, but fail to provide any information regarding how effectively the strategy has actually worked, leaving readers uncertain about the effectiveness of this approach. Additionally, the studies fail to consider some of the negative impacts this alternative might have on the State, such as the potential for high costs. If the goal of this alternative is to avoid financial penalties from the federal government, the studies should be considering whether it is really helpful to expend a large amount of resources in solving the problem.

Stricter Sanction Policies and Procedures

In an effort to improve WPRs, many states have shifted towards more stringent sanction policies. This can be achieved through a variety of changes, including adjusting the length of time a sanction remains in place, changing what a family needs to accomplish in order to resume full benefits, or increasing the consequences of multiple sanctions (Pavetti et al., 2008). For example, one case study describes Texas' shift in 2003 from partial family sanctions (when only the adult portion of the grant is eliminated) to full family sanction (when the family's entire grant award is eliminated) (Kauff, Derr, Pavetti, & Martin, 2007). Additionally, Texas implemented strict requirements for removing a sanction, which obligated participants to adequately perform an entire month of work activities before returning to TANF. Following the implementation of this new policy Texas experienced a substantial increase in its WPR, from 28.1 in FY 2003 to 34.2 in FY 2004.

There have been several studies on how these changes impact both individual welfare recipients and a state's WPR, with varying results. One logistic regression study attempted to determine the effect that stricter sanctions would have on California's WPR (Danielson & Reed,

2009). The study hypothesized that a move towards immediate grant elimination would reduce California's caseload by 52 percent while increasing the State's WPR by 94 percent, implying that harsher sanctions might be a positive move for California.

Hasenfeld, Ghose, and Larson (2004) also completed a logistic regression regarding sanctions, although the study was aimed at determining whether sanctioned individuals are more likely to experience personal barriers that make working difficult. The study found that sanctioned recipients are more likely to be in a disadvantaged position than non-sanctioned recipients. The most significant results regarding barriers to compliance included being younger (increases odds of noncompliance by 1.47), having more children (increases odds by 1.16), having no work experience (increases odds by 3.18), experiencing substance abuse problems (increases odds by 2.38), lacking transportation (increases odds by 1.49), and having a disabled household member (increases odds by 1.69). The study argues that sanctioned individuals fail to comply due to barriers making it difficult to work, rather than resistance to work requirements or lack of motivation.

County Government Strategies

Responsibility for improving WPRs in California will fall not only on the state government, but also on the county governments as they are the entities responsible for implementing CalWORKs and interacting with recipients. My literature review has indicated several strategies that California counties can utilize in their attempts to increase WPRs, which generally involve providing opportunities, incentives, or personal interventions for recipients struggling with work rates. The most common strategies discussed in the literature include re-engagement of sanctioned individuals, creating specialized units or caseworkers, providing subsidized or unpaid employment opportunities, and incentivizing desirable behavior in recipients.

Sanction Re-Engagement

Sanction re-engagement strategies are used when a county provides services or incentives to sanctioned families in an attempt to engage them in work activities and shift them back to the compliant portion of the caseload. One study of sanction re-engagement strategies in California's counties provides analysis based on reports from 55 of California's 58 counties (State of California, 2009). The study reports that results of sanction re-engagement strategies in California have been somewhat mixed, as some counties report reductions in their caseloads as high as 50 percent, while other counties report little or no reduction at all. This may be partially attributed to the wide range of strategies that are aimed at sanction re-engagement, as the study identified nine unique tactics that were commonly used by California counties. Each county chooses which of these tactics to implement, which may explain the wide array of sanction re-engagement results across California. Further research would be necessary to better understand the effectiveness of these re-engagement strategies individually, rather than as part of a larger sanction re-engagement plan.

Specialized Units/ Case Workers

A study completed by the State of California (2009), which was intended to identify best practices for welfare recipient engagement, identified ten California counties that developed specialized units or caseworkers whose sole responsibility was to engage clients in work activities. The study acknowledges this as a promising strategy, although also pointing out that these specialized services require a large amount of resources. Another study points towards Maryland's use of a staff member whose main purpose was to assist local departments in achieving their WPR goals as a potential factor in the state's success with federal work requirements (Kauff & Derr, 2008). The study suggests that TANF welfare programs can learn a lot from Maryland's practices, as the state more than doubled its WPR between FY 2003 and FY

2005 (from 9.1 to 20.5 percent) after implementing a variety of WPR improvement strategies simultaneously. However, despite the fact that both studies discussing this strategy identify it as a best practice in improving WPRs, there is little concrete evidence that isolates the effectiveness of using specialized units or caseworkers from other strategies.

Work Experience/ Subsidized Employment

In order to provide TANF recipients with more income and work opportunities, many states have created paid work programs. One case study that highlights successful implementations of such programs describes a program in Erie County, New York that provides recipients employment with private-sector employers (Pavetti et al., 2008). The county pays the recipient's wages for the first six months of employment, and the employer commits to hiring the recipient permanently at the end of the term (pending adequate performance). New York's paid work program has proven very effective, with 85 percent of participants transitioning into a permanent job after the term ends.

Another case study profiles work experience and subsidized employment programs in Maryland (Kauff & Derr, 2008). Some counties in Maryland have embraced paid work programs in unique ways, such as Wicomico County, which developed 15 drop-in slots intended for use by welfare recipients waiting for admittance into another program.

An analytical study completed by Martinson and Holcomb (2007) also supports the argument that paid employment programs can be helpful in meeting WPR requirements. The study identified employment programs that subsidize wages for a specified period of time as an innovative practice, and argues that these programs allow participants to gain experiencing working in a position where they receive a paycheck, as well as a range of other supports.

All of the studies discussing this alternative fail to mention some of the negative aspects of this strategy, such as the great expense associated with subsidizing a person's wages for an

extended period of time, and the limited availability of such a program due to the high costs. I will consider these concerns during my analysis of this alternative in Chapter V.

Unpaid Work Opportunities

While paid work opportunities have proven to be a popular method of engaging welfare recipients in work activities, many programs have also turned towards unpaid work opportunities such as community service due to financial hardship following the recent recession. One case study describes Montana's use of unpaid work experience placements to build job skills for TANF recipients with limited experience (Pavetti et al., 2008). Erie County in New York also has an unpaid work program that is praised in the case study for its unique method of providing work opportunities close to where recipients live, in order to reduce the barriers associated with getting to work. Kauff, Derr, and Pavetti (2004) support this emphasis on unpaid work experience programs in their study, which found that community service is a strong way to teach workplace norms and behaviors to recipients with limited experience in the labor market. The research on this topic seemingly praises this strategy for its low cost, but fails to discuss whether the strategy is effective at motivating welfare recipients to meet their work rates.

Incentives for Recipients

A study completed on best practices in work participation reports that six counties in California encourage clients to engage in work participation through the use of gift cards or other financial incentives (State of California, 2009). The study identifies these financial incentives as a best practice due to the enthusiasm and increased participation they seem to encourage, although the study also warns that this practice could have the negative effect of causing recipients to expect short-term rewards for participation, which they may not always receive.

Conclusion

Research on the topic of improving WPRs has been mostly vague and inconclusive. The majority of writings on methods of increasing WPRs take the form of case studies describing a particular state's strategies that have led to a significant improvement. While helpful in identifying and understanding the various strategies for addressing this problem, these case studies typically fail to provide quantitative research to support the strategies they discuss. The studies that have attempted to quantitatively support WPR improvement strategies often experience difficulty isolating the effects of any one particular strategy, given that the majority of successful WPR improvements have occurred through the use of holistic efforts that implement numerous strategies simultaneously. In these cases, studies can point out the changes that have been made, and the overall improvement in WPRs for the state, but find it more difficult to isolate which strategy contributed to which portion of the improved WPR.

Additionally, the majority of the articles included in this chapter have failed to discuss the negative impacts and unintended consequences that many strategies for improving the WPR may impose upon states and counties. While these articles often identify and discuss a particular strategy's potential for improving work rates, they often fail to address the cost to California, and the equity issues for welfare recipients that result from implementing the alternative. Failing to consider these concerns results in the reader gaining only a partial understanding of any given strategy. As I include both cost and equity as criteria in my CAM analysis, this may result in some limitations to the depth of analysis I can complete regarding these issues.

Despite the above-mentioned failings in research on the topic of improving WPRs, I do utilize some of the information gleaned during this literature review in future chapters of my thesis. For instance, in the next chapter I begin to craft a variety of potential alternatives that California might choose to implement in its attempts to increase its WPR, with many of these

alternatives based on information I discovered from the case studies in this literature review. Additionally, while many of the strategies identified in this chapter were not well supported with quantitative data, some studies did seem to succeed in isolating the effects of several strategies, especially in the research on stricter sanction policies and subsidized employment programs. The quantitative research supporting these strategies is applied to the analysis of these alternatives in Chapters IV and V.

Chapter 3

CRITERIA-ALTERNATIVES MATRIX: THE METHODOLOGY FOR COMPLETING THIS STUDY

Public decision-makers have many methods to choose from in their efforts to analyze difficult public problems, and choosing between them is an important step in the process. In this thesis, I have elected to analyze California's difficulty with low WPRs through the scope of a Criteria-Alternatives Matrix (CAM). CAM analysis is a tool often used to aid in decision-making, in which a set of specified alternatives are evaluated based on their ability to meet criteria that are important to the problem being considered. According to Mintrom (2012), these matrices allow analysts to quickly summarize extensive analysis in a simple and organized manner. While CAM analyses are not always intended to indicate a single best alternative, they do provide decision-makers with a clear understanding of how each alternative will meet their needs.

As discussed in Chapter II, literature on the topic of improving WPRs led me to the conclusion that the state and county governments in California each require unique alternatives for addressing the problem, given their unique roles in the design and implementation of CalWORKs. For this reason, I provide CAM analyses on two separate topics, one for each level of government. In this chapter I identify five state government alternatives that may help in improving California's WPR, as well as five county level alternatives.

After identifying the alternatives, the next step in a CAM analysis is to identify the criteria by which each alternative will be evaluated. In this chapter I describe and discuss my reasons for choosing the three alternatives used in this analysis, which include effectiveness, cost, and equity. I also provide a detailed description of how I will apply the ratings for each criterion.

Once all alternatives and criteria have been established, the process of constructing a CAM analysis can start. I begin with a qualitative analysis, which is constructed in a matrix form,

each box containing a brief summary of my analysis on how the alternative in question meets the three criteria. After completing the qualitative analysis I provide a CAM in numerical format. In the quantitative CAM I use my qualitative analysis to assign a number, or rating, to each box. In order to indicate the relative significance of each criterion, the three criteria are assigned decimal numbers that equal a total of 1.0. The score in each box of the qualitative CAM is multiplied by the weight of the criteria being considered, to find a final score. The cumulative rankings for each alternative can be used as a basis for understanding how well the alternative meets the desired criteria.

State Government Alternatives for Improving California's WPRs

In my first CAM analysis I consider five alternatives that California's state government might implement in order to improve its WPR. Table 3.1 provides a brief description of each alternative, and I provide a more detailed explanation regarding each alternative in Chapter IV.

Table 3.1: Alternatives for the State Government		
Alternative	Description	
I.	Developing a Data System or Report for Monitoring Performance	Utilize existing data to develop a data system or report that provides WPR performance updates for the state, counties, and individual case managers
II.	Performance Based Contracts	Shift to performance-based contracts for any vendors providing work related services to welfare recipients throughout the state
III	Reducing or Eliminating Cash Aid to Child-Only Cases	Removes all child-only cases from the welfare caseload
IV.	Creating a State Funded Program	A program funded by the state, which provides cash assistance to families at-risk of not meeting their work requirements, in order to shift them off the TANF caseload and out of the WPR count while still offering them assistance
V.	Stricter Sanction Policies	Immediate removal of the adult portion of a family's grant award for noncompliance with work requirements

County Government Alternatives for Improving California's WPRs

In my second CAM I analyze five alternatives that California county governments may consider implementing in their efforts to increase WPRs. Table 3.2 provides a brief description of each alternative. I also provide a more detailed description of the alternatives in Chapter V.

Alternative	Description
I. Sanction Re-Engagement	Engagement programs intended to re-engage sanctioned families in work activities
II. Specialized Units or Caseworkers	Designating units or caseworkers whose sole purpose is to monitor and improve a county's WPR
III. Subsidized Employment Programs	Developing or expanding programs that provide recipients with subsidized employment opportunities that meet their weekly work targets
IV. Unpaid Work Opportunities	Developing or expanding unpaid work opportunities for recipients who fail to find unsubsidized employment
V. Incentives for Recipients	Provide incentives that aim to motivate welfare recipients to engage in desired work behaviors or activities

Criteria

According to Bardach (2009) criteria are the standards used to judge the goodness of the projected policy outcomes that are associated with each alternative. As such, criteria play an important role in any problem-solving analysis. In this thesis I use three criteria to judge the outcomes of each alternative, including consideration to the alternative's effectiveness, cost, and equity. In this section I describe each of these criteria and provide keys for interpreting how alternatives will be scored.

Effectiveness

Bardach (2009) states that the most important criterion in any decision-making process is whether or not the alternative will solve the problem. I define this criterion as effectiveness, or to what extent the alternative is likely to improve California's WPR. I rate alternatives based on

their likely impact on federal WPRs, with alternatives that have the potential to entirely solve the problem receiving very high scores and alternatives that are unlikely to improve WPRs receiving very low scores. Unfortunately, as stated in Chapter II, previous studies have often been unable to quantify the exact effect that a particular strategy has had on a state’s WPR. Most states that have succeeded in improving their WPRs have done so through approaches that implement numerous changes simultaneously, making it difficult to isolate the exact effects of a particular strategy. For this reason, my ratings are based on broad measurement categories rather than specific percentages. When possible I provide quantified results regarding effectiveness.

In addition to an alternative’s likely impact on the WPR, I give consideration to how much of its likely change in WPR is accomplished through increases in the number of families meeting work rates, as opposed to strategies that aim to accomplish WPR improvements through administrative strategies that “game” the system by increasing WPRs without increasing the actual count of families working. Because self-sufficiency through success in the labor market is a goal of CalWORKs, I rate alternatives that work towards accomplishing this goal as higher than alternatives which “game” the system in order to obtain WPR increases. Alternatives that accomplish increases in the WPR without increasing the number of families working will not be rated higher than Moderate (3), because I want to clearly express that alternatives working towards CalWORKs goals are preferable to alternatives that do not improve the self-sufficiency of welfare families. Table 3.3 provides a more detailed explanation of my 3-point scale for assigning effectiveness ratings to each alternative.

Table 3.3: Key for Interpreting the Ratings of Effectiveness	
Weak (1)	Likely to result in little or no increase in WPRs
Moderate (3)	Likely to result in some increases in WPRs, but will not entirely solve the problem -OR-
	Likely to result in increases to the WPR that have the potential to solve the problem, but does so through administrative

	strategies rather than increases to the number of families working
Strong (5)	Likely to improve WPRs to federally mandated, and does so entirely through increases in the number of families working

Cost

Following the recent economic recession in the United States, issues of affordability are often at the forefront of people's minds. In California, the recession has compounded existing structural budget problems. As such, it is necessary to give consideration to the cost an alternative will burden the state with during and following its implementation. This criterion is very important because the purpose of this thesis is to identify ways of increasing California's WPRs in order to avoid financial penalties and better utilize federal dollars allocated to welfare. I evaluate alternatives based on cost-neutrality, with alternatives that are expected to cost more than they will save in penalties receiving a score of Weak (1), alternatives that incur some cost but a lesser amount than will be saved in penalties receive a score of Moderate (3), and alternatives that save the entire penalty due to low- or no-cost implementation receiving a score of Strong (5). There is very limited information regarding the specific costs of each alternative in the literature I reviewed in Chapter II. Often studies made general statements about an alternative being "expensive" or "cost-efficient" without providing specific numbers to support these statements. For this reason, I use three general categories equating to high costs, neutral costs, and low costs rather than specifying dollar amounts for each category. When possible, specific cost information will be provided. Table 3.4 explains my 3- point scale for how cost ratings will be assigned to each alternative in more detail.

Table 3.4: Key for Interpreting the Ratings of Cost	
Weak (1)	High costs associated with alternative. Cost of the alternative is more expensive than cost of WPR penalties.
Moderate (3)	Likely to be cost neutral. Cost of the alternative will be less than the money saved in penalties, so California still saves some money.
Strong (5)	Almost no costs incurred by the alternative. California saves the entire cost of the penalties.

Equity

According to Mintrom (2012), people are often concerned with promoting equity because they care about fairness, and want to be treated fairly. For the purpose of this thesis, when I use the term equity I will specifically be referring to how “fairly” the negative impacts or harms of an alternative are distributed. Ideally, any negative impacts associated with an alternative should be targeted towards the people causing the problem. Some of the alternatives proposed in this thesis target populations that do not necessarily contribute to the WPR problem, which is often deemed unfair or inequitable (Example: Eliminating cash-grants for children because their parents are not working, even though children have no control over their parents’ work status, and have no personal impact on the WPR). However, I also want to acknowledge that the definition of equity can vary greatly, as it is a complex issue with multiple layers. I am not able to delve into all of these layers in this thesis due to the time it would consume, so I have chosen to focus specifically on harm. Table 3.5 gives specific information regarding my 3- point scale for assigning equity ratings to each alternative.

Table 3.5: Key for Interpreting the Ratings of Equity	
Weak (1)	Harm associated with the alternative is targeted toward people who do not contribute to the WPR problem
Moderate (3)	Harms associated with the alternative are split between both people who contribute to the WPR problem and people who do not
Strong (5)	No issue with harm being targeted toward people who are meeting their work rates

Weighting the Criteria

Californians often give a great deal of attention to personal values when considering welfare related problems. One example of this is the common trait in California (and in America) for some people to value equity more than cost, or exactly the reverse. Policymakers are often faced with decision-making processes that involve trade-offs, and each policymaker may have different answers regarding the “right” balance of effectiveness, cost, and equity, which are often based on the values they choose to prioritize.

Weighting the criteria is a method of portraying these value judgments transparently so policy makers can explicitly choose priorities. In this analysis I weight my three criteria based on what I believe most public decision makers would express as their priorities for California. It is likely that some stakeholders in this issue will disagree with my selected weights, due to varying values and priorities. However, one advantage of using CAM analysis is that once the original CAM is constructed it is simple to change the weights to reflect varying priorities. In my analysis I will provide two sensitivity analyses, which reflect two varying value systems that I believe might be common among decision makers. In addition, decision makers can personally change the weights and re-calculate the results of this CAM in order to reflect any range of values and priorities.

Table 3.6 describes the weight I assign to each criterion in my original CAM analysis.

Criterion	Weight
Effectiveness	.35
Cost	.35
Equity	.30
Total:	1.0

Weighting criteria is a subjective process, so I next describe the thought process I use in assigning a weight to each criterion. First, I consider the importance of effective outcomes in

an alternative. If an alternative does not effectively solve California’s troubles with low WPRs then there is no reason to move forward with implementation of the alternative. For this reason, I weighted effectiveness as one of the most important alternatives. Next, I consider the role cost

plays in California policy decisions. California is currently experiencing a great deal of difficulty with funding and budget issues, which make consideration of cost very important. Alternatives that are deemed inexpensive for the state are much more likely to experience support and success in implementation, which is the reason I weight cost as equal to effectiveness in level of importance. The criterion with the lowest weight is equity. Issues of social equity are very relevant in discussions of welfare, given that the population receiving welfare includes some of the most disadvantaged individuals in the state. However, given the current political and financial context surrounding public policy decisions in California, cost and effectiveness criteria rise to the top.

Sensitivity Analysis

Before concluding my analysis in Chapters IV and V, I complete several sensitivity analyses, which are tools that allow analysts to identify and consider the impacts of the assumptions they have made on the way to their conclusions (Bardach, 2009). In this thesis I make several assumptions regarding the importance of my criteria. In order to address these assumptions I complete alternate CAMs for both the state and county government strategies, which assess alternatives based upon slightly altered criterion weights.

In my first sensitivity analysis I place the greatest emphasis on effectiveness, with cost trailing slightly behind, and equity weighted much lower. Table 3.7 displays the weights in this

Criterion	Weight
Effectiveness	.50
Cost	.35
Equity	.15
Total:	1.0

sensitivity analysis. This alternative analysis is intended to address the idea that the greatest consideration should be given to whether or not the solution is going to

solve the problem, and how much it is going to cost the state. In this analysis equity is valued as less because some policymakers believe that equity is not a consideration that can be prioritized during difficult financial times for the state.

My second analysis places greater emphasis on equity, with effectiveness and cost receiving a lower level of value. Table 3.8 displays the weights used in this final sensitivity

Criterion	Weight
Equity	.40
Cost	.30
Effectiveness	.30
Total:	1.0

analysis. This alternate analysis is intended to address concerns that some individuals might have with placing greater emphasis on effectiveness and cost than social equity.

While emphasizing effectiveness and low-cost address practical concerns for the State of California, some individuals may feel that any decisions regarding welfare should originate from concern for equity, given how greatly welfare policy changes impact the lives of impoverished people. This analysis indicates which alternatives will solve California's WPR problems in a manner that is fair for welfare recipients.

Conclusion

In this chapter I describe the methodology I use in my analysis of California's WPR problem, which involves assessing the effectiveness, cost, and equity of my ten specified alternatives. In the following chapter I complete the CAM analyses for my five state level alternatives, and discuss the results. In Chapter V I provide a similar analysis and discussion regarding the CAM analyses for my five county level alternatives.

Chapter 4

ANALYSIS OF STATE ALTERNATIVES: HOW WELL DO THE ALTERNATIVES SATISFY THE CRITERIA?

In this chapter I provide analysis that helps to determine which state level alternatives will best increase California's WPRs in an effective, low-cost, and equitable way. I begin with a qualitative analysis, which describes how each alternative meets the specified criteria. Then, I provide the quantitative results of my analysis in a CAM, using the rating scale and weighting system described in the previous chapter. A more detailed look at how the results from this analysis may impact California, as well as recommendations based on these results will be provided in a later chapter.

Qualitative Analysis of State Alternatives

In order to analyze my state alternatives I begin with a description of each alternative. Following each description, I provide a table that rates how the alternatives meet the specified criteria. While I try to be as transparent as possible in explaining how I reach each decision regarding ratings, there is no exact science to assigning values in a criteria- alternative analysis. Much like the weighting system, interested parties who disagree with my rating choices can assign different ratings in order to reflect their own analysis.

Alternative 1: Developing a Data System or Report for Monitoring Performance

California may consider using data systems and reports to allow the state, counties, and individual caseworkers to monitor performance on work participation rates. This strategy does not require California to collect new data, as the information necessary for such a tool is already collected at the state and county levels on a regular basis. Instead, California would be required to develop an integrated method of accessing and reporting existing data, such as a dashboard system or regularly released report. According to Kauff and Derr (2008), this alternative aims to

accomplish three goals, including: (1) clarifying program expectations for staff at all levels of California government (administrators, supervisors, and case managers); (2) holding staff accountable for their contribution to work participation goals; and (3) helping staff to quickly identify when a problem is arising regarding their work participation goals. Table 4.1 provides my ratings for this alternative, as well as a description of how I reached them.

Table 4.1: Qualitative CAM Analysis of State Alternative 1	
Alternative 1: Data System for Monitoring Performance	
Criteria	<i>Ratings: Weak (1); Moderate (3); Strong (5)</i>
Effectiveness	Moderate (3):
	While somewhat inconsistent, literature on this topic suggests that states can improve their WPR by several percentage points with the implementation of this alternative. One example of this, which is discussed in Chapter II, is New York’s WPR increasing from 39 to 42 percent after developing the Ring Report. Because California needs its WPR to improve by as much as 8 percent in order to meet the federally mandated levels, I have determined that implementation of this alternative would likely increase California’s WPR, but would be very unlikely to entirely solve the problem.
Cost	Moderate (3):
	Literature regarding the cost of developing a new data system for monitoring performance is often vague; simply suggesting that it is “cost-effective” because most of the data needed for the report already exists. In order to rate the cost of this alternative I considered the various costs that might be associated with a new data system, which likely include the one-time cost for developing the new system, as well as upkeep costs such as the staff responsible for entering data into the new system. While the literature does not provide me with specific numbers for these costs, I have assumed that they will be far less than the WPR penalty, which was \$113 million in 2009.
Equity	Strong (5):
	The literature on data systems does not discuss equity issues. Therefore, I have reached my rating based on the assumption that there is not likely to be any issue with harm being targeted toward people who do not contribute to the problem, because, while these data systems are intended to monitor the work performance of all recipients, they only raise red flags for people who are failing to meet their work targets.

Alternative 2: Performance Based Contracts

Another alternative California may consider involves a shift to performance-based contracts for any vendors providing work related services to welfare recipients in the state. These contracts are aimed at holding vendors accountable for meeting work participation goals for the clients they serve, with all or part of their payment being tied to how well they achieve specified outcomes (Pavetti et al., 2008). In implementing this alternative, the state might choose to develop a uniform performance-based contract for all counties and vendors to use, or might instead specify mandated requirements to be included in all work related welfare contracts. In Table 4.2 I rate the performance based contracts alternative using the rating system I described in Chapter III.

Table 4.2: Qualitative CAM Analysis of State Alternative 2	
Alternative 2: Performance Based Contracts	
Criteria	<i>Ratings: Weak (1); Moderate (3); Strong (5)</i>
Effectiveness	Moderate (3):
	I have rated this alternative “moderate” based on its likely impact on the WPR. The literature provides little information regarding how this strategy might impact a state’s overall WPR, but it does provide some lower level information, such as that the use of performance based contracts in one New York county resulted in each vendor achieving a participation rate ranging from 60 to 90 percent. Based on this limited information I have decided that it is not safe to assume that this alternative could entirely solve the problem, although research does seem to indicate that it could have some positive impact on the WPR.
Cost	Strong (5):
	I have based my analysis on some basic assumptions about the cost of this alternative. First, I assumed that the existing contract units would be capable of handling this change without the need for additional staff. The alternative does not increase the number of contracts, but simply changes the way they are written and processed. Developing performance-based contracts would be difficult and it would likely take some time to determine the specifics, but once the details had been worked out any long-term staffing increase would be very minimal. Next, I considered if any additional resources would be required, and determined that this alternative may actually save rather than cost money, as vendors who do not perform at the required levels will be paid less for their work.
Equity	Strong (5):

	In this alternative vendors are forced to focus on improving the outcomes of their clients who are failing to meet work targets, as their pay-rates are tied to these outcomes. This is deemed fair, because the responsibility for improving WPRs will be placed by the vendors onto the welfare recipients who are contributing to the problem.
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Alternative 3: Reducing or Eliminating Child-Only Cases from the Welfare Caseload

The third alternative that California might consider in its efforts to improve its WPR involves removing all or some child-only cases from the welfare caseload. As discussed in Chapter I, child-only cases include families in which the adult/s are not eligible for cash assistance (generally due to work sanctions, time limits, or non-citizenship status), but a small grant is still awarded to the family in order to provide for the needs of the children (HHS, 2012). California is in the small minority of states that continue to provide assistance to child-only cases, despite the fact that the parents in these cases are counted against the state's WPR. This alternative would prevent these child-only families, which are at high risk of failing to meet work requirements, from being included in the WPR. In Table 4.3 I rate the strategy of reducing or eliminating child-only cases by my three criteria.

Table 4.3: Qualitative CAM Analysis of State Alternative 3	
Alternative 3: Reducing or Eliminating Child-Only Cases	
Criteria	<i>Ratings: Weak (1); Moderate (3); Strong (5)</i>
Effectiveness	Moderate (3):
	There is little research that discusses the impact of child-only cases on WPRs. However, much can be inferred based on information about the employment levels of parents in these cases, such as the study I discuss in Chapter II, which determines that 49% of mothers in child-only cases had not gained full-time employment during the past three years, and 70% had not worked at all within the past week. Given that child-only cases constitute 55% of California's welfare caseload, and 70% of those families are unlikely to be currently working, I have determined that this alternative has the potential to entirely solve California's WPR problem. However, I have rated this alternative's effectiveness as "moderate" because it would accomplish an improved WPR through an administrative strategy that does not actually increase the number of working families. Eliminating child-only assistance to families would not change the employment status of those families.

Cost	Strong (5):
	There are some basic assumptions that can be made on this topic, which helped me to select my rating. Reducing or eliminating child-only cash assistance from California’s welfare caseload has the potential to cut the caseload in half, as child-only cases make up 55% of the caseload. This means that California would not be providing assistance to any of these families, and would save all the money that had originally been allocated for that purpose.
Equity	Weak (1):
	I found no literature that discussed the equity of reducing or eliminating child-only cases, but there are certainly equity issues regarding this alternative. Based on my system of ratings outlined in Chapter III. I have given this alternative a “weak” for equity because the harms associated with it (being cut off from cash assistance) are entirely targeted toward a population that does not contribute to the WPR. The cash grants being eliminated are designated towards impoverished children, who have no responsibility to become employed, and have no control over their parents’ employment status.

Alternative 4: Creating a Solely State Funded Program for “At-Risk” Families

Another option for improving California’s WPR involves creating a new program that is funded solely by the state, which provides cash assistance to families with very little chance of meeting their work requirements. The program must be financed entirely by state funds, and could not include dollars that were used to meet the state’s MOE requirement. In this way, at-risk families such as sanctioned cases, child-only cases, and recipients living with a disability would be shifted off the TANF caseload (no longer counting against the WPR) while continuing to receive support and services.

Depending on how California implements the program, this may be more of an accounting strategy aimed at improving the State’s WPR rather than helping low-income families move towards financial self-sufficiency (Pavetti et al., 2008). For example, automated systems could be used to determine which cases should be paid for with federal TANF or state MOE dollars versus State non-MOE dollars. In this implementation strategy, eligibility and participation requirements for all recipients remain the same, leaving workers and recipients

unaware of who is or is not being counted in the federal WPR. Table 4.4 describes how I reached my ratings for this alternative.

Table 4.4: Qualitative CAM Analysis of State Alternative 4	
Alternative 4: State Funded Program	
Criteria	<i>Ratings: Weak (1); Moderate (3); Strong (5)</i>
Effectiveness	Moderate (3):
	I have selected my rating based on the assumption that the state is going to get as much of an improved WPR as it is willing to pay for. If the state continues to shift families that are at-risk for not meeting their work rates out of CalWORKs and paying for them in a state-funded program it will eventually reach its target WPR. I have determined that this alternative could solve California's entire WPR problem if enough families are shifted off the TANF caseload. However, this increase in the WPR is achieved entirely through an administrative strategy that "games" the system by moving numbers around, and does not improve CalWORKs outcomes by increasing the number of families gaining employment.
Cost	Weak (1):
	I began my assessment of this alternative by considering the total percentage of recipients that would need to be shifted into a state-funded program in order for the state to meet the WPR, which I established in Chapter I could be as much as 8%. Next, I determined that 8% of the total caseload (485,696 cases in FY 2007-2008) is 38,855. I multiplied this number by \$8328, which is an average annual cash aid amount for a family of three (\$694/ month). This resulted in a cost to the state of \$323 million, which is far above the \$113 million penalty for FY 2009, making this alternative a very expensive option for the state.
Equity	Strong (5):
	I have determined that this alternative will not result in equity issues for welfare recipients, despite the fact that the literature does not explicitly state this. I have previously stated that this is largely an administrative strategy, which means that it does not create harm for anyone. Families who are shifted into the state funded program will not experience a change in expectations or rules regarding work requirements, which leaves all recipients in both programs on equal footing.

Alternative 5: Immediate Sanctions for Noncompliance with Work Requirements

The fifth alternative California might consider involves implementing stricter sanction policies for CalWORKs recipients failing to comply with work requirements. Currently, California removes the adult's portion of the grant for failure to comply with work participation rules through a gradual reduction in funding that occurs over a lengthy period of time (Simpson,

2009). Instead, CalWORKs may choose to implement an immediate sanction policy, which removes the entire adult portion of the grant immediately (or very shortly) after the family becomes noncompliant. This alternative aims to incentivize recipients who have become noncompliant to participate in the mandated amount of work activities, as recipients who return to compliance will have their full grant amount reinstated. In Table 4.5 I rate this alternative based on how well it meets my three criteria.

Table 4.5: Qualitative CAM Analysis of State Alternative 5	
Alternative 5: Stricter Sanction Policies	
Criteria	<i>Ratings: Weak (1); Moderate (3); Strong (5)</i>
Effectiveness	Moderate (3): Literature on this topic is conflicting. One study claims that California could increase its WPR by as much as 94% with stricter policies, because this will motivate recipients to find work. Another study suggests that sanctioned families in California experience extreme barriers that would prevent them from finding work even if their benefits were cut off. Other states have shown only moderate results from this strategy, such as Texas' increase in WPR by 6%. Based on this conflicting information, I have assumed that California's WPR would likely increase if this strategy is implemented, but not enough to entirely solve the problem.
	Strong (5): While the literature on stricter sanctions policies does not discuss the cost of this alternative, I assume that stricter policies would save the state money. It is possible that minor additional staffing costs would be associated with this alternative, due to the increased speed with which sanctions would need to be processed in order to meet the requirement. However, I have also assumed that the state will save a lot of money, as they will be cutting off cash assistance to noncompliant families much more quickly.
Cost	Strong (5): I have selected a rating of "strong" based on my rating system from Chapter III. This alternative is only harmful to sanctioned individual, all of whom share responsibility for California's low WPR, because they are not meeting their mandated work rates.
Equity	Strong (5): I have selected a rating of "strong" based on my rating system from Chapter III. This alternative is only harmful to sanctioned individual, all of whom share responsibility for California's low WPR, because they are not meeting their mandated work rates.

Quantitative Analysis of State Alternatives

In this section I use the ratings I established in the previous section to place a value to how each state alternative meets the three criteria. I begin by multiplying each rating by the weight for the criteria it was being applied to. For example, my effectiveness rating for

Alternative 1 is “3.” The weight for effectiveness in my original CAM analysis is 0.35, so I reach a total by multiplying the two numbers together ($3 \times 0.35 = 1.05$). After completing these calculations in each box of the CAM, I added the three weighted criteria scores together to reach a total score for each alternative. These total scores will indicate which alternative best meets my criteria of effectiveness, cost, and equity. After completing this process for my original CAM analysis, I also completed the same scoring process for my two sensitivity analyses. The results of all three CAMs are provided below.

Quantitative Analysis

Table 4.6 provides the quantitative results of my analysis regarding state government alternatives. The table indicates that Alternative 5 (stricter sanction policies) and Alternative 2 (performance based contracts are the best alternatives for improving the WPR, based on their total scores of 4.3. Alternative 1 (data system) has the next highest ratings, with a score of 3.6, indicating that it may also be a viable option. Alternatives 3 (eliminating child only cases, 3.1) and 4 (state funded program, 2.9) receive the lowest ratings.

Table 4.6: Quantitative CAM Analysis of State Government Alternatives				
Alternatives	Criteria			
	Effectiveness	Cost	Equity	Total Scores:
	Weight: 35	Weight: .35	Weight: .30	
<i>Ratings: (1) Weak (3) Moderate (5) Strong</i>				
Alternative 1: <i>Data System for Monitoring Performance</i>	Rating: 3 Total: 1.05	Rating: 3 Total: 1.05	Rating: 5 Total: 1.50	3.6
Alternative 2: <i>Performance Based Contracts</i>	Rating: 3 Total: 1.05	Rating: 5 Total: 1.75	Rating: 5 Total: 1.50	4.3
Alternative 3: <i>Eliminating Child-Only Cases</i>	Rating: 3 Total: 1.05	Rating: 5 Total: 1.75	Rating: 1 Total: .30	3.1
Alternative 4: <i>State Funded Program</i>	Rating: 3 Total: 1.05	Rating: 1 Total: .35	Rating: 5 Total: 1.50	2.9

Alternative 5: <i>Stricter Sanction Policies</i>	Rating: 3 Total: 1.05	Rating: 5 Total: 1.75	Rating: 5 Total: 1.50	4.3
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Sensitivity Analysis: Prioritizing Effectiveness and Low-Cost

Table 4.7 provides the quantitative results of my first sensitivity analysis, which prioritized effectiveness and low-cost as more desirable than equity in a state level alternative aimed at increasing California’s WPRs. The altered weights produce similar results to those from my original analysis, although the total scores in this analysis are much closer together. A stricter sanction policy and performance based-contracts are still the alternatives with the highest score, although it the scores have dropped slightly to 4.0. Eliminating child-only cases has moved into third place with a score of 3.4, while using a data system to monitor performance has dropped down to fourth place. The creation of a state funded program remains in last place with a much lower score of 2.6.

Table 4.7: Alternate Quantitative CAM Analysis of State Government Alternatives				
Alternatives	Criteria			
	Effectiveness	Cost	Equity	Total Scores:
	Weight: .50	Weight: .35	Weight: .15	
<i>Ratings: (1) Weak (3) Moderate (5) Strong</i>				
Alternative 1: <i>Data System for Monitoring Performance</i>	Rating: 3 Total: 1.5	Rating: 3 Total: 1.05	Rating: 5 Total: 0.75	3.3
Alternative 2: <i>Performance Based Contracts</i>	Rating: 3 Total: 1.5	Rating: 5 Total: 1.75	Rating: 5 Total: 0.75	4.0
Alternative 3: <i>Eliminating Child-Only Cases</i>	Rating: 3 Total: 1.5	Rating: 5 Total: 1.75	Rating: 1 Total: 0.15	3.4
Alternative 4: <i>State Funded Program</i>	Rating: 3 Total: 1.5	Rating: 1 Total: .35	Rating: 5 Total: 0.75	2.6

Alternative 5: <i>Stricter Sanction Policies</i>	Rating: 3 Total: 1.5	Rating: 5 Total: 1.75	Rating: 5 Total: 0.75	4.0
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Sensitivity Analysis: Prioritizing Equity

Table 4.8 provides my final sensitivity analysis, which prioritizes equity over effectiveness and cost. This analysis provided results that are largely the same as my original analysis, with Alternatives 5 and 2 in first place, Alternative 1 following behind, and Alternatives 3 and 4 receiving the lowest scores.

Table 4.8: Alternate Quantitative CAM Analysis of State Government Alternatives				
Alternatives	Criteria			Total Scores:
	Effectiveness	Cost	Equity	
	Weight: .30	Weight: .30	Weight: .40	
<i>Ratings: (1) Weak (3) Moderate (5) Strong</i>				
Alternative 1: <i>Data System for Monitoring Performance</i>	Rating: 3 Total: .90	Rating: 3 Total: .90	Rating: 5 Total: 2.0	3.5
Alternative 2: <i>Performance Based Contracts</i>	Rating: 3 Total: .90	Rating: 5 Total: 1.50	Rating: 5 Total: 2.0	4.4
Alternative 3: <i>Eliminating Child- Only Cases</i>	Rating: 3 Total: .90	Rating: 5 Total: 1.50	Rating: 1 Total: .40	2.8
Alternative 4: <i>State Funded Program</i>	Rating: 3 Total: .90	Rating: 1 Total: .30	Rating: 5 Total: 2.0	3.2
Alternative 5: <i>Stricter Sanction Policies</i>	Rating: 3 Total: .90	Rating: 5 Total: 1.50	Rating: 5 Total: 2.0	4.4

Conclusion

The qualitative and quantitative analysis I have provided in this chapter regarding how well the five state level alternatives meet the three specified criteria has provided valuable information regarding how California might best improve its WPRs in an effective, low-cost, and equitable manner. In the next chapter I will provide similar analysis of county level alternatives for increasing WPRs. Then, in the final chapter of this thesis I will make recommendations based on the determinations from both analysis chapters.

Chapter 5

ANALYSIS OF COUNTY GOVERNMENT ALTERNATIVES: HOW WELL DO THE ALTERNATIVES SATISFY THE CRITERIA?

In this chapter I provide similar analysis to that of Chapter IV, which will help to determine the county level alternatives for increasing the WPR that best meet the criteria of effectiveness, cost, and equity. I begin with a qualitative analysis, which explains how each alternative meets the specified criteria. Then, I display the numeric results of my analysis using the same rating scale and weighting system utilized in the previous chapter. I provide recommendations based on the results from this analysis in the next chapter.

Qualitative Analysis of County Alternatives

In this section I provide qualitative analysis of how each of the five county level alternatives for improving the WPR meet my specified criteria of effectiveness, cost, and equity. I begin by providing a narrative description of how each alternative meets the three criteria. Next, I provide a qualitative criteria-alternative matrix in Table 5.1 that summarizes my analysis and rates each alternative based on the three criteria.

Alternative 1: Sanction Re-Engagement Programs

One alternative for counties in California involves the use of re-engagement strategies for sanctioned clients. California welfare policy requires that sanctioned families continue to receive a small cash grant for the minors in sanctioned families, which means that these families continue to count toward the State's caseload and WPR, despite the fact that the adults are not compliant with work requirements (State of California, 2009). Because these families cannot be removed from the caseload, it is in the best interests of counties to work toward quickly re-engaging sanctioned clients in work activities, so they do not continue to negatively impact the WPR. This alternative requires that counties complete an assessment to determine the unique needs of their

population before implementing sanction re-engagement programs. Strategies that counties might consider for inclusion in their programs include home visits to sanctioned families, intensive outreach, specialized units or caseworkers, sanction workshops or orientations, mentors, and financial incentives for curing sanctions (State of California, 2009). Table 5.1 describes how this alternative meets my three criteria.

Table 5.1: Qualitative CAM Analysis of County Alternative 1	
Alternative 1: Sanction Re-Engagement	
Criteria	<i>Ratings: Weak (1); Moderate (3); Strong (5)</i>
Effectiveness	Moderate (3):
	The literature on this alternative reports somewhat mixed results regarding effectiveness. One study discussed in Chapter II found that some California counties reported reductions in sanctioned families on their caseloads as high as 50% after using this strategy, while others found little or no reductions at all. The study explains this variance through differing implementation strategies across counties. I have assumed that as more is learned about the best practices of this alternative the effectiveness will improve. However, given that all the sanctioned families in California represent only 9% of the total welfare caseload, it is unlikely that the state will resolve its entire 8% gap between achieved WPRs and target WPRs through this strategy.
Cost	Moderate (3):
	The literature on sanction re-engagement does not discuss cost. However, I have assumed that there will be substantial costs associated with implementation of this alternative because the proposed methods of re-engaging sanctioned clients typically involve resources such as home visits, workshops, and financial incentives. Despite these costs, I assume this alternative will remain cost-neutral given that the state would have to spend more than \$2,746 on providing sanction re-engagement services to each of the 41,368 sanctioned families for this to cost equal more than the \$113 million penalty from 2009. While entirely possible that more than \$2,746 could be spent on some families, especially those with extreme barriers such as childcare needs, it is unlikely that this amount will be necessary for every sanctioned family.
Equity	Strong (5):
	I have established that this alternative is “fair” because it focuses its efforts entirely on sanctioned individuals who have failed to meet their work rates. Additionally, there are no real harms associated with this alternative, as efforts would be focused towards helping sanctioned families rather than punishing them.

Alternative 2: Designating Specialized Units or Caseworkers for Improving WPRs

A second alternative involves the designation of units or caseworkers whose sole purpose is to monitor and improve a county's WPRs. The duties of the units/caseworkers should vary from county to county, based on the needs and struggles the county experiences in relation to their work rates. However, duties that could be designated to the specialized unit or caseworker within a county include transporting clients to assigned activities, outreach and follow-ups with clients, identifying potential work opportunities for recipients, working closely with sanctioned clients, and monitoring the county's overall WPR performance (State of California, 2009). In Table 5.2 I explain my ratings for this alternative.

Table 5.2: Qualitative CAM Analysis of County Alternative 2	
Alternative 2: Specialized Units/Caseworkers	
Criteria	<i>Ratings: Weak (1); Moderate (3); Strong (5)</i>
Effectiveness	Moderate (3):
	As discussed in the literature review, several studies identify the use of specialized units or caseworkers as a best practice in improving work rates but fail to quantify the effectiveness of this alternative. Because we know so little about the impact this alternative has on WPRs, it is very difficult to rate for effectiveness. I have assumed that the extra attention given to clients and specialization in increasing work rates will have some level of positive impact on the WPR, but have also assumed that this alternative alone is unlikely to close the 8% gap that California faces.
Cost	Moderate (3):
	The available research on this topic is very vague, making statements that suggest specialized units or caseworkers would require the support of numerous resources, especially in the form of additional staffing. I have assumed that this alternative will remain cost-neutral, as it is unlikely that the expenses will equal more than the hundred million dollar penalties that the state will continue to accrue until the problem is fixed. Each of California's 58 counties would have to hire more than 19 employees at \$100,000 each in annual salary and benefits to spend more than the \$113 million penalty from 2009, which is unlikely as many counties would only need a few employees in a special unit dedicated to improving WPRs.
Equity	Strong (5):
	The literature does not discuss equity for this alternative, so I have assumed that specialized units or workers is a very equitable solution based on the little I do learn from the literature. It seems unlikely that there is any harm associated with this alternative, as the goal of implementing a specialized unit or caseworker is to provide better outreach and support to

	struggling clients. However, even if some level of harm did result from this alternative, it would be focused on the people who are identified as struggling to meet their work rates, and therefore, the people contributing to the problem.
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Alternative 3: Creating or Expanding Subsidized Employment Programs

Another alternative for counties hoping to improve their WPRs involves developing or expanding programs that provide recipients with subsidized employment opportunities. These programs typically aim to assist participants in meeting their work targets through subsidized employment, providing additional income to the family and in many cases assisting the client in eventually obtaining permanent unsubsidized employment. This alternative would require counties to develop contracts with workplaces (private or public sector) under which the county provides all or part of a recipient's wages for a determined period of time, after which the workplace agrees to hire the recipient, so long as they have performed adequately (Pavetti et al., 2008). Each county should be offered the flexibility to determine the size and scope of their subsidized employment programs based upon available funding and the needs of their recipients.

Table 5.3 explains how I have rated this alternative for each of my three criteria.

Table 5.3: Qualitative CAM Analysis of County Alternative 3	
Alternative 3: Subsidized Employment Programs	
Criteria	<i>Ratings: Weak (1); Moderate (3); Strong (5)</i>
Effectiveness	Moderate (3):
	The literature suggests that subsidized employment programs are a very effective method of improving work rates. One study I identify in Chapter II describes a program from New York in which 85% of participants' transition into permanent jobs after the term ends. However, despite these high success rates I have chosen to rate this alternative as moderately effective because there is typically a very limited availability for such programs. Welfare programs have to identify employers who are both willing and appropriate for participation. Often employers who qualify to participate in the program can only supervise a limited capacity of subsidized employees. This indicates that while the success rates within these programs may be high, their limited availability reduces the amount of impact they can have on the WPR.
Cost	Moderate (3):

	Literature on subsidized employment programs often suggests that this alternative is expensive, but rarely say anything more about cost. Thus, I have based my ratings on my own calculations. I began by calculating the cost of subsidizing 50% percent of one person’s full-time wages for six months at minimum wage (\$8 in California), which is approximately \$3840. Next I determined that for California to spend more than it is already spending on the \$113 million penalty each of the 58 counties would have to subsidize more than 511 clients at this rate. I have assumed this is unlikely given the limited capacity discussed in the previous box, and have rated this alternative as “moderate.”
Equity	Strong (5):
	I have rated this alternative as “strong” based on my assumption that there is not likely to be harm resulting from these types of programs. Subsidized employment programs are very desirable because they result in extra income to participant, as well as a guaranteed job offer at the end of the term.

Alternative 4: Creating or Expanding Unpaid Work Opportunities for Recipients

The fourth alternative in this section involves the creation or expansion of unpaid work programs for welfare recipients who struggle with gaining unsubsidized employment. These programs are intended to provide recipients with work opportunities that will allow them to develop skills and knowledge that will increase their chances of future success in the labor market (Derr, 2008). A successful unpaid work program would provide participants with the best possible chances of meeting their work requirements, meaning that they would have the opportunity to complete at least 20 hours each week in one placement (the federally mandated “core” hours), with the potential to also complete the remainder of their hours should they choose not to participate in any “non-core” activities. Table 5.4 describes how this alternative rates against the criteria.

Table 5.4: Qualitative CAM Analysis of County Alternative 4	
Alternative 4: Unpaid Work Opportunities	
Criteria	<i>Ratings: Weak (1); Moderate (3); Strong (5)</i>
Effectiveness	Moderate (3):
	My research on unpaid work opportunities has provided little concrete information regarding the effectiveness of this alternative at meeting WPRs, although it does often identify this as a best practice. My assumptions have led me to rate this alternative as “moderate” based on two ideas. Unpaid work opportunities should certainly improve the WPR to some extent so long as they provide opportunities for participants to work the required number of hours. However, there are also financial barriers that might be difficult for clients to overcome without supplemental income from employment, such as paying for childcare or transportation. Even clients participating in the program may fail to meet the required number of weekly hours due to these barriers. For these reasons, I have judged that this alternative will result in some improvement to the WPR, but may not entirely solve the problem.
Cost	Strong (5):
	The only reference I found to “cost” in the literature mentions that many programs have turned to unpaid work opportunities due to financial hardship, implying that it is an inexpensive way to improve work rates. However, I have taken this a little bit further, and assumed that there is little or no cost associated with this alternative because it is “unpaid” work.
Equity	Strong (5):
	I have assumed that this alternative does not result in equity issues because it does not allocate any harm. Unpaid work opportunities should not “harm” participants. Even though they are unpaid, they offer participants the opportunity to meet work rates, remain in compliance with WTW rules, and gain valuable work experience.

Alternative 5: Incentives for Recipients to Engage in Specific Work Behaviors/ Activities

A final alternative for California counties is to provide incentives that aim to motivate welfare recipients to engage in desired work behaviors or activities. These incentives may come in the form of gift cards for local retailers, hard goods, or desirable work assignments. Each county choosing to implement this alternative should consider their needs relating to WPRs, and apply the incentives to behaviors or activities desired by the county, such as removing sanctions, engaging in voluntary work activities during eligibility screening, achieving specific work related

benchmarks, or gaining unsubsidized employment (State of California, 2009). Table 5.5 explains the ratings I have assigned this alternative.

Table 5.5: Qualitative CAM Analysis of County Alternative 5	
Alternative 5: Incentives for Recipients	
Criteria	<i>Ratings: Weak (1); Moderate (3); Strong (5)</i>
Effectiveness	Moderate (3):
	Literature identifies the use of incentives to motivate recipients as a best practice based on the enthusiasm and increased participation it encourages, but does not provide specific information regarding how it impacts the WPR. I have rated this alternative as “moderate” based on my intuitive understanding that incentives should have some level of positive results, because people continue to use incentives to get what they want on a regular basis. This implies to me that they must work. However, without more detailed information regarding the impact, I would not assume that incentives alone could solve the state’s entire WPR problem.
Cost	Moderate (3):
	While the literature I found on incentives does not explicitly discuss costs, there are a variety of assumptions that can be inferred from a basic understanding of this alternative. First, I eliminated “strong” as an option, because many of the proposed incentives are financial (gift cards, groceries, etc.) which all have a cost associated with them. However, I cannot think of a scenario in which the minor expenses such as \$10 gift cards proposed in this alternative could cost more than the \$113 million benchmark, leaving this alternative cost-neutral.
Equity	Strong (5):
	I have assigned incentives for recipients a “strong” rating with regards to equity. Incentives are typically helpful to welfare recipients, and should not be associated with harm.

Quantitative Analysis of County Alternatives

In this section I provide my ratings in numerical form. Then, I multiply each rating by the criteria weight to determine a score. For example, my effectiveness rating for Alternative 1 is “3.” The weight for effectiveness in my original CAM analysis is 0.35, so I reach a total by multiplying the two numbers together ($3 \times 0.35 = 1.05$). After completing these calculations in each box of the CAM, I add the three weighted criteria scores together to reach a total score for each alternative. These total scores will indicate which alternative best meets my criteria of

effectiveness, cost, and equity. After completing this process for my original CAM analysis, I also complete the same scoring process for my two sensitivity analyses. All three CAMs are provided below, with a brief discussion of their results.

Quantitative Analysis

Table 5.6 provides the quantitative results of my analysis regarding county alternatives for improving WPRs in California. The table indicates that Alternative 4 (unpaid work opportunities) is by far the best county level strategy for increasing WPRs, with a strong rating of 4.3. The four remaining alternatives each score exactly the same, with scores of 3.6, well into the moderate range. This indicates that while Alternative 4 is clearly the best option, the other county alternatives I have identified are similar in terms of improving California's WPR in an effective, low-cost, and equitable manner.

Table 5.6: Quantitative CAM Analysis of County Government Alternatives				
Alternatives	Criteria			Total Scores:
	Effectiveness	Cost	Equity	
	Weight: .35	Weight: .35	Weight: .30	
<i>Ratings: (1) Weak (3) Moderate (5) Strong</i>				
Alternative 1: <i>Sanction Re-Engagement</i>	Rating: 3 Total: 1.05	Rating: 3 Total: 1.05	Rating: 5 Total: 1.50	3.6
Alternative 2: <i>Specialized Units/Caseworkers</i>	Rating: 3 Total: 1.05	Rating: 3 Total: 1.05	Rating: 5 Total: 1.50	3.6
Alternative 3: <i>Subsidized Employment Programs</i>	Rating: 3 Total: 1.05	Rating: 3 Total: 1.05	Rating: 5 Total: 1.50	3.6
Alternative 4: <i>Unpaid Work Opportunities</i>	Rating: 3 Total: 1.05	Rating: 5 Total: 1.75	Rating: 5 Total: 1.50	4.3
Alternative 5: <i>Incentives for Recipients</i>	Rating: 3 Total: 1.05	Rating: 3 Total: 1.05	Rating: 5 Total: 1.50	3.6

Sensitivity Analysis: Prioritizing Effectiveness and Low-Cost

Table 5.7 provides the results of my first sensitivity analysis, which prioritizes effectiveness and low-cost as more important than equity in alternatives aimed at improving California’s WPR. Despite the altered weights the results in this analysis do not change. The use of unpaid work opportunities is the clear leader at 4.0, with the four other alternatives achieving equal scores of 3.3.

Table 5.7: Alternate Quantitative CAM Analysis of County Government Alternatives				
Alternatives	Criteria			
	Effectiveness	Cost	Equity	Total Scores:
	Weight: .50	Weight: .35	Weight: .15	
<i>Ratings: (1) Weak (3) Moderate (5) Strong</i>				
Alternative 1: <i>Sanction Re-Engagement</i>	Rating: 3 Total: 1.50	Rating: 3 Total: 1.05	Rating: 5 Total: 0.75	3.3
Alternative 2: <i>Specialized Units/Caseworkers</i>	Rating: 3 Total: 1.50	Rating: 3 Total: 1.05	Rating: 5 Total: 0.75	3.3
Alternative 3: <i>Subsidized Employment Programs</i>	Rating: 3 Total: 1.50	Rating: 3 Total: 1.05	Rating: 5 Total: 0.75	3.3
Alternative 4: <i>Unpaid Work Opportunities</i>	Rating: 3 Total: 1.50	Rating: 5 Total: 1.75	Rating: 5 Total: 0.75	4.0
Alternative 5: <i>Incentives for Recipients</i>	Rating: 3 Total: 1.50	Rating: 3 Total: 1.05	Rating: 5 Total: 0.75	3.3

Sensitivity Analysis: Prioritizing Equity

Table 5.8 provides my final sensitivity analysis, which prioritizes equity over effectiveness and cost. The results in this version of analysis do not differ from the previous two analyses.

Table 5.8: Alternate Quantitative CAM Analysis of County Government Alternatives				
Alternatives	Criteria			
	Effectiveness	Cost	Equity	Total Scores:
	Weight: .30	Weight: .30	Weight: .40	
<i>Ratings: (1) Weak (3) Moderate (5) Strong</i>				
Alternative 1: <i>Sanction Re-Engagement</i>	Rating: 3 Total: .90	Rating: 3 Total: .90	Rating: 5 Total: 2.0	3.8
Alternative 2: <i>Specialized Units/Caseworkers</i>	Rating: 3 Total: .90	Rating: 3 Total: .90	Rating: 5 Total: 2.0	3.8
Alternative 3: <i>Subsidized Employment Programs</i>	Rating: 3 Total: .90	Rating: 3 Total: .90	Rating: 5 Total: 2.0	3.8
Alternative 4: <i>Unpaid Work Opportunities</i>	Rating: 3 Total: .90	Rating: 5 Total: 1.50	Rating: 5 Total: 2.0	4.4
Alternative 5: <i>Incentives for Recipients</i>	Rating: 3 Total: .90	Rating: 3 Total: .90	Rating: 5 Total: 2.0	3.8

Conclusion

This chapter has provided both qualitative and quantitative analyses regarding how likely five county level alternatives are to improve California's WPRs, based on three criteria. The results from the original analysis, as well as two sensitivity analyses indicate that the use of unpaid work opportunities is by far the best county strategy for solving California's WPR problem in an effective, low-cost, and equitable way. These results will be discussed in greater detail in the following chapter, which will conclude this thesis by providing final recommendations for how California can best improve its WPRs.

Chapter 6

WHEN AND HOW SHOULD CALIFORNIA SOLVE ITS WPR PROBLEMS?

As established in Chapter I, California has been struggling to meet its all-families WPR since 2007, resulting in millions of dollars in financial penalties being assigned to the State. While these penalties represent only a small portion of the total TANF grant received by California each year, each penalty will result in a direct decrease in funding allocated towards CalWORKs, and by extension, the number of impoverished families that CalWORKs can serve. Despite these concerns, the State has made virtually no efforts to resolve the issue. California's lack of attention to welfare WPRs can be mostly attributed to the extensive political and financial problems that have taken precedence over all else in recent years.

California's Economic and Budgetary Issues

During the past six years the State has experienced a rash of financial problems that placed WPRs on the back burner indefinitely. As the State's WPR troubles began in 2007, so did the severe economic recession that ran from 2007-2009. At the time, the State was already attempting to deal with existing budget issues resulting in large annual deficits, which were only intensified by the economic downturn. While working to resolve multi-billion dollar budget shortfalls largely through extensive budget cuts to state programs, the comparatively small accumulation of million dollar CalWORKs penalties did not make the State's priority list.

However, in the past year the outlook regarding California's economic situation has much improved. According to the Legislative Analyst's Office (LAO) (2012), a combination of economic recovery, prior budget cuts, and temporary taxes provided by Proposition 30 have brought California to the potential end of a decade of acute budget challenges. Forecasts of budget problems for the upcoming year are much smaller than recent years, with the bonus of

projected budget surpluses in coming years. Despite these positive projections, the LAO (2012) still advises caution for budget choices in the next few years.

These improved economic and budgetary projections make the present a potentially opportune time to address the State's WPR problem for several reasons. First, due to California's improved economic outlook taking a lot of pressure off the Governor and legislators, some of the State's lesser financial problems may be allowed back onto the policy agenda. Additionally, the continued concern of the State's citizens and the caution advised by the LAO suggest that continued vigilance regarding budgetary issues is necessary and welcomed, providing a solid justification for dealing with financial issues such as WPR penalties. Finally, the penalties continue to grow with each year of noncompliance, lending strength to the argument that the problem will need to be resolved eventually, and is becoming more pressing with each passing year.

Political Disagreement Regarding Welfare

Resolution of some of California's financial concerns was not the only barrier preventing the State from addressing its WPR problem. Much of the challenge of determining welfare policy and procedures in California (as in all states) is finding the "right" balance between choices that will be best for the State's impoverished families while also being workable for the State. Considerations of the needs of poor families, the sustainability of programs, cost-effectiveness, organizational goals, and the role of government all blend together until changes to welfare policy become a push-and-pull of competing interests and needs.

California's work participation issue has become one such problem. When WPRs were created through the PRWORA legislation enacted in 1997 they were simply meant to be used as a benchmark for evaluating whether state welfare programs were effectively meeting the TANF goal of "ending dependence of needy families on government benefits by promoting job

preparation, work and marriage” (Reed & Karpilow, 2010). However, over time, and with changes to how WPRs are calculated, this simple tool aimed at measuring the self-sufficiency of America’s welfare population has grown to be much more. Politicians, lobbyists and activists support a multitude of arguments relating to welfare through the use of the same WPRs. One person might argue that low WPRs indicate the need to expand time limits, services, and/or programs to impoverished families, while another might argue that low WPRs indicate the government is not the right entity to be providing welfare services in the first place. By becoming embroiled in these arguments, policymakers often slow down the decision-making process, or completely fail to problem-solve at all, as is the case for California’s low WPRs.

California, in order to improve its WPRs, needs to disentangle itself from the complex stream of arguments about welfare and work rates, and find a way to focus on the original intent of WPRs: increasing the percentage of impoverished families working and moving towards self-sufficiency. I have attempted to facilitate this in my thesis, by analyzing strategies California can use to increase the number of families working in a manner that is low-cost for the state and fair for welfare families.

State Alternative Results and Recommendations

To review my analysis from Chapter IV I have provided a comparison of the various CAM results in Table 6.1, which displays that three of the five alternatives were consistently better suited to improving California’s WPRs in a low-cost and equitable manner. Alternative 5, the implementation of immediate rather than gradual sanctions for families failing to meet work rates consistently received the highest scores across all three analyses. Alternative 2, using performance-based contracts with vendors consistently scored second highest. In two analyses, my chosen weighting system as well as the sensitivity analysis prioritizing equity, Alternative 1 received the third highest scores. However, in the sensitivity analysis that prioritized effectiveness

and cost Alternative 3, eliminating child-only cases, scored in third place. Other than that one anomaly, the remainders of scores were consistent across all three analyses, with eliminating child-only cases and developing a state funded program receiving the lowest total scores.

Alternatives	Original Analysis	Analysis Prioritizing Effectiveness/ Cost	Analysis Prioritizing Equity
1. Data System	3.6	3.3	3.5
2. Performance Based Contracts	4.3	4.0	4.4
3. Eliminating Child-Only Cases	3.1	3.4	2.8
4. State Funded Program	2.9	2.6	3.2
5. Stricter Sanction Policies	4.3	4.0	4.4

Recommendation 1: Implement Several High Scoring Alternatives Simultaneously

The results from my analysis indicate that California has three strong options for resolving its WPR problem, so I recommend the state consider implementing a combination of two or three of the top scoring state level alternatives including stricter sanction policies, switching to performance based contracts, and using a data system to monitor performance. The majority of my research and analysis on the proposed state alternatives suggests that while effective at increasing the number of working families, none of the alternatives would be capable of increasing WPRs to the federally mandated level by themselves. For this reason, I suggest the implementation of more than one of the top scoring alternatives, in order to improve the likelihood that the problem will be quickly resolved.

My recommendation regarding the implementation of numerous strategies simultaneously is supported by the literature I reviewed in Chapter II; I consistently found that the states that were most successful at drastically improving their WPRs did so through holistic approaches that attempted to resolve the problem by implementing a variety of policy, programmatic, and administrative strategies simultaneously. For example, one case study of

Maryland's WPRs found that the state implemented seven strategies simultaneously prior to the state's rapid WPR increase from 20.5 to 44.5 percent between FYs 2005 and 2006 (Kauff & Derr, 2008). Utah had similar success with a holistic approach that implemented at least seven strategies in a short period of time, resulting in a WPR increase from 30.3 percent in FY 2005 to 42.5 percent in FY 2006 (Kauff & Derr, 2008). It seems that holistic approaches to work rate increases have been very successful in the past by attacking the problem from several angles at once. Using a holistic approach in this matter is a signal that California places importance and value on helping impoverished families succeed in the labor market, which is a goal of CalWORKs that often fails to get communicated. Strategically implementing only the one "best" alternative for improving WPRs with the most minimal cost and effort from the state might help resolve the problem, but would do so in a way that portrayed the state as cold, calculating, and unwilling to work hard to help its poor families. By adopting a holistic approach the state is not simply finding a means-to-an-ends, but is adjusting the way it handles work rates to be more effective and sustainable.

Recommendation 2: Encourage/ Incentivize the Implementation of High Scoring County Level Alternatives

In order to truly address its WPR problems in a holistic manner, the State of California will need to do more than implement the three high scoring state alternatives. Literature suggests that holistic approaches in increasing WPRs involve a combination of policy, administrative and programmatic changes to welfare. My three proposed state level solutions constitute policy and administrative changes, but fail to address the programmatic concerns. This can be attributed to the structure of CalWORKs I discuss in Chapter I, in which the State provides supervision and policy decisions, while the county governments implement programs and interact with clients. As

such, counties are the appropriate entities for dealing with programmatic solutions, many of which I have identified in my county level analysis.

Due to this delineation of responsibilities between the state and county governments, I recommend that the State of California develop a plan for encouraging county governments to implement the high scoring county level alternatives, which I will identify in the next section. I suggest that this plan would involve the State providing funding and incentives to the counties for the implementation of these alternatives, as well as the state working to remove barriers that might prevent counties from pursuing implementation. These actions would make it easier for counties to implement changes to their welfare programs that might result in increased WPRs for both the county and the state, and better all-around services to impoverished families in California.

County Alternative Results and Recommendations

I have provided a comparison of the results from my three CAMs in Chapter V, which can be viewed in Table 6.2. The table shows that the results across all three analyses are very consistent. Alternative 4, expanding unpaid work opportunities, received the highest score in every analysis. The other four alternatives are scored exactly the same. These results indicate that all of the five county level alternatives addressed in this thesis are viable options for improving California's WPRs in an equitable and low-cost way.

Alternatives	Original Analysis	Analysis Prioritizing Effectiveness/ Cost	Analysis Prioritizing Equity
1. Sanction Re-Engagement	3.6	3.3	3.8
2. Specialized Units/Caseworkers	3.6	3.3	3.8
3. Subsidized Employment Programs	3.6	3.3	3.8
4. Unpaid Work Opportunities	4.3	4.0	4.4
5. Incentives for Recipients	3.6	3.3	3.8

Recommendation 3: Each County Expands Unpaid Work Opportunities While Simultaneously Implementing Several Other County Level Alternatives

My final recommendation is for California's counties to complete the holistic approach started at the state level by simultaneously implementing several (or all) of the county alternatives identified in this thesis. I recommend that each county place a large amount of emphasis on expanding unpaid work activities, as this is the highest scoring county alternative. However, I also believe that some combination of sanction re-engagement, specialized units or caseworkers, subsidized employment programs, and incentives for recipients should be implemented by each county at the same time as the expansion of unpaid work opportunities occurs. Because each of these four alternatives received the same score, counties may want to complete an assessment of their welfare caseload in order to determine which alternatives are best suited to their needs. For example, a county with a high level of sanctioned cases may benefit most from implementing a sanction re-engagement program.

However, practical concerns such as cost to the county may get in the way of this recommendation, unless it is supported by the State. Four of the five alternatives identified in my county level analysis have a moderate level of implementation or maintenance costs associated with them, which may be a concern for counties struggling with fiscal matters. Any savings in penalties associated with these changes will not become apparent until several years after implementation, while the costs associated with these alternatives will be felt immediately. For some counties, allocating additional funds to welfare is simply not possible right now. All five of these county level alternatives are a vital part of any holistic approach aimed at improving California's WPRs, but as I discuss in Recommendation 2, it will be absolutely necessary for the State to provide funding and support to counties in order for these alternatives to be successfully implemented and maintained.

Conclusion

Difficulty achieving federally mandated welfare work participation rates is a problem that has plagued California for more than five years, resulting in a multitude of financial penalties for the State. The problem has existed for too long without receiving adequate attention from the State, given that the failure to achieve appropriate WPRs indicates that the California is not helping its caseload move towards self-sufficiency through successful employment. Thankfully, many of the financial and political barriers that formerly prevented California from resolving this problem have been removed or lessened in recent months, making the present an opportune time to address this problem.

My analysis in this thesis has found that California's WPR problem can likely be fixed through the simultaneous implementation of a series of state and county level strategies, which would have the potential to resolve the problem within the next fiscal year. My research indicates that solving the WPR problem would be relatively simple and low-cost, with the added bonus that many of the financial and political barriers to resolution have been removed, suggesting that California has no reason not to address this problem immediately.

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