

**Welfare Time Limits  
State Policies, Implementation,  
and Effects on Families**

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# Overview

Few features of the 1990s welfare reforms have generated as much attention and controversy as time limits on benefit receipt. Time limits first emerged at the state level and subsequently became a central feature of federal welfare policy in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), which imposed a 60-month time limit on federally funded assistance for most families.

To inform discussions about the reauthorization of PRWORA, the U.S. Department of Health and Human Services contracted with the Manpower Demonstration Research Corporation (MDRC) to conduct a comprehensive review of what is known about time limits. The project included a survey of state welfare agencies (conducted for MDRC by The Lewin Group), site visits to examine the implementation of time limits, and a review of research on time limits.

## Key Findings

- **States have developed widely varying approaches to time limits.** States have broad flexibility in designing time-limit policies, in large part because the federal time limit does not apply to state-funded benefits. Currently, 40 states have time limits that can result in the termination of families' welfare benefits; 17 of those states have limits of fewer than 60 months. However, nearly half the national welfare caseload is in states that either have no time limit (2 states) or a time limit that reduces or modifies benefits when the limit is reached (8 states and the District of Columbia).
- **All states allow exceptions to time limits, but the specific policies and their implementation vary.** All states allow exemptions (which stop the time-limit clock), extensions, or both. Exemptions are most common for "child only" cases (which account for about one-third of all welfare cases nationwide and are not subject to time limits in any state) and for recipients with medical problems. In many states, recipients who comply with work requirements but are unable to find jobs can receive extensions, although states define and assess compliance in different ways. As a result, some states routinely grant extensions to recipients reaching time limits, while others close most of these cases.
- **Nationally, about 231,000 families have reached a time limit; at least 93,000 families have had their welfare case closed due to a time limit, and another 38,000 have had their benefits reduced.** Most of the case closures have been in a few states with time limits of fewer than 60 months. As of December 2001, families had begun reaching the federal time limit in fewer than half the states, and relatively few families had reached the 60-month limit in those states; most recipients do not remain on welfare for 60 consecutive months.
- **The circumstances of families who left welfare due to time limits are diverse and depend on state policies.** In some states, most recipients whose cases have been closed due to time limits were already working while on welfare; in other states, time-limit leavers are more heterogeneous. Most studies find that time-limit leavers are struggling financially, but they are not consistently experiencing more or fewer hardships than families who left welfare for other reasons. Many time-limit leavers continue to receive Food Stamps and other assistance.

Though a simple idea, time limits raise a host of complex issues in practice. Many experts believe that time limits have played a key role in reshaping welfare, but the knowledge base about this key policy change is still thin. Few families have reached the federal time limit, and it is too early to draw conclusions about how states will respond as more families reach limits or how families will fare without benefits over the long-term, in varying economic conditions.



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## Glossary

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

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

**Exemption:** A circumstance under which a month of assistance does not count toward a family's time limit.

**Extension:** A circumstance under which aid may be continued even though a family has reached their time limit.

**Federal time limit:** A lifetime limit of 60 months of federal TANF assistance.

**Lifetime time limit:** A time limit that permanently terminates or reduces a family's grant.

**Non-TANF assistance:** Assistance that is funded not with federal TANF dollars but with state MOE funds provided through a separate state program. Individuals in such programs are not subject to the federal time limits, child support assignment rules, or work participation requirements.

**Periodic time limit:** A time limit that terminates or reduces benefits for a fixed period of time, after which regular assistance can again be provided. For example, a state may limit benefits to 24 months in a 60-month period. A periodic time limit is different from a full-family sanction, which terminates benefits to families who fail to comply with program rules.

**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.

**Replacement time limit:** A time limit that results in the replacement of a family's cash assistance benefits with assistance of another type (for example, vouchers).

**Segregated state funds:** State funds that are expended within the TANF program and are segregated from (not commingled with) federal funds. Such expenditures count for both TANF MOE and Contingency Fund MOE purposes. They are subject to some TANF requirements, but not the 60-month time limit.

**Separate state program:** A state program that uses MOE funds without any TANF funds. Expenditures on such separate programs can help states meet the MOE requirement, but the basic TANF requirements — federal time limits, child support assignment rules, and work participation requirements — do not apply.

**State MOE funds:** Expenditures of state funds that count toward the maintenance-of-effort requirement. Under the basic MOE requirement, a state must spend 80 percent of FY 1994 spending (75 percent if it meets work participation requirements) on qualified state expenditures to eligible families.

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

**TANF assistance:** Cash payments, vouchers, and other forms of benefits that are paid for with TANF funds and are designed to meet a family's ongoing basic needs (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 restrictions on teenage parenthood — apply only when federal or commingled funds are used for "assistance."

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

**Termination time limit:** A time limit that results in the cancellation of a family's entire welfare grant.

**Work requirement time limit:** A time limit that triggers a work requirement, rather than the cancellation or reduction of assistance.





The federal 60-month clock began “ticking” when each state implemented its TANF program — sometime between September 1996 and July 1997. As of December 2001, families had reached the 60-month federal time limit in 22 states. The overall number of families who had reached the federal limit in these states — about 54,000 — represents a very small fraction of the families who could potentially have reached the limit. In addition, more than 80 percent were in New York State, where most families who receive 60 months of federally funded benefits can move to a state and locally funded program that provides the same benefits but only partly in cash. As a result, only around 8,000 families nationwide have had their case closed because of the 60-month time limit and are not receiving other assistance.

Most states have found that a very small proportion of recipients reach the time limit after 60 months of continuous benefit receipt. There are several reasons for this pattern. Even before the recent reforms, most people who received welfare did not remain on the rolls continuously for long periods. The strong economy, expanded financial supports for low-income working families, and enhanced state welfare-to-work programs increased the number of families who exited welfare in the 1990s. In addition, some states have shorter state time limits and/or have imposed large numbers of sanctions that closed the cases of recipients who were deemed noncompliant with work requirements (or they have removed the adult from the grant, creating a child-only case). Finally, as noted earlier, some families are exempt from the federal limit.

A larger number of families — about 176,000 — have reached state time limits of fewer than 60 months. Once again, however, states have found that few recipients reach even short time limits after continuous benefit receipt. State-to-state differences in definitions and data availability make it difficult to get an accurate count of the families whose cases have been closed because of these limits, but the number appears to be at least 85,000, with most of the total in five states (Connecticut, Louisiana, Massachusetts, Ohio, and Virginia). In several of the states with shorter time limits, a large proportion of the recipients whose cases were closed were already employed (that is, were mixing work and welfare) before they reached the time limits. Also, many states allow families whose cases are closed to return to welfare under certain conditions. Finally, approximately 38,000 families — in Arizona, Indiana, and Texas — have had their benefits reduced because they reached state time limits.

### **The Implementation of Time Limits**

The implementation of time limits is far more complex than many might assume. The complexity arises because states are seeking to identify and protect particularly vulnerable families without diluting the overall message that welfare is temporary. The states’ time-limit practices are as diverse as their policy choices: Even time-limit policies that look similar on paper may be implemented quite differently across states or even across welfare offices within states. Key findings from the survey and field visits include:















## Chapter 1

# Introduction

Time limits on benefit receipt are among the most dramatic and controversial changes characterizing welfare reform in the 1990s, and they may figure prominently in discussions about the reauthorization of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996.

This report provides a comprehensive summary of what has been learned to date about time limits: about state policies, about the implementation of time limits, and about the effects of time limits on families. It is 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 was produced for the U.S. Department of Health and Human Services (HHS) by the Manpower Demonstration Research Corporation (MDRC) and The Lewin Group.

## The Evolution of Time Limits Before 1996

Welfare has always been time-limited in the sense that adults could never receive Aid to Families with Dependent Children (AFDC) benefits after they no longer had any dependent children. The notion of placing a time limit on benefits for families with children was not widely discussed until 1992, when presidential candidate Bill Clinton promised to “end welfare as we know it” by placing a two-year time limit on AFDC benefits and providing subsidized jobs, if necessary, to recipients whose benefits ended.

In 1993 and 1994, HHS began granting waivers of AFDC rules that allowed states to impose time limits on benefit receipt.<sup>1</sup> Many of these early time-limit policies did not apply statewide, and various categories of recipients were exempted from the limits. In addition, many of the waiver programs did not include time limits that resulted in cancellation of a family’s entire AFDC grant (that is, *termination time limits*).<sup>2</sup> In fact, most of the waivers granted before October 1994 included *work requirement time limits*: Recipients who reached the limit were required to work and were allowed to continue receiving benefits if they cooperated. (In many

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<sup>1</sup>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.

<sup>2</sup>The glossary at the front of the report includes definitions of key terms related to time limits.



- Welfare cases with an adult accrue months toward the federal time limit as long as they are receiving assistance that is funded with federal TANF dollars. However, the time limit does not apply to “child-only cases” in which no adult is included in the welfare grant; such cases now account for around one-third of the national welfare caseload.<sup>7</sup>
- States can provide federally funded TANF assistance beyond 60 months to up to 20 percent of the state caseload, based on hardship. For example, if a state’s average monthly caseload is 50,000, it could use federal TANF funds to provide assistance to as many as 10,000 families who are beyond the 60-month point.<sup>8</sup>
- The 60-month time limit applies only to payments or services that meet the definition of “assistance” — generally, 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.<sup>9</sup>
- States are not required to impose time limits on assistance provided with state “maintenance-of-effort” (MOE) funds.<sup>10</sup> Such funds may be used in a separate state program that is not part of the TANF program or may be segregated as state funds within the TANF program. Thus, states can stop the federal time-limit clock by paying for a family’s benefits with state funds, or they can use state funds to assist families who pass the federal limit and exceed the 20 percent cap.

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<sup>7</sup>In about one-half of child-only cases, the children are living with a relative who is not part of the welfare case. In others, the parent may be living with the children but is ineligible for welfare because he or she receives Supplemental Security Income (SSI), is a noncitizen who is not eligible for benefits, or is excluded for some other reason. In addition to child-only cases, the law excludes months during which a parent or pregnant woman received assistance as a child, provided that she was not the head of household or married to the head of household, and months of assistance received by an adult living on an Indian reservation or in an Alaskan native village with high unemployment.

<sup>8</sup>States can use either the current year’s caseload or the previous year’s caseload as the base in calculating the 20 percent. Also, the base includes child-only cases, even though such cases are not subject to the time limit. Thus, in all states, the percentage of cases with an adult that will be permitted to receive assistance beyond 60 months is greater than 20 percent. See Falk et al., 2001.

<sup>9</sup>“Assistance” was defined in regulations issued by HHS, which became effective in late 1999.

<sup>10</sup>Under PRWORA, states are required to spend at least 75 percent (80 percent, in some cases) of what they spent on AFDC and related programs in 1994.



month and continue to qualify for at least some benefits. (A recipient working 35 hours per week for \$6 per hour would earn about \$900 per month).<sup>12</sup>

Because of these policies, recipients who find jobs are more likely to be eligible 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 most state time limits). 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 (see Chapter 4). Expanded disregards can also shape the size and characteristics of the group of recipients who reach time limits. For example, in states with generous disregards, recipients who are employed (mixing work and welfare) may account for a large proportion of those who reach the time limit.

### **Work Requirements**

All states require welfare recipients to work or 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 whose time-limit clocks are running.<sup>13</sup>

In the 1990s, most states redesigned their welfare-to-work programs to emphasize rapid job-finding, as opposed to 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 limit — can determine which types of activities are possible or advisable.

### **Sanctions**

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 cooperate with work (or other) requirements. Under AFDC, sanctions involved reducing, rather than eliminating, the grant. Almost half the states received waivers prior to August 1996 allowing them to impose full-family sanctions; PRWORA requires states to terminate or reduce benefits pro rata in response to noncompliance, but the amount and duration of the sanctions are not

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<sup>12</sup>Disregards are temporary in some states; the \$900 refers to the earnings eligibility limit in the fifth month of employment.

<sup>13</sup>Very few categories of cases are exempt from the federal time limit, but many states exempt additional groups from their state time limits.



- How do time limits affect patterns of employment, welfare receipt, income, and other outcomes among current and potential welfare recipients?
- 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 are used to determine which families qualify for these exceptions?
- 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”?

It is too early to draw final conclusions about time limits. The federal 60-month time limit has taken effect only in some states, and relatively few families in those states have reached the federal limit. Moreover, most families reaching shorter state time limits have done so during a period of exceptionally strong economic growth. Nevertheless, as discussions about the reauthorization of PRWORA begin, it is critical to take stock of what we know about time limits today.

## About the Project and This Report

This project includes three components to obtain a diverse set of information about time limits:

- **Survey.** 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 to date. The survey was distributed to all 50 states and the District of Columbia. After states responded, they were contacted by phone to clarify the meaning of the data they provided.<sup>15</sup> The survey was designed by HHS staff with assistance from MDRC and The Lewin Group, and it was administered and analyzed by The Lewin Group.
- **Site visits.** MDRC staff conducted site visits to five states (Georgia, Louisiana, Massachusetts, New York, and South Carolina) 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 of-

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<sup>15</sup>All states and the District of Columbia responded to the survey, although several states were unable to provide all of the information the survey requested. The tables in Appendix A indicate when specific data were not available.



## Chapter 2

# What Are the States' Time-Limit Policies?

As outlined in Chapter 1, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 provides states with a number of options to consider in designing their time-limit policies. While it mandates that states cannot use federal Temporary Assistance for Needy Families (TANF) funds to provide more than five years of assistance to families except under certain circumstances, it allows states to establish shorter time limits. It also allows states to provide assistance using federal funds to families beyond five years for up to 20 percent of the TANF caseload as well as allows states to use state-only maintenance-of-effort (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 exemption and extension criteria, the financial structure for providing assistance, the process that takes place when families approach the time limit, and the consequences for families when they reach the time limit.

This chapter reflects the policies that were in place in early 2002, when the survey was administered. At that time, welfare recipients had reached time limits in about 35 states but had not yet reached a time limit in 15 states and the District of Columbia. Some states in which few, if any, individuals had reached their limits had not fully developed their time-limit policies at the time the survey was administered. In addition, as states gain more experience, they may confront unforeseen challenges with their present policies. Although this chapter provides useful information on the types of policies being implemented now, the policies in many states are subject to change in the coming year as substantial numbers of individuals reach time limits.

## Key Findings

The survey revealed several key findings:

- Responding to the broad flexibility allowed under the federal welfare law, states have developed widely varying approaches to time limits. A large proportion of the TANF caseload is subject to less stringent time-limit policies because such policies are in place in several very large states.
- All states provide exemptions or extensions from their time limits for certain groups of families, but the policies differ dramatically from state to state.
- More than half the states have chosen to pay benefits to certain groups of families using only state funds, but only about 7 percent of cases nationwide

are funded in this manner. Also, though these cases are not subject to the federal time limit, many of them are subject to state time limits.

## Features of Time-Limit Policies

This section discusses two features of each state’s time-limit policy: the length of the time limit and the consequences for families who reach the time limit and are not offered an extension.

Figure 2.1 presents the proportions of all TANF cases that are in states with a 60-month time limit, a shorter time limit, or no time limit — divided further by whether the state policy is to terminate cases at the time limit or to continue providing assistance either to all family members or to the children. As this figure shows, only about 30 percent of families receiving assistance live in states that have what some might consider to be the “purest” form of the federal time limit: a 60-month time limit that results in benefit termination. Another 25 percent of TANF families live in states with shorter time limits that result in termination.

About 38 percent of the families live in states that impose a 60-month time limit but provide at least some assistance after families have reached that limit. 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 will remove the adult from the assistance unit but continues to provide assistance for the children’s needs). About 4 percent of the families live in states that have shorter reduction time limits that do not result in case closure. Finally, 4 percent of all TANF families live in the two states — Michigan and Vermont — that have no time limit on benefits.

Table 2.1 lists the states according to the categories shown in the figure. Given the many variations of time-limit policies, a state’s category may not be readily apparent. For example, Texas is listed as a 60-month termination time limit state, even though the state also has shorter reduction time limits. The state is included in this category because it represents the more severe consequence and because a small portion of the caseload faces just the 60-month time limit.<sup>1</sup> While 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 reduction or replacement category because there are restrictions on who is eligible. On the other hand, New York provides

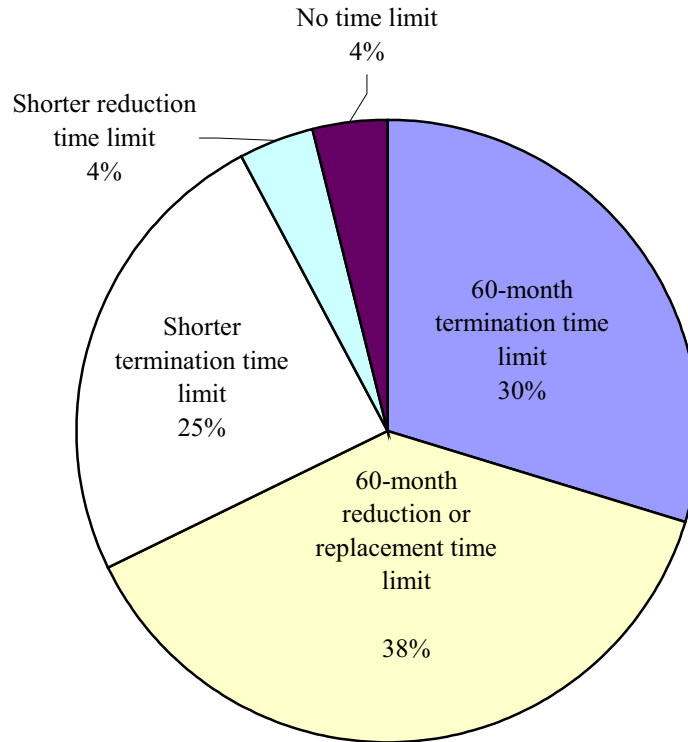
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<sup>1</sup>The state estimated that about 105 counties (out of 254) have no access to the employment and training program administered by the Local Workforce Development Board. Recipients in these counties are not subject to the shorter time limit, but they are subject to the 60-month termination time limit. These counties are located in rural areas and together account for less than 10 percent of the TANF caseload.

## Welfare Time Limits

Figure 2.1

### Proportions of TANF Assistance Cases, by Type of Time Limit



NOTE: A state is categorized according to its shortest termination time limit. If it had no termination limit, it is categorized by its shortest reduction time limit.

safety net assistance to families who apply and are financially eligible. This state is included in the reduction or replacement 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.

Whereas Figure 2.1 shows that 30 percent of all families live in states with a 60-month termination time limit, Table 2.1 shows that almost half the states have adopted this policy. The difference can be explained by the fact that this category excludes the two states with the largest TANF caseloads (California and New York), which together comprise 32 percent of the caseload.

## Welfare Time Limits

**Table 2.1**

### States Categorized by Type of Time Limit

Type of Time Limit	States
60-month termination time limit (23 states)	Alabama, Alaska, Colorado, Hawaii, Illinois, Iowa, Kansas, Kentucky, Minnesota, Mississippi, Missouri, Montana, New Hampshire, New Jersey, New Mexico, North Dakota, Oklahoma, Pennsylvania, South Dakota, Texas, West Virginia, Wisconsin, Wyoming
Shorter termination time limit (17 states)	Arkansas, Connecticut, Delaware, Florida, Georgia, Idaho, Louisiana, Massachusetts, Nebraska, Nevada, North Carolina, Ohio, Oregon, <sup>a</sup> South Carolina, Tennessee, Utah, Virginia
60-month reduction or replacement time limit (7 states)	California, District of Columbia, Maine, Maryland, New York, Rhode Island, Washington
Shorter reduction time limit (2 states)	Arizona, <sup>b</sup> Indiana
No time limit (2 states)	Michigan, Vermont

NOTES: <sup>a</sup>In Oregon, families accrue few months toward its 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 would have received more than 24 months of assistance.

<sup>b</sup>In Arizona, the adult is ineligible for TANF after 24 months, although he or she becomes eligible again after three years of ineligibility.

## Exemption and Extension Criteria

For families meeting established criteria, states may decide not to count a month of assistance toward the state time limit. This is sometimes referred to as "stopping the clock." And once families have reached the time limit, states may choose to extend benefits for those meeting other criteria. Whether the state chooses to immediately exempt a family in a particular circumstance or prefers that they instead "run out the clock" before receiving an extension reflects,

in part, the state’s philosophy regarding state obligations and the responsibilities of welfare recipients. It is important to note that every state offers at least some type of exemption or extension.

## **Exemption Policies**

As mentioned in Chapter 1, PRWORA outlines several groups of families who are exempted from the *federal* time limit. These include families in which the adult is not in the assistance unit (child-only cases), families living on an Indian reservation or in an Alaska native village experiencing high unemployment, families excluded under a state waiver policy, and families assisted exclusively by state MOE funds.

In addition to these exemption criteria for the federal 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 MOE funds exclusively, the federal clock continues to run. Under such disparate policies, families in some states are operating under separate federal and state clocks with different accumulations of months toward their limits. Thirty-four states exempt at least some families with adults from their state time limit. Figure 2.2 shows how many states offer exemptions to families who meet the most common criteria. (Appendix Table A.3 lists the exemption criteria for each state.)

The most common state exemption policy is to exempt families in which the parent is disabled (shown in combination with “caring for disabled family member”). About half the states stop the state clock for this reason, although some have placed conditions on the exemption. For example, a state may exempt adults with mental health problems but require that they enroll in a treatment program. Of the states that have this exemption, most also exempt families in which the adult is caring for a disabled family member.

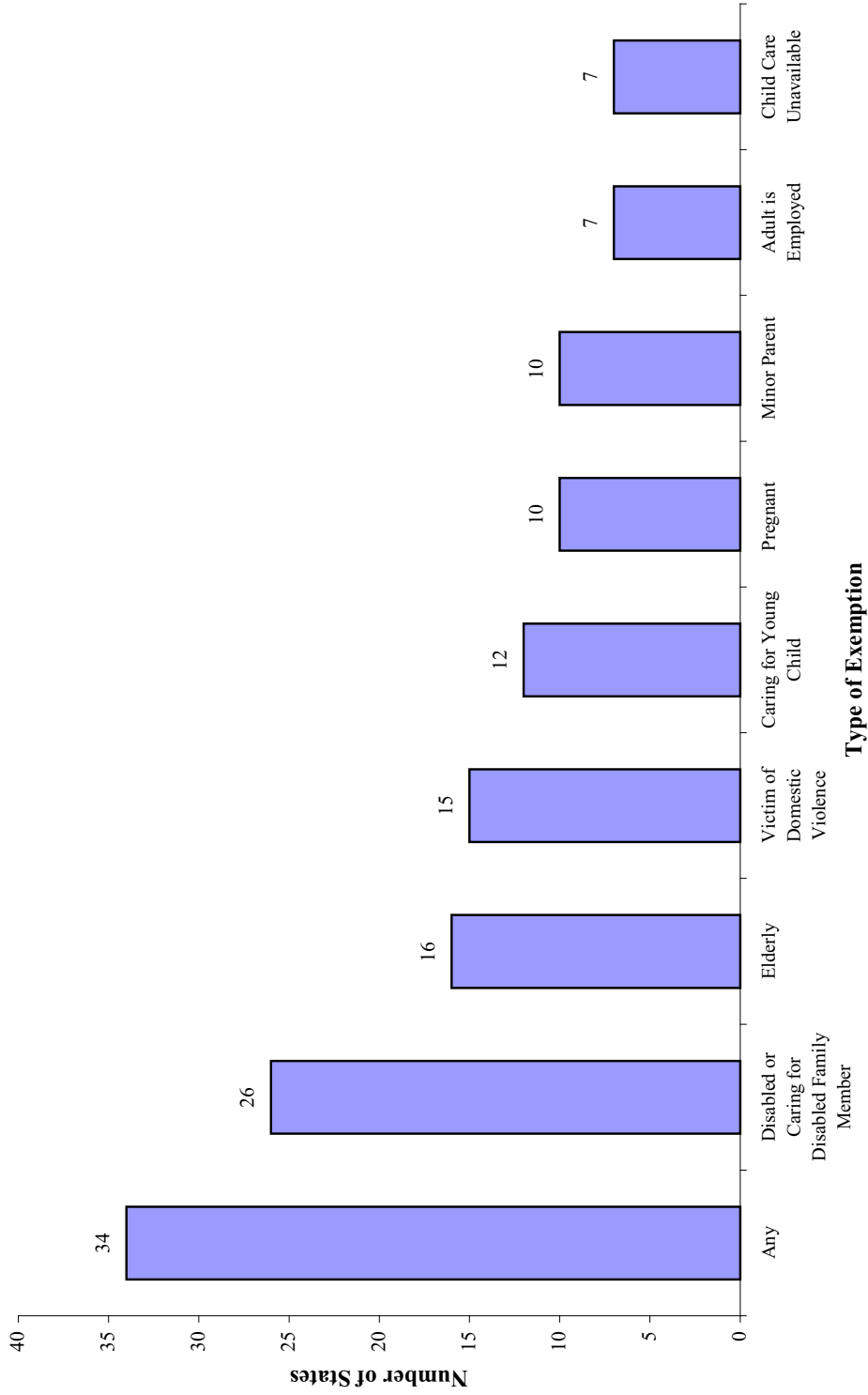
Victims of domestic violence are exempted from time limits in 15 states. It is important to distinguish this state exemption policy, which stops the clock, from the federal extension policy, which allows states to provide federal TANF assistance to victims of domestic violence after they have reached the 60-month federal time limit. In these 15 states, victims of domestic violence will not accumulate months toward their state time limit — although they will continue to accumulate months toward the federal time limit during the exemption period.

Sixteen states exempt families in which the head of the household is elderly. Most states have defined this category to include caretakers who are at least 60 years old, with one state limiting the age to those who are at least 62. This is one of the few exemption criteria that is a permanent condition (because the caretaker will not get any younger). Twelve states exempt families with very young children. The child’s maximum age ranges from about 3 months (in Arkansas, Delaware, Ohio, Oregon, and Wisconsin) to 2 years (in Massachusetts; however, Massachusetts limits the age of the child to 3 months if the family cap applied — that is, if the child was born after the family began receiving assistance and no additional cash benefits were provided for the child). When a child “ages out” of this category, the clock will restart.

**Welfare Time Limits**

**Figure 2.2**

**Common State Exemption Criteria and Number of States Applying Them**



Seven states stop the clock when the adult is employed, although they generally place limitations on this exemption. For example, in Illinois and Rhode Island, recipients must work 30 hours per week (in Illinois, two-parent households must work 35 hours per week); and Louisiana exempts recipients only for the first six months they are employed.

Other state exemption criteria cover particular circumstances, such as pregnancy (often limited to the third trimester, when expectant mothers are less likely to find employment); when the head of the household is under age 18 or 19; and when child care is unavailable in the area. Some states exempt individuals who participate in special programs. For example, Hawaii exempts individuals who are AmeriCorps or Vista volunteers, while Maine exempts individuals who participate in the Parents as Scholars program, which allows welfare recipients to participate in postsecondary education.

### **Extension Policies**

Forty-seven states extend benefits to certain families after they have exhausted all months on their state time-limit clock. Such extensions are generally offered for circumstances that are not expected to continue indefinitely, and states may put a time limit on the extensions or, at least, review them periodically to determine whether the circumstances still exist. States offer extensions for a wide range of circumstances. The most common state extension criteria are shown in Figure 2.3. (Appendix Table A.4 lists individual state extension policies.)

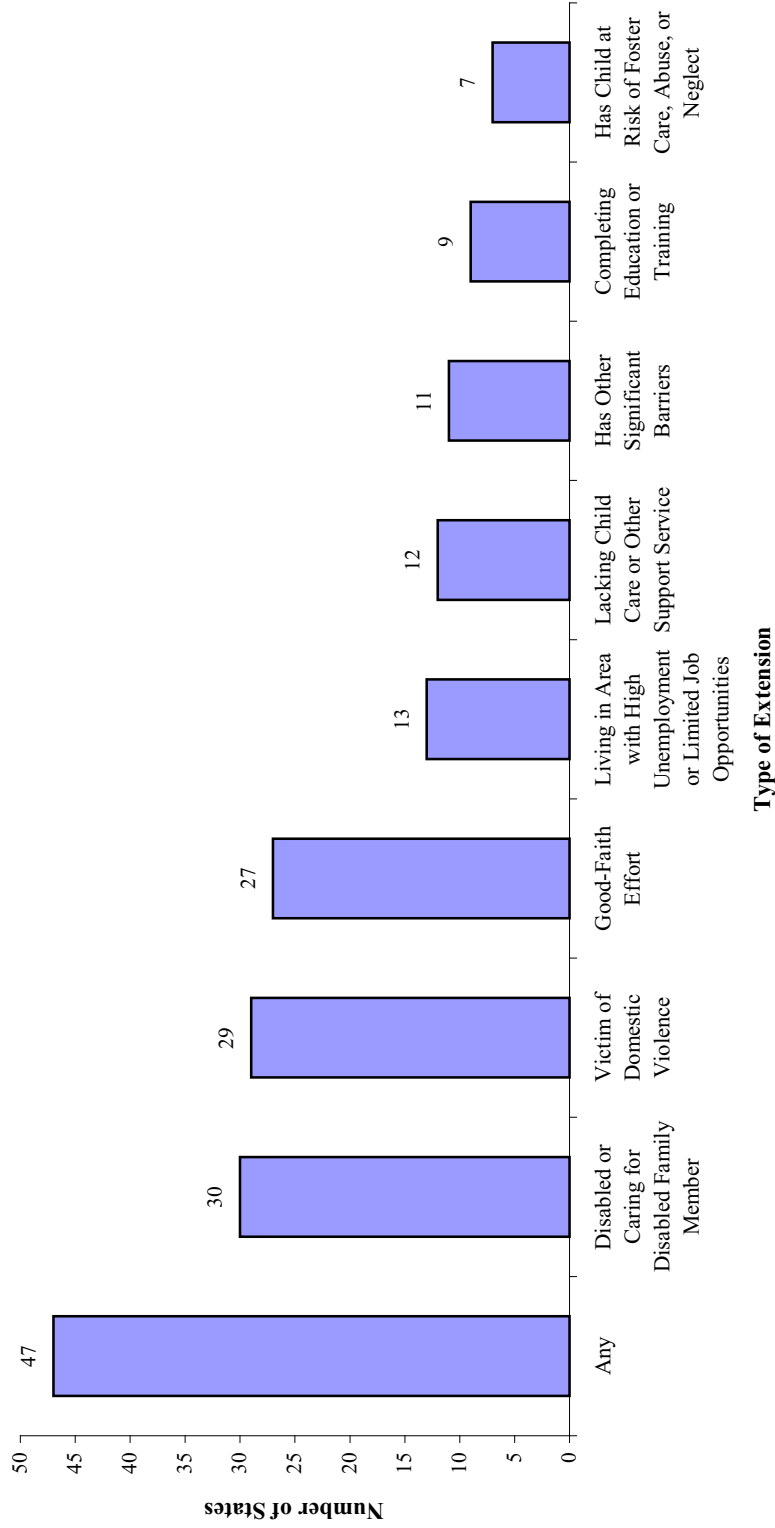
As noted earlier, many states exempt families if the caretaker is disabled or caring for a disabled family member. Some of these states also offer extensions for disabilities. Other states offer extensions but not exemptions. In particular, 20 states offer extensions for having a disability, but not exemptions; 16 states (including the District of Columbia) offer exemptions only; and 10 states offer both extensions and exemptions. Five states use the extension period as an opportunity to help clients obtain disability benefits, such as Supplemental Security Income (SSI).

The state policy to extend benefits to domestic violence victims generally parallels the federal exemption, which is based on the family's need for continued assistance when they are reaching the time limit, rather than on prior circumstances. Twenty-nine states list this criterion as a reason for extending benefits. In New York, a family needs to provide medical documentation that the adult is unable to work for up to six months because of the abuse; however, they are not required to provide documentation that the abuse occurred. In Maine, clients must provide "reasonable and verifiable evidence" of domestic abuse.

Twenty-seven states provide extensions to welfare recipients who have made a "good-faith effort" but were still unable to find employment and leave welfare. This criterion is more subjective than others, often requiring that the caseworker make a judgment regarding whether

**Welfare Time Limits**

**Figure 2.3  
Common State Extension Criteria and Number of States Applying Them**



NOTE: "Other significant barriers" include low literacy levels, substance abuse, and homelessness.

the client was compliant. Some states offer guidelines to determine compliance, generally linking it with the number of times that a client was in sanction status or whether the client is participating in a work activity in the final month of assistance (see Chapter 4).

Thirteen states provide extensions when conditions in the local labor market make it difficult for recipients to find employment, which is generally determined by the local unemployment rate. Twelve states provide extensions to clients who are unable to secure child care or other support services, and eleven states provide extensions for other barriers to employment (often including individuals receiving substance abuse treatment, or, in Missouri and Rhode Island, clients with low literacy levels). Nine states offer extensions to clients who are completing an education or training program, and seven do so if a child is at risk of foster care placement.

## **Structuring the State's System of Funding Assistance**

The final TANF regulations<sup>2</sup> gave states considerable flexibility in terms of how they can structure their TANF programs to meet state goals as well as the requirements established in PRWORA. This section describes what the TANF regulations allow and how states are using this flexibility.

### **Strategies for Using MOE Funds**

The requirements imposed in PRWORA focus on work participation, child support assignments, data collection, and MOE obligations.<sup>3</sup> However, the requirements that apply depend on two factors: the funding source and the type of benefits or services that are provided.

The final TANF regulations outline three ways that states can allocate state MOE dollars. States can (1) *commingle* all or some of their state MOE funds with federal funds, (2) *segregate* all or some of their state MOE funds from federal funds, and (3) create a *separate state program* funded solely with state MOE dollars. As discussed below, different requirements are imposed in each case.

It is also important to consider the type of benefits or services being provided with the funds, because different program requirements apply. Commingled and segregated funds can be used to provide TANF assistance and TANF nonassistance. *TANF assistance* includes cash payments, vouchers, or other forms of benefits designed to meet the family's ongoing needs.

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<sup>2</sup>64 Federal Register 17719-17931 (April 12, 1999).

<sup>3</sup>The MOE obligation requires states to spend at least 80 percent of the amount they spent in fiscal year 1994, or incur a penalty. States that meet the work participation requirements need spend only 75 percent of the amount spent in 1994.

*TANF nonassistance* includes services and benefits that do not provide ongoing basic income support. The most common types of TANF nonassistance are support services such as child care provided to families who are employed, but it also includes work subsidies, nonrecurrent short-term benefits lasting no more than four months, refundable Earned Income Credits (EICs), and other employment-related services and benefits. When assistance is provided from a separate state program, this is referred to as *non-TANF assistance*, and it can include basic income support.

Figure 2.4 outlines the program requirements that apply to each type of assistance within each of the three funding sources. As this exhibit shows, the 60-month federal time limit applies only when federal or commingled funds are used to provide TANF assistance. The work participation, child support assignment, and data collection requirements apply when federal, commingled, and segregated funds provide TANF assistance. None of these requirements applies to TANF nonassistance or to non-TANF assistance; however, all state dollars expended count toward the state MOE requirements.

Thus, a state that wants the federal time limit to apply to all assistance provided to its welfare caseload may opt to commingle all of its state MOE funds with federal funds. Another state may choose to provide segregated funding to some families to stop the federal clock. And a third state may be concerned about meeting its work participation requirements and thus might create a separate state program to take families who meet certain criteria out of the calculation. That state might apply its own time limit to these months, even though the federal clock will not run.

### **Approaches Taken by States**

The survey revealed that over half the states (30) are taking advantage of the flexibility offered to them and are implementing a segregated state program, a separate state program, or both. Overall, 12 states have segregated their state TANF funding from federal funding, and 27 states have created separate state programs to provide assistance to some families. Among all states, about 3 percent of all cases are funded with segregated funds and 4 percent are funded under a separate state program.<sup>4</sup>

These states are structuring their TANF programs in a variety of ways, and several of their strategies are worth noting. Figure 2.5 shows the types of families who are being targeted by these segregated and separate funding streams. (Appendix Table A.5 describes individual state programs.)

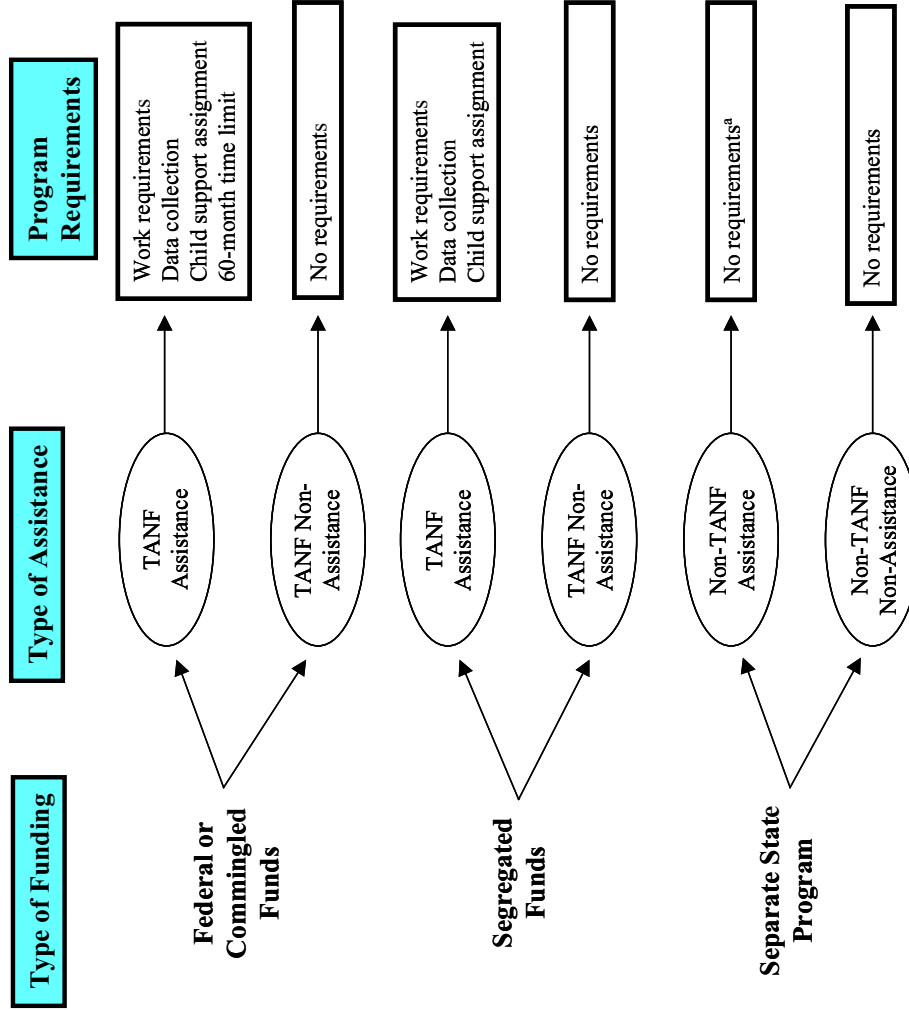
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<sup>4</sup>Among just those states that use segregated programs, about 8 percent of all cases are funded with segregated funds. Among states that have separate state programs, about 7 percent of all cases are funded from these separate state programs.

## Welfare Time Limits

Figure 2.4

### Types of Funding, Assistance, and TANF Requirements



NOTE: <sup>a</sup> If states wish to receive the caseload reduction credit or the high performance credit they are required to collect data on families receiving non-TANF assistance.



ued to apply a state time limit on the assistance provided. Thus, these two-parent families will reach the state time limit but not the federal time limit.

- **Noncitizens.** Most people who are not citizens of the United States cannot receive assistance with federal TANF funds. Sixteen states have chosen to provide assistance to families with noncitizens, either through segregated funds or separate state programs. Most states have opted to transfer these cases to a separate state program, and most apply a state time limit on these benefits. One challenge for states that continue to provide assistance to noncitizens is dealing with mixed families (sometimes referred to as “blended cases”) in which some members are eligible for federal TANF assistance because they are U.S. citizens while other family members are not eligible for TANF, based on their alien status. Some states have opted to use segregated or separate state funds for all families in which any member is a noncitizen, while other states have created subfamily groups in which some individuals are supported with state MOE funds only.
- **Employed cases.** Six states have provided state-funded assistance to individuals with earnings. By funding these families with segregated funds, the state can stop the federal time limit clock but still include them in its work participation calculation. Essentially, this is an incentive to families who are working. In addition, the benefit levels may be relatively low as a result of the family’s earned income, and states may not want clients to lose months on the clock for low benefit amounts. Arizona, for example, stops the clock when benefits fall below \$100 in any month.<sup>6</sup>
- **Participants in postsecondary education programs.** Four states transfer cases to a separate state program when the head of household is participating in a postsecondary education program. Such participation stops both the federal and the state clocks. These states have created separate programs because the federal TANF regulations do not encourage the use of postsecondary education to satisfy the requirements for work-related activity.
- **Exempt cases.** Seven states have used the tactic of transferring all cases that are exempt to either a segregated or a separate state program, allowing them to stop both the state and the federal clocks. This might simplify the management of individuals’ time limits, since the state and federal clocks coincide.

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<sup>6</sup>Louisiana exempts families with earned income, but continues to use federal funds.



## **The Process for Determining the Outcome of Cases Reaching the Time Limit**

What happens after a client is assessed varies by state. In 24 states, clients must request an extension and, in some cases, file an application (see Appendix Table A.7). In some states, the case automatically closes at the time limit if the client fails to contact the welfare agency to request continued assistance. For example, Montana sends a notification to clients who are two months shy of reaching the limit, outlining the criteria for receiving an extension and asking those who qualify to request an application. Only the cases of families who formally apply for an extension are reviewed.

Other welfare agencies evaluate every case that has accumulated the maximum number of months, and they make an independent assessment of each client's eligibility for additional assistance based on the information they have collected during the client's time on welfare.

Appendix Table A.7 describes how states decide about extensions. In some states, the decision-making process is quite elaborate and involves multiple staff. For example, Mississippi employs a three-step process: First the caseworker makes a recommendation; then the county director agrees or disagrees with that recommendation; and finally the regional director approves or denies the extension. Similarly, in Florida, contracted case managers make the recommendation for a hardship extension; then supervisors must approve the recommendation; and ultimately the Regional Workforce Board or its designee approves or denies the extension.

Other states rely primarily on case managers to determine who will get an extension. Four states indicated that they determine extensions this way. In another three states, case managers are sometimes responsible for making extension decisions, but this depends on the circumstances of the case or on the county's decision. In Arizona and Washington, the consequence of reaching the time limit and not receiving an extension is a reduction in the benefit level rather than a termination. This is not so different from a sanction, the imposition of which is regularly the responsibility of caseworkers. Other states may believe that their established criteria provide few opportunities to deviate in deciding extensions. The District of Columbia, for example, consults its automated case management information system, which is used by contractors to record clients' participation and compliance in work activities. According to the District, caseworkers have little discretion in assessing whether a client is eligible for an extension; instead, their decisions rely on the information in the automated system.

In several states (including Montana and South Dakota), only a handful of individuals have reached the time limit, and so the state office reviews each case independently and makes an extension decision. This policy may change when more clients begin to reach the time limit and states have developed clear guidelines for granting extensions.

Almost all states provide some opportunity to appeal an extension decision. In most states, the process is similar to appealing an eligibility determination: The client can request a fair hearing. Sometimes that hearing takes place after the client's clock has run out, and benefits are terminated until a decision is reached. In other instances, the hearing takes place prior to termination, and benefits may continue while the case is being reviewed.

## Chapter 3

# How Many Families Are Reaching Time Limits?

This chapter provides information on how many families had reached a time limit as of December 2001 and on whether they continued to receive assistance after reaching the limit. It first focuses on how many families have reached the federal time limit and then provides information on how many have reached a shorter state time limit. Information presented in this chapter is based on responses to the state survey conducted in early 2002.

### Key Findings

- Nationwide, just over half of all families receiving welfare are subject to the federal 60-month time limit. Of the families who are not subject to the federal limit, three-fourths are child-only cases in which no adult is part of the assistance unit.
- By the end of 2001, approximately 231,000 families had reached either a federal or a state time limit. The majority of them had reached a state time limit of fewer than 60 months.
- Only about 54,000 families had reached the federal 60-month time limit by the end of 2001. Of this total, 81 percent were in New York State, which allows families to receive state and locally funded benefits after reaching the federal time limit. Families had begun to reach the federal time limit in less than half the states.
- Approximately 93,000 families have had their benefits canceled because of a time limit, and another 38,000 have had their benefits reduced. The vast majority reached state time limits of fewer than 60 months, and most case closures were concentrated in a few states. Many of the families whose cases have been closed can return to welfare under certain conditions.

### Accumulating Months of Federal TANF Assistance

#### Reasons Why Months May Not Count

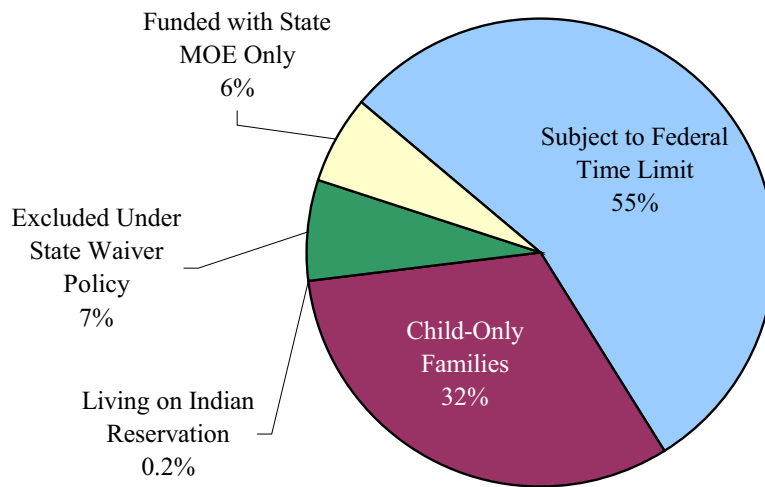
As discussed in Chapters 1 and 2, there are four reasons why a family can receive assistance for a given month without it being counted toward the federal time limit: (1) it is a child-only case; (2) the family is living on an Indian reservation that is experiencing an unemploy-

ment rate greater than 50 percent; (3) the family is exempt from having months counted under a state waiver policy; or (4) the state is funding the assistance exclusively with state maintenance-of-effort (MOE) funds. Figure 3.1 shows that, nationally, 55 percent of all TANF and non-TANF assistance cases were receiving TANF assistance that counted toward the federal clock in the fall of 2001. Appendix Table A.8 presents the proportions for each state, which vary substantially and range from no cases (in Indiana, where all TANF recipients were exempt because of a state waiver) to 88 percent (in Iowa).<sup>1</sup> In Arizona, only 6 percent (families living in Maricopa County and participating in Arizona Works, a pilot program) had months that counted toward the federal clock due to the state waiver.

### Welfare Time Limits

Figure 3.1

**Proportions of TANF and Non-TANF Assistance Cases Subject to the Federal Time Limit or Not, September-to-December, 2001.**



Nationally, about one-third of all TANF cases were exempt from the federal time limit because they were child-only cases in the fall of 2001; that is, only the children, and not the

<sup>1</sup>Oregon also reported that no cases were subject to the federal time limit because of a state waiver. Oregon's waiver policy is such that only a few months would count toward the state and federal limits. (Compliant families are not subject to either time limit under the waiver and noncompliant families are subject to full-family sanctions.) The state could not provide information on the small number of families whose assistance counted toward the federal clock.

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 personally, although the children remained eligible. The parent might have been ineligible because she or he was receiving Supplementary Security Income (SSI), was a qualified or unqualified noncitizen, or had been sanctioned for not complying with TANF program requirements.

Seven percent of families were exempt because they were living in a state that was operating under a state waiver. About 6 percent of the families were exempt because their assistance was paid for with state MOE funds exclusively. Some of these cases — primarily the noncitizen and two-parent family cases — were subject to state time-limit policies.

Less than one-half of 1 percent of all TANF families were exempt because they were living on an Indian reservation experiencing high unemployment. These cases were concentrated in three states — Montana, North Dakota, and South Dakota — which exempted between 20 percent and 30 percent of their caseloads for this reason. It is important to note that most states had no system in place to keep track of who met this criterion.

### **Accumulating Months Over Time**

The discussion above focuses on what was happening in a given month. In understanding the effects of time limits, it is also important to examine the extent to which individuals accumulate a substantial number of months of assistance over time. States' TANF programs were certified between September 1996 and July 1997. Therefore, the federal clock began in September 1996 in a handful of states, and the first month in which recipients in any state could have accumulated 60 months under the federal clock was in August 2001. These cases would include only individuals who had received 60 cumulative months, with no break in assistance. By December 2001, families in 22 states had begun to reach the federal time limit.<sup>2</sup>

Table 3.1 shows the number of families nationwide who reached month 60 of assistance in each of the three months, September to November 2001. As this table shows, nearly 4,000 families received 60 months of assistance by September. By October, another 2,000 families had accumulated 60 months. The number jumped dramatically to 46,000 families in November

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<sup>2</sup>This does not include five states where a limited number of families reached the federal time limit because they moved from states that had a state plan certified by December 1996 or California and Delaware, which could not supply estimates of the number of families reaching the federal time limit. Families in California began accumulating 60 months of federal assistance by November 2001, but will not reach the state 60-month time limit until January 2003. The state provides assistance to families who reached the federal but not the state time limit using state MOE dollars. Also, several of the states in which no families had reached the federal time limit have shorter state time limits. Thus, families have reached either the federal time limit or a shorter state time limit in 35 states.

2001, largely because New York State had started the clock in December 1996. In November 2001 — the earliest that any recipients could receive 60 months of assistance — about 44,000 New York families had accumulated their 60th month. These families were typically long-term recipients who had been receiving welfare benefits for some time before the clock started.

Although it is difficult to estimate the number of new families who will reach the federal time limit in future months, it is estimated that, in each month in 2002, the number will be in the thousands. In February, families in the District of Columbia and Pennsylvania will begin to accumulate 60 months of assistance, potentially adding 5,000 families to the total between the two jurisdictions. In the summer of 2002, several states with relatively large TANF caseloads, including Minnesota, Missouri, and Washington, will reach the federal time limit.

While the numbers who reached the time limit in the fall of 2001 are significant, the proportion of TANF families who had accumulated 60 months is low relative to the entire TANF caseload (which was over 2 million in March 2001). States noted that welfare has always been a program that offers temporary assistance for most recipients — most of whom cycle on and off or leave welfare due to changes in life circumstances (and thus could not have reached the time limit by the fall of 2001.) Other states indicated that important factors preventing a

### Welfare Time Limits

**Table 3.1**

#### **Number of Families Who Accumulated 50 to 60 Countable Months of Assistance from September to November 2001<sup>a</sup>**

<b>Number of Months Accumulated</b>	<b>September 2001</b>	<b>October 2001</b>	<b>November 2001</b>
50	14,705	7,372	6,794
51	10,112	14,748	6,981
52	5,006	10,135	14,095
53	8,059	5,498	9,657
54	6,302	8,516	5,344
55	12,349	7,056	8,336
56	7,163	11,724	6,826
57	12,572	7,297	10,965
58	46,180	11,953	6,965
59	2,182	47,526	11,277
60	3,974	2,113	45,866

NOTE: <sup>a</sup>Several states — California, Delaware, Louisiana, Maine, Nevada, and West Virginia — could not supply this information, so this table underestimates the number who have accumulated months toward the federal time limit.

large proportion of families from reaching the federal time limit were exemptions that stopped the clock for many families (for example, for child-only cases), state waivers, shorter time limits, and full-family sanctions for noncompliance. Several states mentioned that their own strong work programs coupled with a strong economy had helped families leave welfare for employment.

## **What Happens to Families Who Reach the Federal Time Limit?**

By December 2001, about 54,000 families had reached the federal time limit. Figure 3.2 shows their status in the following month: about 17,000 families (31 percent) continued to receive TANF assistance, while 37,000 families (69 percent) left TANF assistance, although most continued to receive some benefits. Appendix Table A.9 presents similar information for each state.

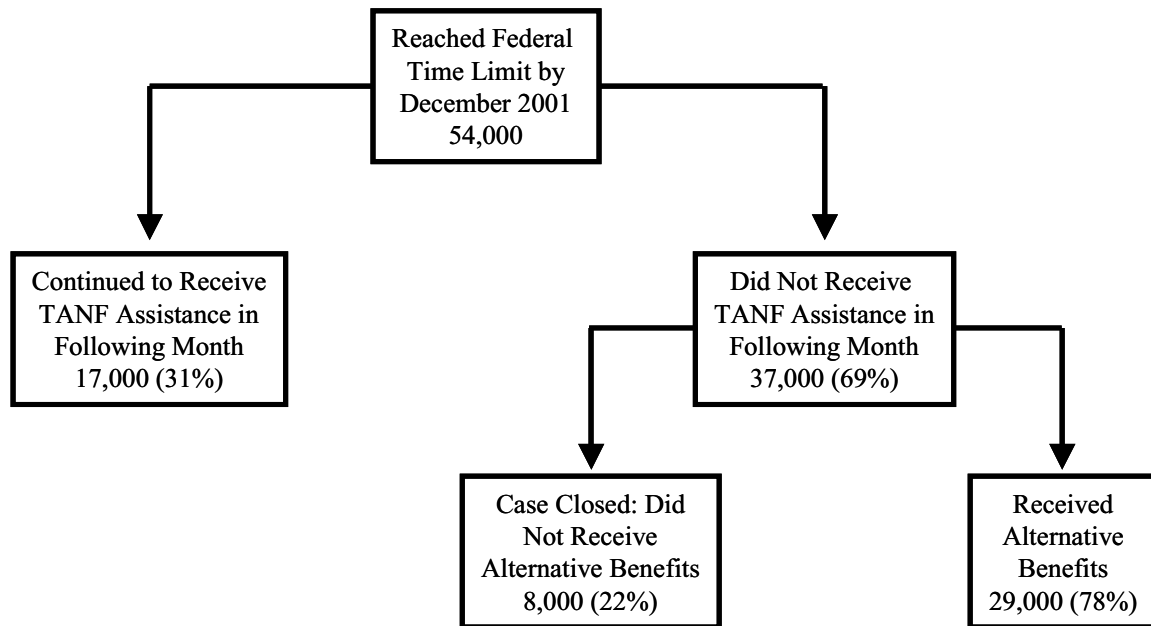
In some states, families who exit TANF are eligible for non-TANF cash assistance or other benefits designed to provide basic income support. Overall, 78 percent of all families who left after reaching the 60-month federal time limit were receiving some type of alternative benefit in the following month. This relatively high percentage was driven primarily by New York's policy of providing safety net assistance to all cases that have been terminated, apply for assistance, and remain eligible. In addition, Hawaii provides an employment subsidy to about half the families who reach the federal time limit, using state funds. The subsidy is provided for each month that recipients remain employed 20 hours per week, when there is at least one categorically eligible child in the home and the family's gross income does not exceed 185 percent of the standard of need. Families are eligible for this supplement for a maximum of 24 months after month 60. Hawaiian families who have a continuing need for cash assistance at the end of their 60-month time limit may apply for safety net assistance, which includes vouchers for rent and utilities as well as a cash component. At least three other states (Colorado, Connecticut, and Maryland) provide alternative benefits for some families who leave TANF, although either these states could not provide estimates of the number of families receiving these benefits or had no families that reached the federal time limit.

States may also provide TANF nonassistance to families after they have left welfare, typically to provide them with such support services as child care and transportation while they are working. Unfortunately, states were generally unable to provide information on the extent to which support services or job search assistance was provided to individuals who reached the federal time limit.

## Welfare Time Limits

Figure 3.2

### Status of Cases After Reaching the Federal Time Limit<sup>a</sup>



NOTES: <sup>a</sup>Figures do not include California for all months and Alaska, Michigan, and New York for December 2001.

### Families Who Continue to Receive TANF Assistance

Close to one-third of all families who reached the 60-month time limit continued to receive TANF assistance in month 61. States were able to provide continued TANF assistance using federal funds because only a small share of their caseload had reached the time limit, so these cases fell almost exclusively within the 20 percent permitted to receive federal assistance beyond 60 months. A very small percentage of families (less than half of 1 percent) received an extension based on domestic violence. Some states noted that because they were not approaching the 20 percent cap, they were not recording domestic violence exemptions and extensions. Regarding this category, one state noted that its system records an extension but does not supply the reason, in order to protect clients' confidentiality.

Child-only TANF cases are exempt from the federal time limit and thus will never reach it. Some states have implemented policies that remove the adults' needs from the grant at

or approaching the time limit but continue to provide assistance to the children. They might use state MOE funds or their federal block grant funds for these child-only cases. So far, only half of 1 percent of cases that have accumulated 60 months of TANF assistance are child-only cases. This percentage may grow, however, as families begin to reach the federal time limit. California, the District of Columbia, Rhode Island, and Washington all have plans to remove adults from the assistance unit, although they might transfer these cases to a segregated or separate state program.

States have the option of using segregated funds to pay for TANF assistance after the federal time limit is reached, although only California has exercised this option. Other states may reexamine it and the other options allowed under PRWORA when more families reach the limit and states are at risk of exceeding the 20 percent cap.

## **What Happens to Families Who Reach a Shorter State Time Limit?**

Families on welfare have been reaching time limits of fewer than 60 months since 1996, when some families began reaching shorter limits prescribed under state waivers to the AFDC program. Other states established shorter time limits when they implemented their TANF programs. In all, 20 states have either termination or reduction time limits that are shorter than 60 months.<sup>3</sup> In addition, although Wyoming implemented a 60-month time limit, it counted up to 36 months of assistance that was provided before February 1997; as a result, families in Wyoming began hitting the state's 60-month time limit before the fall of 2001.

In these 21 states, approximately 176,000 families have reached the state time limit.<sup>4</sup> Twelve of the 21 states have "periodic time limits," whereby the family loses benefits for a fixed period of time after which they can begin receiving assistance.<sup>5</sup> For example, in Nevada, families receive assistance for 24 months and then are ineligible for 12 months. In Louisiana and Massachusetts, families are eligible for 24 months in a given 60-month period. Seven states have no periodic time limits, but a lifetime limit that is shorter than 60 months. Of the remaining two states, Connecticut imposes a 21-month time limit, but grants renewable six-month extensions to qualifying families (discussed in more detail in Chapter 4); it imposes a lifetime limit of

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<sup>3</sup>Chapter 2 categorizes 19 states as having a termination or reduction time limit of fewer than 60 months. The total of 20 also includes Texas, which has both a 60-month termination time limit and shorter reduction time limits.

<sup>4</sup>This total does not include the number of families who reached shorter time limits in Delaware and Nevada. These two states could not provide this information.

<sup>5</sup>This does not include Delaware, which had implemented a periodic time limit prior to January 2000 (a 48-month limit after which families were ineligible for 96 months) but currently has a fixed lifetime limit of 36 months.

60 months. Wisconsin imposes a 24-month time limit associated with each of the four program “tiers” (tiers entail different levels of cash assistance services and requirements, depending on the type of service a client needs). Some individuals may move from one tier to another and thus may be eligible for more than 24 months of assistance.

### **Families Who Leave TANF After Reaching a State Time Limit**

Of the roughly 176,000 families who reached a state time limit shorter than 60 months, at least 85,000 families had their TANF cases closed (without receiving an extension), and about 38,000 families had their benefits reduced.<sup>6</sup> These are rough approximations based on inconsistent state reporting. The figures likely underestimate the number of case closures in several states and overestimate the number in a few others. For example, in most states with shorter time limits, the number of case closures was calculated by subtracting the number of extensions granted from the number of cases reaching the time limit. This captures the number of cases closed without an extension, but undercounts total closures because it omits cases that were closed because of the time limit after receiving an extension. A few states were unable to report the number of extensions, so the figures reflect the total number of cases closed because of the time limit. This method results in an overestimate if the case closure figures are not unduplicated (that is, if families who exit because of the time limit, return to welfare, and then exit again because of the time limit are counted twice). This is a common occurrence in some of the states that only provided duplicated counts of case closures.

### **Families Who Continue to Receive Assistance**

Of the 176,000 families who reached a state time limit shorter than 60 months, at least one-quarter of the families received an extension. As Figure 3.3 shows, nearly half the extensions were provided because the families were making a “good-faith effort,” meaning they were complying with program requirements but were unable to find employment that would enable them to become self-sufficient.

Appendix Table A.11 presents extension information by state. As this table shows, the reason for extension varied widely across the states. Making a good-faith effort was the primary reason that Connecticut provided extensions (see Chapter 4). Across the 21 states, about 12 percent of all families who received an extension were disabled or caring for a disabled family member; this was the primary reason why Idaho and Utah granted extensions. Another 5 percent of benefits were extended due to high unemployment, the primary reason for extensions in Texas. Other reasons for extensions include completing an education or training program (9 percent) and being unable to achieve self-sufficiency (1 percent). About three-quarters of all

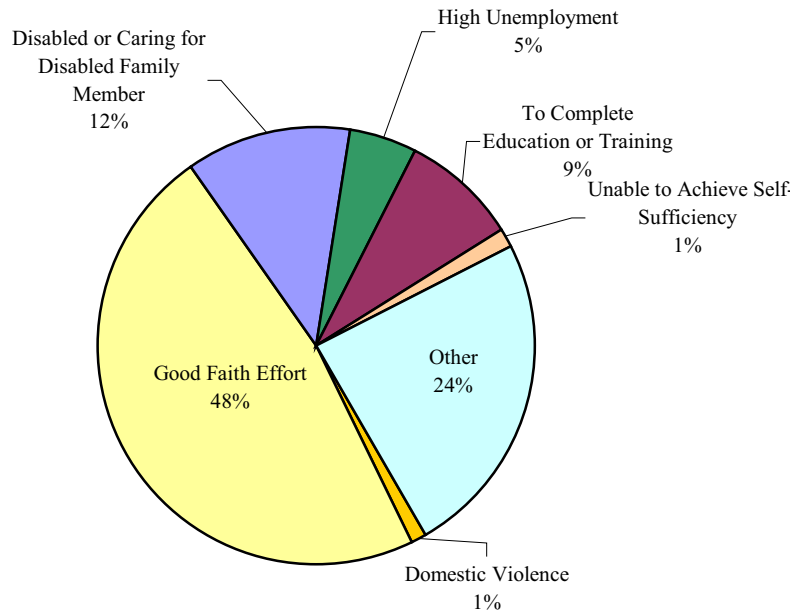
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<sup>6</sup>Data on case closures and terminations were unavailable for Wisconsin.

## Welfare Time Limits

Figure 3.3

### Reasons for Providing Extensions When Families Reached a State Time Limit



extensions granted by Arkansas were provided to protect the child from risk of abuse or neglect (categorized under “other” in Figure 3.3). Ohio’s TANF program is county-administered, and counties are allowed some latitude in establishing their own criteria for extensions. Besides the reasons already mentioned, possible criteria include involvement by Child Protective Services, age, homelessness, pregnancy, substance abuse, teenage parenthood, and barriers related to transportation, dependent care, or criminal history.

### Reapplying After Being Terminated

Families whose benefits have been terminated because of a state’s shorter time limit might be able to return to the welfare rolls under various circumstances. As discussed earlier, several of the shorter time limits are periodic limits that allow families to return to welfare after staying off assistance for a specified period. In many other states, families whose cases are closed because of the time limit can return to welfare if they subsequently meet the criteria for an extension or exemption. For example:

- Connecticut allows families to reapply for assistance if they have income below the payment standard, as long as they had made a good-faith effort to obtain and retain employment while they were on assistance. Even if they had not established good faith, some can return to the rolls if they are experiencing “circumstances beyond their control.” These rules apply to a first, second, or third extension. To obtain a fourth or subsequent extension, the family must also be experiencing domestic violence, or be working at least 35 hours per week (fewer than 35 hours if there is a documented medical condition), or be experiencing at least two other barriers to employment.<sup>7</sup>
- In Nebraska, families can reapply for assistance if they experience an “economic crisis.” Generally, this means that they have lost their job through no fault of their own.
- In South Carolina, families can reapply for assistance if they meet specific criteria like the following: an adult is determined to be mentally or physically disabled; an adult is providing full-time care for a disabled family member; the parent of the child is a minor under age 18 and has not completed high school; child care or transportation is not reasonably available to permit participation in work requirements; the adult caretaker relative is not the parent of the child and is not included in the assistance unit; an adult member of the assistance unit is providing a home for and caring for a child whom the state has determined to be abandoned and for whom the alternative placement is foster care.

## **How Many Families Have Lost TANF Benefits Due to Time Limits?**

By December 2001, approximately 231,000 families had reached the federal *or* a state time limit (Figure 3.4). Of this total, about 93,000 cases were closed at the time limit, without an extension or safety net benefits, and another 38,000 had their benefits reduced.<sup>8</sup> Nearly 29,000 cases (most of them in New York) had their TANF case closed but were receiving alternative benefits through a state or locally funded program. The remaining 71,000 cases that reached

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<sup>7</sup>The additional criteria for a fourth or subsequent extension did not take effect until late 2001. Families began reaching Connecticut’s time limit in 1997.

<sup>8</sup>These are rough approximations based on inconsistent data reporting. Four states with shorter time limits could not provide an estimate of the number of case closures without an extension; instead, these estimates reflect the number of case closures. Two states had only duplicated counts of the families reaching the shorter time limit and having their cases closed.

Welfare Time Limits

Figure 3.4  
Initial Outcomes for Families who Reached a Time Limit by Late 2001





- **States that liberally grants extensions:** Several states extended most families' benefits at the time limit. Kansas, Maine, and Mississippi continued providing benefits to virtually all recipients who reached the time limit. Maryland continued to provide assistance to all individuals who were complying with the program requirements. Florida, Georgia, Louisiana, Nebraska, New Hampshire, Oklahoma, and Utah gave extensions to the majority of families who reached the time limit. These families may later have been terminated.
- **States that have terminated most families' benefits:** The time limit resulted in case closures for most families in Arkansas, Connecticut, Iowa, Kentucky, North Carolina, Ohio, South Carolina, Tennessee, Virginia, and West Virginia. Most of these states had provisions that allowed families who later qualified for an extension to apply for benefits, although it is unknown to what extent this occurred.

For several states, only a small number of families have reached the time limit, and the state is still developing policies and processes for determining which families will be granted extensions and what other types of assistance might be available to families whose case closes as a result of the state or federal time limit. In the coming year, it will be important to monitor the experiences of these states and the states where families have yet to reach the time limit.

## Chapter 4

# The Implementation of Time Limits

Chapters 2 and 3 provide a broad overview of the states' time-limit policies and experiences. This chapter delves more deeply into how time limits are implemented, focusing on eight states where substantial numbers of families have reached 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. Complexities arise because the welfare system, in addition to preparing recipients for self-sufficiency, also continues to serve its original purpose of protecting children from severe destitution. No governor or welfare administrator wants to see large numbers of vulnerable families lose their benefits without jobs or alternative sources of support. Thus, welfare agencies try to minimize the number of families who reach time limits unprepared for self-sufficiency, and they create exceptions (exemptions and extensions) to protect recipients who are unable to achieve it despite diligent efforts.

But how do staff motivate recipients to take action when the deadline may seem far away and when other policies such as earned income disregards may send conflicting messages? How do administrators make consistent, equitable judgments about who is unable to work and who has made a good-faith effort to find a job when these concepts are inherently fuzzy and subjective? And how do agencies strike a balance between implementing reasonable safeguards and weakening the message that welfare is temporary? Clearly, examining implementation at the “street level” is crucial to understanding time limits.

The information presented in this chapter is based on interviews with welfare administrators, supervisors, and line staff in eight states. As discussed in Chapter 1, MDRC conducted limited field research exclusively for this report in five states: Georgia, Louisiana, Massachusetts, New York, and South Carolina. The chapter also draws on separate MDRC studies in Connecticut, Florida, and Ohio.<sup>1</sup> In all eight states, the research focused on particular cities and selected welfare offices in those cities. The findings illustrate the diversity in the implementation of time limits, but they are not necessarily representative of implementation nationwide or even throughout the eight states. Appendix B describes the field research and includes a brief

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<sup>1</sup>Specifically, the chapter includes information from the following MDRC studies: The Project on Devolution and Urban Change (Cuyahoga County, Ohio [Cleveland], and Miami, Florida); 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.

profile of time-limit policies and practices in the eight states. Table 4.1 provides a quick summary of each state’s policy.

## Welfare Time Limits

**Table 4.1**

### Brief Summary of Time-Limit Policies in the States Discussed in This Chapter

State	Time Limit
Connecticut	21-month limit, with extensions 60-month lifetime limit with few exceptions
Florida	24 months in a 60-month period for most recipients 36 months in a 72-month period for the most disadvantaged 48-month lifetime limit
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
Ohio	36 months followed by 24 months of ineligibility 60-month lifetime limit
South Carolina	24 months in a 120-month period 60-month lifetime limit

As Table 4.1 makes clear, the chapter mostly pertains to state time limits of fewer than 60 months. New York has a 60-month limit, but limits in the other states range from 21 months (Connecticut) to 48 months (Georgia). This is not surprising, because, as noted in Chapter 3, a large majority of the families who have reached time limits nationwide have reached shorter state time limits. But the focus on shorter time limits in this chapter means that the practices discussed may not reflect the implementation of the federal 60-month limit.

The chapter is organized around 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 the time limit is reached.

## **Key Findings**

Key findings presented in this chapter include:

- The implementation of time-limit policies varies considerably across the eight states, and even from welfare office to welfare office within some of the states.
- In trying to send a clear message, welfare staff present simplified versions of time-limit rules, typically ignoring such complexities as periodic time limits and deemphasizing the possibility that extensions may be granted.
- All eight of the states grant time-limit exemptions or extensions for recipients with medical problems that limit their employability, but the processes for identifying and verifying such problems are quite different from state to state.
- Welfare staff more carefully monitor a case as it begins to approach the time limit. This serves the dual purpose of targeting services to recipients who need them and assessing whether individuals are complying with program rules.
- Most of the eight states 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 who has played by the rules varies considerably, although many states base the decision on recipients' current willingness to comply with the program's work requirements rather than on their past history.

## **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 message they send.

### **How Welfare Departments Inform Recipients About Time Limits**

Welfare agencies inform recipients about the time-limit policy and about each recipient's status (for example, how many months of benefits have been used and how many remain). In all eight states studied, line staff discuss time limits when a parent applies for cash benefits and at various points thereafter.

Staff consistently report that recipients tend not to focus on the time limit while it is still far away, so it is critical to repeat and reinforce the time-limit message. In-person appointments, whether focused on eligibility or employment issues, present an opportunity to drive home the message. Mandated reviews may occur more frequently as recipients get closer to the time limit. In Massachusetts, “transition reviews” are initially scheduled every 6 months but become more frequent as recipients pass the 12-month mark, if they are not working or participating in an employment activity. The reviews focus on the recipient’s status vis-à-vis the time limit and her plans for supporting her family after leaving cash assistance. Such reviews are particularly important in Massachusetts, because a large share of the recipients who are subject to the time limit (that is, families with children between ages 2 and 5) do not have a work requirement.

As discussed in Chapter 2, welfare departments also use formal notices and letters to inform recipients how much time they have used and how much they have left. In Ohio and South Carolina, recipients are told how many months of assistance are remaining when they receive each benefit check and through many other notices from the welfare department. In other places, recipients receive status reports when they begin to approach the time limit. For instance, in Georgia, recipients get a system-generated notice at 12 months, 36 months, and every month thereafter as they approach the 48-month limit. In Louisiana, where there is 24-month limit, recipients get an official notice at the 18-month point. In New York, standard letters are sent at 54 and 58 months. Massachusetts officials noted that they rely less on letters because recipients’ exemption status can change frequently, making it difficult to ensure that letters are accurate.

Welfare offices also “advertise” time limits and other features of new policies through posters and banners hanging in waiting rooms and in staff offices. “The clock is ticking” is a common sight on welfare office walls and a catch-phrase used by many caseworkers. Images of ticking clocks and hourglasses have become familiar.

There are several challenges to reinforcing the time-limit message. For example, in Connecticut, MDRC’s evaluation found that staff informed recipients about the time limit at application and at redetermination appointments but had relatively infrequent contact with clients otherwise. In order to facilitate serving large numbers of people, the state’s welfare reform program was designed so that staff and recipients did not necessarily need to interact frequently, which gave staff fewer opportunities to reinforce the time-limit message.

Another challenge arises because, in many states, employment services are delivered through an array of subcontracted service providers or through the workforce development system. It can be difficult for a welfare agency to ensure a strong, consistent message when recipients may interact more regularly with staff from other agencies.



Sometimes, simplified language can have unintended side effects. For example, in Atlanta, caseworkers said that they tell recipients, “TANF is a four-year program.” Similarly, in Florida’s Family Transition Program (FTP), some staff told recipients the date — two or three years in the future — by which time they would need to leave welfare. MDRC found that formulations like these may lead some recipients to adopt the time limit as their personal schedule for leaving welfare, rather than trying hard to leave earlier.<sup>5</sup>

**Messages about benefit extensions.** Although written materials usually explain all rules about time limits, staff in most of these eight states avoid discussing the possibility of extensions until recipients are very close to the time limit. Many workers believe that talking about extensions will undermine recipients’ motivation and sense of urgency. As one Massachusetts caseworker put it, “Talking about extensions would defeat the purpose of the time limit; extensions are supposed to be for emergencies.” In Florida’s FTP, extensions were discussed so infrequently that many recipients did not know they were possible.

Ultimately, however, messages about extensions will inevitably be shaped by the way that the extension policy is implemented. When a time limit is first imposed and no one has reached it, both staff and recipients are uncertain what will happen (that is, who or how many people will be allowed to continue receiving benefits after they reach the time limit). Many states — perhaps intentionally — do not finalize their procedures for families reaching the time limit until just before the first group reaches it, so staff do not know which rules will apply. During this early period, a message that deemphasizes extensions is credible. In fact, some Connecticut staff reported that 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.

After families start reaching the time limit, the grapevine takes over, and staff must adapt their message to the reality. This happened in New Orleans. Staff initially warned that the clock was ticking, but as word spread about the extension policy, they stopped using “the clock” as a threat. Now they try to send the message that “it gets complicated after 24 months,” implying that recipients should get off assistance before then. Similarly, in Connecticut, it would not be credible to tell recipients that extensions to the 21-month time limit are rare, because most recipients undoubtedly know that extensions are quite common.

**Messages about banking months of eligibility.** Many believe that welfare staff should counsel recipients to leave the rolls as quickly as possible to save, or “bank,” some of their months of assistance for the future. This message can be difficult to sell, however, because

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<sup>5</sup>For example, in the FTP evaluation, MDRC conducted a small-scale survey just after people were randomly assigned to either the program or the control group and asked them how long they expected to stay on welfare. Program group members were quite likely to give a response that matched their time limit, while control group members often predicted they would get off welfare sooner.



urge clients who have children between ages 2 and 5 —recipients who are exempt from work requirements but subject to the time limit — to take advantage of the opportunity to further their education. Nevertheless, local advocacy groups continue to question the state’s commitment to education and training. Many Massachusetts staff said that they would support a greater emphasis on training and education, since the time limit eliminates the possibility that recipients will stagnate in such programs for long periods. Staff in Florida’s FTP placed a fairly heavy emphasis on education and training, particularly during the program’s early years; they believed that the time limit magnified the importance of finding well-paying jobs.

## **Exemptions from Time Limits**

As discussed in Chapter 2, many states exempt recipients from time limits when they are disabled, caring for a disabled household member, caring for a young child, pregnant, victims of domestic violence, or qualify for other reasons. While some of these circumstances (for example, pregnancy and a child’s age) can be easily identified and validated, complications arise with exemptions for medical issues or other hardships, which are inherently less clear-cut. Are recipients identified as needing an exemption through in-depth assessments or clients’ 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 such an exemption, and how do states balance the need for accurate information with the need to develop a process that is not too burdensome for recipients with serious problems?

Not all states suspend time-limit clocks through exemptions. States with no or few time-limit exemptions, like Georgia and New York, let the clock run for individuals with medical or mental health problems, though these recipients may be exempt from work requirements (these states still need to determine who qualifies for an exemption from work programs). The theory is that, without the possibility of an exemption, every recipient feels pressure to move toward self-sufficiency. These states implement safeguards through their extension policies when recipients reach the time limit.<sup>6</sup>

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<sup>6</sup>Exemptions and extensions can have very different implications for a recipient whose status changes. Consider someone 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.

## Identifying Recipients with Medical Problems

States that allow time-limit exemptions for medical problems that affect employability use different approaches to identify the recipients who are experiencing such problems. In most of the states that were visited, staff routinely review the exemption reasons and ask recipients if any of them apply. For example, at each transition review, Massachusetts caseworkers ask, “Are there health issues including drug or alcohol use that are preventing you from finding a job?” For the most part, however, staff rely on recipients to self-report their problems; most agencies do not proactively assess whether recipients have particular health problems that may prevent them from working.

One might assume that recipients with 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 their children to the child welfare system. One New Orleans worker who runs a two-week job-readiness training program commented that “a lot of barriers are not readily apparent until you deal with the person day after day.”

Welfare staff are usually not trained to recognize such problems, and they typically do not spend much time with each client. A supervisor in Massachusetts noted that “some workers are better than others at getting clients to admit problems.” As a result, certain kinds of problems may slip through undetected. Special post-time-limit outreach programs, discussed below, sometimes encounter recipients who should have been exempted but instead had their benefits terminated. Difficulties in identifying recipients with serious barriers to employment have existed as long as states have had work requirements, but the stakes are higher now that people with severe problems risk losing benefits when reaching time limits.

It is difficult to assess the magnitude of this problem, but some client advocates see it as a serious issue. In both Connecticut and Massachusetts, the state TANF agencies have been criticized for not being proactive enough in identifying recipients’ barriers to employment, even though about one-half (Connecticut) to three-quarters (Massachusetts) of the welfare caseload are exempt from the time limit.<sup>7</sup> Critics believe that the states should conduct more thorough assessments of recipients’ limitations well before they approach the time limit.<sup>8</sup>

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<sup>7</sup>These figures include child-only cases. Among cases with an adult, about a third are exempt in Connecticut, and over half are exempt in Massachusetts.

<sup>8</sup>In a related case, the U.S. Department of Health and Human Services Office for Civil Rights found in 2001 that the Massachusetts TANF agency does not adequately screen welfare recipients for learning disabilities or provide appropriate services for such recipients.

Line staff acknowledge that a small number of recipients may fall through the cracks but contend that they have few options when a recipient is unwilling to reveal a problem or does not follow through with the exemption process. Administrators may be reluctant to devote scarce resources to in-depth assessments that do not necessarily provide reliable information about recipients' functional limitations; they argue that the best way to assess whether problems exist is to see how recipients perform in required work activities.

Some agencies conduct assessments to uncover barriers to employment. For instance, in Cleveland, welfare staff use an hour-long conversation to determine clients' job-readiness and issues concerning housing, medical care, clothing, food, substance abuse, and social support. Elsewhere, recipients are referred to outside agencies for assessment. Although Georgia does not grant exemptions, many cases in Atlanta are referred to the vocational rehabilitation department for a thorough assessment of medical and mental health. New York City administers a substance abuse screening questionnaire to all welfare applicants. If the responses indicate a potential substance abuse problem, the individual is referred for additional evaluation and, if appropriate, to a treatment provider.

### **The Process for Getting a Medical Exemption**

In an effort to prevent the abuse of exemption policies, the states that were studied require various levels of documentation to verify medical disability claims. In South Carolina, a doctor's statement is sufficient. Elsewhere, however, a central review process is required. For instance, Massachusetts and New York contract with outside vendors to review doctors' statements, and recipients may be required to see another doctor before their exemptions are granted. This process, designed to ensure consistency and minimize fraud, can take a long time to complete. In Connecticut, caseworkers can grant some short-term exemptions, but longer-term exemptions must be approved by a centralized medical review team. In New Orleans, one staff person (not a doctor) reviews all requests for medical exemptions in the region.

Critics point out that the same issues that prevent some recipients from working steadily also make it difficult for them to navigate complex, multistep exemption review processes. Again, mental health problems are most likely to present a problem: Many recipients with mental health problems 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 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

judge some recipients to be so disabled that they will never be employable, and they may refer such clients 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. If more recipients find employment and leave welfare, fewer families risk being cut off at the time limit. Time limits also increase the pressure on the welfare staff who are responsible for preparing clients for the time limits. As a time limit draws near, staff make special efforts to engage recipients in welfare-to-work programs, and they carefully monitor participation. These intensive efforts serve two purposes: They target services to recipients in need, and they also provide evidence about whether recipients are willing (and able) to comply with work-related requirements.

### **Linkages with Welfare-to-Work Programs**

Welfare staff work to link clients with employment services from the time they first come onto welfare, but staff generally renew the pressure when clients get close to the cutoff point. Some localities rely on the same employment service options for new recipients as for those nearing the time limit, while others have established special programs for recipients at risk of reaching the limit. In New York City, cases that reach the 48-month point are transferred to a special unit of staff who handle both eligibility and employment functions in order to ensure that these cases receive focused attention.<sup>9</sup> In Florida's FTP, recipients who were approaching the time limit and were unemployed were referred to special job developers who worked very intensively to help people find jobs. In New Haven, Connecticut, all recipients who reached the 16-month point were offered assistance from social work staff.

Automated computer systems in all states track the months of cash assistance receipt, and staff can quickly access this information. In some places, however, staff commented that the system was not always correct, and so they manually performed a double check for clients nearing the time limit. To focus additional attention on recipients close to the time limit, some administrators generate lists of such cases and then require supervisors or line staff to report on the status of each recipient.

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<sup>9</sup>Although recipients are generally not terminated from welfare at New York's time limit, they are shifted to a program that is entirely state- and city-funded; thus, there is a strong fiscal incentive to help recipients exit from welfare before reaching the 60-month point.

According to one office manager, strict reporting requirements for recipients in the months surrounding the time limit take up the majority of her time. Staff confirmed her assessment. The increased workload attributed to time limits drove the redeployment of staff in several welfare offices. Two New Orleans welfare offices recently created a specialized position to handle the work requirement and the time-limit functions without being responsible for eligibility issues. Even staff in these specialized positions expressed frustration with the complexity of the rules — specifically, with the different criteria for exempting cases from time limits as opposed to work requirements.

## **Sanctions**

Increased monitoring may increase the likelihood that sanctions will be imposed on recipients who do not abide by participation mandates. Many states impose full-family sanctions after one or more instances of noncompliance with work requirements. Families cut off because of full-family sanctions stop accumulating months toward the time limit (unless they subsequently return to welfare). Miami has sanctioned large numbers of cases for failing to comply with work requirements, and many more people there have lost benefits as a result of sanctions than because of the time limit. In Atlanta, case managers said that they are more lenient in the early months, more willing to give recipients several chances to comply. Closer to the time limit, however, they become quicker to sanction. In some states, frequent full-family sanctions are a key reason why few families have reached time limits. While much attention has focused on families reaching time limits, sanctions are likely to occur out of the spotlight, as part of the day-to-day operations of the welfare office.<sup>10</sup>

Some states have deemphasized sanctioning. In South Carolina, when a new welfare director took over in 1998, she sought to decrease the state's previously high sanctioning rate by implementing a system of extensive conciliation. Case managers are expected to call clients, revise their employment plan, and make home visits to engage the clients in the program. After taking those steps, case managers must meet with their supervisor and with the county director before imposing a sanction.

## **The Pre-Time-Limit Review**

Chapter 2 notes that most states conduct a formal review of recipients' status just prior to the time limit. One purpose of the review is to make sure that recipients understand that their cash grant will end unless they meet certain criteria or, where necessary, apply for an extension. Staff may also use the review to determine which recipients qualify for an exemption or extension. In Cleveland, recipients are required to attend an extensive and structured review six

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<sup>10</sup>See Pavetti and Bloom, 2001.

months before the time limit. A key focus of the interview is to determine whether families have a realistic plan and will have sufficient income after their cash grant ends. At the end of the meeting, recipients write in their own words how they plan to support their family when they reach the time limit. In Massachusetts, a similar purpose is served by the final transition review, which is conducted just before the time limit.

As discussed below, the pre-time-limit review meetings may also be part of the extension process. In Connecticut, recipients who fail to attend an “exit interview” have their case closed at the time limit because they have not requested an extension (the exit interview also serves as a redetermination for Food Stamps and Medicaid). In New Orleans, staff invite recipients to a review meeting two months prior to their time limit, but attendance is not mandatory. Possibly because staff do not meet with every recipient, they do not always determine whether someone reaching the time limit qualifies for an extension. Nonetheless, these recipients continue receiving benefits. Staff must enter a particular code to stop benefits at the time limit. In other states, the computer system automatically stops benefits at the time limit unless an extension code is entered.

Meeting with each recipient as the time limit approaches imposed great burdens on staff when large groups of recipients all reached the time limit concurrently. In Massachusetts, approximately 5,000 recipients reached the time limit at the same time in late 1998. Staff in one office remarked that when the first cohort of recipients reached the time limit, the entire office devoted its resources toward approving or denying extension requests. In retrospect, state officials would have preferred to phase recipients into the time limit more gradually. New York City set up a special centralized process to handle thousands of cases approaching the time limit in December 2001; recipients were required to file a brief application in order to transition to the post-time-limit Safety Net program. Press reports suggested that many recipients fell through the cracks and failed to make the transition; city officials report that about 90 percent of nonexempt cases were converted to the Safety Net program.

## **Benefit Extensions**

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

As discussed in Chapter 2, states have quite different approaches to extensions. Among the states discussed in this chapter, Connecticut, Florida, and Georgia grant a relatively large number of extensions, while Ohio closes most cases that reach the time limit. South Carolina and Massachusetts initially denied most extension requests, but both states report that they are

now much more likely to grant extensions. Louisiana closes many cases because of the time limit — often because the recipient fails to comply with work requirements after reaching month 24 — but it appears that many of these families subsequently return to welfare.

The extension review processes are also quite different. Some states, including Connecticut and Massachusetts, require recipients to formally request an extension. In others, each case is automatically considered to see if it qualifies. South Carolina now grants an extension to all recipients who are deemed to be compliant with the program just before reaching the time limit.

### **Recipients Who Are Working When They Reach the Time Limit**

Some states have found that a large proportion of the recipients who reach their time limits are employed and benefiting from expanded earnings disregards. States 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, 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. Now, recipients working full time are automatically granted an extension. Those working part time, however, must also participate in a job search program to demonstrate that they are seeking full-time employment, and they are much less likely to receive an extension.

New York City is testing an innovative approach for employed recipients. The welfare agency has created a bonus program targeted to individuals who are working at least 20 hours per week (and have been for four months) and receiving cash assistance. Recipients who voluntarily close their TANF case receive a monthly cash payment of \$200 for one year. Recipients benefit both because the bonus is likely to exceed their TANF grant and because they save their remaining months of eligibility. From the state and city perspective, the bonus is considered “nonassistance” and does not count against the federal time limit. Although open to any recipient who meets the criteria, the bonus program is actively “sold” to employed recipients approaching the 60-month time limit.

Florida rewards recipients who find employment by allowing them to “earn back” one month of benefits for each month of unsubsidized employment (up to 12 months). Over time, this has been expanded to include public sector or subsidized employment. In practice, however, this policy has been difficult to administer, mainly because the state's welfare computer system is not set up to account for the credit, so that recipients' clocks must be manually adjusted.

## **Recipients Who Comply with Program Requirements**

In some ways, the extension decision is more important when a recipient is not employed upon reaching the time limit. As discussed in previous chapters, 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.

States define “good faith” or “compliance” in various ways. Connecticut considers a recipient’s past conduct and has a clear definition of compliance. Those who have fewer than two employment services-related sanctions and who have not quit a job without good cause in the prior six months are deemed compliant. Connecticut also allows clients who have been sanctioned twice to restore their eligibility for an extension by complying with a special Individual Performance Contract. In practice, almost all recipients 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. Florida’s FTP also assessed compliance based on past performance, but there was no explicit definition of compliance; in that case, almost everyone who reached the time limit without a job was deemed noncompliant and had his or her benefits terminated.

Other states, such as Georgia and Louisiana, emphasize current or future willingness to comply as a condition for granting extensions. In these states, recipients willing to participate in an employment services program are granted extensions. One Atlanta office manager commented that staff put a lot of effort into not closing cases. Recipients are given an opportunity to comply and enroll.

The Massachusetts extension policy calls for caseworkers to consider the recipient’s work history and participation record and whether the recipient has cooperated with the department’s rules and regulations. Policymakers hoped that this approach would keep recipients motivated, because no one was assured of getting an extension. When a recipient requests an extension, the caseworker prepares an extensive review of the recipient’s case history. But staff report that, in practice, what matters most in the extension decision is the recipient’s willingness to attend a structured job search program at the end of the time limit. One manager remarked that, to get an extension, “all that matters is what they are doing now.” Staff express surprise that many recipients do not request extensions. Some speculate that such recipients may not want to attend the structured job search program because they do not believe it will help them; staff also believe that clients who do not request extensions usually have unreported income or family supports.

New York has a 60-month time limit on cash benefits, but compliant individuals can continue receiving benefits beyond this point through the state’s Safety Net assistance program;

Safety Net benefits are paid only partly in cash. In order to transition to the Safety Net, recipients must complete an application for the program prior to month 59 of benefits.

New York does not have full-family sanctions, so sanctioned cases still receive partial grants. New York City's process for transferring these noncompliant cases to the Safety Net program attempts to force them to comply: All sanctioned recipients citywide are scheduled for an appointment at the central headquarters of the fraud division in Brooklyn (the appointment can be rescheduled if the recipient is unable to attend at the scheduled time). Recipients who show up for the appointment encounter a lengthy, multistep process that begins with an interview with a fraud investigator that focuses on how the recipient is supporting herself on reduced benefits. The next step is an interview with a substance abuse counselor to determine whether substance abuse is a hidden reason for noncompliance; if so, the recipient is referred for treatment. Lastly, if the recipient agrees to comply with work requirements, she is seen by a caseworker to receive her work assignment and file a Safety Net application.

A substantial number of recipients do not attend the appointment at all, which makes them ineligible for the Safety Net. Initially, recipients were offered subsidized jobs at the end of this process, and those who refused the jobs were not allowed to move to the Safety Net program. The city eventually exhausted all the subsidized jobs, so now recipients must cooperate with a job placement vendor in order to make the transition.

Supervisors and staff in most of the states acknowledge that there is subjectivity involved in the extension decision process and that different workers may interpret the same information differently. This is particularly true when terms like "compliance" and "good-faith effort" are not specifically defined in policy. Because the consequences of denying an extension are so serious, some states have developed review processes to try to ensure that the decisions are appropriate and consistent. In New Orleans, case managers can extend benefits for some reasons on their own, but issues such as "job factors are unfavorable" require supervisory approval. In Massachusetts, line staff make recommendations regarding extensions, which are subject to review by office directors, who actually authorize extensions. Initially, office directors' decisions were then reviewed by administrators in the regional and central offices. This extensive review process was established to ensure uniformity. Over time, administrators came to feel more confident that cases were being handled consistently, and they eventually eliminated the regional and central office reviews. Florida's FTP, which never defined "compliance," used an unusual Review Panel of volunteers from the community to review decisions about benefit termination, although, in practice, the panel generally followed the recommendations of staff.<sup>11</sup>

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<sup>11</sup>A recent report on the Wisconsin Works (W-2) program documents that when extensions are granted on a case-by-case basis, as they are in Wisconsin, this can take considerable amount of time by  
(continued)

In contrast, in Connecticut, where “good-faith effort” is more clearly defined, case-workers can generally make the extension decision without extensive review.

### **Other Extensions**

In addition to granting extensions based on personal factors, some states have policies that allow extensions based on general conditions such as the availability of jobs or child care slots. To date, these criteria have not been widely used, even though the site visits were conducted during an economic downturn. New Orleans staff did say that occasionally recipients have received extensions because “factors relating to job availability are unfavorable as determined by the case manager’s evaluation of the individual.” For example, a person facing an insurmountable language barrier might gain an extension on this basis.

### **After the Time Limit**

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

### **What Happens During an Extension**

Individuals usually receive extensions on the condition that they comply with employment-related requirements. Extensions are usually granted for a finite period — usually a few months — but typically may be renewed. Staff in many offices say that they do not conciliate with recipients in an extension; if clients fail to cooperate, they are cut off. In these instances, it may be difficult to determine whether cases are closed because of noncompliance with the work requirement or because of the time limit. For example, in Connecticut, a recipient whose case is closed for noncompliance during an extension is not considered to have been closed due to the time limit. However, if someone is denied an extension for the same reason, it is considered a time-limit closure. One manager in New Orleans noted that the data system includes separate case closure codes for noncompliance and time limits, but said that either code is appropriate for many clients.

In some cases, welfare offices enjoy considerable latitude in enforcing extension conditions. For example, one office in New Orleans sends letters highlighting one way to maintain benefits. Recipients must make 20 job contacts each month. The letter provides a month-by-month schedule for completing the contacts. In contrast, staff in another office do not “adver-

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staff. Extension requests receive considerable review at many levels. This in-depth review process has been possible because few people have applied for extensions (Gooden and Doolittle, 2001).



come employed, they can apply for transitional services. In Cleveland, staff try to make sure that families continue to get Food Stamps and Medicaid by explicitly telling recipients about the availability of those benefits during the pre-time-limit review meeting. In Connecticut, recipients who were reporting earnings at the time of case closure are automatically moved to the transitional Medicaid category.

As discussed in Chapter 6, several studies have found that individuals who leave welfare because of time limits are more likely than other leavers to continue receiving Food Stamps and Medicaid after exit — regardless of whether they are working. It may be that the extensive pre-time-limit processes end up informing most of these clients about their continuing eligibility for these benefits. Other leavers are more likely to exit welfare without any contact with the welfare office, which may result in closure of all of their public assistance case.

**Special post-time-limit outreach programs.** Especially in states providing low cash grants, staff tend to assume that most noncompliant recipients had other sources of income all along and to think that people are faring about as well after time limits as they were while on welfare. 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 make sure that the families are getting other benefits to which they may be entitled. Examples of such efforts to provide support to families after the time limit include the following:

- South Carolina case managers conduct a home visit within 90 days of case closure, and they refer individuals to community agencies for help with domestic violence or with such basic needs as paying utilities.
- Massachusetts contracts with the Department of Public Health to conduct outreach to closed cases. Part of this outreach involves “marketing” Food Stamps. The Department of Public Health reportedly has a good reputation in the community and is perceived as an advocate for clients.
- Cuyahoga County, Ohio, offers families who reach the time limit (without employment) two options. One is a pay-for-performance job search program, and the other is short-term transitional assistance (STTA), generally limited to three months, for those with medical disabilities, those who are pregnant, or those in the process of applying for SSI. (The STTA provi-





- 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.
- 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 difficult to isolate the effects on families whose benefits were terminated.

In considering the implications of these results, it is important to note that none of them pertains directly to the 60-month federal time limit. Moreover, all the studies from which the data were drawn were conducted before the most recent recession began.

## 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, 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 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 of the studies were designed to measure the impact of the entire package, not to isolate the impact of the time limits.
- 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.<sup>2</sup>

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<sup>2</sup>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 FTP evaluation and 66 percent in the Delaware ABC evaluation.

- 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. These perceptions might be different today.
- 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.<sup>3</sup>

With these cautionary notes in mind, this chapter discusses the results of several 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 5.1. In general:

- The Connecticut and Florida studies provide the most complete data at this point. Both of the programs 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. Both also collected data on the well-being of children. The Florida program was a relatively small pilot project, while the Connecticut program operated statewide (but was studied in two welfare offices).
- 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.<sup>4</sup>

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<sup>3</sup>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.

<sup>4</sup>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.

## Welfare Time Limits

**Table 5.1**

### Selected Information About the Waiver Evaluations Discussed in This Chapter

State/Evaluation	Time Limit		Evaluation		
	Months	Type	Follow-Up	Child Impacts	Evaluator
Arizona	24	Reduction	2-3 years <sup>c</sup>	None	Abt Assoc.
Connecticut	21	Termination	4 years	Extensive	MDRC
Delaware	48 <sup>a</sup>	Termination	2.5 years <sup>d</sup>	Some	Abt Assoc.
Florida FTP	24 or 36 <sup>b</sup>	Termination	4 years	Extensive	MDRC
Indiana	24	Reduction	2 years <sup>e</sup>	Extensive <sup>g</sup>	Abt Assoc.
Texas	12, 24 or 36 <sup>b</sup>	Reduction	19 months	None	U. of Texas
Virginia	24	Termination	2-3 years <sup>f</sup>	None	Mathematica

SOURCES: Arizona: Kornfeld et al., 1999; Connecticut: Bloom et al., 2002; Delaware: Fein et al., 2001, and Fein and Karweit, 1997; Florida: Bloom et al., 2000; Indiana: Fein et al., 1998; Texas: Schexnayder et al., 1998; Virginia: Gordon and James-Burdumy, 2002.

NOTES: <sup>a</sup>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.

<sup>b</sup>In Florida and Texas, the length of the time limit depends on individual client characteristics.

<sup>c</sup>Employment impacts are reported for 10 quarters, and welfare impacts are reported for 36 months.

<sup>d</sup>The Delaware study reports 2.5 years of follow-up, but the results after the first year probably underestimate program impacts because the control group became subject to welfare reform policies.

<sup>e</sup>The Indiana study will eventually include 5 years of follow-up, but only 2 years are currently available.

<sup>f</sup>The Virginia study collected 3.5 years (42 months) of follow-up data, but this includes 3-18 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.

<sup>g</sup>The Indiana study includes a child impact analysis, but no data are available yet.

- The Indiana and Arizona time limits applied only to adults. The Indiana study will include long-term follow-up and a child impact study, but only two years of follow-up data are currently available. Two to three years of follow-up data are available for the Arizona study.
- 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, and only short-term follow-up data are available from the study.<sup>5</sup>

The chapter also discusses the results of other studies that do not use random assignment. Most of those studies 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, these 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

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<sup>5</sup>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.

eral studies have examined whether time limits generate anticipatory impacts on both employment and welfare receipt.<sup>6</sup>

### **Effects on Employment and Earnings**

Table 5.2 shows results from five of the random assignment studies described earlier.<sup>7</sup> The table focuses on the end of the first year after individuals entered the studies, before anyone 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.<sup>8</sup> Although not shown in the table, most also increased average earnings. However, it is not clear what role the time limits played in generating these effects.<sup>9</sup> As noted earlier, all the programs included other components that were also designed to boost employment. In the past, studies of welfare-to-work programs that included neither time limits nor enhanced earnings disregards have found similar effects on employment.<sup>10</sup> It is also notable that the Connecticut, Florida, and Virginia programs,

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<sup>6</sup>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.

<sup>7</sup>Results for the Arizona study are not included because survey data showed 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.

<sup>8</sup>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 work for the federal government and such jobs are not covered in the unemployment insurance wage records used in the analysis.

<sup>9</sup>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 groups eventually became subject to a 60-month time limit.

<sup>10</sup>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.

## Welfare Time Limits

### Table 5.2

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

State/Evaluation	Employed (%)		Difference
	Program Group	Control Group	
Connecticut	52.6	44.6	8.1 ***
Delaware	48.9	43.5	5.4 **
Florida FTP	45.2	40.8	4.3 *
Indiana <sup>a</sup>	57.6	50.0	7.6 ***
Virginia <sup>b</sup>			
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 et al., 2001; Florida: Bloom et al., 2000; Indiana: Fein et al., 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.

<sup>a</sup>Indiana results are for sample members in the "placement track," who were subject to all welfare reform policies.

<sup>b</sup>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.

which included the most stringent time limits, did not consistently have the largest early impacts on employment.<sup>11</sup>

A few of the caseload studies described earlier 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.<sup>12</sup>

### **Effects on Welfare Receipt**

One might assume that effects on welfare receipt would simply be the converse of effects on employment — increases in employment would lead to decreases in welfare receipt. The reality, however, is more complex.

**Random assignment studies.** Tables 5.3 and 5.4 focus on the random assignment studies discussed in the previous section, showing effects on cash assistance receipt rather than employment. Table 5.3 shows the percentage of each group receiving welfare benefits at the end of the first year of follow-up. Table 5.4 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.<sup>13</sup>

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.<sup>14</sup> 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 have an expanded disregard.<sup>15</sup> Of course, it is impossible to isolate the impact

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<sup>11</sup>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 and Indiana, the employment impacts were smaller at the end of year 2 than at the end of year 1; in Florida FTP, the impacts grew somewhat larger during that period; in Connecticut, they remained roughly constant over time; and in Virginia, the patterns varied by county.

<sup>12</sup>See Blank (2001) for a summary of these studies.

<sup>13</sup>These data are only available for the first year in Delaware.

<sup>14</sup>As noted earlier, 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.

<sup>15</sup>During this period, the Indiana program used a “fixed grant” policy: Normal AFDC disregards were applied when a recipient went to work, but the grant was then frozen to provide an incentive for advancement. Indiana later implemented an expanded disregard.











































































































































































































































