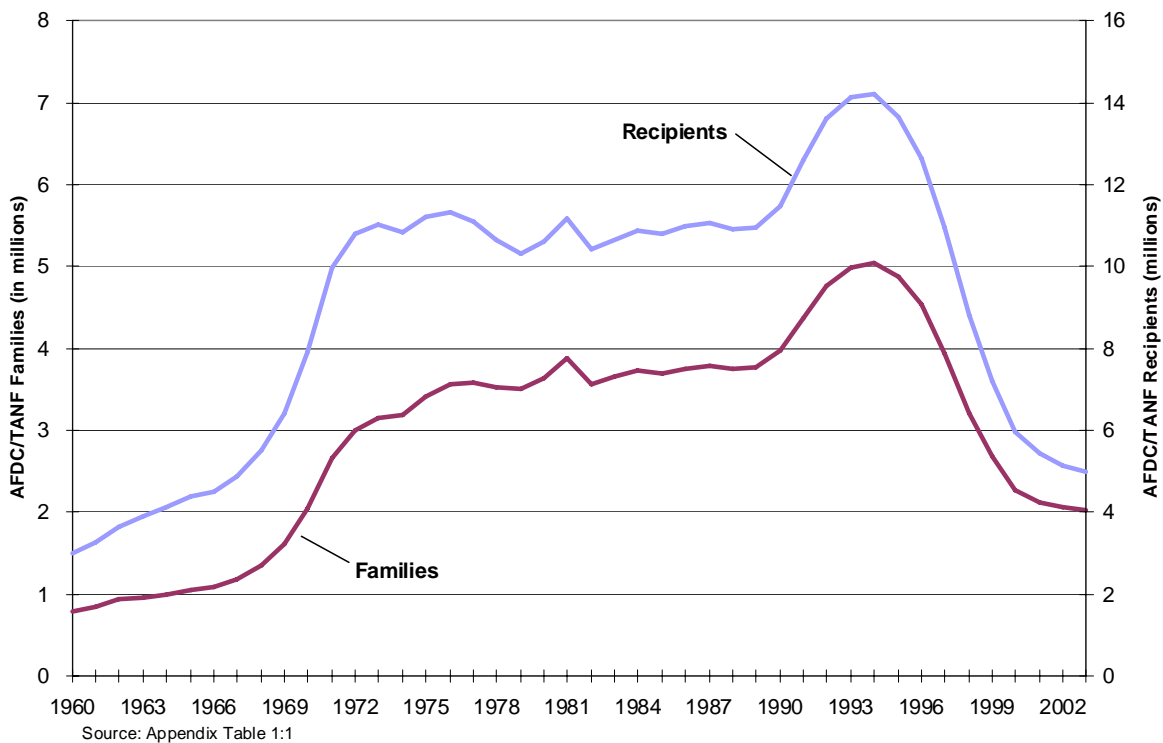


## I. CASELOAD

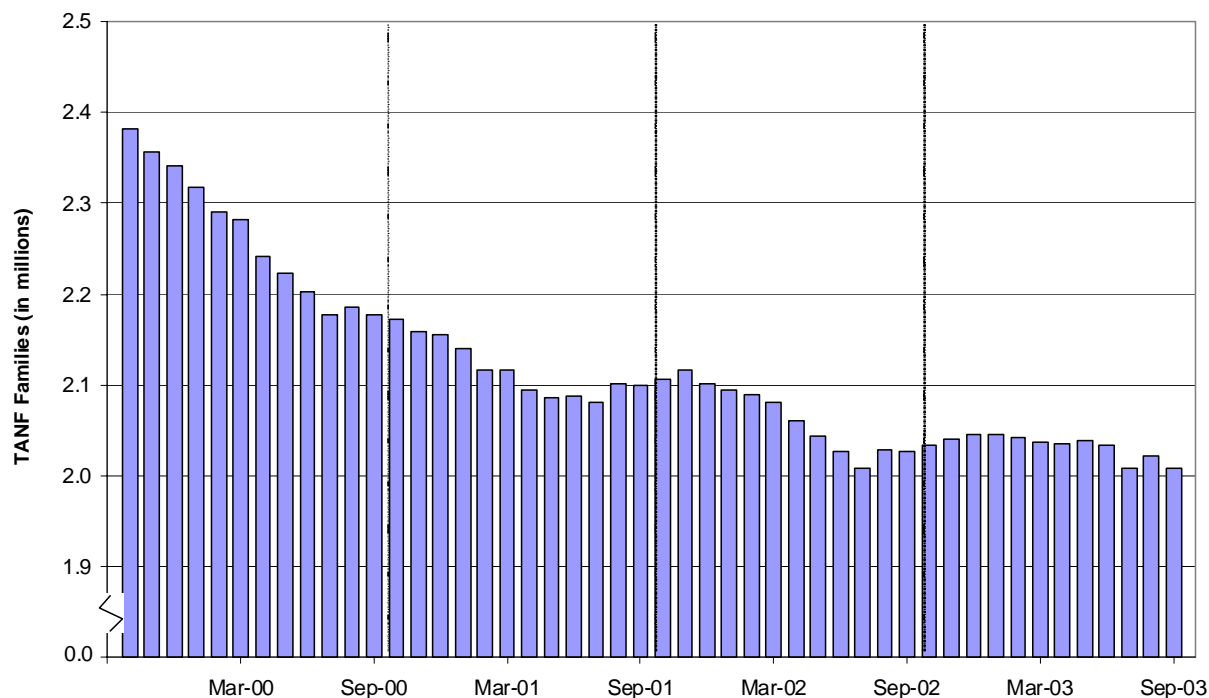
The national TANF caseload fell slightly during Fiscal Year (FY) 2003, continuing its long-term decline since the program's creation. Figure A shows the average monthly number of families and recipients receiving Aid to Families with Dependent Children (AFDC) benefits or TANF assistance from 1960 through 2003, and that the reduction that began in 1994 continues today. This chapter reviews these national caseload trends, changes in the composition of the caseload, and key factors affecting these developments.

**Figure A**  
**AFDC/TANF Families and Recipients**  
**FY 1960 - FY 2003**



Compared with recent years, however, the caseload decline during FY 2003 was very modest. An average monthly total of 2,032,140 families were aided in FY 2003. This was 31,061 fewer families that received assistance in FY 2002, representing a 1.5 percent decline in TANF cases. Figure B shows the monthly number of families that received assistance in FY 2000 through FY 2003.

**Figure B**  
**Average Monthly TANF Families**  
**FY 2000 - FY 2003**



Source: Appendix Table 1:2

TANF caseload figures can be misleading, because they ignore assistance funded through State Maintenance of Effort (MOE) funds in Separate State Programs (SSPs). Unlike families in the Federal TANF program, however, those receiving assistance through SSPs are not subject to Federal participation requirements, the Federal five-year time limit, and various other rules. Funds spent on SSPs must be spent on families that include a child living with a parent or adult caretaker relative and are financially eligible according to State-set income/resource standards.

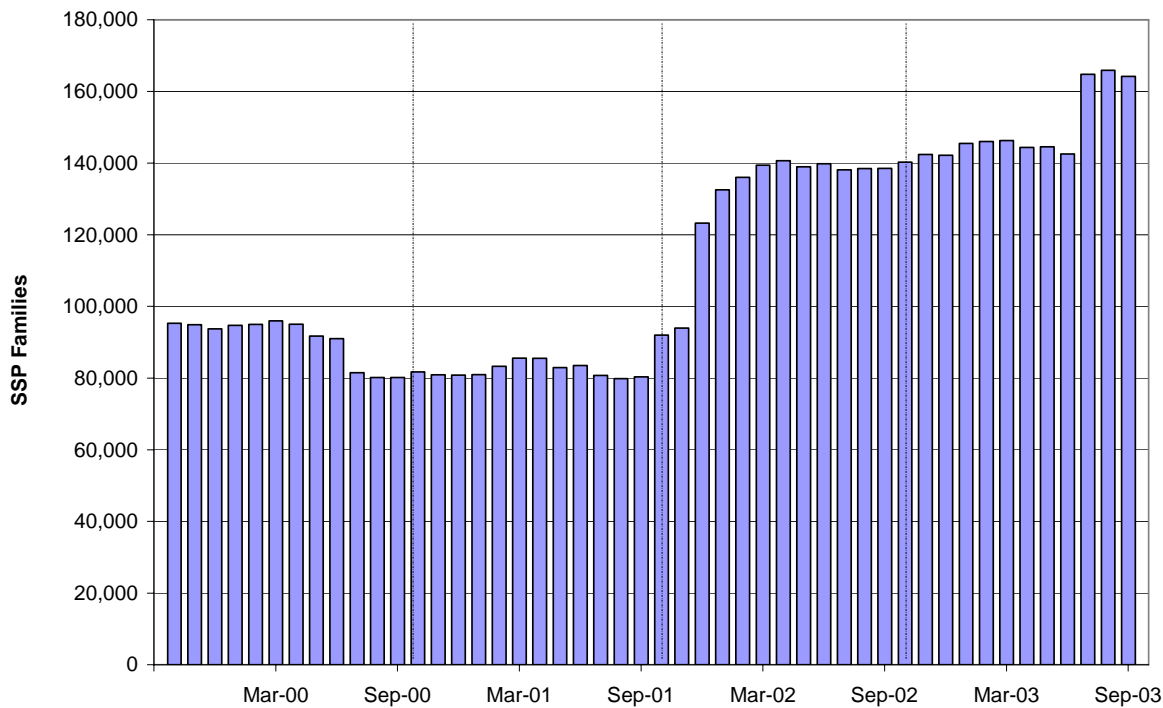
In FY 2003, 30 States<sup>1</sup> had established SSPs. Most State SSP programs target certain populations, the most common being two-parent families. In FY 2003, 28 of these 30 States used SSPs to aid some or all two-parent families who were then not subject to the TANF two-parent work participation requirements. Other groups include families with physical, mental health, substance abuse, or domestic violence issues; families in which the parent or caretaker is receiving or has applied for Supplemental Security Income; families in which the caretaker relative is not the parent; families in which a parent is attending postsecondary school; and families in which the minor parent is a student.

<sup>1</sup> The term “State” in this report includes the District of Columbia, which is included whenever the term is used unless specifically noted.

Figure C shows the monthly number of families that received assistance in an SSP for FY 2000 through FY 2003. (Information on the number of SSP families was not collected prior to FY 2000). As of September 2003, 164,183 families received assistance through an SSP, just eight percent of the total TANF/SSP caseload. Most State programs are relatively small, and three States account for 70 percent of the families in SSPs nationwide: California (nine percent of combined caseload, primarily two-parent families), New York (25 percent of combined caseload, primarily families that have reached the Federal five-year time limit), and Virginia (75 percent of combined caseload, primarily families that had been exempt from work requirements due to a waiver).

The jump in the SSP caseload in December 2001 reflects the creation of an SSP in New York for families that reached the Federal five-year time limit. The second jump in July 2003 reflects the expiration of Virginia's waivers and the shift of families that were previously considered exempt from work participation due to a waiver.

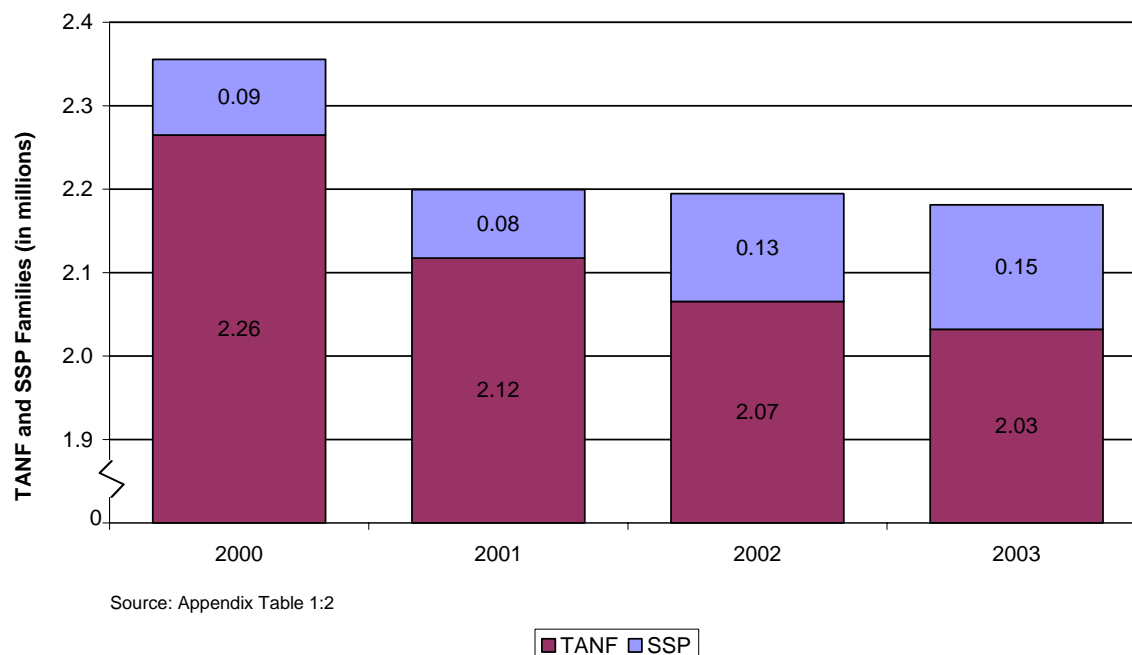
**Figure C**  
**Separate State Program Families by Month**  
**FY 2000 - FY 2003**



Source: Appendix Table 1:2

Figure D shows the combined TANF and SSP caseload from FY 2000 to FY 2003. Despite the growth in the SSP caseload, the combined average monthly TANF/SSP caseload declined slightly between FY 2002 and FY 2003. It should be kept in mind that TANF is also used to provide services to many families not receiving assistance (e.g., transportation and child care for employed families), but for whom States do not report case counts.

**Figure D**  
**Average Monthly TANF and SSP Families**  
**FY 2000 - FY 2003**



While FY 2003's TANF/SSP caseload decline was modest, the continuing reduction in dependency is impressive in light of the historically strong but lagged correlation between rising unemployment rates and caseload growth in prior recessions (the unemployment rate rose throughout most of FY 2003, peaking at 6.3 percent in June 2003). Despite the growth in the SSP caseload, the combined average monthly TANF/SSP caseload declined slightly between FY 2002 and FY 2003 and was still 54 percent below what it was when TANF was enacted.

TANF caseloads in all States and Territories, except Indiana and Guam, remain substantially below their August 1996 caseload level. Thirty-one States have reduced caseloads by more than 50 percent and 12 by more than 60 percent. Wyoming has reduced the number of families on assistance by over 90 percent, Illinois and Idaho by 80 percent, and Florida by 70 percent. Wisconsin had achieved dramatic caseload declines prior to 1996, and its caseload is still 58 percent lower than in 1996. While the number of people receiving cash assistance has dropped significantly, expenditures for people receiving pre- and post-employment-related services have grown considerably, reflecting the redirection of public assistance under TANF to a focus on work.

Despite the steady national trend, there was considerable variation in TANF caseload changes among the States in FY 2003. Tables A and B show the number of families and recipients, respectively, by State as of September 2003, along with each State's percentage of the national caseload. These tables also compare and rank their change in caseload from both September 2002 and since the enactment of TANF in August 1996. During FY 2003, 25 States and Territories saw continuing caseload declines, while 28 experienced increases. One-year TANF

caseload changes ranged from a 73 percent decline in Virginia to a 22 percent increase in Idaho, while the caseloads of 27 States remained quite stable with less than a five percent change (Virginia's TANF decline reflects the State's moving of a large proportion of their TANF caseload to a SSP, and their TANF decline was more than offset by the increase in their SSP caseload). Understanding the significant variation across States is difficult, but we discuss some causal factors later in this chapter. In addition, we present State-by-State profiles of TANF programs for FY 2003 in Chapter XIV.



Table B

**Recipients - September 2003 TANF and SSP Caseload  
Compared to September 2002 and August 1996**

Recipients at end of FY 2003			Change Over FY 2003			Change Since TANF Enactment		
September 2003			September 2002 to September 2003			August 1996 to September 2003		
Rank <sup>1</sup>		% of U.S.	Rank <sup>2</sup>	Net Change		Rank <sup>2</sup>	Net Change	
	TANF	4,882,128		(120,343)	-2.5%		(7,359,997)	-60.1%
	SSP-MOE	569,225		34,118	6.0%		569,912	-
	<b>U.S. Total</b>	<b>5,451,353</b>		<b>(86,225)</b>	<b>-1.6%</b>		<b>(6,790,085)</b>	<b>-60.1%</b>
Recipients by State <sup>3</sup>			Change in Recipients by State <sup>3</sup>			Change in Recipients by State <sup>3</sup>		
27	Alabama	45,528	10	Alabama	3,476	30	Alabama	(55,134)
46	Alaska	13,650	7	Alaska	(2,290)	19	Alaska	(21,894)
12	Arizona	121,271	53	Arizona	17,738	51	Arizona	(48,171)
39	Arkansas	24,469	11	Arkansas	(2,563)	28	Arkansas	(31,874)
1	California	1,099,695	25	California	(27,352)	26	California	(1,482,253)
35	Colorado	37,114	51	Colorado	4,656	21	Colorado	(58,674)
29	Connecticut	43,844	8	Connecticut	(6,626)	7	Connecticut	(115,402)
47	Delaware	12,951	36	Delaware	239	40	Delaware	(10,703)
30	Dist. of Col.	42,980	40	Dist. of Col.	1,477	46	Dist. of Col.	(26,312)
11	Florida	121,921	30	Florida	1,054	5	Florida	(411,880)
9	Georgia	134,819	38	Georgia	3,262	23	Georgia	(195,463)
49	Guam <sup>4</sup>	10,783	27	Guam <sup>4</sup>	0	54	Guam <sup>4</sup>	2,469
40	Hawaii	24,384	9	Hawaii	(3,359)	16	Hawaii	(42,098)
52	Idaho	3,175	54	Idaho	679	3	Idaho	(18,605)
17	Illinois	87,545	3	Illinois	(27,353)	2	Illinois	(555,099)
8	Indiana	135,339	12	Indiana	(11,924)	53	Indiana	(7,265)
22	Iowa	52,528	28	Iowa	199	44	Iowa	(33,618)
33	Kansas	41,288	46	Kansas	3,340	47	Kansas	(22,495)
19	Kentucky	77,697	35	Kentucky	854	29	Kentucky	(94,496)
21	Louisiana	58,504	26	Louisiana	(266)	6	Louisiana	(169,611)
38	Maine	26,144	52	Maine	1,548	38	Maine	(27,729)
20	Maryland	59,975	33	Maryland	(597)	10	Maryland	(134,152)
13	Massachusetts	112,810	24	Massachusetts	(2,833)	35	Massachusetts	(113,220)
5	Michigan	210,154	50	Michigan	25,125	25	Michigan	(292,200)
16	Minnesota	93,508	22	Minnesota	(3,292)	41	Minnesota	(76,236)
28	Mississippi	45,182	34	Mississippi	495	15	Mississippi	(78,646)
15	Missouri	102,031	10	Missouri	(12,144)	31	Missouri	(120,789)
44	Montana	15,017	13	Montana	(1,296)	37	Montana	(14,113)
37	Nebraska	27,533	42	Nebraska	1,424	50	Nebraska	(11,695)
43	Nevada	22,874	4	Nevada	(5,131)	49	Nevada	(11,387)
45	New Hampshire	14,044	20	New Hampshire	(600)	45	New Hampshire	(8,893)
14	New Jersey	105,702	41	New Jersey	5,416	18	New Jersey	(169,935)
26	New Mexico	45,885	39	New Mexico	1,502	32	New Mexico	(53,776)
2	New York	331,144	19	New York	(18,133)	8	New York	(812,818)
18	North Carolina	80,956	17	North Carolina	(5,548)	9	North Carolina	(186,370)
50	North Dakota	8,667	37	North Dakota	162	48	North Dakota	(4,479)
7	Ohio	188,226	29	Ohio	1,399	12	Ohio	(361,086)
34	Oklahoma	37,169	23	Oklahoma	(1,158)	20	Oklahoma	(59,032)
32	Oregon	41,302	32	Oregon	391	39	Oregon	(37,117)
4	Pennsylvania	220,136	44	Pennsylvania	15,005	24	Pennsylvania	(310,923)
23	Puerto Rico	52,295	21	Puerto Rico	(2,038)	13	Puerto Rico	(98,728)
36	Rhode Island	34,187	15	Rhode Island	(2,826)	43	Rhode Island	(22,373)
25	South Carolina	51,616	6	South Carolina	(2,938)	22	South Carolina	(62,657)
51	South Dakota	5,919	14	South Dakota	(497)	17	South Dakota	(9,977)
6	Tennessee	191,652	48	Tennessee	19,645	52	Tennessee	(63,166)
3	Texas	281,765	5	Texas	(63,413)	27	Texas	(367,253)
42	Utah	22,944	49	Utah	2,485	42	Utah	(16,129)
48	Vermont	12,243	18	Vermont	(825)	36	Vermont	(12,088)
53	Virgin Islands	1,591	2	Virgin Islands	(785)	11	Virgin Islands	(3,307)
41	Virginia	23,527	1	Virginia	(44,876)	4	Virginia	(129,318)
10	Washington	131,721	31	Washington	1,224	34	Washington	(137,206)
31	West Virginia	41,750	43	West Virginia	2,223	33	West Virginia	(47,289)
24	Wisconsin	52,280	47	Wisconsin	5,350	14	Wisconsin	(96,608)
54	Wyoming	694	16	Wyoming	(48)	1	Wyoming	(10,704)
	<b>Total</b>	<b>4,882,128</b>		<b>Total</b>	<b>(120,343)</b>		<b>Total</b>	<b>(7,359,997)</b>

<sup>1</sup> Ranked by largest number of State and Territory TANF recipients.

<sup>2</sup> Ranked by largest percentage decline in caseload.

<sup>3</sup> These numbers do not include SSP-MOE families.

<sup>4</sup> Guam caseload data is estimated based on the first quarter of FY 2002.

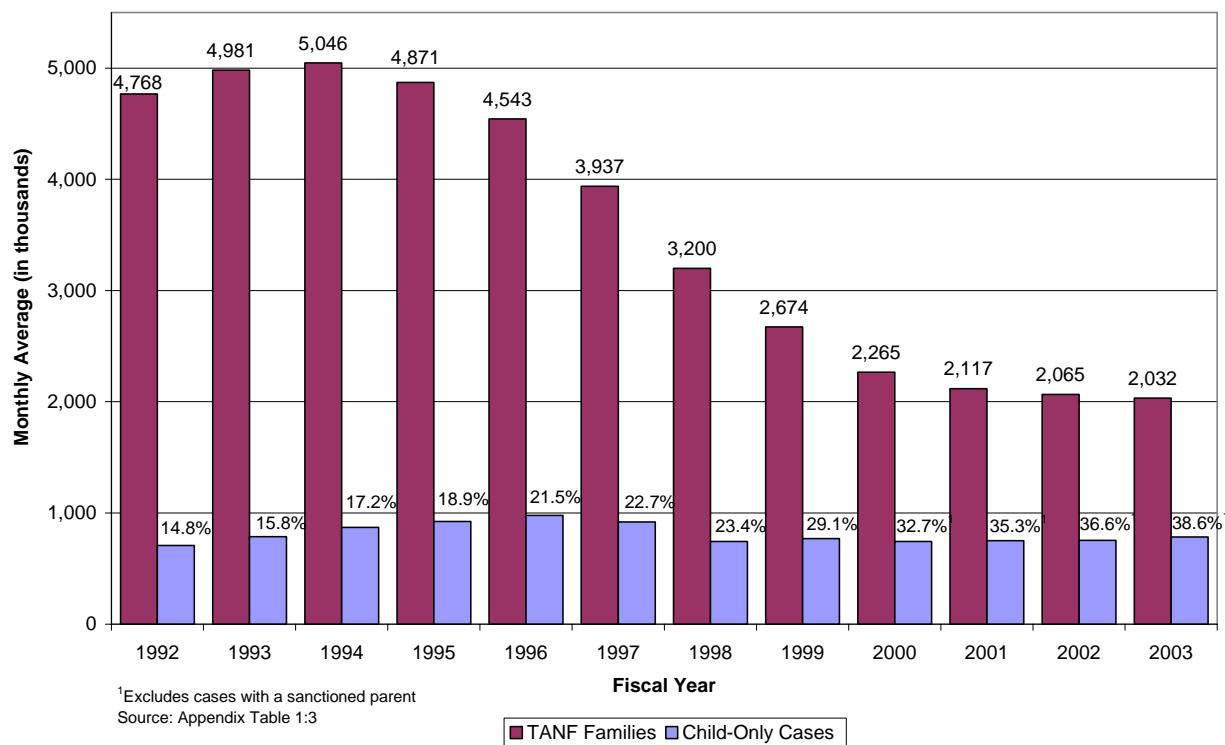
Sources: Statistical Report on Recipients Under Public Assistance, TANF Data Report, SSP-MOE Data Report, Tribal TANF Data Report.

## Child-Only Cases

Although the overall TANF caseload continued to decline in FY 2003, a large and growing proportion of cases have been designated "child-only" cases. At the end of FY 2003, there were 829,593 cases receiving assistance that were families where no adult was included in the benefit calculation and only children were aided (Appendix Tables 10:5 & 10:12). Such cases with no adults are exempted from Federal work requirements and time limits. About 46,890 of these cases with no adults included parents who did not receive assistance because of a sanction. Excluding these cases, because they remain subject to work requirements and the Federal five-year time limit, leaves a child-only caseload of 782,703.

As reflected in Figure E, the proportion of child-only cases in the caseload has been increasing over the last decade, growing from 14.8 percent in FY 1992 to 38.6 percent in FY 2003. The increase in the proportion of these cases is largely due to the decline in adult-headed cases.

**Figure E**  
**Trend in TANF Families and Child-Only Cases**  
**FY 1992 - FY 2003**



Counting child-only cases and those in which a parent is not receiving assistance due to a sanction, 41 percent of the current total TANF caseload consists of families without any adults receiving assistance. Of these cases, 53 percent involve children living with a caretaker relative who has sufficient income not to receive assistance, 19 percent are families in which the parent is disabled and receiving Supplemental Security Income, 18 percent are families in which the parent is ineligible for TANF because of his or her citizenship status, six percent have a

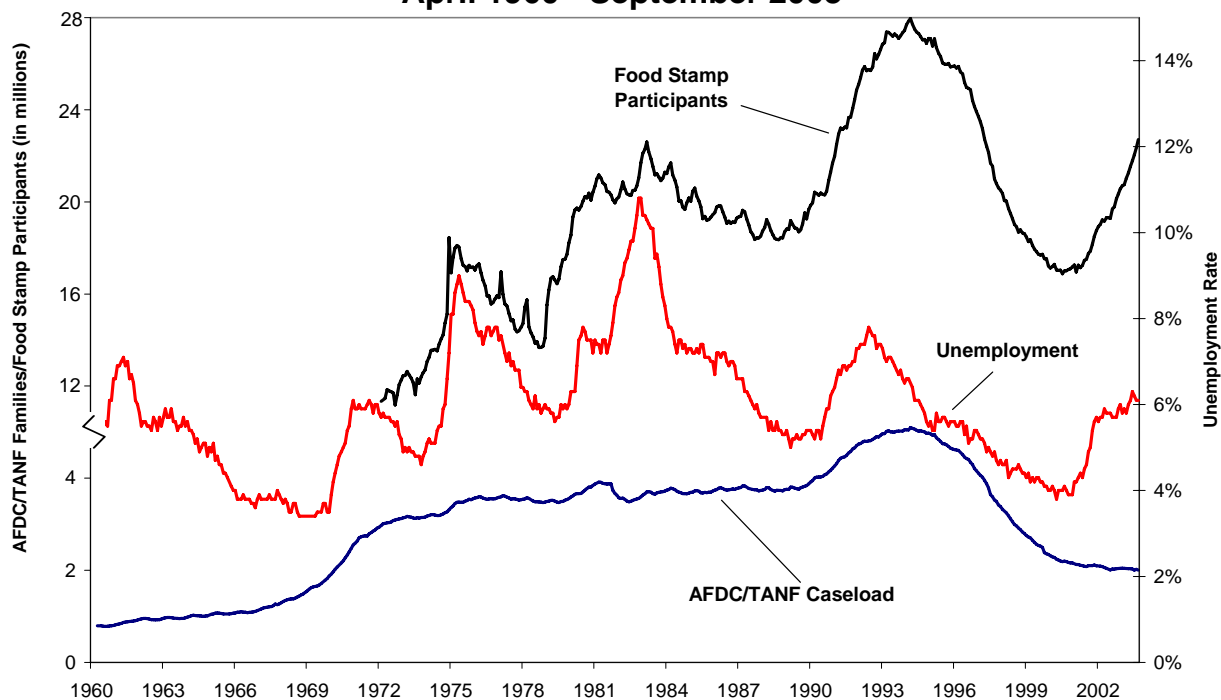


sanctioned parent, and the reason for the remaining families is unknown (See Appendix Table 10:12). As one would expect, these cases are much less likely to escape dependency through work.

### **The Economy**

Dependency reduction reflected in the smaller caseload is particularly noteworthy because it continued through and after the national recession that occurred between March and November of 2001. During and after prior recessions, as the unemployment rate increased, the former AFDC caseload also grew. But the increase was lagged, following the unemployment trend by about one year. Figure F shows that the TANF caseload has continued to decline following the most recent recession, a trend discussed in last year's annual report.

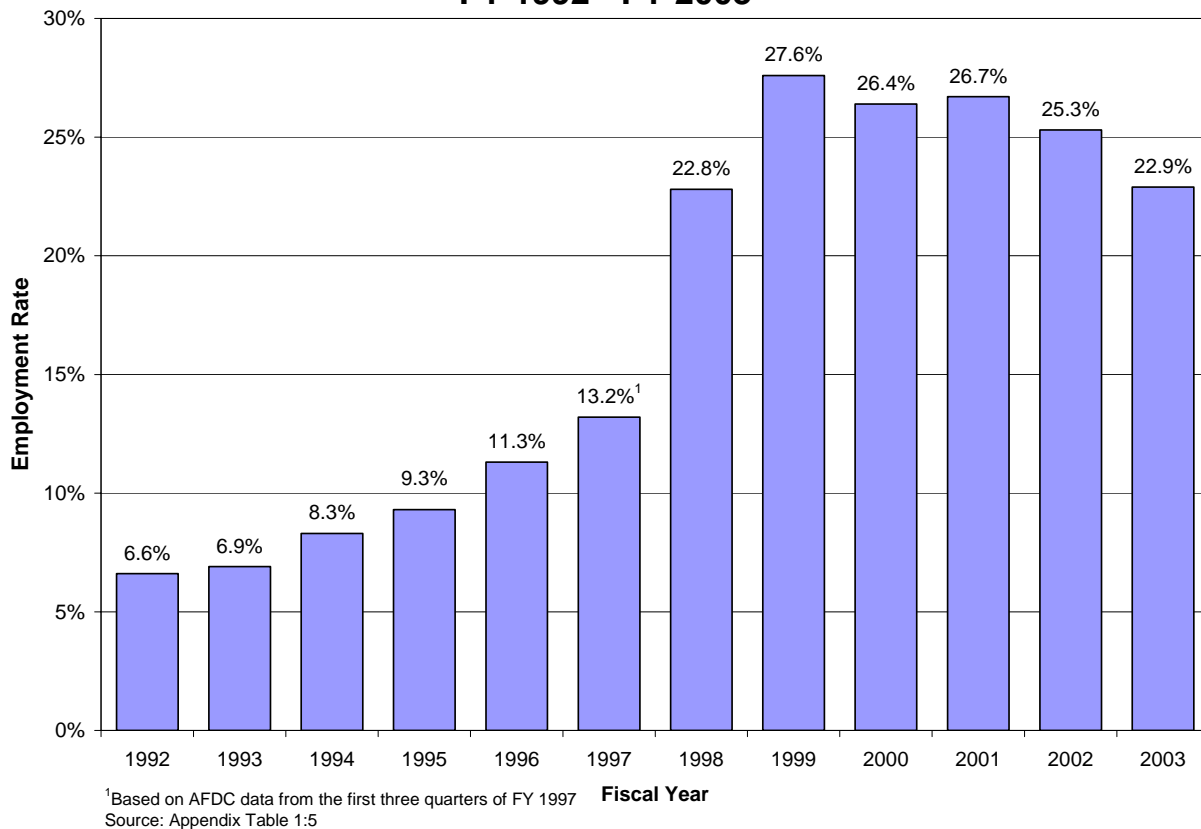
**Figure F  
TANF Families and Food Stamp Participants  
vs. Unemployment Rates  
April 1960 - September 2003**



Source: Appendix Table 1:4

Figure G shows that in FY 2003, 23 percent of TANF adult recipients were employed. This figure also illustrates the pattern of employment since FY 1992. It appears that welfare reform continues to be effective in sustaining TANF clients' connections to the workforce, even when overall unemployment has increased. June O'Neill and M. Anne Hill, in a March 2003 report<sup>2</sup>, provide remarkable evidence of how effective State policies and practices and the emphasis on work have been. They found that "increases in employment went hand in hand with the decline in welfare dependency – and that the 1996 reform played a major role in both trends, even after factoring in the effects of an expanding economy." The proportion of working single mothers increased rapidly with welfare reform, the single largest factor for the rise, "accounting for more than 40 percent of the increase. Women who leave welfare are better off economically the longer they are off welfare, with increased wages and declines in poverty. The poverty rate among women who left welfare in 1996, for example, fell by about 50 percent in four years." They conclude that women who have left welfare have substantially improved their life chances, and that "they are gaining ground and moving up the economic ladder."

**Figure G**  
**Trend in Employment Rate of TANF Recipient Adults**  
**FY 1992 - FY 2003**



<sup>2</sup> O'Neill, J, and Hill, M. Anne. (March 2003). *Gaining Ground, Moving Up: The Change in the Economic Status of Single Mothers Under Welfare Reform*. Civic Report Number 35. New York, NY. Manhattan Institute.

## **State Policies and Management**

State and local policy decisions and program management can greatly affect caseload levels and dynamics. States, and often counties, have great discretion over eligibility and benefit levels, work requirements, sanction procedures, time limits, diversion activities, post-employment supports, and case management techniques (many of these provisions are described in greater detail in Chapter XII). All of these, along with the effectiveness of their implementation, can have a greater effect on caseload trends than general economic factors. However, the interrelationships of these variables make it nearly impossible to disaggregate the effects of each on the caseload. Below, we provide data reported by States on some of these variables.

### **Eligibility**

TANF eligibility rules vary considerably from State to State. States set their own benefit levels and eligibility criteria, which usually are the same across the State (but some States vary by region). Nearly all States disregard some level of earnings when determining eligibility, and the amounts disregarded are often higher for those in the caseload than they are for those applying for aid. States do this to enable recipients who obtain employment while on welfare to continue receiving some cash aid while they are transitioning into work and toward higher levels of earnings. Table C outlines the cash benefit level and general eligibility thresholds for each State during FY 2003.

Eligibility changes can have large impacts on caseload levels and trends. Indiana's caseload decreased 32 percent between August of 1996 and June of 2000. However, after expanding its earnings disregard, the number of recipients increased by 52 percent between June 2000 and September of 2002, resulting in a caseload level 3.3 percent larger than when TANF was enacted. Indiana's caseload decreased in FY 2003, however, and now the caseload is 5.1 percent lower than in August 1996. Most States have increased earnings disregards and/or benefit levels since TANF's enactment, although the degree of changes and their impact on State caseloads was far less than that experienced in Indiana. Table 12:5 in Chapter 12 shows the earnings disregards for all States during FY 2003.

Table C

**TANF Maximum Benefits and Income Eligibility for a Family of Three  
As of June, 2003**

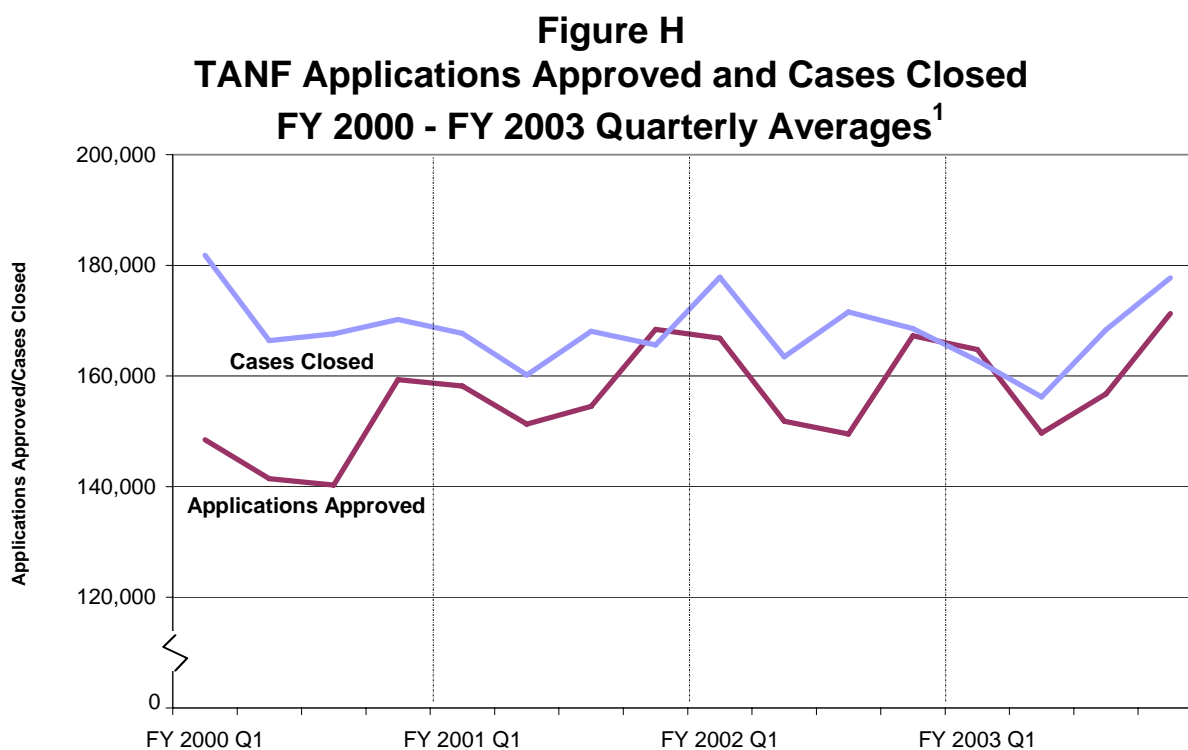
	Maximum Monthly Benefit <sup>1</sup>	Maximum Monthly Income for Eligibility	Maximum Monthly Income for Benefits <sup>2</sup>
Alabama	\$ 215	\$ 214	\$ 215
Alaska	\$ 923	\$ 1,245	\$ 1,246
Arizona	\$ 347	\$ 585	\$ 587
Arkansas	\$ 204	\$ 278	\$ 699
California	\$ 679	\$ 913	\$ 1,581
Colorado	\$ 356	\$ 510	\$ 779
Connecticut	\$ 543	\$ 834	\$ 1,220
D.C.	\$ 338	\$ 538	\$ 1,299
Delaware	\$ 379	\$ 427	\$ 1,604
Florida	\$ 303	\$ 392	\$ 807
Georgia	\$ 280	\$ 513	\$ 756
Hawaii	\$ 570	\$ 1,362	\$ 1,364
Idaho	\$ 309	\$ 635	\$ 637
Illinois	\$ 396	\$ 485	\$ 1,190
Indiana	\$ 288	\$ 591	\$ 1,948
Iowa	\$ 426	\$ 1,061	\$ 1,065
Kansas	\$ 403	\$ 492	\$ 805
Kentucky	\$ 262	\$ 973	\$ 974
Louisiana	\$ 240	\$ 359	\$ 1,260
Maine	\$ 485	\$ 1,022	\$ 1,023
Maryland	\$ 473	\$ 590	\$ 728
Massachusetts	\$ 633	\$ 722	\$ 1,047
Michigan	\$ 459	\$ 773	\$ 774
Minnesota	\$ 532	\$ 976	\$ 1,421
Mississippi	\$ 170	\$ 457	\$ 704
Missouri	\$ 292	\$ 558	\$ 1,148
Montana	\$ 507	\$ 858	\$ 589
Nebraska	\$ 364	\$ 692	\$ 694
Nevada	\$ 348	\$ 694	\$ 696
New Hampshire	\$ 600	\$ 749	\$ 1,200
New Jersey	\$ 424	\$ 635	\$ 848
New Mexico	\$ 389	\$ 901	\$ 1,037
New York	\$ 577	\$ 810	\$ 1,068
North Carolina	\$ 272	\$ 1,489	\$ 1,491
North Dakota	\$ 477	\$ 2,071	\$ 2,074
Ohio	\$ 373	\$ 979	\$ 996
Oklahoma	\$ 292	\$ 704	\$ 705
Oregon	\$ 460	\$ 615	\$ 616
Pennsylvania	\$ 403	\$ 676	\$ 806
Rhode Island	\$ 554	\$ 1,277	\$ 1,279
South Carolina	\$ 204	\$ 577	\$ 1,070
South Dakota	\$ 483	\$ 675	\$ 695
Tennessee	\$ 185	\$ 979	\$ 980
Texas	\$ 213	\$ 401	\$ 1,959
Utah	\$ 451	\$ 550	\$ 668
Vermont	\$ 639	\$ 988	\$ 989
Virginia	\$ 320	\$ 411	\$ 600
Washington	\$ 546	\$ 1,091	\$ 1,092
West Virginia	\$ 453	\$ 1,130	\$ 1,133
Wisconsin	\$ 673	\$ 1,401	\$ 1,403
Wyoming	\$ 340	\$ 539	\$ 540
States Avg	\$ 413	\$ 772	\$ 1,022

<sup>1</sup>Benefit levels and income standards based on family size of 3.

<sup>2</sup>Several states phase-down earnings disregard levels in months after employment is obtained.

## Case Flow

Although caseloads during FY 2003 suggest a static caseload over time, the families that comprise the caseload change considerably on a monthly basis. Critical to understanding the TANF program and the tremendous achievement of States is the dynamic nature of the caseload. Figure H shows the quarterly averages of the average monthly number of new cases opened (applications approved) and cases closed between FY 2000 and FY 2003.



<sup>1</sup>Data points represent quarterly averages of the average monthly number of opened/closed cases.  
Source: Appendix Table 1:6

During this four-year period from FY 2000 through FY 2003, States approved between 129,339 and 181,716 applications each month. In FY 2003, States approved an average of 160,614 cases each month for a total of 1,927,366 during the year. During the year, an average of 166,614 cases were closed each month for a total of 1,995,178 case closures. (See Appendix Table 1:11 for the detailed State information.) These data show how rapidly many families go on and off assistance and illustrate the amount of work involved by line staff to establish eligibility, provide benefits, assess family needs, and schedule and monitor services and activities leading to independence.

## Time Limits

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) established a five-year lifetime limit on receipt of Federal TANF assistance for adult-headed families, but allowed States to exempt from this limit for hardship reasons up to 20 percent of their total

caseload. The time limit was central to establishing the temporary nature of aid and communicating the program's goal to move recipients quickly into work and off of welfare. The time limit was controversial at the time, with some critics predicting massive escalations in hunger and homelessness for these families and arguing that the 20 percent hardship exception would be inadequate to address the number of families needing exceptions or extensions.

Federal time limit clocks began once States had established their new TANF programs, the first beginning in September 1996 and the last States beginning in July 1997. Thus, FY 2002 was the first year in which the Federal five-year lifetime limit may have been reached by a TANF family in every State, if they had received assistance continuously since the State implemented the TANF program. FY 2003 case closure data for 38 States show that less than one half of one percent of their cases were closed due to the five-year limitation during the year (see Appendix Table 10:48). The remaining States reported closing nearly 21,998 cases that had reached the Federal lifetime limit. Seventy-eight percent of these cases were in two States and one Territory (New York, Missouri, and Puerto Rico). New York closed over 8,000 cases, 38 percent of the national total. But, while these cases were closed from the TANF program, most were reopened under New York's "Safety Net Assistance" program funded through Maintenance of Effort (MOE) funds spent in a Separate State Program (SSP). Missouri closed over 3,700 cases, and Puerto Rico closed over 3,000.

Nationally, only 1.7 percent of families are receiving Federal assistance beyond the five-year limitation, far below the 20 percent allowed. Thirty-four States report less than one percent as hardship exemptions. Only two States had more than eight percent of cases in hardship status. This means that States have substantial leeway to continue to provide assistance to families facing hardships once they reach the lifetime limit, if a State so chooses.

There are three major reasons why so few families have been affected by Federal time limits. The first, and by far most important, is that welfare reforms have been tremendously effective at helping families move off of welfare long before most reach their time limit. Note that States have reported only 1.1 percent of the nearly two million case closings in FY 2003 were due to families meeting Federal time limits.

Second, over 43 percent of cases are exempt from the accrual of months for a variety of reasons: the case does not contain a countable head-of-household; assistance is State-funded; the family is exempt under an approved welfare waiver; or the family lives in Indian country or an Alaska native village with high unemployment. Finally, most families do not receive assistance continuously. Forty-three percent of cases in FY 2003 that were subject to the Federal time limit are in the first year of assistance, 21 percent in the second year, 13 percent in the third year, and 29 percent in the fourth year. In FY 2003, families receiving TANF had accrued an average of 29 months of assistance countable toward the Federal five-year time limit (over one or more spells of welfare receipt), up from 25 months in FY 2000. Again, there is considerable State variation, ranging from an average of six months in Idaho to an average of 44 months in the District of Columbia. Appendix Table 10:43 shows this breakdown by State.

States may also establish shorter time limits than five years, and 19 States do so (See Table 12:10 in Chapter 12). During FY 2003, States reported closing nearly 16,000 cases due to State time limits, in addition to those closed due to the Federal time limit. This compares to over 16,000 in

FY 2002, 18,000 in FY 2001, and 24,000 cases in FY 2000.

Time limits have proven to be a crucial part of TANF's effectiveness. The message that assistance is temporary is an important part of how States help parents take advantage of the opportunities for work and independence. Perhaps more importantly, time limit policies have spurred welfare agencies and their staff to focus case management on families who are spending long periods of time on TANF, just as these policies intended.

### Sanctions

Reducing financial benefits for those who do not comply with program requirements is crucial to making the requirements of welfare to work programs meaningful and effective. States vary considerably in their sanction policies and implementation practices, and these differences can have significant effects on caseload dynamics. Sanction policies can apply to a range of program requirements including eligibility rules, job search, work or other participation requirements, cooperation with child support enforcement, and teen school attendance.

Sanctions can affect caseloads in different ways. Thirty-six States impose "full-check" sanctions (either for initial or after repeated non-compliance) making a family's full assistance grant contingent upon program compliance and effectively closing a case when a sanction is imposed. In other States where only a portion of an assistance check is reduced if a family is sanctioned, such a case would remain open. Finally, many States require participation in job search and job preparation activities during the application process, and failure to comply can result in not opening a case. While the latter situation is usually not referred to as a sanction, it operates like a full-check sanction and can significantly affect caseload dynamics.

### Separate State Programs (SSPs)

Thirty States operated separate cash benefit programs, funded without Federal dollars, and claim expenditures from these programs toward their TANF MOE requirements. Such programs are not subject to general TANF requirements, but in order to be claimed as MOE expenditures, the funds must be spent on families that include a child living with a parent or adult caretaker relative and are financially eligible according to State-set income/resource standards.

States have expanded the number of clients served under SSPs during the past four years. The 30 States with SSPs aided a monthly average of 149,075 families during FY 2003. Twenty-eight of these States use SSPs to aid some or all two-parent families who are then not subject to the TANF two-parent participation requirements. Other SSPs cover families who have exhausted their Federal TANF time limits, those that include disabled family members, or domestic violence victims. Some SSPs provide assistance to non-citizen families who are not eligible for Federal public benefits or provide food assistance through the alternative Food Stamp program.





