Welfare Time Limits

An Update on State Policies, Implementation, and Effects on Families

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Overview

One of the most controversial features of the 1990s welfare reforms was the imposition of time limits on benefit receipt. Time limits became a central feature of federal policy in the landmark 1996 welfare law, which created the Temporary Assistance for Needy Families (TANF) block grant. The law prohibits states from using federal TANF funds to assist most families for more than 60 months. Under contract to the Administration for Children and Families (ACF) in the U.S. Department of Health and Human Services, The Lewin Group and MDRC have conducted a comprehensive review of what has been learned about time limits. The review, which updates a 2002 study, includes analysis of administrative data reported by states to ACF, visits to several states, and a literature review. The update is timely because most states now have several years' experience with time limits.

Federal law affords states great flexibility in setting time-limit policies. The federal 60-month limit does not apply to state-funded benefits; also, states may use federal TANF funds to support up to 20 percent of the caseload beyond 60 months. Thus, states may set a 60-month time limit, a shorter limit, or no time limit, and they may choose to exempt families from time limits. Not surprisingly, time-limit policies vary dramatically from state to state. Other key findings from the study include:

- **Nationally, a large proportion of TANF households are not subject to time limits, but time limits play a key role in some states.** About 44 percent of TANF households are not subject to federal or state time limits because they are "child-only cases" — typically, children living with a relative or families in which the parent is not eligible for benefits. In addition, about half of TANF families live in states that rarely or never close families' cases because of time limits. On the other hand, a quarter of TANF families live in states that usually terminate benefits after 60 months, and nearly as many are in states with shorter limits.

- **Nationally, at least a quarter million TANF cases have been closed due to reaching a time limit since 1996, although about one-third of these closures have occurred in New York, which routinely transfers cases to a state and locally funded program that provides the same amount of benefits as TANF.** Most other states do not routinely provide such post-time-limit assistance. It is important to note that time-limit closures account for only 2 to 3 percent of all closures in a typical month. Recipients whose cases are closed due to time limits differ from other welfare leavers in key ways; for example, they are less likely to have a high school diploma and are more likely to live in subsidized housing.

- **Many of the families whose TANF cases were closed due to time limits are struggling financially and report being worse off than they were while on welfare.** Several state surveys have found that many families whose cases were closed due to time limits are experiencing material hardships and are still relying heavily on other forms of public assistance, such as food stamps. However, it is not clear that families who left TANF because of time limits are struggling more than other welfare leavers, most of whom remain poor as well.

Overall, it appears that time limits have not generated as much attention or hardship as some predicted. This is in part because several large states do not have stringent time-limit policies; also, other policies — such as stricter penalties for noncompliance with work requirements — affect more families. Nevertheless, it is important to keep following the story of time limits, especially as states redesign their programs in response to the reauthorization of TANF in 2005.

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The Temporary Assistance for Needy Families (TANF) time-limits report would not have been possible without the support of staff in the welfare departments of several states. Special thanks are owed to the seven states and one territory that agreed to participate in the site-visit component of the report. Central office and local staff in those sites provided detailed information on each state's time-limit policies, and they patiently and candidly discussed their experiences with time limits. There is not enough space to mention everyone who contributed, but we gratefully acknowledge the assistance rendered in the sites by the following individuals.

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Glossary

AFDC; Aid to Families with Dependent Children: Established by the Social Security Act of 1935, a grant program to enable states to provide cash welfare payments for needy families. State expenditures were matched by the federal government on an open-ended basis. States defined "need," set their own benefit levels, established (within federal limitations) income and resource limits, and administered the program or supervised its administration. This program was replaced by the Temporary Assistance for Needy Families (TANF) program. Also see "TANF."

child-only families: Families in which only the children, and not the adults, are included in the TANF assistance unit.

commingled funds: State funds that are expended within the TANF program and are commingled with federal funds. These expenditures may count toward both the state's maintenance-of-effort (MOE) funds and its Contingency Fund MOE. Commingled funds are subject to the federal TANF rules. Also see "segregated funds."

Contingency Fund: A source of funds states may request and receive when unfavorable economic conditions threaten their ability to operate their TANF program. To qualify for contingency funding, a state must meet and exceed the Contingency Fund MOE requirement. Also see "Contingency Fund maintenance of effort (MOE)" and "state MOE funds."

Contingency Fund maintenance of effort (MOE): The requirement that, in order to be eligible for contingency funding for TANF administration, states must spend at least 100 percent of the amount that they spent for Fiscal Year 1994 on AFDC and AFDC-related programs.

earned income disregard: The amount of wages or salary income that is not taken into account when determining eligibility for TANF benefits.

exemption from the time limit: A circumstance under which a month of TANF assistance does not count toward a family's time limit on benefits.

experimental study: A study in which clients are randomly assigned to treatment and control groups in order to test the impacts of policy interventions. Because the clients are randomly divided between the groups and implicitly create equivalent cohorts, any impacts experienced by the treatment group in relation to the control group can be attributed to the policy intervention.

extension of the time limit: A circumstance under which TANF assistance may be continued even though a family has reached their time limit on benefits.

federal time limit: A lifetime limit of 60 months of federal TANF assistance for most families with an adult recipient.

lifetime time limit: A state or federal time limit that permanently terminates or reduces a family's TANF grant.

non-TANF assistance: Assistance funded not with federal TANF dollars but with state MOE funds provided through a separate state program (SSP). Individuals in such programs are not subject to the federal time limits or to rules about child support assignment. Until October 2006, such families were not included in calculations of the work participation rate. Also see "separate state program."

periodic time limit: A time limit that terminates or reduces TANF benefits for a fixed period, after which regular assistance can again be provided. For example, a state may limit benefits to 24 months in a 60-month period. Also see "reduction time limit" and "termination time limit."

random assignment study: See "experimental study."

reach the time limit: A circumstance under which a family has accumulated the allotted months of TANF assistance (that is, has accumulated countable months of assistance equal to the time limit).

reduction time limit: A time limit that results in the reduction of a family's welfare benefits, usually by removing the adult from the grant calculation.

sanctions for noncompliance with work activities: The financial penalties imposed on families who refuse, without good cause, to participate in work activities. State sanctioning policies vary and range from partial sanctions, which reduce the grant amount, to full-family sanctions, which terminate cash assistance to the entire family.

segregated funds: State funds expended within the TANF program that are segregated and not commingled with federal funds. Such expenditures count for the purposes of both TANF MOE and Contingency Fund MOE. They are not subject to the TANF requirements that apply only to federal funds (including time limits). Also see "commingled funds."

separate state program (SSP): A program using MOE funds without any TANF funds. Expenditures on SSPs can help states meet the MOE requirement, but the federal time-limit policy does not apply. Also see "non-TANF assistance."

solely state-funded (SSF) program: A program using state funds to provide non-TANF assistance that is not reported as MOE. States began implementing SSF programs after changes were made to the TANF program in the Deficit Reduction Act (DRA) of 2005 that effectively increased the work participation rate that states were required to meet and began counting families receiving assistance through an SSP in the work participation calculation. Also see "separate state program."

state MOE funds: Expenditures of state funds that count toward the maintenance-of-effort (MOE) requirement. Under the basic MOE requirement, states must spend 80 percent of Fiscal Year 1994 spending (75 percent, if they meet work participation requirements) on qualified state expenditures to eligible families.

state waivers: Waivers received under the former AFDC program that authorized the state to test a variety of welfare reform strategies. To the extent that the TANF time limit is inconsistent with the state's waiver time limit, the state has been allowed to follow its waiver policy rather than the TANF policy, until the expiration of the waiver.

TANF; Temporary Assistance for Needy Families: A federal block grant created by the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) to be used by states to meet any of the four purposes set out in federal law: (1) to provide assistance to needy families with children so that children can be cared for in their own homes or in the homes of relatives; (2) to end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage; (3) to prevent and reduce out-of-wedlock pregnancies; and (4) to encourage the formation and maintenance of two-parent families. Also see “AFDC.”

TANF assistance: Cash payments, vouchers, and other forms of benefits paid for with TANF funds and designed to meet a family’s ongoing basic needs (that is, for food, clothing, shelter, utilities, household goods, personal care items, and general incidental expenses), including supportive services such as transportation and child care provided to families who are not employed. Some TANF requirements — the assignment of a recipient’s child support to the state, work participation, and data collection on recipient families — apply when federal TANF or state MOE funds pay for “assistance” provided under the TANF program. Other TANF requirements — including the 60-month time limit and teen parent restrictions — apply only when federal or commingled funds are used for “assistance.” This does not include assistance paid for from a separate state program.

TANF nonassistance: Services and benefits that are paid for with TANF funds and that do not count as assistance and so are not required to be terminated under the time limit. These include work subsidies, nonrecurrent short-term benefits lasting no more than four months, supportive services such as child care provided to families who are employed, refundable Earned Income Tax Credits (EITCs), contributions to Individual Development Accounts (IDAs), certain transportation benefits to individuals not otherwise receiving assistance, and such services as case management and job retention, job advancement, and other employment-related services that do not provide basic income support. TANF nonassistance does not include services and benefits that are paid for from a separate state program.

termination from cash assistance: The cancellation of a family’s entire cash grant.

termination time limit: A time limit that results in the cancellation of a family’s entire welfare grant.

work activities: All activities that will satisfy an individual’s obligation to participate in employment-related activities under the state policy, including unsubsidized employment, subsidized private sector employment, subsidized public sector employment, work experience, on-the-job training, job search and job readiness assistance, community service, vocational educational training, job skills training, education related to employment, and completion of high school or a General Educational Development (GED) program.

work participation rate: The percentage of TANF families participating in work activity, among those required to participate. To count toward the work participation rate, a family must include an adult or minor head of household who is engaged in qualified work activities for at least 30 hours per week, or for 20 hours per week if the head of household is a single parent with a child under 6 years of age.

Executive Summary

Time limits on benefit receipt became a central feature of federal welfare policy in the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA). Proponents of welfare reform argued that the time limits in the new Temporary Assistance for Needy Families (TANF) program, which replaced Aid to Families with Dependent Children (AFDC), would send a firm message to recipients that welfare is intended to be temporary and that, when presented with a deadline, recipients would find jobs or other sources of support. Conversely, critics pointed out that many welfare recipients have low levels of education and skills and other personal and family challenges that make steady work difficult, and they predicted that time limits would cause harm to many vulnerable families.

This report provides a comprehensive examination of what has been learned to date about time limits: the implementation of state policies, the number of families affected by time limits, the effects of time limits on employment and welfare receipt, and the circumstances of families whose welfare cases have been closed because they reached a time limit. It updates a study conducted in 2002 that examined states' and families' early experiences with TANF time limits. The earlier study included a survey of state welfare administrators to obtain information on states' time-limit policies and their experiences implementing the policies.

The Lewin Group and MDRC produced this report for the U.S. Department of Health and Human Services (HHS) Administration for Children and Families (ACF).[1] Through this study, findings from the earlier survey were updated with information from 2005 TANF state plans and calls to selected states. States were categorized according to their time-limit policies and how they implemented these policies. HHS funded three other activities: (1) analysis of the monthly TANF administrative data that states must report to ACF on a quarterly basis, (2) site visits to seven states and one territory to examine the implementation of time limits, and (3) a synthesis of the existing research on time limits.

This update is timely because most states now have several years of experience, under varying economic conditions, with the federal 60-month lifetime time limit on the receipt of cash assistance. Designed to serve as a resource for policymakers, administrators, advocates, journalists, researchers, and other interested parties at the federal, state, and local levels, the report addresses the following questions:

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[1] Dan Bloom, Mary Farrell, and Barbara Fink with Diana Adams-Ciardullo, *Welfare Time Limits: State Policies, Implementation, and Effects on Families* (Washington, DC: U.S. Department of Health and Human Services, Administration for Children and Families; and New York: MDRC, 2002).

- How are states implementing time limits? What messages are they sending to recipients about time limits? Are they granting many exemptions and extensions? What processes do states use to determine which families qualify for these exceptions?

- How many families are subject to the federal time limit? How many cases have closed after reaching the time limit?

- What characteristics are associated with accumulating months of assistance, reaching the federal time limit, and being terminated as a result of reaching the time limit?

- How do time limits affect patterns of employment, welfare receipt, income, and other outcomes among current and potential welfare recipients?

- How are families faring after losing TANF benefits due to time limits? Are they better or worse off than when they received welfare? How do these families whose cases closed because of time limits compare with other families who left welfare voluntarily?

Key Findings

The final TANF regulations following enactment of PRWORA gave states considerable flexibility in terms of how they can structure their TANF programs to meet state goals as well as the requirements established by PRWORA. The Deficit Reduction Act (DRA) of 2005 reauthorized the TANF program and changed the formula used to calculate which families count in the work participation rate, but DRA did not change the basic time-limit rules.

States' Time-Limit Policies

While PRWORA prohibits states from using TANF block grant funds to provide assistance to most families in which an adult is included in the TANF cash grant for longer than 60 months, it allows states broad flexibility in designing time-limit policies. States can impose a 60-month time limit, a shorter time limit, or no time limit. They can exempt certain categories of recipients from their time limits or can grant extensions of benefits to families who reach the limit. Such flexibility exists in large part because time limits do not apply to assistance that is paid for with state funds and because states are allowed to use federal funds to extend assistance to up to 20 percent of their caseload beyond the federal time limit. In reality, the federal time limit is not a limit on individual families but, rather, a fiscal constraint that shapes state policy choices.

- **States have developed varying approaches to time limits.**

In federal Fiscal Year (FY) 2005, 24 percent of adult-headed families who were receiving TANF assistance lived in states that terminate assistance at 60 months; 22 percent lived in states with a time limit shorter than 60 months, resulting in termination; and 47 percent lived in states that have established a time limit but routinely allow families to receive some assistance after reaching 60 months. About 2 percent lived in a state (Indiana) that provides reduced benefits after families reach a 24-month time limit, and 5 percent lived in the two states (Michigan and Vermont) that had not established a time limit on benefits in their state TANF plans at the time that the analysis for this report was conducted. Michigan implemented a 48-month time limit on October 1, 2007.

The largest states that do not terminate assistance after reaching 60 months are California and New York. California removes the adult from the case but continues to provide assistance for children's needs. New York allows families who reach the time limit to transition to a state and locally funded safety net program that provides the same benefit levels as the state's TANF program, although part of the benefit is in the form of vouchers for such expenses as housing and utilities, rather than in cash. Other states that allow families to receive some assistance after 60 months may limit it to families who are compliant with program requirements or who face certain barriers to employment.

The Implementation of Time Limits

To obtain more detailed information, Lewin and MDRC conducted interviews with welfare administrators, supervisors, and line staff in seven states and one territory — Arkansas, Connecticut, Missouri, Puerto Rico, Texas, Utah, Virginia, and Washington — building on field research from the 2002 study of time limits. The implementation research focused on the following topics: how the time-limit message is communicated, how exemptions are handled, working with cases approaching the time limit, the extension process, and what happens after recipients reach the time limit. The implementation of time-limit policies varies considerably across states and even from welfare office to welfare office within states. Key findings from the discussions with staff in these seven states and Puerto Rico are discussed below.

- **States provide exemptions from or extensions to their time limits for certain groups of families, but the policies and processes for identifying families differ from state to state.**

Most states grant time-limit exemptions or extensions for recipients facing certain barriers to employment, such as medical problems or domestic violence, but the processes for identifying and verifying such problems are quite different from state to state. Agencies also vary in the extent to which they encourage staff to be proactive in uncovering employment barriers;

many of the states visited reported relying primarily on recipients to self-report barriers. Many of these states also grant extensions or exemptions to recipients who comply with program rules but do not have jobs when they reach the time limit. However, states define compliance in different ways.

- **Staff reported that recipients' awareness of time limits has increased over time, especially in states where many families have been terminated from assistance. The way in which states implement extension policies affects the messages that staff convey to recipients about the time limit.**

In states that have granted extensions to most recipients reaching time limits, staff reported that the time-limit policies no longer seem credible and that they do not discuss the policies frequently with recipients. In states that grant few extensions, caseworkers report that while they generally consider each case for an extension, they rarely recommend extensions, and so they discuss the time limit more emphatically. In these states, when TANF was first implemented, staff report that recipients were less concerned with time limits, but, more recently — as terminating families who reach the time limits becomes more common — recipients (even those who had never received TANF before) generally understand and accept that assistance is time-limited.

In some states visited for this study and the previous time-limits study, caseworkers reported that recipients understand the general features of the policy but that it is difficult to explain the details, including multiple time limits in states with periodic time limits, the interaction between federal and state time limits, and extension policies.

- **When TANF agencies rely on workforce agencies to deliver employment services, the time-limit message may be diluted.**

Some state TANF agencies have partnered with state and local workforce agencies to deliver employment services to TANF recipients. Administrators hope that this shift will capitalize on workforce staff's knowledge of the local labor market to help recipients quickly find employment. In some cases, TANF staff report that the messages about time limits become less prominent as recipients interact primarily with staff outside the TANF agency.

Families Reaching Time Limits

All states, the District of Columbia, Puerto Rico, and the Virgin Islands report information on their TANF caseloads to ACF. The data provide information on the extent to which families are subject to federal time-limit provisions, how many months of assistance accrued toward the federal time limit, how many families have reached 60 months, and how many families have been terminated from assistance. Key findings from analyses of these data reported to ACF for FY 2005 include the following:

- **About half of all TANF assistance cases are subject to the federal time limit.**

Of 1.9 million families receiving TANF assistance in FY 2005, approximately 52 percent were subject to the federal time limit. Approximately 44 percent were child-only cases and thus exempt from time limits. The remaining 4 percent were exempted from accruing months because they received assistance funded with state-only segregated funding, due to a state waiver policy, or because they lived in Indian Country or an Alaskan village experiencing high unemployment.

Another 168,000 families received non-TANF assistance from a separate state program (SSP) and thus were not subject to federal time-limit provisions. States created SSPs to serve a variety of groups, including two-parent families, noncitizens, and families exempt from work participation requirements. One of the changes brought about by DRA requires that all families with an adult or minor head of household receiving assistance funded within an SSP be included in the denominator when calculating the state's work participation rates.

- **Only a small portion of TANF assistance cases have at least 60 months of assistance.**

In a given month in FY 2005, approximately 4.5 percent of TANF assistance cases (and 8.0 percent of all adult-headed families) had received at least 60 months of assistance. No state had reached the 20 percent cap for granting extensions beyond 60 months due to hardships by FY 2005, although a small number of states were approaching the cap.

- **Compared with those who have accumulated fewer months, families who have reached 60 months are headed by individuals who are older, on average; have lower levels of education; are more likely to have a disabled family member; and are more likely to be living in public housing or receiving a rent subsidy.**

State policies are as important as demographic characteristics in understanding the accumulation of months. For example, families who live in states that have termination time-limit policies that cancel the family's entire welfare grant or that have strict sanctioning policies that close the cases of recipients who are deemed noncompliant with work requirements are significantly less likely to reach 60 months than families who live in states that have more lenient policies.

- **Since PRWORA was enacted, at least a quarter million cases have been closed due to reaching either a state or a federal time limit, although about one-third of the closures occurred in New York, which routinely provides post-time-limit assistance funded through an SSP.**

In FY 2005, time-limit closures made up only 2 percent to 3 percent of all closed cases in a given month. Of all cases closed due to time-limit policies through FY 2005, about 80,000 (or about 30 percent of total closures) occurred in New York, which transferred most of these cases to a safety net program that provides the same level of benefits as TANF, although only partly in cash. Other states provide alternative forms of assistance. For example, Connecticut provides a limited number of vouchers to pay for rent or other necessities for families who are terminated from assistance. In addition, some states allow families who reach the 60-month lifetime limit to return to TANF if their circumstances change. It is important to note that the state administrative data do not capture all time-limit closures and thus underestimate the total case closures due to reaching time limits.

- **Families whose benefits were terminated because of time limits were more likely than all other case closures to lack a high school education, to have never married, to be living in public housing or receiving a rent subsidy, and to be African-American.**

Prior studies of welfare leavers found similar results. These characteristics overlap, however, and it is not clear which are independently associated with reaching a time limit or having one's benefits canceled. The data do not show the extent to which these families had other sources of financial support at the time of closure.

Effects of Time Limits on Employment and Welfare Receipt

Research on the impact of welfare reform policies — including time limits — on employment, welfare receipt, and other outcomes is largely limited to work conducted in the 1990s, when states were granted waivers to the AFDC rules, allowing them to impose time limits on benefit receipt. Because time limits were implemented as part of a package of other welfare reforms under these waivers, it is not possible to isolate their effects. Nevertheless, data from these studies suggest several tentative conclusions:

- **There is some evidence that time limits can encourage welfare recipients to find jobs and leave welfare more quickly, even before reaching the limit; however, the magnitude of this effect is not clear.**

Results from the early studies of waiver demonstrations found some evidence of "anticipatory" effects of time limits. These demonstrations were evaluated using a rigorous, random assignment research design, whereby families were assigned to a program group that was subject to the welfare reform policies (including the time limit) or to a control group that was subject to the previous welfare policies. The studies found that program group members were more likely to work than control group members. It is impossible to say whether these effects were driven by time limits, however, because the programs also included other major policy changes that promoted employment (such as expanded work requirements and services, changes to earned income disregards, and changes in sanctioning policies).

A series of econometric "caseload" studies used data on state policies, caseloads, and economic conditions to try to isolate the effects of welfare reform, and most of the studies found that welfare reform and the strong economy contributed to the decline in welfare caseloads. However, very few of these studies attempted to isolate the impact of time limits.

- **It does not appear that the cancellation of welfare benefits at a time limit induces many recipients to go to work in the short term.**

Two random assignment studies followed program and control group members for four years. (The studies examined Connecticut's statewide Jobs First program, which had a 21-month time limit, and a Florida pilot program, the Family Transition Program [FTP], with 24- and 36-month time limits.) In neither case did the program's effects on employment grow substantially when people began reaching the time limit and having their benefits canceled, suggesting that few people were induced to work by benefit termination.

- **Welfare reform initiatives with time limits have generated few overall effects on family income, material hardship, or household composition in the period after families began reaching the limits, although it is not possible to isolate the effects on families whose benefits were terminated.**

Neither Connecticut's Jobs First program nor Florida's FTP generated consistent overall effects on family income or material well-being in the post-time-limit period, although there is evidence that small groups of families may have lost income as a result of the programs. These results do not mean that program group members who reached the time limit lost no income when their benefits were cut off but, rather, that the program group as a whole (including those who did not reach the time limit) had about the same income, on average, as the control group. In addition, the programs had few effects on fertility, on marital status, or on the well-being of elementary-school-age children.

The Circumstances of Families After Time Limits

Key questions concerning the effects of time limits deal with the well-being and circumstances of families after their benefits are terminated. Although a number of state and federal studies provide information on post-welfare circumstances, most of these studies were conducted in the 1990s, when the labor market was very strong. Most of the studies focus on recipients who reached state time limits of fewer than 60 months; some states granted many extensions to these early time limits. The clients who reach time limits today may be very different from earlier clients, given the great diversity in the ways that states now implement time limits, implement diversion programs, prepare clients for work, and counsel them about time limits. Key findings from these early post-welfare studies include the following:

- **The employment rates of time-limit leavers after exiting welfare vary widely across states, ranging in these studies from less than 50 percent to more than 80 percent.**

Most of the variation in employment rates is attributable to state welfare policies that shape who reaches the time limit (for example, sanctioning and earnings disregards) or to state time-limit extension policies. As a consequence, employment rates in some states are higher for time-limit leavers than for other leavers, and rates in other states are lower for time-limit leavers than for other leavers. There is some limited evidence from a small number of states that recipients who reached time limits in later years were less likely to be employed than those reaching time limits earlier. Although the reasons for this are unclear, it may reflect worsening economic conditions, differences in recipients' characteristics, or changes in how policies (such as extension and exemption policies) were implemented.

- **Many families whose benefits were terminated due to time limits continued to receive some form of public assistance after leaving TANF. As more time elapses after exit, however, the share of time-limit leavers receiving these benefits decreases.**

Large proportions of time-limit leavers continue to receive food stamps, Medicaid, and other assistance after exit, although, as more time elapses after the time limit, fewer families continue to receive these benefits. The variation in food stamp receipt across states largely tracks the differences in employment rates (that is, the rate of food stamp receipt is lowest in states where most time-limit leavers are working). However, time-limit leavers are more likely than other leavers to receive food stamps, even in states where their employment rate after exit is higher than the rate for other leavers.

- **Families whose benefits were terminated due to time limits reported financial struggles and, in some states, experienced higher levels of material hardships than they had while on TANF.**

Homelessness has been quite rare among time-limited families, but levels of food insecurity and other hardships are relatively high. There is not a clear association between levels of hardship and employment status among time limit leavers. In most states, time-limit leavers did not report consistently greater levels of hardship than other leavers.

Conclusions and Implications

PRWORA and the final TANF regulations gave states considerable flexibility in terms of how they could structure their TANF programs to meet state goals as well as the requirements established in PRWORA. As a result, time-limit policies and the extent to which families receiving assistance are affected by time-limit provisions vary greatly across the states. Some states have chosen to implement very strict termination time limits, while other states continue to provide assistance to families who reach the state or federal time limit.

Overall, it appears that time limits have not generated as much attention or caused as much harm to the typical family on TANF as critics of PRWORA feared. This is due, in part, to the fact that many of the states that serve the largest TANF caseloads — namely, California, Michigan, New York, and Pennsylvania — had not implemented strict termination time limits. In addition, most states have implemented stricter work participation requirements since PRWORA was enacted and tougher sanctioning policies. Perhaps as a result, families are not reaching state and federal time limits in large numbers. It is worth noting that the percentage of families eligible for state TANF assistance who actually receive TANF benefits has dropped sharply in the past decade, though it is difficult to determine whether time limits have contributed to this trend.[2]

Little is known regarding how families who have reached time limits at later dates are faring. More research is needed that focuses on different cohorts of leavers to understand whether they are receiving other benefits (such as Medicaid and food stamps), whether they are employed, and whether they are experiencing material hardships.

In addition, states are now responding to DRA and the final regulations. While DRA did not change time-limit rules, the policy choices made by states in response to other provisions of DRA and the regulations may affect the number of families who accrue months toward the state and federal time limits. It will be important to track the changes that states make to their policies and implementation practices. In particular, changes made with regard to the operation of separate state programs or the use of segregated TANF funding, earnings disregards or income supplement policies, and changes in the use of sanctioning will determine how many families reach the state or federal time limit. States were just beginning to adjust their policies in

[2]U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, *Indicators of Welfare Dependence* (Washington, DC: U.S. Department of Health and Human Services, 2007).

response to DRA when the fieldwork for this study was conducted; thus, the effect of DRA on time-limit policies and the outcomes of families reaching the time limit should be topics of on-going interest.

Chapter 1

Introduction

The time limits that the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) placed on cash assistance were among the most dramatic and controversial features of the welfare reforms of the 1990s. Proponents argued that time limits were needed to send a firm message that welfare receipt is intended to be temporary and that, when presented with a deadline, recipients would find jobs or other sources of support. Conversely, critics pointed out that many welfare recipients have low levels of education and skills and other personal and family challenges that make steady work difficult, and they predicted that time limits would cause harm to many vulnerable families.

In 2002, MDRC and The Lewin Group conducted a study examining states' implementation of time limits, as well as the extent to which families had been affected by the policies. The study was timed to coincide with initial discussions about the reauthorization of PRWORA and was completed just as the first families began to reach the 60-month federal time limit established in the law.[1] As a result, the study's findings were mainly based on states' and families' early experiences with state time limits of fewer than 60 months, many of which had been imposed under federal waivers prior to the passage of PRWORA. The project's final report notes that the story of time limits was still unfolding and that much remained to be learned.

The present report, which was produced by Lewin and MDRC for the U.S. Department of Health and Human Services (HHS), updates the 2002 study. From a synthesis of research, it summarizes what has been learned to date about time limits and examines how time limits have been implemented in seven states and one territory: Arkansas, Connecticut, Missouri, Puerto Rico, Texas, Utah, Virginia, and Washington. This study also analyzes administrative data from the Temporary Assistance for Needy Families (TANF) program, as reported by all the states to the Administration for Children and Families (ACF). This update is timely because most states now have several years of experience with the 60-month time limit under varying economic conditions. The report is designed to serve as a resource for policymakers, administrators, advocates, journalists, researchers, and other interested parties at the federal, state, and local levels.[2]

[1]Bloom, Farrell, and Fink (2002).
[2]Some information in this report draws on information presented in the earlier report.

Background

In 1993 and 1994, HHS began granting waivers of the Aid to Families with Dependent Children (AFDC) rules that allowed states to impose time limits on benefit receipt.[3] By August 1996, a total of 32 states had received these waivers. Many of these early time-limit policies were not applied statewide and did not include *termination time limits* (that is, reaching the time limit did not result in the cancellation of a family's entire welfare grant). Most of the waivers granted before October 1994 included *work requirement time limits;* recipients who reached the limit were required to work, and they were allowed to continue receiving benefits if they cooperated. In many of these programs, the state provided subsidized jobs or work experience slots to recipients who were unable to find unsubsidized jobs. Other states imposed *reduction time limits,* whereby only a portion of the grant was eliminated at the time limit. Over time, the generally accepted meaning of the term "time limit" evolved to include both termination and reduction time limits but not work requirement time limits.

Many of the early reduction and termination time limits were not lifetime limits (that is, reaching the time limit did not permanently disqualify a family from receiving benefits); rather, they were periodic time limits that allowed a certain number of months of benefit receipt within a longer calendar period (for example, a maximum of 24 months of receipt in any 60-month period) or required people who reached the time limit to remain off welfare for a specified period of time, but not permanently.

Finally, in approving waivers with termination time limits, HHS followed the principle that families who "play by the rules" should not be penalized for circumstances beyond their control. Thus, states were required to provide for benefit extensions or other continuing assistance to recipients who "substantially met all program requirements, made good faith effort to find a job, and yet could not find a job."[4]

Time Limits Under PRWORA

PRWORA made time limits a central feature of federal welfare policy. The law abolished the AFDC program and created the TANF block grant. Under the law, states are prohi-

[3]In January 1994, Florida received waivers to operate the Family Transition Program (FTP), a pilot project that included time limits of 24 months (in any 60-month period) or 36 months (in any 72-month period), depending on clients' characteristics. Some of the waivers that were granted earlier included provisions that might be described as time limits. For example, under a waiver granted to Iowa in October 1993, recipients were required to develop a self-sufficiency plan that included an individually based time frame for achieving self-sufficiency.

[4]U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation (1997).

bited from using federal TANF funds to provide assistance to families with an adult recipient for more than 60 cumulative months. The "clock" started when each state implemented the TANF program (between September 1996 and July 1997).

Key elements of the policy include the following:

- **Child-only cases are not subject to the federal time limit.** The 60-month time limit does not apply to "child-only cases," in which no adult is included in the welfare grant; such cases accounted for approximately 44 percent of the national welfare caseload in 2005.

- **The federal time limit applies only to cases receiving TANF assistance.** "Assistance" is defined as cash or noncash payments (for example, vouchers) designed to meet a family's ongoing basic needs for food, clothing, shelter, and household expenses. Many other types of services (for example, child care subsidies for working families) are not considered assistance, and thus families receiving these services do not accrue months toward the time limit.

- **States can use the federal block grant to extend assistance beyond 60 months to up to 20 percent of the state caseload, including child-only cases.** PRWORA allows the states to extend assistance based on hardship. For example, if a state's caseload is 50,000, it can use federal TANF funds to provide assistance to as many as 10,000 families who are beyond the 60-month point. Because the total caseload includes child-only cases, if 40 percent of the caseload is made up of child-only cases, the state can extend assistance to 33 percent of adult-headed cases.

- **Families receiving assistance from state-only funding are not subject to the federal time limit.** States can choose to segregate some or all of their state "maintenance-of-effort" (MOE) funds from federal funds and/or can create a separate state program (SSP) funded solely with state MOE dollars.[5] The 60-month federal time limit does not apply toward assistance funded with segregated funds or through an SSP.[6] (Assistance provided with state funds that have been "commingled" with federal funds is subject to the federal time limit.) This means that states can stop the federal time-limit clock

[5]MOE is the required amount that states must spend on programs designed to meet one of the four purposes of TANF. A state that is meeting the required minimum work participation rate must spend at least 75 percent of the amount it spent on AFDC in 1994; a state that is not meeting this requirement must spend at least 80 percent of the earlier amount.

[6]Some states may choose to count months of assistance toward the state time limit.

by paying for a family's benefits with state funds, or they can use state funds to assist families who exceed the federal limit of 60 months.

In reality, the federal time limit is not a limit on benefit receipt for individual families; rather, it is a funding constraint that shapes state policy decisions. Moreover, the fact that the federal limit does not apply to state MOE funds gives states broad flexibility in designing time-limit provisions. States can establish a 60-month time limit, a shorter time limit, or no time limit at all. They can designate certain categories of families as exempt from their state time limit or can allow benefit extensions to families who reach the limits.

TANF Changes in the Deficit Reduction Act (DRA)

Congress reauthorized the TANF program in the Deficit Reduction Act (DRA) of 2005. DRA reduces some of the flexibility provided to states, in terms of which families count in the work participation rate, although it continues to allow states to use state-only funds for time-limit exemptions.

The changes to work participation requirements and how they apply to different assistance programs may result in a greater number of assistance cases being subject to time limits. In particular, DRA counts all families with an adult or minor head of household receiving assistance in a TANF- or MOE-funded program when calculating the state's work participation rates. Previously, families receiving assistance funded within a separate state program were excluded from the calculation. States used the SSP to exclude families whom they wanted to exempt from the work requirement, which also stopped the federal clock (however, some states chose to impose a state time limit on some or all of these families). DRA also shifts the base year for calculating the caseload reduction credit for the work participation rates from Fiscal Year (FY) 1995 to FY 2005, which effectively increases the work participation requirement for states.[7]

In light of the new changes, states are rethinking their criteria for exempting families from TANF time limits. If states eliminate their SSPs because of the recent changes, more families will be subject to the federal time limit, unless states choose to pay for their benefits with segregated funds. They are also considering other changes that could affect the number of cases facing time limits. Some states are considering providing additional enhanced work disregards or income supplements (discussed below) to keep more families on the rolls who would otherwise leave assistance, in order to count their work activity in the rates. Unless states assist these

[7]In addition, DRA clarified that the work participation calculation includes families in which the parents were removed from the case because they reached the state or federal time limit (for example, in California and Texas).

families with state-only MOE funds, the families will accumulate additional months on the federal clock. Some states are considering moving families to state-only programs that do not count toward MOE. Families who are funded with assistance from these programs will not be subject to the federal time limit.

It will be critical for future studies to examine the choices made by states and the effects that these choices have on families who are reaching time limits.

Welfare Policies That Interact with Time Limits

Other provisions of state welfare reform efforts interact with time limits in complex ways. Key policies include earnings disregards, work requirements, sanctioning, diversion policies, and child support enforcement. These provisions are discussed below.

Earnings Disregards

During the 1990s, most states expanded earned income disregards or other policies that allow welfare recipients to keep all or part of their grant when they go to work. With earnings disregards in place, families do not experience a one-to-one decrease in assistance for every dollar earned. Earnings disregards provide a work incentive and raise the income of parents working in low-wage or part-time jobs.

Owing to these policies, recipients who find jobs are much more likely to stay on welfare today than in the past. But any month in which a recipient receives even a partial grant counts toward the federal time limit (and toward most state time limits). Thus, although both time limits and earnings disregards are designed to encourage work, the interaction between these two policies can complicate the "message" that caseworkers need to transmit to recipients and may cause recipients to accumulate more months than they would have in the absence of earned income disregards.

Work Requirements

All states require welfare recipients to work or to participate in activities to prepare for work. In most states, however, certain categories of recipients — for example, recipients with medical problems or those with very young children — are temporarily excused from these requirements. In a number of states, the exemption rules for work requirements and time limits do not match. Thus, for example, there may be recipients who are excused from work-related mandates but who are still subject to time limits. These recipients may not receive the level of case management or pressure to find employment, and they thus accumulate more months on TANF.

In the 1990s, most states redesigned their welfare-to-work programs to emphasize rapid job-finding rather than education and training activities. However, some states have continued to encourage or allow education and training as a work activity, at least for certain categories of recipients. The presence of a time limit — particularly a short time limit — can determine which types of activities are feasible.

DRA might induce states to make changes to their work programs. Some states might reduce the number of families exempt from work requirements, while others might decide to fund exempt families with non-MOE state funds. States may also limit the range of activities that recipients can participate in, ensuring they can count these activities in calculating the work participation rate.

Sanctioning

Another prominent feature of the 1990s welfare reforms is "full-family sanctions" — penalties that close a recipient's entire welfare case if she or he fails, without good cause, to comply with work (or other) requirements. PRWORA requires states to terminate or reduce benefits "pro rata" in response to noncompliance, but the amount and duration of the sanctions are not otherwise specified. In 2005, 43 states used full-family sanctions, and 19 imposed such sanctions on the first instance of noncompliance.[8]

The presence of full-family sanctions can dramatically shape the size and characteristics of the group of families who reach time limits. There is wide variation in the implementation of sanctions, even in states where full-family sanctions are possible. However, in theory, if full-family sanctions are imposed aggressively, the only families who reach time limits will be those who cooperate with requirements but are unable to find jobs and those who are working enough to satisfy requirements but are earning too little to lose eligibility for benefits.

Diversion

Over half of all states have implemented diversion programs that provide lump sum payments to individuals for a period of time (generally two to four months); in exchange for the benefits, these recipients agree not to reapply for assistance for an established period.[9] Most states that provide diversion payments do not count the months covered by the diversion assistance against the individual's state time limit (the federal time-limit clock does not tick). For the states that do not count the months of diversion assistance, applicants may have an incentive first to take a diversion and then to apply later if they need additional assistance. They will be

[8]Rowe (2006).
[9]U.S. Department of Health and Human Services, Administration for Children and Families (2003).

able to “bank” a few more months on the clock, which is especially important in states that have shorter time limits.

Child Support

The Child Support Enforcement (CSE) program was established in 1974 to ensure that noncustodial parents make fair and regular financial contributions to their children. PRWORA strengthened CSE in a number of ways, perhaps most notably by requiring all TANF applicants to cooperate with the CSE program, providing information to establish paternity and support orders for each qualifying dependent as a condition of benefit receipt (with exceptions for victims of domestic violence). Since most states withhold the majority of child support payments collected while families are on TANF, recipients who have viable and consistent streams of child support payments have a strong incentive to leave TANF and not accumulate months toward the federal and state time limits. Indeed, as discussed in Chapter 4, experimental evaluations of time limits report significant increases in child support receipt rates among those who were subject to time limits, compared with those who did not face a time limit.

States’ Time-Limit Policies

As discussed above, PRWORA provided states with a number of options to consider in designing their time-limit policies. While it mandates that states cannot use federal TANF funds to provide more than five years of assistance to families except under certain circumstances, it does allow states to establish shorter time limits. It also allows states to provide assistance to families beyond five years using federal funds for up to 20 percent of the TANF caseload, and it allows states to use state-only MOE dollars to provide assistance to more families. In addition to variations in the length of their time limits, states have made different decisions regarding the criteria for time-limit exemptions and extensions.

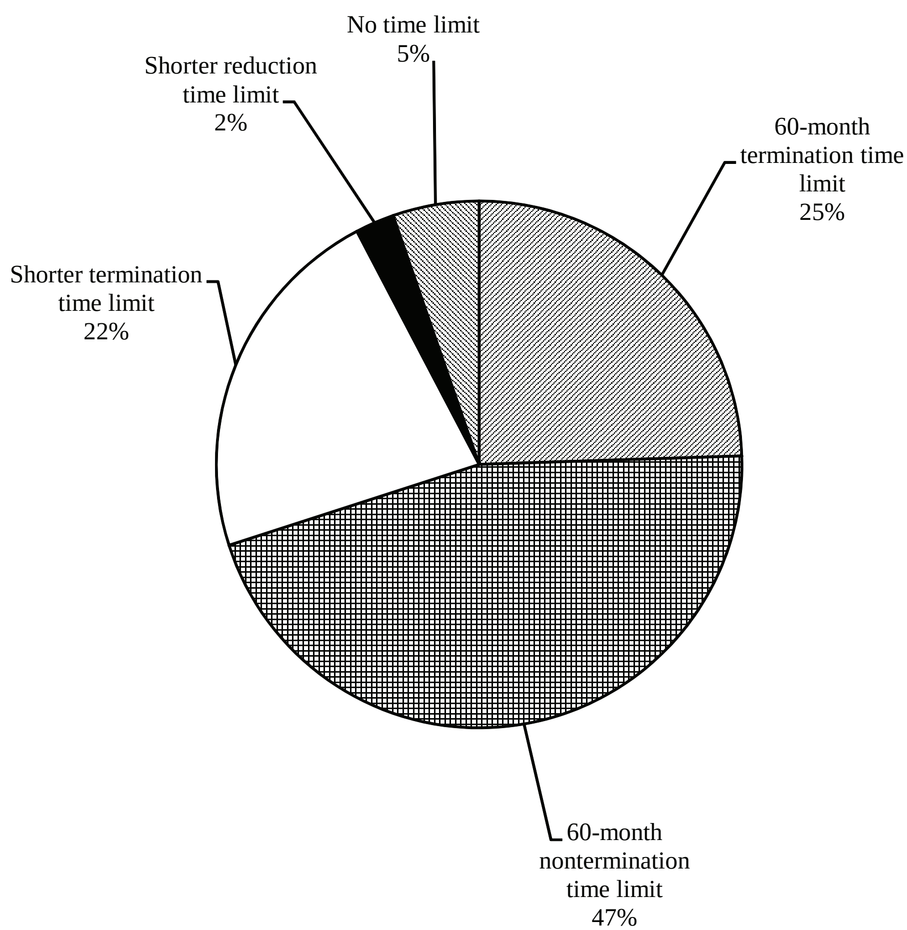
Features of Time-Limit Policies

The 2002 study conducted a survey of state welfare administrators to obtain information on states’ time-limit policies and their experiences implementing the policies. The findings from the survey were updated with information from 2005 TANF state plans and telephone calls to selected states. States were categorized according to their time-limit policies and how they implemented these policies.

Figure 1.1 presents the proportions of all adult-headed TANF cases in FY 2005 that were living in states with a 60-month time limit, a shorter time limit, or no time limit. These categories are further divided by whether the state policy terminates cases at the time limit or continues providing assistance either to all family members or to the children. Note that states

Figure 1.1

Proportions of Adult-Headed TANF Cases, by Type of Time Limit, Fiscal Year 2005



are categorized by the most stringent policy. For example, Texas is listed as having a 60-month termination time limit, even though the state also has shorter reduction time limits. Also, most states with shorter termination time limits allow families to return to assistance after a period of ineligibility, although these states might have a lifetime limit as well. The time-limit categories are discussed below.

- **60-month termination time limit.** About 24 percent of all adult-headed families receiving assistance live in states that have a 60-month time limit that results in the termination of benefits.

- **60-month nontermination time limit.** About 47 percent of the adult-headed TANF families live in states that impose a 60-month time limit but routinely provide at least some assistance after families have reached the limit or that continue to provide assistance to recipients complying with program requirements. Large portions of these families live in New York, which allows those who reach the time limit to transition to a state- and locally funded safety net program, and in California, which removes the adult from the assistance unit but continues to provide assistance for the children's needs. Several states in this category (the District of Columbia, Maine, Maryland, New Jersey, Pennsylvania, and Washington) continue to provide assistance to families complying with program requirements; for noncompliant cases, depending on the state, either the noncompliant adults are removed from the case or the case is closed.

- **Shorter termination time limit.** Another 22 percent of these TANF families live in states with shorter time limits that result in the termination of benefits. As noted above, most of these states allow families to return to TANF after a period of ineligibility, although there is wide variation in the period of time before families can return. For example, Tennessee has an 18-month time limit but allows families to return after 3 months of ineligibility; South Carolina allows families to receive assistance for 24 months out of 120 months. Connecticut has a shorter termination time limit (21 months) that is permanent, although many families receive time-limit extensions.

- **Shorter reduction time limit.** About 2 percent of these families live in Indiana, which has a shorter reduction time limit that does not result in case closure. When families receive 24 months of assistance, the adult is removed from the grant.

- **No time limit.** About 5 percent of all TANF adult-headed families live in two states — Michigan and Vermont — that did not establish a time limit on benefits in their state TANF plans.[10]

[10] Although Michigan placed no time limit on benefits when this analysis was conducted, the state did implement a 48-month time limit on October 1, 2007; this applies to individuals who are able to participate in the state's Jobs Education and Training (JET) program.

Welfare Time Limits

Table 1.1

Type of Time Limit, by State, Fiscal Year 2005

Type of Time Limit	States
60-month termination time limit (22 states and 3 territories)	Alabama, Alaska, Arizona, Colorado, Guam, Hawaii, Illinois, Iowa, Kansas, Kentucky, Minnesota, Mississippi, Missouri, Montana, New Hampshire, New Mexico, North Dakota, Oklahoma, Puerto Rico, South Dakota, Texas, Virgin Islands, West Virginia, Wisconsin, Wyoming
Shorter termination time limit [a] (17 states)	Arkansas, Connecticut, Delaware, Florida, Georgia, Idaho, Louisiana, Massachusetts, Nebraska, Nevada, North Carolina, Ohio, Oregon,[b] South Carolina, Tennessee, Utah, Virginia
60-month nontermination limit (9 states)	California, District of Columbia, Maine, Maryland, New Jersey, New York, Pennsylvania, Rhode Island, Washington
Shorter reduction time limit (1 state)	Indiana
No time limit (2 states)	Michigan,[c] Vermont

NOTES:

[a]States with shorter termination time limits often allow families to return after a period of ineligibility.

[b]In Oregon, families accrue few months toward the 24-month time limit because of the state's time-limit policy, which does not count toward the time limit any month in which the client cooperates with work requirements. After four months of noncooperation, the case closes due to a full-family sanction. Thus, families who cycle between cooperation and noncooperation might eventually reach the time limit and be terminated, but they would have received more than 24 months of assistance.

[c]Michigan implemented a 48-month time limit effective October 1, 2007, for all individuals required to participate in the state's Jobs Education and Training (JET) program.

Table 1.1 lists the states according to the categories shown in Figure 1.1. Given the many variations of time-limit policies, it is difficult to classify some states. For example, although Hawaii provides an employment subsidy to families who have reached the limit and are working 20 hours per week, it is not included in the nontermination category because not all families are eligible for this program. On the other hand, New York provides safety net assistance to all families who are financially eligible for TANF. This state is included in the nontermination category because the vast majority of families who were eligible for the TANF program are eligible for the safety net program, which provides the same level of benefits but only partly in cash (and partly as vouchers for such expenses as housing and utilities). Other states, such as New Jersey, operate similar programs for compliant families. (Appendix Table A.1 presents the key features of each state's time-limit policies.)

Criteria for Time-Limit Exemptions and Extensions

All states allow some exceptions to their time limits. This report uses the term *exemption* to refer to a state or federal policy that "stops the time-limit clock." The term *extension* re-

Table 1.2

Categories of Federal Time-Limit Exemptions and Extensions

Criterion	Federal Exemption (clock does not tick)	Federal Extension (after 60 months)
No head-of-household or spouse of head-of-household is receiving assistance	X	
Family is living in Indian Country or a Native Alaskan Village where 50 percent of the adults are not employed	X	X
Family is receiving assistance under approved welfare reform waiver policy that allows exception[a]	X	X
Family is funded with state-only funds	X	X
Family includes someone who has been battered or subject to extreme cruelty or decision is based on a federally recognized good-cause domestic violence waiver		X
Family has a hardship, as defined by the state (up to 20% of caseload)		X

NOTE:
[a]States may have received a waiver under AFDC to implement a time limit on cash assistance. To the extent to which the TANF time-limit policy was inconsistent with the state's waiver time-limit policy, the state was allowed to follow its waiver policy rather than the TANF policy until the waiver expired.

fers to a state or federal policy that extends benefits after reaching the state or federal time limit.[11] Whether the state chooses to immediately exempt a family in a particular circumstance or prefers that the family instead "run out the clock" before receiving a time-limit extension reflects, in part, the state's philosophy regarding state obligations and the responsibilities of welfare recipients.

Table 1.2 outlines the groups of families who receive exemptions or extensions to the *federal* 60-month time limit.

Most states exempt other groups of families from their *state* time limits. For these families, unless their assistance is paid for with state-only funds, the federal clock continues to tick. States also define which groups of families are eligible for extensions to the state time limit and/or the 60-month federal time limit. If these families have reached the federal time limit, states can use the 20 percent hardship extension category or can assist the families using state-only funds.

[11]While PRWORA regulations allowing states to extend benefits for hardship to 20 percent of the caseload refer to that policy as a hardship *exemption*, this report, for consistency, refers to it as a *hardship extension.*

Based on a survey of states that was conducted in early 2002, 34 states exempt at least some families with adults from their state time limit, and 47 states provide extensions to families meeting particular criteria.[12] (See Table 1.3.) Except for Michigan and Vermont, which placed no time limit on benefits at the time of the survey, all states identify criteria for exemptions or extensions.

The most common state policies offer exemptions or extensions to families whose caretaker is disabled or is caring for a disabled family member. Among the states, 20 offer extensions beyond the state time limit for having a disability, but they do not grant exemptions; 16 states (including the District of Columbia) offer exemptions only; and 10 states offer both extensions and exemptions.

For victims of domestic violence, 29 states offer extensions, and 15 grant exemptions from accruing months toward the state time limit. Welfare recipients who have made a "good-faith effort" but were still unable to find employment and leave welfare are offered extensions by 27 states. Only Oregon stops the state time-limit clock for clients who are complying with their work requirements.

Other common state criteria for extensions include such factors as when conditions in the local labor market make it difficult for recipients to find employment (13 states); when clients are unable to secure child care or other work support services (12 states); when clients have other barriers to employment, such as substance abuse or low literacy levels (11 states); when recipients need time to complete an education or training program (9 states); and when a child is at risk of foster care placement (7 states).

Common state exemption policies center on families whose head of household is elderly (16 states), families with very young children (12 states), pregnancy (10 states), heads of household who are a minor parent (10 states), families whose adult member is employed (7 states), and families who lack child care or other support services (7 states).

Key Questions About Time Limits

This report addresses the following key questions:

- How are states implementing time limits? What messages are they sending to recipients about time limits? Are they granting many exemptions and exten-

[12]Bloom, Farrell, and Fink (2002). A survey of state welfare administrators was conducted to obtain up-to-date information about time-limit policies, the use of state and federal funds, and the states' experiences with time limits.

Table 1.3

Number of States with Exemption and Extension Criteria in State Plan

	Exemption Criteria	Extension Criteria	Exemption or Extension Criteria
Any	34	47	49
Is disabled or caring for disabled family member	26	30	46
Is a victim of domestic violence	15	29	38
Is making a good-faith effort	1	27	27
Is elderly	16	6	20
Is living in an area with high unemployment or limited job opportunities	3	13	15
Is lacking child care or transportation	7	12	16
Is caring for a young child	12	3	14
Has other significant barriers	4	11	14
Is pregnant	10	4	12
Is a minor parent	10	2	12
Is completing education or training	5	9	13
Is an employed adult	7	7	13
Has a child at risk of foster care, abuse, or neglect	2	7	8

sions? What processes are used to determine which families qualify for these exceptions?

- How many families are subject to the federal time limit? How many cases have closed after reaching the time limit?
- What characteristics are associated with accumulating months of assistance, reaching the federal time limit, and being terminated as a result of reaching the time limit?
- How do time limits affect patterns of employment, welfare receipt, income, and other outcomes among current and potential welfare recipients?
- How are families faring after time limits? Are they better or worse off than when they received welfare? How do these families compare with other families who left welfare voluntarily?

About This Report

To obtain a diverse set of information about the implementation of time limits, this project includes three components:

- **Site visits.** Site visits were made to seven states and one territory (Arkansas, Connecticut, Missouri, Puerto Rico, Texas, Utah, Virginia, and Washington) to obtain information on the day-to-day implementation of time limits. Each visit included discussions with senior welfare administrators and with line staff in two local welfare-to-work offices. In selecting sites, the research team identified states that had experience with a substantial number of families reaching the time limit. Additionally, the team sought to visit a diverse array of states, based on such characteristics as size of the TANF caseload and state time-limit policies. Experience on these visits is complemented by findings from additional site visits conducted by the team as part of a past project on time limits.

- **Analysis of quarterly TANF and SSP data reported to the Administration for Children and Families (ACF).** The data referenced in this chapter were obtained from a sample of TANF and SSP cases reported to ACF quarterly. Analysis was conducted of data reported for Fiscal Years 2002 through 2005.

- **Literature review.** Report staff reviewed, summarized, and synthesized the results of most major studies of time limits that have been conducted to date. Two types of studies were reviewed: (1) formal evaluations of welfare reform programs that included time limits and (2) surveys of individuals whose cases were closed because of time limits.

The report describes the results and findings from all three study components and is organized as follows:

- Chapter 2 discusses key issues involved in implementing time limits. The discussion draws from site visits conducted as part of this project as well as studies of time-limit implementation conducted as part of other research projects.

- Chapter 3 presents findings from analysis of the ACF quarterly TANF data.

- Chapter 4 summarizes and synthesizes the available evidence on how time limits affect employment, welfare receipt, income, and other outcomes.

- Chapter 5 summarizes and synthesizes data on how families are faring after reaching time limits and having their benefits canceled.

- The appendixes provide further information on the material covered in the chapters. Appendix A contains a summary of states' time-limit policies. Appendix B describes the site visits and includes a brief profile of each state discussed in Chapter 2. Appendix C presents detailed results from the ACF analysis in Chapter 3. And Appendix D provides an overview of the time-limit welfare leaver studies discussed in Chapter 5.

Chapter 2

The Implementation of Time Limits

Chapter 1 provides an overview of the states' Temporary Assistance for Needy Families (TANF) time-limit policies. This chapter delves more deeply into how time limits are implemented, focusing in particular on seven states and one territory, visited for this report, that have varying time-limit policies and numbers of families who have left welfare due to time limits.

At first glance, the implementation of a time limit might seem straightforward: Welfare agencies simply need to count months of benefit receipt and then stop the checks when the limit is reached. But in order for time limits to have the intended effect of motivating recipients to find work, welfare agencies must communicate policies that are often complicated — for example, some states have their own time limit that is separate from the federal time limit — as well as explain details about participation requirements and sanctioning. Complexities also arise because the welfare system, in addition to preparing recipients for self-sufficiency, seeks to identify recipients who are unable to achieve it despite diligent efforts or because they face severe barriers to employment. Welfare agencies create exceptions (exemptions from the time limit and/or extensions beyond the time limit) to protect these recipients and their families. However, identifying recipients whose circumstances may merit continued cash assistance is often complicated, and states must design procedures for verifying that recipients meet the criteria. States also must consider how these policies interact with the messages that staff communicate to recipients; offering exceptions from the time limit may conflict with the message that recipients have a limited number of months of welfare. In addition, in states that have their own time limit besides the federal 60-month time limit, the criteria for exceptions from the various time limits may differ.

Local welfare managers and staff have the responsibility of implementing time-limit policies on the ground, and they may make varying decisions depending on how they interpret the policies. For example, what do they say to recipients to inform them about time limits? Do they work differently with recipients as they near the time limit? How do staff and administrators make consistent, equitable judgments about whom to grant exemptions and extensions when some of the criteria for these exceptions — such as who is unable to work and who has made a good-faith effort to find a job — may be subjective? How do welfare agencies implement any follow-up services for recipients who leave welfare due to time limits? And inasmuch as several years have passed since recipients began reaching time limits, how have extension and exemption policies affected the messages that staff convey to recipients? Examining implementation at the "street level" is crucial to understanding these questions.

The information presented in this chapter is based largely on interviews that The Lewin Group and MDRC conducted in 2006 and 2007 with welfare administrators, supervisors, and line staff in seven states and one territory and on interviews with workforce staff in two states where case management is provided through those agencies. The interviews build on field research that MDRC and Lewin conducted for a previous report investigating the initial implementation of welfare time limits. In addition, Lewin conducted focus groups with time-limit leavers in one of the states visited for this report to get information about clients' perspectives on how time limits were implemented. The more recent research conducted for this report provides further insight into the implementation of time limits now that many states have worked with a large number of recipients who have reached time limits. As Chapter 1 mentions, most of the site visits for this report were conducted before the Deficit Reduction Act (DRA) of 2005 was implemented in the states. The data herein thus represent state and local policies and implementation prior to any changes that may have resulted from DRA.

Lewin and MDRC staff conducted interviews with state and local staff in Arkansas, Connecticut, Missouri, Texas, Utah, Virginia, and Washington and in the territory of Puerto Rico, and focus groups with a total of 10 participants in one site. In addition, the chapter draws on interviews conducted in five states for the previous report: Georgia, Louisiana, Massachusetts, New York, and South Carolina.[1] It also draws on MDRC studies conducted in California, Connecticut, Florida, Ohio, and Pennsylvania.[2] In all states, the research focused on particular cities and selected welfare offices in those local areas. The findings illustrate the diversity in the implementation of time limits, but they are not necessarily representative of implementation nationwide or even throughout each state. Table 2.1 provides a quick summary of the basic time-limit policies in all of the states and the territory discussed in the chapter. As the table makes clear, the chapter focuses on several states with time limits of fewer than 60 months as well as a few sites that have only 60-month time limits. Appendix B describes the field research and includes a brief profile of time-limit policies and practices in the seven states and one territory for which research was conducted specifically for this study.

The chapter is organized around the following topics: how the time-limit message is communicated, how exemptions are handled, how staff work with cases approaching the time limit, how staff implement extension processes, and what happens after the time limit is reached.

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[1]Bloom, Farrell, and Fink (2002).

[2]Specifically, the chapter includes information from the following MDRC studies: The Project on Devolution and Urban Change (Los Angeles, California; Miami-Dade, Florida; Cuyahoga County [Cleveland], Ohio; and Philadelphia, Pennsylvania); the Jobs First Evaluation (Manchester and New Haven, Connecticut); and an evaluation of Florida's Family Transition Program (FTP), a pilot program that operated in Escambia County (Pensacola) from 1994 to 1999.

Welfare Time Limits

Table 2.1

Brief Summary of Time-Limit Policies in the States and Territory Discussed in Chapter 2, by Most Recent Date Visited

State/Territory	Time-Limit Policies
States visited in 2006, and Territory visited in 2007, for this report	
Arkansas	24-month limit with few extensions
Connecticut	21-month limit, with two 6-month extensions for most recipients 60-month lifetime limit with few extensions
Missouri	60-month lifetime limit with few extensions
Puerto Rico	60-month lifetime limit
Texas	12-, 24-, or 36-month reduction limit (adults are removed from the case) with few extensions 60-month lifetime reduction limit with few extensions
Utah	36-month lifetime limit (two-parent families can receive TANF no more than 7 months in a 13-month period)
Virginia	24-month limit with few extensions, followed by 24 months of ineligibility 60-month lifetime limit
Washington	60-month lifetime limit, with extensions
States visited in 2004 for MDRC's Project on Devolution and Urban Change	
Ohio	36-month limit with few extensions, followed by 24 months of ineligibility 60-month lifetime limit
Pennsylvania	24-month work-trigger time limit 60-month lifetime limit, with extensions
States visited between 1997 and 2002 for MDRC's Project on Devolution and Urban Change	
California	60-month reduction lifetime limit (adults are removed from the case)
Florida	36 months in a 72-month period for certain recipients; 24 months in a 60-month period for other recipients 48-month lifetime limit
States visited in 2001 and 2002 for the previous report on welfare time limits	
Georgia	48-month lifetime limit
Louisiana	24 months in a 60-month period 60-month lifetime limit
Massachusetts	24 months in a 60-month period
New York	60-month limit, followed by Safety Net assistance
South Carolina	24 months in a 120-month period 60-month lifetime limit

Key Findings

Key findings presented in this chapter include:

- The implementation of time-limit policies varies considerably across the states and even from welfare office to welfare office in some of the states.

- The way in which states implement time-limit policies affects the messages that staff convey to recipients about the time limit. In the states visited where many recipients have been terminated due to time limits, local line staff reported that they discuss time limits frequently and with a sense of urgency. They also said that recipients' awareness of time limits has increased over time. On the other hand, in the states visited where few recipients have been terminated due to time limits, staff reported that they do not discuss time-limit policies frequently, instead focusing more exclusively on participation requirements.

- The consistency of the time-limit messages that recipients receive may also depend on the frequency with which recipients have contact with TANF program staff. When recipients have frequent contact with knowledgeable staff, they are likely to hear a more consistent message. In some of the states visited, the state TANF agencies have partnered with state and local workforce agencies to deliver the employment and training case management services to TANF recipients; while this can boost the focus on participation requirements, messages about time limits may become less prominent in some of these cases, inasmuch as recipients interact primarily with staff outside the TANF agency.

- Most states grant time-limit exemptions or extensions to recipients facing certain barriers to employment, such as medical problems or domestic violence, but the processes for identifying and verifying such problems are quite different from state to state. Agencies also vary in the extent to which they encourage staff to be proactive in uncovering barriers; in many of the states visited, line staff reported that they rely primarily on recipients to self-report their employment barriers.

- Many states also grant extensions or exemptions for recipients who comply with program rules but do not have jobs when they reach the time limit. How states determine compliance varies considerably; some base the decision on a recipient's willingness to begin complying with the program's work requirements, while others base it on a recipient's history of participation.

- States vary considerably in their approach to granting extensions. Some states routinely grant extensions to all or almost all recipients, while other states grant few extensions. In the states visited that grant almost no extensions, most line staff reported that while they generally consider each case to determine whether it merits an extension, they rarely decide that circumstances are severe enough to justify granting one.

Communicating the Time-Limit Message

The architects of welfare reform imposed time limits to create a sense of urgency that would motivate recipients to change their behavior. For time limits to have this effect, recipients must know about the policies and understand the consequences of reaching the time limit. This section discusses how welfare departments inform recipients about time limits and what kind of messages they send.

How Welfare Departments Inform Recipients About Time Limits

Welfare agencies inform recipients about the time-limit policy and about recipients' status (for example, how many months of benefits have been used and how many remain) throughout their time on TANF.

Line staff generally first discuss time limits during the initial TANF intake process. Some of the states visited for this report and the previous report on TANF time limits have formal procedures for how staff are to discuss time limits at intake, while staff in other states visited are instructed to mention time limits but are not required to discuss any particular details. For example, in Connecticut, staff review a form explaining the state's basic TANF policies, including the time-limit policies, and recipients must sign the form to indicate that they have been informed of the regulations. On the other hand, Arkansas and Texas, for example, have more informal procedures for discussing time limits at intake. Staff in Arkansas said that they always mention time limits in the initial intake interview, but some Texas line staff said that they mention time limits at intake only if the applicant has already used some months of TANF. Following intake in both of these states, however, recipients are required to attend a formal orientation focusing on work participation requirements, and these orientations generally cover time limits as well.

In addition to discussing the time-limit policies, staff also generally inform recipients of the number of months they have received TANF and the number of months remaining before they will reach the time limit. In order for them to do this, they must have access to information about the number of months that recipients have received TANF. Automated computer systems in all states track the number of months that each recipient has received TANF, and staff can quickly access this information. Research conducted for the previous report on TANF time limits indicated that the databases were sometimes inaccurate, but staff in the states that were visited more recently for this study commented that the systems were generally accurate. The exception was in tracking months that recipients received TANF while living in other states. When recipients indicate that they have received TANF in another state, staff said they must contact the other states to obtain this information, and then they must enter it manually into the database. They reported that while there is a list of out-of-state contacts available, often these contacts are not up to date, and they may spend a substantial amount of time tracking down the correct number of months that recipients received TANF in another state. Also, although staff generally said they contact states when they have evidence that recipients may have lived elsewhere, there may be cases in which this is not apparent; it is possible in these cases that recipients do not report receiving TANF in other states, and so these months may go untracked.

Following recipients' intake and orientation, staff repeat and reinforce the message about the time limits by discussing time limits on an ongoing basis when they meet with recipients. Staff generally reported that they discuss time limits at most meetings; however, the level of contact that they maintain following intake may vary, as may the extent to which they emphasize time limits at each point of contact. The site visits conducted for this report indicate that the amount of contact that TANF staff maintain with recipients and the emphasis placed on time limits often differ depending on with whom recipients interact for the employment and training case management component of TANF, as this component requires staff to maintain regular contact with recipients. In some states, the same staff who are in charge of eligibility also deliver these case management services; in other states, specialized staff within the TANF agency — separate from those who conduct eligibility determinations — deliver these services; and some other states contract out employment and training case management services, often through their workforce development systems, which generally subcontract through an array of local service providers. Four of the eight states visited for this report provide case management through the local workforce development agencies.[3] States may choose to do this because TANF agencies face limited staff and seek partnerships with agencies that have established ties to the workforce and that have staff who may bring particular strengths in helping recipients connect to the labor force.

In the sites where employment and training case management services were delivered by staff within the TANF agency (including Puerto Rico, Utah, Virginia, and Washington), the TANF staff reported frequent contact with recipients. Offering employment and training case

[3]In Arkansas, the Department of Workforce services is the recipient of the TANF grant and is in charge of the overall administration of TANF in the state. The Department of Workforce Services contracts with local agencies to provide case management services, while the Department of Human Services is in charge of eligibility.

management through the TANF agency may allow a greater capacity to convey time-limit messages, because staff are generally knowledgeable about time limits. For example, staff in Puerto Rico reported that they maintain monthly or bimonthly contact with recipients and that they generally discuss the time limit at these meetings. (As discussed in detail below, however, among these states and Puerto Rico, messages about time limits vary, based on how extension and exemption policies are implemented.)

In the states where employment and training case management occurs outside the TANF eligibility agency (including Arkansas, Connecticut, Missouri, and Texas), TANF caseworkers generally reported fewer contacts with recipients, usually meeting with recipients only at TANF and food stamp redetermination meetings. Caseworkers largely reported that they discussed TANF time limits at each of these meetings, including food stamp redetermination meetings (which often coincide with annual TANF redetermination meetings), although staff in San Antonio — where recipients are not assigned a specific caseworker — varied as to whether they would mention the time limit in food stamp redetermination meetings.

Workforce agency staff interviewed for this report who deliver case management services varied in the extent to which they discuss time limits with recipients. For example, workforce case managers in San Antonio reported that they emphasize participation requirements and finding employment but that they do not discuss time limits as frequently. In Missouri, where case management services had transferred recently to the workforce agency, staff in the TANF agency had mixed impressions of the extent to which workforce staff understood TANF policies and conveyed accurate messages to recipients. TANF caseworkers in Missouri said that contracting out case management had decreased the prominence of the time-limit messages because workforce staff were not as familiar with TANF policies.[4] Arkansas, on the other hand, transferred case management to its workforce agency more recently but simultaneously transferred some TANF case managers to the workforce agency. As a result, staff at the local workforce development agency in Little Rock were generally knowledgeable about time limits and reported that they discussed them frequently with recipients.

In addition to conveying time-limit messages through direct communication between staff and recipients, welfare departments also use formal notices and letters to inform recipients of how many months they have used and how many they have left. All the states visited for this study distribute written notices at certain points throughout recipients' time on TANF, and some increase the frequency of the notices as the time limits approach. For example, Missouri sends letters every 12 months, plus an additional letter 6 months prior to the 60-month time limit; each letter focuses on a different component of TANF — for example, child support or exemption

[4]However, workforce agency staff in Missouri were not interviewed.

criteria — in addition to notifying recipients of the status of their months on TANF. Arkansas sends letters at Months 6, 12, 18, and 22. Research conducted for the earlier report on TANF time limits indicates that several other states send letters as well.

Although welfare agencies make considerable efforts to convey time-limit messages, focus groups with time-limit leavers in one state indicate that recipients felt they were not given sufficient notice prior to reaching the time limit. (See Box 2.1.)

Messages That Staff Convey About the Time Limit

When time limits were first imposed and no one had reached them, both staff and recipients were uncertain of what would happen (that is, no one knew who or how many people would be allowed to continue receiving benefits after reaching the time limit), and staff across the states visited generally reported that they tried to reinforce the message that recipients would be terminated, because they knew that there was at least the possibility that this would happen. For example, staff in Connecticut reported that before time limits hit, they thought it would be unfair to lead recipients to believe that they would receive extensions, because staff themselves did not know whether this would be the case. However, more recent interviews with line staff indicate that the messages they convey about time limits have been shaped by the way states have implemented their time-limit policies.

Line staff in states with relatively short time limits and stringent extension policies — including Ohio, Utah, and Virginia[5] — reported that they discussed time limits frequently and with a sense of urgency. In states that terminated many recipients when they reached time limits, line staff reported that awareness of the time limits increased; when time limits were first discussed and implemented, recipients' reacted with surprise or disbelief, but as more recipients were terminated, awareness and acceptance of time limits became more pervasive — even among new applicants who had never received TANF before. Staff in some states visited for this study reported that this increased awareness has allowed them to communicate a somewhat more complex message, tying together different aspects of TANF policy: Some line staff conveyed a general sense that — as they no longer needed to spend as much time reinforcing the message that time limits existed and were real — they became more likely to emphasize time limits in relation to participation requirements, explaining that recipients should participate in work activities that will help them to leave welfare before their time runs out.

[5]Ohio, Utah, and Virginia all have state time limits shorter than 60 months. As shown in Chapter 3, a majority of recipients in Utah who reach 60 months continue receiving benefits, and about 13 percent in Virginia do, although the majority of families in both states do not reach 60 months because they are terminated at the shorter, state time limit.

Box 2.1

Recipients' Perspectives on the Implementation of Time Limits

Lewin staff conducted focus groups with clients who were terminated from assistance in one of the seven states studied for this report. The focus groups provided client perspectives on how time-limit policies were implemented and how clients fared after being terminated (presented in Chapter 5). A total of 10 individuals whose grants were closed after reaching a time limit in the past year participated in the focus groups.

Participants expressed concern that they were not given sufficient notice prior to reaching the time limit. While some participants recalled being informed about time limits when they first began receiving benefits, all the participants stated that they were not aware that they were nearing the time limit until a month or two prior to losing their benefit due to time limits, when the state sends automated notices to clients. Focus group participants suggested that late notification about time limits was primarily due to poor communication with case managers. Participants reported varying degrees of communication with staff, but several participants claimed that they had difficulty trying to interact with their case manager. For example, if a client missed a meeting and tried to reschedule, some said that it could take a month before they were able to meet with a case manager. Participants also said that they often had a difficult time reaching their case manager on the phone to ask questions. Many said that they frequently were not aware who their case manager was, given the high staff turnover. Focus group participants believed that sporadic communication between the case manager and the client contributed to a lack of understanding about the time-limit policy.

In states that did not terminate many recipients due to time limits, the messages changed in different ways as recipients became aware that they, in fact, were not likely to be terminated at the time limit. In both Pennsylvania and Washington, staff said that when welfare reform was first implemented, they emphasized time limits in their meetings with recipients; but as recipients reached the 60-month limit and were not terminated, staff reported confusion as to how to deliver the message when recipients generally became aware that, in effect, there was no time limit. Many caseworkers felt that they lost credibility with recipients when the messages they had worked to convey turned out not to be true. As recipients started reaching the time limit with no consequences, staff reported that they deemphasized the time-limit message and shifted their message to focus on other aspects of TANF policy, such as work participation requirements.

In addition to conveying that there is a time limit on TANF, line staff also vary in the extent to which they discuss the details of the time-limit policies. In many of the states visited, line staff reported that while recipients understood that there was a time limit on TANF, it was difficult to convey details of the policy. Many states have multiple time limits, in addition to policies allowing for exemptions and extensions, that make it challenging to deliver a clear message. For example, staff in Cleveland generally did not discuss Ohio's policy that some recipients who reach the 36-month time limit may be eligible again for TANF after leaving it for 24 months. Research conducted for the earlier TANF report and for MDRC's Urban Change report also indicates that staff in Florida, Louisiana, Massachusetts, and South Carolina largely ignore the periodic nature of their state's time limits in discussions with recipients.

The interaction between state and federal time limits can also cause confusion. In Connecticut, for example, recipients are informed of their status in relation to three different time-limit counters: the state 21-month limit, the state 60-month limit, and the federal 60-month limit. The three counters may be different because, for example, some recipients are exempt from the state time limits during months in which their federal clock is running, and some are exempt from the federal time limit during months when their case is funded solely with state funds. Also, the state 60-month time limit counts months of receipt since October 1996 (when TANF was implemented), while the state 21-month counter began as early as January 1996, when the state's waiver program began.[6] Line staff across the states visited generally reported that they focus much more heavily on the state time limits when they are shorter, especially in states that offer few extensions, as these are the first limits that recipients reach and, therefore, are the most relevant. For example, caseworkers in Connecticut said that while they touch on the state and federal 60-month clocks and recipients receive notices indicating their status in relation to all three limits, staff almost exclusively refer to the shorter state time limit in conversations with recipients. Officials in states' central offices track months of federally funded benefits, and this information is often available to staff, but in states with shorter state time limits that are usually enforced, the federal limits may be largely irrelevant to recipients and line staff.

Line staff in states with complex policies may not themselves understand some of the details of the policies, making it more likely that they will convey a simplified message to recipients. Surveys of staff in four cities for the MDRC Urban Change study showed that often staff did not understand the details of the time-limit policies.

Messages About "Banking" Months of Eligibility

Time limits have prompted many to believe that welfare staff should counsel recipients to leave the rolls as quickly as possible, to preserve, or "bank," some of their months of assistance for the future. This message can be difficult to sell, however, because recipients often feel that they have few alternatives to welfare in the short term, and many assume that they will leave welfare before reaching the time limit. Expanded earnings disregards further complicate

[6]Both of these state counters have direct relevance to recipients (although the 60-month limit allows fewer exceptions than the 21-month limit). Connecticut decided that recipients should also be informed about their status with regard to the federal counter because this information could affect their eligibility for assistance if they move to another state.

the banking message. To benefit from an expanded disregard, a recipient needs to stay on welfare after finding work. Should staff urge recipients to take advantage of disregards by combining work and welfare? Or should they urge recipients to bank their remaining months of eligibility by voluntarily leaving welfare? The approaches taken by staff reflect the particular characteristics of policies in each state.

In Connecticut, the financial incentives to work are unusually generous. Recipients can earn up to the federal poverty level (which was $1,431 per month for a family of three in 2007) and still receive the full grant amount (between $553 and $656, depending on the region within the state where the grant is administered). Many Connecticut staff recommend that recipients use the disregard, although as time limits have increasingly become a reality, a minority of staff said that they do encourage recipients to bank months.

In some of the other states visited for this report, staff are much more likely to urge recipients to bank months of eligibility in case they face a later emergency — essentially ignoring the disregard. This is the case particularly in states with low TANF grants, less generous disregards, or generous diversion grants. (Diversion grants are intended to deter TANF applicants from beginning TANF receipt; they generally take the form of a lump sum payment greater than the TANF grant, with the stipulation that recipients are barred from receiving TANF for a certain number of months.) For example, in Missouri, where the TANF grant is relatively low, line staff generally said that they encourage recipients to bank their months of TANF and that they do so most strongly when recipients are employed and the grant is even lower. In Texas, which has a relatively generous diversion grant, staff said that they encourage recipients to take the diversion grant if they can, because it does not count toward their months of TANF. Some line staff across the states visited reported that they are also more likely to encourage recipients to bank their TANF months when they are nearing the time limit, and some states offer incentives that may encourage recipients to do so. In Virginia, banking benefits is useful because it helps preserve other benefits as well: Recipients who leave welfare for employment can receive subsidized child care immediately, while recipients who reach the time limit without employment and who later find employment are placed on a waiting list for child care.

A few states are testing innovative programs to encourage recipients to leave welfare voluntarily for work. For example, Arkansas is testing the Work Pays program, using TANF surplus finds. To be eligible to enter the program, recipients must have received TANF for at least three months, must have worked at least 24 hours per week for the past month (and have met the federal participation rate), and must have income below 150 percent of the federal poverty guideline. Recipients who apply for the program can continue to receive up to two years of cash assistance payments that do not count toward the state 24-month time limit — as long as they meet ongoing program participation guidelines — as well as a $400 three-month job retention bonus, a $600 nine-month job retention bonus, and an exit bonus of $800 if they stay in the program for the full two years (provided they worked 21 out of the 24 months) or an exit bonus of $1,200 if they leave due to earnings that exceed 150 percent of the federal poverty rate. They also receive medical assistance, child care subsidies, and postemployment career advancement services. Recipients benefit both because the bonuses are likely to exceed their TANF grant and because they save their remaining months of eligibility (although months that a recipient is in Work Pays do count toward the federal time limit). The program was launched just before the time that research was conducted for this report, but line staff were already actively selling the program, and some recipients had entered into it.

For recipients in Arkansas who do not qualify or apply for Work Pays, the state has other services in place for employed recipients who voluntarily leave TANF for work. All recipients who leave voluntarily are eligible for Extended Support Services, including guaranteed child care for three years with no copayments in the first year; a year of transitional Medicaid; an employment bonus equal to one month of TANF that does not count toward the state or federal time limit; a $200 transportation bonus; incidental job retention payments needed for such expenses as car repairs and uniforms; and one year of postemployment case management services.

Messages About Education and Training

Many states have policies that emphasize quick entry into the labor market (often called "work-first policies"), which sometimes limit recipients' opportunities to attend education and training programs. Nonetheless, where the option is available, staff must decide whether to encourage recipients to seek short-term training that might help them get better jobs or to try to find a job and leave welfare quickly to stop the time-limit clock. In general, staff in most of the states visited for this report said that they stress the work-first message rather than advising recipients to use their time on welfare to upgrade their skills. This is consistent with the overall philosophy of many states' welfare reform programs.[7]

Conversations with state and local staff suggested that, in some of the states visited, this message has become more pervasive as time limits have become a reality for an increasing number of recipients. For example, TANF line staff in Missouri explained that before lifetime limits hit, case managers presented some recipients with the option of education and training, but as the reality of time limits took hold, they shifted more toward a work-first message for everyone. In states with more lenient time-limit policies, however, this may not be the case; for example, in Pennsylvania and Washington, where recipients are generally not terminated due to

[7]There is also evidence from evaluations that welfare-to-work programs focusing on human capital development are no more effective than those focusing on rapid entry into the labor market; see, for example, Hamilton (2002).

time limits, staff said that they have more flexibility to send recipients to education and training programs.

Some states — such as Utah — generally encourage work-first services but have policies that allow recipients who are nearing the time limit and are already engaged in education or training to receive extensions on their TANF grant to finish the programs. In Utah, a small number of cases each month receive extensions to complete education or training programs.

The Deficit Reduction Act (DRA) of 2005 includes new rules about participation requirements that might affect the types of services that TANF recipients can participate in. As discussed in Chapter 1, the new act requires that states meet more stringent participation requirements, both in the percentage of recipients engaged in services and in the services that are countable. The new rules may decrease states' flexibility to allow TANF recipients to participate in education and training services. At the time that the site visits were conducted for this report, states were beginning to consider how they would meet the new requirements but had generally not yet implemented any changes.

Exemptions from Time Limits

As mentioned in Chapter 1 (see Table 1.2), federal TANF policy allows exemptions from the federal time limit for four types of cases: (1) child-only cases, (2) cases in which the recipient is living in Indian Country or an Alaskan native village with an unemployment rate over 50 percent, (3) cases in which the recipient is receiving TANF under a state waiver policy that exempts the case, and (4) cases in which the recipient's grant is funded exclusively with state maintenance-of-effort (MOE) funds. Some states take the advantage of the state-funding option by using segregated funding or separate state programs (SSPs) to fund recipients' grants. As mentioned in Chapter 1, however, because DRA now requires states to count recipients who are in SSPs when calculating their work participation rate, states may eliminate their separate state programs. One result would be that recipients who previously were exempt from federal time limits would become subject to them (unless states instead choose to move those recipients into solely state-funded programs or to use segregated funds).

Many states also offer exemptions from their state time limits for recipients facing certain circumstances. States generally grant exemptions only temporarily, meaning that one or more months do not count toward recipients' TANF time limit but that when the circumstances under which they became exempt are determined to no longer apply, they move back into the nonexempt caseload. Some states offer few exemptions beyond the federally defined exemptions. Among the eight sites visited for this report, three — Puerto Rico, Utah, and Washington — had narrow exemption criteria. In Puerto Rico and Utah, all adult cases are subject to the time limit, while in Washington only pregnant or parenting minors living with their parents are exempt. However, some states that offer few exemptions from the time limit instead have generous extension policies when recipients reach the time limit.[8] This is the case in Washington, which does not terminate any recipients at the time limit. Other states offer broader criteria for exemptions from the time limit. For example, as outlined in Chapter 1, many states offer exemptions for recipients who are disabled, are caring for a disabled household member, are elderly, are caring for a young child, are pregnant, are a minor parent, or are victims of domestic violence.

While some of the circumstances that qualify recipients to receive exemptions can be easily identified and validated (for example, pregnancy and a child's age), it can be more difficult to identify and verify reasons that are less clear-cut, such as medical issues. Are recipients identified as needing an exemption through in-depth assessments or through recipients' own reports? What review mechanism is in place so that situations are handled consistently across different workers and offices? What is the process for obtaining these exemptions, and how do states balance the need for accurate information with the need to develop a process that is not too burdensome for recipients who have serious problems?

Identifying Recipients Who May Qualify for an Exemption

The processes to identify barriers that may qualify recipients for exemptions vary across different states. States' exemption criteria are sometimes presented in written notices to recipients, but the extent to which line staff communicate the possibility of receiving an exemption varies. This becomes important when the criteria that may exempt recipients are not readily perceived — for example, physical and mental health issues. In cases where recipients qualify for exemptions based on criteria that are easily identifiable and clear-cut, such as caring for a child under a certain age, line staff in the states visited said that they generally automatically grant exemptions. In order to identify criteria that are less easily perceived, some states require that caseworkers discuss each criterion at intake; other states require that line staff discuss the exemption criteria as cases approach the time limit; and other states do not require staff to discuss the criteria at any point, leaving it to line staff's discretion whether to discuss the criteria or encouraging staff to wait for a recipient to disclose information that might indicate that the individual qualifies for an exemption.

In the states visited that do not require line staff to discuss the specific criteria for an exemption, staff vary in the extent to which they are proactive in seeking out employment barriers

[8]Exemptions and extensions can have very different implications for a recipient whose status changes. Consider a woman who is disabled for 23 months, healthy for 1 month, and then reaches a 24-month time limit. If exemptions for incapacitation were available, she would have 23 months remaining on her clock. If not, she would be at the time limit and, presumably, ineligible for an extension based on incapacitation — although she would likely not have obtained services to help prepare her for self-sufficiency.

that might exempt a recipient. In some states, staff ask more general questions about whether the recipient can work; in other states, they wait for the recipient to initiate a conversation that would indicate a reason for exemption. In Missouri, for example, line staff conduct an initial assessment at intake that includes asking whether there is any reason that the recipient cannot look for work or accept a job. Line staff reported that if the recipient does not offer any reason for an exemption, they do not probe further. Some staff conveyed their opinion that explicitly discussing the criteria might bring forward circumstances that recipients would otherwise handle on their own.

Medical issues that present employment barriers — affecting either the recipient or someone whom the recipient provides care for — are a common reason for exemption, but it can be particularly challenging to identify and document them. While staff in some states visited said that they routinely ask recipients about any medical issues that affect their employability, for the most part, staff in the states visited said that they rely on recipients to self-report medical barriers.

One might assume that recipients who have medical problems would report them, but the reality is more complex. Staff report that stigma, fear, and lack of knowledge make some recipients reluctant to discuss health problems, particularly mental health issues. Similarly, many parents will not report their substance abuse problems for fear of losing custody of their children. Welfare staff are often not trained to recognize such problems, and they typically do not spend much time with each recipient, as discussed above, although there are exceptions. As a result, certain kinds of problems may go undetected. Difficulties in identifying serious barriers to employment have existed as long as states have had work requirements, but the stakes are higher now that recipients who have such problems risk losing benefits when reaching the time limits. Line staff acknowledge that a small number of recipients may fall through the cracks, but they contend that they have few options when a recipient is unwilling to reveal a problem or does not follow through with the exemption process.

It is difficult to assess the magnitude of this problem, but some advocates see it as a serious issue. Research for the previous report on TANF time limits found that, in both Connecticut and Massachusetts, the state TANF agencies were criticized for not being proactive enough in identifying recipients' barriers to employment, even though large proportions of the welfare caseload were exempt from the time limit. Critics argued that the states should conduct more thorough assessments of recipients' limitations well before they approach the time limit.[9]

[9]In fact, the U.S. Department of Health and Human Services Office for Civil Rights found in 2001 that the Massachusetts TANF agency did not adequately screen welfare recipients for learning disabilities or provide appropriate services for such recipients.

Recently, some agencies have, in fact, developed more in-depth assessment tools to identify recipients who face more severe barriers that limit their ability to work, and some have contracted with licensed professionals to assist in the assessment. For example, recipients in Arkansas whom caseworkers identify as being potentially at risk for serious barriers to employment are encouraged to take a detailed assessment at a private kiosk in the workforce office. The results are then sent to a team of staff, including a professional clinician and a paraprofessional social worker, to review the case and determine whether the case merits ongoing treatment. If the team chooses to continue working with the recipient and discovers barriers that would qualify the recipient for an exemption, the recipient may be granted one. In addition, administrators in Cleveland contracted with a community organization that is experienced in barrier assessment to administer a screening tool in the TANF office at intake for all TANF applicants; if the staff find evidence that severe barriers may exist, they can refer recipients to other community agencies for more in-depth assessment. Although recipients in Ohio will not be exempt from the time limit if they face these barriers, they may receive treatment for their barriers while receiving TANF.

The Process for Getting a Medical Exemption

In an effort to prevent the abuse of exemption policies, states require various levels of documentation to verify claims of medical exemption. In Virginia, South Carolina, and Texas, for example, a doctor's statement is sufficient; this is also the case in Connecticut for exemptions that are expected to last 30 to 90 days. Massachusetts contracts with outside vendors to review doctors' statements, and a recipient may be required to see another doctor before an exemption is granted. New York previously used a similar system, but now recipients who request an exemption are referred to outside vendors that conduct elaborate assessments, including an assessment of medical issues that might qualify a recipient for an exemption. Some states require an internal review process. This is required in Connecticut, for example, for exemptions that are expected to last more than 90 days, and in Missouri. In these cases, a medical review team within the TANF agency must approve the exemption.

This process — designed to ensure consistency and minimize fraud — can take a long time to complete. Line staff in Kansas City reported that 30 to 90 days are needed after all the proper documentation is gathered, which itself can take longer than a month. However, Missouri stops recipients' time-limit clock while the case is being reviewed.

Critics point out that the same issues that prevent some recipients from working steadily also make it difficult for them to navigate a complex, multistep exemption review process. Again, mental health problems are most likely to present a problem: Many such recipients have not been receiving medical care and do not enter the exemption review process with a physician's statement. As a result, they may be required to see a psychologist or other specialist as part of the process. By virtue of their condition, some of these individuals have difficulty keeping appointments, and so their medical exemption may be denied for failing to follow through.

Medical exemptions, like most other exemptions, usually remain valid for a specific length of time. For short-term medical issues, the doctors or the review vendor determine the duration of the exemption. Staff can also judge some recipients to be so disabled that they will never be employable. In some of the states visited, such recipients may be referred to a specialized worker or agency to help them navigate the eligibility process for Supplemental Security Income (SSI).

Working with Cases Approaching the Time Limit

Though time limits are intended to motivate recipients, they also increase the pressure on states to design effective welfare-to-work programs and to prepare recipients for leaving welfare. If more recipients find employment and leave welfare, fewer families risk having their benefits terminated at the time limit. As a time limit draws near, staff often make special efforts to engage recipients in welfare-to-work programs. In many of the states visited, staff also conduct pre-time-limit interviews to assess the status of the case and/or to again inform recipients that the time limit is approaching. These intensive efforts serve three purposes: They target services to recipients in need; they provide information about whether recipients might qualify for benefit extensions, where they are available; and they provide an opportunity for staff and recipients to consider next steps after the time limit, for those who will be terminated.

To encourage staff to focus additional attention on recipients who are close to the time limit, some state databases have automated prompts that appear when recipients hit certain months. These prompts may signal that line staff should set up a formal time-limit review or tailor their efforts to the client's status. In Utah, for example, a prompt appears at Month 18 to remind line staff to revisit the time limit with that recipient.

Linkages with Welfare-to-Work Programs

Welfare staff work to link recipients with employment services as soon as they begin TANF receipt, but staff generally renew and/or modify these efforts when recipients get closer to exhausting their benefits. Line staff across many of the states visited reported that they intensify their efforts to help recipients find unsubsidized work. Some localities rely on the same employment service options for new recipients as for those nearing the time limit but reinforce their efforts to encourage engagement as the time limit approaches, while others have established special programs for recipients at risk of reaching the limit. Recipients who remain on the rolls until they reach the time limit may face severe or multiple barriers to employment, so these programs are often designed for recipients who are particularly disadvantaged.[10] For example, some states have implemented transitional work programs, which combine subsidized employment with case management to treat barriers as they arise in the workplace. Both Cleveland and Philadelphia offer transitional work programs targeted at long-term TANF recipients. In St. Paul, Minnesota, in an effort to connect families to employment or other economic supports before the first long-term recipients reached the time limits, TANF administrators implemented a program that includes vocational psychological testing, in-home assessments of functional needs, and intensive case management services.[11]

The Pre-Time-Limit Review

Many of the states visited conduct a formal review of recipients' status just prior to the time limit. One purpose of the review may be to make sure that recipients understand that their cash grant will end unless they meet certain criteria or apply for an extension. Staff may also use the review to determine which recipients qualify for an extension or an exemption, or — if those will not be granted — to discuss next steps.

In some of the states, the review meetings are largely structured to bring together a group of staff to review the case and determine next steps; attendance by the recipient may be optional. Professionals outside the TANF agency may be invited to attend as well, and some agencies mandate their presence. For example, at Month 18 in Arkansas, the recipient's TANF caseworker, workforce case manager and supervisor, and any other relevant social service professionals meet to review the case and determine whether or not to recommend an exemption or an extension. If no extension or exemption is granted, a similar review is convened again at Month 22 to make a final determination. Caseworkers are required to contact recipients between these two reviews, and it is preferred but not required that the recipient attend as well. In Missouri, when case management services moved to the workforce agency, the state no longer mandated a pre-time-limit review, but some staff in Kansas City continued to conduct reviews. They bring together a group of staff to ensure that they have exempted recipients for the correct number of months and to consider next steps in terms of referring recipients to other resources. Staff reported that recipients are invited to the review meetings but are not required to attend, and often they do not show up for them.

[10]Bloom and Butler (2007).

[11]A study of the program conducted by Mathematica Policy Research found that while some recipients were able to find employment and leave TANF, others faced serious barriers to employment and were generally offered extensions past the time limit (Pavetti and Kauff, 2006).

In other states visited, the review meetings are structured so that recipients' attendance is mandatory or more central to the process. For example, at Month 32, Utah mandates a review attended by the recipient, a case manager, a licensed clinical therapist, a supervisor, and any other individuals whom the recipient would like to attend. During the review, each of the extension criteria is discussed with the recipient to assess whether any factor might qualify her for an extension. In Washington, recipients are brought in at Month 48 to meet with their TANF caseworker, a social worker, and sometimes an employment counselor. The purpose, in theory, is to reinforce the time limit and reassess the recipient's employment plan; however, these reviews have become more focused on participation requirements as the state has extended benefits for all recipients reaching time limits. In Cleveland, recipients who are nearing the time limit meet with their caseworker and discuss next steps after the time limit.

In some cases, recipients' attendance at the review may affect their eligibility for benefit extensions; in Connecticut, recipients are required to attend an exit interview in Month 20 of assistance, during which the exemption and extension criteria are reviewed; those who do not attend cannot receive an extension. In other states, although recipients' attendance might not be mandatory, the review is often important in uncovering employment barriers that may qualify recipients for an extension.

Some of the states visited conduct home visits for recipients reaching the time limit. If caseworkers in Arkansas cannot contact recipients between Months 18 and 22 of assistance, they are required to conduct a home visit. In Cleveland, if caseworkers determine during the exit interview that a recipient is leaving TANF without any income and without a plan for next steps, they refer the individual to a community-based organization that conducts home visits to help connect the recipient to other resources.

Other states do not require pre-time-limit review meetings, including some states visited that terminate a significant proportion of recipients as they reach time limits. For example, Texas uses written notifications to inform recipients of the time limit, but it does not require that staff contact recipients as the time limit approaches. As noted above, Missouri formerly required review meetings but no longer requires them. Line staff in St. Louis — where the review meetings were not continued voluntarily, as they were by some staff in Kansas City — said that they missed the opportunity that the team meetings afforded to reassess recipients' circumstances and communicate messages about the time limit.

Extensions of TANF Benefits

Decisions about time-limit extensions exert tremendous influence on the outcomes of time-limit policies. If many TANF recipients get extensions, it may reduce the effectiveness of time limits in motivating others to get a job and leave the welfare rolls. If extension rules are too stringent, vulnerable families may lose benefits and suffer as a result.

States have quite different approaches to extensions, both in the criteria that qualify recipients to receive extensions and in the proportion of recipients who reach the time limits and are granted extensions. The number of criteria for extensions specified in states' policies often does not correlate with the number of extensions granted, and similar criteria across several states may generate many extensions in some states but few in others.

Among the sites discussed in this chapter that were visited since recipients reached time limits, Arkansas, Missouri, Ohio, Puerto Rico, Texas, and Virginia grant few extensions; Utah grants extensions to a somewhat broader population, though still a limited proportion of the state caseload; Connecticut grants two 6-month extensions to many recipients, but few recipients receive a third extension or more; and Pennsylvania and Washington grant a large number of extensions. Appendix B provides more detailed information about the proportion of the caseload in extension status in each state visited for this report, according to data provided by the states.

The processes to review and approve (or deny) extensions across the states also varies. Some of the states visited automatically consider each case to see whether it qualifies, while other states, such as Connecticut, require recipients to formally request an extension. In states that do not automatically consider each case for an extension, there are differences in the extent to which caseworkers review each of the extension criteria with recipients, similar to the variations on how exemption criteria are discussed. In Connecticut and Utah, for example, staff discuss the criteria at the pre-time-limit review meeting. On the other hand, Missouri sends notices just before the time limit that list the extension criteria and inform recipients that they can notify their caseworker if they meet any of the criteria, placing the responsibility on the recipients to come forward if they think that they might qualify for an extension. Regardless of how they inform recipients about extension criteria, staff in most of the states visited said that they do consider each case to determine whether it merits an extension (or, in states that require formal requests, each case that makes the request); however, in states that grant few extensions, staff said that they rarely determine that recipients' circumstances are severe enough to merit an extension.

In some cases, the extension criteria are relatively clear-cut, but supervisors and staff in many of the states visited acknowledge that there is subjectivity involved in the extension decision process and that different workers may interpret the same information differently — particularly if state policy defines the terms vaguely. Because the consequences of denying a time-limit extension to certain recipients may be quite serious and yet many states do not want to grant extensions too generously, some of the states visited have developed review processes to try to ensure that extension decisions are appropriate and consistent. Administrators may review all cases as they reach the time limit, or just those for which an extension is recommended, or just those for which an extension is *not* recommended. For example, in Missouri, line staff make recommendations regarding whether to extend or terminate a case, but decisions are subject to review by the county TANF manager (or, in the large cities, by the staff directly under the county manager), who actually authorizes extensions and terminations. Staff in Missouri said that supervisors generally agree with their recommendations. In Utah, supervisors are involved in the process to determine whether recipients receive an extension or not. In contrast, caseworkers in Connecticut said that they can generally make an extension decision without significant review.

In states with a time limit that is shorter than the federal 60-month lifetime limit, recipients who have received extensions on the state time limit may later face differing extension criteria when they reach the federal time limit. The criteria for receiving extensions at the 60-month time limit are often more stringent than they are at the state time limit; states may be more cautious in granting extensions after 60 months because if more than 20 percent of their caseload have received TANF for more than 60 months, they must use state funding to continue administering the TANF grant (although few states are nearing this point). The states with shorter state time limits often have a relatively small proportion of recipients reaching the 60-month time limit, but they may terminate cases that have been receiving extensions on the state limit up to that point nonetheless. For example, in Connecticut, extensions after the 60-month limit are granted essentially only to recipients facing domestic violence, while the criteria for earlier extensions are broader.

The following sections discuss states' approaches to applying different extension criteria. The practices discussed generally refer to how staff apply criteria at states' shortest time limits, unless otherwise noted.

Extensions for Recipients Facing Severe Barriers to Employment

As shown in Chapter 1, many states offer time-limit extensions to recipients who are disabled or caring for someone who is disabled. Some states that do not offer exemptions for these reasons will offer extensions to these recipients instead. For example, neither Utah nor Washington exempts recipients who have these barriers, but both offer time-limit extensions based on these criteria (and Washington extends all cases). Other states offer both exemptions and extensions for these reasons: Arkansas, Connecticut, and Texas offer exemptions based on these criteria if they are uncovered during TANF receipt, but they also offer extensions when these criteria arise or are discovered as the recipient is reaching the time limit. Some states may not include mental health and substance abuse issues in their medical exemption category, limiting it to physical health issues, but they do include these as criteria for extensions. For example, Missouri and Utah offer extensions — but not exemptions — based on mental health and substance abuse issues. Similar issues arise as are described above in identifying recipients who have these barriers, documenting the severity of the barriers, and getting the cases approved. Recipients with these barriers may be particularly wary of coming forth, which makes it difficult to recognize the barriers. Nonetheless, some of the states visited, such as Utah, reported that extensions are granted more frequently for medical reasons than for any other reason.

Several of the sites visited also offer extensions to recipients who face domestic violence.[12] Connecticut, Missouri, Puerto Rico, Texas, and Utah offer extensions based on this criterion. However, line staff generally said that few recipients will tell them when they are facing this situation, even when — as is the case in Connecticut and Missouri — they ask about it specifically. The process for documenting domestic abuse may also deter recipients from applying. In Puerto Rico, for example, recipients must provide court documentation; staff reported that many recipients are unwilling to pursue this course of action. Recent research in California also found that some counties required extensive documentation of domestic violence to deter fraudulent claims but that requiring such documentation further deterred recipients from reporting it.[13]

In addition, a minority of states offer extensions due to a family crisis or because the recipient is involved with child and family services. For example, Missouri offers extensions to recipients involved with child and family services, in order to help preserve families and protect children's safety. Missouri also offers extensions to recipients facing an emergency situation, such as a severe home fire. Line staff reported that this criterion allows them substantial discretion in terms of whether or not to recommend an extension. Nonetheless, most staff said that they rarely decide that a recipient is facing a crisis severe enough to merit an extension.

Extensions for Recipients Who Comply with Program Requirements

As mentioned in Chapter 1, many states make an allowance for recipients who make a good-faith effort to comply with program mandates or to seek and retain employment but are unsuccessful.

[12]The federal Family Violence Option allows a state to provide good-cause domestic violence waivers of various program requirements to anyone whom it has identified as a victim of domestic violence if compliance with those requirements would make it more difficult for the person to escape domestic violence or would unfairly penalize the person. However, this option does not stop the federal TANF clock. Recipients who are granted an extension on the federal time limit because they face such circumstances are included in the calculation that determines whether a state is exceeding the 20 percent limit on families receiving TANF assistance for more than 60 months. However, the state may claim reasonable cause for exceeding the 20 percent limit if it can show that its failure to meet the limit is attributable to the granting of good-cause domestic violence waivers (Web site: http://www.acf.hhs.gov/programs/ofa/polquest/timelimt.htm).

[13]Crow and Anderson (2004).

States define "good faith" and "compliance" in various ways. For example, Connecticut considers a recipient's past conduct and has a relatively clear definition of compliance. A recipient who has no sanctions or one sanction that occurred before their 16th month of TANF is considered to have made a good-faith effort and is granted a six-month extension. Those with a sanction in Months 16 to 20 or with more than one sanction can still receive an extension if they comply with the Individual Performance Contract (IPC), a program contracted to community agencies that offers recipients an opportunity to restore their eligibility for a good-faith-effort extension. Recipients who are sanctioned in Month 21 are not eligible for an extension based on good-faith effort (although they may qualify for an extension based on other criteria). In practice, almost all recipients in Connecticut who reach the time limit without a job are deemed to have made a good-faith effort and are granted at least one 6-month extension. Essentially, they are given the benefit of the doubt, even if their participation was not closely monitored during the prior months.

Line staff in some of the other states visited that offer good-faith extensions based on past compliance reported that they use this criterion infrequently. In Texas, recipients who have complied with the participation requirement — meaning that they have no more than one sanction — but have been unable to obtain sufficient employment in the 12 months prior to the time limit are eligible for an extension. However, line staff in San Antonio reported that they had never granted an extension based on this criterion. Texas's policy also allows extensions for recipients who have been unable to find work after contacting 40 employers in a 30-day period, and Virginia's policy allows extensions for recipients who have been actively seeking employment but who live in an area with a 10 percent unemployment rate or higher, and for recipients who lose a job through no fault of their own and are actively seeking employment; but very few extensions have been granted in Texas or Virginia for these criteria. Line staff in some states visited conveyed that they were more likely to grant extensions based on medical issues than based on compliance.

Other states emphasize recipients' current willingness to comply with program requirements as a condition for granting extensions. For example, in Utah, recipients can receive an extension if they report that they need just one additional month of job search, although few recipients have received an extension based on this criterion. Research for the previous report on TANF time limits also found that recipients in Georgia, Louisiana, and Massachusetts could qualify for an extension based on their current willingness to participate in an employment services program.[14]

As discussed above, some states also grant extensions to recipients who are engaged in education or training. For example, Arkansas offers extensions to allow recipients to complete

[14]Bloom, Farrell, and Fink (2002).

education and training programs; Utah offers extensions to recipients who are currently engaged in education and training and who, through no fault of their own, are unable to complete the program before the 36-month time limit; and Virginia offers extensions for recipients in an employment-related education or training program that will be completed within a year. However, like some of the other criteria mentioned above, this one is not used frequently in these three states.

Some states may include compliance as a general requirement to receive an extension based on any criteria. For example, Virginia allows only recipients who have never been sanctioned to receive an extension; this is a relatively limiting criterion, inasmuch as staff conveyed that very few recipients nearing the time limit — especially those who seemed most in need — had *never* received a sanction. Texas stipulates that recipients who have more than 12 months of sanctions cannot receive extensions on the federal time limit. Thus, the extent to which caseworkers monitor participation and are willing to grant recipients multiple chances if they don't comply can have substantial impacts on the recipients who receive extensions.

Extensions for Recipients Who Are Working When They Reach the Time Limit

Some states have designed extension criteria for recipients who are working when they reach the time limit but whose earnings are not sufficient to make them ineligible for TANF. For example, recipients in Utah who are working over 80 hours per month and have been working this many hours for 6 of the last 24 months are eligible for an extension. Recipients in Virginia whose earnings are not higher than the TANF grant plus $90 can also receive an extension. However, line staff have not used these criteria frequently in either state.

Some states have found that a large proportion of the recipients who reach their time limits are employed and benefiting from expanded earnings disregards. The states visited differ in their approaches to these recipients. Connecticut's generous disregard allows recipients to earn up to the federal poverty level without any corresponding decrease in cash grants. When recipients reach the time limit, if their income is equal to or greater than the cash grant amount (which is lower than the federal poverty level), they are ineligible for an extension. Massachusetts initially used this approach, contending that the expanded disregard should not apply after the 24-month point. However, a court ruled that the disregard must be applied after the time limit, so that recipients cannot be denied an extension based on their earnings.

Extensions for Recipients Who Did Not Receive Satisfactory Services

In some of the states visited, the welfare agency offers extensions if it determines that it did not offer sufficient services to help recipients become employed. Utah, for example, offers extensions if it determines that the agency is at fault for delaying services or if the recipient did not receive services while on TANF in another state before moving to Utah. Texas offers extensions to recipients who live in regions where workforce services are not available. The state has improved access to such services over time; in April 2007, state administrators reported that only six counties had limited availability of workforce services. As this criterion is more likely to affect recipients living in rural areas, it did not apply to the large caseloads in the big cities in Texas.

States may also offer extensions based on the economic circumstances of the area in which the recipient lives. In Texas, recipients who live in areas where the unemployment rate is greater than 10 percent can receive extensions. As mentioned above, this criterion also applies in Virginia, as long as recipients are actively seeking employment. Again, however, this criterion has not been used frequently in either state.

After the Time Limit

States that grant many time-limit extensions have developed special procedures and policies for recipients while they are in an extension. Several states have also developed special outreach programs for recipients whose benefits are terminated because of time limits.

What Happens During an Extension

Extensions are usually granted for a finite period — generally up to six months, varying in some states by criteria or severity of the circumstances — but typically may be renewed. Most states' policies specify the length of extensions, but staff sometimes have discretion in determining the number of months that an extension will last. For example, extensions in Arkansas can last between three and six months, based on staff's assessment of the recipient's needs. Often the process for renewing an extension is similar to the process for granting the first extension.

Individuals usually receive extensions on the condition that they comply with employment-related requirements during the extension; if recipients fail to cooperate, they are cut off. For example, in Connecticut and Texas, if a recipient is sanctioned during an extension, the case is closed permanently. Line staff in Connecticut reported that they are more likely to sanction a recipient during an extension than before an extension (although this is not state policy); they may view the recipients' first 21 months on TANF as an entitlement, while time in an extension is more of a privilege.

What Happens When Cases Are Closed

Return to Welfare

It is sometimes possible for individuals to return to welfare after their cases are closed at a time limit if they show that they qualify for an extension or an exemption — for example, if they become disabled after they left TANF. Although this is the case in Missouri and Texas, for example, staff reported that few recipients came back to apply. Connecticut's policy also states that recipients can apply for extensions at any time — on reaching the time limit or after being cut off. Thus, a recipient who is denied an extension because her income is above the welfare payment standard and who then experiences an involuntary drop in income several months later can apply for an extension at that point. However, an earlier MDRC evaluation in Connecticut – – the Jobs First Evaluation — found that few of the recipients who were denied extensions ever returned to the rolls; a survey found that relatively few of them were aware that they could receive benefits again in the future.[15]

Eligibility for Other Benefits

Although staff say that families who leave cash assistance because of time limits usually continue to receive Medicaid and food stamps — and recipients whose TANF case closes because of the time limit are usually eligible to continue receiving these benefits — practices differ from state to state.

Since federal law delinked TANF and Medicaid, states cannot terminate Medicaid assistance solely because a family is no longer eligible for cash assistance.[16] Medicaid must be continued unless states determine that a family is not eligible under any Medicaid eligibility category. Most families leaving welfare due to time limits continue to receive Medicaid under this provision, and states reported that errors in terminating Medicaid when families leave TANF have decreased over time. Chapter 5 reviews the results of several surveys administered to recipients after time limits and includes details about the proportion of time-limit leavers who continued to receive Medicaid.

States are not required to provide ongoing food stamps to TANF leavers. The 2002 food stamps reauthorization law allows states the option of providing food stamps for up to five months after families leave welfare without requiring reapplication or additional paperwork; however, the majority of states do not offer this option. While almost all recipients leaving TANF due to time limits are eligible for food stamps, not all receive them.[17] In the states visited

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[15]Hunter-Manns et al. (1998).
[16]Mann (1999).
[17]Quint and Widom (2001).

that do not guarantee continued food stamps, line staff reported that receipt often depends on whether TANF and food stamp redetermination are aligned, as well as the extent to which staff market the availability of ongoing benefits. When TANF and food stamp redeterminations are *not* aligned, line staff reported that the food stamp grant generally adjusts automatically as recipients leave TANF. However, when TANF and food stamp redetermination *are* aligned, ongoing benefits may be dependent on whether recipients are aware that once their TANF grant closes, they are still eligible for food stamps. Staff in most of the states visited said that they discuss food stamps as a next-step option in exit interviews; for example, in Cleveland, staff explicitly tell recipients about the availability of these benefits during the pre-time-limit review meeting. However, recipients often fail to attend TANF exit interviews and so do not learn about the option of continuing to receive food stamps. Chapter 5 also discusses the proportion of time-limit leavers who continue to receive food stamps after leaving welfare.

Some states offer automatic continuation of child care benefits for recipients who are working when they leave TANF — including those who leave due to time limits; for example, Virginia and Utah both offer this benefit. Line staff stressed that this benefit was crucial for families leaving TANF, because families could maintain their child care without being put on a waiting list.

Special Post-Time-Limit Outreach Programs

Especially in states providing low cash grants, staff often assume that most recipients had other sources of income all along and that they will fare okay after time limits. Nonetheless, out of concern for families' well-being, some welfare agencies attempt to contact the families. These small-scale programs offer either referrals to community agencies or help finding a job, and they often make sure that the families are getting other benefits for which they may be eligible. Examples of such efforts to provide support to families after the time limit include the following:

- Connecticut contracts with nonprofit organizations to operate a safety net program targeted to recipients who are terminated due to time limits. (Until 2007, this program targeted only certain time-limit leavers; see Appendix B for more information.) A key focus of the program is on helping recipients find jobs, although the program can also offer vouchers to pay for necessities.
- In Cleveland, recipients who are terminated due to the 36-month time limit and who are determined to have no income and no plan are referred to providers who conduct a home visit and then have 90 days (with an occasional extension) to work with recipients. The providers focus on connecting recipients to other community-based resources and organizations and on ensuring that they are receiving all the benefits for which they are eligible.

- In Utah, as part of a study conducted in 2005 by the University of Utah's Social Research Institute (SRI) about the barriers that welfare recipients face on reaching time limits, SRI staff began referring recipients who have particular barriers as identified through surveys to an intervention specialist at the TANF agency for additional assistance. After the study ended, the specialist began attempting to contact all recipients whose cases were terminated due to time limits.[18] The specialist provides recipients with information about TANF extensions, other benefits for which they may be eligible, and referrals to other community organizations.

- In Virginia, caseworkers will continue to provide employment case management for recipients who are employed when they reach the time limit. The workers follow up monthly for six months after TANF exit.

In Connecticut, the post-time-limit outreach program sometimes identifies former recipients who qualify for exemptions; these individuals may end up back on welfare. Critics argue that this demonstrates that recipients with serious problems are slipping through the cracks and having their benefits canceled inappropriately. Although the critics express support for the outreach programs that uncover these problems, they maintain that welfare agencies should try harder to find such problems before, rather than after, benefits have been canceled.

TANF agencies and other organizations have also made efforts to ensure that low-income families who are not receiving TANF — potentially including families terminated from TANF due to time limits — are connected to other benefits for which they are eligible. For example, the agency that administers TANF in Cleveland conducts extensive outreach efforts targeted at low-income families who may not be receiving any benefits.

Looking Ahead

TANF reauthorization, in the Deficit Reduction Act of 2005, pushed states to reconsider some of their policies in light of the more stringent participation requirements. States were just beginning to implement changes at the time that The Lewin Group and MDRC conducted the site visits for this report, so it is unclear how the changes will affect time-limit policies.

As mentioned earlier, TANF reauthorization is forcing states to reconsider their separate state programs (SSPs). Prior to reauthorization, recipients in SSPs did not count in the denominator of the participation rate and were not subject to the federal time limit; however, reau-

[18]The specialist attempts home visits for recipients living in the Salt Lake City area and attempts to contact other recipients by mail or telephone. She reported that she is generally able to contact 60 percent of recipients.

thorization requires that recipients in SSPs count in calculating participation rates. Administrators in many states that were visited for this report said that they were still considering whether to maintain their SSPs or abolish them. If SSPs are abolished, an increased number of recipients may become subject to time limits, unless states choose to pay for their benefits using solely state-funded programs or segregated funds.

The new participation guidelines that TANF reauthorization presents may interact with time limits in other ways. If more recipients participate in work activities, they may be more likely to leave before time limits. On the other hand, stricter participation requirements may push states to increase sanctioning, which, in turn, would affect time limits in the states where eligibility for extensions is dependent on sanctioning. Increased sanctioning may also affect time limits, inasmuch as recipients might leave TANF earlier because of sanctions than they would have otherwise, and so they would not reach the time limits.

It will be important to follow the effects of TANF reauthorization on the implementation of time limits, especially as they interact with other TANF policies, at both the state and the local level.

Chapter 3

Families Reaching Time Limits

This chapter explores the extent to which families accumulate months counting toward the 60-month federal time limit on benefits from the Temporary Assistance for Needy Families (TANF) program and whether families continue to receive assistance after reaching the time limit. It also examines demographic characteristics and other factors associated with accumulating months of assistance. Finally, this chapter uses case closure data to estimate the total number of terminations resulting from both state and federal time-limit policies and the characteristics of families whose cases are being terminated. Information presented in this chapter is based on analysis of quarterly data reported by states to the Administration for Children and Families (ACF) in the U.S. Department of Health and Human Services (HHS).[1]

Key Findings

- During federal Fiscal Year (FY) 2005, 52 percent of TANF cases were subject to the federal time limit. About 44 percent of families were child-only and thus were exempt from time limits. The remaining 4 percent were exempt because they received assistance funded with state-only segregated funding, due to a state waiver policy, or because they lived in Indian Country or an Alaskan village experiencing high unemployment.

- Only a small portion of TANF assistance cases accumulated 60 or more months of assistance. In FY 2005, approximately 4.5 percent of all TANF assistance cases received at least 60 months of assistance.

- Relative to other families receiving assistance, families who reach 60 months are older, have lower education levels, and are more likely to have a disabled family member. They are also more likely to be living in public housing or receiving a rent subsidy. State policies are as important as demographic characteristics in understanding the accumulation of months of assistance. Families who live in states that have termination time-limit policies that cancel the family's entire welfare grant and strict sanctioning policies that close the case of recipients who

[1]For the most part, data reported to ACF contain only information pertaining to the federal 60-month time limit. However, reasons for case closure do differentiate between the federal time limit and state-specific time limits.

are deemed noncompliant are significantly less likely to reach 60 months than families who live in states that have more lenient policies.

- Since the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) was enacted, at least a quarter million TANF cases have closed due to reaching either a state or the federal time limit. These cases make up only 2 to 3 percent of all closed cases in a given month, and some cases may continue to receive other types of assistance. For instance, of all cases closed due to time-limit policies through FY 2005, some 80,000 (about 30 percent of total closures) occurred in New York, which transferred most of these cases to a safety net program that provides the same level of benefits as TANF, although only partly in cash. Connecticut provides a limited number of vouchers to pay for rent or other necessities for families who are terminated from assistance. Some states allow families who reach the 60-month lifetime limit to return to TANF if their circumstances change.

- Relative to all case closures, families whose benefits were terminated because of time limits are more likely to have low education levels, to have never married, to be living in public housing or receiving a rent subsidy, and to be African-American.

Data Sources

This chapter uses the individual- and case-level data provided to ACF by all 50 states, the District of Columbia, Puerto Rico, and the Virgin Islands. All states are required to report to ACF on a quarterly basis regarding their TANF and separate state program (SSP) caseloads.[2] These data cover federal Fiscal Years 2002 through 2005, a four-year period from October 2001 through September 2005.

States have two options when reporting data to ACF. States may either provide information on the entire caseload (that is, the universe of cases) or select a subset of cases each month and provide a sample. Throughout most of the period, 28 states submitted the universe of cases;

[2]Under the prior TANF regulation, the quarterly report for SSPs was required only if a state wanted to qualify for a caseload reduction credit or receive a high-performance bonus. Given the importance of the caseload reduction credit to states, all states that had SSPs reported this information to ACF. The Deficit Reduction Act (DRA) of 2005 now requires all states to report information on its SSP cases.

the remaining states submitted sample data that had a minimum of 275 open cases and 20 closed cases each month.[3]

ACF collects data on four types of cases:

1. *Active TANF cases,* which include families who received assistance during the reporting month that was funded with federal and segregated state funds

2. *Closed TANF cases,* which include families whose TANF assistance was terminated for the reporting month but who had received assistance in the prior month

3. *Active SSP cases,* which include families who received assistance during the reporting month that was funded under a separate state program

4. *Closed SSP cases,* which include separate state program cases that had closed during the month but that had received assistance in the prior month[4]

Families Receiving Assistance

In examining TANF time limits, it is first important to determine which families are subject to the federal time limit; not all families who receive assistance accrue months toward the 60-month lifetime limit. While the other chapters in this report also discuss state time limits — which may be shorter than the federal 60-month limit (see Chapter 1) — this chapter focuses almost exclusively on the federal time limit. The ACF data do not provide sufficient information to track months accrued toward the state time limit or reasons that a family may be exempt from accruing these months.

As discussed in Chapter 1, families who do not accrue months toward the federal time limit include child-only cases and families receiving non-TANF assistance in a state's SSP.[5]

[3]Not included in the 28 are two states, Minnesota and Pennsylvania, that provided their universe until May 2003 and provided a sample thereafter. The following states provide a sample: Arkansas, California, Colorado, Connecticut, the District of Columbia, Florida, Illinois, Maryland, Massachusetts, Michigan, Mississippi, Missouri, Nebraska, Nevada, New Mexico, New York, North Carolina, Ohio, Puerto Rico, South Carolina, South Dakota, Texas, and West Virginia. All other states provide the universe of cases.

[4]States can fund TANF families with segregated funding, which stops the federal time-limit clock but does not exempt families from work participation requirements. SSP families receive non-TANF assistance and are not part of the TANF caseload and are also exempt from federal time-limit policies. Prior to the Deficit Reduction Act (DRA), SSP families were also exempted from work participation requirements.

[5]States may count months of non-TANF assistance toward the state time limit, but this information is not available in the ACF data.

Not all states maintain an SSP, and the states that do provide non-TANF assistance use different criteria to determine which families are placed in the SSP.

Another set of cases that do not accrue months toward the federal time limit are TANF families receiving a federal exemption:

1. Families living in Indian Country or an Alaskan village with an unemployment rate greater than 50 percent

2. Families exempt from having months counted under a state waiver policy

3. Families funded exclusively with state maintenance-of-effort (MOE) funds (segregated funding; see Chapter 1)

Of an average monthly caseload of over 2 million TANF and non-TANF assistance cases in FY 2005, about 168,000 were SSP cases, and the remaining were TANF cases. The rest of the chapter discusses the TANF cases, the non-TANF cases (that is, the SSP cases), and closed cases.

TANF Cases

This section examines families receiving TANF assistance and looks first at which families are exempted from accruing months toward the federal time limit. The section then examines the accrual of months among adult-headed families.

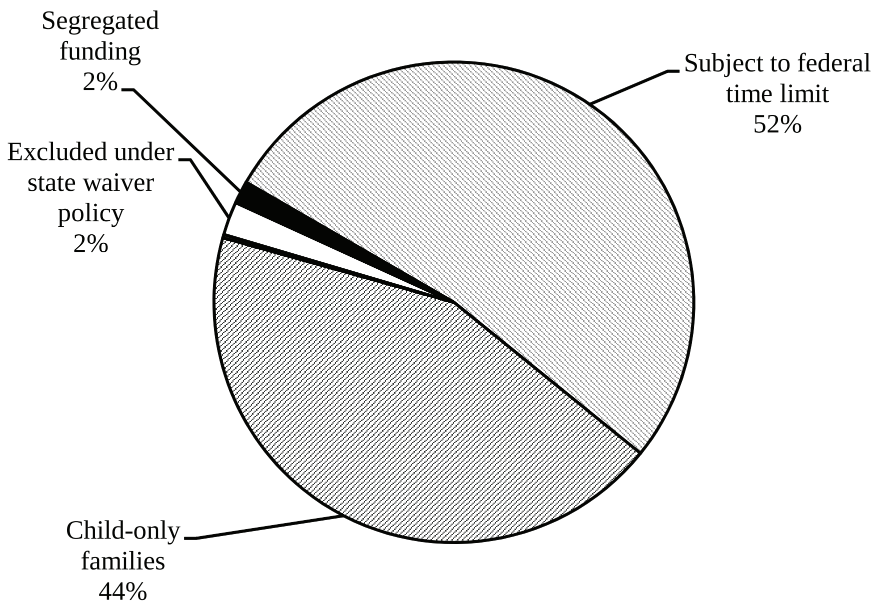
Exempted TANF Cases

As Figure 3.1 shows, of an average monthly caseload of about 1.9 million TANF cases, just over half were subject to the federal time limit. Other families were exempted because they fell into one of the following groups:

- **Child-only cases.** In FY 2005, approximately 44 percent of all TANF cases were exempt from the federal time limit because they were child-only cases; that is, no adults were included in the assistance unit. In some of these cases, there was no parent living with the children, and the caregiver had chosen not to be included in the assistance unit. In other cases, the parent was living with the children but was ineligible for TANF, although the children remained eligible. The parent might have been ineligible because he or she was receiving Supplementary Security Income (SSI), was a noncitizen, or had been sanctioned for not complying with TANF program requirements. South Dakota has a low overall share of cases subject to the federal time limit, which is driven by the high share of child-only cases in its caseload (64 percent). Fourteen other states had caseloads

Figure 3.1

TANF Caseloads, by Category of Federal Exemption, Fiscal Year 2005



SOURCE: TANF Data Report.

NOTES: Data are weighted, based on average monthly caseload, FY 2005. Not shown are 4,272 families (0.2 percent of the caseload) who were exempt due to living in Indian Country/Alaskan village with high unemployment.

where child-only cases represented over half of all families.[6] (See Appendix Table C.1 for more details on exempt caseloads, by state.)

- **Cases in Indian Country or an Alaskan native village with high unemployment.** Less than one-half of 1 percent of all TANF families with fewer than 60 months accumulated were exempt because they were living in Indian Country or an Alaskan native village experiencing unemployment greater than 50 percent.

[6]In ascending order of child-only caseloads, these states are Arkansas (50 percent), South Carolina (51 percent), Wisconsin (52 percent), California (53 percent), Ohio (53 percent), Oklahoma (54 percent), Nevada (55 percent), North Carolina (57 percent), Texas (57 percent), Georgia (61 percent), Louisiana (64 percent), Florida (65 percent), Idaho (72 percent), and Wyoming (80 percent).

(The portion in this category is too small to appear in Figure 3.1.) These cases were concentrated in three states — Montana, North Dakota, and South Dakota — that exempted between 21 percent and 27 percent of their caseloads in FY 2005 for this reason.

- **State waiver.** About 2 percent of families were exempt because they were living in a state that was operating under a state waiver. States with a substantial share in this category include Hawaii (30 percent) and Tennessee (56 percent).[7]

- **Segregated funding.** About 1 percent of the families were exempt from accumulating months because their TANF assistance was paid for with segregated funding. Some of these cases may have been subject to state time-limit policies. Massachusetts funded over one-third of its caseload with segregated funding; this group included noncitizens and cases exempt from the state time limit. The use of segregated funding declined substantially between FY 2002 and FY 2005. For instance, up to 4 percent of families received segregated funding and were exempt from time limits in FY 2002 and FY 2003, but the share of such cases dropped to less than 2 percent in FY 2004 and FY 2005. This drop is due primarily to the State of California's decision to stop placing families who reached the federal time limit into its segregated TANF program.[8]

Adult-headed cases that received federal exemptions were more disadvantaged than those subject to the federal time limit. A larger percentage of adult-headed families who were exempted from accruing months were headed by an individual with low education (54 percent had less than a high school diploma, versus 42 percent for families with no exemption) and who was not working (18 percent were employed, versus 24 percent for families with no exemption).[9] These families were also more likely to be Native American, representing cases exempted due to the specific provisions for families receiving assistance in Indian Country with high unemployment.

Accumulating Months of Assistance

This section examines the extent to which individuals accumulate months of assistance counting against the federal time limit. State TANF programs were certified between September 1996 and July 1997. For a handful of states, the federal clock began in September 1996, and the

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[7]Hawaii's waiver expired September 2004, and Tennessee's waiver expired June 2007. A number of additional states had time-limit waivers that had since expired that led to delaying the time limit for a substantial proportion of their caseload.

[8]California later used segregated funds for some families reaching the state time limit.

[9]These data include all cases in FY 2002 through FY 2005. Results are available on request.

first month in which recipients in any state could have accumulated 60 months under the federal clock was in August 2001. By June 2002, families in all states would have had the opportunity to accumulate 60 months if they had received assistance continuously following the certification of their state programs.[10]

Table 3.1 shows the proportion of adult-headed families who received TANF assistance, by the number of months of assistance accumulated in FY 2005. As this table shows, over half of all adult-headed families had accumulated between 1 and 24 months. On average, in a given month in FY 2005, around 8 percent of all adult-headed families had accumulated at least 60 months of assistance, and nearly 6 percent were families who had accumulated zero months due to federally allowed exemptions.[11] Among all TANF cases, including child-only cases, about 4.5 percent of cases had received at least 60 months of assistance.

The distribution of months accumulated has not shifted a great deal over time. The portion of TANF families with 60 or more months accumulated has increased slightly, from around 7 percent to 8 percent of adult-headed families (Figure 3.2). Between 2002 and 2005, cases with zero months accumulated decreased from 9 percent to 6 percent, while those with a low number of months (between 1 and 24) increased, from 53 percent to 59 percent.

Appendix Table C.2 presents the distribution of accumulated months of assistance, by state, in FY 2005. States with a high proportion of families who had accumulated 60 or more months were those that had 60-month time limits or no time limit.[12] These states tend to offer extensions, rather than terminate assistance, when families reach 60 months.[13]

States are allowed to grant a hardship extension to up to 20 percent of their entire caseload (including child-only cases), which allows families who have reached the time limit to continue to receive assistance. In 2005, no states had reached the 20 percent cap, although some

[10]California did not start the state time limit until January 1998, although its TANF program was certified in December 1996. Therefore, some families reached the federal time limit before reaching the state time limit. These families continued to receive assistance through state funds until they reached the 60-month state time limit, at which time the adult's needs were removed from the case.

[11]An adult-headed case would not accumulate months toward the federal time limit if the family were living in Indian Country or an Alaskan native village where 50 percent of the adults were not employed or if the family received assistance under an approved welfare reform waiver policy that allowed exceptions (a policy that has since expired) or if the family received assistance funded with state-only dollars.

[12]In California, the District of Columbia, Maine, Maryland, Maine, Michigan, Nebraska, and Rhode Island, over 15 percent of all adult-headed families had accrued at least 60 months.

[13]At 60 months, California and Rhode Island remove the adult from the caseload, but the family continues to receive a reduced benefit. Michigan did not have a termination time limit when this analysis was conducted, while the District of Columbia has a 60-month time-limit policy but continues to provide assistance to families who are willing to comply with program requirements. As of 2005, Maryland had not closed any cases due to the federal or state time limit.

Table 3.1

**Distribution of Accumulated Months of Assistance,
Adult-Headed TANF Cases, Average Monthly, Fiscal Year 2005**

Number of Months	Number of Cases	Percentage of Caseload
0	61,108	5.6
1-12	387,047	35.7
13-24	238,414	22.0
25-36	147,799	13.6
37-48	98,254	9.1
49-59	61,020	5.6
60+	86,951	8.0
Data not available	3,527	0.3
Total	1,084,120	100.0

SOURCE: TANF Data Report.

NOTE: Data are weighted, based on average monthly caseload, FY 2005.

states were approaching this limit. In particular, the District of Columbia extended 17 percent of its caseload from termination for hardship; Maine extended 16 percent; Michigan extended 11 percent; and Rhode Island extended 15 percent (Appendix Table C.1).[14]

On average, states that terminate TANF assistance before 60 months had a higher proportion of families receiving fewer than 25 months of assistance. States in which over 50 percent of all families received between 1 month and 24 months include Oregon, Tennessee, Utah, and Virginia.

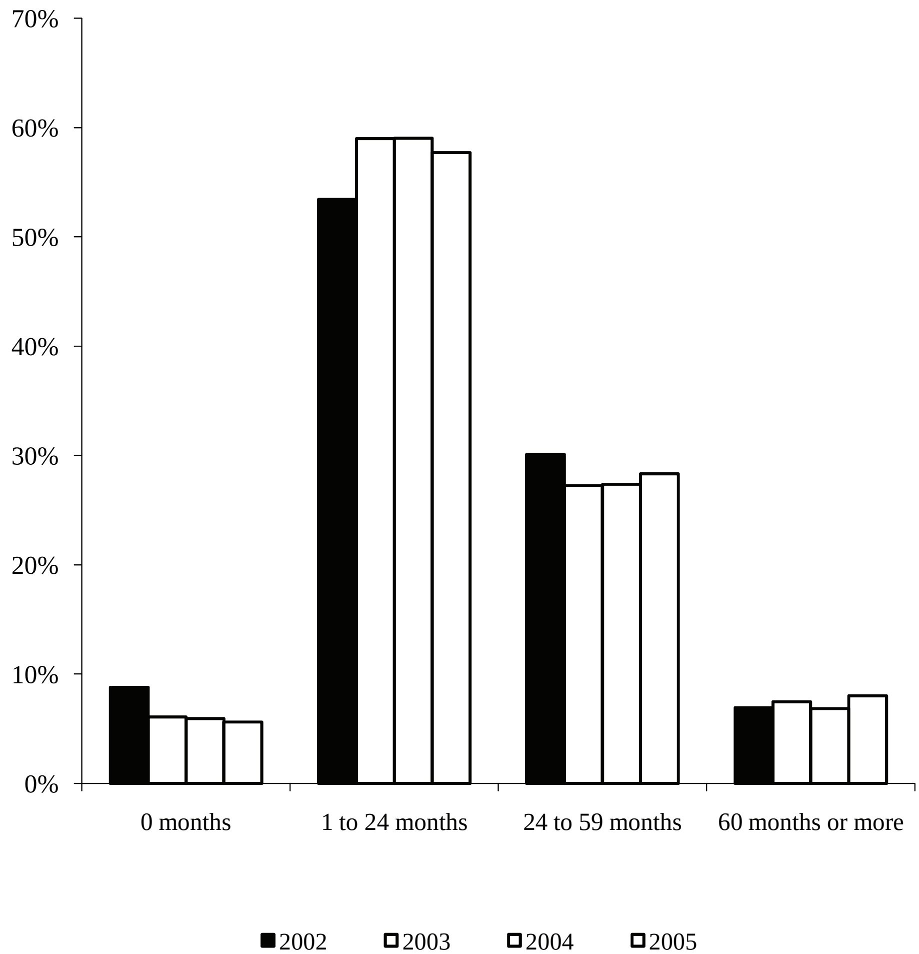
Characteristics of Families, by Months of TANF Accumulated

The characteristics of families may differ according to how many months of TANF assistance they have accumulated. Individual- and family-level characteristics may be correlated with staying on TANF for long periods of time, while certain state policies may deter or encourage families to remain on assistance. Inasmuch as the ACF data present a point-in-time look at families' characteristics and the number of months accumulated, any differences be-

[14]Note that the data show that some cases that accumulated more than 60 months were not categorized as being exempted due to hardship or other exemption reasons. Further research is needed to examine whether these cases should be included in the hardship category.

Figure 3.2

Proportion of Adult-Headed TANF Assistance Cases, by Months Accrued, Fiscal Years 2002-2005



SOURCE: TANF Data Report.

NOTE: Data are weighted, based on average monthly caseloads, FY 2002 through FY 2005.

Table 3.2

Characteristics of Adult-Headed TANF Cases, by Months Accumulated, March 2005

	0 Months	1 to 24 Months	25 to 59 Months	60 Months or More
Head of household				
Average age (years)	34.5	28.6	31.6	37.2
Female (%)	92.0	92.3	95.1	95.9
Race[a] (%)				
American Indian	5.6	1.9	1.3	2.6
Asian/Pacific Islander	2.5	1.0	2.3	6.0
African-American	27.6	37.2	47.7	41.5
White	57.4	56.3	45.2	48.2
Hispanic (%)	25.2	19.3	19.3	30.6
Highest education level[a] (%)				
No high school diploma/GED	51.0	40.7	37.0	47.6
High school diploma/GED	45.5	54.6	58.4	46.6
Other credential/postsecondary degree	1.4	3.0	3.5	3.4
Marital status (%)				
Never married	63.0	69.4	73.5	68.9
Married	12.5	8.9	6.6	3.8
Separated, divorced, or widowed	24.3	21.7	19.9	27.3
Citizenship[a] (%)				
U.S. citizen	88.0	95.6	95.0	94.3
Qualified alien	7.0	4.1	4.9	5.6
Employed (%)	16.6	21.4	25.2	27.0
Family characteristics				
Segregated funding (%)	37.8	2.0	1.6	6.6
Source of Income (%)				
Earnings	15.1	17.4	21.0	30.4
Social Security Administration	13.2	0.4	0.1	6.4
Workers' compensation	6.8	0.4	0.7	4.2
Supplemental Security Income (SSI)	21.7	4.9	9.7	16.5
Benefits (%)				
Public housing or rent subsidy	17.5	12.9	26.0	34.9
Child care	4.3	12.1	16.3	11.5

(continued)

Table 3.2 (continued)

	0 Months	1 to 24 Months	25 to 59 Months	60 Months or More
Exemption status (%)				
Subject to federal time limit	22.4	94.1	97.3	32.3
Accrual exemption				
Segregated funding	20.4	2.0	1.5	0.2
Indian territory	4.5	0.3	0.1	0.0
Waiver	34.1	3.6	0.9	0.3
Termination extension				
Hardship extension	1.2	0.0	0.0	60.6
Segregated funding	17.4	0.0	0.0	6.4
Number of cases	54,883	587,496	288,198	88,833

SOURCE: TANF Data Report.

NOTES: Data are weighted.
[a]Categories of race, highest education level, and citizenship do not sum to 100 percent because "unknown" is also an option.

tween families who have accumulated a low number of months and those with high accumulations can only be descriptive. This section examines a cohort of families receiving TANF in March 2005 and presents descriptive information about these families before turning to regression analysis to disentangle the relative importance of case characteristics and state policies.

Table 3.2 compares the characteristics of adult-headed families, analyzed by the number of months they accumulated toward the federal time limit in March 2005. As this table shows, families accumulating more months were older, on average, and were more likely to be African-American. They had lower levels of education, were more likely to be employed, were also more likely to be receiving income from earnings and Supplemental Security Income (SSI), and were more likely to be living in public housing or receiving a rent subsidy. A higher share of the caseload with zero months (38 percent) received assistance with segregated funding, which does not count toward the federal time limit.

Probability of Accumulating 60 Months

Families who reached the 60-month federal time limit had lower education levels. However, this may reflect the policies of states serving families who were more disadvantaged rather than indicate that this characteristic caused families to accumulate more months. In a simple comparison of characteristics between cases with high accumulation and those that have not accumulated many months, it is not possible to disentangle whether the economic and demographic characteristics of individuals or state policies have a stronger association with reaching 60 months.

Using regression analysis, however, it is possible to separate the relative importance of policies versus characteristics.[15] As shown below, a number of individual and case-level characteristics are significantly correlated with accumulating months of assistance, even after controlling for state economic, geographic, and policy variation.

Table 3.3 displays two sets of regression results that examine the association between the accumulation of months of assistance and case-level characteristics, state policy decisions, and economic conditions.[16] Columns 1 and 2 examine the probability of accumulating 60 months of assistance, using a probit model and presenting marginal effects, while Columns 3 and 4 examine the factors associated with the number of months accumulated, using an ordinary least squares (OLS) model.[17] Columns 1 and 3 include individual- and case-level characteristics, such as the head of household's demographic information (including race/ethnicity, age, gender, education, and citizenship), his or her employment status, and information on the composition of the case. Columns 2 and 4 add information on state-specific policies that might affect the accumulation of months, state-specific economic conditions, and indicator variables for the nine U.S. Census Divisions (to account for geographic variation).

As shown in Column 1, a number of characteristics of the heads of household are related to accumulating 60 months of assistance. Female-headed cases and cases headed by older individuals are more likely to reach the federal time limit. Additionally, citizenship and having more children are positively related to reaching 60 months.[18] Older recipients will potentially have had more time to accumulate months on TANF, as will families with more children. Additionally, having a Hispanic or Asian/Pacific Islander head of household is significantly correlated with an increased chance of reaching 60 months.

It is important to note that, in all cases, the magnitude of the estimates of the association between these characteristics and accumulating 60 months is relatively small. For instance, the coefficient estimate of 0.044 for being a female-headed case can be interpreted to mean that, for

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[15]It is important to note that none of the regression results should be interpreted as causal. Also, cases and the number of months accumulated were observed in a single month. Thus, some cases may eventually reach 60 months but would not fall into this category in the month observed.

[16]Appendix Table C.3 contains full regression results with all variables.

[17]Marginal effects show the change in the probability of reaching 60 months resulting from a 1-unit change in the independent variable, at the mean of the independent variable. For indicators (such as being female or employed), the result displayed represents the change in the probability of reaching 60 months for a discrete change (from 0 to 1) in the independent variable.

[18]Age-squared is also included in all regressions, to allow the effects of age to change as a person gets older. Although age-squared is significant and negatively correlated with reaching 60 months, the estimate is quite small and indicates that an increase in age increases the probability of reaching 60 months for all recipients 60 years or younger.

Table 3.3

Regression Results: Probability of Accumulating at Least 60 Months of TANF and Number of Months Accumulated, Adult-Headed Cases, March 2005

	Probability of Reaching 60 Months[a]		Number of Months Accumulated[a]	
	(1)	(2)	(3)	(4)
Characteristics of head of household				
Age	0.012	0.005	1.352	1.011
	(0.004) ***	(0.002) **	(0.331) ***	(0.016) ***
Age squared	-0.000	-0.000	-0.015	-0.012
	(0.000) **	(0.000)	(0.005) ***	(0.000) ***
Hispanic	0.046	0.013	1.537	0.285
	(0.023) **	(0.011)	(1.391)	(0.093) ***
African-American	0.010	0.006	1.628	3.187
	(0.013)	(0.008)	(0.854) *	(0.055) ***
Asian/Pacific Islander	0.093	0.038	4.944	2.200
	(0.057) **	(0.032)	(2.954) *	(0.176) ***
American Indian	0.024	0.030	-1.298	-4.907
	(0.052)	(0.038)	(3.336)	(0.147) ***
Less than high school education	0.015	0.010	-0.458	1.554
	(0.013)	(0.007)	(0.869)	(0.048) ***
Never married	0.024	0.010	3.303	2.639
	(0.012)	(0.006)	(1.026) ***	(0.056) ***
U.S. citizen	0.039	0.020	5.356	7.124
	(0.012) **	(0.005) ***	(1.840) ***	(0.132) ***
Employed	0.016	0.008	2.930	1.503
	(0.017)	(0.009)	(1.119) ***	(0.056) ***
Female	0.044	0.022	6.697	5.768
	(0.010) ***	(0.004) ***	(1.418) ***	(0.085) ***
Characteristics of case				
Age of youngest child	0.002	0.001	0.250	0.434
	(0.001)	(0.001)	(0.113) **	(0.006) ***
Number of children	0.013	0.008	2.013	2.331
	(0.004) ***	(0.002) ***	(0.407) ***	(0.023) ***
One-parent family	0.027	0.017	13.812	10.924
	(0.017)	(0.006) *	(1.398) ***	(0.062) ***
State policies				
60-month termination limit		-0.037		-5.058
		(0.006) ***		(0.160) ***
Shorter termination limit		-0.049		-9.873
		(0.006) ***		(0.181) ***
3 or more exemption categories		-0.006		-2.081
		(0.005)		(0.100) ***

(continued)

Table 3.3 (continued)

	Probability of Reaching 60 Months[a]		Number of Months Accumulated[a]	
	(1)	(2)	(3)	(4)
3 or more extension categories		-0.019		-0.731
		(0.005) ***		(0.098) ***
Partial sanction		0.016		6.765
		(0.007) **		(0.117) ***
Gradual full sanction		0.017		4.644
		(0.008) **		(0.119) ***
Higher-than-average benefits		-0.003		1.783
		(0.008)		(0.269) ***
Higher-than-average earned income disregards		-0.020		1.702
		(0.010) **		(0.137) ***
State economic conditions				
State minimum wage		-0.011		-2.304
		(0.006) **		(0.077) ***
Unemployment rate		0.001		1.070
		(0.003)		(0.062) ***
Poverty rate		0.000		-0.605
		(0.001)		(0.045) ***
Constant			-39.323	-18.084
			(5.341) ***	(0.968) ***
Unweighted observations	389,178	389,178	389,178	389,178

SOURCES: Head-of-household and case characteristics are from TANF Data Report. See Appendix Table C.6 for descriptions of other variables and sources.

NOTES: Data are weighted.

[a]Columns (2) and (4) include regional indicators; see Appendix Table C.3 for all coefficient estimates. Columns (1) and (2) are probit models, marginal effects at the mean of independent variables reported. Columns (3) and (4) are Ordinary Least Squares (OLS) models. Robust standard errors are shown in parentheses. Significance levels are indicated as: *** = 1 percent; ** = 5 percent; * = 10 percent.

a TANF case with average characteristics, being a female-headed case is associated with a 4.4 percentage point increase in the probability of reaching 60 months.

When information on state policies, economic conditions, and location are included, the effects of the characteristics discussed above remain relatively stable, with a few exceptions. Being Hispanic or an Asian/Pacific Islander is no longer significantly correlated with reaching the federal time limit (Column 2). The effects of age diminish as well. A number of state policies are correlated with the accumulation of 60 months. As would be expected, families in states with stricter time-limit policies (that is, 60-month or shorter lifetime termination time limits) are significantly less likely to reach 60 months than families in states with no termination limit. Families in these states who reach 60 months do so only if granted extensions to the shorter state time limit.

Families in states with stricter sanctioning policies may be more likely to be sanctioned off TANF prior to reaching 60 months. This hypothesis is supported by the regression results, as cases in states with more lenient sanctioning policies are also more likely to have accumulated 60 months, relative to cases in states that impose immediate full-family sanctions. Benefit levels and earnings disregards are not significantly related to reaching 60 months.[19] Families living in states with a larger number of state extension criteria are less likely to reach the time limit, implying that extension policies do not induce families to continue to receive assistance.[20]

Finally, among state-level economic conditions, only the minimum wage is significantly related to whether families reach the federal time limit. Families in states with a higher minimum wage are less likely to accumulate 60 months. Individuals in these states may leave TANF more quickly, inasmuch as once they begin working, they will become income ineligible for assistance after working fewer hours than families in states with a lower minimum wage. A family's geographic location is correlated with the probability of reaching the 60-month time limit (not shown). (See Appendix Table C.3 for full regression results.)

However, some characteristics or policies may be correlated with the accumulation of months, even if they are not necessarily associated with reaching the 60-month time limit. Using the number of months accumulated as the dependent variable allows for this distinction. A number of the same characteristics and policies are associated with the number of months that a family has accumulated (Column 3 of Table 3.3). Having a female head of household is associated with an increase of close to 7 months, while belonging to a one-parent family is associated with an increase of close to 14 months. These effects are both significant. Other significant factors include age (an increase of one year is associated with an increase of 1.4 months), citizenship (5 months), number of children (2 months), having a head of household that has

[19]The maximum earnings disregard for a family's first 12 months was calculated. This variable indicates whether the state allows for a higher-than-average disregard (greater than $2,723 for the first 12 months of assistance).

[20]The indicators for extension and exemption criteria take into account state-specific extension and exemption criteria. All states can exempt cases for the federal criteria discussed above (high unemployment in Indian Country, waiver, segregated funds), and all states are allowed to extend 20 percent of the caseload from termination after reaching 60 months due to hardship and to extend families meeting particular criteria (high unemployment in Indian Country, waiver, domestic violence, segregated funds). While meeting the state-specific criteria would exempt a family from accruing months toward the state time limit, the case's federal clock would not stop. Thus, states with a large number of exemption criteria may have a higher number of cases reaching 60 federal months because the state clock for these cases has been stopped. States with a large number of extension criteria may induce families to continue to receive assistance, with the expectation that they will continue to receive assistance past 60 months.

never been married (3 months), being employed (3 months), and the age of the family's youngest child (0.3 month).

Time-limit policies are significantly associated with months accumulated (Column 4): Families living in states that have a 60-month termination limit and a shorter termination limit (relative to having no termination limit) are both associated with lower accumulation of months (5 months and 10 months less, respectively). Having an immediate full-family sanctioning policy and a greater number of state exemption and extension criteria are likewise associated with accumulating fewer months, while higher benefits and earned income disregards are associated with higher accumulation of months. State unemployment and poverty rates are associated with accumulating months, but these effects are relatively small. As with the first regressions, a state's minimum wage has a negative correlation with the accumulation of months. Finally, after controlling for state-specific conditions, a number of demographic characteristics become significant: Having an African-American or an Asian/Pacific Islander head of household is associated with additional months of TANF, while having a Native American head of household is associated with fewer months accumulated. This latter effect is likely due to the federal exemption criteria relating to living in Indian Country with an unemployment rate greater than 50 percent. (Having a Hispanic head of household is also correlated with the accumulation of months, but the effect is small.)

Thus, even after controlling for state policies and economic conditions, many demographic characteristics of the head of household remain correlated with accumulating months. When considering a family's accumulation of months and the probability of reaching 60 months, state policies and conditions are as important in explaining the outcome as are individual characteristics.

What Happens to Families Who Reach the Federal Time Limit?

Of the families who reached the 60-month federal time limit, some continued to receive TANF assistance, whereas other families' benefits were terminated in the following month. A separate analysis was conducted using data from states that supply the universe of cases to ACF rather than a sample of cases. For these states, it is possible to create a longitudinal data file, linking monthly records for a given household. This analysis examined the number of adult-headed cases reaching 60 months and examined their status in the following month.

Table 3.4 shows that, as a group, states that provided the universe of cases to ACF did not have a large portion of cases reaching 60 months during these four years. Exceptions to this trend include Rhode Island and the Virgin Islands, where, respectively, 21 percent and 18 percent of adult-headed caseloads reach 60 months.

Table 3.4

Assistance Status in Month After Reaching Federal Time Limit, Fiscal Years 2002-2005

		Reached 60 Months		Continued to Receive Assistance			Did Not Receive Assistance		Returned After Closure	
State	Total Adult-Headed Cases	Number of Cases	Percentage of Caseload	Number of Cases	Percentage of 60-Month Cases	Months of Assistance Provided	Number	Percentage of 60-Month Cases	Number	Percentage of Closed Cases
Alabama	47,139	1,406	3.0	1,197	85.1	4.3	209	14.9	0	0.0
Alaska	16,261	717	4.4	567	79.1	10.5	150	20.9	22	14.7
Arizona[a]	122,855	41	0.0	40	97.6	4.6	1	2.4	1	100.0
Delaware[b]	15,699	53	0.3	11	20.8	4.2	42	79.2	0	0.0
Georgia[b]	123,269	2,215	1.8	1,866	84.2	9.3	349	15.8	83	23.8
Hawaii	35,615	3,138	8.8	272	8.7	10.5	2,866	91.3	326	11.4
Idaho[b]	6,082	0	0.0	0	0.0	0.0	0	0.0	0	0.0
Indiana	152,324	0	0.0	0	0.0	0.0	0	0.0	0	0.0
Iowa	91,848	3,391	3.7	831	24.5	7.6	2,560	75.5	339	13.2
Kansas	49,804	1,644	3.3	1,441	87.7	11.4	203	12.3	57	28.1
Kentucky	78,075	3,933	5.0	1,160	29.5	5.4	2,773	70.5	32	1.2
Louisiana[b]	48,649	974	2.0	811	83.3	9.5	163	16.7	33	20.2
Maine	28,397	2,227	7.8	2,021	90.7	14.6	206	9.3	138	67.0
Minnesota[c]	55,243	2,208	4.0	1,162	52.6	4.7	1,046	47.4	240	22.9
Montana	18,175	240	1.3	60	25.0	10.2	180	75.0	20	11.1
New Hampshire	19,830	883	4.5	619	70.1	7.8	264	29.9	61	23.1
New Jersey	107,427	8,598	8.0	7,633	88.8	15.4	965	11.2	619	64.1
North Dakota	10,035	125	1.2	25	20.0	11.2	100	80.0	5	5.0

(continued)

Table 3.4 (continued)

State	Total Adult-Headed Cases	Reached 60 Months: Number of Cases	Reached 60 Months: Percentage of Caseload	Continued to Receive Assistance: Number of Cases	Continued to Receive Assistance: Percentage of 60-Month Cases	Continued to Receive Assistance: Months of Assistance Provided	Did Not Receive Assistance: Number	Did Not Receive Assistance: Percentage of 60-Month Cases	Returned After Closure: Number	Returned After Closure: Percentage of Closed Cases
Oklahoma	40,867	1,135	2.8	641	56.5	6.1	494	43.5	32	6.5
Oregon[b]	51,249	0	0.0	0	0.0	0.0	0	0.0	0	0.0
Pennsylvania[c]	119,805	9,944	8.3	8,620	86.7	6.9	1,324	13.3	689	52.0
Rhode Island	29,238	6,210	21.2	5,900	95.0	16.0	310	5.0	158	51.0
Tennessee[b]	189,341	34	0.0	32	94.1	5.4	2	5.9	0	0.0
Utah[b]	30,571	318	1.0	283	89.0	10.0	35	11.0	8	22.9
Vermont	15,745	0	0.0	0	0.0	0.0	0	0.0	0	0.0
Virginia[b]	128,094	83	0.1	11	13.3	1.3	72	86.7	0	0.0
Virgin Islands	1,497	268	17.9	56	20.9	6.8	212	79.1	7	3.3
Washington	181,899	10,045	5.5	9,812	97.7	13.7	233	2.3	95	40.8
Wisconsin	57,687	839	1.5	793	94.5	10.0	46	5.5	23	50.0
Wyoming	1,242	6	0.5	4	66.7	3.0	2	33.3	0	0.0

SOURCE: TANF Data Report.

NOTES: This analysis was possible only for states that provided the universe of data.
[a]Prior to July 2002, Arizona had a shorter time limit.
[b]This state has a shorter time limit.
[c]This state provided the universe of data only prior to May 2003.

Furthermore, most states in this group continued to provide assistance to more than half of the cases that reached the 60-month time limit. Exceptions include Hawaii (9 percent of cases extended), Virginia (13 percent), North Dakota (20 percent), the Virgin Islands (21 percent), Iowa (25 percent), Montana (25 percent), and Kentucky (30 percent).[21] Families who continued to receive TANF after reaching the federal time limit received nearly 12 months of assistance, on average. A significant portion of families whose cases were terminated (20 percent) returned to receive TANF at a later date. These families may have experienced a change in circumstances that made them eligible for an extension of benefits.

In interpreting this analysis, it is important to take into consideration two factors. First, many of the states that have shorter time limits terminate most families' assistance after they reach the state time limit. Thus, these families never accumulate 60 months and are not included in the analysis. Second, this list excludes the states serving the largest number of TANF families, as these states do not provide the universe of data and, therefore, are not in the analysis.[22]

Non-TANF (SSP) Cases

While separate state program (SSP) cases do not accumulate months toward the federal time limit, most states do count months of SSP assistance toward the state's time limit. Prior to the Deficit Reduction Act (DRA) of 2005, SSP families were not included in calculating the work participation rate, but now they are.

Not all states maintain an SSP, and the portion of cases funded through a state's SSP varies greatly. States that funded a high share of their caseloads using an SSP in 2005 include Virginia (73 percent), Hawaii (27 percent), and New York (26 percent). Virginia funded its child-only cases in this category, along with all cases that it wanted to exempt from the work participation requirement and time limit, and Hawaii funded its two-parent and immigrant families through its SSP. During this period, New York was the only state that funded its safety net families — families that exceeded the 60-month time limit — through its SSP.

Compared with cases receiving TANF assistance and subject to time limits, SSP families, on average, were less likely to be female-headed (85 percent versus 93 percent) and more likely to be married (42 percent versus 9 percent). (See Appendix Table C.4 for more details.) This likely reflects the fact that many states chose to fund two-parent families through an SSP,

[21]The State of Hawaii provides an income subsidy to families who have used their 60 months of eligibility and are employed at least 20 hours a week but continue to meet the income standards. These families qualify for a supplement of $200 per month for each adult who meets the "employed" definition for up to 24 months after exiting public assistance.

[22]Of the ten states with the largest caseloads, only three states (Pennsylvania, Tennessee, and Washington) provide the universe of cases. Pennsylvania started supplying a sample of cases in May 2003.

to avoid being penalized for not meeting the two-parent work participation rate. In 2006, 20 states indicated that they placed all or some of their two-parent families in their SSP.[23] SSP families were also less likely to have a citizen head of household (78 percent versus 94 percent). Many states also place some legal immigrants who are ineligible for TANF assistance under PRWORA into an SSP. Finally, a larger percentage of families funded in an SSP had earnings (24 percent versus 20 percent).

Closed Cases

From analysis of ACF data, about 8.4 million TANF or SSP case closures occurred between October 2001 and September 2005. Of these closures, approximately 195,000 cases closed due to reaching either a federal or a state time limit.[24] Many of the case closures that resulted from time limits — about 80,000 — occurred in New York, a state that transfers most time-limited cases to its SSP. Box 3.1 presents some caveats in interpreting these results.

Bloom and associates estimated that, by December 2001, approximately 93,000 families' cases closed due to time limits.[25] Since approximately 164,000 cases were closed between January 2002 and September 2005 — based on an analysis of ACF data — a rough estimate of the total number of cases closed following PRWORA through the end of FY 2005 is 257,000, or approximately a quarter million cases.

Cases Closed Over Time

Figure 3.3 shows the cases closed due to reaching a federal or shorter state time limit, by month. As the figure shows, these case closures peaked in December 2001 and also in July 2002. The first peak was driven by almost 25,000 cases closing in New York (most of which were transferred to the state's SSP and continued to receive assistance). New York has the second-highest TANF caseload in the country, after California, and December 2001 was the earliest that any cases could be closed in the state. The next peak was in July 2002, when about 4,000 cases closed in Puerto Rico. However, unlike in New York, these cases did not continue to receive assistance. Minnesota and Missouri also started their clocks in July 1997, and the first cases that could be closed reached the time limit in July 2002.

[23]States may alter this policy following the Deficit Reduction Act (DRA) of 2005, inasmuch as SSP families are now counted in the work participation rate.

[24]Most cases likely close due to reaching time limits only once. However, some states may allow families to return to TANF when their circumstances change. It is not known how states code the reasons for subsequent closures. States with periodic time limits allow families to return after a certain amount of time has elapsed; in these states, there might be multiple case closures due to time limits for some families.

[25]Bloom, Farrell, and Fink (2002).

Box 3.1

Caveats in Interpreting Results from State-Closed Files

States submit a separate sample of closed cases that were open the previous month and closed in the reporting month. There are several caveats to bear in mind in interpreting analysis of this data set.

- **Small samples.** States that submit just a sample of cases in a given month provide relatively small samples, with some as small as 23 cases and others between 300 and 500 cases. While the analysis weights the data based on total closures, the reasons for closure come from the sample data. Thus, for these states, the analysis may underestimate or overestimate the true number of case closures due to reaching a time limit.

- **Multiple reasons for closure.** When a case closes, there might be more than one reason for the closure; for example, a TANF client might have reached the time limit and also found a job in the same month. However, states can indicate only the principal reason for closure. ACF recommends how states should prioritize closure reasons when there is more than one reason for closure. Reaching the federal time limit is considered to be a high-priority reason for closure, although closures due to excess earnings or marriage have higher priority. Reaching the state time limit is granted less priority and is preempted by closures due to sanctions and failure to meet requirements specified in a client's Individual Responsibility Contract (IRC). Because of multiple reasons for closure, the analysis might underestimate the total closures that occurred because of the time limit.

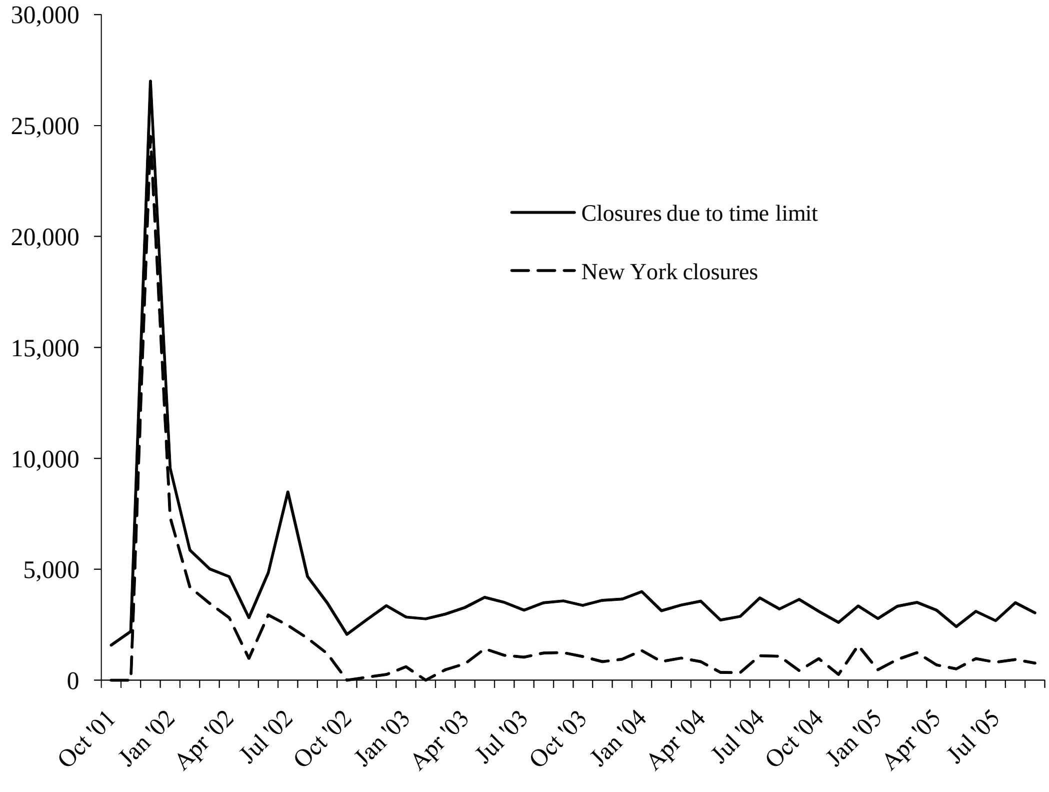
- **Percentage of closures.** This is an examination of all case closures, and the data are not limited to one closure per household. Relative to time-limit closures, it is more likely that case closures due to some of the other reasons — sanctions, excess earnings, and failure to appear for redetermination appointments or to submit verification materials — will occur multiple times per family. Multiple closures due to time limits tend to occur less often, since, even for states that have periodic time limits, most states require a significant period of time to elapse before families can reapply for assistance. Therefore, presenting time-limit closures as a percentage of all closures underestimates the percentage of all leavers who exited TANF due to reaching a time limit.

- **Other reasons.** The most common reason provided for closure is "Other," which is used when the state does not know the reason or when the reason is not related to one of the possible choices. A large number of closures (31 percent) were coded as occurring because of an unknown reason. Presumably, the state knows when a case closes due to reaching the time limit, but if the system does not have a code for that reason or the state does not require case managers to code a reason for closure, a time-limit exit might not get coded correctly.

Welfare Time Limits

Figure 3.3

Cases Closed Due to Federal and State Time Limits, Fiscal Years 2002-2005



SOURCE: TANF Data Report.

NOTE: Data are weighted.

Appendix Table C.5 presents information for each state. After New York, the state or territory with the highest number of case closures due to reaching a state or federal time limit is Connecticut, which closed about 16,500 cases; followed by Puerto Rico, which closed almost 12,000 cases; and then by Missouri, which closed over 9,500 cases. Another seven states (Florida, Kentucky, Indiana, North Carolina, South Carolina, Tennessee, and Virginia) closed between 4,000 and 8,000 cases during this four-year period.

Table 3.5

Reasons for Case Closure, Fiscal Years 2002-2005

Reason	Percentage of Closures
Unknown	31.4
Earnings/resources exceed eligibility requirements	23.4
Failure to cooperate with eligibility requirements	18.8
Voluntary closure	6.8
Sanctioned	6.5
No child in house	6.4
Noncompliance with Internal Revenue Code (IRC)	2.7
Transfer to Separate State Program (SSP)	1.6
Federal time limit	1.6
State time limit	0.8
Marriage	0.1

SOURCE: TANF Data Report.

NOTE: Data are weighted, based on average monthly caseload, FY 2002 through FY 2005.

Characteristics of Families Whose Cases Closed

Table 3.5 examines the distribution of reasons for case closures from FY 2002 through FY 2005. Combined, case closures due to the federal and state time limits accounted for 2.4 percent of all closures. Nearly one-third of all closures occurred for reasons unknown, and about 23 percent closed because these families' earnings or resources exceeded the eligibility requirements. Noncooperation or noncompliance with eligibility or other requirements resulted in 19 percent of the closures. Other reasons include voluntary closure (7 percent), sanctions (7 percent), and children's aging out (6 percent). Around 2 percent of cases were closed when they were transferred to the state's SSP, and less than 1 percent of cases were closed due to marriage.

Table 3.6 displays the characteristics of cases that were closed due to the state or federal time limit. The families whose cases closed due to time limits were more likely to lack a high school diploma or General Educational Development (GED) certificate, to have never married, and to be living in public housing or receiving a rent subsidy. These families were also more likely to be African-American and less likely to be receiving SSI benefits.

Welfare Time Limits

Table 3.6

Characteristics of Closed Adult-Headed Cases, Fiscal Years 2002-2005

	All Closed Cases	Federal Time Limit	State Time Limit
Head of household			
Average age (years)	31.7	35.1	30.5
Female (%)	90.5	95.2	95.7
Race[a] (%)			
American Indian	2.4	1.6	2.3
Asian/Pacific Islander	2.5	4.6	1.5
African-American	34.5	52.6	54.6
White	52.7	41.7	35.9
Hispanic (%)	24.0	35.6	16.2
Highest education level[a] (%)			
No high school diploma/GED	41.6	47.8	47.2
High school diploma/GED	49.6	50.2	48.5
Other credential/postsecondary degree	3.6	1.8	2.5
Marital status (%)			
Single	63.3	75.4	72.0
Married	13.2	8.9	9.2
Separated, divorced, or widowed	23.1	15.7	18.9
Citizenship[a] (%)			
U.S. citizen	89.7	90.4	94.8
Qualified alien	5.7	9.6	3.6
Employed (%)	28.7	24.2	30.8
Family characteristics			
Number of household members	3.0	3.5	3.4
Source of Income (%)			
Earnings	31.4	26.4	31.0
SSI	4.2	1.2	0.6
Benefits (%)			
Public housing or rent subsidy	15.6	35.6	27.7
Child care	9.0	6.8	8.9
Food stamps	76.5	95.9	75.8
Medical assistance	94.5	97.8	90.9
Number of cases	8,432,223	126,887	68,197

SOURCE: TANF and SSP-MOE Data Reports.

NOTE: Data are weighted, based on average monthly caseload, FY 2002 through FY 2005.
[a]Categories of race, highest education level, and citizenship do not sum to 100 percent because "unknown" is also an option.

When analyzing the reasons for case closure by comparing the characteristics of families whose cases closed it is important to note that some of the differences in characteristics are driven by the characteristics of TANF families living in particular states that have implemented particular policies.

Chapter 4

How Time Limits Affect Employment, Welfare Receipt, and Other Outcomes

The federal and state time limits on benefits from the Temporary Assistance for Needy Families (TANF) program are designed not simply to reduce long-term welfare receipt but also to change the behavior of current or potential welfare recipients — to encourage them to get jobs, hold jobs, or seek other sources of support instead of welfare. It is hypothesized, for example, that:[1]

- Time limits might deter TANF entries among potential recipients. The existence of a time limit might encourage potential welfare recipients to try harder to keep a job, change their living arrangements, delay childbearing, get married, or take other steps to avoid applying for benefits and using up months of eligibility.

- Time limits might encourage "anticipatory" welfare exits. Individuals who go onto welfare might try to find jobs and leave welfare more quickly — even before reaching the time limit — in order to save, or "bank," some months of benefits for the future.

- Time limits might encourage employment among time-limited recipients. Individuals who reach a time limit and have their welfare benefits canceled might try harder to find or keep jobs, rely more heavily on other forms of public assistance, or take steps to reduce expenses.

The pattern of these effects may determine how time limits affect family income and material well-being. For example, if individuals respond to time limits by finding relatively well-paying jobs, they could end up better off financially; if not, they could end up with lower income and higher levels of material hardship. Of course, there could also be nonfinancial benefits or costs associated with relying less on welfare and more on other sources of support. Time limits might also affect different subgroups of recipients in different ways, as, in fact, the hypotheses above predict that they will.

[1]For a discussion of the theoretical framework for considering the potential effects of time limits, see Moffitt and Pavetti (2000).

Key Findings

Because time limits have generally been implemented as part of a package of other welfare reforms, it is difficult to isolate their effects. Nevertheless, data from evaluations and econometric studies suggest several tentative conclusions:

- There is some evidence that time limits can encourage anticipatory exits — causing welfare recipients to find jobs and leave welfare more quickly, even before reaching the limit; however, the magnitude of this effect is not clear.

- It does not appear that time limits encourage employment among the recipients who are time-limited; the cancellation of welfare benefits at a time limit does not appear to induce many recipients to go to work in the short term.

- Welfare reform initiatives that have included time limits have generated few overall effects on family income, material hardship, or household composition in the period after families began reaching the limits, although it is difficult to isolate the effects on families whose benefits were terminated.

This chapter reviews estimates of the impacts of time limits on employment, welfare receipt, and other measures of well-being, drawing on several random assignment studies as well as several nonexperimental studies. In considering the implications of these results, it is important to note that most of the studies reviewed in this chapter estimate the effects of state time-limit policies that came into effect before the 60-month federal time limit. Moreover, most of the studies from which the data were drawn were conducted during a period of dramatic economic expansion in the late 1990s.

Measuring the Impacts of Time Limits

In general, the best way to measure the impact of a policy change such as a time limit is to conduct a random assignment study in which eligible individuals are assigned, by chance, using a lottery-like process, to a group that is subject to the change (the program group) or to a control group that remains subject to the preexisting policies. Both groups are then followed over time, and any differences that emerge between them can reliably be attributed to the policy change being tested.

In fact, when states began to impose time limits under federal waivers in 1993 and 1994 (see Chapter 1), they were required to conduct evaluations of this type, and several of the states elected to continue those studies after the 1996 federal welfare reform law passed. These random assignment studies provide some of the most reliable evidence about the effects of time limits. However, the studies are limited in several respects:

- Almost all states imposed time limits as part of a "package" of reforms that also included expanded earned income disregards, broader work requirements, or other measures. Almost all the studies were designed to measure the impact of the entire package, not to isolate the impact of the time limits. Taken together, the package of reforms was intended to increase employment, earnings, and total income while reducing welfare, but no single policy element was expected to achieve all four goals. Different policy elements within the package were expected to affect these individual objectives in different, and sometimes offsetting, ways.

- In part, time limits (or other welfare reform measures) may affect people's behavior by changing broad, community perceptions about welfare receipt. It is impossible to isolate a control group from this indirect but potentially important effect; as a result, the studies probably underestimate the effects of the reforms.[2]

- The waiver evaluations tested the earliest time-limit programs, during a period when time limits were new and unfamiliar. The implementation components of the studies found that many recipients and staff were skeptical about whether the time limit would really be imposed.

- None of the random assignment studies was designed to measure the impact of welfare reform or time limits on welfare applications. Thus, the studies provide little evidence about the first potential effect described at the beginning of the chapter — the deterrent effect on TANF entry among potential recipients.[3]

With these cautionary notes in mind, this chapter discusses the results of seven random assignment studies of welfare reform programs that included some form of time limit. The key features of the programs and studies are summarized in Table 4.1. In general:

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[2]In fact, in all the random assignment studies, some control group members reported in surveys that they believed they were subject to time limits. For example, in the Connecticut Jobs First evaluation, 23 percent of control group members reported that they were subject to a time limit; the corresponding figures were 29 percent in the Florida Family Transition Program (FTP) evaluation and 66 percent in the Delaware A Better Chance (ABC) evaluation.

[3]The Connecticut and Florida evaluations asked program group members whether they agreed with a series of statements about how the time limit had affected their behavior. About 40 percent of respondents in Florida either agreed a little (15 percent) or agreed a lot (25 percent) with the statement "Because of the time limit, I decided not to apply for welfare at a time when I could have applied." About 35 percent agreed with the same statement in Connecticut.

- Two projects evaluated the impacts of *termination time limits over four years and maintained the treatment difference between the program and control groups* over the follow-up period. Both the Connecticut and the Florida program included a benefit termination time limit, and both studies collected four years of follow-up data, measuring effects long after families began reaching the time limits, including data on the well-being of children. Even more important, both studies maintained the treatment differential between the program group and the control group over the entire follow-up period. The Florida program was a relatively small pilot project, while the Connecticut program operated statewide (but was studied in two welfare offices).

- Two other projects evaluated the impacts of *termination time limits over four years but lost the treatment differential between the program and control groups* when states applied the new rules across the board. The Delaware and Virginia programs also included benefit termination time limits, but the studies' follow-up periods were cut short when the states decided to apply welfare reform rules to the control groups.[4]

- One project evaluated the impacts of an *adult time limit over five years and maintained the service differential between the program and control groups.* Although the Indiana time limit applied only to adults, the study provides five years of follow-up for an early cohort of recipients and two years of follow-up for a later cohort. Thus, the Indiana study is perhaps the only study to date that can clarify the experimental effects of time limits for different cohorts — an early one that came onto TANF during a period of strong economic growth and a later one that came onto TANF with a weaker economy and recent experience of welfare reform.

[4]In Delaware, the analysis focuses on individuals randomly assigned from October 1995 to September 1996 (most were randomly assigned by March 1996) and presents 2.5 years of follow-up for each person. However, the control group was phased into the welfare reform program beginning in March 1997. Thus, for the most part, results for the first year of follow-up fully capture the impacts of the welfare reform, while results for the second year and beyond do not.

In Virginia, all sample members were randomly assigned in July 1995, and data are available through December 1998 (42 months). However, the welfare reform program began at a different time in each of the three main study counties (October 1995 in Lynchburg, April 1996 in Prince William, and January 1997 in Petersburg), and the state began phasing the control group into the welfare reform program in October 1997. As a result, the available post-welfare reform follow-up ranges from two years in Petersburg to a little more than three years in Lynchburg, and the last 15 months of data do not fully capture the impact of the welfare reform.

Table 4.1

Selected Information About Waiver Evaluations Discussed in Chapter 4

	Time Limit		Evaluation			
State	Months	Type	Follow-Up	Maintained Treatment Differential	Child Impacts	Evaluator
Arizona	24	Reduction	4-5 years[c]	3 years	None	Abt Associates
Connecticut	21	Termination	4 years	4 years	Extensive	MDRC
Delaware	48[a]	Termination	4 years[d]	1 year	Some	Abt Associates
Florida FTP	24 or 36[b]	Termination	4 years	4 years	Extensive	MDRC
Indiana	24	Reduction	5 years	5 years	Extensive	Abt Associates
Texas	12, 24, or 36[b]	Reduction	19 months	2 years	None	University of Texas
Virginia	24	Termination	2-3 years[e]	2 years	None	Mathematica

SOURCES: Arizona: Mills, Kornfeld, Porcari, and Laliberty (2001); Connecticut: Bloom et al. (2002); Delaware: Fein, Long, Behrens, and Lee (2001) and Fein and Karweit (1997); Florida: Bloom et al. (2000); Indiana: Fein, Beecroft, Hamilton, and Lee (1998); Texas: Schexnayder et al. (1998); Vermont: Hendra and Michalopoulos (1999); Virginia: Gordon and James-Burdumy (2002).

NOTES: [a]Delaware had a 48-month time limit when the study was conducted. In addition, recipients had to be working in order to receive assistance after 24 months of benefit receipt.

[b]In Florida and Texas, the length of the time limit depends on individual client characteristics.

[c]Employment impacts are reported for 16 quarters, and welfare impacts are reported for 57 months.

[d]The Delaware study reports four years of follow-up data, but the results after the first year probably underestimate program impacts because the control group became subject to welfare reform policies.

[e]The Virginia study collected 3.5 years (42 months) of follow-up data, but this includes 3 to 18 months of data (depending on the site) from before welfare reform was implemented. Also, results in the last 15 months of follow-up underestimate program impacts because the control group became subject to welfare reform policies.

- One project evaluated the impacts of an *adult time limit but lost the service differential between the program and control groups* when state applied the new rules across the board. The Arizona time limit applies only to adults, and its treatment deferential was cut short after three years when the state decided to apply welfare reform rules to the control group.[5]

- The Texas study was the only one designed to *isolate the impact of a time limit;* however, the Texas time limit applied only to adults.[6]

[5]Unfortunately, because survey data suggest considerable confusion about the Arizona time limit, those results are not discussed in this chapter.

[6]Another random assignment study, in Vermont, was designed to isolate the added impact of a time-triggered work requirement that was initially referred to as a time limit.

The chapter also discusses the results of other studies that do not use random assignment. Most of those studies are nonexperimental, meaning that they take advantage of the natural variation in state welfare policies, examining the association between the timing or content of state policies and state welfare caseloads (and, in some cases, state-level data on employment) to estimate how much of the decline in the caseload was attributable to welfare reform. A few of the studies use individual-level data from national surveys. The studies attempt to control for other differences across states that may explain the caseload decline (for example, differences in economic conditions). A few studies try to isolate the impact of specific welfare reform provisions, including time limits.

A key advantage of these econometric studies is that they account for effects on both welfare exits and welfare applications. Also, in principle, they can measure impacts generated by changes in community perceptions of welfare that accompany the reforms. On the other hand, the studies usually rely on general information about state welfare policies, as opposed to data on how the policies are actually implemented. This can create a misleading impression of the policy environment in a particular state. In addition, the statistical methods used in these studies may or may not succeed in controlling for other factors that affect caseloads or employment.

Anticipatory Effects of Time Limits

Many people believe that the imposition of time limits played a key role in generating the large welfare caseload declines in the second half of the 1990s. Since few families actually reached a time limit during that period, any such effects must have been anticipatory; that is, people must have left welfare more quickly (or decided not to apply for welfare) in order to avoid using up months of eligibility. Much of the evidence for this belief is anecdotal, but several studies have examined whether time limits generate anticipatory impacts on both employment and welfare receipt.[7]

Effects on Employment and Earnings

Table 4.2 shows results from five of the random assignment studies described earlier.[8] The table focuses on the end of the first year after individuals entered the studies — before any-

[7]The extent to which people will respond in anticipation of time limits depends on their discount rates and liquidity constraints; that is, the relative value that people place on short-term versus long-term gains and their perception of the alternatives to welfare. For example, if current or potential recipients believe that they have few alternatives to welfare, they will be less likely to bank months. See Moffitt and Pavetti (2000).

[8]Results for the Arizona study are not included because survey data show that few program group members were aware of the time limit and that a roughly equal proportion of control group members thought that they were subject to the limit. Thus, the study does not appear to provide a fair test of the anticipatory effects of a time limit. The Texas results are discussed below.

one had reached a time limit. The first column shows the percentage of program group members who were employed at that point; the second column shows the percentage of control group members who worked; and the third column shows the difference — the impact of the programs.

All five programs increased employment at the end of Year 1.[9] Although not shown in the table, most programs also increased average earnings. However, given that several policy elements were bundled together in each of these programs, it is not clear what role the time limits played in generating these effects, though several observations are worth noting.[10] First, past research suggests that other elements included in these five studies — most notably, work requirements — would have boosted employment with or without time limits. Many studies of welfare-to-work programs that included neither time limits nor enhanced earnings disregards have found similar effects on employment.[11] Second, more stringent time-limit policies — such as those imposed in the Connecticut, Florida, and Virginia programs — did not consistently have the largest early impacts on employment.[12]

As mentioned above, the Indiana study offers a rare opportunity to compare the experimental effects of welfare reform for cohorts that came onto welfare in different economic periods. The Indiana program generated significant employment impacts for an early cohort, without offering an enhanced earnings disregard. A later cohort achieved similar employment gains, but these are not statistically significant, despite the fact that the state phased in an enhanced disregard in 2000.[13]

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[9]The authors of the Virginia study believe that employment impacts may be understated in Prince William, the one site that did not generate statistically significant gains. This is because many county residents have federal government jobs, which are not included in the unemployment insurance (UI) wage records used in the analysis.

[10]The Texas study, which was designed to isolate the impact of a time limit, did not find any early impacts on employment. However, the implementation study notes that many caseworkers did not actively discuss the time limit and that staff had difficulty maintaining the distinction between the research groups. Both the program and the control group became subject to a 60-month time limit in the third program year.

[11]In fact, it is difficult to make direct comparisons between the waiver studies discussed in this chapter and earlier studies of welfare-to-work programs. In the earlier studies, the control groups typically were not required to participate in any employment-related activities. In the waiver studies, the control groups were subject to the state policies that existed before the waiver programs began. In most states, those preexisting policies included at least some employment-related requirements. In effect, the waiver evaluations measure the impact of the 1990s reforms over and above the impacts of earlier reforms.

[12]In some studies, the employment impacts changed as program group members drew nearer to the time limit, but there is no clear pattern in these results. In Delaware, the employment impacts were smaller at the end of Year 2 than at the end of Year 1; in Indiana, employment impacts grew slightly over the five-year follow-up period; in Florida FTP, the impacts grew somewhat larger during the second year; in Connecticut, they remained roughly constant over time; and in Virginia, the patterns varied by county.

[13]These differences in statistical significance can be partially (and perhaps completely) explained by the differences in sample sizes between the later cohort (4,954 families) and the earlier cohort (66,400 families).

Table 4.2

Impacts on Employment at the End of Year 1 in Five Waiver Evaluations

	Employed (%)		
State	Program Group	Control Group	Difference
Connecticut	52.6	44.6	8.1 ***
Delaware	48.9	43.5	5.4 **
Florida FTP	45.2	40.8	4.3 *
Indiana[a]			
Early cohort	47.6	45.1	2.5 ***
Later cohort	60.0	57.6	2.4
Virginia[b]			
Lynchburg	57.9	48.8	9.1 **
Prince William	51.4	47.9	3.5
Petersburg	64.6	52.6	12.0 ***

SOURCES: Connecticut: Bloom et al. (2002); Delaware: Fein, Long, Behrens, and Lee (2001); Florida: Bloom et al. (2000); Indiana: Fein, Beecroft, Hamilton, and Lee (1998); Virginia: Gordon and James-Burdumy (2002).

NOTES: In all studies, employment data come from unemployment insurance wage records.

A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; and *** = 1 percent.

[a]Indiana's results are for sample members in the "placement track," who were subject to all welfare reform policies.

[b]Results for Lynchburg and Prince William are for the fourth quarter after each county implemented welfare reform. Results for Petersburg are for the third quarter after implementation because the control group became subject to welfare reform in the fourth quarter. In each case, impacts are probably understated because some sample members had left welfare by the time the reforms were phased in.

Table 4.3 shows fourth-year employment impacts for the three available studies. In two of these three sites — Connecticut and Indiana — employment impacts persisted four years after random assignment.

A few of the caseload studies described above estimated the effects of welfare reform on employment among single parents. Like the random assignment studies, most of the caseload studies concluded that the waiver programs increased employment. Results for the post-

1996 period are more mixed. However, these studies generally did not attempt to sort out the effects of time limits on employment.[14]

Effects on Welfare Receipt

One might assume that effects on welfare receipt would simply be the converse of effects on employment — that increases in employment would lead to decreases in welfare receipt. As welfare recipients returned to work, many policy analysts expected they would leave the rolls, as was true of the early welfare-to-work demonstrations. This time, however, the reality is more complex.

Random Assignment Studies

Tables 4.4 and 4.5 focus on the random assignment studies discussed in the previous section but show the effects on cash assistance receipt rather than employment. Table 4.4 shows the percentage of each group receiving welfare benefits at the end of the first year of follow-up. Table 4.5 shows, for several of the programs, the average number of months of benefits received in the period before program group members began reaching the time limits.[15]

For most sites, the effects on welfare receipt are much more modest than the effects on employment. Most of the programs either increased welfare receipt or had no effect.[16] At first glance, these results suggest that little or no "banking" was going on, but this is not necessarily the case. In fact, the pattern of welfare impacts is largely attributable to expanded earnings disregards and other policies that allowed a greater proportion of working recipients in the program groups to continue receiving benefits; as a result, the programs increased the proportion of people who mixed work and welfare. The one program that substantially reduced welfare receipt — Indiana's — did not implement an expanded disregard until 2000 (well into the fourth follow-up year for the early cohort and into the second follow-up year for the later cohort.)[17] Of course, it is impossible to isolate the impact of the time limit in that case, and it is worth noting

[14]For a summary of these studies, see Blank (2001).

[15]These data are available only for the first year in Delaware.

[16]As noted above, results for the Arizona and Texas projects are not included in the tables. Neither program generated impacts on cash assistance receipt in the pre-time-limit period.

[17]Between 1995 and 2000, the Indiana TANF program used a "fixed grant" policy: The normal earnings disregards of the former Aid to Families with Dependent Children (AFDC) program were applied when a recipient went to work, but the grant was then frozen to provide an incentive for advancement. Beginning in 2000, Indiana increased the disregard up to 100 percent of the federal poverty guideline.

Table 4.3

**Impacts on Employment at the End of Year 4
in Three Waiver Evaluations**

	Employed (%)		
State	Program Group	Control Group	Difference
Connecticut	59.7	53.1	6.6 ***
Florida FTP	49.8	48.0	1.8
Indiana[a]			
Early cohort	55.4	51.9	3.5 ***

SOURCES: Connecticut: Bloom et al. (2002); Delaware: Fein, Long, Behrens, and Lee (2001); Florida: Bloom et al. (2000); Indiana: Fein, Beecroft, Hamilton, and Lee (1998); Virginia: Gordon and James-Burdumy (2002).

NOTES: In all studies, employment data come from unemployment insurance wage records.
A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; and *** = 1 percent.
[a]Indiana's results are for sample members in the "placement track," who were subject to all welfare reform policies.

that Indiana's time limit was designed in a way that did not provide an incentive for banking months of assistance.[18]

The Delaware and Florida programs would almost certainly have reduced welfare receipt had it not been for their work incentive policies.[19] Another waiver study found that a Minnesota program that included work requirements and an expanded earnings disregard — but no time limit — *increased* welfare receipt.[20] The fact that the Delaware and Florida programs

[18]Initially, Indiana's time limit counted calendar months rather than months of benefit receipt. As a result, there was no way for a recipient to stop the clock by leaving welfare. Also, one might assume that the incentive to bank months would be weaker with a reduction time limit than with a termination time limit.

[19]The Florida program disregarded $200 plus half of any remaining earnings in calculating recipients' monthly grants. The Delaware program used "fill-the-gap" budgeting — another policy that allows people to earn more without losing their full welfare grant. In Virginia, recipients could keep their entire grant as long as their total income from TANF and earnings did not exceed the federal poverty level. There is, of course, no way to know whether the employment impacts would have been smaller without the work incentives.

[20]Knox, Miller, and Gennetian (2000).

Welfare Time Limits

Table 4.4

Impacts on Welfare Receipt at the End of Year 1 in Four Waiver Evaluations

	Receiving Cash Assistance (%)		
State	Program Group	Control Group	Difference
Connecticut	73.1	65.1	8.0 ***
Delaware	61.0	59.0	1.8
Florida FTP	56.6	54.4	2.2
Indiana[a]			
Early cohort	48.9	52.4	-3.5 ***
Later cohort	39.2	45.0	-5.8 ***
Virginia[b]			
Lynchburg	65.7	60.7	5.0
Prince William	38.1	40.7	-2.6
Petersburg	42.5	49.0	-6.5 *

SOURCES: Connecticut: Bloom et al. (2002); Delaware: Fein, Long, Behrens, and Lee (2001); Florida: Bloom et al. (2000); Indiana: Fein, Beecroft, Hamilton, and Lee (1998); Virginia: Gordon and James-Burdumy (2002).

NOTES: In all studies, cash assistance data come from state administrative records.

A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; and *** = 1 percent.

[a]Indiana's results are for sample members in the "placement track," who were subject to all welfare reform policies.

[b]Results for Lynchburg and Prince William are for the fourth quarter after each county implemented welfare reform. Results for Petersburg are for the third quarter after implementation because the control group became subject to welfare reform in the fourth quarter. In each case, impacts are probably understated because some sample members had left welfare by the time the reforms were phased in.

had no effect suggests that some program features — most likely, time limits and/or sanctioning induced people to leave welfare more quickly while the incentives encouraged them to stay on welfare longer, with the end result being a wash.[21]

[21]Interestingly, substantial impacts on welfare receipt emerged in Year 2 in Delaware, although the study's authors attribute these impacts to sanctioning rather than to the time limit. Nearly one-fifth of the program group experienced a full-family sanction in Year 2 alone, and other families were probably induced to exit before a full-family sanction was actually imposed. The Florida FTP program did not use full-family sanctions

(continued)

Table 4.5

Impacts on Cumulative Months of Pre-Time-Limit Benefit Receipt in Selected Waiver Evaluations

	Months of Receipt		
	Program Group	Control Group	Difference
Connecticut	22.6	23.2	-0.6
Delaware (Q1-Q4)	9.1	9.1	0.0
Florida FTP (Q1-Q8)	11.9	11.7	0.0
Indiana[a]			
Early cohort (Q1-Q20)	16.6	19.1	-2.5 ***
Later cohort (Q1-Q8)	8.9	9.9	-1.0 ***

SOURCES: Connecticut: MDRC calculations; Delaware: Fein and Karweit (1997); Florida: Bloom et al. (2000); Indiana: Fein, Beecroft, Hamilton, and Lee (1998).

NOTES: A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as: * = 10 percent; ** = 5 percent; and *** = 1 percent.

Data are drawn from state administrative records except in Delaware, where they are drawn from a survey.

[a]Indiana's results are for sample members in the "placement track," who were subject to all welfare reform policies.

A study that used data from the Florida FTP evaluation reached exactly that conclusion.[22] This study used the impacts for people with no children under age 16 to *isolate the effects of all components of the program other than the time limit.* These individuals would have been required to leave welfare within two years regardless of their research group, so, in effect, there was no special time limit for the program group members. As expected, the study found that the other components of FTP increased welfare receipt and that the time limit decreased welfare receipt, especially for recipients with young children.[23]

There is some evidence that the anticipatory effects of time limits may depend on the way that the limits are implemented and on how staff resolve the inherent conflict between time

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during the early years of the study period. It generated decreases in cash assistance payments during Year 2 but had no impacts on receipt rates until after families began reaching the time limit.

[22]Grogger and Michalopoulos (2001).

[23]The Vermont study mentioned above found that a time-triggered work requirement that took effect after 30 months of welfare receipt generated increases in employment and reductions in welfare receipt even before anyone was required to work. In other words, people appear to have responded in anticipation of the work requirement (which was referred to as a time limit). See Hendra and Michalopoulos (1999).

limits and earnings disregards. The authors of the Virginia study noted that, in the one county that generated decreases in welfare receipt before the time limit (Petersburg), staff strongly urged working recipients to leave welfare in order to bank their months of benefits. This was not the case in the other counties. In Connecticut's program, which substantially increased welfare receipt in the pre-time-limit period, a banking message would not be credible, given the generosity and structure of the disregard: Working recipients would give up $543 per month if they opted not to receive benefits. In Florida FTP, which generated no early impacts on welfare receipt, staff were quite likely to encourage recipients to use their months on welfare to obtain education or training, rather than urging them to bank their months.

Non-Random Assignment Studies

As discussed in the first section of this chapter, many studies have used data on state welfare reform policies, economic conditions, and welfare caseloads to estimate the impact of the reforms on welfare receipt. Most of these caseload studies focused on the effects of waivers, but a few extended the analysis beyond 1996. Although the findings vary, most studies concluded that both welfare reform and the economic expansion contributed to the caseload decline. A study by the Council of Economic Advisers concluded that welfare reform explained about one-third of the caseload decline between 1996 and 1998 and a smaller proportion of the decline during the earlier waiver period.[24]

Only a few of the econometric studies attempt to sort out the effects of individual components of welfare reform policies, and time limits are among the least well understood of these various components. Most available evidence concerns the "anticipatory" effects of time limits in the pre-time-limit period. Several reports agree that time limits reduce caseloads, particularly among families with young children (perhaps because they prefer to bank their time for future hardships). Much less evidence is available concerning the relative influence of time limits on welfare entry versus exit. A few studies suggest that they also increase employment in the pre-time-limit period, but no evidence to date suggests that they have a substantial effect on employment (positive or negative) in the post-time-limit period.[25]

Effects After Families Reach Time Limits

Regardless of whether welfare recipients respond to time limits prior to reaching them, they may respond when their benefits are canceled — by going to work, taking steps to reduce expenses, or in other ways. One way to examine whether this happens is simply to follow people whose grants are canceled at a time limit. Chapter 5 discusses the results of several post-

[24]Council of Economic Advisers (1999).
[25]Grogger and Karoly (2005); Grogger, Karoly, and Klerman (2002).

time-limit surveys that used this approach, and some of them found, for example, that employment rates grew slightly after people's grants were canceled. However, if a study finds that some welfare recipients go to work after their benefits are canceled, there is no way to know how many of them would have gone to work even if they had been allowed to stay on welfare; employment rates for any group of recipients tend to increase over time.

Unfortunately, there is also no direct way to use results from a random assignment study to measure the impacts of benefit termination, because there is no way to know which members of the control group would have had their cases closed at the time limit had they been subject to one.[26] In the absence of direct evidence, it is most useful to examine the pattern of overall program impacts during the period before and after families begin reaching the time limit. Conducting a similar analysis for subgroups of sample members who were particularly likely to reach the time limit may provide additional evidence.

Effects on Employment, Welfare, and Income

Figure 4.1 illustrates the Connecticut program's effects on cash assistance receipt (top panel), employment (middle panel), and income (lower panel). Program group members started reaching the 21-month time limit in Quarter 7 (as indicated by the vertical lines within the graphs). As expected, the top panel shows that when families started reaching the time limit and having their benefits canceled, the impact on welfare receipt abruptly changed from positive to negative. In other words, the program increased welfare receipt before the time limit (for reasons discussed above) and reduced it afterward.

The middle panel of Figure 4.1 shows a very different pattern for employment. In this case, the impact was relatively constant throughout the follow-up period, with no sudden change when families started to reach the time limit. In other words, there is no evidence that recipients responded to benefit termination by going to work. This is also not surprising, because most of the families whose benefits were canceled at the time limit in Connecticut were already employed.[27]

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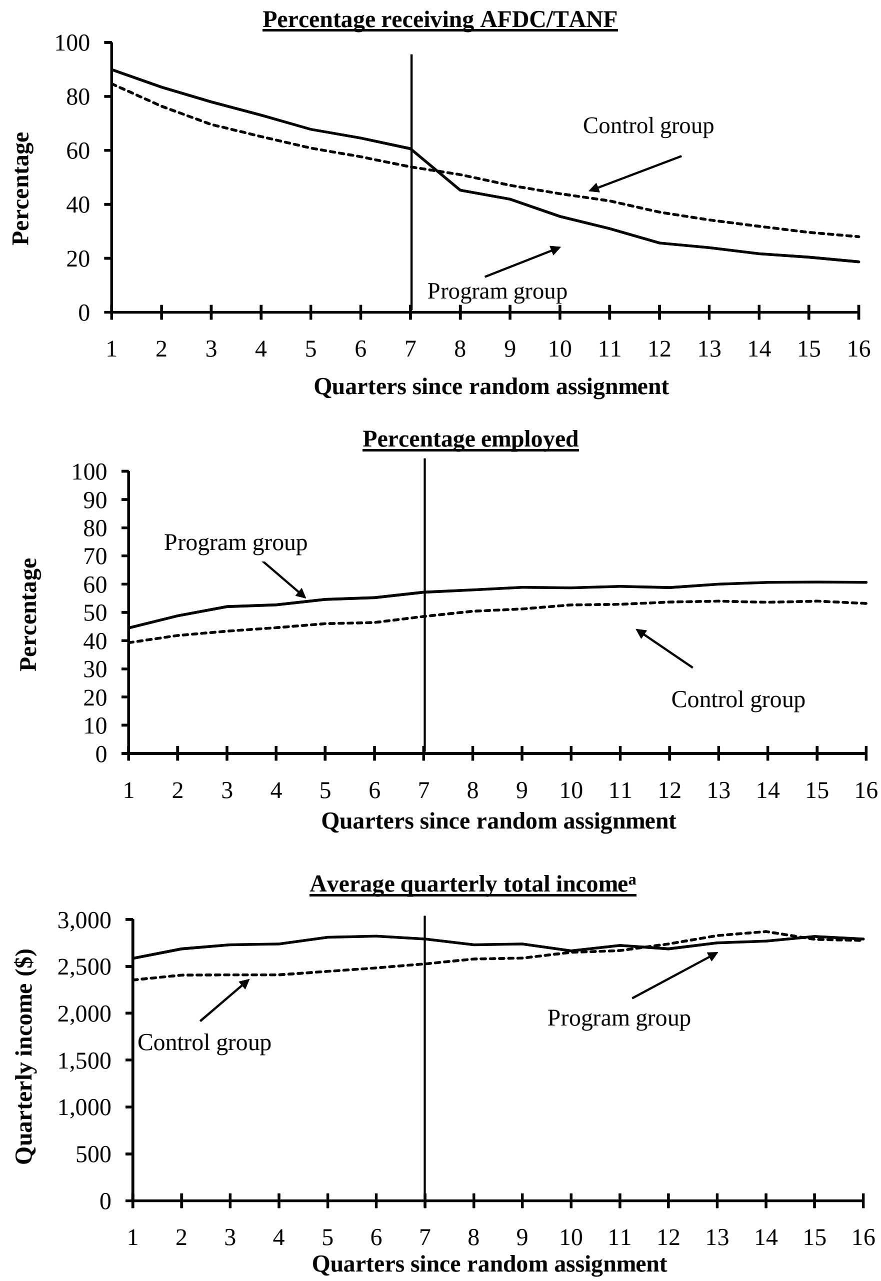
[26]One could compare program group members whose benefits were terminated with control group members who received enough months of benefits to reach the time limit. However, a different group of control group members might have stayed on welfare if they had been subject to the welfare reform. In addition, this method is particularly problematic in states where many people receive exemptions or extensions; it is impossible to predict which control group members would actually have had their benefits cut off.

[27]Although not shown in Figure 4.1, the earnings difference between the program and control groups grew somewhat around Quarter 7 — suggesting that some people may have increased their hours of employment after their benefits were canceled — but the earnings difference subsided thereafter.

Figure 4.1

Connecticut's Jobs First Program:
Quarterly AFDC/TANF Receipt, Employment, and Total Income



SOURCE: Bloom et al. (2002).

NOTE: [a]Total income includes earnings, AFDC/TANF, and food stamps.

It is also worth noting that the effects on employment in Connecticut persisted throughout the four-year follow-up period; most evaluations of welfare-to-work programs that did not include time limits found that their effects diminished over time. The time limit may have something to do with Connecticut's longer-lasting impacts; for example, perhaps former recipients tried harder to retain their jobs because they believed that returning to welfare was not an option for them.

The income effects shown in Figure 4.1 (bottom panel) display still another pattern.[28] In the pre-time-limit period, when the program increased both work and welfare, the program group had substantially higher income than the control group. After the time limit, the two groups had about the same income.[29] This does not mean that people who reached the time limit lost no income (in fact, their income dropped sharply when their cash grants were closed) but, rather, that the program group, as a whole, was no better or worse off than the control group, on average. In fact, most of the people whose cases were closed at the time essentially lost the expanded earnings disregard (recipients could not receive an extension if they had income above the welfare payment standard). Thus, the income effects for the post-time-limit period look very much like the results of many welfare-to-work programs that did not include expanded disregards: Relative to the control group, the program group gained about as much in earnings as it lost in welfare, and its members ended up with about the same amount of income.

Figure 4.2 shows the same three outcomes for the Florida FTP program. (The vertical lines within the graphs indicate the timing of the 24-month and 36-month time limits.) The patterns are similar to Connecticut's, although the impacts are less dramatic. In this case, there is a slight jump in the employment impact around Quarter 8, when people started reaching the 24-month time limit — the FTP program granted few extensions — but that impact declined shortly thereafter. (There was no such jump around Quarter 12, when people began reaching the 36-month limit.) As in Connecticut, the income effects changed from positive to neutral late in the follow-up period, after many families had reached time limits.

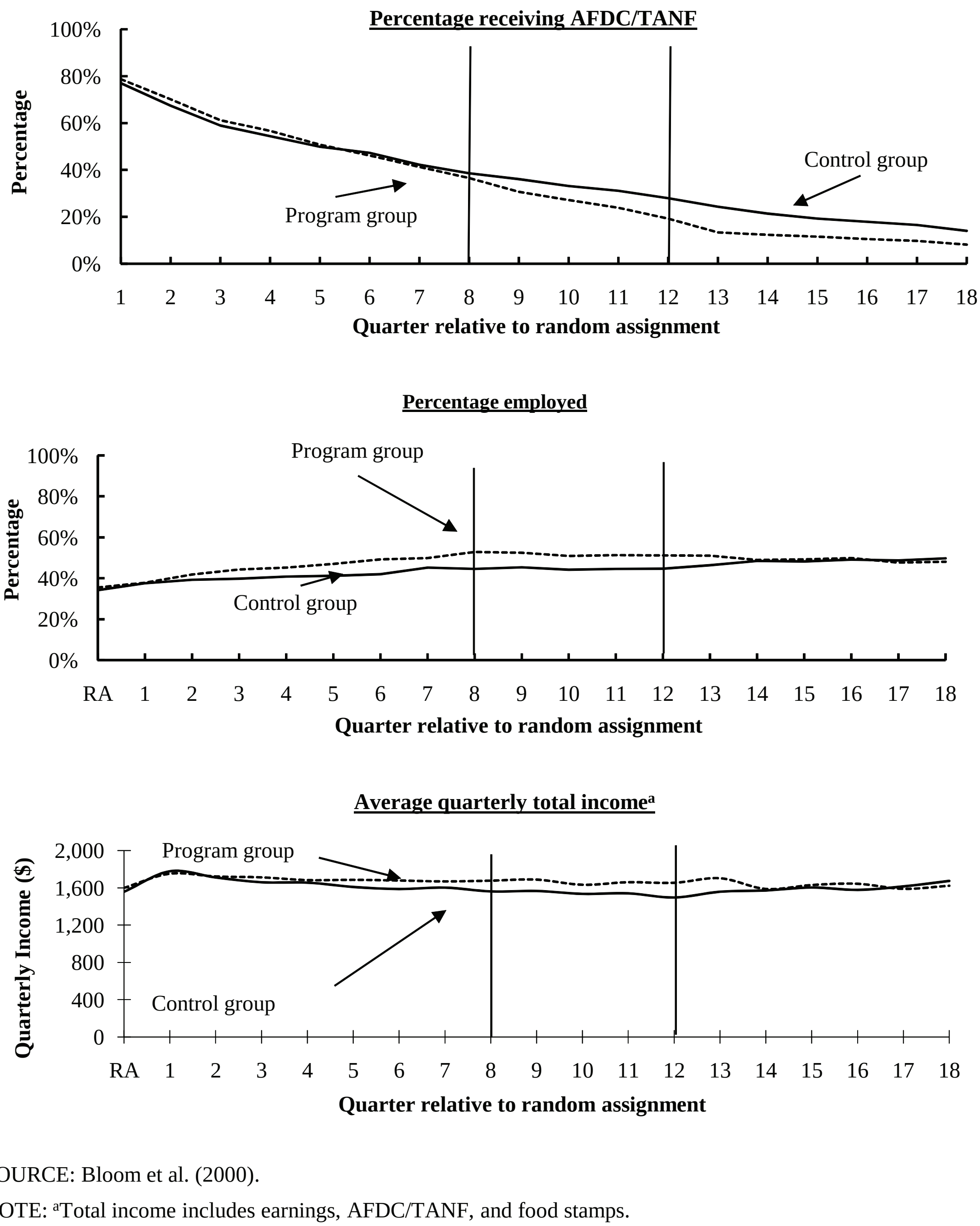
Sometimes, the data on average income hide the fact that some people gained income while others lost income. This could be particularly likely in the Connecticut and Florida studies, where only a fraction of program group members actually reached the time limit. In fact, both studies found some evidence that small groups of sample members may have lost income as a result of the welfare reforms. For example, in the last three months of follow-up, the Florida

[28]This is not a full measure of household income. It includes only the study sample member's cash assistance, food stamps, and UI-covered earnings.

[29]The impact on income persisted for a few months after families began to reach the time limit. This is probably related to the temporary increase in the earnings impact (discussed above). In effect, the larger earnings impact temporarily offset the welfare decrease.

Figure 4.2

Florida's Family Transition Program (FTP): Quarterly AFDC/TANF Receipt, Employment, and Total Income



SOURCE: Bloom et al. (2000).

NOTE: [a]Total income includes earnings, AFDC/TANF, and food stamps.

FTP program reduced the proportion of sample members who had $1,500 to $3,000 in combined income from earnings and public assistance, and it increased the proportion whose income was below $1,500. Similarly, the Connecticut study found that, for the subgroup facing the most barriers to employment, the program slightly increased the proportion of sample members who had income below $1,500 in the second and third years of follow-up (but not in the final year). It is important to note, however, that both of these results consider only income measured in administrative records; no similar pattern is evident when income is measured using surveys (which, for example, include income obtained by other household members).

Finally, although not shown in the exhibits, the Connecticut and Florida studies also provide evidence about whether these two time-limit programs affected food stamp receipt and payment amounts in the post-time-limit period. One might hypothesize that a reduction in cash assistance would lead to greater reliance on food stamps (although it might also be the case that some people are confused and believe that food stamps are also time-limited). In fact, neither program had significant effects on food stamp payments in the latter part of the follow-up period, although the Connecticut program decreased the number of people who received food stamps.

The Delaware and Virginia studies also report limited impact results from the post-time-limit period; there are few indications that the imposition of time limits caused a jump in employment impacts. In Delaware, employment impacts disappeared during Year 2 and did not reemerge when recipients began to encounter the 24-month work requirement. Welfare impacts persisted after the second year, probably driven in large part by the high sanctioning rate discussed earlier. Employment impacts also declined in two of the three Virginia study sites, although this may be because the control group was phased into the welfare reform program.

Effects on Material Well-Being and Other Outcomes

Both the Connecticut and the Florida study administered an extensive survey to the program and control groups well after people started reaching the time limits. (The survey took place 36 months after study entry in Connecticut and at the 48-month point in Florida.) Both surveys included many measures of material well-being, hardship, household composition, and other outcomes. Like the other results reported above, the survey results cannot be used to isolate the impacts of time limits. However, if the time limits generated substantially negative (or positive) impacts for the people who reached them, it seems likely that this would show up in either the overall results or the results for subgroups that were particularly likely to reach the time limits.

As shown in Table 4.6, neither of the programs generated consistent effects on material well-being or hardship for the full study samples; the same is true for key subgroups (not shown). The Connecticut program had both positive and negative impacts, while the Florida program had a few small positive effects. Similarly, the programs generated no impacts on marriage or fertility and few effects on household composition.

Interestingly, both programs increased the receipt of child support. Although certainly plausible — custodial parents may have tried harder to pursue support from noncustodial parents in the absence of welfare — these results should be considered with caution. At the time of the surveys, program group members were more likely to be off welfare and were thus, perhaps, more likely to be aware of how much support was being collected. In contrast, when a custodial parent receives cash assistance, the noncustodial parent's support payments are mostly retained by the state as reimbursement for welfare costs, and so the amount of those payments may be unknown.

Effects on Children

As noted above, the Connecticut and Florida FTP studies both collected extensive survey data on the well-being of respondents' children. Most of these data were reported by parents, but the Connecticut study also included a small survey of teachers. Both studies found few effects for elementary-school-age children — the age group for whom the most complete data were collected.

Both programs appear to have generated some negative effects for adolescent children. (The Connecticut program generated both positive and negative effects.) Once again, however, there is little evidence that these effects were driven by the time limits. Such effects have appeared in other studies of programs that did not include time limits, including programs that increased family income.[30]

The Delaware study used administrative records to examine effects on child neglect, abuse, and foster care placements. The welfare reform program increased the fraction of families with a substantiated incident of child neglect, and this effect was concentrated among the most disadvantaged sample members. There were also small reductions in child abuse in some subgroups, but the pattern of these impacts is unclear and less directly related to disadvantage. Incidents of child neglect (but not of abuse) increased in the months immediately preceding voluntary or sanction-related exits, which the authors interpret as suggestive that family dynamics associated with employment are more likely related to the increase in neglect than the loss of welfare income. These effects occurred both in the pre-

[30]Gennetian et al. (2002).

Welfare Time Limits

Table 4.6

Impacts on Selected Measures of Hardship and Well-Being for Connecticut's Jobs First Program and Florida's Family Transition Program

	Connecticut			Florida FTP		
	Program Group (%)	Control Group (%)	Difference	Program Group (%)	Control Group (%)	Difference
Lives with other adults	44.9	42.4	2.5	53.4	53.4	0.0
Married, lives with spouse	9.1	10.8	-1.6	17.2	19.1	-1.9
Gave birth since random assignment	20.7	20.7	0.1	23.9	22.7	1.2
Receives child support	25.7	22.7	3.0 *	29.5	21.9	7.6 ***
Is food insecure[a]	38.7	40.2	-1.5	34.1	35.8	-1.8
Owns a car	40.9	36.7	4.2 **	59.1	60.2	-1.1
Has debt	64.6	60.1	4.6 **	67.4	67.1	0.3
Has no health insurance	13.9	18.4	-4.4 ***	39.3	38.4	0.9
In prior year:						
Phone was disconnected	26.3	27.3	-1.0	33.5	31.5	2.0
Utilities were shut off	18.5	21.9	-3.4 **	15.0	15.6	-0.6
Was ever homeless	2.6	1.5	1.1 *	3.7	4.9	-1.1
Was ever evicted	6.4	7.1	-0.6	6.5	6.3	0.1
Neighborhood problems[b]						
None	35.5	29.4	6.0 ***	32.9	33.7	-0.8
1-3	39.8	45.8	-6.0 ***	49.9	45.3	4.6 *
4 or more	24.7	24.7	0.0	17.2	21.0	-3.8 *
Housing problems[c]						
None	63.4	60.5	2.9	64.1	60.8	3.3
1	18.9	21.4	-2.5	21.8	20.8	1.0
2 or more	17.7	18.1	-0.4	14.1	18.4	-4.3 **
At end of month, usually has						
Some money left over	14.3	17.1	-2.8 *	22.3	20.5	1.8
Just enough money	42.0	41.1	0.9	46.7	42.5	4.3 *
Not enough money	43.7	41.8	1.9	30.9	37.0	-6.0 ***

SOURCES: Published survey data (Connecticut: Bloom et al., 2002; Florida FTP: Bloom et al., 2000).

NOTES: The data were collected three years after random assignment in Connecticut and four years after random assignment in Florida.

[a]The six-item Food Security Scale of the U.S. Department of Agriculture was used to measure food security. The items in the scale include questions about food consumed and the kinds of things that people resort to when money allocated for food is exhausted. The scale ranges from 1 to 6, and two or more affirmative answers indicate food insecurity.

[b]Neighborhood problems include the following: unemployment; drug users or pushers; crime, assault, or burglaries; run-down buildings and yards; and noise, odors, or heavy traffic.

[c]Housing problems include the following: leaky roof or ceiling; broken plumbing; broken windows; electrical problems; roaches/insects; heating system problems; and broken appliances.

time-limit period, when a large proportion of the program group experienced full-family sanctions, and after families began reaching the 24-month work trigger.[31]

Similar to the caseload studies discussed above, other recent studies use state-level child welfare data to examine the association between welfare reform and child maltreatment. One study found an association between short time limits and increases in measured child maltreatment and the number of children in out-of-home care.[32] A similar study observed that a cluster of states with the strictest time-limit policies in the country experienced the greatest increase in the foster care caseload (19 percent) between 1998 and 2000, while a cluster of states with the most lenient time-limit policies experienced the greatest decline (a reduction of 3 percent).[33] The Connecticut and Florida FTP evaluations did not analyze child welfare data. However, survey data from both studies show no effect on the proportion of sample members who had a minor child living outside their household.

[31]Fein and Lee (2000). The authors doubt that the increase in child neglect is attributable to increased reporting as a result of program involvement, for at least two reasons: Case managers reported spending less time with program group members, and sanctioning review services did not report an increase in indications of maltreatment.

[32]Paxson and Waldfogel (2002).

[33]Waldfogel (2003).

Chapter 5

How Are Families Faring After Time Limits?

Chapter 4 examines what is known about the effects of Temporary Assistance for Needy Families (TANF) time limits on key outcomes such as employment, income, and welfare receipt. But some of the important questions about time limits are descriptive in nature: Many observers want to know how former recipients and their families are faring after benefit termination. Are they working? Are they receiving other forms of public assistance? Do they experience severe hardships such as homelessness, hunger, or losing custody of their children?

A series of state and federally funded post-time-limit studies have yielded a wealth of data to inform policymakers and administrators. The studies have the same limitation as other studies of welfare leavers — data on the circumstances of families after leaving welfare do not necessarily provide evidence about the effects of welfare reform — but they are useful nonetheless. Most of the studies capture only the post-time-limit circumstances of individuals who left welfare as time limits were first implemented.

This chapter reviews the results of surveys of individuals in 10 states whose welfare cases were closed because of time limits.[1] Most of the surveys were conducted 6 to 18 months after the respondents left welfare, and all obtained relatively high response rates. All but two of the surveys were conducted in states with time limits of fewer than 60 months: Connecticut (21 months), Florida (24 or 36 months), Massachusetts (24 months), North Carolina (24 months), Ohio (36 months), South Carolina (24 months), Utah (36 months), and Virginia (24 months).[2] Surveys were also conducted in Minnesota and New Mexico, which have 60-month time limits. In addition, the chapter discusses the results of focus groups made up of time-limit leavers in one of the states visited for the implementation research presented in Chapter 2.

A large number of families in each of the states in which surveys were conducted have lost benefits because of time limits, but the focus on shorter time limits means that the surveys do not provide broad evidence about the 60-month time limit on federally funded assistance. Because there are no restrictions on the use of federal funds for families who exceed state time limits of fewer than 60 months, state exemption and extension policies sometimes differ at the

[1]Several other studies that discuss TANF leavers and/or time limits were reviewed but are not discussed in this chapter because they do not present comparable data. These studies include Burley (2001); Fein, Long, Behrens, and Lee (2001); Georgia Department of Human Resources (2005); Hetling, Patterson, and Born (2006); and London and Mauldon (2006).

[2]Several of the surveys were conducted in selected cities or counties, rather than statewide. See Appendix D for details.

60-month point, as discussed in previous chapters. Also, it is important to note that the earlier groups of time-limit leavers — about whom most of the data are concentrated — generally left TANF during periods of low unemployment, when jobs were plentiful for recipients whose benefits were canceled at a time limit.

Few studies of TANF time-limit leavers have been published since 2001, although a handful of studies surveyed later groups of leavers in addition to the earlier groups. The surveys conducted in Ohio, Utah, and Virginia include recipients who reached time limits at different points of time, although only the Virginia data separate the results by cohort. The Ohio and Utah studies show data for the early cohorts in early reports, but they pool the data for the full sample of both early leavers and later leavers in subsequent reports. In addition, several of the studies present results of longitudinal surveys that follow up with time-limit leavers at different points after exiting welfare.

The chapter discusses three kinds of comparisons that are used to assess the experiences of time-limit leavers:

- **State-to-state comparisons.** One section presents outcomes across the 10 states. There is wide variation in the results, making it difficult to draw general conclusions. Many of the differences in outcomes for time-limit leavers can be explained by differences in the states' welfare policies that shaped the size and characteristics of the group of families whose benefits were canceled. These results show that it is impossible to interpret such surveys without information about the states' policies and their implementation.

- **Before-and-after comparisons.** Most of the studies compare respondents' circumstances before and after leaving welfare. These data are suggestive, but it is not possible to attribute any changes to the fact that the families' welfare grants were terminated.

- **Comparisons across groups of leavers.** Several of the studies compare time-limit leavers with individuals who left welfare for other reasons. These comparisons are also informative, but is not possible to determine to what extent differences in post-welfare outcomes are attributable to the exit reason (that is, to the fact that some people were terminated from welfare at the time limit), as opposed to the differing characteristics of people in each group.

Ultimately, many observers will undoubtedly compare the survey results with their own standards of what are acceptable post-time-limit outcomes — regardless of what role time limits played in producing the outcomes. Some might conclude that the levels of employment, income, or hardship are satisfactory, while others might find them unacceptable.

The chapter begins by presenting the key findings and discussing the characteristics of the families in each survey whose cases were closed at time limits. It then uses the three types of comparisons described above to focus on employment, receipt of government benefits, income, hardship, and other topics. Appendix D provides background information on the surveys.

Key Findings

- **Characteristics.** The surveys discussed in this chapter generally found that individuals who lost benefits because of time limits were more likely to have large families, to live in public or subsidized housing, to lack a high school diploma, and to be African-American, when compared with people who left welfare for other reasons. The administrative records analysis presented in Chapter 3 shows similar data.

- **Employment.** Post-exit employment rates vary widely across the states, ranging from less than 50 percent to more than 80 percent. Most of the variation is attributable to state welfare policies that shape who reaches the time limit (for example, sanctioning and earnings disregards) or to state time-limit extension policies. As a consequence, employment rates are higher for time-limit leavers than for other leavers in some states, while they are lower in other states. For the most part, post-exit employment rates are similar to pre-exit employment rates; in other words, there is little evidence that large numbers of people responded to the termination of their benefits by going to work, although the overall rates can hide dynamic employment patterns. There is some evidence in a small number of states that recipients who reached time limits at later dates were less likely to be employed after leaving welfare than those who reached time limits first; this may be due to worsening economic conditions, differences in recipients' characteristics, or changes in how policies (that is, extension and exemption policies) were implemented.

- **Public assistance receipt.** Large proportions of time-limit leavers in the states where surveys were conducted continue to receive food stamps, Medicaid, and other assistance after exit, although as more time elapses after the time limit, fewer families continue to receive these benefits. The variation in food stamp receipt across states largely corresponds with the differences in employment rates (that is, the rate of food stamp receipt is lowest in states where most time-limit leavers are working). However, time-limit leavers are more likely than other leavers to receive food stamps, even in states where their post-exit employment rate is higher. This might be because even time-limit leavers who are employed are more likely to be eligible for food stamps than individuals who leave for other reasons, because their earned income may be quite low or because they tend to have larger families.

- **Income.** Most time-limit leavers surveyed reported low household income. In all the states in which surveys were conducted, some time-limit leavers reported that their post-welfare income or standard of living was higher than when they received welfare, while others reported being worse off. The proportions vary, but, in most states, a greater proportion of respondents said that they were worse off after leaving assistance. In general, employed respondents reported higher household income than nonworking respondents. Similarly, in states where time-limit leavers have lower employment rates than other leavers, they also have lower income.

- **Material hardship.** Most time-limit leavers surveyed were struggling financially, and, in most states, the leavers reported that they experienced more hardships after leaving welfare than before. Homelessness has been rare, but levels of food insecurity and other hardships are relatively high. However, there is not a clear association between levels of hardship and employment status, and, in most states, time-limit leavers did not report consistently greater levels of hardship than other leavers.

Who Loses Benefits Because of Time Limits?

Several of the studies compare the demographic characteristics of time-limit leavers with the characteristics of people who were subject to time limits but left welfare before reaching them.[3] Such data are important because they may help administrators predict which types of recipients are most likely to reach limits. Also, as noted earlier, the differing characteristics may explain some of the differences across groups of leavers in the post-welfare outcomes discussed later in the chapter.

Chapter 3 also presents administrative records data on the characteristics of families leaving welfare due to time limits, which largely mirror the data presented in this section; how-

[3]Each study used a somewhat different approach. In general, the Massachusetts, New Mexico, North Carolina, Ohio, South Carolina, Utah, and Virginia studies compared time-limit leavers with other people who left welfare at around the same time for other reasons — usually before reaching a time limit. The Connecticut and Florida FTP studies compared program group members who reached a time limit within the follow-up period for a random assignment study with those who did not (in most cases, because they left welfare before reaching the limit).

ever, data on recipients' characteristics as shown in the surveys is included separately here to provide context for the survey results discussed in this chapter.

It is important to note that, in order to gather information quickly, most of the states surveyed the first cohort of recipients to reach the time limit. The early cohort is likely to include mostly people who received benefits continuously until they reached the limit, and often for long periods before becoming subject to the limit. Recipients who reached the time limit after cycling off and back onto welfare — perhaps a somewhat less disadvantaged group — are probably underrepresented. Data about recipients who reached time limits over different time periods are available only for Ohio, Utah, and Virginia.

Table 5.1 shows selected demographic characteristics of time-limit leavers and of those who left welfare for other reasons among the early cohorts of leavers in each state. Some of the patterns are quite consistent across states: Notably, time-limit leavers are more likely to have three or more children and are more likely to be living in public or subsidized housing. In most states, time-limit leavers are less likely to have a high school diploma and are more likely to be African-American.[4] A study of the characteristics of welfare leavers in Tennessee using administrative records also found that those who left due to the time limit were more likely to be African-American and had more children, on average, although they were also more likely to have a higher level of education; the authors attribute this to the state's exemption policy.[5]

Although not shown in the table, several studies have found, not surprisingly, that time-limit leavers are more likely to have long histories of prior welfare receipt. Most (but not all) of the studies found that time-limit leavers are older, on average, than people who left welfare before reaching limits.

In addition to the comparisons shown, the South Carolina study also compared time-limit leavers with individuals who left because of sanctions. Sanctioned leavers were younger, were less likely to have completed high school, and were less likely to have been receiving housing subsidies.

The updated findings in Utah — which include a larger sample of recipients who reached time limits over a longer period of time — show that the gap in the education level be-

[4]Most of the data in Table 5.1 were collected through the follow-up surveys. In theory, all the characteristics except race could have changed since the respondents left welfare, but this seems unlikely, given the relatively short post-welfare follow-up periods. The data from Connecticut and Florida FTP were collected when people entered the program being tested (that is, when they first become subject to the time limit).

[5]Ulrich, Bruce, and Thacker (2005).

Table 5.1

Selected Demographic Characteristics of Time-Limit Leavers and of Those Who Left Welfare for Other Reasons

	High School Diploma[a] (%)		Three or More Children (%)		African-American (%)		Subsidized Housing[b] (%)	
State	Time Limit	No Time Limit	Time Limit	No Time Limit	Time Limit	No Time Limit	Time Limit	No Time Limit
Connecticut[c]	69	68	26	19	47	37	42	27
Florida FTP[d]	53	60	35	25	70	50	35	22
Massachusetts	68	76	37	33	18	21	56	50
New Mexico	56	65	54	32	NA[e]	NA[e]	NA	NA
North Carolina[f]	72	69	16	32	65	64	52	30
Ohio[g]	47	58	45	23	82	68	69	38
South Carolina	52	61	54	32	93	71	35	22
Utah[h]	58	66	NA	NA	5	3	43	37
Virginia[i]	60	61	35	15	51	48	40	NA

SOURCES: Connecticut: Bloom et al. (2000); Florida FTP: Bloom et al. (2000) and MDRC calculations; Massachusetts: Massachusetts Department of Transitional Assistance (2000); New Mexico: Richardson, Schoenfeld, and LaFever (2003); North Carolina: Richardson et al. (1999, 2000a); Ohio: Bania et al. (2001) and Coulton, Lickfelt, Lalich, and Cook (2004); South Carolina: Richardson et al. (2001) and unpublished data; Utah: Taylor, Barusch, and Vogel (2000) and Taylor, Barusch, and Vogel-Ferguson (2002); Virginia: Gordon et al. (1999).

NOTES: Unless otherwise noted, the data were collected from the follow-up surveys, and the non-time-limit group includes people who left welfare at roughly the same time as the time-limit leavers.

[a]Includes people with a high school diploma or GED certificate.

[b]Includes people living in public housing and those receiving housing assistance vouchers.

[c]The time-limit group includes people who enrolled in the program between January and June 1996, reached the 21-month time limit by March 1998, and had their benefits canceled. The non-time-limit group includes people who received fewer than 21 countable months of benefits during the same period (some of them may have received exemptions that stopped their time-limit clocks). The data were collected at the point that people first became subject to the time limit.

[d]The non-time-limit group includes people who were subject to a 24-month time limit and received fewer than 24 months of benefits in the four years after becoming subject to the limit, and those who were subject to a 36-month limit and received fewer than 36 months of benefits. The data were collected at the point that poeple first became subject to the time limit.

[e]In New Mexico, 79 percent of time-limit leavers and 67 percent of other leavers were Hispanic.

[f]The time-limit leavers left welfare in August 1998; the non-time-limit leavers left welfare between December 1998 and April 1999 in eight counties. A very small number of those classified as non-time-limit leavers appear to have reached the 24-month time limit.

[g]Race/ethnicity, number of children, and high school diploma status are from administrative records and are for the full sample. Subsidized housing is from survey data and is for the early sample of leavers only.

[h]Figures for the non-time-limit group were calculated from separate figures for individuals who left because of increased income and individuals who left for other reasons. High school diploma and subsidized housing are for the full sample of leavers. Race/ethnicity data are for the early sample of leavers only.

[i]Time-limit figures are for survey Cohort 1 only and are drawn from administrative records.

tween time-limit leavers and other leavers was slightly smaller when the later cohorts were included in the calculations; the pooled results show that 58 percent of time-limit leavers and 66 percent of non-time-limit leavers have a high school diploma or General Educational Development (GED) certificate, compared with 55 percent and 70 percent among the earlier cohort alone (not shown). In Ohio, longer-term results remain relatively consistent with earlier findings, although the percentage of the pooled sample with three or more children was smaller for both the time-limit leavers and the non-time-limit leavers than it was for the earlier cohort (not shown). Although the updated Virginia findings do not present results for non-time-limit leavers, they show that time-limit leavers in later cohorts were generally older, more likely to be African-American, and less likely to have a high school diploma or GED than leavers in the early cohort.

The demographic characteristics overlap to some extent, and the studies do not make extensive efforts to determine which are independently important in predicting that a recipient will reach a time limit. Having several children is likely to be important both because it limits employability and because recipients with larger families must earn more to lose eligibility for assistance before reaching a time limit.[6] Housing subsidies may be correlated with other demographic factors but may also independently affect incentives to work and/or leave welfare. The Connecticut study examined whether African-Americans were more likely to reach the time limit, after controlling for other characteristics. Some, but not all, of the racial disparity disappeared when other factors were held constant.[7] The regression analysis in Chapter 3 also aims to isolate which factors are important in predicting that a recipient will accumulate months and reach the federal 60-month time limit.

The Connecticut study also shows that such analyses can be complicated in situations where many recipients receive time-limit extensions or exemptions; these individuals receive enough months of assistance to reach a time limit, but they do not have their cases closed. In Connecticut, individuals who reached the 21-month time limit and were granted an extension appear to have been more disadvantaged than either those who left at the 21-month time-limit — many of whom were terminated because their income exceeded the welfare payment standard (the maximum allowable grant) — or those who did not accumulate 21 months of receipt.

[6]North Carolina is the only state in which time-limit leavers are less likely to have three or more children. This may be because the state's time limit was originally applied to recipients with no preschool-age children; these recipients may have fewer children, on average, than other recipients.

[7]In a related analysis, the Utah study used stepwise regression to predict earned income after leaving welfare. Significant factors included past employment, clinical depression, high school education, and the presence of young children.

Post-Time-Limit Outcomes: State-to-State Comparisons

By examining outcomes across the 10 states studied, one may be able to draw some general conclusions about the circumstances of families who left welfare because of time limits. This section summarizes the state data on employment, receipt of government benefits, income, and hardship. To avoid comparing "apples and oranges," the data are drawn from the first follow-up survey conducted in each state. Results from longitudinal follow-ups are discussed in a later section.

Employment and Job Characteristics

Many people focus on employment as a key outcome for welfare leavers because work is one of the main sources of income for such families. The first column of Table 5.2 shows the percentage of survey respondents who were working when interviewed in each of the 10 studies. The figures in parentheses show approximately how many months after exit the interviews took place.

The employment rates vary dramatically, from less than 50 percent in Utah and Minnesota to more than 80 percent in Connecticut. Results from before-and-after comparisons, discussed below, suggest that the employment rates shown in Table 5.2 largely reflect respondents' employment status when they were still receiving benefits. In other words, these results do not mean that respondents in Connecticut were most successful in finding employment *after* losing benefits but, rather, that the people whose benefits were canceled because of the time limit in Connecticut were very likely to have been working while on welfare.

Indeed, as discussed in Chapter 2, a generous earnings disregard in Connecticut allows many people to mix work and welfare, and recipients who reach the 21-month time limit without a job (or with very low earnings) almost always receive at least one 6-month benefit extension; those who are earning above the welfare payment standard are not eligible for extensions. As a result, a high percentage of the people whose cases were closed because of the 21-month time limit were already working while on welfare. Table 5.2 shows that most of them continued to work in the six months after losing benefits. (It is important to bear in mind that these data were collected when recipients were just reaching the 21-month time limit. As Chapter 2 indicates, few recipients in Connecticut receive more than two 6-month extensions, regardless of their employment status; thus, the employment rate among those leaving due to time limits after the extensions may be different than the rate for those represented in the study discussed here.)

Massachusetts also has a high post-time-limit employment rate, and the median length of time in the current job was 10 months (not shown). Since the survey was conducted about 10 months after exit, this suggests that most people were already employed while on assistance. The state granted few extensions during the period of the survey, but a large percentage of the

Table 5.2

Employment Rates and Job Characteristics of Employed Time-Limit Leavers After Exit

State	Employed (%)	Job Characteristics: Average Hourly Wage ($)	Job Characteristics: Average Hours per Week
Connecticut[a] (6)	83	7.82	35
Florida FTP[b] (varies)	54	6.11	32
Minnesota (3-6)	45	9.49	NA
Massachusetts (10)	73	8.21	31
New Mexico (2-3)	51	NA	32
Ohio[c] (6)	49	7.51	33
North Carolina (6)	63	6.51	31
South Carolina[d] (12)	50	6.00	34
Utah[e] (2-5)	43	7.07	32
Virginia[f] (6)	59	6.55	35

SOURCES: Connecticut: Hunter-Manns and Bloom (1999); Florida FTP: Bloom et al. (2000) and MDRC calculations; Massachusetts: Massachusetts Department of Transitional Assistance (2000); Minnesota: Minnesota Department of Human Services (2003); New Mexico: Richardson, Schoenfeld, and LaFever (2003); Ohio: Coulton, Lickfelt, Lalich, and Cook (2004); North Carolina: Richardson et al. (1999) and unpublished data; South Carolina: Richardson et al. (2001); Utah: Taylor, Barusch, and Vogel-Ferguson (2002); Virginia: Wemmerus, Kuhns, and Loeffler (2003).

NOTES: The figures in parentheses show approximately how many months after exit the interviews took place.

[a]Hours per week are for all current jobs; hourly wages are for primary current job.

[b]Individuals were subject to 24- or 36-month time limits and were interviewed approximately 48 months after random assignment. On average, the interview took place about 20 months after exit.

[c]Employment rate is for the first month off assistance. Wages and hours are for the current or most recent job.

[d]Employment rate is for those still off welfare when interviewed.

[e]Hourly wages were calculated from monthly earnings and hours per week.

[f]Wages and hours are for the current or most recent job.

state's welfare caseload is exempt from the time limit. It may be that the minority of recipients who were subject to the limit were quite likely to find employment before reaching month 24 — even though many of them were not subject to a work requirement — and that the state's relatively high grant level and generous disregard allowed many of them to continue receiving benefits until they reached the limit. Other recipients may have been subject to full-family sanctions that prevented them from reaching the limit.[8]

The updated studies in Ohio, Utah, and Virginia provide a comparison of the employment of early time-limit leavers with that of a larger group of recipients leaving TANF over a longer period of time. The study in Virginia includes surveys with three cohorts of time-limit leavers: those reaching time limits in early 1998, those reaching time limits in early 1999, and those reaching time limits in early 2000. As noted earlier, it is possible that recipients reaching time limits in later years may be less disadvantaged because they are more likely to have cycled on and off welfare rather than had a continuous stay; on the other hand, recipients reaching the time limit in later years faced poorer economic circumstances and higher national unemployment rates. It is also possible that changes in the implementation of extension or exemption policies may have affected the characteristics of the recipients terminated due to time limits. In fact, recipients in the 2000 cohort were the least likely to be employed at the time of their post-TANF interview (not shown). The authors suggest that differences among the three cohorts likely reflect changing economic circumstances as well as different regional compositions of the cohorts; some regions in Virginia did not implement time limits as early as other regions.

The updated studies in Ohio and Utah show relatively consistent results for the larger, pooled group as for the early cohort alone, although the employment rate among the pooled group of leavers in Ohio was slightly lower than among the early cohort of leavers alone (49 percent versus 53 percent; not shown). On the other hand, among those employed, average hourly wage was 21 cents higher per hour in the results with the full sample. In Utah, a similar proportion was employed, but the average number of hours worked was higher for the pooled sample than it was for the early cohort alone (32 hours versus 27 hours; not shown), and the average hourly wage was higher ($7.07 versus $6.41; not shown). Again, the shifts may be due to a number of factors: changing demographic characteristics of leavers, changing economic circumstances, or changing implementation of TANF policies.

Across all states, most of the recipients who were employed at follow-up were working full time or close to full time. There are large differences in hourly wage rates, which probably reflect the characteristics of local labor markets. The differences may also reflect the personal characteristics of the recipients whose cases were closed due to the time limit, but this is not clear. For example, the percentage of time-limit leavers with at least a high school diploma is higher in South Carolina than in Ohio (and the employment rate is similar), but the average hourly wage is much higher in Ohio.

[8]Also, initially (including the time period when the survey sample was drawn), Massachusetts denied extensions to all recipients who were earning above the welfare payment standard when they reached the time limit.

Finally, several of the studies asked nonworking respondents to identify reasons why they were not working. The responses differed from state to state, but health problems, an inability to find work, and a desire to attend school were frequently mentioned in most studies. In-depth interviews conducted as part of the Florida FTP study found that at least some of the nonworking respondents were not actively seeking work because they were being supported by a parent or partner. It is impossible to say whether the respondents were relying on other supports because they were unable to work or whether the presence of the other supports allowed people not to work when they could have. Later sections discuss whether nonworking respondents appear to be systematically worse off than working respondents.

Receipt of Government Benefits

Table 5.3 shows the percentage of survey respondents who reported receiving various forms of public assistance when interviewed. A very high percentage of respondents in all states received both food stamps and Medicaid while on assistance, but there is wide variation — particularly in food stamp receipt — at the follow-up points.

Some of the variation in food stamp receipt may be related to the employment and earnings data discussed in the previous section. For example, earned income was highest in Connecticut and Massachusetts (the employment rates were highest, and the earnings were near the highest), suggesting that fewer respondents were eligible for food stamps in those states. Conversely, earned income was lowest in South Carolina and Utah, which have high rates of food stamp receipt. However, the association is not perfect, which suggests that state and local pre-time-limit procedures may affect the likelihood that eligible individuals will continue to receive food stamps after exiting welfare due to time limits. For example, Ohio's high rate may be due to intensive outreach efforts to target families leaving welfare to help them remain connected to other benefits.[9]

The Virginia study found that just under a quarter of the respondents who were not receiving food stamps believed that they were not eligible; this proportion was about the same even for respondents with income below 130 percent of the poverty level — the food stamp income eligibility cutoff.[10]

Rates of Medicaid coverage are fairly high in all 10 states. Direct comparisons are difficult because some of the surveys asked about Medicaid coverage for families rather than indi-

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[9] Also, data in Ohio are based on administrative records data indicating whether receipt continued immediately after exit, while data from other states are based on surveys conducted some months after exit from TANF.

[10] A family with income below 130 percent of the poverty line may still be ineligible for food stamps if, for example, they have too many assets to qualify.

Table 5.3

Receipt of Government Benefits Among Time-Limit Leavers

State	Food Stamps (%)	Medicaid[a] (%)	Subsidized Housing (%)	SSI/SSDI[b] (%)
Connecticut (6)	50	91	49	6
Florida FTP (varies)	74	62	38	16
Massachusetts[c] (10)	52	84	56	19
Minnesota (3-6)	80	90	57	16
New Mexico[d] (10-12)	88	91	49	18
Ohio[e] (6)	97	99	69	NA
North Carolina[f] (6)	71	85	52	26
South Carolina[g] (12)	87	93	35	10
Utah (2-5)	75	82	43	10
Virginia (6)[h]	75	87	55	10

SOURCES: Connecticut: Hunter-Manns and Bloom (1999); Florida FTP: Bloom et al. (2000) and MDRC calculations; Massachusetts: Massachusetts Department of Transitional Assistance (2000); Minnesota: Minnesota Department of Human Services (2003); New Mexico: Richardson, Schoenfeld, and LaFever (2003); Ohio: Bania et al. (2001) and Coulton, Lickfelt, Lalich, and Cook (2004); North Carolina: Richardson et al. (1999); South Carolina: Richardson et al. (2001); Utah: Taylor, Barusch, and Vogel-Ferguson (2002); Virginia: Wemmerus, Kuhns, and Loeffler (2003).

NOTES: Unless otherwise noted, all data come from the follow-up surveys.

The figures in parentheses show approximately how many months after exit the interviews took place.

[a]Unless noted, the figures show the rate of Medicaid coverage for respondents only.

[b]Percentages reflect SSI/SSDI coverage for anyone in the respondent's household.

[c]SSI includes those who received SSI/SSDI or Social Security since leaving welfare.

[d]Two surveys were conducted in New Mexico, one 2-3 months after exit and another 10-12 months after exit. Data in this table were collected in the second survey.

[e]Food stamp and Medicaid data are for Ohio from administrative records and show the percentage in Quarter 4, 2003, who continued to receive food stamps and Medicaid at the time of exit from welfare. The subsidized housing figure is from the survey of the early sample of leavers only.

[f]The figure for Medicaid represents the percentage of "families" with Medicaid coverage.

[g]The figure for Medicaid represents the percentage of respondents who reported that they or someone in their household had Medicaid coverage.

[h]Data for subsidized housing does not match the rate in Table 5.1 because data reported in Table 5.1 are for Cohort 1 only, while data reported in this table are for all three cohorts combined.

viduals, but there appears to be some variation in coverage rates across states. Some of the variation may be related to the differences in employment rates: Respondents in states with higher employment rates may be more likely to have coverage through their employer and thus may opt not to continue Medicaid coverage.

However, this does not fully explain the variation, because, for example, Utah has the lowest employment rate and one of the lowest Medicaid coverage rates. Although there may be some differences in eligibility criteria, one would expect that the vast majority of respondents in all states were eligible for coverage, either through the transitional Medicaid provision or because they met the criteria for AFDC eligibility that were in place before the 1996 welfare law passed.[11] This suggests that some of the variation is likely attributable to state practices for handling cases that exit welfare due to time limits. The Utah study found that many time-limit leavers were not aware that they were eligible for any services or assistance after their cash assistance grant was closed. Ohio had amended its state database system to make it easier for line staff to close cash benefits without terminating Medicaid benefits.[12]

Many of the focus group respondents in one of the states visited for the implementation research presented in Chapter 2 indicated that they continued to receive food stamps and Medicaid following termination from TANF. These leavers stressed the importance of these benefits in easing the transition off welfare. (See Box 5.1.)

A few of the studies separately measured health care coverage for children under Medicaid or the State Children's Health Insurance Program (SCHIP). As expected, coverage rates for children were slightly higher than for adults.

The rates of receipt of Supplemental Security Income (SSI/SSDI) and subsidized housing probably reflect respondents' situations before they left welfare. (See the section above entitled "Who Loses Benefits Because of Time Limits?") It is unlikely that large numbers of fami-

[11]The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 delinked eligibility for Medicaid from eligibility for cash assistance. States are required to provide health care coverage to families who meet the preexisting AFDC eligibility criteria.

[12]Also, like the food stamp data, data on Medicaid continuation in Ohio are based on administrative records data indicating whether receipt continued immediately after exit, while data from other states are based on surveys conducted some months after exit from TANF.

Box 5.1

Recipients' Post-TANF Experiences

Ten focus group participants in one of the states visited for the implementation research presented in Chapter 2 discussed their experiences after leaving TANF as a result of time limits. Nine out of the ten focus group participants said that losing their TANF benefit as a result of time limits was difficult to cope with and that they had experienced some hardships. The most common hardship was difficulty paying for rent and utilities. Three of the ten participants moved to less expensive housing after they reached the time limit. One of these participants said that she had to give up her Section 8 voucher (which had taken years to obtain) and move in with her mother because she could not afford to keep running water and electricity in the house. Only one participant said that she did not experience any significant hardships, stating that this was largely because she had a job and she also had support from her children's father.

While most participants said that the loss of their TANF benefit caused hardships initially, many of the participants explained that their hardships lessened after they had adjusted to no longer receiving TANF. Furthermore, all but one of the participants continued to receive food stamps and Medicaid after reaching the time limit, and all said that these services had been critical in their transition off TANF.

Many focus group participants said that, in theory, time limits are a positive reform because they help motivate people to find jobs. However, all participants agreed that a necessary component of time limits is adequate notification of an approaching time limit and preparation for finding employment that would help them become self-sufficient. (See Chapter 2.)

lies could have started receiving either of these forms of assistance in the relatively short period since their exit.[13] The relatively high SSI rates do not necessarily mean that the respondents themselves were receiving this assistance: The surveys asked about SSI receipt for entire families. However, if someone in a respondent's family receives SSI, the need to care for the disabled person may create a barrier to employment for the respondent.

Several of the surveys examined public benefits receipt by employment status. In most cases, nonworking respondents were substantially more likely to be receiving food stamps and to have had someone in their household receiving SSI. Differences are smaller with regard to housing assistance and Medicaid coverage.

[13]In fact, the Virginia study found that the rates of both SSI receipt and public/subsidized housing receipt were very similar in the last month of benefit receipt, at the 6-month follow-up point, and at the 18-month follow-up point.

Table 5.3 does not include information on the receipt of child care subsidies because the surveys use different bases in reporting the percentage of respondents using subsidies. (For example, some reported subsidy use among those using child care; others, among working respondents with children under a certain age; and still others, among the full sample.) In any case, it is clear that a significant minority of respondents in some states were receiving subsidies. For example, in Virginia, 29 percent of working respondents with a child under age 13 were receiving subsidies at the six-month point.[14] (The majority of those who were not receiving child care subsidies were aware of their existence.) In Ohio, administrative records show that 40 percent of the early leavers with a child under age 14 received subsidies at some point in the six months after exiting TANF. In Massachusetts, 39 percent of those with a child in care reported receiving a federal or state subsidy. Also, almost half of those with a child in care reported that they had no out-of-pocket child care costs. This could reflect subsidy receipt or free care provided by family or friends.

Household Income

The survey respondents' earnings and public assistance benefits tell only part of the story with regard to their household income after leaving TANF because of time limits. As shown in Table 5.4, a substantial fraction of respondents in all the surveys were living with at least one other adult when surveyed. These other adults — typically the respondent's spouse, partner, parent, or adult child — contributed substantial amounts of income to some of the households.

Noncustodial parents are another important source of income for some families, though child support receipt is far from universal. The surveys did not measure child support receipt uniformly, but, in most cases, between one-fourth and one-third of respondents reported that they were receiving at least some child support payments when interviewed. These payments may or may not have been received regularly.[15]

The studies used a variety of approaches to measure and assess household income, so direct comparisons are probably inappropriate. (Even the studies that measured income in dollar terms did not necessarily do so in the same way.) Table 5.4 includes several income measures so that at least some data from each study can be reported. Despite the lack of uniformity, it is clear that most families in all the states had quite low household income when they were interviewed. In assessing the average household income figures, it is worth noting that the federal

[14]Data are for Cohort 1 at the 6-month interview.

[15]A 1998 report examined the child support status of families reaching time limits in Connecticut, Florida FTP, and Virginia, finding that only 16 percent to 29 percent had received child support in the year prior to the termination of their case. Between 47 percent and 69 percent had no support order in place when they left welfare (U.S. General Accounting Office, 1998).

Welfare Time Limits

Table 5.4

Household Income of Time-Limit Leavers After Exit

State	Households with More Than One Adult (%)	Average Monthly Household Income ($)	Income Below Poverty Threshold (%)	Monthly Income Below $1,000 (%)
Connecticut (6)	43	1,100	NA	46
Florida FTP (varies)	44	1,129	NA	51
Massachusetts (10)	39	NA	NA	NA
Minnesota[a] (3-6)	15	1,108	72	NA
New Mexico	NA	NA	94	80
Ohio (6)[b]	26	830	81	NA
North Carolina[c] (6)	39	893	NA	65
South Carolina[d] (12)	22	528	NA	81
Utah (2-5)	NA	NA	63	NA
Virginia[e] (6)	25	930	86	55

SOURCES: Connecticut: Hunter-Manns and Bloom (1999); Florida FTP: Bloom et al. (2000) and MDRC calculations; Massachusetts: Massachusetts Department of Transitional Assistance (2000); Minnesota: Minnesota Department of Human Services (2003); New Mexico: Richardson, Schoenfeld, and LaFever (2003); Ohio: Bania et al. (2001) and Coulton , Lickfelt, Lalich, and Cook (2004); North Carolina: Richardson et al. (1999) and unpublished data; South Carolina: Richardson et al. (2001) and unpublished data; Utah: Taylor, Barusch, and Vogel-Ferguson (2002); Virginia: Gordon et al. (1999) and Wemmerus, Kuhns, and Loeffler (2003).

NOTES: The figures in parentheses show approximately how many months after exit the interviews took place.

[a]Only second parents were counted in the percentage of households with more than one adult.

[b]The figure for households with more than one adult is for the early sample of leavers only; average monthly income and the poverty rate are for the full sample of leavers.

[c]The percentage of households with other adults was collected at the 12-month follow-up, while income data refer to the 6-month follow-up. Income includes only the respondent's earnings and child support.

[d]Respondents reported their household income within ranges; income was calculated by assuming that each respondent's income was at the midpoint of the range.

[e]The poverty rate is for Cohort 1; the percentage of households with more than one adult, average monthly income, and income below $1,000 are for Cohorts 1, 2, and 3 combined.

poverty threshold for a family of three was just under $1,200 per month in 2000, by which time many of these surveys were completed.

Of course, most of these households were also living in deep poverty while they received welfare. In fact, in many cases, their household income at follow-up was higher than a nonworking family could receive from cash assistance and food stamps.[16] Comparisons of income before and after the time limit are discussed below.

The Florida FTP, North Carolina, and Virginia studies examined household income by employment status. The Virginia study found that average monthly income six months after exit was almost twice as high for employed respondents (the gap was much smaller at the 18-month point);[17] the results were similar in Florida FTP. The North Carolina study did not estimate dollar income but found that only 42 percent of nonworking respondents reported that their income was adequate to meet their needs; the comparable figure was 59 percent for employed respondents.

Material Hardships

As with income, it is difficult to make direct comparisons across the 10 states studied regarding the prevalence of different types of material hardship among survey respondents who left TANF at the time limit, because the questions were phrased differently in each survey. Nevertheless, some trends are clear:

- As might be expected given the income results, large proportions of survey respondents in all the states reported that they were struggling financially. For example, in Connecticut, 61 percent reported that they had delayed paying bills in order to make ends meet; in South Carolina, 57 percent agreed that they were "just barely making it from day to day"; and in Virginia, 56 percent reported "money problems."[18]

- Relatively few respondents reported experiencing the most serious kinds of housing distress: eviction and homelessness. Almost all the studies reported the percentage of respondents who had been homeless since leaving welfare. Although the definitions vary, all the figures are 6 percent or below. Three studies reported the percentage who had been evicted since leaving welfare: Florida FTP (8 percent), Ohio (8 percent), and Utah (5 percent).[19] Other stu-

[16]Among the 10 states that conducted surveys, the combined TANF/food stamp benefit for a family of three with no other income ranges from $544 in South Carolina to $926 in Massachusetts.
[17]The 6-month results are for Cohort 1. The 18-month results are for all three cohorts combined.
[18]Virginia data are for Cohort 1 at the 6-month interview.
[19]Ohio and Utah data are for the early sample of leavers.

dies found that relatively few recipients had moved to worse living arrangements since leaving welfare (in fact, respondents who had moved were more likely to have moved to better arrangements). As noted earlier, relatively large proportions of time-limit leavers are living in public or subsidized housing; it is possible that housing subsidies are protecting some families from severe housing distress.

- Larger proportions of respondents reported food-related hardships, perhaps reflecting the way families prioritize expenditures when money runs short (for example, by skipping meals in order to pay the rent). In North Carolina, 28 percent of respondents reported that there had been occasions since leaving welfare when they could not afford to buy food. In South Carolina, 15 percent reported that they had to cut the size of meals or skip meals because there was not enough money to buy food. In New Mexico, 21 percent of time-limit leavers were classified as "food insecure with hunger."

- Only a few of the studies asked whether any of the respondent's children had been removed from her custody or had gone to live elsewhere since the family had left welfare. Although the questions were phrased differently in each survey, the percentage of positive responses was 4 percent or below in all cases.

The focus groups conducted in one state largely confirmed the trends found in the surveys that recipients often face hardships when leaving TANF due to time limits. (See Box 5.1.) Some of the focus groups respondents had been forced to move to less expensive housing to cope with the loss of TANF.

As noted earlier, the studies that compared household income for respondents who were employed and not employed found that employed households reported much higher average income. However, the prevalence of hardships was not as closely associated with employment status. In some cases, the relationship is in the expected direction: In North Carolina, the proportions of respondents reporting that they sometimes or often did not have enough to eat were 23 percent for working respondents and 54 percent for nonworking respondents. On the other hand, in Florida FTP, employed respondents were more likely to report that they had been unable to pay their rent and were more likely to be classified as "food insecure with hunger." In Virginia, employed respondents were more likely to report that they had had trouble buying food and paying for housing.[20] In New Mexico, the rate of food insecurity was similar for time-limit leavers who were employed and for those who were not employed.

[20]Virginia data are for Cohort 1 at the 6-month interview.

One possible explanation for the unexpected pattern comes from the Florida study, which found that average monthly expenditures on housing were $288 for nonworking respondents and $415 for working respondents. Another explanation comes from the Virginia study, which found that nonworking respondents were more likely to have received assistance from community agencies or religious organizations in the past month. They were also more likely to have received money, phone access, children's supplies, and a place to stay from family or friends during that period.

Perhaps because of the pattern discussed above, it does not appear that hardship is systematically more prevalent in the states with lower employment rates. Table 5.5 shows the responses to a set of identical questions about food access that were asked in Connecticut, North Carolina, and Utah. The proportion of respondents reporting that they sometimes or often did not have enough to eat was slightly lower in Utah, even though the employment rate was much lower there than in the other two states. Similarly, the same food security scale was administered in Florida FTP (with an employment rate of 54 percent) and Massachusetts (with an employment rate of 73 percent). The percentage of respondents classified as "food insecure with hunger" was somewhat higher in Massachusetts (24 percent versus 16 percent in Florida FTP). Obviously, factors other than employment status — perhaps family support and housing costs — are critical in explaining levels of hardship.

Before-and-After Comparisons

All the studies assessed how survey respondents' circumstances had changed since leaving welfare. As noted earlier, such changes cannot be attributed to the termination of benefits, but these data are suggestive. In almost all cases, the comparison was made by asking respondents to recall their situation while on welfare.[21]

Employment and Earnings

Table 5.6 shows the employment rates of survey respondents in their last months on welfare and at the follow-up interview. There was a modest increase in employment over time in North Carolina but little change in the other states.[22]

These results suggest that the imposition of a time limit does not necessarily cause large numbers of respondents to start working — even in states like Ohio and South Carolina, where

[21]It may be difficult for respondents to recall their situation when they were on welfare. Also, their perception of their earlier status may have been colored by more recent events.

[22]Of course, respondents could have responded to the time limit by finding a job a few months before their benefits were terminated.

Table 5.5

Employment and Food Sufficiency Among Time-Limit Leavers

Outcome	Connecticut	North Carolina	Utah[a]
Employed (%)	80	63	43
Food measures (%)			
Enough and kinds of food we want to eat	34	53	28
Enough but not kinds of food we want to eat	44	23	53
Sometimes not enough food	16	21	13
Often not enough food	6	3	6

SOURCES: Connecticut: Hunter-Manns, Bloom, Hendra, and Walter (1998); North Carolina: Richardson et al. (1999); Utah: Taylor, Barusch, and Vogel (2000).

NOTE:
[a]Data are for the early sample of leavers only.

many people were not working when their cases were closed. This is consistent with the results from several random assignment studies presented in Chapter 4, which show that employment impacts did not change substantially when families began reaching time limits.

However, a detailed analysis in the North Carolina study shows that averages can hide dynamic employment patterns. Although the employment rate was only modestly higher at the six-month follow-up point than in the last month of benefit receipt, about 60 percent of those who were not working when their case closed worked in the following six months, and more than one-half were employed six months later. Conversely, fewer than half of the respondents who were employed when they left welfare were still working in the same job six months later. About one-fourth were still working, but in a different job, and another one-fourth were not employed.

The earnings data shown in Table 5.6 suggest that some respondents may have increased their work hours after leaving welfare — although the results are somewhat difficult to interpret because different people were working at the two points.[23]

[23]When earnings data are obtained from administrative records, it is impossible to tell whether an increase over time is due to higher wages, more hours of employment per week, or more weeks of work in a quarter. However, it seems unlikely that growth in hourly wages could have been substantial in such a short follow-up period.

Table 5.6

Employment and Earnings of Time-Limit Leavers, Before and After Exit

State	Employed (%)		Monthly Earnings ($)	
	Before	After	Before	After
Connecticut[a] (6)	85	83	878	1,015
Florida FTP[b] (varies)	57	58	410	661
Ohio[c] (6)	51	53	NA	NA
North Carolina (6)	54	63	NA	NA
South Carolina[d] (12)	51	53	375	660
Virginia[e] (6)	57	59	848	902

SOURCES: Connecticut: Hunter-Manns and Bloom (1999) and Melton and Bloom (2000); Florida FTP: Bloom et al. (2000) and MDRC calculations; Ohio: Bania et al. (2001); North Carolina: Richardson et al. (1999); South Carolina: Richardson et al. (2001); Virginia: Gordon et al. (1999) and Wemmerus, Kuhns, and Loeffler (2003).

NOTES: Unless otherwise noted, the data were collected from the follow-up surveys.
The figures in parentheses show approximately how many months after exit the interviews took place.

[a]Monthly earnings data come from administrative records in the quarter prior to exit and the second quarter after exit; quarterly earnings were divided by 3.

[b]Data are from administrative records for the quarter prior to termination and the fourth quarter after termination; quarterly earnings were divided by 3.

[c]Data are for the early sample of leavers only; as a result, Ohio's employment rate at follow-up does not match the rate in Table 5.2.

[d]Data are from administrative records for the quarter of exit and the fourth quarter after exit.

[e]Data for employment are for all three cohorts; data for monthly earnings are for Cohort 1 only.

Some of the studies provide additional information because they conducted more than one round of interviews.[24] Thus, it is possible to see how employment rates (and other outcomes) vary over a lengthy post-welfare follow-up period.

In Virginia, the employment rate among the earliest cohort (those reaching time limits in early 1998) increased slightly in the months after case closure and then leveled off: 62 percent were employed in the month of case closure, 71 percent at the six month follow-up point,

[24]The South Carolina study showed employment status over time but did not show status at the time of leaving welfare. The results indicate that 50 percent of time-limit leavers were employed one year after leaving welfare, 53 percent of the leavers were employed two years after leaving welfare, and 47 percent of the leavers were employed three years after leaving welfare (Richardson, Schoenfeld, LaFever, and Jackson, 2002).

and 69 percent at the 18-month interview (not shown). Leavers in the second cohort (those reaching time limits in early 1999) show a similar trend, although the proportions employed are slightly lower: 60 percent at case closure and 65 percent at both the 6-month and the 18-month interview (not shown). The third cohort (those reaching time limits in early 2000) had a lower proportion employed — 55 percent at case closure — and this remained stable over time, increasing only 1 percentage point at the 18-month interview (not shown). As mentioned above, the authors attribute these differences to shifting economic circumstances and to the locations where recipients were reaching time limits in each of the cohorts.

Once again, however, the underlying pattern is dynamic: Among recipients in the first cohort, 92 percent of respondents worked at some point in the 18-month period, and 63 percent experienced at least one spell of unemployment. Hourly wages among those employed were 13 percent higher at the 18-month point than at the 6-month point, and average weekly work hours were also somewhat higher (although it is important to note once again that different people were working at the two points). The patterns of improvement are similar for the third cohort, despite the less favorable economic conditions and lower base employment rate. Interestingly, the percentage of respondents working in jobs that offered health care benefits increased only slightly, but the proportion who were enrolled in a company insurance plan rose from 27 percent to 47 percent among the full sample of all three cohorts, perhaps reflecting the expiration of transitional Medicaid coverage or respondents' remaining in jobs long enough to qualify for employer-provided health care coverage.

The patterns are similar among the leavers surveyed in North Carolina: The employment rate increased at first and then remained roughly constant (54 percent were employed in the last benefit month, 63 percent at the 6-month point, and 66 percent at the 12-month point).[25] Wages and hours increased between the two interviews. The proportion of employed respondents working in jobs that offered health insurance did not change much, but the proportion who were enrolled in company plans nearly doubled, from 33 percent to 65 percent.

The Florida FTP evaluation studied employment patterns for a small group of welfare leavers who were interviewed four times in the 18 months after exit: Approximately one-third worked steadily throughout the period; one-third worked sporadically; and one-third did not work at all.

Income Before and After Leaving Welfare

Most of the studies asked survey respondents to compare their monthly income in the last month on welfare with their income in the month prior to the follow-up interview. Only two

[25] Richardson et al. (2000b).

studies — Florida FTP and Virginia — examined dollar income averages at more than one point. The Florida FTP study did so by interviewing a small sample of time-limit leavers around the point that their benefits were canceled and then at 6-month intervals thereafter, while the Virginia study asked respondents to recall their income during their last month on assistance and to report their income in the month prior to the 6- and 18-month interviews.[26] The income results for the three different cohorts surveyed in Virginia are not presented separately, although results for the first cohort alone were presented in an early report.

In Virginia, average income among the first cohort alone was slightly lower 6 months after exit than during the last month on assistance, but average income at the 18-month point was slightly higher than at either earlier point. When the results are pooled for recipients in all three cohorts, income increases between the month of case closure and the 6-month interview, and it also increases between the 6-month and the 18-month interviews. About 45 percent of respondents in the first cohort reported an increase of more than 10 percent in their income between case closure and the 18-month interview. Almost as many (41 percent) reported a decrease of 10 percent or more. A slightly greater proportion (48 percent) of the pooled sample reported increases, while a slightly lower proportion (39 percent) reported decreases. The proportion of families with very low income (below $1,000 per month) decreased between the month of case closure and the 18-month interview both for the early cohort alone and for the pooled sample.

The Virginia study also found that receipt of benefits generally declined as more time elapsed after leaving TANF. Follow-up data show that 88 percent of recipients received food stamps in their last month on TANF, compared with 75 percent 6 months after leaving TANF and 66 percent 18 months after receiving TANF. Medicaid coverage for respondents also declined over this time. The proportion of respondents with any form of health care coverage declined over time, although the proportion of children with health insurance increased, and housing subsidies remained more stable over time.

The Florida study found that average income was lower six months after exit than during the last month on welfare. About one-fourth of respondents had higher income at the follow-up point, while the rest had lower income. Interestingly, the Florida FTP study found that the respondents who were most likely to lose income were those who were working in both the last benefit month and the month before the six-month follow-up interview.

[26]The income measure in Virginia includes the respondent's earnings plus household income from TANF, food stamps, child support, SSI, and unemployment insurance. It does not include earnings of other household members. Because the percentage of respondents living with another employed adult increased over time, the study authors report that the 18-month income estimate may be understated.

The other studies asked respondents to compare their income or their general well-being at the two points — without trying to obtain detailed dollar amounts for the period before welfare exit. Specifically:

- In South Carolina, 47 percent of respondents agreed that they had more money than while they were on welfare; 53 percent disagreed.

- In North Carolina, 56 percent agreed that they were a little or a lot better off one year after leaving welfare, and only 15 percent said they were a little or a lot worse off.[27]

- In Connecticut — a fairly high-grant state with a very generous earnings disregard — only 20 percent of respondents reported that they were more satisfied with their standard of living after leaving welfare.

- In Massachusetts, about 40 percent reported that they had more income after leaving welfare, while an equal proportion reported that they had less to live on (and about 20 percent reported that their income was about the same). About half reported that their expenses were higher, while only 8 percent reported that their expenses were lower.

- In Minnesota — another state with a relatively high grant — about 39 percent said that life in general was worse after leaving welfare; 18 percent said that it was better; and 43 percent gave mixed responses.

- In Utah, 49 percent among the early leavers reported that life in general was worse since their case closed; 30 percent reported that life was about the same; and only 21 percent reported that life was better.

- In New Mexico, 48 percent of time-limit leavers said that their financial situation was worse than it had been on welfare; only 29 percent reported that they were better off.

Although the patterns vary, in most of the 10 states studied, a somewhat greater proportion of survey respondents believed that they were worse off financially than they had been while on welfare. It is important to recall that — particularly in states like Connecticut, Massachusetts, and Virginia — a large proportion of respondents had been mixing work and welfare before reaching the time limit. On reaching the limit, they lost their supplemental welfare grant, resulting in a loss of income. The fact that families saw their income decline over time, however, does not necessarily mean that they were worse off than they would have been without the

[27]Richardson et al. (2000b).

full package of reforms; without the reforms, they would not have received the expanded earnings disregards.

Hardships Before and After Leaving Welfare

Several of the studies asked survey respondents to report whether they had experienced specific hardships before and after leaving welfare. Although the patterns vary, it appears that hardships are more common in the period after leaving welfare. This is consistent with the fact that many families had lower income. For example:

- In North Carolina, 24 percent reported that they sometimes or often did not have enough to eat in the six months after leaving welfare, while only 8 percent reported that they had experienced this hardship in their last six months on welfare.

- In South Carolina, respondents reported that they were more likely to fall behind in paying rent or utility bills, and to have their phone or utilities disconnected, in the year after leaving welfare than in the year before leaving welfare.

- In Massachusetts, 24 percent were classified as "food insecure with hunger" after leaving welfare, compared with 13 percent who reported that they had experienced this hardship before leaving welfare.

- In Connecticut, 29 percent reported at follow-up that they sometimes or often relied on low-cost food to feed the children, because they were running out of money. Only 15 percent reported that this had been true in their last month on welfare.

The focus group respondents in one state also indicated that they were worse off after leaving TANF, but they said that their hardships declined over time. (See Box 5.1.)

A few of the studies asked questions about the well-being of respondents' children before and after leaving welfare. There is no evidence that children were doing worse in the post-welfare period.

- In Massachusetts, 29 percent reported that child-rearing was better after leaving welfare than before; 18 percent reported that child-rearing was worse.

- In North Carolina, substantial numbers of respondents reported that their children were experiencing school-related problems, but there is no clear pattern of improvement or decay relative to the period before families left welfare.

- In South Carolina, the proportion of respondents who reported that their children's behavior and school performance were better than they had been one year earlier was larger than the proportion who reported that behavior and school performance had gotten worse.

- The Utah study reported some deterioration over time in child-related outcomes, but the results are not reported separately for time-limit leavers.

Time-Limit Leavers Compared with Other Leavers

The studies conducted in eight of the ten states compared outcomes for time-limit leavers with outcomes for families who left welfare for other reasons. Six of these eight studies (Connecticut, Florida FTP, Massachusetts, New Mexico, Ohio, and Virginia) compared time-limit leavers with non-time-limit leavers — a diverse group that may include families who left welfare owing to sanctions, increased income, changes in family status, or other reasons. The other two studies (South Carolina and Utah) divide the "other leavers" into two or more categories based on the exit reason.[28] As with many of the other topics discussed above, each study used a somewhat different approach, making direct comparisons difficult.

Employment and Earnings

The results of the comparisons vary substantially by state, for the reasons discussed at the beginning of this chapter. For example, as shown in Table 5.7, in Connecticut, Massachusetts, and Virginia (three states with relatively high employment rates for time-limit leavers), individuals who left because of time limits have either similar or higher employment rates than other leavers — although in all three cases, employed time-limit leavers earned less than other employed leavers. In those states, the non-time-limit leavers were a diverse group — including both people who left welfare for work and people who left for other reasons — while the time-limit leavers were mostly employed, for the reasons discussed above.

[28]MAXIMUS calculated several specific outcomes for a single group of non-time-limit leavers in South Carolina by combining results for those who left owing to sanctions, earned income, and other reasons.

Table 5.7

Employment and Earnings of Time-Limit Leavers and Non-Time-Limit Leavers

State	Leavers Employed (%)		Monthly Earnings ($) Among Those Employed	
	Time Limit	No Time Limit	Time Limit	No Time Limit
Connecticut[a] (6)	83	51	1,015	1,090
Florida FTP (varies)	54	69	804	1,079
Massachusetts (10)	73	71	1,095	1,290
New Mexico (2-3)	51	60	764	1,040
North Carolina[b]	63	69	947	1,190
Ohio[c] (6)	49	64	989	1,276
South Carolina (12)	50	62	993	1,088
Utah[d]	43	58	981	1,170
Virginia[e] (6)	71	63	902	1,192

SOURCES: Connecticut: Melton and Bloom (2000); Florida FTP: Bloom et al. (2000) and MDRC calculations; Massachusetts: Massachusetts Department of Transitional Assistance (2000); New Mexico: Richardson, Schoenfeld, and LaFever (2003); Ohio: Bania et al. (2001) and Coulton, Lickfelt, Lalich, and Cook (2004); North Carolina: Richardson et al. (1999, 2000a); South Carolina: Richardson et al. (2001) and unpublished data; Utah: Taylor, Barusch, and Vogel-Ferguson (2002); Virginia: Gordon et al. (1999).

NOTES: Unless otherwise noted, the data were collected from the follow-up surveys, and the non-time-limit group includes people who left welfare at roughly the same time as the time-limit leavers, but for reasons other than the time limit. The figures in parentheses show approximately how many months after exit the interviews took place.

[a]Data are from administrative records for the second quarter after exit.

[b]Earnings for time-limit leavers are median earnings for those working for an employer.

[c]Employment rates are for the full sample of leavers; monthly earnings among those employed are for the early sample only.

[d]Figures for the non-time-limit group were calulated from separate figures for individuals who left because of increased income and individuals who left for other reasons.

[e]Data are for Cohort 1 only; as a result, Virginia's employment rate for time-limit leavers does not match the rate in Table 5.2.

In the other states, time-limit leavers had both lower employment rates and lower earnings than other leavers. The South Carolina study found that sanctioned leavers had a lower post-exit employment rate than any other category of leavers (results not shown).

Receipt of Government Benefits

Table 5.8 compares the receipt of food stamps and Medicaid among time-limit leavers and non-time-limit leavers. All the studies found that rates of food stamp receipt are much higher for time-limit leavers than for other leavers. Interestingly, this is true even in states like Connecticut and Massachusetts, where the time-limit leavers have similar or higher employment rates than other leavers. As discussed in Chapter 2, one possible explanation for this pattern is that many time-limit leavers attended special exit interviews just prior to case closure; during these meetings, staff may have informed them about their eligibility for other benefits (and may even have recertified their benefits). In contrast, many of the non-time-limit leavers may have exited from welfare without contacting the welfare office — for example, they simply failed to show up for their next scheduled eligibility review after finding a job — which resulted in closure of their food stamp case. It is also possible that time-limit leavers — who are predominantly long-term welfare recipients — are more likely to know about the eligibility criteria for other public assistance programs. In addition, time-limit leavers have lower income than other leavers, and so a greater proportion of them are eligible for benefits. Time-limit leavers also have larger families than non-time-limit leavers, and the income eligibility requirements are higher for families with more children.

Income and Material Hardships

As discussed above, there is little consistency in the way that the studies measured income and material hardship, so it is difficult to make direct comparisons. As mentioned previously, reported income is closely associated with employment status in most states, with employed respondents reporting much higher income, on average. Thus, in states where time-limit leavers have lower employment rates than other leavers, they also report lower income. A full measure of household income is not available for non-time-limit leavers in Connecticut, where time-limit leavers have a much higher employment rate. However, as expected, administrative records data suggest that time-limit leavers have substantially higher household income.

Material hardships are common among all groups of leavers, and it does not appear that time-limit leavers are systematically worse off. For example:

- In Ohio, time-limit leavers were more likely than other leavers to have been evicted, but they were less likely to have skipped doctor visits or to have moved to a worse neighborhood since leaving welfare.[29]

[29]Data on doctor visits and moving to a worse neighborhood since leaving welfare are for the early sample of leavers only.

Table 5.8

Receipt of Food Stamps and Medicaid Among Time-Limit Leavers After Exit and Among Non-Time-Limit Leavers

	Food Stamps (%)		Medicaid (%)	
State	Time Limit	No Time Limit	Time Limit	No Time Limit
Connecticut[a] (6)	52	31	91	n/a
Florida FTP (varies)	74	32	62	23
Massachusetts (10)	52	29	84	80
North Carolina (6)	71	45	85	67
Ohio[b]	97	62	99	85
South Carolina	87	54	93	77
Utah[c]	77	59	82	75

SOURCES: Connecticut: Melton and Bloom (2000); Florida FTP: Bloom et al. (2000) and MDRC calculations; Massachusetts: Massachusetts Department of Transitional Assistance (2000); North Carolina: Richardson et al. (1999, 2000a); Ohio: Coulton, Lickfelt, Lalich, and Cook (2004); South Carolina: Richardson et al. (2001) and unpublished data; Utah: Taylor, Barusch, and Vogel-Ferguson (2002).

NOTES: Unless otherwise noted, the data were collected from the follow-up surveys, and the non-time-limit group includes people who left welfare at roughly the same time as the time-limit leavers, but for reasons other than the time limit. The figures in parentheses show approximately how many months after exit the interviews took place.

[a]Data are from administrative records for the second quarter after exit.

[b]Food stamp and Medicaid data are from administrative records and show the percentage in Quarter 4, 2003, who continued to receive food stamps and Medicaid at the time of exit from welfare.

[c]Figures for the non-time-limit group were calulated from separate figures for individuals who left because of increased income and individuals who left for other reasons.

- In South Carolina, time-limit leavers were less likely than other leavers to report that they had cut the size of meals or skipped meals since leaving welfare, but they were more likely to report having experienced some other hardships (such as going without electricity or heat or having their phone cut off).
- In Florida FTP, time-limit leavers were slightly more likely to have experienced some hardships, but the differences were very small.
- In Massachusetts, time-limit leavers were more likely than other leavers to report that their financial well-being had worsened since leaving welfare; however, the percentage classified as “food insecure with hunger” was about the same for the two groups.

- In New Mexico, the percentage classified as "food insecure with hunger" was slightly lower for time-limit leavers than for other leavers, but the time-limit leavers were more likely to report that their income was not adequate to meet their needs.

- In Utah, time-limit leavers were fairly consistently worse off than individuals who left welfare because of increased income, but they were not necessarily worse off than people who left for "other" reasons (many of whom had been sanctioned).[30]

In states where time-limit leavers are less likely to be employed than other leavers, they appear to be relying more heavily on both public assistance and community and family resources. However, there is little evidence that time-limit leavers are more likely to be living with other employed adults.

[30]Date are for the early sample of leavers only.

Appendix A

State Policies Regarding Time Limits for the Temporary Assistance for Needy Families Program

Appendix Table A.1

Key Features of TANF Time-Limit Policies

State/Territory	Periodic Time Limit (Months)	Lifetime Limit (Months)	Date Families First Exceed(ed) Limit(s)[a]	Consequences of Reaching Limit(s) if Extension Is Not Granted
Alabama	None	60	November 2001	Closes TANF case
Alaska	None	60	July 2002	Closes TANF case
Arizona[b]	None	60	November 1997	Closes TANF case
Arkansas	None	24	July 2000	Closes TANF case
California	None	60	January 2003	Removes adult
Colorado	None	60	July 2002	Closes TANF case
Connecticut	21	60	November 1997	Closes TANF case; may be eligible for safety net services
Delaware[c]	None	36	October 1999	Closes TANF case
District of Columbia	None	60	March 2002	Removes noncompliant adult from assistance unit
Florida	24 in 60 or 36 in 72[d]	48	October 1998	Closes TANF case
Georgia	None	48	January 2001	Closes TANF case
Guam	None	60	July 2002	Closes TANF case
Hawaii	None	60	December 2001	Closes TANF case; subsidy provided for full-time employment
Idaho	None	24	July 1999	Closes TANF case
Illinois	None	60	July 2002	Closes TANF case
Indiana	None	24	August 1997	Removes adult
Iowa	None	60	January 2002	Closes TANF case
Kansas	None	60	October 2001	Closes TANF case
Kentucky	None	60	November 2001	Closes TANF case
Louisiana	24 in 60	60	December 1998	Closes TANF case
Maine	None	60	November 2001	Continues benefits to compliant families; if noncompliant, removes adult or closes case (if third instance of noncompliance)

(continued)

Appendix Table A.1 (continued)

State/Territory	Periodic Time Limit (Months)	Lifetime Limit (Months)	Date Families First Exceed(ed) Limit(s)[a]	Consequences of Reaching Limit(s) if Extension Is Not Granted
Maryland	None	60	January 2002	Continues family's benefits to compliant families
Massachusetts	24 in 60	None	December 1998	Closes TANF case
Michigan[e]	None	None	----	State does not have time limit
Minnesota	None	60	July 2002	Closes TANF case
Mississippi	None	60	October 2001	Closes TANF case
Missouri	None	60	July 2002	Closes TANF case
Montana	None	60	February 2002	Closes TANF case
Nebraska	24 in 48	None	December 1998	Closes TANF case
Nevada	24 ineligible for 12	60	January 2000	Closes TANF case
New Hampshire	None	60	October 2001	Closes TANF case
New Jersey	None	60	April 2002	Provides up to 24 months in in safety net program
New Mexico	None	60	July 2002	Closes TANF case
New York	None	60	December 2001	Closes TANF case; families eligible for safety net program
North Carolina	24 ineligible for 36	60	August 1998	Closes TANF case
North Dakota	None	60	July 2002	Closes TANF case
Ohio	36 ineligible for 24	60	October 2000	Closes TANF case
Oklahoma	None	60	October 2001	Closes TANF case
Oregon	24 in 84	None	July 1998	Time limit only applies to noncompliant cases
Pennsylvania	None	60	March 2002	Continues benefits to individuals who agree to work 30 hours per week (or combine education/training and work)
Puerto Rico	None	60	July 2002	Closes TANF case
Rhode Island	None	60	May 2002	Removes adult
South Carolina	24 in 120	60	October 1998	Closes TANF case
South Dakota	None	60	December 2001	Closes TANF case

(continued)

Appendix Table A.1 (continued)

State/Territory	Periodic Time Limit (Months)	Lifetime Limit (Months)	Date Families First Exceed(ed) Limit(s)[a]	Consequences of Reaching Limit(s) if Extension Is Not Granted
Tennessee	18 ineligible for 3	60	April 1998	Terminates for 3 months
Texas	12, 24, or 36[d]	60	January 1998	Removes adult after shorter limit; closes TANF case after 60 months[f]
Utah	None	36	January 2000	Closes TANF case
Vermont	None	None	----	States does not have time limit
Virginia	24 ineligible for 24	60	October 1999	Closes TANF case
Virgin Islands	None	60	July 2002	Closes TANF case
Washington	None	60	August 2002	Removes adult if he/she refuses to participate in WorkFirst program
West Virginia	None	60	December 2001	Closes TANF case
Wisconsin	None	60	April 1999	Closes TANF case
Wyoming	None	60[g]	February 1999	Closes TANF case

SOURCES: State TANF Plans, Fiscal Year 2005.

NOTES: [a]This denotes the month following the date that families could potentially accumulate the maximum number of months of TANF assistance.

[b]Prior to July 2002, Arizona limited assistance to 24 months in a 60-month period.

[c]Prior to January 2000, Delaware limited assistance to 48 months, after which families were ineligible for 96 months.

[d]This depends on educational background and work experience.

[e]Michigan implemented a 48-month time limit in October 2007.

[f] The time-limit clock stops during months that the adult is not on the case. After five years off TANF, adult recipients may return, as long as they have not exhausted 60 months. Once the adult reaches 60 months, the case closes. Families living in areas that do not operate a state education and training program are not subject to the shorter time limit.

[g]Wyoming counted up to 36 months of retrospective benefits that occurred prior to February 1997.

Appendix B

Profiles of the States Discussed in Chapter 2

Arkansas

Background

Arkansas' time limit on the receipt of cash assistance took effect in July 1998, and the first families reached it in July 2000.[1] MDRC met with staff from the Arkansas Department of Human Services (DHS, the agency in charge of Temporary Assistance for Needy Families [TANF] eligibility); staff from the Department of Workforce Services (DWS, the agency in charge of case management); staff from welfare offices in Little Rock (Pulaski County) and Pine Bluff (Jefferson County); and staff from a workforce center contracted under DWS in Pine Bluff as part of this project and study.[2]

- **Time-limit policy.** Adults are limited to 24 months of assistance in a lifetime. Arkansas does not permanently exempt anyone from the time limit, but recipients can qualify for exemptions in months during which they face certain types of hardships. Months during which a recipient is exempt do not count toward the state 24-month time limit, but they do count toward the federal 60-month lifetime time limit.

- **TANF grant level and earned income disregard policies.** Regardless of family size, the income eligibility standard is $223 per month.[3] Thus, a family of three must have a monthly income at or below 16 percent of the 2006 federal poverty guideline ($1,383) to be eligible for Transitional Employment Assistance (TEA, the state's TANF program). The maximum monthly grant for this family is $204. The first 20 percent of earned income is disregarded in benefit computations for both applicants and recipients. An additional 60 percent of earned income is disregarded as a work incentive for those who begin or maintain employment while receiving TEA.

- **Work requirements and sanctions.** Single-parent recipients with no children under age 1 are required to work 30 hours per week. At the time of the site visit, Arkansas reduced the TEA monthly grant by 25 percent for the first three months of noncompliance and by 50 percent for the next three months, and it closed the case after six continuous months of noncompliance. As of October 2007, this policy was modified so that the first month of sanction re-

[1]Although Arkansas's program was officially implemented in July 1997, the state did not start its 24-month time-limit clock until the program had been in place for one year.

[2]The Department of Workforce Services is the TANF block grant recipient and is in charge of the overall administration of TANF in Arkansas.

[3]This amount represents 25 percent of full-time earnings at the minimum wage ($5.15 per hour) in 1997.

> sults in a full-grant suspension, followed by three months of a 25 percent reduction if noncompliance continues, then two additional months of full-grant suspension, and then three months at a 50 percent reduction followed by case closure. Under this policy, the case closes after nine months of noncompliance. Months in which the grant is reduced count against both the state 24-month time limit and the federal 60-month time limit, although months in which the full grant is suspended do not count toward either time limit.

Communicating the Message

Recipients first learn about the time limit from an eligibility caseworker when they apply for TEA at the Arkansas Department of Human Services (DHS). If approved for the program, TEA clients are referred to a mandatory orientation at the Department of Workforce Services, where a DWS case manager explains the program's 24-month time limit, employment and training services, and participation requirements. After orientation, clients are assigned a personal case manager, who works with them on a monthly basis to find a job and to address short-term employment barriers, informally reinforcing the time-limit message at each contact. Meanwhile, DHS eligibility specialists review remaining months of eligibility with the client and annual TEA eligibility redeterminations, although these can be completed by mail, telephone, or face-to-face.

In addition to these eligibility and case management contacts, clients receive formal, written notification of the number of months of assistance remaining at Months 6, 12, 18, and 22 of benefit receipt. At each of these milestones, case managers from the Arkansas Department of Workforce Services (DWF) also contact the client and prepare a written summary in the case file. Through the letters and their conversations with clients, they strive to convey the diminishing number of months of assistance and to prepare clients for the approaching time limit.

Determining Who Is Exempt

Arkansas does not permanently exempt anyone from the state's 24-month time limit, but recipients can qualify for exemptions or deferrals for months during which they face certain types of hardships. (Exemptions and deferrals both stop the time-limit clock, but exempted recipients are also exempt from participating in work activities.) Most of the criteria for exemptions and deferrals are relatively clear-cut. Parents with young children (that is, less than 3 months old, or less than 1 year old if suitable child care arrangements cannot be found), may be exempt for up to 12 months in a lifetime. Clients over 60 years old and second parents in two-parent families who care for young children may be granted deferrals. A recipient can also be granted deferrals for a physical disability affecting herself or a dependent, pregnancy (from the third trimester until the child is 3 months old), and domestic violence. At the discretion of the caseworker and with administrative approval, recipients can also be granted deferrals for extraordinary circumstances outside their control (such as a fire or eviction) or until suitable supportive services can be arranged.

Decisions about exemptions and deferrals are made by DWS case managers. Case managers assign each client to one of three employability tracks, based on a series of assessments at intake and as needed afterward. Work-ready clients and those with moderate employment barriers are referred to a job developer to begin immediate employment. Clients with severe employment barriers (such as physical disabilities, mental health problems, substance abuse, or domestic violence) are granted deferrals as needed and are assigned to a combination of treatment services and appropriate employability activities.

To gauge employability and to identify severe barriers, all TEA clients undergo a series of assessments at intake at DWS. In addition to the standard application questions about work history and education, the assessment includes the Tests of Adult Basic Education (TABE), a standardized assessment of cognitive skills. Clients with exceptionally low TABE scores (often indicative of learning disabilities), or those who disclose severe employment barriers, are encouraged to complete a more detailed electronic assessment at a private kiosk in the DWS office. Results from that assessment are automatically e-mailed to one of six Arkansas Severe Barriers Teams, each of which is staffed by a professional clinician and a paraprofessional social worker. The Severe Barriers Team reviews the results of the assessment and contacts the DWS case manager regarding whether the case merits their ongoing treatment. If a barrier that would exempt a client from the time limit — such as a physical disability or domestic violence — is discovered while she is working with the team, she may be exempted from the time limit if it is determined to be severe enough.

Working with Cases Approaching the Time Limit

As noted above, TEA clients receive formal, written notification of the number of months of assistance remaining at Months 6, 12, 18, and 22 of benefit receipt. DWS case managers structure a formal conversation with clients at each of these intervals. At 18 months, the case manager prepares a formal case-file review that summarizes the client's employment and health status, family circumstances, participation in TEA employment services, and so on. The DWS case manager, DWS supervisor, DHS eligibility worker, and other relevant social service professionals then meet, preferably with the client, to formally review her circumstances, assess her progress, and make service referrals for employment barriers; ultimately, they determine whether or not to recommend a month-to-month exemption or a time-limit extension. Following the 18-month review, the case manager is required to follow up with the client each month to update her employment plan, make appropriate service referrals, or explain deferral or exemption decisions.

If an exemption or extension is not granted at the 18-month review, a similar "staffing" is held at Month 22 to make the final determination of whether to grant an extension or to terminate assistance at 24 months. Between the reviews at Month 18 and Month 22, if the client cannot be contacted otherwise, the DWS case manager is required to make a home visit. Within 10 days of the Month 22 review, the case manager communicates the staff's decision to the client via a formal notice, and the client then has 10 days to appeal a decision to close the case. Otherwise, the case manager sends the client a final notice of case closure and terminates the case at the end of 24 months.

The criteria for extensions are more subjective than those for exemptions or deferrals, allowing DWS case managers and administrators more discretion. DWS may grant renewable extensions to allow a client to complete an education or training program, to prevent risk of child neglect, or to reflect extraordinary circumstances beyond the client's control. Sometimes clients who have been working with the Severe Barriers Team but were not exempt from the time limit may be granted an extension instead. Clients who might have short- or long-term disabilities are referred to a Medical Review Team (MRT) for an official evaluation, which entails a fairly lengthy process of assembling medical records and sending them for review, which takes another 90 days. The span of extensions — ranging from 3 to 6 months — is determined at the county level. As of October 2007, less than 1 percent of the time-limited caseload had been granted an extension on the state's 24-month time limit (although approximately 10 percent of the time-limited caseload had a federal count greater than 24 months; this proportion includes both those who were granted an extension once they reached the state time limit and those who were granted an exemption or deferral at some point and accrued months that did not count toward the state time limit).

Nevertheless, case managers at the state and county level emphasize that they try to take into account the full picture of the client's social support system when making decisions about whether to extend or terminate cases. Case managers explain that they do not hold instances of sanctioning for noncompliance against a client but that they do look for evidence that the client is making an effort to follow through on her employment plan and to attend staffing meetings. County and state administrators explain that they try to "err on the side of the client" — for example, by granting extensions fairly automatically in the rare situations where the case record is incomplete or in other ways reflects that the case manager has not demonstrated regular case management contact.

Because months of extended TEA continue to count toward the federal 60-month lifetime time limit, Arkansas policies require case managers to continue to work with clients on a monthly basis and to convene staffing reviews several months prior to the end of the extension. A state panel in a central Arkansas office convenes staffings at Months 36, 48, and 56 to review the handful of extended cases approaching the federal 60-month time limit.

Beyond clear communication and policies specifically related to the time limit, administrators and staff described two sets of institutional strengths that help Arkansas TEA clients to achieve sustainable, voluntary exits. First, TEA offers exceptionally close and coordinated case management services. The ratios of TEA case managers to clients are as low as 1 to 30, and, in addition to maintaining monthly contact, case managers are required to make a home visit within the first 30 days of a sanctioning action, preferably before a sanction is imposed.

In addition, Arkansas appears to have achieved an effective deployment and coordination of work supports eligibility and employment services across its public benefits and workforce systems — a major policy goal of many states. In July 2005, Arkansas redeployed TEA case management services from the Department of Human Services, in order to ensure that they were coordinated with other workforce resources offered by the Department of Workforce Services. By all accounts the transition has gone remarkably well, and, from the administrative level to line staff, respondents in both agencies credited this success to two factors. First, the special cadre of caseworkers responsible for case management within DHS were themselves transferred to DWS, thus bringing a cohort of staff with eight years of dual eligibility and TEA case management expertise into the workforce system from the beginning. Second, at both the administrative and the line staff level, workers from the two agencies meet frequently to coordinate eligibility and workforce services.

Arkansas also offers a range of special work supports programs that encourage recipients to leave TEA voluntarily for employment rather than timing out. Caseworkers reported that they use these programs as a motivational tool to encourage recipients to leave TANF before reaching the time limit. Clients who leave TEA for employment (and, in some cases, those who generate earnings in their last months of TEA) are eligible for Extended Support Services (ESS), including:

- Guaranteed child care with no copayments the first year and adjusted copayments for the following two years
- A year of transitional Medicaid
- An employment bonus that is equal to a one month's TEA benefit and does not count toward the state or federal time limit
- A $200 transportation bonus
- Incidental job retention payments needed for car repairs, uniforms, tools, and such
- Twelve months of postemployment case management services

In addition, Arkansas uses TANF surpluses to fund many segments of the Arkansas Work Pays program, which provides employment and retention incentives for recipients who leave TEA for work yet remain poor. Recipients who apply for Work Pays can recieve:

- Up to 24 months of $204 monthly cash assistance payments (which are not counted toward the Arkansas 24-month time limit, though they are counted toward the federal 60-month lifetime time limit)
- Postemployment career advancement services
- A $400 three-month job retention bonus
- A $600 nine-month retention bonus
- An $800 exit bonus upon Work Pays case closure due to the 24-month Work Pays time limit (provided that the client worked 21 of the previous 24 months) or a $1,200 exit bonus upon Work Pays case closure due to earnings that exceed 150 percent of the federal poverty guideline
- Child care
- Transitional Medicaid or the state program for children's health insurance, ARKids
- Financial credit counseling
- Individual development accounts (IDAs)

To be eligible for Work Pays, families must:

- Receive TEA for at least three months
- Close their TEA case for employment without receiving more than 24 months of TEA benefits
- Meet the employment hours requirements (For initial eligibility, the adult must have been engaged in paid work activities for at least twenty-four hours per week for the past month and have met the federal participation rate; for ongoing eligibility, the adult must be in paid work activities for at least twenty-four hours per week and meet the federal participation requirement for one of the past three months and for at least three of the past six months.)
- Apply for the Work Pays program within six months of closing their TEA case

- Have income below 150 percent of the federal poverty guideline

After the Time Limit

Staff in Arkansas reported that the transition off TANF and onto food stamps and Medicaid only happens smoothly.

Connecticut

Background

Connecticut's time limit took effect statewide in January 1996, when the state implemented the Jobs First welfare reform initiative under federal waivers. The first recipients reached the state's time limit in October 1997. MDRC staff visited the Connecticut Department of Social Services (DSS) and local DSS offices in Bridgeport and Manchester as part of this project.

- **Time-limit policy.** Recipients who are not exempt from the state time limit are limited to 21 months of benefit receipt, although many receive two 6-month extensions. Prior to 2001, most recipients could receive an unlimited number of extensions, but in 2001 the state developed more stringent criteria for the fourth extension and beyond, and it added a new, 60-month time limit that allows very few exceptions. In 2003, the state applied the more stringent criteria to the third extension as well. These policy changes greatly reduced the number of recipients eligible for more than two extensions.

- **TANF grant level and earned income disregard policies.** The maximum TANF grant for a family of three varies by region, and grants ranged from $553 to $656 as of July 2007. The grant is $560 in the largest region in the state. For families applying for benefits, the maximum allowable earnings is the welfare payment standard (the maximum allowable grant), or $560 in the largest region, after a $90 earned income deduction from gross earnings. The maximum allowable earnings for a family of three is $1,431 (100 percent of the federal poverty level, as of 2007) if the family is receiving TANF. Once a family is receiving benefits, all earned income is disregarded, as long as earnings are below the federal poverty level.

- **Work requirements and sanctions.** Nonexempt recipients are required to participate in work activities. The welfare grant is reduced by 25 percent for three months for the first instance of noncompliance, by 35 percent for three months for the second instance, and by 100 percent for three months for the third or subsequent instance, during the first 21 months. The penalties become stricter once a recipient receives a benefit extension after reaching the time limit: A single instance of noncompliance can result in permanent termination of benefits.

Communicating the Message

DSS staff are in charge of TANF intake and ongoing maintenance, while the Connecticut Department of Labor provides employment and training case management services.

DSS staff first inform recipients of the time limit during intake, largely using a state-developed form that recipients must sign that outlines the state's basic TANF policies, such as participation requirements, time limits, and sanctioning procedures. The form explains that TANF is time-limited, that cash benefits will end after 21 months unless recipients meet extension or exemption criteria, that most recipients are eligible for only two extensions, and that there is a 60-month lifetime limit with few exceptions.

Following the intake meeting, DSS staff generally see clients only at TANF and food-stamp redetermination meetings, unless DOL initiates a sanction, in which case DSS staff must contact clients for a conciliation. (TANF redetermination is every 12 months, except for cases in extension status, when it is 6 months; food stamp redetermination is every 6 months.) DSS line staff reported that they generally remind clients of the time limit at the redetermination meetings.

One challenging issue in Connecticut is that each recipient has three separate time-limit counters: a state 21-month counter, a state 60-month counter, and a federal 60-month counter. Tracking the different counters can become complicated for a few reasons. First, the state 60-month limit counts benefits received since October 1996, while the 21-month counter began in January 1996. Second, the federal time-limit clock runs during months when recipients are exempt from the state time limits, unless they also qualify for a federal exemption (this is also the case in other states). Third, as is also the case in other states, the federal time limit does not count months when families are funded solely with state funds.[4] Recipients receive notices informing them about their status vis-à-vis all three time limits, even though the federal counter has no specific implications for them unless they move to another state. Line staff reported that they generally focus on the shorter state time limit, though they touch on the 60-month time limit.

[4]Connecticut funds benefits for qualified aliens with a segregated program and, until October 2007, funded benefits for two-parent families and certain families exempt from time limits — primarily those with a disabled parent — through separate state programs. Two-parent families are still funded only with state funds, although now through a solely state-funded program that is not part of TANF and not claimed as TANF maintenance of effort. The other families who were previously in a state-funded separate state program were moved back into the federal TANF portion of the program in October 2007. They remain exempt from the state time limits, and while their months on TANF now count toward the federal time limit, Connecticut allows them to continue receiving TANF after they reach it, through the federal policy that grants funding for post-60-month cases for up to 20 percent of the total caseload.

Determining Who Is Exempt

In general, in addition to child-only cases, families in Connecticut are exempt from the time limits if all adults are exempt from mandatory participation in work activities. This includes cases in which:

- The recipient has a physical or mental disability expected to last more than 30 days.
- The recipient is caring for an incapacitated household member.
- The recipient is a parent under age 18 who is living with his or her parent and is not the head of the household.
- The recipient is age 60 or older.
- The recipient is caring for a child under age 1 who is not subject to the family cap rule.[5]
- The recipient has a pregnancy that causes inability to work.
- The recipient has had a child within the last six weeks.
- The recipient is determined to be unemployable.

Line staff explained that they have little discretion in determining whether to grant an exemption.

The process for receiving an exemption for a medical disability depends on the length of time that the disability is expected to last. If it is expected to last 30 to 90 days, recipients can show a medical provider's statement, and line staff can grant the exemption. If the disability is expected to last more than 90 days, line staff can grant the exemption initially, but it must be approved by a Medical Review Team (MRT) within DSS. In cases in which a recipient is caring for an incapacitated household member, unless the incapacitated household member receives Social Security or Supplemental Security Income (SSI) disability benefits, an MRT must make the incapacity determination for the exemption (this does not depend on the length of time that the family member's disability is expected to last). The eligibility worker — in consultation with a supervisor, the regional office social work staff, or the MRT — makes the determination that the parent is required in the home to care for the incapacitated family member. In cases in

[5]In Connecticut, the family cap rule stipulates that the TANF grant will increase by only $50 for children born after November 1, 1996, whose parent was a recipient of cash assistance 9 or 10 months before they were born.

which the recipient has a pregnancy that causes inability to work, a statement from a medical provider is sufficient.

Line staff varied in the extent to which they said they explicitly review the list of criteria that would qualify recipients for an exemption. The state procedure is for eligibility staff to review all exemption criteria at the time of application, using a form that lists all the exemptions, and most staff said that they do this. However, a minority of line staff said that they will ask clients whether they can work and will inquire further only if clients say that they cannot. Line staff said that they touch on the exemption criteria again as the recipient approaches the time limit.

The proportion of the state TANF caseload who are exempt from the time limit has grown over time as the caseload has declined, although the number of exempt families has remained fairly constant. About one-fourth of the caseload were exempt in 1998, compared with almost two-thirds in 2006. About two-thirds of the exempted caseload were child-only cases in 2006.

Working with Cases Approaching the Time Limit

In Month 20 of assistance in Connecticut, recipients are called in for an exit interview conducted by their DSS caseworker. Recipients who fail to show up for the interview and do not re-schedule cannot receive an extension. At the interview, the caseworker goes over the exemption criteria and the extension criteria. Recipients can be granted an extension if their income falls below the welfare payment standard (the maximum grant for their family size) and if they have made a "good-faith" effort to find employment. This is generally defined by the recipient's sanctioning history: A recipient who has one sanction before Month 16 of assistance or no sanctions is considered to have made a good-faith effort and is granted a six-month extension. Those with a sanction in Months 16 to 20 or with more than one sanction can still receive an extension if they comply with the Individual Performance Contract (IPC), a program contracted to community agencies that offers recipients an opportunity to restore their eligibility for an extension based on good-faith effort. Recipients who are sanctioned in Month 21 cannot receive an extension. However, recipients who are ineligible for an extension based on good-faith effort can still receive an extension if circumstances beyond their control — for example, domestic violence — prevent them from working, although extensions are rarely granted based on this criterion.

Extensions last six months, and recipients are brought in for an exit interview in Month 5 of each extension. Line staff explained that, in practice, granting the first and second extensions is almost automatic, as long as recipients' are income-eligible. In fact, some line staff said that they generally discuss TANF as a 33-month program rather than a 21-month program, and they reported that clients have a widespread understanding that they can receive TANF for 33 months. In essence, the policy gives recipients the benefit of the doubt, even when there is little information available about their history of participation in employment activities. However, the 21-month time limit does affect recipients whose income is above the welfare payment standard; as a result, a large majority of families who appear for their exit interview and whose cases close because of the 21-month time limit are employed. (The most common reason that cases are closed at the 21-month time limit is that the family does not appear for the interview and thus does not apply for an extension.)

In order to qualify for a third extension, recipients must meet a more limited set of criteria. Eligibility is restricted to clients facing “circumstances beyond one’s control,” including domestic violence; those with a medical condition or those caring for someone with a medical condition that restricts the number of hours that the recipient can work; those working full time and still making less than the payment standard (this generally applies to large families); and those who are facing two or more employment barriers. In practice, few recipients are granted a third extension. The most common reason for a third is that the recipient has two or more significant barriers to employment. Line staff explained that, in the exit interview in Month 32, they focus the discussion on next steps after TANF, rather than on the possibility of receiving a third extension. However, they generally touch on exemption criteria again (as state policy mandates that they do).

Once in an extension, the penalty structure for noncompliance becomes much more severe: A single instance of noncompliance results in case closure, and the recipient cannot receive any further extensions based on good-faith effort. DSS line staff have ultimate discretion in whether to grant good cause to waive a sanction, and they reported that they are more likely to do so for recipients in their first extension but are less likely to do so when clients are in their second extension or beyond. (This is not an official DSS policy.)

In April 2007, state administrators reported that about 661cases in Connecticut were in their first extension; 517 were in their second extension; and 50 were in their third extension. This represented about 11 percent, 8 percent, and 1 percent of the nonexempt caseload, respectively (which totals to 4 percent, 3 percent, and less than 1 percent of the total caseload). Fewer than 50 cases were in their fourth extension or beyond.

Very few nonexempt cases remain on TANF through to the 60-month time limit. For those cases, line staff conduct a 58-month interview focusing on connecting families to other resources and exploring whether the recipient is facing domestic violence, which is the only criterion that allows nonexempt recipients to continue receiving TANF extensions.

After the Time Limit

DSS contracts with the Connecticut Council of Family Services Agencies and the Connecticut Association for Community Action — two umbrella agencies — to operate a safety net program. Until recently, the program was targeted to recipients who were terminated from welfare at the state's 21-month time limit and whose income was below the payment standard. (This encompasses a small group of recipients who were terminated because they were deemed noncompliant.) In 2007, legislation was enacted that extends the safety net program to any family who loses eligibility because of time limits; in late 2007, the state was in the process of implementing this change. The program is intended to prevent harm to children in these families. Cases are referred to the safety net program by DSS, and program case managers conduct intensive outreach efforts. The program can provide a limited number of vouchers to pay for rent or basic needs (utilities or food are common), but much of the focus is on helping participants find jobs. In some cases, participants are found to be eligible for cash assistance, usually because an exemption applies. Until recently, because safety net services were targeted only to noncompliant recipients, they were not available to compliant recipients who had income below the payment standard and who did not meet the criteria for a third or higher extension or who were terminated because of the 60-month time limit.

DSS also implemented the Transitionary Rental Assistance Program (T-RAP), a program to provide one year of rental assistance to families whose benefits have been terminated and whose income is above the payment standard. Families must apply within six months of termination.

Eligibility for other benefits in Connecticut is not tied to TANF. Each program's eligibility is based on its own eligibility criteria. Medicaid (called HUSKY A), food stamps, and child care are resources that an individual may receive while on TANF and after the TANF case is closed.

Missouri

Background

Missouri implemented TANF time limits in July 1997. TANF families first reached the time limit in July 2002. MDRC staff visited the Missouri State Department of Social Services (DSS) and local offices in two major areas, St. Louis and Jackson County (Kansas City).

- **Time-limit policy.** Missouri has a 60-month time-limit policy that applies to all nonexempt recipients.
- **TANF grant level and earned income disregard policies.** The maximum monthly benefit for a family of three is $292; the maximum allowable earnings in a month to qualify for benefits is $1,146. Two-thirds of earned income, plus a $90 standard work exemption, is disregarded for up to 12 months for recipients who obtain employment while receiving TANF. After 12 months, individuals are ineligible for the disregard until they have not received TANF for 12 consecutive months. For TANF applicants, the disregard is $30 plus one-third of earnings (in addition to the $90 standard work exemption) for the first four months, after which the client continues to receive the $30 disregard for eight months.
- **Work requirements and sanctions.** All nonexempt recipients are required to participate in work activities. Noncompliance with work requirements results in a 25 percent reduction in benefits until compliance. The penalty remains the same regardless of the number of sanctions that a recipient has received.

Communicating the Message

Between 2003 and 2006, Missouri shifted TANF case management services from DSS, the department that administers TANF, to the Division of Workforce Development (DWD). DSS frontline staff (now called "eligibility specialists") remain in charge of eligibility, redeterminations, and processing sanctions, while DWD case managers are in charge of assigning work activities, monitoring participation, and recommending sanctions. TANF recipients may learn about the time limit from both DSS and DWD. However, MDRC did not visit a DWD office.

DSS frontline staff first notify recipients of the time limit at the initial intake meeting. They explain that TANF is time-limited, and they notify clients of the number of months they have received TANF and the number of months they have remaining, according to the state's automated counter.

Subsequent DSS contacts with recipients occur primarily through TANF redeterminations and food stamp recertification meetings. TANF redetermination occurs every 12 months and may be conducted over the telephone rather than in person. Food stamp recertification occurs every six months, and it must be done face-to-face once every 12 months. DSS frontline staff reported that the TANF redeterminations and food stamp recertifications generally coincide, and most staff reported that they discuss the number of months that recipients have remaining on TANF at all these meetings. DSS frontline staff also explained that they encourage recipients to "bank," or defer, their TANF months when they are receiving a small grant.

In addition to verbally notifying recipients of the time limits, the state sends letters at Months 24, 36, 48, 54, and 58. The 58-month letter discusses extension and exemption criteria and notifies recipients that if they meet any of the criteria, they should inform their DSS eligibility specialist.

Determining Who Is Exempt

Missouri grants exemptions from the time limit for four reasons:

- The recipient is needed in the home to care for an individual with a disability.
- The recipient is permanently disabled.
- The recipient is a teen parent participating in school.
- The recipient is a caretaker over age 60.

The same reasons, except for the teen parenthood criterion, apply in exempting recipients from the work participation requirement. (Exemption from the participation requirement can also be granted based on temporary disability, although the time-limit clock does not stop in this case.) Recipients with children less than 12 months old are also exempt from the participation requirement, but not from the time limit. As of fall 2006, exempted recipients made up about 17 percent of the caseload, according to state TANF managers.

To determine who meets the exemption criteria, DSS frontline staff conduct an initial assessment at intake that includes a question as to whether there is any reason that the individual is not ready for employment and/or training. (This assessment procedure was more in-depth before 2005 but was changed to adapt to the transfer in the administration of case management.) Besides this question, frontline staff generally reported that they do not ask recipients about their employment barriers and that recipients must initiate discussion about these issues. Staff in the two local DSS offices that MDRC visited asserted that when they were in charge of case management, they were more involved in recipients' lives and, therefore, were more likely to know of any reasons that recipients might be able to receive an exemption from the time limit.

In order to receive an exemption from the time limit based on a permanent medical condition, the condition must be approved by an internal Medical Review Team (MRT), unless the recipient receives Supplemental Security Income (SSI), has an application pending for SSI,[6] or receives employer-sponsored disability payments, in which case the decision would not have to be approved by the MRT. According to line staff, the MRT process generally takes 30 to 90 days. The recipient's TANF clock stops during this process.

In order for a recipient to receive an exemption as a caretaker for someone in the household with a disability, a physician's statement is sufficient.

Working with Cases Approaching the Time Limit

The process for working with cases approaching the time limit in Missouri changed when case management shifted to DWD. Before the shift, DSS frontline staff were required to convene team review meetings ("staffings") as recipients approached the time limit. The review meetings were attended by the recipient, the case manager, the county manager, and an external participant, such as a child support staff member, a workforce development staff member, or a juvenile officer. However, as of July 2005, Missouri no longer requires these staffings.

The process for working with cases approaching the time limit now varies somewhat across regions and offices. In Kansas City, regional managers allowed frontline staff supervisors to determine whether their teams would continue conducting the reviews, explaining that they believed that the review meetings were valuable in ensuring that staff had exempted recipients from the time limit for the correct number of months and were aware of recipients' barriers. Some frontline staff supervisors in the Kansas City office that MDRC visited had chosen to continue the staffings, although generally the meetings occurred without any participants outside DSS; other supervisors did not continue the staffings. Those who continued conducting the staffings said that they use the meetings to review recipients' TANF case and to determine whether they qualify for an extension. If no barriers arise during the meeting that would qualify a recipient for an extension, staff say that they discuss other community resources available, such as other benefits for which the recipient might be eligible.

[6]An application pending for SSI must be the first application for a particular disability. That is, recipients who apply more than once for the same disability cannot receive an exemption for the second application and beyond; however, if they apply for SSI based on a different disability, they can be granted an exemption.

In St. Louis, the team review meetings were discontinued when case management services shifted to DWD. DSS frontline staff who had previously conducted the meetings reported that the staffings had been helpful in understanding recipients' circumstances and in communicating the message about the time limit. They said that, apart from mentioning the number of months that recipients have received TANF, they do not take any special measures with recipients as they approach the time limit.

However, as mentioned previously, all recipients across the state are sent automated notices as the time limit approaches. In addition to the letters listed above, recipients are sent a notice in Month 59 that explains that their case will be closed if they do not contact DSS within 10 days. If they do contact DSS, they may receive an extension or exemption if they meet one of the criteria. Otherwise, the case will be closed. Line staff must manually close cases; the system does not do it automatically.

Extensions may be granted to recipients with certain barriers who are participating in activities aimed at overcoming these barriers. The barriers include:

- Substance abuse
- Mental health issues
- Domestic violence
- Family crisis (for example, a severe home fire)
- Involvement with Missouri's Children's Division

Frontline staff explained that they generally do not ask recipients whether they are facing any of the barriers that would qualify them for an extension — other than questions during intake regarding whether a recipient faces domestic violence and whether there are reasons that a recipient cannot work. (Where team review meetings still occur, staff said that they ask questions regarding whether a recipient faces domestic violence or has a mental health issue.) Recipients generally must bring up any issues of their own accord. Frontline staff explained that they do not want to prompt recipients to discuss issues that they would have otherwise handled on their own by asking direct questions, but they said that the "family crisis" category leaves some room for discretion.

As the case nears the time limit, line staff fill out a form recommending whether to close or extend the case, based on their knowledge of whether recipients meet one of the extension criteria. Most staff said that prior participation and sanctioning history would not affect their decision as to whether to recommend a case for an extension. The county manager has the final decision regarding which cases receive extensions. (In the large urban areas, the staff directly below the county manager has the final say.)

Extensions are reevaluated every 90 days, and verification is needed at each redetermination. There is no limit on the amount of time that recipients can receive extensions.

As of April 2007, less than 1 percent of the caseload was in extension status. Very few cases were in extension status at the local offices that MDRC visited. None of the frontline staff with whom MDRC met had more than three recipients in extension status on their current caseload. These cases were generally due to mental health and family crisis reasons. Line staff and managers explained that the number of cases receiving extensions has decreased recently, which they attributed in part to the shift in case management to DWD; DSS line staff are no longer as familiar with recipients' circumstances and barriers. They also speculated that the decline is due to the increasingly widespread knowledge among recipients that TANF is time-limited, which may discourage recipients from asking about extensions. In addition, they speculated that the generally low numbers — even before the declines — were due to the requirement that recipients be in treatment for their barriers in order to receive an extension.

After the Time Limit

After leaving TANF due to the time limit, individuals in Missouri can return to TANF if they meet either the extension or the exemption criteria.

Eligibility for other programs is not tied to TANF. Each program's eligibility is based on its own eligibility criteria. Medicaid, food stamps, and child care are resources that an individual may receive while on TANF and after the TANF case is closed.

Puerto Rico

Background

Puerto Rico implemented its time limit in July 1997, and TANF families first reached the time limit in July 2002. The Lewin Group and MDRC staff visited the Commonwealth of Puerto Rico's Administracion de Desarrollo Socioeconomico de la Familia (ADSEF) and two local offices — Rio Piedras II, located in the metropolitan area of the capital, San Juan; and the small local office of Barranquitas, in the central region of Caguas. ADSEF is responsible for administering the TANF program.

- **Time-limit policy.** Puerto Rico has a 60-month lifetime limit on the receipt of TANF benefits.

- **TANF grant level and earned income disregard policies.** The maximum monthly benefit for a family of three (including the maximum shelter allowance) is $250.[7] For the purposes of benefit determination, the state disregards each month $90 for work expenses, $30 of earned income for the first 12 months of employment, and one-third of the remainder of the individual's earned income for the first four months of employment.

- **Work requirements and sanctions**. All TANF clients are required to participate in the work program, with the exception of child-only cases, single parents with children under 1 year of age, adults 60 years of age and older, women in their last quarter of pregnancy, and disabled parents with a medical certification. The exemption allowed for parents with children under age 1 is allowed only once for each parent; that is, if parents have a second child, they are not exempted during the second child's first year. The expected level of participation for a single parent is 30 hours per week.[8] Noncompliance with work requirements results in a pro rata reduction in benefits equal to removing the adult from the grant ($48). A sanction can be lifted if the client returns to case management and cooperates with all activities.

Communicating the Message

The two local offices that were visited in Puerto Rico divided job responsibilities between eligibility technicians and case managers. The eligibility technician determines the families' eligibility for TANF and other benefits, including child care, transportation, and the nutri-

[7]The shelter allowance can be as much as $100 per month.
[8]A minimum of 20 hours a week is acceptable for those clients with children under 6 years of age.

tion assistance program referred to as Programa de Asistencia Nutricional (PAN).[9] The case manager is responsible for helping the client meet the work participation requirement and find employment. Puerto Rico had privatized TANF case management, but it moved these positions back into the agency in 2003 in all local offices except for those located in the region of Ponce.

The eligibility technician meets with clients every six months for redetermination. The technicians first discuss the time limits with clients during the initial intake meeting, which in Barranquitas occurs in the home. For those who have received TANF in the past, most are aware of the limit on benefits. If the client had received TANF in another state, it is up to the eligibility technician to ask about past history of receipt. If the client has received assistance in another state, the eligibility technician will notify the central office, and central office staff will contact the state to obtain information on the number of months used. In subsequent meetings, the eligibility technician will provide the client with a certification that states how many months have been used.

The case manager discusses the time limits at the first meeting with a new client and verifies the number of months accrued thus far. Staff mentioned that the case manager will also discuss the time limit with clients during each subsequent meeting, which typically occurs at least once a month for those clients who are not in work activities or not employed. Those who are involved in work activities or are employed are seen about every two weeks, because those clients need to have their activities verified by the case manager. Clients must bring in receipts of payment from their respective employers. Case management for those clients who leave TANF for employment continues for up to one year, with a visit at 30 days, 60 days, and 120 days, to follow retention of employment.

Determining Who Is Exempt

Puerto Rico does not exempt anyone from the 60-month time limit, with the exception of child-only cases.

Working with Cases Approaching the Time Limit

Case managers in Puerto Rico may work more intensively with clients approaching the time limit, but there is a general sense that if the time limit is approaching, it may be too late for clients to prepare for employment if they have not taken advantage of the program during the previous 60 months. Because of this, the case manager tries to see each client every month.

[9]This program, which operates similarly to the Food Stamp Program, is funded by a block grant program from the federal government.

Clients also have access to the employment specialists and vocational counselors in the region. Together with the case manager, they work as a team to support the clients.

The only families currently eligible for extensions in Puerto Rico are domestic violence victims who can provide documentation from the court. Extensions for domestic violence cases are for up to 12 months, with no further extensions. Requests for extensions are submitted to the central office and are evaluated case by case. The central office staff noted that they see about two requests a month for domestic violence extensions. While staff believe that there are more victims of violence reaching the time limit who might qualify, the clients must first get a protection order from the court, and many are unwilling to pursue this course of action.

Local office staff who were interviewed were unfamiliar with the domestic violence exception and had not requested an extension on behalf of their clients.

Other criteria for extensions are listed in the state plan (individuals who participate diligently in work activities and are unable to find employment and for parents of disabled children who require continuous care). In practice, however, the only criterion approved by the central office is for domestic violence cases.

After the Time Limit

When recipients in Puerto Rico reach the time limit, their cases are closed. They continue to receive PAN assistance, health care coverage, and the shelter allowance. While PAN has a work requirement (recipients are supposed to apply for assistance through the Labor Department and search for a job), the recipients do not receive the same level of case management services.

Clients who reach the time limit and are terminated from assistance are not able to return, even if they later qualify for an extension (that is, if they later document their domestic violence case in court).

After reaching the time limit, some individuals who have a disability can receive assistance from ADSEF. This program provides the recipient $64 a month. Staff could not estimate the number of families who began receiving this assistance after reaching the time limit, but they speculated that it was responsible for an increase in the number of families receiving this benefit in 2002, when several thousand families reached the time limit.

Eligibility technicians continue to see clients who have been terminated from assistance as they generally continue receiving PAN. Many of the clients are working, although some have significant barriers — learning disabilities and low levels of education. In some situations, staff will see the clients when they cannot pay their rent. Public housing is in limited supply, especially in the more rural areas. Some clients may rely on neighbors and churches for assistance.

The TANF office can provide referrals to a church, the Salvation Army, or the municipal office that provides social services for one-month emergency assistance.

According to the Lewin staff's analysis of quarterly data from the Administration for Children and Families (ACF), Puerto Rico closed almost 12,000 cases between Fiscal Years 2002 and 2005 — more than any state except Connecticut and New York. (The latter moves its cases into a separate state program and continues providing assistance.)

Texas

Background

Texas implemented TANF time limits in November 1996.[10] TANF families first reached the state time limit in November 1997. Lewin and MDRC staff visited the Texas Health and Human Services Commission (HHSC) — the agency in charge of administering TANF — in Austin; two local HHSC offices in San Antonio; and a local workforce development office, where case management services are provided, in San Antonio.

- **Time-limit policy.** In addition to the 60-month federal time limit, Texas has a state reduction time limit of 12, 24, or 36 months, and adults who are not exempt from the state time limit are removed from the case at that point. The reduction time limit is periodic: After five years off TANF, recipients may return, as long as they have not exhausted 60 months. (In other words, they can receive TANF for 12, 24, or 36 months, and then the adult(s) become ineligible for five years; then they can become eligible again for another 12, 24, or 36 months; and so on, until they reach 60 months on TANF.) Children can remain on the adult's case until the adult reaches the 60-month federal time limit; the time-limit clock stops during months that the adult is not on the case. Once the adult reaches 60 months, the full-family case closes. The reduction time limit that adults are subject to — 12, 24, or 36 months — depends on their work and educational background; recipients with more work and educational experience are subject to shorter time limits. Prior to October 1999, Texas did not count months in which the recipient was exempt from the state's reduction time limit toward the recipient's 60-month time limit, even if the recipient did not meet one of the federally defined exemption criteria; however, beginning October 1999, any months that a recipient receives TANF — whether or not they count toward the shorter time limit — count toward the 60-month time limit, unless the recipient meets a federally defined exemption criterion.

- **TANF grant level and earned income disregard policies.** The maximum monthly benefit for a family of three is $244, as of October 2007. At the time of application, a third of adjusted gross income is disregarded in determining whether applicants are eligible for TANF. (Adjusted gross income is calcu-

[10]Texas implemented state time limits in 1996 and federal time limits in October 1999 (due to a federal waiver). However, months between November 1996 and October 1999 that counted toward recipients' state time limit were retroactively applied toward their federal TANF time limit, except for recipients in the waiver control group.

lated by deducting $120 from the total income for work-related expenses; $200 for each child under age 2 who is in child care; $175 for each child over age 2 who is in child care; and up to $50 for child support.) In determining whether a TANF recipient remains eligible, Texas disregards 90 percent of adjusted gross income for the first 4 out of 12 months, and then it removes the disregard (although the deductions remain applicable).

- **Work requirements and sanctions.** All nonexempt recipients are required to participate in work activities. As of September 2003, noncompliance with work requirements results in full-family sanctions. Recipients must comply within their second month in sanction status or the case will be terminated. Months in which recipients are in sanction status count toward the state time limit, although not toward the federal time limit.

Communicating the Message

HHSC staff are in charge of eligibility and redetermination, while the employment and training component of case management — called the Choices program in Texas — is delivered at local workforce development agencies subcontracted through the Texas Workforce Commission.

HHSC line staff in some regions of Texas use a case-bank system, in which recipients are assigned a permanent caseworker, while in other regions staff use a "round robin" system, in which recipients are not assigned to a specific caseworker and so might speak with any line staff at a given point of contact. In San Antonio, where Lewin and MDRC visited local offices, staff were operating with the round robin system. At the time of the visit, HHSC staff could process TANF applications in person or over the phone, although food stamp applications required a face-to-face meeting. (However, HHSC was in the process of piloting a call center approach, in which all contacts would be done by phone and mail. The pilot was running in two cities but was not being tested in San Antonio.) Line staff in San Antonio reported that they process some TANF applications in person but also process a substantial number over the phone, as well as a small proportion by mail; they explained that many households are already receiving food stamps when they apply for TANF, so a face-to-face meeting is not required.

At the application interview (regardless of whether it takes place in person or by telephone), line staff said that they would discuss work requirements but varied in terms of whether they would mention the time limits: Some said that they would generally mention them, while others said that they would mention them only if the applicant had already used a significant number of TANF months. They generally agreed that they were more likely to emphasize the state time limits than the federal time limits.

HHSC line staff also ask applicants a set of questions about their educational and employment history that will determine which reduction time limit they will face once the case is certified. Work experience is defined by the number of months that recipients have worked in the previous two years, and educational experience is based on whether they have some grade school experience, a high school diploma or General Educational Development (GED) certificate, or any further education. Line staff enter this information into the state's database to generate the applicable time limit. Clients then receive an automated notice when the case opens, notifying them of the number of months they have received TANF and the number of months remaining.

Following the initial assignment, a client's time limit may change, based on the Tests of Adult Basic Education (TABE), a standardized assessment of cognitive skills that is administered by Choices staff when a new recipient begins services. A recipient who scores below a certain level on the TABE is eligible to qualify for a lengthier time limit. However, line staff reported that changing a client's time limit happens infrequently.

Following intake, clients are generally in touch with HHSC staff for redetermination meetings and any other meetings required because of changes in the case. TANF redetermination for adult cases with HHSC occurs every six months and, similar to intake, can be done in person, over the phone, or via mail. Food stamp redetermination also occurs every six months and must be done in person or over the phone. Some line staff said that they discuss time limits at these meetings, while others said that they do not or that the discussion varies, depending on how many months clients have left on TANF. However, at TANF recertification points, recipients are sent automated notices that include information about the time limit.

Recipients also interact with the workforce development agencies that deliver the Choices program. All adult applicants, regardless of their personal circumstances, are required to attend a Choices orientation before their case can be opened. The orientation is designed by each local agency delivering services, and senior HHSC administrators explained that the orientations vary by area and by agency. Lewin and MDRC staff observed an orientation session in San Antonio. Staff discussed the state and federal time limits, emphasized a work-first philosophy, and touched on the criteria that would exempt clients from participating in work-related activities (which would also exempt them from the state time limit). Staff also mentioned the diversion grant, which provides a one-time payment of $1,000 to eligible TANF applicants who are not currently receiving TANF. It does not count toward recipients' time limit, and recipients then remain ineligible for TANF for 12 months.

Following the mandatory orientation, once a case is opened, all nonexempt recipients are required to participate in Choices. The Choices database interfaces with HHSC's database, so Choices case managers can see the number of months that recipients have received TANF and the number that they have remaining. In San Antonio, Choices managers explained that staff are to discuss the time limits at the initial assessment and in every contact following; however, workforce staff said that time limits are not a major focus of discussion.

Determining Who Is Exempt

Adult TANF cases in Texas that are exempt from the participation requirement are exempt from the state time limit, although Texas adheres to the federal exemptions regarding the federal time limit. The exemption criteria for the state time limit include cases in which:

- The recipient has a personal disability that is expected to last six months or longer.
- The recipient is caring for an adult with a disability that is expected to last six months or longer.
- The recipient is caring for a child with a disability. (The disability does not have to be expected to last six months or longer.)
- The recipient is facing domestic violence.
- The recipient is a grandparent age 50 or older and caring for a child under age 3.
- The recipient is pregnant and unable to work.
- The recipient has a child under age 1. (This does not include children born after the recipient started receiving TANF.)
- The recipient is age 60 or older.

HHSC staff have the responsibility of determining time-limit exemptions. They are required to inform TANF applicants that they must cooperate with the Choices work requirements unless they are exempt; at this point, if a client is visibly disabled or indicates that there might be problems meeting that requirement, then staff are instructed to discuss the exemption options. In addition, at the Choices orientation that MDRC and Lewin attended, Choices staff briefly noted reasons for exemptions, and they said that they sometimes help recipients who should be exempt to put together the necessary documentation.

Qualification for an exemption based on personal disability or caring for someone who has a disability is based on a physician's completion of a disability verification form, which indicates that the disability is expected to last six months or longer and that the disability will prevent the recipient from meeting the work participation requirements.

As of April 2007, 35 percent of adult TANF recipients in Texas were exempted from the work requirement — and therefore from the state time limit — primarily due to a disability.

Working with Cases Approaching the Time Limit

Notices regarding the time limits are automatically sent out one month before recipients reach the state limit in Texas, and one year before they reach the federal 60-month time limit. These letters list the extension criteria and notify clients that the case, when it closes, will be transferred automatically to continue Medicaid receipt. HHSC line staff said that they generally do not have in-person or telephone contact with recipients who are approaching the time limit. Some said that they discuss extension criteria at the redetermination meeting prior to the time limit, although others said that they generally do not bring up the criteria unless clients ask. The Choices staff that Lewin and MDRC met with reported that as clients approach the time limit, they discuss the time limit and focus more intensively on helping clients find employment.

HHSC line staff are in charge of granting extensions (called "hardship exemptions" in Texas). The criteria vary somewhat, based on whether the recipient is reaching the state time limit or the federal time limit. Extensions to the state time limit are based on these criteria:

- The recipient has a personal disability that is expected to last six months or longer.
- The recipient is caring for someone with a disability that is expected to last six months or longer.
- The recipient lives in a "hardship county," defined as one in which unemployment is above 10 percent.
- The recipient lives in a "minimum service county," in which workforce services are not available.
- The recipient faces an "employment hardship," defined as being unable to find work after contacting 40 employers in a 30-day period.

Extensions on the federal time limits are available to recipients who do not have more than 12 months of Choices or child support sanctions and who meet at least one of the following criteria:

- The recipient has a personal disability that is expected to last six months or longer, is certified to receive community care services through HHSC long-term care, or receives Supplemental Security Income (SSI).

- The recipient is caring for someone with a disability that is expected to last six months or longer.
- The recipient is facing domestic violence.
- The recipient lives in a "minimum service county," in which workforce services are not available.
- The recipient has complied with Choices and has had no more than one Choices sanction but has been unable to obtain sufficient employment in the 12 months prior to the time limit. (Voluntarily quitting a job does not apply.)

The counties' unemployment rates and employment service availability are reviewed every quarter. In April 2007, Texas administrators reported that six counties were classified as minimum service counties — a number that had been decreasing over time.

Similar to the exemption process, recipients can qualify for an extension based on personal disability or caring for someone with a disability by completing a disability verification form. Staff in the central office explained that this type of extension is granted most frequently. Staff in San Antonio reported that they had never had a case that was receiving an extension based on lack of employment.

Extensions on the state and the federal time limit are reviewed every six months. When an extension is granted to the state time limit, the months that the recipient continues to receive TANF count toward the 60-month time limit. Most recipients who are receiving extensions on the state time limit are exempt from the participation requirement, but those who are subject to it face the same sanctioning policy as they do prior to reaching the state time limit. However, if a recipient fails to comply with the regulations while receiving an extension on the federal time limit, the case will be closed permanently.

As of February 2007, less than 1 percent of the adult caseload was made up of cases receiving TANF for more than 60 months. As of November 2007, 2.1 percent of the time-limited caseload were exceeding the 12-, 24-, or 36-month time limits: 1.6 percent of the caseload subject to the 12-month time limit were exceeding it; 0.4 percent of the caseload subject to the 24-month time limit were exceeding it; and 0.1 percent of the caseload subject to the 36-month caseload were exceeding it.[11]

[11]Data are based on most counties in Texas; however, a minority of counties were reporting data using a pilot database, and these counties are not included in these calculations.

The line staff in the two local offices visited by Lewin and MDRC had very few cases in extension status. Prior to 2003, the extension criteria were somewhat looser. For example, the recipients' disability or that of someone they were caring for did not have to be expected to last six months or longer.

After the Time Limit

Recipients in Texas who leave TANF due to a time limit can come back at a later date to apply for an extension.

Texas offers 12 months of Medicaid to eligible recipients leaving TANF. Eligible recipients can also receive transitional child care when leaving due to the time limits.

Texas does not offer transitional food stamps. If TANF and food stamp redeterminations occur at the same time, recipients will get a reapplication package to reapply for food stamps. If the TANF and food stamp redeterminations are not aligned, the food stamp grant will adjust automatically as recipients leave TANF.

Utah

Background

Utah implemented its time limit in January 1997. Lewin researchers met with staff at the state Department of Workforce Service (DWS) and visited employment centers in two local areas (Salt Lake City and Ogden) in November 2006, and the information presented here reflects the policies and practices in place at that time. DWS is responsible for administering the Family Employment Program (FEP) — the state's TANF program.

- **Time-limit policy.** Utah has a 36-month lifetime limit on the receipt of TANF benefits. Two-parent families can receive TANF benefits for no more than 7 months in any 13-month period.[12]

- **TANF grant level and earned income disregard policies.** The maximum monthly benefit for a family of three is $474. For the purposes of benefit determination, the state disregards the first $100 of earnings and 50 percent of the remainder.

- **Work requirements and sanctions.** All FEP clients with the exception of child-only cases are required to participate. The expected level of participation is 30 hours per week. However, case managers and local offices have discretion based on the circumstances of individual clients (for example, disabled clients can meet participation requirements by going through the process of applying for SSI) November 2006. Information presented in this summary reflects policies and practices in place at that time. The state implemented a new sanctioning policy for nonparticipation in May 2006. The first occurrence of nonparticipation results in a $100 reduction in the grant for one month. A second occurrence results in the case being closed for one month. At the end of the month, the client must reapply and successfully complete a two-week trial participation period to begin receiving benefits. Any subsequent occurrences of nonparticipation results in a two-month case closure.

Communicating the Message

All TANF applicants in Utah are required to attend an orientation that, in the course of describing the program, explains the state's time-limit policy. Additionally, the service agree-

[12]Utah has a very small two-parent caseload — usually below 20 cases statewide.

ment that all eligible applicants must sign explains the time limit. Staff noted that, currently, most applicants have already been on TANF and are at least somewhat familiar with the time-limit policy.

Employment counselors typically meet with TANF clients at least once a month, and often weekly. They do not necessarily mention time limits at every meeting, but most staff reported addressing the time limit relatively frequently.

Utah's automated system gives workers a prompt that informs them when one of their clients has reached Month 18 of benefits. While this prompt does not automatically trigger a "staffing" (team review of the case), it does represent an additional opportunity for workers to discuss the time limit with clients.

Employment counselors indicated that they address the time limit with an increased sense of urgency after Month 24. Although line staff make an effort to reinforce to these clients the implication of the time limit, the response is mixed. Such clients are rarely job-ready and are often facing substantial physical or mental health barriers that limit their ability to exit TANF.

Case managers conduct a state-mandated staffing at Month 32 to discuss the time limit and the recipient's possible eligibility for an extension.

Determining Who Is Exempt

Exemptions from TANF time limits in Utah are granted solely for child-only cases.[13] All other TANF cases are subject to the 36-month time limit. If clients are facing issues that make them unable to work (for example, a disability or substance abuse), treatment for these employment barriers counts toward the work participation requirement.[14] In September 2006, there were 6,547 active TANF cases in Utah: 3,587 were nonexempt, and 2,960 were child-only.

Working with Cases Approaching the Time Limit

Utah mandates a case staffing for all clients who reach Month 32 on TANF. This staffing is attended by the client, an employment counselor, a licensed clinical therapist (LCT), a supervisor, and any other individual whom clients would like to attend the meeting on their behalf. During the staffing, the employment counselor and clinical therapist review each of the extension criteria with the client. Extension criteria include:

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[13]One classification of child-only cases does have a time limit: Undocumented Alien cases that include citizen children are subject to the 36-month time limit.

[14]In the case of clients with permanent disabilities, going through the SSI application process will satisfy participation requirements. In one office, 10 percent of the TANF caseload fell into this category.

- Unable to work due to a substance abuse problem
- Unable to work due to a physical condition
- Caring for a medically needy dependent
- Currently working over 80 hours per month and has been working at least 80 hours per month for 6 of the past 24 months
- Services delayed by DWS through no fault of client
- Unable to work due to a mental health condition
- Completed education or training at Month 36 but needs additional time to obtain employment
- Moved to Utah after exhausting 36 months of TANF benefits in another state and it is verified that client did not receive employment services during that time
- Currently engaged in education and training and, through no fault of client, is unable to complete the program prior to Month 36
- Needs one additional month for employment search
- Domestic violence issues
- Younger than age 19

Extensions are granted on a case-by-case basis. Most can be granted for up to six months. Extensions given as a result of a client's being currently employed are granted on a month-to-month basis. Similarly, extensions for clients who recently completed an education and training program or who need one additional month for job search are reevaluated monthly. Whenever an extension expires, clients must attend another extension staffing.

Clients who have already had their TANF case closed due to the time limit are still eligible for extensions and might quality — for example, if an individual becomes disabled after exhausting TANF benefits.

Generally, employment counselors in Utah first bring up extensions in the month or two preceding the case staffing. The state expects staff in local offices to review and consider the possibility of an extension at Month 32. Generally, by that time, case managers already know whether the client should be granted an extension. Some local staff indicated that while they will work with clients to help them understand the extension criteria, it is the responsibility of individual clients to request an extension. The extent to which staff are proactive in encouraging clients to apply for an extension appeared to vary by office and by individual worker. All extensions must be approved by the office manager.

In September 2006, about 9 percent of Utah's total nonexempt TANF caseload had been receiving benefits for more than 36 months. Almost 80 percent of these cases had been granted an extension as a result of being unable to work due to a physical or mental health condition. Staff mentioned that these cases were relatively clear-cut; if a doctor provided a statement verifying that the client was unable to work due to a physical or mental health condition, the eligibility for the extension was granted. Substance abuse and caring for medically needy dependents were the next most common reasons for an extension (each accounting for roughly 5 percent of all extension cases).

After the Time Limit

From October 2005 through September 2006, 425 of Utah's TANF cases were closed due to time limits.

Utah has funded several studies to understand the characteristics and needs of TANF clients exiting the program due to time limits. As part of a 2005 study of the barriers facing these former clients that was conducted by the Social Research Institute (SRI) at the University of Utah, SRI staff began referring clients with particular needs and barriers that were identified through its surveys to a DWS intervention specialist for additional assistance. After this study ended, the intervention specialist began attempting to contact all time-limit closures.[15] The specialist provides clients with information about other DWS services for which they may be eligible (for example, food stamps, Medicaid, child care, employment and training) and referrals to other community organizations. In addition, these packets of information also explain extensions. (These "closure packets" are also automatically mailed to clients when their case is closed.) This outreach is a response to SRI's finding that many TANF clients who reach the time limit are still relatively unaware of their rights and the extension process.

As part of this intervention, the specialist has documented common situations and issues among clients and the services requested to address them. Some of the services requested were for help with basic expenses (for example, diapers, transportation, dental needs, housing), information on applying for extensions or SSI, and information on services available from outside agencies (for such matters as mental health or substance abuse treatment, job search, and training).

[15]The specialist attempts home visits to clients living in the Salt Lake City area and tries to contact other clients by mail or telephone, generally being able to contact 60 percent of clients whose cases were closed by time limits.

Clients in Utah who are employed at the time of TANF exit qualify for transitional child care, three months of transitional food stamps, 12 to 24 months of transitional medical assistance, and, effective February 2007, three months of transitional cash assistance.

Virginia

Background

Virginia was one of the first states to implement a time limit. Through a waiver from the Administration for Children and Families (AFC) in the U.S. Department of Health and Human Services, the state implemented its current 24-month time limit in July 1995. In February 1997, the federally mandated 60-month time limit went into effect. Lewin staff visited two local offices (one in suburban Richmond and one in Northern Virginia) as part of this project in September 2006. Information presented in this summary reflects policies and practice in place at that time.

- **Time-limit policy.** In addition to the 60-month federal time limit, Virginia also has a state time limit. Nonexempt individuals are limited to 24 months of assistance. After exhausting this allowance, they become ineligible for a period of 24 months.
- **TANF grant level and earned income disregard policies.** The maximum monthly benefit for a family of three is $320. For a family of up to three members, the standard deduction from earned income is $134.
- **Work requirements and sanctions.** All nonexempt clients must participate in work activities. The state has an immediate full-family sanctioning policy. A first offense results in a one-month sanction (or until the participant comes into compliance, whichever is longer). A second instance of noncompliance results in a three-month sanction. Any subsequent noncompliance carries a six-month sanction. Clients' clocks do not automatically stop when the case is in sanction; clients must request that their case be closed or it will be closed at redetermination, whichever comes first.

Communicating the Message

The Virginia Department of Social Services (DSS) administers the TANF program and, within DSS, the Virginia Initiative for Employment not Welfare (VIEW) is the employment services program for nonexempt TANF recipients. The two local offices that were visited in Virginia divided job responsibilities among intake, ongoing eligibility, and VIEW case management.

TANF applicants in Virginia are first informed about the time limit at intake. While counties have discretion in terms of intake procedures, all intake interviews include a discussion of time limits and hardship exemptions. Intake staff explain both the state and the federal time limits, although they place more emphasis on the 24-month limit. Applicants are screened for potential exemptions during intake — typically, prior to enrollment in VIEW. All mandatory VIEW participants must sign an "Agreement of Personal Responsibility" that includes reference to the state time limit. The clock starts in the month after the agreement is signed.

Eligibility staff and VIEW case managers stress to clients the importance of the time limit. They try to reinforce the importance of saving at least one month of eligibility. If clients have reached the 24-month limit, they cannot receive additional benefits for two years. In addition, having at least one month of eligibility allows the clients to qualify for transitional child care if they leave TANF for employment.

Time limits are discussed in the annual redetermination meetings. In addition, VIEW staff reported discussing time limits during their meetings with clients, which could occur every 30 days, for clients in a job search activity, or every three to six months, for those employed. One staff member reported that he tries to generate a sense of urgency when there are only four months left on a client's clock.

Clients are notified, in writing, 60 days in advance of reaching the time limit. Notices are automatically sent at Months 22 and 58. The letter details potential extensions of benefits and how to apply. Clients can qualify for extensions only if they meet the following three criteria: (1) satisfactorily participated in VIEW activities while receiving TANF, (2) never sanctioned in VIEW for leaving employment, and (3) never sanctioned in VIEW more than once for other reasons.

Determining Who Is Exempt

Clients who are exempt from the work participation requirement (VIEW) are also exempt from the time limit. At intake, clients are told about exemptions and are given the chance to discuss any medical issues. In addition, VIEW case managers typically screen for potential factors that may warrant an exemption. The following participants are exempt:[16]

- Individuals who are disabled or are caring for a disabled person
- Parents or caretaker relatives of a child under 12 months (As of October 2006, the child's age was reduced from 18 months.)

[16]In addition to exemptions, the state will "suspend the clock" up to 60 days during periods of VIEW inactivity due to the following circumstances: Transportation is unavailable; child care is unavailable; the VIEW staff request a reevaluation of the client's status; the client has a medical condition that temporarily prevents participation in VIEW; the client is facing a family crisis; or the client is participating in a substance abuse, mental health, or rehabilitative service that prevents work activities.

- Individuals age 60 or older
- Minor parents under age 20 who are enrolled full time in elementary or secondary school

Before October 2006, these exemptions also applied to nonparent caretakers receiving assistance and to women in the second or third trimester of pregnancy. Exempt families are served through Virginia's separate state program (SSP).

To receive a disability exemption, clients must provide an eligibility worker with signed documentation from a doctor that explains the nature of the disability and the specifics of why it prevents the individual from participating in work activities. Staff generally abide by what the doctor recommends.

In recent years, the state has paid more attention to "hidden disabilities." These are cases that, in the past, would have been more likely to be referred to VIEW. They tend to be related to substance abuse, mental health, or learning disabilities, which are harder to detect. VIEW workers are also trained to screen for these issues and to make referrals for professional assessment when applicable.

If clients are exempt for medical reasons, their cases are reviewed every 60 days. The review is perfunctory, however, if the doctor has indicated a longer-term disability.

Working with Cases Approaching the Time Limit

Virginia generates a report for clients who are in the range of Months 20 to 24. Each client has a "clock count" on file so that the case manager can view the remaining months of eligibility. Case managers often increase their emphasis on the time limit beginning around Month 18. Some local offices use this point to reevaluate clients' goals in order to assess whether they are realistic and whether any changes need to be made.

VIEW workers are supposed to conduct an assessment 60 to 90 days before a client is scheduled to reach the time limit. In conjunction with the state-generated letter, these assessments serve as another opportunity to identify any potential disabilities that hinder clients' ability to participate in VIEW.

Time-limited clients can be granted hardship extensions if:

- The client has been actively seeking employment and lives in an area with especially high unemployment (10 percent or higher).
- The client is unable to achieve self-sufficiency (earnings are not at least as much as the TANF grant plus $90).

- The client lost a job through no fault of her own (for example, a layoff) and is actively seeking employment.

- The client is in an employment-related education or training program that will be completed within the next year.

The hardship extensions are also time-limited. The high-unemployment and educational extensions are limited to one year, and a client can get only one of them. The extensions for those who lose their jobs are granted in 90-day intervals and can be renewed. Some of these cases can be moved to the separate state program for an indefinite exemption (that is, if there are specific circumstances that prevent them from maintaining employment).

Extensions for cases reaching the time limit are uncommon in Virginia. Staff in both local offices indicated that it is the responsibility of the client to request the extension. Very few clients apply for extensions, and an even smaller number receive them. Local staff indicated that the most common barrier to receiving an extension is the requirement that the client not be sanctioned for work participation at any point during the 24 months on TANF. Local office staff indicated that clients who reach the 24-month time limit are generally those who needed more individualized services and those who tended not to follow through on appointments and other obligations.

After the Time Limit

Clients who reach Virginia's state time limit are still eligible for one year of transitional supportive services (that is, child care, transportation), but only if they are working at the time. The most commonly requested service for families reaching the time limit is child care. Exited clients can receive transitional child care for a full year after case closure. Following that year, families who still require child care must go onto the general waiting list.

VIEW workers will continue to provide employment case management for clients who are employed when they reach the time limit. The workers follow up monthly for the first six months after exit. In addition, VIEW workers encourage clients who have exhausted their eligibility to register with the Virginia Employment Commission and the local Workforce Center.

Washington

Background

Washington implemented TANF time limits in late July 1997. TANF families first reached the time limit in August 2002. Lewin staff visited the Washington State Department of Social and Health Services (DSHS) and two local offices in the greater Seattle area (Renton and Alderwood) as part of this project in October 2006.

- **Time-limit policy.** Washington has a 60-month time-limit policy. However, thus far, the state has used the 20 percent hardship exemption to continue to provide benefits to *all* clients reaching Month 60. No family has been terminated from TANF as a result of reaching the time limit. Roughly two-thirds of the state's TANF caseload are subject to time limits; the remainder are child-only cases or are unemancipated or pregnant or parenting minors.

- **TANF grant level and earned income disregard policies.** The maximum monthly benefit for a family of three is $546; the maximum allowable earnings in a month to qualify for benefits is $1,092.

- **Work requirements and sanctions.** All eligible clients are required to participate in work activities. Noncompliance with work requirements results in a 40 percent reduction in benefits. In addition, beginning in September 2006, the state implemented a full-family sanctioning policy in cases where clients refused to participate for six consecutive months (thus, families were not terminated due to noncompliance before March 2007). All full-family sanctions require state-level approval.

Communicating the Message

Beginning in June 2006, Washington implemented a Comprehensive Evaluation (CE) for all new TANF clients, to be conducted by DSHS and its partner organizations. The CE begins with an eligibility screening by DSHS staff, who discuss the TANF program with the client. This is followed by assessments of the client's work skills and education, which are conducted by Employment Security specialists and community college staff, respectively. These staff then meet with the client to review their assessments and develop a series of recommendations, which are forwarded to the TANF caseworker for approval. The caseworker reviews the plan with the client; they consider the recommendations and other information and develop an Individual Responsibility Plan (IRP), which the client will sign. Although the timing and location of the various components of the CE can differ by local office, initial interviews with

TANF caseworkers to discuss the program and determine eligibility can take between two and three hours.

TANF applicants are first informed about the time limit during their initial interview with the DSHS caseworker. It is also explained on their IRP. While the state, as a policy, does not terminate the benefits of any clients reaching the time limits, local office staff reinforce to clients the importance of preserving months of benefits and not using their allotted number of months. Staff do not typically inform clients of the state's extension policy.

Following the implementation of federal welfare reform in 1996, the state's local offices placed a strong emphasis on the time limit, and caseworkers were encouraged to stress it and its implications. However, when clients first began reaching the time limit, the state decided to provide extensions to all families. As a result, staff spent less time discussing the time limit. Instead, they refocused much of their emphasis on participation, especially given the newly implemented full-family sanctioning policy.

Determining Who Is Exempt

In Washington, the only TANF cases that are not subject to the time limit are child-only cases, clients who are unemancipated or pregnant or parenting minors, and native Americans living in Indian Country during a period when at least 50 percent of the adults are not employed. All other cases are subject to the time limit.

Working with Cases Approaching the Time Limit

Time limits are brought to clients' attention throughout their time on TANF by means of the IRP, which always displays the total number of benefit months used. Any time clients finish a work participation component or are cited for noncompliance, they must sign a new IRP.

In addition, Washington's management information system (MIS) has several built-in prompts to inform caseworkers about the time limit. After clients have reached Month 48 of TANF, they are brought in for a case staffing. These meetings typically involve the TANF caseworker and a social worker; they can also include an employment counselor. These case staffings represent an opportunity to reinforce the time limit and reassess clients' employment plan. However, because of the state's extension policy, the primary emphasis of most case staffings has shifted from time limits to participation over the past two or three years. TANF workers hold a similar case staffing immediately prior to Month 60. In addition to assessing clients' potential extension criteria, this meeting is another opportunity to examine their employment plans.

After the Time Limit

As a policy, Washington uses its 20 percent hardship exemption to provide benefits to *all* TANF cases that have reached the time limit. As of August 2006, clients who had reached the 60-month time limit represented 9 percent of the TANF caseload. The state uses three main extension categories to classify these clients:

- **Exempt.** These are clients who are unable to participate. Generally, the client is either disabled or is caring for someone else who is disabled. Clients in this category must provide the TANF office with a medical statement describing the nature of the disability and the expected length of time that the client will be unable to work. Typically, between 35 and 40 percent of extension cases fall into this category in a given month.

- **Participating.** Clients who continue to meet work participation requirements can continue to receive extensions as long as they do not exceed the maximum allowable earnings. Typically, slightly less than one-third of extension cases fall into this category in a given month.

- **Child safety net payments.** If a client refuses to participate and the case is in sanction, the state continues to pay benefits for the child. Cases in which the client is being sanctioned for nonparticipation generally constitute slightly more than 20 percent of all extension cases.

An additional 5 to 10 percent of extension cases are being processed at any given time and have not yet been placed into one of the three extension categories.

The state's automated case management system prompts extension reviews for all cases. Depending on the nature of the extension, these prompts occur every three to six months. Cases in the Supplemental Security Income (SSI) pipeline are typically reviewed less often.

While reaching 60 months does not trigger any change in services for clients in Washington, staff use the time limits as an opportunity to reevaluate clients' current employment plans and explore any possible changes. Although most clients are aware of the extension policies, workers still use the time limit to emphasize the need to take steps toward self-sufficiency.

Appendix C

Supplemental Analysis Based on Quarterly Data from the Temporary Assistance for Needy Families Program, as Cited in Chapter 3

Appendix Table C.1

Percentage of TANF Cases, by State and by Federal Time-Limit Status, Fiscal Year 2005

State/Territory	Subject to Federal Time Limit	Federal Accrual Exemption: Child-Only	Federal Accrual Exemption: Segregated Funding	Federal Accrual Exemption: Indian Territory	Federal Accrual Exemption: Waiver	Federal Termination Exemption: Segregated Funding	Federal Termination Exemption: Hardship	Federal Termination Exemption: Good-Cause Domestic Violence Waiver	Federal Termination Exemption: Indian Territory	Federal Termination Exemption: Waiver	Federal Termination Exemption: Adults Removed
Alabama	54.0	46.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Alaska	62.8	25.6	0.0	8.6	0.0	0.0	3.1	0.0	0.0	0.0	0.0
Arizona	54.2	44.1	1.5	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Arkansas	47.6	50.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.8
California	39.7	52.8	0.0	0.0	0.0	3.5	4.0	0.0	0.0	0.0	0.0
Colorado	68.4	30.7	0.1	0.0	0.0	0.0	0.7	0.0	0.0	0.0	0.0
Connecticut	58.1	41.4	0.2	0.0	0.0	0.1	0.2	0.0	0.0	0.0	0.0
Delaware	53.8	46.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
District of Columbia	43.5	39.0	0.0	0.0	0.0	0.0	17.4	0.0	0.0	0.0	0.0
Florida	32.2	65.4	0.0	0.0	2.3	0.0	0.0	0.0	0.0	0.0	0.0
Georgia	38.6	60.9	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0	0.0
Hawaii	41.7	28.3	0.0	0.0	30.0	0.0	0.0	0.0	0.0	0.0	0.0
Idaho	28.1	71.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Illinois	45.1	49.2	5.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Indiana	58.8	41.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Iowa	68.6	30.2	0.0	0.0	0.0	0.0	1.1	0.0	0.0	0.0	0.0
Kansas	69.2	26.8	0.0	0.0	0.0	0.0	3.8	0.3	0.0	0.0	0.0
Kentucky	50.8	48.5	0.0	0.0	0.0	0.0	0.7	0.0	0.0	0.0	0.0
Louisiana	36.2	63.5	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0
Maine	57.2	26.8	0.0	0.0	0.0	0.0	15.9	0.0	0.0	0.0	0.0
Maryland	54.3	42.0	3.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Massachusetts	23.7	37.7	38.5	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Michigan	54.3	34.4	0.0	0.0	0.0	0.0	11.3	0.0	0.0	0.0	0.0
Minnesota	51.7	32.1	6.6	1.3	0.0	0.2	7.8	0.0	0.0	0.0	0.0
Mississippi	59.9	39.8	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0
Missouri	68.8	29.0	0.0	0.0	0.0	0.0	2.1	0.0	0.0	0.0	0.0
Montana	42.3	30.1	0.0	27.4	0.0	0.0	0.1	0.1	0.0	0.0	0.0

(continued)

Appendix Table C.1 (continued)

State/Territory	Subject to Federal Time Limit	Federal Accrual Exemption: Child-Only	Federal Accrual Exemption: Segregated Funding	Federal Accrual Exemption: Indian Territory	Federal Accrual Exemption: Waiver	Federal Termination Exemption: Segregated Funding	Federal Termination Exemption: Hardship	Federal Termination Exemption: Good-Cause Domestic Violence Waiver	Federal Termination Exemption: Indian Territory	Federal Termination Exemption: Waiver	Federal Termination Exemption: Adults Removed
Nebraska[a]	56.9	17.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nevada	45.1	54.6	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0
New Hampshire	65.7	31.7	0.0	0.0	0.0	0.0	2.6	0.0	0.0	0.0	0.0
New Jersey	57.3	34.4	0.0	0.0	0.0	0.0	8.3	0.0	0.0	0.0	0.0
New Mexico	68.2	31.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
New York	51.7	43.8	0.0	0.0	0.0	0.0	4.5	0.0	0.0	0.0	0.0
North Carolina	43.1	56.5	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0
North Dakota	50.9	24.8	0.0	24.1	0.0	0.0	0.2	0.0	0.0	0.0	0.0
Ohio	47.0	53.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Oklahoma	45.2	53.9	0.0	0.0	0.0	0.0	0.8	0.0	0.0	0.0	0.0
Oregon	54.7	45.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pennsylvania	57.4	29.2	3.5	0.0	0.0	0.0	9.8	0.0	0.0	0.0	0.0
Puerto Rico	77.3	22.3	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Rhode Island	53.1	27.2	4.0	0.0	0.0	0.9	14.8	0.0	0.0	0.0	0.0
South Carolina	48.6	51.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
South Dakota	14.6	64.2	0.0	21.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Tennessee	43.4	0.7	0.0	0.0	55.8	0.0	0.0	0.0	0.0	0.0	0.0
Texas	43.0	56.5	0.0	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.0
Utah	69.9	28.5	0.0	0.3	0.0	0.0	1.2	0.1	0.0	0.0	0.0
Vermont	77.0	22.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Virginia	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Virgin Islands	70.0	28.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.6
Washington	53.0	37.7	0.5	1.4	0.0	0.0	7.4	0.0	0.0	0.0	0.0
West Virginia	55.2	44.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Wisconsin	46.0	52.2	0.0	0.0	0.0	0.0	1.8	0.0	0.0	0.0	0.0
Wyoming	20.3	79.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

SOURCE: TANF Data Report.

NOTES: Data are weighted, based on average monthly caseloads, FY 2005.
[a]Percentages do not sum to 100 due to missing information for head of household.

Appendix Table C.2

Percentage of Adult-Headed TANF Cases, by State and by Months Accrued, Fiscal Year 2005

State/Territory	0 Months	1 to 12 Months	13 to 24 Months	25 to 36 Months	37 to 48 Months	49 to 59 Months	60 Months or More
Alabama	0.5	45.9	25.1	13.8	8.2	4.6	1.8
Alaska	9.6	35.2	20.3	14.3	10.1	6.0	4.4
Arizona	3.0	44.6	31.4	20.4	0.4	0.1	0.1
Arkansas	1.6	58.1	27.6	7.9	1.1	0.6	2.7
California	6.8	27.7	18.1	12.3	11.5	7.7	15.8
Colorado	9.8	32.0	28.9	16.1	7.1	4.4	1.3
Connecticut	0.2	36.0	30.5	21.4	9.2	1.8	0.9
Delaware	7.7	54.0	19.2	10.6	6.8	1.7	0.0
District of Columbia	0.3	19.5	16.6	13.5	10.9	9.8	29.2
Florida	0.8	56.7	20.9	12.2	4.8	2.0	2.5
Georgia	0.2	43.5	25.3	17.3	11.1	1.3	1.3
Hawaii	5.7	28.9	18.9	16.9	14.5	10.3	4.7
Idaho	0.1	82.0	17.2	0.5	0.2	0.0	0.0
Illinois	3.1	43.6	25.5	14.7	9.2	3.8	0.2
Indiana	0.8	53.0	29.4	14.4	2.4	0.0	0.0
Iowa	0.5	36.3	24.7	17.2	12.0	7.0	2.3
Kansas	0.4	39.5	23.8	15.1	9.9	5.8	5.4
Kentucky	1.5	37.8	24.9	16.4	11.3	6.7	1.3
Louisiana	0.1	48.6	27.4	14.3	6.4	2.5	0.8
Maine	0.1	27.5	20.6	15.7	11.6	7.8	16.6
Maryland	0.0	32.9	18.9	13.6	11.1	7.6	15.9
Massachusetts	33.6	32.2	16.8	11.0	4.8	1.3	0.2
Michigan	3.7	29.5	19.1	13.6	10.0	6.0	18.1
Minnesota	7.2	27.4	19.6	13.6	10.8	8.5	12.5
Mississippi	0.0	52.0	23.9	14.2	7.1	2.3	0.6
Missouri	0.3	34.5	22.6	17.5	13.7	9.3	2.0
Montana	24.0	36.0	19.3	10.9	6.2	3.2	0.4
Nebraska[a]	5.4	30.8	5.5	3.7	2.6	2.2	18.8
Nevada	0.6	51.5	24.0	10.6	9.5	3.0	0.6
New Hampshire	1.8	40.3	22.8	15.1	10.0	5.8	4.2
New Jersey	2.8	33.6	20.2	13.6	9.9	6.7	13.2
New Mexico	0.4	42.3	23.4	15.7	10.6	7.4	0.2
New York	3.2	25.0	21.1	16.5	15.1	10.0	9.1
North Carolina	4.7	42.8	22.5	15.3	9.6	4.2	0.7
North Dakota	16.7	46.0	17.6	10.5	5.5	3.1	0.5
Ohio	0.1	41.6	28.8	20.9	5.4	2.4	0.8
Oklahoma	1.8	44.2	24.4	14.1	8.6	4.7	2.1
Oregon	0.1	58.9	37.2	3.7	0.0	0.0	0.0
Pennsylvania	1.9	30.0	19.3	14.6	11.0	8.6	14.5
Puerto Rico	0.1	30.8	23.2	21.9	13.5	9.4	0.7
Rhode Island	0.7	24.2	17.4	14.3	12.0	9.1	22.3
South Carolina	0.9	66.4	29.2	2.7	0.3	0.3	0.0
South Dakota	58.2	25.6	10.3	3.0	1.6	0.7	0.5
Tennessee	26.7	42.3	25.6	4.0	1.1	0.2	0.0

(continued)

Appendix Table C.2 (continued)

State/Territory	0 Months	1 to 12 Months	13 to 24 Months	25 to 36 Months	37 to 48 Months	49 to 59 Months	60 Months or More
Texas	0.1	52.1	22.3	12.5	6.4	5.0	1.3
Utah	0.7	46.6	27.4	16.5	4.8	2.2	1.8
Vermont	1.0	37.5	26.8	18.0	15.3	1.3	0.0
Virginia	1.0	50.1	29.4	10.3	6.8	2.4	0.0
Virgin Islands	2.6	30.3	25.8	18.9	13.0	6.5	3.0
Washington	1.1	34.7	20.7	14.1	10.3	7.0	12.1
West Virginia	0.6	31.9	27.5	19.2	12.3	7.7	0.9
Wisconsin	10.2	30.4	23.3	16.2	10.4	5.3	4.1
Wyoming	64.6	35.3	0.0	0.0	0.0	0.0	0.0

SOURCE: TANF Data Report.

NOTES: Data are weighted, based on average monthly caseloads, FY 2005.
[a]Percentages do not sum to 100 due to missing information for head of household.

Appendix Table C.3

Regression Results: Probability of Accumulating at Least 60 Months of TANF and Number of Months Accumulated, Adult-Headed Cases, March 2005

	Probability of Reaching 60 Months[a]		Number of Months Accumulated[a]	
	(1)	(2)	(3)	(4)
Characteristics of head of household				
Age	0.012	0.005	1.352	1.011
	(0.004) ***	(0.002) **	(0.331) ***	(0.016) ***
Age squared	-0.000	-0.000	-0.015	-0.012
	(0.000) **	(0.000)	(0.005) ***	(0.000) ***
Hispanic	0.046	0.013	1.537	0.285
	(0.023) **	(0.011)	(1.391)	(0.093) ***
African-American	0.010	0.006	1.628	3.187
	(0.013)	(0.008)	(0.854) *	(0.055) ***
Asian/Pacific Islander	0.093	0.038	4.944	2.200
	(0.057) **	(0.032)	(2.954) *	(0.176) ***
American Indian	0.024	0.030	-1.298	-4.907
	(0.052)	(0.038)	(3.336)	(0.147) ***
Less than high school education	0.015	0.010	-0.458	1.554
	(0.013)	(0.007)	(0.869)	(0.048) ***
Never married	0.024	0.010	3.303	2.639
	(0.012)	(0.006)	(1.026) ***	(0.056) ***
U.S. citizen	0.039	0.020	5.356	7.124
	(0.012) **	(0.005) ***	(1.840) ***	(0.132) ***
Employed	0.016	0.008	2.930	1.503
	(0.017)	(0.009)	(1.119) ***	(0.056) ***
Female	0.044	0.022	6.697	5.768
	(0.010) ***	(0.004) ***	(1.418) ***	(0.085) ***
Characteristics of case				
	0.002	0.001	0.250	0.434
Age of youngest child	(0.001)	(0.001)	(0.113) **	(0.006) ***
	0.013	0.008	2.013	2.331
Number of children	(0.004) ***	(0.002) ***	(0.407) ***	(0.023) ***
	0.027	0.017	13.812	10.924
One-parent family	(0.017)	(0.006) *	(1.398) ***	(0.062) ***
State policies				
60-month termination limit		-0.037		-5.058
		(0.006) ***		(0.160) ***
Shorter termination limit		-0.049		-9.873
		(0.006) ***		(0.181) ***

(continued)

Appendix Table C.3 (continued)

	Probability of Reaching 60 Months[a]		Number of Months Accumulated[a]	
	(1)	(2)	(3)	(4)
3 or more exemption categories		-0.006		-2.081
		(0.005)		(0.100) ***
3 or more extension categories		-0.019		-0.731
		(0.005) ***		(0.098) ***
Partial sanction		0.016		6.765
		(0.007)		(0.117) ***
Gradual full sanction		0.017		4.644
		(0.008) **		(0.119) ***
Higher-than-average benefits		-0.003		1.783
		(0.008)		(0.269) ***
Higher-than-average earned income disregards		-0.020		1.702
		(0.010) **		(0.137) ***
State economic conditions				
State minimum wage		-0.011		-2.304
		(0.006) **		(0.077) ***
Unemployment rate		0.001		1.070
		(0.003)		(0.062) ***
Poverty rate		0.000		-0.605
		(0.001)		(0.045) ***
Census division				
Pacific		0.012		3.978
		(0.010)		(0.168) ***
Mountain		-0.024		0.129
		(0.004) ***		(0.285)
West North Central		-0.001		3.486
		(0.008)		(0.211) ***
West South Central		-0.020		6.117
		(0.004) *		(0.281) ***
East North Central		-0.022		-0.587
		(0.003) ***		(0.277) **
East South Central		-0.025		3.522
		(0.004) ***		(0.259) ***
South Atlantic		-0.017		1.219
		(0.004) **		(0.357) ***
Mid Atlantic		-0.026		-2.391
		(0.004) ***		(0.312) ***
Constant			-39.323	-18.084
			(5.341) ***	(0.968) ***
Unweighted observations	389,178	389,178	389,178	389,178

SOURCES: Head-of-household and case characteristics are from the TANF Data Report. See Appendix Table C.6 for descriptions of other variables and sources.

NOTES: Data are weighted.

[a]Columns 1 and 2 are probit models, marginal effects at the mean of independent variables reported. Columns 3 and 4 are Ordinary Least Squares (OLS) models. Robust standard errors are shown in parentheses. Significance levels are indicated as: *** = 1 percent; ** = 5 percent; * = 10 percent.

Welfare Time Limits

Appendix Table C.4

Characteristics of TANF and Non-TANF Cases, by Time-Limit Exemption Status, Fiscal Years 2002-2005

	Subject to Time Limits	Exempted	In SSP	Hardship Extension
Characteristics of head of household				
Average age (years)	30.0	33.6	34.4	36.2
Female (%)	93.1	93.9	84.6	94.4
Race (%)				
American Indian	1.7	4.9	1.2	1.8
Asian/Pacific Islander	2.5	5.0	12.5	4.7
African American	40.5	36.3	29.9	52.7
White	51.6	47.2	54.2	38.0
Hispanic (%)	20.9	17.5	27.1	19.6
Average number of federal months accumulated	20.9	13.9		65.4
Federal months accumulated (%)				
Zero months	2.3	46.7		7.2
1 12	39.6	21.4		0.2
13 24	23.2	10.8		0.2
25 36	14.6	4.8		0.1
37 48	9.9	2.3		0.1
49 59	7.3	1.7		0.7
60 or more	3.0	12.3		91.4
Highest education level (%)				
No formal education	3.4	6.7	4.1	2.4
No high school diploma/GED	39.0	47.6	41.3	48.2
High school diploma/GED	53.5	42.3	50.9	46.1
Other credential/postsecondary degree	3.0	2.1	2.1	2.5
Education unknown	0.3	0.6	0.6	0.5
Marital status (%)				
Never married	69.0	60.4	47.5	71.9
Married	8.6	12.5	42.1	9.6
Separated	13.2	13.4	5.9	10.3
Widowed	0.6	1.7	0.6	0.7
Divorced	8.5	11.6	3.3	7.5
Citizenship (%)				
U.S. citizen	93.6	92.2	78.0	92.8
Qualified alien	6.1	6.4	16.2	6.8
Unknown	0.4	1.4	5.8	0.4
Employment status (%)				
Employed	24.0	17.7	25.9	19.3
Unemployed	49.7	33.6	45.3	45.2
Not in labor force	26.3	48.3	28.1	35.3
Receives SSI (%)	5.7	9.6	9.1	15.6

(continued)

Appendix Table C.4 (continued)

	Subject to Time Limits	Exempted	In SSP	Hardship Extension
Family characteristics				
Number of household members	3.0	3.2	3.9	3.8
Number of eligible case members	2.9	2.7	3.7	3.4
Funded with state only funds (%)	0.1	44.3	100.0	0.0
Family type (for work participation) (%)				
One parent family	96.1	74.5	43.6	90.9
Two parent family	3.1	1.9	49.8	2.3
Excluded from work participation	0.7	23.6	6.6	6.8
Any income, by source (%)				
Earnings	20.4	17.5	24.3	18.7
EITC	0.1	0.7	8.0	0.4
SSA	0.5	5.2	1.4	2.6
Workers' compensation	0.3	1.1	0.8	2.0
Other income	6.0	3.8	3.2	2.8
SSI	5.7	15.0	7.9	17.1
Benefits received (%)				
Public housing	6.4	7.2	7.6	9.1
Rent subsidy	13.5	12.0	17.4	23.8
Child care (federally funded)	11.2	4.6	6.3	12.4
Child care (state funded)	1.1	4.5	0.7	0.4
Average monthly caseload	1,036,283	113,702	151,503	46,186

SOURCES: TANF and SSP-MOE Data Reports.

NOTES: Data are weighted, based on average monthly caseloads, FY 2002 through FY 2005.

Welfare Time Limits

Appendix Table C.5

Cases Closed Due to Federal and State Time Limits, Fiscal Years 2002 Through 2005

State/Territory	TANF Cases Closed	SSP Cases Closed	Total Closures
Alabama	1,161	4	1,165
Alaska	0	0	0
Arizona	1,069	0	1,069
Arkansas	2,655	0	2,655
California	2,952	117	3,069
Colorado	876	0	876
Connecticut	15,289	1,173	16,463
Delaware	200	0	200
District of Columbia	20	0	20
Florida	6,139	146	6,285
Georgia	19	0	19
Hawaii	2,826	1,403	4,230
Idaho	125	0	125
Illinois	100	10	109
Indiana	6,440	200	6,640
Iowa	1,370	106	1,476
Kansas	107	0	107
Kentucky	4,068	0	4,068
Louisiana	3,623	0	3,623
Maine	9	0	9
Maryland	0	0	0
Massachusetts	2,360	9	2,369
Michigan	0	0	0
Minnesota	3,275	113	3,389
Mississippi	728	0	728
Missouri	9,396	336	9,732

(continued)

Appendix Table C.5 (continued)

State/Territory	TANF Cases Closed	SSP Cases Closed	Total Closures
Montana	204	0	204
Nebraska	383	39	422
Nevada	2,996	219	3,214
New Hampshire	443	1	444
New Jersey	0	0	0
New Mexico	279	0	279
New York	80,189	183	80,372
North Carolina	4,669	0	4,669
North Dakota	114	0	114
Ohio	876	0	876
Oklahoma	0	0	0
Oregon	0	0	0
Pennsylvania	0	0	0
Puerto Rico	11,953	0	11,953
Rhode Island	0	0	0
South Carolina	5,802	106	5,908
South Dakota	0	0	0
Tennessee	6,397	84	6,481
Texas	0	29	29
Utah	2,173	14	2,186
Vermont	0	0	0
Virginia	7,337	742	8,080
Virgin Islands	251	0	251
Washington	115	0	115
West Virginia	1,047	10	1,057
Wisconsin	3	0	3
Wyoming	3	0	3
Total	190,041	5,044	195,085

SOURCES: TANF and SSP-MOE Data Reports.
NOTE: Data are weighted.

Appendix Table C.6

Variables Used in the Probability Analysis

State policies

Time-limit policies. The effects of having a 60-month termination time limit, relative to no time limit, and having a shorter termination time limit or periodic time limit, relative to no time limit, are displayed.

- 60-month termination time limit: Alabama, Alaska, Arizona, Colorado, Hawaii, Illinois, Iowa, Kansas, Kentucky, Minnesota, Mississippi, Missouri, Montana, New Hampshire, New Mexico, North Dakota, Oklahoma, Puerto Rico, South Dakota, Texas, Virgin Islands, West Virginia, Wisconsin, Wyoming.
- Shorter termination time limit or periodic time limit: Arkansas, Connecticut, Delaware, Florida, Georgia, Idaho, Louisiana, Massachusetts, Nebraska, Nevada, North Carolina, Ohio, South Carolina, Tennessee, Utah, Virginia.
- No termination time limit: California, District of Columbia, Indiana, Maine, Maryland, Michigan, New Jersey, New York, Oregon, Pennsylvania, Rhode Island, Washington, Vermont.

SOURCE: Table 1.1.

Exemption criteria. Models include an indicator for states with 3 or more state exemption criteria: Alabama, Arizona, Arkansas, California, Connecticut, Delaware, Hawaii, Illinois, Indiana, Louisiana, Maryland, Massachusetts, Minnesota, Mississippi, Missouri, Nebraska, New Jersey, Ohio, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Virginia.

SOURCE: Bloom, Farrell, and Fink (2002), Table A.3.

Extension criteria. Models include an indicator for states with 3 or more state extension criteria: Alaska, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Massachusetts, Mississippi, Missouri, Nebraska, New Hampshire, New Jersey, New Mexico, New York, North Dakota, Oklahoma, Oregon, Rhode Island, South Dakota, Texas, Utah, Virginia, Washington, West Virginia, Wyoming.

SOURCE: Bloom, Farrell, and Fink (2002), Table A.4.

Sanctioning policies. The effects of having a partial sanction, relative to an immediate full-family sanction, and having a gradual full-family sanction, relative to an immediate full-family sanction, are displayed.

- Partial sanction: Alaska, California, District of Columbia, Indiana, Kentucky, Maine, Minnesota, Missouri, Montana, New Hampshire, New York, Rhode Island, Texas, Vermont, Washington.
- Gradual full-family sanction: Alabama, Arizona, Arkansas, Colorado, Connecticut, Delaware, Georgia, Illinois, Louisiana, Massachusetts, Michigan, Nevada, New Jersey, New Mexico, North Carolina, North Dakota, Oregon, Pennsylvania, South Dakota, Utah, West Virginia, Wisconsin.
- Immediate full-family sanction: Florida, Hawaii, Idaho, Iowa, Kansas, Maryland, Mississippi, Nebraska, Ohio, Oklahoma, South Carolina, Tennessee, Virginia, Wyoming.

SOURCE: Bloom, Farrell, and Fink (2002), Table A.1.

(continued)

Appendix Table C.6 (continued)

State policies (continued)

Benefit levels. Models include an indicator for states with higher-than-average benefits for a family of 3 in 2005: Alaska, California, Connecticut, Hawaii, Iowa, Kansas, Maine, Maryland, Massachusetts, Michigan, Minnesota, New Hampshire, New Jersey, New York, North Dakota, Oregon, Rhode Island, South Dakota, Utah, Vermont, Washington, Wisconsin.

SOURCE: Welfare Rules Databook, Table L5. Web site: http://www.acf.hhs.gov/programs/opre/welfare_employ/state_tanf/reports/wel_rules05/wel05_policies.html.

Earned income disregards. Models include an indicator for states with higher-than-average earned income disregards for the first 12 months of benefit receipt in 2005: Alaska, California, Colorado, Connecticut, District of Columbia, Florida, Hawaii, Illinois, Iowa, Louisiana, Maine, Massachusetts, Michigan, Missouri, Montana, New Hampshire, New Mexico, New York, New Jersey, North Dakota, Ohio, Oklahoma, Oregon, Rhode Island, Utah, Vermont, Washington.

SOURCE: Welfare Rules Databook, Table L4. Web site: http://www.acf.hhs.gov/programs/opre/welfare_employ/state_tanf/reports/wel_rules05/wel05_policies.html.

State economic conditions

Minimum wage. State minimum wage levels in 2005.

SOURCE: U.S. Department of Labor, Employment Standards Administration, Wage and Hour Division. Web site: http://www.dol.gov/esa/programs/whd/state/stateMinWageHis.htm.

Unemployment rate. State unemployment rates in 2005.

SOURCE: U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics. Web site: http://www.bls.gov/lau/lastrk05.htm.

Poverty rate. Percentage of people in poverty, by state, in 2005.

SOURCE: U.S. Census Bureau, 2005 American Community Survey.
Web site: http://www.census.gov/prod/2006pubs/acs-02.pdf.

Census divisions

Indicators for whether a state fell within one of the nine U.S. Census divisions, relative to being in the New England division.

SOURCE: U.S. Census Bureau. Web site: http://www.census.gov/geo/www/us_regdiv.pdf.

Appendix D

Background Information on the Welfare Leaver Studies Cited in Chapter 5

Chapter 5 includes findings from 10 studies of people who left the Temporary Assistance for Needy Families (TANF) program because of a time limit. Appendix D provides background information on each of these studies. Information is first presented on the survey-based studies of welfare leavers in Connecticut, Florida, Massachusetts, New Mexico, Minnesota, North Carolina, Ohio, South Carolina, Utah, and Virginia. The second section presents information on MDRC's evaluations of Connecticut's Jobs First program and Florida's Family Transition Program (FTP), which are also discussed in Chapter 5.

Survey-Based Studies of TANF Leavers

Connecticut

Sponsor/research firm	Sample	Sample size
Connecticut Department of Social Services MDRC (survey conducted under contract by Roper Starch Worldwide)	Families in 6 sites whose cases closed in September or October 1997 when they reached the 21-month time limit on cash assistance. (The Connecticut post-time-limit study includes only families who left TANF because of the time limit.) Interviews were conducted 3 and 6 months after cases closed. The 3-month survey was fielded between January and April 1998. The 6-month survey was fielded between April and July 1998. Only individuals who were still off welfare at the time of the interviews were surveyed.	*3-month survey:* 421 *6-month survey:* 448 Response rate *3-month survey:* 79% *6-month survey:* 82% Mode of administration Computer-Assisted Telephone Interviewing (CATI)

(continued)

Florida's Family Transition Program (FTP)

Sponsor/research firm	Sample	Sample size
Florida Department of Children and Families and private foundations MDRC	All FTP participants who reached the time limit during certain calendar periods (November 1996 through May 1997 for those subject to a 24-month time limit and June 1997 through February 1998 for those subject to a 36-month time limit). In-person interviews were conducted around the time that benefits expired and at 6, 12, and 18 months later. The 18-month interview was a lengthy open-ended discussion conducted by an ethnographer.	89 people received final welfare checks during the two periods, and 70 completed the initial interview. Later, 57 completed the 6-month interview; 49 completed the 12-month interview; and 54 completed the in-depth 18-month interview. Response rate Based on initial 70 respondents: Round 1: 81% Round 2: 70% Round 3: 77% Mode of administration In-person interviews

(continued)

Massachusetts

Sponsor/research firm	Sample	Sample size
Massachusetts Department of Transitional Assistance Center for Survey Research (CSR) at the University of Massachusetts-Boston	Households that left welfare between December 15, 1998 (when the first families reached the state's 24-month time limit), and April 30, 1999. Approximately 2/3 of the fielded sample were households that had reached Month 24 of time-limited benefits (time-limit leavers). The remaining 1/3 were households that left welfare for various reasons, such as earnings, sanctions, and changes in family status (non-time-limit leavers). Respondents had to have been off welfare for at least 2 months. Respondents were interviewed 6 to 16 months after they left welfare. Individuals were included in the study regardless of whether or not they were receiving TANF at the time of the interview.	*Time-limit leavers:* 460 *Non-time-limit leavers:* 210 Response rate 75% (full sample) Mode of administration CATI; some in-person interviews

(continued)

Minnesota

Sponsor/research firm	Sample	Sample size
Minnesota Department of Human Services	Families who received welfare consecutively for five years beginning July 1997 (when months started counting toward the time limit) and whose cases were closed after June 2002. The fielded sample includes 194 time-limit leavers. Administrative records analysis was conducted for families receiving welfare for 48 months consecutively between July 1997 (when months started counting toward the time limit) and June 2001.	130 Response rate 67% Mode of administration Telephone

New Mexico

Sponsor/research firm	Sample	Sample size
New Mexico Human Services Department MAXIMUS	*Round 1* All families who left welfare due to the time limit between July 2002 and April 2003 and a random sample of families who left welfare for other reasons during the same time period. The survey was fielded after sample members had been off welfare for approximately 2 to 3 months. *Round 2* A subset of the time-limit leavers surveyed in Round 1 were surveyed again 10-12 months after they left welfare.	*Time-limit leavers:* Round 1: 503 Round 2: 244 *Non-time-limit leavers:* Approximately 700[a] Response rate *Time-limit leavers:* Round 1: 72%[b] Round 2: 70%[b] *Non-time-limit leavers:* 70%[c] Mode of administration Telephone

(continued)

[a]The exact number was not provided.

[b]The response rate was adjusted to exclude respondents who were back on welfare or unable to take part in the survey due to being incarcerated or deceased. Without adjustment, the response rate in Round 1 was 70 percent, and the rate in Round 2 was 68 percent.

[c]The exact response rate was not provided.

North Carolina

Sponsor/research firm	Sample	Sample size
North Carolina Department of Health and Human Services MAXIMUS	Families leaving welfare. Surveys were administered separately to those leaving because of the time limit and those leaving for other reasons. *Time-limit leavers:* The first cohort of families to reach the 24-month time limit in August 1998. Two rounds of surveys were conducted. Round 1 was administered between December 1998 and March 1999 (4 to 7 months after families reached the time limit). Round 2 was administered between September and December 1999 (13 to 16 months after families reached the time limit) and was targeted only to the Round 1 respondents. *Non-time-limit leavers:* Families in 8 counties who left Work First for any reason for at least 1 month between December 1998 and April 1999. Interviews were conducted between June1999 and February 2000 (approximately 6 months after respondents left welfare).	*Time-limit leavers:* Round 1: 247 Round 2: 221 *Non-time-limit leavers:* 1,878 Response rate *Time-limit leavers:* Round 1: 78% Round 2: 89% of Round 1 respondents *Non-time-limit leavers:* 70% Mode of Administration CATI

Ohio

Sponsor/research firm	Sample	Sample size
Ohio Department of Job and Family Services and the Cuyahoga County Board of County Commissioners Center on Urban Poverty and Social Change at Case Western Reserve University	Randomly selected individuals in Cuyahoga County who left welfare between Quarter 4, 1998, and Quarter 3, 2003. (Leavers are defined as individuals who received assistance for at least 1 month and then whose cases were closed for at least 2 consecutive months. Time-limit leavers left TANF starting in October 2000.) The fielded sample includes 2,880 leavers (both time-limited and non-time-limited). Interviews were conducted 6 and 13 months after individuals' initial exit. The analysis also uses administrative records from Quarter 4, 1998, to Quarter 4, 2003.	1,848 leavers Response rate 64% (full sample) Mode of administration Not indicated

(continued)

South Carolina

Sponsor/research firm	Sample	Sample size
South Carolina Department of Health and Human Services MAXIMUS	Stratified random sample of families who left welfare between October 1998 and March 1999. Time-limit leavers are those who left because of the time limit, according to the state's data system. Non-time-limit leavers are those who left due to earnings, sanctions, or "other" reasons. Three rounds of surveys were conducted. The first-year surveys were fielded after sample members had been off welfare for approximately 10 to 14 months. The second-year surveys were begun in October 2000. The third-year surveys were conducted between October 2001 and March 2002.	*Time-limit leavers:* Round 1: 292 Round 2: 276 Round 3: 289 *Non-time-limit leavers:* Round 1: 780 Round 2: 727 Round 3: 711 Response rate *Time-limit leavers:* Round 1: 81% Round 2: 77% Round 3: 80% *Non-time-limit leavers:* Round 1: 72% Round 2: 67% Round 3: 66% Mode of administration CATI

(continued)

Utah

Sponsor/research firm	Sample	Sample size
Utah Department of Workforce Services University of Utah School of Social Work	Phase I (not reported in Chapter 5) included interviews with recipients who had received TANF for 36 months or more. Phase II consisted of interviews with recipients who had received TANF for 36 months or more and whose cases had been closed for at least 2 months. This included recipients whose cases had closed due to time limits, increased income, or other reasons — primarily sanctioning. Interviews were conducted approximately 2 to 5 months after the cases closed. The time-limit leavers included the first recipients to leave due to Utah's time limit, which took effect in December 1999. They were interviewed between February and May 2000. The other leavers were interviewed between July 1999 and January 2000. Phase III consisted of additional interviews with families reaching Utah's time limit between January 2000 and December 2001 and with other leavers who had accumulated at least 24 months of assistance. The interviews were conducted from June 2000 to May 2002.	*Time-limit leavers*: 133 in Phase II; 830 total across Phase II and Phase III *Non-time-limit leavers*: 274 in Phase II; 654 total across Phase II and Phase III Response rate 74% (full sample) Mode of administration In person

(continued)

Virginia

Sponsor/research firm	Sample	Sample size
Virginia Department of Social Services Mathematica Policy Research, Inc.	*Time-limit leavers:* Families whose cases closed because of the time limit between February 1 and June 30, 1998 (Cohort 1); families whose cases closed because of the time limit between February 1 and June 30, 1999 (Cohort 2); and families whose cases closed because of the time limit between February 1 and June 30, 2000 (Cohort 3). Because of the staggered implementation of the state welfare reform program, Cohort 1 was selected from very limited areas of the state; Cohort 2 was drawn from districts making up roughly half the state; and Cohort 3 includes cases from the entire state. Two rounds of surveys were administered. The first round was administered 6 months after cases closed, and the second round was administered 18 months after cases closed. Administrative data on all cases are also available. *Non-time-limit leavers:* Data on time-limit leavers come from the Virginia Closed Case Survey — a study of cases that closed because of increased income or because of a sanction in late 1997. Interviews were conducted approximately 12 months after cases closed.	*Time-limit leavers:* 6-month survey: 1,240 (256 in Cohort 1, 495 in Cohort 2, 489 in Cohort 3) 18-month survey: 1,092 (220 in Cohort 1, 441 in Cohort 2, 431 in Cohort 3) *Non-time-limit leavers:* 779 Response rate *Time-limit leavers:* Round 1: 79% (78% for Cohort 1, 79% for Cohort 2, 80% for Cohort 3) Round 2: 70% (67% for Cohort 1, 70% for Cohort 2, 71% for Cohort 3) *Non-time limit leavers:* 69% Mode of administration CATI

Evaluations Conducted by MDRC

Connecticut's Jobs First Program

Under a contract with the state's Department of Social Services, MDRC conducted a large-scale evaluation of Jobs First, Connecticut's welfare reform initiative. Welfare applicants and recipients in two welfare offices were randomly assigned to program and control groups from January 1996 through February 1997. Four years of follow-up data are available. As part of the evaluation, an analysis of welfare leavers was conducted using baseline demographic data and administrative records data on earnings, welfare, and food stamp receipt for 600 sample members randomly assigned to the program group from January through June 1996 who left welfare between study entry and March 1998.

Baseline and administrative records data are available for 477 program group members who, by March 1998, had left welfare for two or more consecutive months before reaching the state's 21-month time limit (non-time-limit leavers) and for 132 program group members who, by March 1998, had their benefits discontinued as a result of time limits (time-limit leavers). Administrative records data cover the quarter prior to exit through the third quarter after exit.

As noted above, there was also a separate study of time-limit leavers.

Florida's Family Transition Program (FTP)

There are several samples of welfare leavers available from a random assignment evaluation of Florida's Family Transition Program (FTP) — a pilot program run in Escambia County from 1994 through 1999 — conducted by MDRC under a contract with the Florida Department of Children and Families. Importantly, FTP was a pilot program implemented two years prior to the implementation of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, and the findings do not reflect the effectiveness of Florida's statewide welfare reform program. The study sample includes 1,405 single-parent cases randomly assigned to the program group from May 1994 through February 1995 who were subject to either a 24- or a 36-month time limit.

Time-limit leavers are FTP group members who received at least the time-limit amount (24 or 36 months) of TANF between the date of random assignment and June 1999 (four to five years after study entry) and had their benefits fully terminated. Approximately one-quarter of the individuals subject to a time limit accumulated the time-limit amount of TANF. Of these, 237 (70 percent) reached the time limit, and 227 had their benefits fully terminated. Baseline and administrative records data are available for all 227 individuals who had their welfare benefits canceled because of time limits.

In addition, four-year client survey data are available for 136 time-limit leavers included in the four-year client survey sample. These 136 families had been off welfare for an average of 17 months at the time they were interviewed. However, since the survey was fielded based on the date of random assignment (not the date of welfare exit), there is considerable variation in the length of time that these families had been off welfare.

Non-time-limit leavers are sample members who stopped receiving benefits before reaching the 24- or 36-month time limit within four years of study entry. Three-quarters (75.7 percent) of individuals in the FTP group left the program before reaching the time limit, primarily because of employment.[1] Baseline demographic data are available for 954 individuals who received at least one month of welfare after study entry but did not reach the time limit within four years.

Four-year client survey data are available for 657 families who left welfare before reaching the time limit. Leavers were identified based on a survey question that asks respondents about welfare receipt in the month prior to the survey interview. Of these individuals, 84 percent had not received welfare in the year prior to the survey. The survey was administered from 48 to 61 months following respondents' entry into the study. The response rate for the entire survey sample is 80 percent. Surveys were administered in person and by telephone.

As discussed above, there was also a separate small-scale survey of families who left welfare because of the time limit.

[1]Late in the follow-up period, the state implemented full-family sanctions. It is possible that some non-time-limit leavers had their cases closed because of noncompliance.

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