



Center *for* Public Policy Priorities

---

**THE NEGATIVE IMPACT OF FULL-FAMILY SANCTIONS ON THE  
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES PROGRAM  
IN TEXAS**

Submitted to:

**Subcommittee #1 on Health & Human Services  
California Assembly Budget Committee**

Celia Hagert  
Senior Policy Analyst

Center for Public Policy Priorities  
900 Lydia Street  
Austin, Texas 78702  
(512) 320-0222  
[www.cppp.org](http://www.cppp.org)

March 28, 2007

Madam Chair, members of the committee, thank you for the invitation to testify today about the impact of the full-family sanction policy on Texas' TANF program.

I am Celia Hagert, a senior policy analyst with the Center for Public Policy Priorities in Austin, Texas. The center is a non-profit, non-partisan research organization committed to improving public policies and private practices to better the economic and social conditions of low- and moderate-income Texans.

I'd like to begin my testimony by emphasizing that the primary goal of TANF – in Texas and in every state – should be to reduce poverty through work, which requires getting recipients into jobs that bring their families above the poverty level. By the same token, the measure of success in a state's TANF program should be its achievement in putting families on the path to self-sufficiency. Any policy decision must be evaluated for its ability to help the state achieve this goal.

Unfortunately, many policymakers view caseload decline as the primary or only measure of success in a state's TANF program. Too often, policies that produce dramatic and immediate caseload declines are applauded without further scrutiny. By itself, however, caseload decline does not indicate whether a state is doing a good job or a bad job. To know if declines are good or bad, one must know why caseloads are declining. If they are declining because a state is moving more families off welfare and upward economically, that is a good thing. If they are declining because a state has pushed families off the program, leaving them jobless and in poverty, that is a bad thing. It is in this context that Texas' full-family sanction policy should be evaluated.

On every measure of success, Texas' full-family sanction policy has been an unqualified failure. First and foremost, it has not put more families on the path to self-sufficiency. Second, it has only improved compliance with program requirements by forcing vulnerable families off the program. Third, it has not helped Texas meet federal work participation rates, and may have made it harder to meet federal requirements. And, finally, it has hurt tens of thousands of vulnerable Texas children by causing them to lose cash assistance.

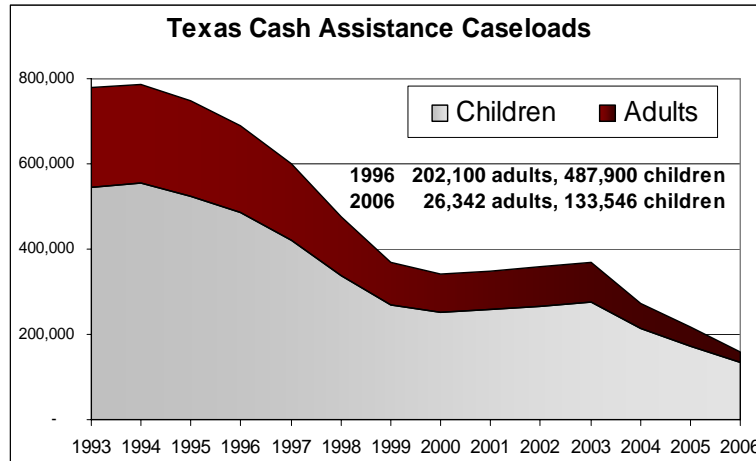
Full-family sanctions can only be judged in the broader context of the TANF program's success at getting poor parents into the workforce. Let me offer as an analogy a high school's efforts to improve its graduation rates. For example, a high school that achieves a 100% graduation rate by pushing out 50% of the students before their senior year, is not doing its job. Likewise, a workforce system that achieves a high program compliance rate, but does so only by pushing 50% of its clients off the rolls, is not doing its job. A state should evaluate its workforce system the way it judges its school system.

## **Texas' TANF program**

It would probably be useful at this point to provide you with some basic background on the TANF program in Texas. Like California, most TANF recipients in Texas are children. More than 116,000 of the 140,000 Texans (84%) who received cash assistance in February 2007 were children. Texas has one of the most limited and punitive welfare programs in the country, with highly restrictive eligibility criteria and meager benefits.

Since TANF was created 10 years ago, Texas has focused almost exclusively on reducing welfare caseloads and has made only limited investments in services to help families advance in the workforce and escape poverty. TANF caseloads have fallen 75% since 1996 (see Figure 1).

**Figure 1. Impact of Texas welfare reform policies on TANF caseloads**



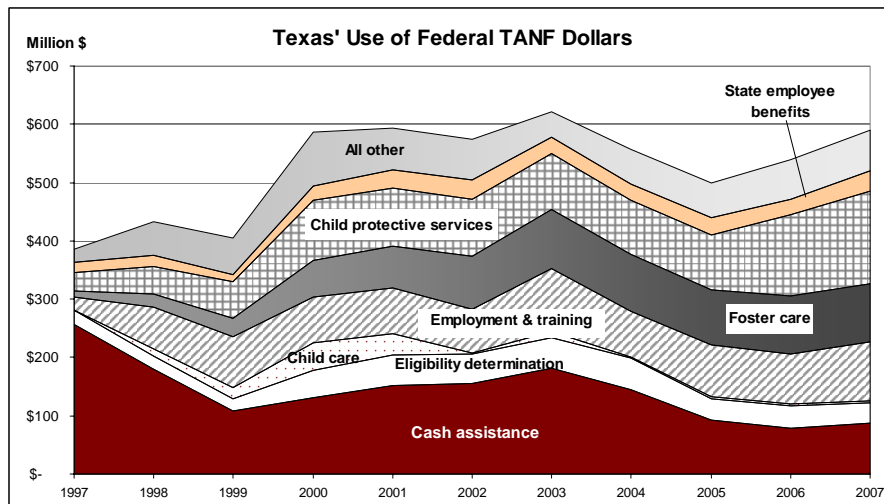
Our work program, known as “Choices,” emphasizes a “job-first” first approach, often at the expense of meaningful skills development and career-based training. Though this approach has succeeded in getting the most employable TANF adults into low-wage jobs, it has also limited the recipients’ opportunities to attain the skills and credentials they need to become self-sufficient. In 2006, only 9% of Texas TANF recipients were involved in education or training activities related to employment. As a result, the vast majority of adults who leave TANF for work in Texas have below-poverty earnings; many have trouble staying employed and return to welfare within six months of leaving TANF. In 2005, the average wage of employed TANF “leavers” was \$7.08 per hour—well below poverty for a family of three (Table 1).

**Table 1: Selected TANF welfare-to-work outcomes**

Percentage of recipients involved in education or training activities, FY 2006	9%
Average wage of employed TANF “leavers,” FY 2005	\$7.08
Percentage of adults without a job 6 months after leaving TANF (2001 survey)	54%

Over the last decade, Texas has systematically reduced TANF caseloads in order to reduce spending on cash assistance and “free up” federal TANF funds for other uses in the state budget. Less than 15% of Texas’ TANF block grant is currently spent on basic cash assistance, compared to 67% ten years ago. In contrast, 44% of the block grant is now spent on child protection and foster care, compared to only 10% in 1997 (see Figure 2). As worthy as these programs are, they are not the core purpose of the TANF program. Moreover, they are back-end programs, necessitated by our failures on the front-end to use TANF to lift families out of poverty.

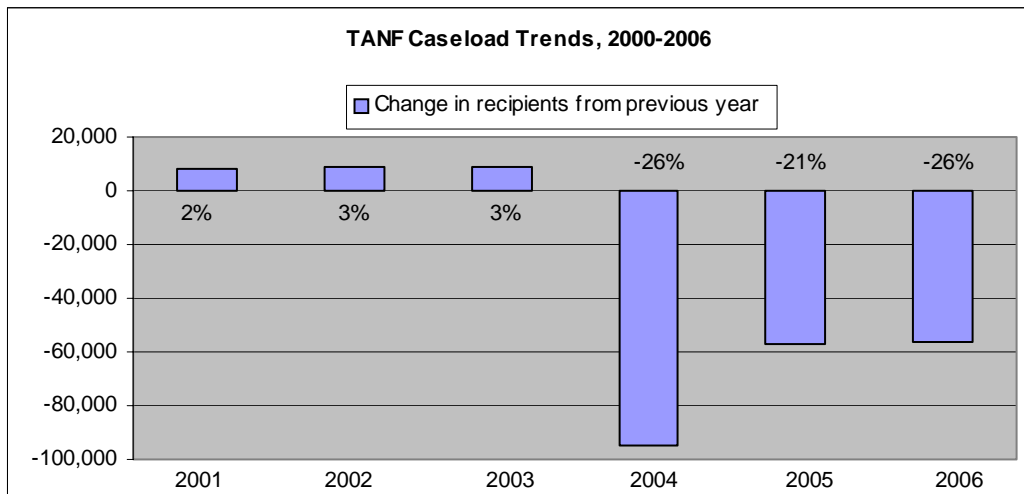
Figure 2. The changing use of federal TANF dollars in Texas



**Texas adopted full-family sanctions primarily as a tool to reduce caseloads and cash assistance costs**

When Texas adopted the full-family sanction policy, state officials claimed it was to improve compliance with program requirements, put more families to work, and help the state meet federal work participation rates. In reality, lawmakers adopted the policy as a tool to reduce caseloads and cash assistance costs. When the economy began to slow in 2000, caseloads began to rise, growing 7% between 2000 and 2003. The full-family sanction policy reversed this trend: since the policy was adopted in October 2003, caseloads have plummeted, falling 51% between fiscal 2003 and fiscal 2006 (Figure 3). Almost two-fifths (37%) of this decline is the result of full-family sanctions.

Figure 3: Caseload growth is reversed by full-family sanction policy



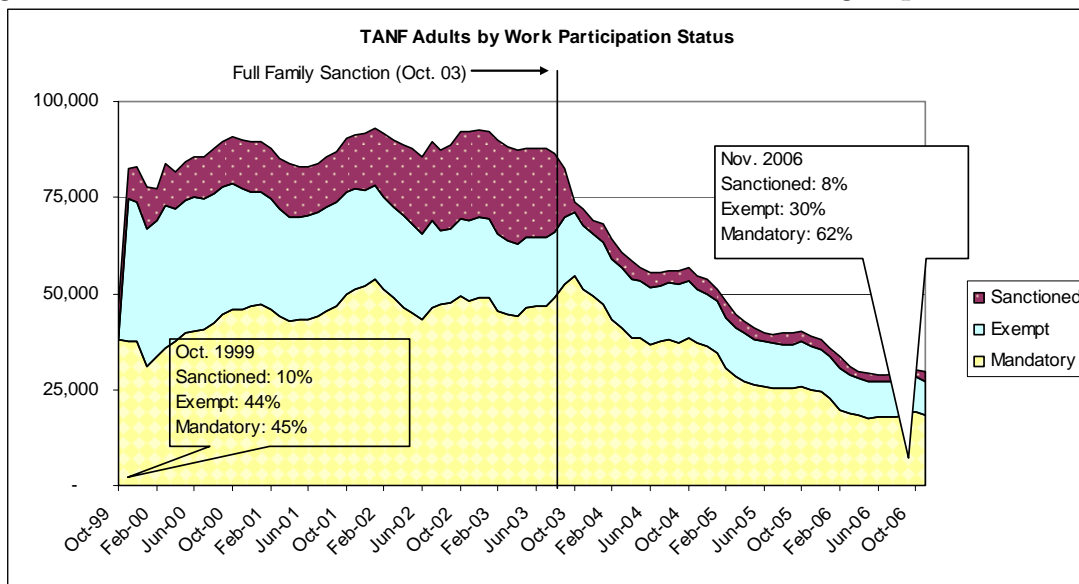
The full family sanction policy has only improved compliance by forcing families off the program; in doing so, it has failed to put these families on the path to self-sufficiency.

You have no doubt heard Texas officials claim that the full-family sanction has “worked,” because it has increased compliance with program rules, in particular the work requirement. In support of this argument, they provide statistics on the compliance rate. However, if you look at *all* of the data, along with the research that has been done with sanctioned families, a different story emerges.

Before full-family sanctions, 30% of “mandatory adults” subject to the work requirement in Texas failed to meet that requirement. In October 2003, the month after full-family sanctions were implemented, non-compliance dropped to 5%. Since then, the average monthly non-compliance rate has been 11%. While supporters of full-family sanctions point to the “improved” compliance rate as a desirable policy outcome, in fact, it is just the opposite.

While the compliance rate has improved, the number of adults served in the Choices work program has dropped 64% over the last three years. In fiscal 2003, Choices provided employment services to approximately 70,000 adults each month; by 2006 the program served a monthly average of only 23,000 adults (Figure 4). These data strongly suggest that the high compliance rate has been achieved by forcing families off the program when they have difficulty complying with program rules. In other words, the full-family sanction has not lead to compliance with the rules, but to expulsion from the program.

Figure 4. Full-family sanctions reduce the number of adults receiving employment services



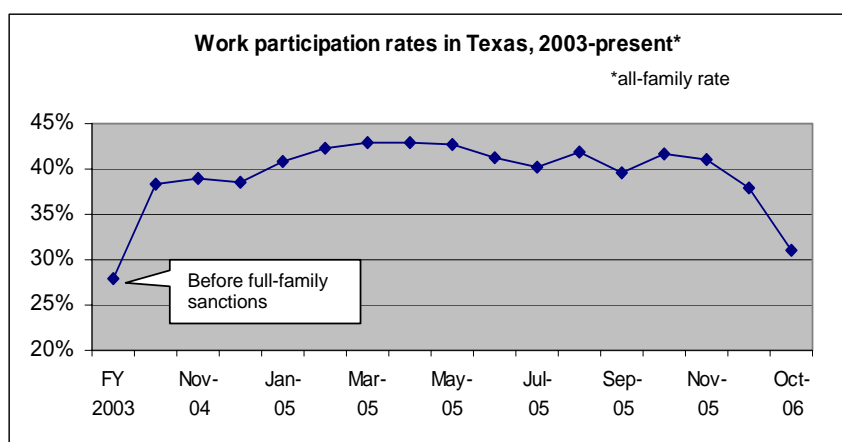
Research with sanctioned families in Texas and other states support this conclusion. These studies indicate that sanctioned families are more likely to face severe barriers to finding and keeping a job, including lack of transportation, child care problems, borderline disabilities, physical and mental health problems, and chemical dependency. The hardest-to-serve parents are also those whom states should do their best to reach—they are the very families TANF is intended to serve. However, excessively harsh and punitive sanctions serve the opposite purpose: they not only deprive the

neediest parents of critical cash assistance, but also sever their connection to employment services and other supports offered by TANF, further impeding these parents' ability to work and care for their children.

### **The full-family sanction policy has not led to sustained improvement in Texas' work participation rate and may even have made it harder to meet federal requirements.**

The full-family sanction initially improved Texas' work participation rate, but has failed in the long-run to sustain this improvement. In the year following the adoption of the full-family sanction policy, the work participation rate improved from 28% to 38%. Then it stagnated, varying between 38% and 42% over the course of fiscal 2005. Over the past year, work participation has fallen again, dropping to 31% in October 2006.

**Figure 5. Work participation rates improve, then worsen**



The recent decline in the work participation rate is largely the result of changes in the composition of Texas' welfare caseload, which has changed significantly as time limits and sanction policies have cut off welfare to thousands of adults. For example, in fiscal 2006, 60% of the caseload was child-only cases, compared to only 24% in 1997. In a nutshell, Texas has too few able-bodied adults participating in its work program, largely the result of sanctions, and too many families on welfare who are not required to work, either because the parent is disabled or is only receiving assistance on behalf of the child. This has made it more difficult for Texas to meet the federal work participation rates.

### **The full family sanction policy has hurt Texas' most vulnerable children, causing tens of thousands to lose cash assistance.**

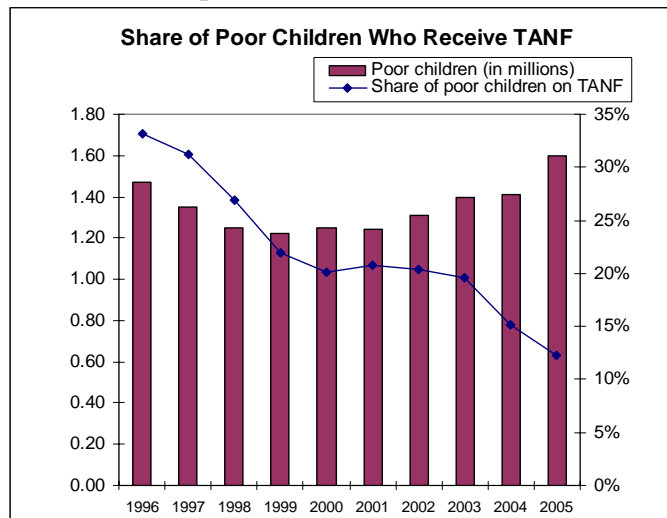
Perhaps the most devastating effect of full-family sanctions is the harm it has done to Texas' most vulnerable children. Since the full-family sanction was adopted in 2003, more than 155,000 children have lost cash assistance, a 57% decline in the child caseload. Almost two-fifths (37%) of these children – more than 57,000 kids – lost their benefits because their family was sanctioned off the program (Table 2).

**Table 2. Children and Adults who lost benefits due to full family sanctions**

2003-2006	Children	Adults
Total caseload decline	155,345	66,290
Percent of caseload reduction due to sanctions	37%	35%
<b>Number of recipients who lost benefits due to sanctions</b>	<b>57,924</b>	<b>23,256</b>

The recent growth in child poverty also suggests that Texas' TANF policies overall have been harmful to poor children. While child poverty declined in the mid-1990s, it has increased since 2000, as has the number and share of Texas children living in extreme poverty (below 50% of the poverty level). As a result, TANF now helps a smaller share of poor families than ten years ago. Cash assistance reached 33% of Texas' 1.5 million impoverished children in 1996. By 2005 only 12% of poor children in Texas received TANF.

**Figure 3. Share of poor children in Texas who receive TANF**



## Conclusion

In conclusion, the full-family sanction is a failed policy that has harmed the extremely poor and vulnerable families TANF is intended to help. The policy has not helped Texas achieve the primary goal of TANF – to put more families on the path to self-sufficiency. In fact, it has accomplished the opposite. Full-family sanctions have forced families off the program in droves, in effect reducing the number of adults provided employment opportunities through the TANF work program. In the meantime, the families of tens of thousands of poor children have lost the very help they need to care for their kids.

---

## Sources

Caseload and administrative data are from the Texas Health and Human Services Commission ([www.hhsc.state.tx.us](http://www.hhsc.state.tx.us)) and the Texas Workforce Commission ([www.twc.state.tx.us](http://www.twc.state.tx.us)).

Selected welfare-to-work outcomes are from the Legislative Budget Board Staff Report. “Texas Government Effectiveness and Efficiency Report,” January 2007, page 65 ([http://www.lbb.state.tx.us/Performance%20Reporting/TX\\_Govt\\_Effective\\_Efficiency\\_Report\\_80th\\_0107.pdf](http://www.lbb.state.tx.us/Performance%20Reporting/TX_Govt_Effective_Efficiency_Report_80th_0107.pdf)) and *Texas Families in Transition*, Texas Department of Human Services, January 2002.

Poverty and population data are from the U.S. Census Bureau.

Research on sanctions cited is from the U.S. Department of Health and Human Services, Administration for Children and Families, and Mathematica Policy Research, Inc., “Review of Sanction Policies and Research Studies,” March 10, 2003.