

**SECTION 7-TEMPORARY ASSISTANCE FOR NEEDY FAMILIES
(TANF)**

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OVERVIEW

The Temporary Assistance for Needy Families (TANF) block grant provides Federal grants to States for a wide range of benefits and activities. It is best known as the major source of funding for cash welfare for needy families with children. However, Federal law allows TANF funds to be used for other benefits and services that provide economic help to low-income families with children and support the goals of reducing out-of-wedlock pregnancies and promoting two-parent families. At the Federal level, TANF is administered by the Department of Health and Human Services. However, most TANF grants are to States who, with localities, nonprofit organizations, and private sector entities, deliver the benefits and services to families. TANF programs operate in all 50 States, the District of Columbia, Puerto Rico, Guam, and the Virgin Islands. American Samoa is eligible to operate a TANF program, but has not opted to do so. Additionally, TANF permits Indian tribes the authority to operate their own programs. As of January 2008, 269 tribes and Alaskan villages operated tribal TANF programs.

BRIEF HISTORY

TANF was created in the 1996 welfare reform law (P.L. 104-193). It replaced the New Deal program of Aid to Families with Dependent Children (AFDC), originally called Aid to Dependent Children (ADC), that provided monthly cash welfare benefits to needy families with children. ADC was an outgrowth of “mothers pensions,” State-level programs originating in the Progressive era that provided fatherless families economic support to “release from the wage-earning role the person whose natural function is to give her children the physical and affectionate guardianship necessary not alone to keep them from falling into social misfortune, but more affirmatively to rear them into citizens capable of contributing to society.” (Committee on Economic Security, p. 36, 1935).

As enacted in the Social Security Act of 1935 (P.L. 74-271), the Federal government helped share the costs of ADC, but States themselves set ADC benefit levels. States determined benefit amounts throughout the lifetime of the ADC and AFDC programs, and continue to do so today under TANF.

In the earliest years of the program, the father in most families receiving ADC was either dead or disabled (Social Security Board, 1938). However, with payments of Social Security survivors benefits beginning in 1940, the character of the welfare rolls changed; benefits increasingly went to families where the father was alive, but absent (Federal Security Agency, Social Security Administration, 1950).

In the second half of the 20th Century, “welfare” issues would be explicitly or implicitly tied to larger societal changes. As women entered the workforce in increasing numbers the expectations that mothers should work increased. Additionally, the cash welfare caseload became increasingly nonwhite. The emphasis in welfare and anti-poverty policies has changed-- from economic support

to rehabilitative services to work requirements. This emphasis has shifted back and forth over time. Economic risk (death of a family's breadwinner) was the dominant theme in the original enactment of ADC. The post-war period saw increasing focus on personal characteristics, choices, and economic circumstances as conditions thought to lead to disadvantage and welfare receipt.

The Social Security Amendments of 1956 added to ADC the goals of "family self support" and strengthening family life. Those amendments augmented the economic support provided to families provided by cash welfare with new Federal funding for services to help parents or relatives attain self-support or self care, and maintain and strengthen family life for children. As enacted in 1956, States were reimbursed 50 percent for the cost of services provided to welfare families. The matching rate was raised to 75 percent in 1962 (the 1967 amendment temporarily raised the matching rate to 85 percent of the costs of services until July 1, 1969).

An amendment in 1961 first made welfare available to families with a father who was not dead, disabled or absent, but was unemployed. These benefits were conditioned on the first work requirement in the program. Work requirements were extended to single parents (mostly mothers) by amendments made in 1967.

The welfare rolls increased in the 1960s – in 1960 the number of families on the rolls was less than 1 million, a number that climbed to 1.4 million by 1968. This sharp increase put welfare on the agenda of President-elect Nixon in 1968 (Burke and Burke, 1974). The first major welfare reform proposal of the era, President Nixon's Family Assistance Plan (FAP), would have eliminated the categorical restrictions that limited welfare to single mothers with children and would have addressed the vast differences in State-determined benefit amounts by setting a nationally uniform minimum benefit for all families.

FAP also reflected, in part, concern over the efficacy of rehabilitative "services," both the services funded through the welfare system and initiatives of President Johnson's War on Poverty that were largely outside of the welfare system. The architects of FAP explicitly focused on an "income strategy" by providing a national guaranteed income to address poverty. This "income strategy" was a reaction to perceptions that the proliferation of services that resulted in "large expenditures of money" on behalf of the poor could not be shown to actually benefit the poor (Moynihan, 1973). Neither FAP nor the welfare proposal offered by President Carter passed the Congress. Federal funding for social services expenditures was limited in 1972, and separated from welfare funding through the creation of Title XX in 1975.

The 1980s saw increasing attention to welfare dependency. Research showed that while most welfare recipients received benefits for a short period of time, there was a substantial minority of recipients who were on the rolls for long periods (Bane and Ellwood, 1982).

Changes made in 1981 sharply curtailed AFDC benefits to the working poor. The Family Support Act of 1988 (P.L. 100-485) established a philosophy of mutual responsibility between welfare recipients and the State. The Job Opportunities and Basic Skills (JOBS) Training program was created as a work, education, and

training program for welfare recipients. For the first time, States were required under JOBS to meet numerical work participation standards for welfare recipients—having a specified percentage of their caseload participating in JOBS activities. The Family Support Act also created child care programs related to AFDC that provided subsidized child care to families on AFDC working or participating in training and those in transition from welfare to work. Federal funding for child care was expanded again in the Omnibus Budget Reconciliation Act of 1990 (P.L. 101-508), this time to provide subsidized child care for the working poor and those “at-risk” of welfare dependency. However, the welfare caseload began rising again, reaching a peak of 5.1 million families in March 1994. This was despite the fact that the typical cash benefit declined in real value throughout the 1980s into the mid-1990s.

THE 1996 LAW: ITS CONTEXT AND AFTERMATH

The fact that the cash welfare caseload increased yet again from 1988 through the early 1990s was one of several factors that again prompted the welfare reform debates of the mid-1990s (see: Haskins, 2006). These debates led to the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA, P.L. 104-193), known as the 1996 welfare law, that replaced AFDC with the TANF block grant. Within the context of such requirements as Federal work participation standards and time limits on the use of Federal funds, the 1996 welfare reform law devolved the design of welfare and services programs to the States. It also allowed States to use the “savings” from reducing the cash welfare caseload to fund a wide range of benefits and services permitted by the block grant. The cash welfare caseload declined dramatically, from the 5.1 million family peak in 1994 to 1.9 million families in 2006. As discussed later in this section, the caseload decline has been even more pronounced for families typically thought of as cash welfare families—families with an unemployed adult recipient. The remaining cash welfare caseload is diverse, and includes a large share of families not typically thought of as “welfare families” who have been the focus of most welfare-to-work efforts. The percent of poor children who were in families receiving cash welfare fell from 61.7 percent in 1994 to 26.7 percent in 2006.

The diminishing role of TANF cash welfare in providing economic support to poor families is dramatic, but has occurred at the same time that support for other programs increased. The Earned Income Tax Credit (EITC) was significantly expanded in the mid-1990s (based on legislation enacted in 1993, see Section 13), and is now the most significant source of cash assistance for low-income families with children. Health coverage for poor or near-poor children was also expanded. Medicaid coverage for poor children had gradually been expanded in the 1980s and 1990s to make eligible all poor children (regardless of welfare status). The State Children’s Health Insurance Program (SCHIP) was enacted in 1995. It provides coverage to children in low-income families (and sometimes adults) with incomes higher than allowed in pre-SCHIP Medicaid programs. Additionally, Federal

support for child care was significantly boosted — partially through increases in funding for the child care block grant and partially through contributions from TANF, as States funneled some of the savings from reducing welfare caseloads to support additional child care funding.

The savings from the welfare caseload decline have been used by States for a wide range of services and noncash benefits. A large share of TANF's "non-welfare" spending goes to either child care (as discussed above) or the child welfare system to help children who have been subjected to, or are at-risk of, abuse or neglect. Other "non-welfare" benefits and services cover the gamut of activities often discussed in the debate to combat or alleviate poverty among families with children: supplementing earnings through State add-ons to the Earned Income Tax Credit to assist working poor families; providing early childhood education programs for pre-schoolers and after-school programs for youth; supporting post-secondary education for needy parents; supporting job retention and advancement programs; and helping noncustodial parents.

The original welfare reform law funded TANF through Fiscal Year (FY) 2002, and Congress spent more than four years considering legislation to "reauthorize" the block grant. After a dozen temporary extensions of TANF funding, the Deficit Reduction Act of 2005 (DRA, P.L. 109-171) extended funding and authority for TANF program operations through FY2010. The DRA also tightened Federal rules regarding work participation standards for cash welfare as well as established new categorical, competitively awarded grants for initiatives to promote responsible fatherhood and healthy marriages. The DRA has ushered in a new series of changes to TANF cash assistance programs, the effects of which will likely only be known in several years. State reactions to the DRA include restricting countable work activities to those allowable under new HHS regulations; providing earnings supplements to families that leave the "welfare rolls," and counting such families as part of the working caseload for purposes of the participation standards (Center for Budget and Policy Priorities, 2007); and assisting some families solely with State funds outside of TANF. Additionally, DRA provisions that revised the original law's caseload reduction credit provide States with the incentive to further reduce the cash assistance caseload.

FINANCING

Though TANF is called a block grant, it has a relatively complicated financing system. There are three TANF grants to States — basic block, supplemental, and contingency (recession-related) grants. Additionally, States are required to spend a certain amount of their own funds on specified TANF-related activities for needy families with children. Therefore, the TANF financial "system" consists of both Federal and State funds. Additionally, there is funding for research, demonstrations, and technical assistance for "healthy marriage promotion," and competitive grants for "responsible fatherhood" initiatives. These funds (which

may go to other entities, as well as to States) are discussed later in this section. Table 7-1 provides an overview of Federal TANF funding through FY2010.

TABLE 7-1--OVERVIEW OF FEDERAL TANF FUNDS, FY2006-FY2010
[\$ IN MILLIONS]

	2006	2007	2008	2009	2010
Basic block grant	\$16,478	\$16,478	16,478	16,478	16,478
Supplemental grants ^a	319	319	319	319	0
Funding for the territories	77	78	78	78	78
Marriage Promotion/healthy fatherhood	150	150	150	150	150
TANF research	15	15	15	15	15
Census Bureau research on welfare reform	10	10	10	10	10
Total Federal funds (without contingency funds)	17,049	17,050	17,050	17,050	16,731

^a Under current law, supplemental grants expire at the end of FY2009.

Source: Congressional Research Service (CRS), based on data in U.S. Congressional Budget Office (CBO) Cost Estimate, S. 1932, The Deficit Reduction Act of 2005, January 27, 2006 modified by the Congressional Research Service for enactment of P.L. 110-275, which extended supplemental grants through FY2009..

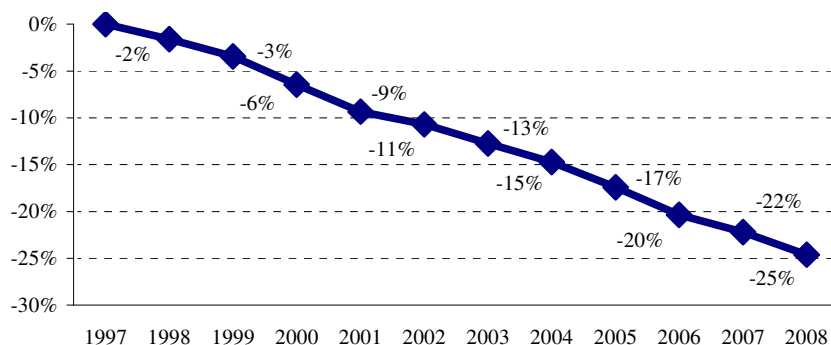
FEDERAL GRANTS TO STATES

Federal TANF grants to States are entitlements to the States — the law entitles each State to a specified amount of funding. The DRA provided an appropriation in advance for the basic TANF block grant and contingency funds through FY2010, but provided funding for TANF supplemental grants through only FY2008. P.L. 110-275 extended supplemental grants through FY2009.

Basic Block Grant

The 1996 welfare reform law entitled States to a basic TANF block grant equal to peak expenditures for pre-TANF programs during the FY1992-to-FY1995 period. (The DRA continues to provide grants to States at the same level.) The mid-1990s were a period when the cash welfare rolls were at their all-time high; the block grant amount is based on Federal expenditures on the cash welfare, emergency aid, and job training programs for cash welfare families that existed in that period. The basic block grant is legislatively fixed — that is, it does not change when the cash assistance caseload decreases or increases, nor is it adjusted for inflation. States can shift savings from declines in the cash welfare caseload to other purposes. However, the purchasing power of the basic block grant declined significantly since FY1997 because of inflation. Chart 7-1 shows the cumulative percentage decline in the value of the block grant from FY1997 through FY2008. It is read as follows: by FY1998, the block grant had declined in value by 2 percent because of inflation from the preceding year; by FY2008 the block grant had declined in value by 25 percent because of inflation from FY1997. As Table 7-8 reflects, the number of TANF cash welfare recipients declined from 10.4 million to 4.6 million during this period.

CHART 7-1--CUMULATIVE DECLINE IN THE PURCHASING POWER OF EACH STATE'S TANF BASIC BLOCK GRANT: FY1997 THROUGH FY2008



Source: Congressional Research Service (CRS). Inflation adjustment was made using the Consumer Price Index for All Urban Consumers (CPI-U). FY2008 inflation projection is from the Congressional Budget Office, January 2008.

Supplemental Grants

During consideration of legislation that led to the 1996 law, fixed funding based on historic expenditures was thought to disadvantage two groups of States: (1) those that had relatively high population growth and (2) those that had historically low welfare grants relative to poverty in the State. Therefore, additional funding in the form of supplemental grants was provided to States that met criteria of high population growth and/or low historic grants per poor person. A total of 17 States qualify for supplemental grants.

Table 7-2 shows the basic TANF block grant (referred to as the State family assistance grant) and supplemental grants to the States. The table separately shows the amount of each State's basic and supplemental grants combined, and the percent of the national total of the combined grants (basic plus supplemental grant) for each State.

TABLE 7-2--FEDERAL TANF STATE FAMILY ASSISTANCE AND SUPPLEMENTAL GRANTS, ANNUAL GRANT AMOUNTS
[\$ IN THOUSANDS]

State	State family assistance grant	Supplemental grant	Total	Percent of national total
Alabama	\$93,315	\$11,093	\$104,408	0.6%
Alaska	63,609	6,888	70,497	0.4
Arizona	222,420	23,925	246,345	1.5
Arkansas	56,733	6,218	62,951	0.4
California	3,733,818	0	3,733,818	22.2
Colorado	136,057	13,570	149,626	0.9
Connecticut	266,788	0	266,788	1.6

TABLE 7-2--FEDERAL TANF STATE FAMILY ASSISTANCE AND
SUPPLEMENTAL GRANTS, ANNUAL GRANT AMOUNTS

[\$ IN THOUSANDS] -continued.

State	State family assistance grant	Supplemental grant	Total	Percent of national total
Delaware	\$32,291	\$0	\$32,291	0.2%
District of Columbia	92,610	0	92,610	0.6
Florida	562,340	60,406	622,746	3.7
Georgia	330,742	37,283	368,025	2.2
Hawaii	98,905	0	98,905	0.6
Idaho	31,938	3,498	35,436	0.2
Illinois	585,057	0	585,057	3.5
Indiana	206,799	0	206,799	1.2
Iowa	131,525	0	131,525	0.8
Kansas	101,931	0	101,931	0.6
Kentucky	181,288	0	181,288	1.1
Louisiana	163,972	17,027	180,999	1.1
Maine	78,121	0	78,121	0.5
Maryland	229,098	0	229,098	1.4
Massachusetts	459,371	0	459,371	2.7
Michigan	775,353	0	775,353	4.6
Minnesota	267,985	0	267,985	1.6
Mississippi	86,768	9,036	95,803	0.6
Missouri	217,052	0	217,052	1.3
Montana	45,534	1,133	46,667	0.3
Nebraska	58,029	0	58,029	0.3
Nevada	43,977	3,734	47,710	0.3
New Hampshire	38,521	0	38,521	0.2
New Jersey	404,035	0	404,035	2.4
New Mexico	126,103	6,553	132,656	0.8
New York	2,442,931	0	2,442,931	14.5
North Carolina	302,240	36,110	338,350	2.0
North Dakota	26,400	0	26,400	0.2
Ohio	727,968	0	727,968	4.3
Oklahoma	148,014	0	148,014	0.9
Oregon	167,925	0	167,925	1.0
Pennsylvania	719,499	0	719,499	4.3
Rhode Island	95,022	0	95,022	0.6
South Carolina	99,968	0	99,968	0.6
South Dakota	21,894	0	21,894	0.1
Tennessee	191,524	21,565	213,089	1.3
Texas	486,257	52,708	538,965	3.2
Utah	76,829	8,704	85,534	0.5
Vermont	47,353	0	47,353	0.3
Virginia	158,285	0	158,285	0.9
Washington	404,332	0	404,332	2.4
West Virginia	110,176	0	110,176	0.7
Wisconsin	318,188	0	318,188	1.9
Wyoming	21,781	0	21,781	0.1
Totals	\$16,488,667	\$319,450	\$16,808,117	100.0%

Note- State family assistance grants are before reductions to account for Indian tribes operating their own programs. See Section on "Tribal TANF" for a discussion.

Source: Table prepared by the Congressional Research Service (CRS) based on data from the U.S. Department of Health and Human Services (HHS).

Contingency Funds

The fixed basic grant under TANF also led to concerns that funding might be inadequate during economic downturns. Thus, TANF includes additional matching contingency funds that can be drawn upon during recessionary periods if certain conditions are met. To draw upon contingency funds, a State must both (1) meet a test of economic “need” and (2) increase spending from its own funds above what the State spent in FY1994 on cash, emergency assistance, and job training in TANF’s predecessor programs.

For purposes of the TANF contingency fund, a State meets the “economic need” test if

- its seasonally adjusted unemployment rate averaged over the most recent three-month period is at least 6.5 percent and at least 10 percent higher than its rate in the corresponding three-month period in either of the previous two years; or
- its food stamp caseload over the most recent three-month period is at least 10 percent higher than the adjusted food stamp caseload in the corresponding three-month period in FY1994 or FY1995. For this purpose, FY1994 and FY1995 caseloads are adjusted by subtracting out an estimate of participants who would have been made ineligible for food stamps under the 1996 welfare law (e.g., noncitizens), had it been in effect in those years.

Monthly payments from the contingency fund are limited to one-twelfth of 20 percent of a State’s basic block grant, and States may receive these monthly payments on an advance basis. However, the actual amount of contingency funds a State is entitled to for the year depends on (1) how much it spends in advance contingency funds and State funds over the FY1994 threshold, (2) its Medicaid matching rate, and (3) the number of months the State was eligible for contingency funds. A State’s annual entitlement to contingency funds is calculated as the Medicaid matching rate times the State’s extra spending (above FY1994 amounts) during the fiscal year, prorated by the number of months the State was eligible for contingency funds during the fiscal year. A State that receives more in monthly advances from the contingency fund than it is entitled to for the year must remit overpayments to the Federal treasury. A State may not receive more in contingency funds for the year than the total of its monthly advance payments, under an annual cap on contingency funds of 20 percent of the State’s basic block grant.

TANF has been tested by one recession, the relatively short one that occurred in 2001. No State drew contingency funds during or in the immediate aftermath of that recession. Contingency funds were received by New Mexico (FY1998), Tennessee (FY2005 and FY2006) and South Carolina (FY2005). In addition, special contingency fund grants to aid those evacuated from their homes because of Hurricane Katrina—with both the requirement to reach the FY1994 level of spending and matching requirement waived—were authorized by P.L. 109-68. In total, 20 States drew contingency funds to aid Hurricane Katrina evacuees.

Loan Fund

The 1996 welfare law established a \$1.7 billion revolving loan fund within TANF. Generally, States may receive loans of maturities of up to 3 years, which must be repaid with interest. The interest rate for the loans is the current average yield on outstanding marketable obligations of the Federal Government. A State is ineligible for a loan if it is subject to a penalty for misspending TANF funds.

P.L. 109-68 permitted Alabama, Louisiana, and Mississippi to receive loans from the TANF loan fund, but these States were not required to repay principal or interest. The three States received \$68.1 million from the loan fund.

STATE FUNDS: THE MAINTENANCE OF EFFORT OR MOE
REQUIREMENT

TANF consolidated and replaced programs that provided matching grants to the States. Under the pre-TANF cash welfare program, Federal funding was generally provided at the Medicaid matching rate (between 50 percent and 83 percent) to reimburse States for a share of their expenditures in the program. This meant that there were considerable State dollars contributing to the pre-TANF programs. It also meant that the Federal and State shares financing these programs varied by State, as the Medicaid matching rate is higher in States with lower per-capita incomes than higher per-capita incomes.

TANF requires States to maintain spending from their own funds on TANF or TANF-related activities. States are required in the aggregate to maintain at least \$10.4 billion annually in spending on specified activities for needy families with children. The \$10.4 billion, called the “maintenance-of-effort” (MOE) level, represents 75 percent of what was spent from State funds in FY1994 in TANF’s predecessor programs of cash, emergency assistance, job training, and welfare-related child care spending. States are required to maintain their own spending of at least that level, and the MOE requirement increases to 80 percent of FY1994 spending for States that fail to meet TANF work participation requirements (discussed below). State expenditures under this requirement are often referred to as State MOE funds.

ALLOWED USES OF TANF GRANTS TO STATES

Federal TANF grants may be used for a wide range of benefits and services for families with children. Grants may be used within a State TANF program or transferred to either the Child Care and Development Fund (CCDF, the “child care block grant”) or the Social Services Block Grant (SSBG).

Achieving TANF Goals

TANF allows States to expend funds “in any manner reasonably calculated” to achieve its statutory purpose. TANF’s purpose is to increase State flexibility to meet specified goals. Its four statutory goals are to:

1. provide assistance to needy families so that children can be cared for in their own homes or in the homes of relatives;
2. end dependence of needy parents on government benefits through work, job preparation, and marriage;
3. reduce the incidence of out-of-wedlock pregnancies; and
4. promote the formation and maintenance of two-parent families.

The four goals of TANF encompass what is usually thought of as traditional cash welfare (assistance to families) and work activities for cash welfare families. However, the goals also provide authority for States to use funds for a wide variety of benefits and services for welfare families and other low-income families with children. States use TANF funds to help support work for low-income families through providing child care or transportation aid. The authority to provide assistance to care for children in the homes of relatives has been used by some States to provide financial help for “kinship care” for children who have been, or are at risk of, neglect or abuse and are placed in the care of a relative (e.g., grandparent, aunt, uncle). Further, TANF funds have been used for programs and services aimed at accomplishing the “family formation” goals of TANF (goals three and four listed above, and ending dependence through marriage, which is a component of goal two).

“Grandfathered” Activities

In addition to using funds to promote the purpose and goals of TANF, Federal law allows States to use TANF funds to carry out any program or activity that a State had conducted under its pre-1996 programs. This provision permits States to continue activities they undertook under the pre-1996 Emergency Assistance (EA) program to provide help for foster care, adoption assistance, and juvenile justice programs

Transfers to Other Block Grants

Federal law allows up to 30 percent of Federal TANF grants (except contingency funds) to be transferred to the CCDF and SSBG combined, with a separate limit of 10 percent of TANF grants (except contingency funds) that may be transferred to SSBG. Funds transferred to these other block grants become subject to the rules of the receiving block grant (CCDF or SSBG), and are not subject to TANF rules. However, TANF funds transferred to SSBG must be used for families with incomes below 200 percent of the poverty line.

Matching for Reverse Commuter Grants

Federal law also allows States to use Federal TANF funds as a State match for reverse commuter grants. If a State makes use of Federal TANF funds for this purpose, it is counted against the 30 percent limit for transfers to CCDF and SSBG; that is, it reduces the amount of Federal TANF funds that could be transferred to those other block grants.

USING STATE MOE FUNDS

Most, but not all, benefits, services, and activities that may be funded from Federal TANF funds may also be financed by State MOE funds. States may count toward the MOE expenditures for any program that provides cash assistance, administration, child care, education, and training (though not educational activities for the general population), and other activities to further a TANF purpose. The major restrictions that apply to MOE (but not Federal TANF) funds are for

- benefits, services, and activities that were not a part of the pre-1996 welfare law programs. Such expenditures count only to the extent that they exceed the FY1995 level of expenditure in the program; and
- expenditures on activities that were part of the pre-1996 welfare law programs that are not aimed to achieve a TANF goal (“grandfathered” activities). Expenditures for such activities are not countable toward the MOE.

Table 7- 3 provides a brief summary of the types of benefits, services, and activities that may be funded by Federal TANF funds and with State MOE funds.

TABLE 7-3--SUMMARY OF RULES FOR THE USE
OF FEDERAL TANF AND STATE MOE FUNDS

May States use funds for ...	Federal TANF funds	State MOE funds
Cash welfare, administration of cash welfare, and work programs?	Yes	Yes
Child care?	Yes, either through transfer to the Child Care and Development Fund (CCDF), up to 30% of the grant, or within TANF.	Yes. States may not count child care funds spent for the State match for CCDF matching funds, but may count up to \$888 million spent toward the CCDF MOE and any additional State child care spending.
Activities to help achieve TANF family formation goals?	Yes, without regard to financial need.	Yes, though many expenditures must be need-tested. Only expenditures for activities to promote “healthy marriage” or “responsible fatherhood” may be made for the general public (i.e., not subject to a need-test).
Other benefits and services to help achieve TANF goals?	Yes	If activity was not authorized in pre-1996 programs, expenditures in ongoing programs only count if above FY1995 levels.
Activities in the pre-1996 welfare programs that are not reasonably calculated to help achieve TANF goals (“Grandfathered” activities)?	Yes	No

Source: Table prepared by CRS

EXPENDITURES AND TRANSFERS

In FY2006, total Federal TANF expenditures, transfers from TANF to other block grants, and State MOE expenditures totaled \$28.4 billion. As a consequence of the fixed block grant and required State MOE spending levels, total expenditures and transfers have remained fairly constant since FY1999 if inflation is not taken into account. Of course, because of inflation, the constant dollar value of total Federal and State expenditures and transfers has fallen 14 percent from FY2000 to FY2006.

Table 7-4 shows the trend in total Federal TANF expenditures, transfers, and State MOE spending along with Federal and State spending under TANF's predecessor programs. The bulk of spending in TANF's predecessor programs was for AFDC cash welfare payments. Expenditures rose with the cash welfare caseload (see discussion of cash welfare caseload trends later in this section). In the very early years of TANF (FY1997 and FY1998), expenditures also fell along with the decline in the cash welfare caseload and States accumulated unspent balances of Federal TANF funds. However, total spending recovered by FY1999 and has remained fairly constant since.

Table 7-4 also provides inflation-adjusted (constant dollar) expenditures for TANF and its predecessor programs. As shown on the table, the value of total Federal and State expenditures and transfers under TANF in FY2006 was 31 percent below the peak Federal and State expenditures reached under AFDC and related programs in FY1995. The largest declines were for State expenditures – the MOE allowed States to reduce their expenditures to as low as 75 percent of predecessor program levels.

TABLE 7-4--FEDERAL AND STATE EXPENDITURES AND TRANSFERS FROM TANF: FY1987-FY2006 [DOLLARS IN BILLIONS]

Year	Use of Federal Funds			Total Federal Expenditures and Transfers	State Expenditures	Total Expenditures and Transfers
	Federal Expenditures	Transfers to CCDF	Transfers to SSBG			
1987	\$9.996			\$9.996	\$8.537	\$18.533
1988	10.399			10.399	8.765	19.164
1989	10.816			10.816	9.118	19.934
1990	11.953			11.953	10.179	22.132
1991	13.169			13.169	11.306	24.475
1992	14.567			14.567	12.654	27.222
1993	14.790			14.790	12.909	27.699
1994	15.686			15.686	13.966	29.652
1995	16.173			16.173	14.868	31.041
1996	15.067			15.067	14.120	29.187
1997	12.620	\$0.235	\$0.358	13.213	11.320	24.533
1998	11.353	0.787	1.118	13.259	10.683	23.942
1999	12.338	2.575	1.318	16.231	10.777	27.008
2000	13.384	2.413	1.096	16.893	11.397	28.290
2001	14.960	1.899	0.934	17.792	10.707	28.500
2002	14.588	1.926	1.031	17.545	10.827	28.372

TABLE 7-4--FEDERAL AND STATE EXPENDITURES AND TRANSFERS
FROM TANF: FY 1987-FY 2006 [DOLLARS IN BILLIONS] --continued.

Year	Use of Federal Funds			Total Federal Expenditures and Transfers	State Expenditures	Total Expenditures and Transfers
	Federal Expenditures	Transfers to CCDF	Transfers to SSBG			
2003	\$16.254	\$1.790	\$0.927	\$18.971	\$10.086	\$29.057
2004	14.393	1.856	0.765	17.013	11.429	28.442
2005	14.164	1.937	0.922	17.023	11.416	28.440
2006	13.570	1.878	0.974	16.422	12.024	28.446
In billions of constant 2006 \$						
1987	17.845			17.845	15.241	33.086
1988	17.830			17.830	15.028	32.858
1989	17.703			17.703	14.924	32.626
1990	18.633			18.633	15.868	34.501
1991	19.543			19.543	16.779	36.322
1992	20.986			20.986	18.230	39.217
1993	20.680			20.680	18.050	38.729
1994	21.371			21.371	19.028	40.400
1995	21.434			21.434	19.704	41.137
1996	19.425			19.425	18.204	37.629
1997	15.847	0.296	0.449	16.591	14.215	30.807
1998	14.028	0.973	1.382	16.382	13.200	29.582
1999	14.957	3.122	1.598	19.677	13.064	32.741
2000	15.725	2.835	1.288	19.848	13.391	33.239
2001	17.029	2.161	1.063	20.253	12.188	32.441
2002	16.360	2.160	1.157	19.677	12.142	31.819
2003	17.810	1.962	1.015	20.787	11.052	31.839
2004	15.413	1.987	0.819	18.219	12.239	30.458
2005	14.685	2.009	0.956	17.650	11.837	29.487
2006	13.570	1.878	0.974	16.422	12.024	28.446

Note- Expenditures under TANF predecessor programs and TANF exclude those for the territories. TANF predecessor program expenditures include the State share of AFDC-related child care spending. TANF MOE spending includes child care expenditures that may be double counted toward the CCDF MOE.

Inflation adjustment is made using the Consumer Price Index for all Urban Consumers (CPI-U). Source: U.S. Department of Health and Human Services and U.S. Bureau of Labor Statistics, table prepared by the Congressional Research Service (CRS).

Table 7-5 shows the uses of TANF funds and State MOE expenditures by State in FY2006. Nationally, total Federal expenditures and transfers and State MOE expenditures totaled \$28.4 billion. Of this amount, Federal TANF funds (expenditures and transfers) represented \$16.4 billion or 57.7 percent. The Federal share varied widely – from 78.2 percent in Mississippi to 45.3 percent in Delaware.

TABLE 7-5--FEDERAL TANF EXPENDITURES AND TRANSFERS AND STATE MOE FUNDS: FY2006
 [\$ IN MILLIONS]

State	Federal TANF Funds					State MOE funds	Total funds used	Federal funds as a percent of total funds
	Federal expenditures	Transfers to CCDF	Transfers to SSBB	Total Federal funds used				
Alabama	\$67.1	\$8.6	\$10.4	\$86.1	\$40.3	\$126.4	68.1%	
Alaska	30.8	12.4	4.1	47.2	39.1	86.3	54.7	
Arizona	215.3	0.0	22.6	237.9	94.0	331.9	71.7	
Arkansas	51.2	7.5	-1.7	57.0	23.2	80.2	71.1	
California	3,377.2	89.8	181.4	3,648.4	2,903.2	6,551.6	55.7	
Colorado	115.2	12.1	14.6	142.0	94.2	236.2	60.1	
Connecticut	237.9	0.0	26.4	264.4	231.2	495.6	53.4	
Delaware	33.2	0.0	2.8	36.0	43.4	79.4	45.3	
District of Columbia	84.9	18.5	4.0	107.4	108.5	215.9	49.7	
Florida	436.0	122.5	62.3	620.8	372.4	993.2	62.5	
Georgia	405.5	-29.7	20.1	395.9	176.1	572.1	69.2	
Hawaii	85.3	5.0	9.8	100.1	71.2	171.2	58.4	
Idaho	24.0	8.7	1.4	34.2	14.9	49.1	69.7	
Illinois	551.6	0.0	33.4	585.1	430.1	1,015.1	57.6	
Indiana	194.8	11.0	2.0	207.8	121.2	329.0	63.2	
Iowa	98.5	21.8	13.0	133.4	67.1	200.5	66.5	
Kansas	72.6	21.7	7.2	101.4	79.4	180.9	56.1	
Kentucky	118.1	54.4	0.0	172.5	71.9	244.4	70.6	
Louisiana	128.0	37.9	16.4	182.3	55.4	237.7	76.7	
Maine	59.8	15.1	3.3	78.1	48.3	126.5	61.8	
Maryland	180.1	10.3	22.8	213.1	177.0	390.1	54.6	
Massachusetts	322.3	91.9	45.9	460.1	471.9	932.0	49.4	
Michigan	618.8	134.3	68.0	821.1	567.8	1,388.9	59.1	
Minnesota	226.0	74.3	4.8	305.1	176.7	481.8	63.3	
Mississippi	51.7	19.2	9.0	79.9	22.3	102.2	78.2	
Missouri	195.3	23.0	21.7	240.0	128.1	368.2	65.2	
Montana	29.2	5.1	2.0	36.2	13.6	49.8	72.7	
Nebraska	51.5	9.0	0.0	60.5	40.9	101.4	59.7	

TABLE 7-5--FEDERAL TANF EXPENDITURES AND TRANSFERS AND STATE MOE FUNDS: FY2006

[\$ IN MILLIONS] --continued.

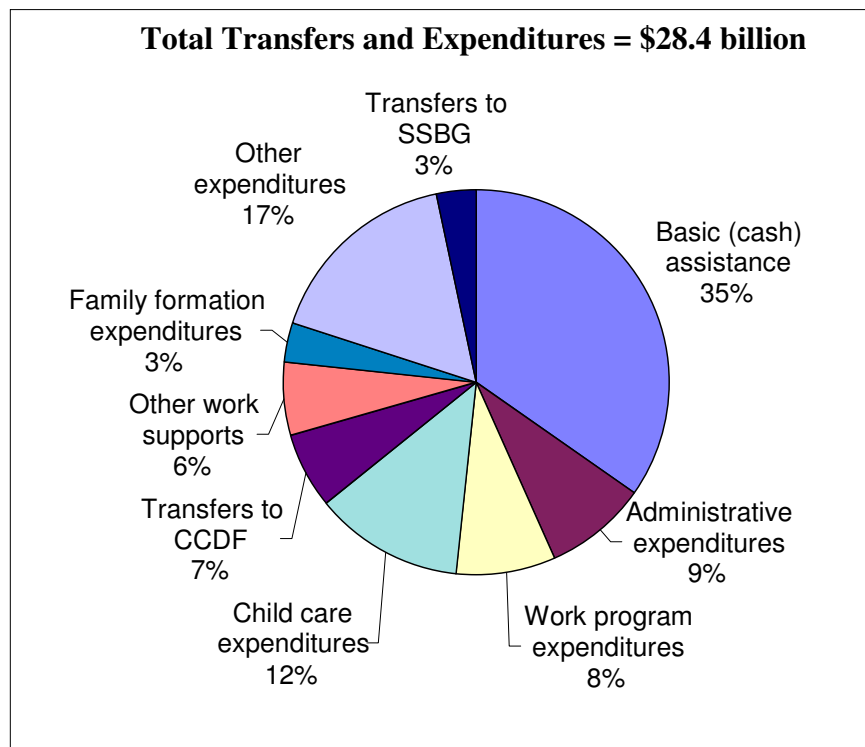
State	Federal TANF Funds				State MOE funds	Total funds used	Federal funds as a percent of total funds
	Federal expenditures	Transfers to CCDF	Transfers to SSBG	Total Federal funds used			
Nevada	\$39.8	\$0.0	\$0.8	\$40.6	\$27.2	\$67.8	59.9%
New Hampshire	38.2	4.2	1.1	43.5	32.1	75.7	57.5
New Jersey	238.9	54.9	15.6	309.5	346.6	656.1	47.2
New Mexico	75.9	33.8	0.0	109.7	32.7	142.4	77.0
New York	1,818.9	548.6	123.5	2,491.0	2,422.0	4,913.0	50.7
North Carolina	77.0	72.2	4.5	153.7	173.3	327.0	47.0
North Dakota	22.7	0.0	0.0	22.7	9.1	31.7	71.4
Ohio	714.6	0.0	72.8	787.4	405.4	1,192.9	66.0
Oklahoma	89.9	29.5	14.8	134.2	61.1	195.3	68.7
Oregon	159.8	0.0	0.0	159.8	91.6	251.4	63.6
Pennsylvania	586.6	92.7	15.1	694.4	407.1	1,101.6	63.0
Rhode Island	71.3	20.0	4.3	95.6	72.7	168.3	56.8
South Carolina	80.8	0.0	10.0	90.8	64.5	155.3	58.5
South Dakota	20.4	0.0	2.1	22.5	8.5	31.0	72.5
Tennessee	128.1	53.6	10.3	192.0	138.3	330.3	58.1
Texas	491.9	0.0	31.2	523.2	239.1	762.3	68.6
Utah	70.9	0.0	5.3	76.2	24.9	101.1	75.4
Vermont	33.4	9.2	4.7	47.4	30.7	78.0	60.7
Virginia	150.6	3.0	14.6	168.1	140.4	308.5	54.5
Washington	267.9	105.1	9.7	382.7	365.4	748.2	51.2
West Virginia	80.6	0.0	10.9	91.5	34.4	126.0	72.7
Wisconsin	236.9	62.9	14.7	314.5	203.4	517.9	60.7
Wyoming	13.3	3.7	0.0	17.0	9.7	26.7	63.6
Totals	13,570.1	1,877.9	974.0	16,422.1	12,023.7	28,445.7	57.7

Source: U.S. Department of Health and Human Services, table prepared by the Congressional Research Service (CRS).

Chart 7-2 shows the composition of the total \$28.4 billion in TANF and MOE expenditures and transfers from TANF in FY2006. The three expenditure categories commonly associated with “welfare” for needy families with children — cash benefits, administrative costs, and work activities — accounted for \$14.7 billion, or a little more than half (52 percent) of all funds.

TANF is a major contributor of child care funding. In FY2006, 19 percent of all TANF funds used were either expended on child care or transferred to the child care block grant (the Child Care and Development Fund, or CCDF). FY2006 TANF and MOE expenditures on child care totaled \$3.5 billion and transfers to CCDF totaled \$1.9 billion, adding up to a \$5.4 billion contribution to child care funding from TANF.

CHART 7-2--FEDERAL TANF AND STATE MOE EXPENDITURES IN FY2006 BY MAJOR BENEFIT OR SERVICE CATEGORY



Source: U.S. Department of Health and Human Services; chart prepared by the Congressional Research Service.

Table 7-6 shows expenditures and transfers by category as a percent of total Federal TANF and State MOE expenditures for each State in FY2006.

TABLE 7-6--CATEGORIES OF EXPENDITURES AND TRANSFERS OF FEDERAL TANF FUNDS AND MOE
EXPENDITURES, FY2006, BY STATE [PERCENT OF TOTAL EXPENDITURES AND TRANSFERS]

State	Basic (cash) assistance	Adminis- trative	Work program	Child care expenditures	Transfers to CCDF	Other work supports	Family formation	Other	Transfers to SSBG	Total
Alabama	27.4%	11.3%	12.3%	4.9%	6.8%	2.9%	1.9%	24.2%	8.3%	100.0%
Alaska	42.2	7.8	12.1	14.9	14.3	1.1	0.7	2.2	4.8	100.0
Arizona	41.3	10.3	4.4	10.0	0.0	2.2	0.0	24.9	6.8	100.0
Arkansas	19.1	13.3	18.3	25.5	9.4	5.7	3.5	7.4	-2.1	100.0
California	53.1	9.3	7.9	13.5	1.4	2.4	0.2	9.5	2.8	100.0
Colorado	26.7	7.8	0.4	0.4	5.1	3.7	0.0	49.7	6.2	100.0
Connecticut	25.1	7.1	7.0	4.6	0.0	1.0	16.0	33.9	5.3	100.0
Delaware	23.1	7.7	1.7	43.6	0.0	16.3	0.8	3.4	3.5	100.0
District of Columbia	28.8	8.4	9.6	29.0	8.6	0.0	6.3	7.4	1.9	100.0
Florida	17.1	7.0	8.4	25.3	12.3	0.8	0.7	22.2	6.3	100.0
Georgia	16.7	3.9	13.2	3.9	-5.2	2.5	6.3	55.2	3.5	100.0
Hawaii	49.4	10.3	22.2	8.6	2.9	0.8	0.0	0.0	5.7	100.0
Idaho	14.7	5.0	15.8	2.4	17.8	0.6	4.8	35.9	2.9	100.0
Illinois	12.2	2.5	7.0	40.0	0.0	2.0	0.1	32.9	3.3	100.0
Indiana	33.0	10.5	2.6	4.6	3.3	12.7	0.5	32.0	0.6	100.0
Iowa	36.9	6.1	8.9	2.9	10.9	2.9	7.6	17.4	6.5	100.0
Kansas	34.7	4.8	1.9	9.0	12.0	20.3	0.0	13.3	4.0	100.0
Kentucky	41.1	7.1	9.8	8.6	22.3	3.0	0.0	8.2	0.0	100.0
Louisiana	18.8	10.3	4.1	0.0	15.9	1.7	24.3	17.9	6.9	100.0
Maine	51.6	5.7	1.8	11.0	11.9	12.6	0.0	2.9	2.6	100.0
Maryland	27.3	10.1	7.4	8.1	2.6	28.1	8.5	2.2	5.8	100.0
Massachusetts	34.4	3.8	2.4	20.8	9.9	8.4	3.2	12.4	4.9	100.0
Michigan	30.4	7.9	7.1	13.1	9.7	0.0	7.6	19.3	4.9	100.0
Minnesota	26.8	9.5	14.4	7.0	15.4	16.1	0.0	9.7	1.0	100.0
Mississippi	21.9	4.5	18.4	-1.4	18.8	14.4	5.6	9.1	8.8	100.0
Missouri	33.2	3.9	7.6	16.1	6.2	0.0	3.1	23.9	5.9	100.0
Montana	33.1	10.9	23.0	3.1	10.2	0.0	0.7	14.9	4.0	100.0
Nebraska	62.4	6.5	15.7	6.4	8.9	0.0	0.1	0.0	0.0	100.0
Nevada	48.7	20.6	1.4	4.2	0.0	9.7	0.0	14.3	1.2	100.0
New Hampshire	46.2	11.3	10.4	6.1	5.5	1.2	1.7	16.1	1.5	100.0

TABLE 7-6--CATEGORIES OF EXPENDITURES AND TRANSFERS OF FEDERAL TANF FUNDS AND MOE
EXPENDITURES, FY2006, BY STATE [PERCENT OF TOTAL EXPENDITURES AND TRANSFERS] -continued.

State	Basic (cash) assistance	Adminis- trative	Work program	Child care expenditures.	Transfers to CCDF	Other work supports	Family formation	Other	Transfers to SSBG	Total
New Jersey	11.8%	14.2%	22.4%	2.3%	8.4%	4.8%	31.8%	1.8%	2.4%	100.0%
New Mexico	51.7	2.9	7.5	2.0	23.7	0.8	0.0	11.4	0.0	100.0
New York	33.0	9.2	4.3	2.1	11.2	16.9	3.6	17.3	2.5	100.0
North Carolina	28.9	3.7	14.3	32.1	22.1	1.3	-0.1	-3.7	1.4	100.0
North Dakota	33.1	11.7	7.6	2.2	0.0	5.0	7.2	33.3	0.0	100.0
Ohio	27.7	8.9	5.1	25.3	0.0	1.8	5.7	19.5	6.1	100.0
Oklahoma	14.2	11.6	0.0	21.9	15.1	10.5	2.7	16.4	7.6	100.0
Oregon	35.3	13.6	8.5	4.6	0.0	3.7	0.0	34.5	0.0	100.0
Pennsylvania	35.7	8.3	14.7	15.4	8.4	3.4	3.4	9.3	1.4	100.0
Rhode Island	38.6	8.4	3.5	18.7	11.9	0.2	0.0	16.1	2.6	100.0
South Carolina	24.8	5.2	5.2	2.6	0.0	1.2	1.8	52.7	6.4	100.0
South Dakota	39.2	7.7	13.1	2.6	0.0	0.4	0.0	30.2	6.9	100.0
Tennessee	31.4	10.0	11.1	11.5	16.2	2.8	0.0	13.8	3.1	100.0
Texas	18.2	12.4	9.6	3.5	0.0	0.1	0.5	51.6	4.1	100.0
Utah	36.5	14.1	34.6	6.9	0.0	1.3	0.5	0.8	5.2	100.0
Vermont	44.3	8.1	0.9	8.2	11.8	19.6	0.0	1.0	6.1	100.0
Virginia	44.0	13.6	13.2	12.6	1.0	2.1	0.3	8.4	4.7	100.0
Washington	38.0	6.2	25.0	9.9	14.0	0.4	0.0	5.2	1.3	100.0
West Virginia	29.6	19.8	1.1	16.6	0.0	13.2	-0.1	11.1	8.7	100.0
Wisconsin	21.4	5.4	7.5	34.8	12.1	11.3	2.3	2.3	2.8	100.0
Wyoming	39.1	3.2	1.9	12.4	13.8	6.6	0.0	22.9	0.0	100.0
Totals	34.8	8.5	8.3	12.5	6.6	6.0	3.3	16.6	3.4	100.0

Note: Negative numbers represent accounting adjustments to prior year expenditures.

Source: Table prepared by the Congressional Research Service (CRS) based on data from the U.S. Department of Health and Human Services (HHS)

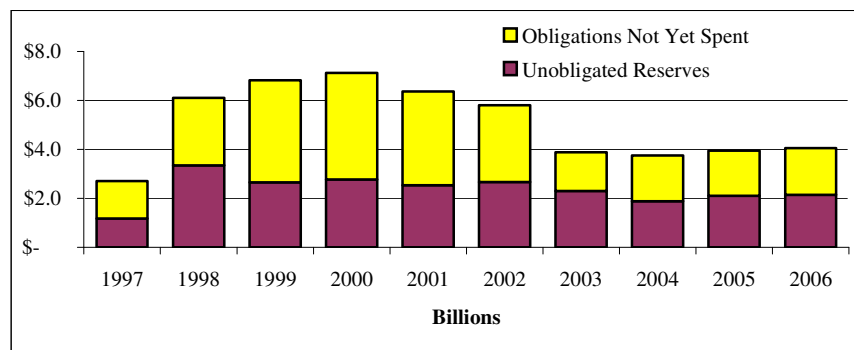
UNSPENT TANF FUNDS

As discussed above, States may save unused Federal TANF grants without fiscal year limit for the purposes of providing cash welfare. At the end of FY2006 (September 30, 2006), a total of \$4.0 billion of Federal TANF funding had neither been transferred nor spent. The amount of unspent TANF funds has remained near \$4.0 billion since the end of FY2003.

Chart 7-3 shows the trend in unspent TANF funds from FY1997 through FY2006. Unspent TANF funds accumulated in the early years of the block grant, as States had yet to spend the savings from the decline in the cash welfare caseload for other purposes. Once States shifted these savings to other purposes, balances began to decline.

The chart also breaks out the trend in unspent TANF funds to those that represent obligations not yet spent and those that represent unobligated reserves. Generally, obligations are binding commitments to spend, and they come in the form of contracts and grants to provide benefits and services. However, the definition of “obligation” varies from program to program, and since TANF essentially consists of 54 different programs (one for each State, the District of Columbia, and the territories), what constitutes an obligation may vary. Remaining unspent funds are called the “unobligated reserves.” The Government Accountability Office (GAO, 2001) found that State variation in what constitutes an obligation leaves Federal policy makers with an inadequate picture of how prepared States are to weather a “rainy day.” It noted that while HHS regulations require States to count as “unobligated reserves” any rainy day fund established for welfare programs from the TANF grant, the total reported reserves tended to exceed what States had designated as rainy day funds. GAO recommended that HHS and the States work together to improve the reporting of unspent TANF funds.

CHART 7-3--UNSPENT TANF FUNDS, END OF FY1997 THROUGH END OF FY2006 [\$ IN MILLIONS]



Source: U.S. Department of Health and Human Services (HHS); chart prepared by the Congressional Research Service (CRS).

TANF CASH WELFARE

TANF funds a wide range of benefits and services for needy families with children, but is best known as a funding source for cash welfare benefits paid to families with children. As mentioned in the introduction to this section, cash welfare has a controversial history. For much of the history of TANF's predecessor program, AFDC, Federal rules restricted benefits mostly to families with single parents. States were first given the option to aid families with two parents where one was unemployed in 1961, but it was not until 1988 (eight years before the 1996 welfare law) that States were required to extend benefits to families with two able-bodied parents and then on more restrictive terms than applied to single parent families. Also, for much of the history of AFDC, benefits were limited to families where the single parent generally did not work. Policymakers tried to provide a work incentive to these parents, extending welfare eligibility to the working poor (particularly in States that paid relatively high cash welfare benefits) through legislation in 1967, but these were cut back in 1981.

The Family Support Act of 1988 sought to establish a philosophy of "mutual responsibility" between the State and welfare parent, by creating the Job Opportunity and Basic Skills (JOBS) Training program. Parents with a child age three or older could be required to participate in JOBS, and States were given the option to require parents of children as young as age one to participate. Parents who failed to comply with the participation requirement were sanctioned. Numerical work participation standards were also established for States.

Over twenty five years of attempts at "welfare reform" culminated with the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, known as the 1996 welfare law. Some of the most visible features of the 1996 welfare reform law are the work requirements and time limits that apply to families with adult recipients. Families without adult recipients ("child-only" cases) are exempt from these two features of welfare reform. TANF's numerical work participation standards list 12 Federally-recognized work activities. Unlike JOBS activities, which allowed for education and training, TANF's Federally-recognized work activities stress employment or working off a welfare grant. Education and training can be counted only for one year as a recipient's primary or sole activity. It also can be counted in conjunction with other activities more closely related to work. Job search and rehabilitative activities are countable for only up to six weeks (12 weeks under some circumstances) per year. The 1996 welfare law also established a five-year time limit on Federally-funded cash welfare for families with an adult recipient. States could also impose shorter time limits. Additionally, States could allow 20 percent of their caseload to be on the rolls for more than five years because of hardship and could use MOE funds (State funds they have to spend anyway) to aid families beyond the time-limit.

Within the context of participation standards and time limits, the 1996 law gave States broad flexibility to design their cash welfare programs and thus the responsibility for deciding issues that vexed Federal policymakers for years, such as

how to provide incentives to work through earnings disregards and eligibility rules for aiding two-parent families. Under TANF, each State has designed its own cash welfare program and each State has its own story to tell. Generally, most States expanded eligibility for families with earnings through increased earnings disregards; allowed families to have more assets and still qualify and remain on the rolls, often exempting the value of one automobile from any test of low assets; and often eliminated special restrictions on eligibility for two-parent families, aiding such families based on low-income alone. States also established harsher sanctions than allowed under pre-1996 law for failure to work or participate in activities, with most States ultimately ending benefits for the entire family if the adult refuses to comply with work requirements. Most States imposed time limits on welfare receipt for the family, with the Federal five-year time limit adopted by many as their own State time limits. However, some States, including California and New York (the two States with the largest welfare caseloads) have used the flexibility allowed by Federal law to aid families beyond the five year time limit (California paying benefits beyond five years only on behalf of the children in the families; New York paying benefits beyond five years using State funds). States also adopted various policies to “divert” families from coming onto the welfare rolls. These policies included formal lump-sum payments to deal with short-term emergencies in lieu of ongoing cash welfare, requiring applicants to search for a job before their family would be approved for welfare, and steering applicants to other services (such as child care).

This subsection describes:

- who receives TANF cash welfare, examining eligibility rules and the characteristics of the cash welfare caseload;
- how much cash welfare is provided by States to needy families with children; and
- the requirements that States and families face in the TANF cash welfare program.

ELIGIBILITY FOR TANF CASH WELFARE

Federal law limits TANF cash welfare to families with a child under the age of 18 (or under the age of 19, if the child is in school) who meet a test of financial need. This means income below a specified level. States may, but are not required to, also require that a family’s financial resources (assets) be below a certain level.

Neither TANF law nor regulations promulgated by HHS define “family” for the purposes of eligibility, though prior law restricted welfare to families with children living with specified relatives and the first purpose of TANF states that assistance is to be provided to maintain children in their own homes or that of relatives. Therefore, most of the children aided by TANF live with either their parents or a relative caregiver. In some States, TANF does aid foster children (children removed from their homes because of abuse and/or neglect and cared for

by nonrelatives) who are ineligible for Title IV-E foster care assistance based on provisions that “grandfathered”-in activities under their prior law Emergency Assistance program.

Table 7-7 provides specified income and resource cut-offs for initial eligibility for TANF cash welfare as of July 2006. Income eligibility determinations are fairly complex and depend on a number of different factors associated with a family’s circumstances. “Income eligibility” as shown in the table reflects the maximum level of earnings a family of three (typical cash welfare family) with a single parent and two children may have and be considered eligible for benefits, assuming that family has no other income. In all States except Hawaii, the maximum earnings a family of three may have and be eligible for TANF cash welfare is less than the official Federal poverty guidelines (as published each year by HHS). In 26 States, such a family has to be very poor (less than half of poverty-level income) to be eligible for TANF cash welfare.

Two resource rules are shown on the table. The first is the maximum amount of countable resources (assets) a family may have and be eligible for TANF cash welfare. The second reflects the value of automobiles that are excluded from determining countable resources.

TABLE 7-7--TANF CASH WELFARE EARNINGS AND ASSET ELIGIBILITY THRESHOLDS FOR APPLICANTS: JULY 2006

State	Monthly earnings limit for a family of three		Resource Limit	
	Amount	Percent of FY2006	Amount	Vehicle Disregard
		Poverty Guidelines		
Alabama	\$269	19.4%	\$2,000/\$3,000 for a family with an elderly member	All vehicles owned by household
Alaska	1,401	81.0	\$2,000/\$3,000 for a family with an elderly member	All vehicles owned by household
Arizona	586	42.4	\$2,000	All vehicles owned by household
Arkansas	279	20.2	\$3,000	1 vehicle per household
California	1,043	75.4	\$2,000/\$3,000 for a family with an elderly member	\$4,650 (higher of equity or fair market value)/1 vehicle per licensed driver.
Colorado	511	36.9	\$2,000	1 vehicle per household
Connecticut	835	60.4	\$3,000	\$9,500 equity value
Delaware	428	30.9	\$1,000	\$4,650 equity value
D.C.	567	41.0	\$2,000/\$3,000 for a family with an elderly member	All vehicles owned by household
Florida	393	28.4	\$2,000	\$8,500 equity value
Georgia	514	37.2	\$1,000	\$1,500/\$4,650 equity value

TABLE 7-7--TANF CASH WELFARE EARNINGS AND ASSET
ELIGIBILITY THRESHOLDS FOR APPLICANTS: JULY 2006 -continued.

State	Monthly earnings limit for a family of three		Resource Limit	
	Amount	Percent of FY2006 Poverty Guidelines	Amount	Vehicle Disregard
Hawaii	\$1,641	103.2%	\$5,000	All vehicles owned by household
Idaho	648	46.8	\$2,000	\$4,650 fair market value
Illinois	486	35.1	\$2,000 for a 1 person family. For each addl family member: \$508 \$3,000 for a family with an elderly family member plus \$508 for each addl family member	1 vehicle per household
Indiana	378	27.3	\$1,000	\$5,000 equity value
Iowa	1,061	76.7	\$2,000	1 vehicle per household
Kansas	519	37.5	\$2,000	All vehicles owned by household
Kentucky	909	65.7	\$2,000	All vehicles owned by household
Louisiana	360	26.0	\$2,000	All vehicles owned by household
Maine	1,023	74.0	\$2,000	1 vehicle per household
Maryland	613	44.3	\$2,000	All vehicles owned by household
Massachusetts	723	52.3	\$2,500	\$10,000 fair market value/\$5,000 equity value.
Michigan	811	58.6	\$3,000	All vehicles owned by household
Minnesota	1,076	77.8	\$2,000	\$7,500 equity value
Mississippi	458	33.1	\$2,000	All vehicles owned by household
Missouri	558	40.3	\$1,000	1 vehicle per household
Montana	700	50.6	\$3,000	1 vehicle per household
Nebraska	802	58.0	\$4,000 for 1 person/\$6,000 for 2 or more persons	1 vehicle per household
Nevada	1,230	88.9	\$2,000	1 vehicle per household
New Hampshire	781	56.5	\$1,000	1 vehicle per licensed driver
New Jersey	636	46.0	\$2,000	\$9,500 fair market value
New Mexico	1,056	76.3	\$3,500 in total resources/\$1,500 in liquid resources	All vehicles owned by household
New York	781	56.5	\$2,000/\$3,000 for a family with an elderly family member	\$4,650 fair market value
North Carolina	681	49.2	\$3,000	1 vehicle per adult

TABLE 7-7--TANF CASH WELFARE EARNINGS AND ASSET ELIGIBILITY THRESHOLDS FOR APPLICANTS: JULY 2006 -continued.

State	Monthly earnings limit for a family of three		Resource Limit	
	Amount	Percent of FY2006 Poverty Guidelines	Amount	Vehicle Disregard
North Dakota	\$1,252	90.5%	\$3,000 for 1 person/\$6,000 for 2 person/+\$25 for each addl person	1 vehicle per household
Ohio	980	70.8	No limit	All vehicles owned by household
Oklahoma	704	50.9	\$1,000	\$5,000 in equity value
Oregon	616	44.5	\$2,500	\$10,000 in equity value
Pennsylvania	493	35.6	\$1,000	1 vehicle per household
Rhode Island	1,278	92.4	\$1,000	1 vehicle per adult
South Carolina	670	48.4	\$2,500	1 vehicle per licensed driver
South Dakota	724	52.3	\$2,000	1 vehicle per household
Tennessee	1,112	80.4	\$2,000	\$4,600 equity value
Texas	401	29.0	\$1,000	\$4,650 fair market value
Utah	573	41.4	\$2,000	\$8,000 equity value
Vermont	1,003	72.5	\$1,000	1 vehicle per adult
Virginia	494	35.7	No limit	All vehicles owned by household
Washington	1,090	78.8	\$1,000	\$5,000 equity value
West Virginia	565	40.8	\$2,000	1 vehicle per household
Wisconsin	NA	NA	\$2,500	\$10,000 equity value
Wyoming	540	39.0	\$2,500	\$15,000 fair market value

Source: Urban Institute, Welfare Rules Database. Rules in Effect July 2006.

THE CASH WELFARE CASELOAD

In 2006, a monthly average of 1.9 million families composed of 4.6 million recipients received TANF- or MOE-funded cash welfare. The bulk of recipients were children, totaling 3.5 million. Table 7-8 shows (calendar) year monthly average numbers of families, recipients, and children for selected years from 1936 to 1955 and for each year from 1960 forward.

The data in the table depict a history of cash welfare caseload trends marked by several distinct eras. In 1960, the cash welfare caseload was under 1 million families, with 2.3 million children. The caseload increased sharply in the 1960s and early 1970s, increasing from less than 1 million families in 1960 to 3.5 million families in 1975. The growth of the cash welfare caseload slowed markedly after 1975. In 1988, the cash welfare caseload was 3.7 million families. From 1988 to 1994, the caseload grew again to reach its peak of 5 million families. In the late 1990s, in the wake of the 1996 welfare law, the caseload plummeted, with slower but continuing declines during the 2000-2006 period.

Table 7-8 also places the number of children in families receiving cash welfare in the context of the overall populations of children and children in poverty.

These percentages tend to generally follow the trend in overall caseloads – increases in the 1960 to 1975 period, a period of general stability with some fluctuations from 1975 to the late 1980s, increases in the 1988 to 1994 period, and sharp declines thereafter. The percent of all children who were in families receiving cash welfare was 4.7 percent in 2006, down from a historical peak of 14.1 percent in 1994, and its lowest level since 1966.

The table also shows the ratio of child cash welfare recipients to total poor children. While the table expresses this ratio as a percent, it is not, strictly speaking, a percent but a ratio. Some child recipients are in families with incomes exceeding the poverty threshold. This was particularly true in earlier years, when cash welfare benefits and eligibility levels in most States were greater relative to the poverty threshold than they were in the later years shown on the table. The ratio of children in cash welfare families to total children in poverty was 26.7 percent in 2006. This is well below the 1994 value of this measure, 61.7 percent and below its historic peak which occurred in the early 1970s at close to 80 percent. This measure too is at its lowest level since 1966.

TABLE 7-8--TRENDS IN THE CASH WELFARE CASELOAD, SELECTED YEARS 1936 TO 1960 AND 1960-2006

Year	Cash welfare caseload [Numbers in thousands]			Children in families receiving cash welfare as a percent of:	
	Families	Recipients	Children	All children	Children in poverty
1936	147	534	361	0.9	NA
1940	349	1,182	840	2.1	NA
1945	259	907	656	1.6	NA
1950	644	2,205	1,637	3.4	NA
1955	612	2,214	1,673	2.8	NA
1960	791	3,012	2,330	3.4	12.1
1961	873	3,363	2,598	3.7	14.3
1962	939	3,704	2,844	4.0	15.7
1963	963	3,945	2,957	4.1	17.4
1964	1,010	4,195	3,145	4.3	18.6
1965	1,060	4,422	3,321	4.5	21.5
1966	1,096	4,546	3,434	4.7	26.5
1967	1,220	5,014	3,771	5.2	31.2
1968	1,410	5,702	4,274	5.9	37.8
1969	1,696	6,689	4,973	6.9	49.7
1970	2,207	8,462	6,212	8.6	57.7
1971	2,763	10,242	7,435	10.4	68.5
1972	3,048	10,944	7,905	11.1	74.9
1973	3,148	10,949	7,903	11.2	79.9
1974	3,219	10,847	7,805	11.2	75.0
1975	3,481	11,319	8,071	11.8	71.2
1976	3,565	11,284	7,982	11.8	76.2
1977	3,568	11,015	7,743	11.6	73.9
1978	3,517	10,551	7,363	11.2	72.8
1979	3,509	10,312	7,181	11.0	68.0

TABLE 7-8--TRENDS IN THE CASH WELFARE CASELOAD, SELECTED YEARS 1936 TO 1960 AND 1960-2006 -continued.

Year	Cash welfare caseload [Numbers in thousands]			Children in families receiving cash welfare as a percent of:	
	Families	Recipients	Children	All children	Children in poverty
1980	3,712	10,774	7,419	11.5	63.2
1981	3,835	11,079	7,527	11.7	59.2
1982	3,542	10,358	6,903	10.8	49.6
1983	3,686	10,761	7,098	11.1	50.1
1984	3,714	10,831	7,144	11.2	52.3
1985	3,701	10,855	7,198	11.3	54.4
1986	3,763	11,038	7,334	11.5	56.0
1987	3,776	11,027	7,366	11.5	56.4
1988	3,749	10,915	7,329	11.4	57.8
1989	3,798	10,992	7,419	11.5	57.9
1990	4,057	11,695	7,911	12.1	57.9
1991	4,497	12,930	8,715	13.2	59.8
1992	4,829	13,773	9,303	13.9	59.9
1993	5,012	14,205	9,574	14.1	60.0
1994	5,033	14,161	9,568	13.9	61.7
1995	4,791	13,418	9,135	13.1	61.5
1996	4,434	12,321	8,600	12.3	58.7
1997	3,740	10,376	NA	NA	NA
1998	3,050	8,347	6,320	8.9	46.1
1999	2,578	6,924	5,109	7.2	40.9
2000	2,303	6,143	4,479	6.1	38.1
2001	2,192	5,717	4,195	5.7	35.3
2002	2,187	5,609	4,119	5.6	33.6
2003	2,180	5,490	4,063	5.5	31.3
2004	2,153	5,342	3,969	5.4	30.2
2005	2,061	5,028	3,756	5.1	28.9
2006	1,908	4,591	3,457	4.7	26.7

Note- For 2000 through 2006 the cash welfare caseload includes families receiving assistance under the TANF program and under "Separate State Programs (SSPs) funded with TANF MOE dollars.

Source: Congressional Research Service (CRS) based on data from the U.S. Department of Health and Human Services, U.S. Social Security Administration, and U.S. Census Bureau.

The next three tables, Tables 7-9, 7-10, and 7-11 show cash welfare recipients and children in the context of the overall population. The tables show wide variations in these measures, reflecting differences in State eligibility policies, particularly the income threshold used by each State to determine those families eligible for cash welfare. These wide variations are observed under TANF for 2006, but also are observed under the old AFDC program as well. Table 7-9 shows the total number of cash welfare recipients as a percent of the total population, by State, at ten-year intervals from 1960 to 2000, as well as for 1994 (national caseload peak) and 2006. Table 7-10 shows the total number of child recipients as a percent of the population under age 18 for those years.

Table 7-11 shows the ratio of child recipients to the total number of poor children by State for 1960, 1969, 1979, 1989, and 2006. Fewer years of data are available to compute this measure by State because of the lack of data, generally on

State-level poverty (and also for 1999, counts of children in cash welfare families). Beginning in the 2000s, reliable State-level poverty data have become available from the new American Community Survey (ACS) on an annual basis. ACS poverty data are the basis for the 2006 data in the table. As discussed above, the measure shown in Table 7-11 is, strictly speaking, a ratio, not a percentage. In some years for a few jurisdictions, this measure exceeds 100 percent. This means that the monthly average number of child recipients in families receiving cash welfare exceeded the number of children considered poor in the State. This has not been the case in recent years.

TABLE 7-9--AVERAGE MONTHLY NUMBER OF RECIPIENTS OF CASH WELFARE BY STATE, AS A PERCENT OF THE STATE'S TOTAL POPULATION, SELECTED YEARS 1960 TO 2006

State	1960	1970	1980	1990	1994	2000	2006
Alabama	2.6%	4.1%	4.6%	3.2%	3.1%	1.0%	1.0%
Alaska	1.8	2.9	3.8	3.9	6.3	3.3	1.4
Arizona	2.3	3.2	2.0	3.6	4.8	1.6	1.4
Arkansas	1.5	2.7	3.7	3.1	2.8	1.1	0.7
California	1.7	6.7	6.0	6.5	8.5	4.5	3.2
Colorado	1.6	3.5	2.7	3.2	3.2	0.6	0.7
Connecticut	1.0	3.0	4.5	3.8	5.1	2.1	1.3
Delaware	1.4	4.1	5.5	3.2	3.8	1.6	1.4
District of Columbia	2.7	6.5	13.2	8.3	13.1	8.0	5.6
Florida	1.8	3.4	2.7	3.0	4.7	0.9	0.5
Georgia	1.5	5.0	4.1	4.7	5.6	1.5	0.6
Hawaii	1.5	3.6	6.3	4.0	5.4	6.0	2.0
Idaho	1.2	2.5	2.2	1.7	2.1	0.2	0.2
Illinois	1.5	3.7	5.9	5.6	6.1	1.9	0.7
Indiana	0.9	1.8	2.9	2.8	3.7	1.7	2.0
Iowa	1.2	2.5	3.7	3.5	3.9	1.8	1.6
Kansas	1.1	2.7	3.0	3.1	3.3	1.2	1.6
Kentucky	2.4	4.2	4.6	5.0	5.3	2.1	1.6
Louisiana	2.8	6.3	5.1	6.7	5.7	1.6	0.6
Maine	2.1	4.4	5.3	4.7	5.1	2.5	2.4
Maryland	1.2	3.7	5.1	4.0	4.5	1.4	0.9
Massachusetts	0.9	4.1	6.1	4.5	5.0	1.6	1.5
Michigan	1.2	3.6	7.7	7.1	6.8	2.0	2.1
Minnesota	1.0	2.3	3.4	4.0	4.0	2.3	1.5
Mississippi	3.5	5.6	6.9	6.9	5.8	1.2	0.9
Missouri	2.3	3.4	4.2	4.2	5.0	2.4	1.9
Montana	1.0	2.3	2.5	3.6	4.1	1.4	1.0
Nebraska	0.8	2.2	2.3	2.7	2.8	1.6	1.8
Nevada	1.4	2.9	1.6	1.9	2.7	0.8	0.7
New Hampshire	0.7	1.5	2.5	1.6	2.7	1.1	1.0
New Jersey	0.8	5.0	6.3	4.0	4.2	1.6	1.2
New Mexico	3.1	5.5	4.2	4.0	6.3	3.8	2.1
New York	1.6	6.2	6.3	5.5	7.0	3.7	2.3
North Carolina	2.3	2.7	3.4	3.5	4.7	1.2	0.6
North Dakota	1.1	1.8	2.0	2.4	2.5	1.2	1.0
Ohio	1.1	2.8	4.9	5.9	6.0	2.1	1.5
Oklahoma	2.7	3.9	3.0	3.7	4.0	1.0	0.6
Oregon	1.2	4.2	3.9	3.2	3.6	1.1	1.1

TABLE 7-9--AVERAGE MONTHLY NUMBER OF RECIPIENTS OF CASH WELFARE BY STATE, AS A PERCENT OF THE STATE'S TOTAL POPULATION, SELECTED YEARS 1960 TO 2006 -continued.

State	1960	1970	1980	1990	1994	2000	2006
Pennsylvania	1.7%	4.2%	5.3%	4.5%	5.1%	2.0%	1.8%
Rhode Island	1.9	4.3	5.6	4.8	6.3	4.7	2.9
South Carolina	1.6	2.4	4.9	3.2	3.8	1.0	1.0
South Dakota	1.6	2.7	2.9	2.8	2.6	0.9	0.8
Tennessee	2.3	3.8	3.6	4.4	5.7	2.6	3.0
Texas	0.9	2.4	2.2	3.7	4.3	1.7	0.7
Utah	1.4	3.5	2.7	2.6	2.5	1.0	0.6
Vermont	1.1	2.9	4.6	4.1	4.8	2.6	1.9
Virginia	1.0	2.2	3.2	2.5	3.0	1.0	1.0
Washington	1.4	3.8	3.9	4.8	5.5	2.8	2.1
West Virginia	4.3	5.7	4.0	6.3	6.2	1.9	1.4
Wisconsin	0.9	1.9	4.6	4.9	4.4	0.8	0.7
Wyoming	0.8	1.8	1.5	3.2	3.4	0.2	0.1
50 State and DC Total	1.6	4.0	4.7	4.6	5.4	2.1	1.5

Note- Reciprocity rates reflect the calendar year average caseloads divided by the population as enumerated by the decennial Census for 1960, 1970, 1980, 1990, and 2000. Reciprocity rates for 1994 and 2006 reflect calendar year average caseloads divided by the Census estimate of the population for July 1 of each year.

Source: Table prepared by the Congressional Research Service (CRS) based on data from the U.S. Department of Health and Human Services (HHS) and the U.S. Census Bureau.

TABLE 7-10--AVERAGE MONTHLY NUMBER OF CHILD RECIPIENTS OF CASH WELFARE BY STATE, AS A PERCENT OF TOTAL STATE POPULATION UNDER AGE 18, SELECTED YEARS 1960-2006

State	1960	1970	1980	1990	1994	2000	2006
Alabama	5.1%	8.9%	11.1%	8.7%	8.8%	3.3%	3.1%
Alaska	3.6	5.5	8.1	8.0	12.7	7.4	3.6
Arizona	4.5	6.7	5.0	9.2	12.1	4.7	3.9
Arkansas	3.0	6.0	9.2	8.3	7.6	3.2	2.0
California	3.9	14.2	14.9	17.0	21.0	12.2	10.0
Colorado	3.4	7.4	6.7	8.1	8.2	1.9	2.2
Connecticut	2.3	6.6	11.8	11.3	14.3	5.8	4.0
Delaware	3.0	8.5	13.5	9.0	10.4	4.6	4.5
District of Columbia	7.7	16.7	40.3	29.9	44.8	29.2	22.0
Florida	4.1	8.5	8.0	9.5	13.9	3.2	1.8
Georgia	2.8	10.5	9.9	12.2	14.5	4.5	2.0
Hawaii	2.9	7.3	14.6	10.4	13.8	16.5	5.9
Idaho	2.2	4.7	4.7	3.7	4.6	0.5	0.7
Illinois	3.4	8.3	14.7	14.9	15.8	5.5	2.2
Indiana	1.9	3.7	7.0	7.3	9.7	4.8	6.1
Iowa	2.6	5.1	8.6	8.9	9.9	4.9	4.4
Kansas	2.4	6.1	7.7	7.9	8.4	3.2	4.3
Kentucky	4.8	8.6	11.0	12.7	13.9	6.3	5.2
Louisiana	5.3	12.7	11.9	16.1	14.4	4.6	2.0
Maine	4.3	9.3	12.5	11.7	12.9	7.1	7.6
Maryland	2.5	8.0	12.5	10.9	12.1	4.1	2.8
Massachusetts	2.2	9.0	15.2	12.6	13.7	4.8	4.6
Michigan	2.4	7.2	17.2	17.6	17.1	5.7	6.3

TABLE 7-10--AVERAGE MONTHLY NUMBER OF CHILD RECIPIENTS
OF CASH WELFARE BY STATE, AS A PERCENT OF TOTAL STATE
POPULATION UNDER AGE 18, SELECTED YEARS 1960-2006 -continued.

State	1960	1970	1980	1990	1994	2000	2006
Minnesota	2.1%	4.8%	7.9%	9.6%	10.0%	6.2%	4.3%
Mississippi	6.5	12.0	15.8	17.1	15.0	3.5	2.7
Missouri	5.2	7.7	10.2	10.7	13.0	6.6	5.3
Montana	2.1	4.6	5.9	8.3	9.6	3.7	3.0
Nebraska	1.6	4.9	5.6	6.9	7.0	4.3	5.0
Nevada	3.1	6.2	4.0	5.4	7.2	2.4	2.0
New Hampshire	1.5	3.1	5.9	4.1	6.6	3.1	3.2
New Jersey	2.0	10.9	16.0	11.9	11.5	4.7	3.5
New Mexico	5.7	10.4	9.0	8.7	13.7	9.5	5.9
New York	3.8	13.8	16.2	15.6	18.1	10.1	6.9
North Carolina	4.6	5.8	8.6	9.8	12.6	3.8	2.1
North Dakota	2.1	3.8	4.7	5.9	6.1	3.4	3.2
Ohio	2.3	5.9	11.6	15.0	15.7	6.0	4.7
Oklahoma	6.0	8.9	7.7	9.6	10.3	3.1	2.0
Oregon	2.5	8.6	9.1	8.4	9.5	3.3	3.6
Pennsylvania	3.9	9.1	13.9	12.5	14.4	6.1	5.7
Rhode Island	4.5	9.9	14.9	13.9	17.5	13.3	9.2
South Carolina	3.0	5.0	11.7	8.8	10.7	3.1	2.9
South Dakota	3.1	5.4	6.9	6.8	6.5	2.7	2.6
Tennessee	4.7	8.7	9.1	12.1	15.5	7.7	9.0
Texas	1.7	5.1	5.3	9.1	10.3	4.3	2.0
Utah	2.5	6.0	4.6	4.9	4.9	2.2	1.6
Vermont	2.3	5.9	10.2	9.9	11.7	6.8	5.6
Virginia	2.1	4.8	8.0	7.0	8.3	3.0	3.1
Washington	3.1	7.7	8.9	11.8	13.3	7.4	6.1
West Virginia	8.8	12.1	10.5	15.6	16.6	5.7	4.7
Wisconsin	1.8	4.0	10.8	11.8	10.5	2.5	2.5
Wyoming	1.5	3.7	3.4	7.2	8.0	0.7	0.4
Total 50 States and DC	3.4	8.6	11.4	12.2	13.9	6.1	4.7

Note- Reciprocity rates reflect the calendar year average caseloads divided by the population as enumerated by the decennial Census for 1960, 1970, 1980, 1990, and 2000. Reciprocity rates for 1994 and 2006 reflect calendar year average caseloads divided by the Census estimate of the population for July 1 of each year.

Source: Table prepared by the Congressional Research Service (CRS) based on data from the U.S. Department of Health and Human Services (HHS) and the U.S. Census Bureau. The 1960 population figures are based on information from the Integrated Public Use Microdata Series (IPUMS) data files based on the 1960 Census maintained at the University of Minnesota.

TABLE 7-11--RATIO OF AVERAGE MONTHLY CHILD CASH WELFARE
RECIPIENTS TO TOTAL CHILDREN IN POVERTY, BY STATE,
SELECTED YEARS 1960-2006

State	1960	1969	1979	1989	2006
Alabama	10.1	21.4	45.5	36.1	13.0
Alaska	15.1	27.7	53.1	73.4	23.6
Arizona	15.6	28.6	25.8	35.0	19.4
Arkansas	5.4	14.9	39.0	30.6	8.4
California	25.5	78.8	86.5	85.1	53.3
Colorado	15.4	44.0	50.6	50.5	14.2
Connecticut	24.1	68.3	96.4	88.8	34.2
Delaware	15.7	49.6	90.1	68.7	27.0

TABLE 7-11--RATIO OF AVERAGE MONTHLY CHILD CASH WELFARE
RECIPIENTS TO TOTAL CHILDREN IN POVERTY, BY STATE,
SELECTED YEARS 1960-2006 -continued.

State	1960	1969	1979	1989	2006
District of Columbia	27.1	49.0	146.6	120.1	68.9
Florida	12.4	34.1	37.1	44.1	9.8
Georgia	6.2	31.1	43.7	54.9	9.7
Hawaii	12.8	48.2	103.3	90.8	43.6
Idaho	9.8	21.8	30.2	24.3	4.1
Illinois	20.4	59.7	92.7	83.1	12.2
Indiana	10.1	25.3	52.1	46.2	33.9
Iowa	9.9	35.3	63.4	58.3	30.1
Kansas	10.7	36.8	61.9	53.1	27.1
Kentucky	10.5	29.5	48.5	45.6	23.0
Louisiana	11.2	32.2	48.0	50.8	7.2
Maine	15.4	43.1	75.8	70.4	43.1
Maryland	12.4	52.9	93.1	87.6	27.6
Massachusetts	16.8	78.5	114.3	87.9	35.4
Michigan	14.0	49.5	113.8	89.6	31.7
Minnesota	8.9	35.2	68.7	69.1	33.6
Mississippi	10.0	23.6	51.2	51.5	8.9
Missouri	17.8	37.6	62.6	57.6	26.5
Montana	9.7	26.2	36.8	38.6	17.1
Nebraska	6.4	28.5	43.1	47.1	32.2
Nevada	21.4	38.3	29.6	34.9	13.4
New Hampshire	10.7	28.0	55.2	40.3	31.4
New Jersey	15.3	72.3	107.7	99.1	28.3
New Mexico	16.5	31.5	37.1	31.9	22.3
New York	23.5	93.9	81.7	79.8	33.8
North Carolina	9.1	19.2	44.2	49.5	10.1
North Dakota	6.1	15.9	32.0	33.3	24.9
Ohio	13.1	46.9	77.1	81.5	23.5
Oklahoma	17.6	41.0	44.4	38.0	7.7
Oregon	15.7	47.4	73.8	50.2	20.6
Pennsylvania	19.5	60.2	93.0	77.3	31.8
Rhode Island	24.5	69.1	98.2	87.2	60.6
South Carolina	5.5	11.4	53.1	39.3	13.5
South Dakota	7.9	19.5	34.3	31.1	15.9
Tennessee	10.2	26.0	40.6	51.1	37.5
Texas	4.5	14.9	25.9	32.8	8.3
Utah	15.0	48.9	37.7	35.1	12.7
Vermont	8.4	43.1	60.7	74.4	40.2
Virginia	5.4	18.8	50.5	48.3	24.8
Washington	23.2	52.2	63.1	77.8	37.5
West Virginia	21.7	40.4	54.7	57.6	18.7
Wisconsin	10.1	35.9	89.7	83.2	17.1
Wyoming	6.7	21.1	35.4	45.7	3.1

Source: Table and estimates prepared by the Congressional Research Service (CRS). TANF caseload data are from the U.S. Department of Health and Human Services (HHS). Children in poverty data are from the IPUMS data files, maintained at the University of Minnesota and based on public use data files from the U.S. Census Bureau.

Changing Caseload Characteristics

This section examines the characteristics of the cash welfare caseload from 1988 to 2006. This covers the period when the caseload increased from 1988 to 1994 and then declined from 1994 to 2006. Table 7-12 shows some common indicators of the characteristics of the cash welfare caseload in selected years, 1988 to 2006. Most indicators show modest changes. The size of the typical family receiving cash assistance remained fairly constant (3 persons) over the period. The age of the youngest child in a family receiving cash assistance tended to be a little younger, with the share of families with infants or one year olds having increased from 24.6 percent to 27.4 percent. However, the share of households with teenagers also increased.

The one dramatic change shown on the table is the increase in families with no adult recipients. Over the 1988 to 1994 period, the number of such families grew from 368,000 to 869,000—accounting for about 40 percent of the growth in the cash welfare caseload over this period. This indicator presages a major change in the character of the cash assistance rolls that occurred over the 1988 to 2006 period, which will be discussed below.

TABLE 7-12--TANF/MOE CASH WELFARE,
SELECTED YEARS 1988-2006

	1988	1994	2001	2006
Average monthly number of families (thousands)	3,748	5,046	2,202	1,957
Average number of family members (thousands)	2.8	2.8	3.0	2.9
Median number of family members	3	3	3	3
Number of Adult Recipients (thousands)				
One Adult	3,039	3,757	1,269	975
Two or More Adults	340	420	144	109
No Adults	368	869	789	873
Number of Adult Recipients (percent of total families)				
One Adult	81.1	74.5	57.6	49.8
Two or More Adults	9.1	8.3	6.6	5.6
No Adults	9.8	17.2	35.8	44.6
Number of Child Recipients (percent of total families)				
One	42.5	42.6	44.1	49.0
Two	30.2	30.0	28.6	27.4
Three	15.8	15.6	14.9	13.4
Four or more	9.9	9.6	10.3	8.0
Age of Youngest Child (percent of total families)				
Infant and Age 1	24.6	22.3	26.4	27.4
Infant	NA	11.2	13.2	13.7
Age 1	NA	16.9	11.7	12.0
Age 2 to Age 5	33.5	34.6	29.0	28.6
Age 6 to Age 12	28.0	26.3	31.7	28.6
Age 13 and older	11.5	10.9	14.3	17.1

Note- For FY2001 and FY2006, the cash welfare caseload includes those whose benefits were funded from TANF dollars as well as those whose benefits were funded with MOE dollars under SSPs.

Source: Congressional Research Service (CRS) tabulations of the 1988 AFDC Quality Control Public Use Data File; the 1994 AFDC Quality Control Public Use Data File; the 2001 TANF National Data File; and the 2006 TANF National Data File.

Changing Family Types

Table 7-13 provides a classification of cash welfare families for selected years from FY1988 to FY2006. It characterizes families by the situations of adult members in both families with adult recipients and “child-only” families. It shows that the changes in the levels of the caseload during the 1988 to 2006 period were accompanied by a diversification of the caseload.

The type of welfare family that has historically been the focus of welfare-to-work efforts is one headed by an adult, non-working recipient. In FY1988, out of 3.7 million families on the rolls, 3.1 million (83.7 percent) were such families. This number grew by 662,000 over the 1988 to 1994 period to peak at 3.8 million in FY1994. After FY1994, the sharpest declines in the cash welfare caseload occurred for such families. By FY2006, the number of families headed by adult, non-working recipients was less than one million (825,490), accounting for only 42.2 percent of all families. The share of the cash welfare caseload with employed recipients grew over the FY1994 to FY2006 period. For this group – employed at jobs, but either in the early months of a job or earning too little to become ineligible for cash welfare–TANF provides an earnings supplement to the family. However, with the caseload decline, the absolute number of families with a working, recipient adult was at a lower number (259,000) than it was in FY1994 (379,000).

The categories of “child-only” families are quite diverse, and represent several different types of circumstances for the children in these families. There are four main categories of “child-only” families:

- A disabled parent receives Supplemental Security Income (SSI). Under pre-TANF Federal law, a parent could not simultaneously receive AFDC and SSI. Most States have maintained this policy under TANF. In these cases, the disabled parent receives SSI on behalf of herself and the children in the family receive TANF cash welfare.
- The parent is a noncitizen ineligible to receive welfare on his or her own behalf, but their children are citizens and thus eligible for cash welfare.¹
- A nonparent relative is caring for a child. The relative may choose not to be a recipient on his or her own behalf, possibly because of the requirement to engage in work or job preparation. The relative caretaker may also have income above TANF’s financial eligibility threshold, but because the caretaker is not formally financially responsible for the child his or her income does not preclude the child from being considered needy.

¹ The following tables in this section report this group under the heading “child-only case/ noncitizen parent or parent of unknown alienage.” HHS has issued guidance to the States expressing that requiring citizenship information from noncitizen parents who are applying for benefits for their citizen children raises concerns about discrimination because of national origin, prohibited under Title VI of the Civil Rights Act (which the TANF statute applies to States). Therefore, many families in the group are likely to be headed by noncitizens who did not disclose their citizenship status in applications on behalf of their citizen children.

- Under State policies, the parent is “removed” from the cash welfare case, and the family’s benefit is correspondingly reduced, because of the parent’s failure to comply with program requirements or a time limit.

All of the categories of “child-only” families experienced growth during the FY1988 to FY1994. The number of families with children living with nonrecipient caretaker relatives other than parents, such as grandparents, aunts, and uncles, grew by 140,000 over this period. Children living with a parent receiving benefits from Supplemental Security Income (SSI) grew by 117,000. Children with parents of unknown citizenship increased by 129,000.

States are not consistently reporting data on the nonrecipient adults in TANF cash welfare families. Therefore, the information on trends in the characteristics of child-only families is compromised. However, the picture of the FY2006 caseload shows one that is very diverse– with a number of different routes for a family to receive cash welfare, in addition to having an able-bodied adult not employed.

Table 7-14 shows the composition of the caseload by family category across the States. There is a great deal of variation in this composition among the States. Note that a few States (Colorado, Maryland, Oklahoma, and Wyoming) failed to report on the circumstances of adult non-recipients, so that all of their “child-only” cases are not classified.

TABLE 7-13--CHARACTERISTICS OF THE TANF
CASH WELFARE CASELOAD, BY FAMILY CATEGORY,
SELECTED YEARS FY1988 TO FY2006

	1988	1994	2006	Change	
				1988 - 1994	1994 - 2006
Total number of families	3,747,950	5,046,263	1,957,402	1,298,312	-3,088,861
Family with an adult/all adult recipients unemployed	3,136,566	3,798,997	825,490	662,431	-2,973,507
Family with an adult/an adult recipient employed	243,573	378,621	259,001	135,048	-119,620
Child-only case/Sanctioned	NA	NA	54,456	NA	NA
Child-only case/SSI Parent	59,988	171,391	178,094	111,403	6,703
Child-only case/caretaker relative	188,598	328,290	260,233	139,692	-68,057
Child-only case/noncitizen parent or parent of unknown alienage	47,565	184,397	147,499	136,832	-36,898
Child-only case/other ineligible parent	51,763	146,226	112,927	94,463	-33,299
Child-only case/unknown	19,897	38,341	119,702	18,443	81,361
Percent of All Families					
Total number of families	100.0%	100.0%	100.0%	0.0%	0.0%
Family with an adult/all adult recipients unemployed	83.7	75.3	42.2	-8.4	-33.1
Family with an adult/an adult recipient employed	6.5	7.5	13.2	1.0	5.7
Child-only case/Sanctioned	NA	NA	2.8	NA	NA
Child-only case/SSI Parent	1.6	3.4	9.1	1.8	5.7
Child-only case/caretaker relative	5.0	6.5	13.3	1.5	6.8

TABLE 7-13--CHARACTERISTICS OF THE TANF
CASH WELFARE CASELOAD, BY FAMILY CATEGORY,
SELECTED YEARS FY1988 TO FY2006 -continued.

	1988	1994	2006	Change	
				1988 - 1994	1994- 2006
Child-only case/noncitizen parent or parent of unknown alienage	1.3	3.7	7.5	2.4	3.9
Child-only case/other ineligible parent	1.4	2.9	5.8	1.5	2.9
Child-only case/unknown	0.5	0.8	6.1	0.2	5.4

Note- For FY2006, the cash welfare caseload includes those whose benefits were funded from TANF dollars as well as those whose benefits were funded with MOE dollars under SSPs. NA denotes not available.

For families with two ineligible families, both parents had to be ineligible due to SSI receipt in order to be classified as "child-only/SSI parents." Families with an ineligible parent who receives SSI were not included in the category "child-only case/qualified noncitizen parent or parent of unknown alienage."

Source: Congressional Research Service (CRS) tabulations of the 1988 AFDC Quality Control Public Use Data File; the 1994 AFDC Quality Control Public Use Data File; and the 2006 TANF National Data File.

TABLE 7-14--COMPOSITION OF THE CASH WELFARE CASELOAD BY FAMILY CATEGORY BY STATE, FY2006

State	Family with an adult/ all adult recipients unemployed	Family with an adult/an adult recipient employed	Child-only case/Sanctioned	Child-only case/SSI Parent	Child-only case/ caretaker relative	Child-only case/ non-citizen parent or parent of un-known alienage	Child-only case/other ineligible parent	Child-only case/ unknown	Total
Alabama	34.8%	17.1%	1.8%	17.6%	26.5%	0.6%	1.6%	0.1%	100.0%
Alaska	45.4	24.9	0.0	0.0	29.4	0.3	0.0	0.0	100.0
Arizona	41.6	10.8	0.3	0.0	0.0	0.3	0.0	46.9	100.0
Arkansas	41.0	8.1	0.0	0.0	22.5	2.2	26.2	0.0	100.0
California	31.5	13.1	8.3	11.5	9.4	17.5	8.4	0.3	100.0
Colorado	42.7	22.3	0.0	0.0	24.1	0.0	0.0	10.8	100.0
Connecticut	46.8	14.5	0.0	5.4	23.3	2.7	5.1	2.1	100.0
Delaware	42.1	12.5	0.8	0.0	34.7	1.3	8.3	0.3	100.0
District of Columbia	48.3	11.9	18.7	4.6	8.3	1.8	6.4	0.0	100.0
Florida	25.3	5.6	0.3	10.7	51.6	3.4	2.4	0.7	100.0
Georgia	19.7	5.1	0.0	18.2	43.8	4.8	7.7	0.6	100.0
Hawaii	47.6	25.7	0.0	0.0	0.0	0.3	0.6	25.7	100.0
Idaho	14.1	8.7	0.1	0.0	75.8	1.0	0.1	0.1	100.0
Illinois	43.9	7.6	0.0	11.7	19.6	2.9	14.3	0.0	100.0
Indiana	40.5	17.2	0.0	9.0	10.6	2.1	20.4	0.0	100.0
Iowa	50.7	23.8	1.0	7.5	13.3	1.5	1.6	0.6	100.0
Kansas	64.0	8.1	0.0	7.1	13.4	3.6	3.7	0.2	100.0
Kentucky	36.4	13.6	0.4	17.7	0.0	0.1	2.6	29.2	100.0
Louisiana	20.7	8.7	0.0	0.0	43.1	0.2	25.7	1.6	100.0
Maine	51.8	23.6	4.3	10.5	6.6	0.0	0.9	2.3	100.0
Maryland	51.4	4.1	5.1	0.0	0.0	0.0	0.0	39.3	100.0
Massachusetts	50.4	11.1	3.4	20.1	0.0	8.4	6.6	0.0	100.0
Michigan	47.7	19.3	0.0	7.1	19.8	1.1	5.0	0.0	100.0
Minnesota	47.6	22.0	0.2	12.2	12.9	4.6	0.6	0.0	100.0
Mississippi	39.5	9.2	1.4	28.0	21.3	0.0	0.6	0.0	100.0
Missouri	58.9	16.4	0.0	0.0	0.0	0.0	0.3	24.4	100.0
Montana	45.7	22.7	0.0	0.0	28.4	0.0	0.0	3.2	100.0
Nebraska	44.1	28.3	0.3	7.0	10.5	0.8	6.8	2.2	100.0
Nevada	37.3	16.4	0.0	9.9	25.5	9.8	0.7	0.3	100.0
New Hampshire	52.9	14.7	2.4	11.4	15.0	0.8	2.9	0.0	100.0

TABLE 7-14--COMPOSITION OF THE CASH WELFARE CASELOAD BY FAMILY CATEGORY BY STATE, FY2006
-continued.

State	Family with an adult/ all adult recipients unemployed	Family with an adult/an adult recipient employed	Child-only case/Sanctioned	Child-only case/SSI Parent	Child-only case/ caretaker relative	Child-only case/ qualified non-citizen parent or parent of un-known alienage	Child-only case/other ineligible parent	Child-only case/ unknown	Total
New Jersey	60.8%	11.8%	0.0%	7.1%	13.3%	0.1%	6.4%	0.5%	100.0%
New Mexico	47.3	18.9	0.2	9.0	9.5	14.6	0.5	0.0	100.0
New York	47.9	18.8	0.5	9.2	8.2	9.0	2.5	4.0	100.0
North Carolina	31.2	8.0	0.4	11.4	38.1	4.0	1.1	5.9	100.0
North Dakota	49.5	25.2	2.9	1.4	15.7	0.5	5.0	0.0	100.0
Ohio	43.8	2.2	0.0	13.4	1.0	1.1	4.0	34.4	100.0
Oklahoma	35.3	3.0	2.1	0.0	0.0	0.0	0.0	59.6	100.0
Oregon	46.6	7.1	1.0	10.2	16.2	8.8	1.4	8.6	100.0
Pennsylvania	62.9	7.3	2.6	0.0	6.6	1.1	15.3	4.1	100.0
Rhode Island	51.6	16.3	0.1	5.3	3.4	6.4	9.8	7.3	100.0
South Carolina	36.7	17.0	0.9	14.4	27.9	0.7	2.2	0.0	100.0
South Dakota	27.8	7.4	0.2	10.1	53.7	0.0	0.7	0.0	100.0
Tennessee	59.9	14.8	0.0	0.0	24.8	0.0	0.5	0.0	100.0
Texas	23.8	14.3	0.0	8.7	16.2	23.2	8.7	5.2	100.0
Utah	43.7	19.3	0.0	7.2	24.2	5.1	0.5	0.0	100.0
Vermont	64.5	11.6	0.4	12.9	10.6	0.0	0.0	0.0	100.0
Virginia	42.7	22.8	1.8	9.8	0.0	1.6	0.5	20.7	100.0
Washington	51.3	13.1	0.1	8.9	17.4	8.7	0.3	0.3	100.0
West Virginia	45.5	8.3	0.0	0.1	13.1	0.0	0.1	33.0	100.0
Wisconsin	33.1	5.4	0.0	29.7	30.5	0.0	1.2	0.0	100.0
Wyoming	20.1	2.2	1.0	0.0	0.0	0.0	0.0	76.6	100.0
Guam	Data Not Reported.								
Puerto Rico	75.6	1.9	9.6	0.0	11.1	0.1	0.5	1.2	100.0
Virgin Islands	65.7	3.7	15.3	0.0	10.1	2.6	2.5	0.0	100.0

Note- The cash welfare caseload includes those whose benefits were funded from TANF dollars as well as those whose benefits were funded with MOE dollars under SSPs. For families with two ineligible families, both parents had to be ineligible due to SSI receipt in order to be classified as "child-only/SSI parents." Families with an ineligible parent who receives SSI were not included in the category "child-only case/qualified noncitizen parent or parent of unknown alienage."

Source: Congressional Research Service tabulations of the FY2006 TANF National Data files.

Race and Ethnicity

Table 7-15 shows the number of adult recipients in AFDC or TANF cash welfare families for selected years, FY1988 to FY2006. In terms of numbers, welfare receipt increased for all racial/ethnic categories shown on the table over the FY1988 to FY1994 period, and then declined for all racial/ethnic categories in the FY1994 to FY2006 period. The table also shows that, over the post-FY1994 reform period, the share of adults receiving cash welfare who were nonwhite increased by eight percentage points through FY2001, but by FY2006 this trend reversed and the share of adult recipients who were nonwhite stood only 2.5 percentage points higher in 2006 than it did in 1994. However, as discussed below, looking at only the adults on the caseload masks some trends in its changing character because of the increasing share of families that were “child-only” cases.

TABLE 7-15--RACIAL/ETHNIC CHARACTERISTICS OF CASH WELFARE ADULT RECIPIENTS, SELECTED YEARS FY1988 TO FY2006

	1988	1994	2001	2006
Numbers (in thousands)				
Total	3,765,301	4,610,033	1,561,475	1,195,897
White/Nonhispanic	1,568,516	1,870,148	508,282	448,389
African American/Nonhispanic	1,394,916	1,559,041	556,451	426,158
Hispanic	573,889	862,272	363,905	247,191
Other or multi-racial	160,731	229,384	118,985	63,928
Unknown	67,249	89,188	13,853	10,231
Percent of all adult recipients				
Total	100.0%	100.0%	100.0%	100.0%
White/Nonhispanic	41.7	40.6	32.6	37.5
African American/Nonhispanic	37.0	33.8	35.6	35.6
Hispanic	15.2	18.7	23.3	20.7
Other or multi-racial	4.3	5.0	7.6	5.3
Unknown	1.8	1.9	0.9	0.9

Note- For FY2001 and FY2006, the cash welfare caseload includes those whose benefits were funded from TANF dollars as well as those whose benefits were funded with MOE dollars under SSPs.

Source: Congressional Research Service (CRS) tabulations of the 1988 AFDC Quality Control Public Use Data File; the 1994 AFDC Quality Control Public Use Data File; the 2001 TANF National Data File; and the 2006 TANF National Data File.

Table 7-16 shows the racial/ethnic composition of children in families receiving cash welfare. As with adult recipients, the caseload increase from FY1988 to FY1994 and the subsequent caseload decline from FY1994 to FY2006 occurred among all racial/ethnic groups. In terms of the percentage share of the caseload for the racial/ethnic categories shown on the table, there is a disparity between the racial/ethnic makeup of recipient adults and children on the cash welfare caseload. This is driven in large part by Hispanics, who have a higher likelihood of being in “child-only” families. In FY2006, Hispanics accounted for

only 20.7 percent of all adult cash welfare recipients. However, Hispanic children accounted for 28.6 percent of all children in families receiving cash welfare. Additionally, Hispanic children have accounted for an increasing share of all children in families receiving cash welfare. Hispanics have also been the fastest increasing racial/ethnic group over the period from 2000 to 2006.

TABLE 7-16--RACIAL/ETHNIC CHARACTERISTICS OF CHILDREN IN FAMILIES RECEIVING CASH WELFARE, SELECTED FISCAL YEARS FY1988 TO FY2006

	1988	1994	2001	2006
Numbers (in thousands)				
Total	7,329,430	9,753,437	4,262,423	3,525,954
White/Nonhispanic	2,479,951	3,220,164	1,096,953	1,013,197
African American/Nonhispanic	3,029,907	3,700,777	1,654,866	1,272,026
Hispanic	1,273,966	2,063,515	1,168,547	1,008,651
Other or multi-racial	313,478	487,738	293,755	196,835
Unknown	232,129	281,243	48,302	35,245
Percent of all child recipients				
Total	100.0%	100.0%	100.0%	100.0%
White/Nonhispanic	33.8	33.0	25.7	28.7
African American/Nonhispanic	41.3	37.9	38.8	36.1
Hispanic	17.4	21.2	27.4	28.6
Other or multi-racial	4.3	5.0	6.9	5.6
Unknown	3.2	2.9	1.1	1.0

Note- For FY2001 and FY2006, the cash welfare caseload includes those whose benefits were funded from TANF dollars as well as those whose benefits were funded with MOE dollars under SSPs.

Source: Congressional Research Service (CRS) tabulations of the 1988 AFDC Quality Control Public Use Data File; the 1994 AFDC Quality Control Public Use Data File; the 2001 TANF National Data File; and the 2006 TANF National Data File.

Table 7-17 shows recipient children in families receiving cash welfare by both race/ethnicity and family category for FY2006. There were substantial differences in the racial/ethnic makeup of children by family category. Nonwhite children were slightly more likely to be in "child-only" families than were whites. African-American children were disproportionately represented (relative to their representation in the overall caseload) in families with a parent on SSI or in families with a non-parent, relative caretaker. Hispanic children were disproportionately represented in families with a noncitizen parent or a parent whose citizenship status is unknown.

Table 7-18 shows recipient children in families receiving cash welfare by racial/ethnic makeup and State for FY2006. The racial/ethnic makeup of the cash welfare caseload in a State is affected by the demographic makeup of the State, particularly the racial/ethnic composition of poor children in the State. For the purposes of comparison and explanation, the table shows the estimated racial/ethnic composition of poor children in the State in 2006 based on data from the American Community Survey (ACS).

TABLE 7-17--RECIPIENT CHILDREN IN FAMILIES RECEIVING CASH WELFARE BY FAMILY CATEGORY AND RACIAL/ETHNIC GROUP, FY2006

	White/ Nonhispanic	African- American/ Nonhispanic	Hispanic	Other	Unknown	Total
Total number of children	1,013,197	1,272,026	1,008,651	196,835	35,245	3,525,953
Family with an adult/all adult recipients unemployed	451,051	588,970	320,561	76,818	19,687	1,457,087
Family with an adult/an adult recipient employed	171,069	185,844	128,163	36,599	7,023	528,698
Child-only case/Sanctioned	20,781	33,345	53,457	5,509	360	113,451
Child-only case/SSI Parent	90,950	116,321	73,757	29,738	2,148	312,914
Child-only case/caretaker relative or foster child	147,226	167,663	66,243	17,389	2,157	400,678
Child-only case/noncitizen parent or parent of unknown alienage	16,260	11,749	278,011	11,322	2,137	319,479
Child-only case/other ineligible parent	49,108	105,552	60,099	10,992	1,124	226,875
Child-only case/unknown	66,753	62,583	28,359	8,467	610	166,772
Total children	28.7%	36.1%	28.6%	5.6%	1.0%	100.0%
Family with an adult/all adult recipients unemployed	31.0	40.4	22.0	5.3	1.4	100.0
Family with an adult/an adult recipient employed	32.4	35.2	24.2	6.9	1.3	100.0
Child-only case/Sanctioned	18.3	29.4	47.1	4.9	0.3	100.0
Child-only case/SSI Parent	29.1	37.2	23.6	9.5	0.7	100.0
Child-only case/caretaker relative or foster child	36.7	41.8	16.5	4.3	0.5	100.0
Child-only case/ noncitizen parent or parent of unknown alienage	5.1	3.7	87.0	3.5	0.7	100.0
Child-only case/other ineligible parent	21.6	46.5	26.5	4.8	0.5	100.0
Child-only case/unknown	40.0	37.5	17.0	5.1	0.4	100.0

Note- The cash welfare caseload includes those whose benefits were funded from TANF dollars as well as those whose benefits were funded with MOE dollars under SSPs. For families with two ineligible families, both parents had to be ineligible due to SSI receipt in order to be classified as "child-only/SSI parents." Families with an ineligible parent who receives SSI were not included in the category "child-only case/qualified noncitizen parent or parent of unknown alienage." Source: Congressional Research Service (CRS) tabulations of the FY2006 TANF National Data Files.

TABLE 7-18--RACIAL/ETHNIC COMPOSITION OF CHILDREN IN FAMILIES RECEIVING TANF CASH WELFARE IN FY2006 AND ALL POOR CHILDREN, BY STATE

State	Children in Families Receiving TANF Cash Welfare				Poor Children (Estimates from the American Community Survey)			
	White	African-American	Hispanic	Other	White	African-American	Hispanic	Other
Alabama	26.7%	70.4%	1.6%	1.3%	36.8%	55.4%	4.7%	3.1%
Alaska	42.6	8.5	3.9	45.0	25.6	5.2	10.2	59.0
Arizona	24.7	11.9	53.1	10.3	20.3	5.0	58.8	15.9
Arkansas	34.8	59.6	4.0	0.7	48.9	34.7	10.4	6.0
California	20.8	18.7	52.1	8.4	14.3	10.2	66.5	9.0
Colorado	44.4	15.5	35.8	4.3	34.4	7.4	53.1	5.1
Connecticut	26.4	32.3	40.3	1.0	32.7	18.8	43.6	4.9
Delaware	24.3	65.6	9.5	0.6	29.6	47.9	15.9	6.6
District of Columbia	0.2	96.7	2.6	0.4	2.3	89.3	6.9	1.6
Florida	28.3	52.4	19.0	0.3	29.3	37.5	28.7	4.5
Georgia	22.7	73.1	3.5	0.7	24.8	57.2	13.9	4.1
Hawaii	12.3	1.2	5.6	80.8	17.3	0.0	14.7	68.1
Idaho	70.1	2.0	20.2	7.8	68.4	0.2	26.3	5.1
Illinois	18.2	69.7	11.4	0.6	27.9	39.8	28.0	4.2
Indiana	44.6	43.4	8.1	3.9	59.6	23.4	13.4	3.6
Iowa	49.2	14.9	7.0	3.9	66.5	12.9	13.8	6.8
Kansas	51.0	27.5	15.0	3.9	54.8	15.4	24.6	5.3
Kentucky	71.1	25.8	2.5	0.5	72.6	16.9	5.4	5.1
Louisiana	16.7	80.7	1.9	0.7	28.1	66.0	1.5	4.4
Maine	87.5	6.6	1.4	4.5	87.8	4.5	2.2	5.5
Maryland	16.7	80.8	1.9	0.6	25.3	60.0	8.7	5.9
Massachusetts	36.0	21.3	37.1	4.4	38.6	16.7	31.8	12.9
Michigan	41.4	50.2	5.7	2.7	45.5	39.4	9.2	5.9
Minnesota	28.6	33.1	10.8	27.5	47.5	22.3	10.8	19.4
Mississippi	16.6	82.7	0.7	0.0	24.1	72.5	1.8	1.6
Missouri	50.7	43.5	4.8	1.0	52.8	32.8	6.6	7.9
Montana	45.2	1.7	4.5	48.7	62.3	0.7	6.5	30.4
Nebraska	43.7	29.6	15.2	8.2	54.6	12.6	24.3	8.4
Nevada	29.7	35.5	29.1	5.7	28.0	13.6	48.5	9.9

TABLE 7-18--RACIAL/ETHNIC COMPOSITION OF CHILDREN IN FAMILIES RECEIVING TANF CASH WELFARE IN FY2006 AND ALL POOR CHILDREN, BY STATE --continued.

State	Children in Families Receiving TANF Cash Welfare				Poor Children (Estimates from the American Community Survey)			
	White	African-American	Hispanic	Other	White	African-American	Hispanic	Other
New Hampshire	87.5%	4.0%	7.6%	0.9%	84.8%	5.4%	4.5%	5.4%
New Jersey	13.8	56.9	24.9	4.4	26.4	31.3	35.7	6.6
New Mexico	16.2	4.3	73.7	5.8	14.1	2.0	64.8	19.1
New York	16.0	42.6	37.8	3.7	29.1	27.5	33.3	10.1
North Carolina	26.5	64.5	5.2	3.8	34.3	42.6	17.1	6.1
North Dakota	27.8	3.1	3.7	65.4	67.6	2.2	2.5	27.7
Ohio	46.7	48.7	3.2	1.4	57.1	32.1	4.7	6.1
Oklahoma	41.0	33.5	12.4	13.1	45.1	17.3	16.2	21.4
Oregon	60.6	11.9	20.7	5.7	51.6	6.2	31.5	10.7
Pennsylvania	31.6	49.7	15.9	1.4	47.8	30.0	14.9	7.3
Rhode Island	21.1	11.5	23.1	3.1	32.6	12.0	46.2	9.2
South Carolina	26.9	68.4	2.2	2.5	30.2	59.3	6.7	3.7
South Dakota	17.2	3.0	1.5	78.3	45.6	1.7	1.7	50.9
Tennessee	35.2	61.1	3.0	0.7	49.3	38.8	8.1	3.8
Texas	13.6	28.1	57.1	1.2	15.5	17.7	64.0	2.8
Utah	62.9	6.4	23.4	7.2	51.4	2.7	36.4	9.5
Vermont	96.3	2.7	0.6	0.4	89.5	2.2	3.2	5.1
Virginia	29.9	63.4	4.4	2.3	37.6	46.7	9.4	6.3
Washington	46.5	10.7	22.7	7.9	45.1	10.2	29.0	15.7
West Virginia	87.2	10.9	0.6	1.4	90.1	4.6	0.5	4.8
Wisconsin	21.9	56.0	8.4	9.8	47.8	27.3	16.0	8.9
Wyoming	70.7	6.6	13.4	9.3	75.5	0.0	9.8	14.7
Totals	28.7	36.1	28.6	5.6	33.6	27.9	31.0	7.4

Note- The cash welfare caseload includes those whose benefits were funded from TANF dollars as well as those whose benefits were funded with MOE dollars under SSPs.

Totals for children in families receiving TANF cash welfare reflect the 50 States, District of Columbia, Puerto Rico and the Virgin Islands. Totals for poor children reflect the 50 States and District of Columbia.

Source: Congressional Research Service (CRS) tabulations of the FY2006 TANF National Data files and the 2006 American Community Survey.

Age of Youngest Child, by Family Type

Table 7-19 shows TANF cash welfare families by family category and the age of their youngest child in FY2006. Comparing TANF cash welfare families with an adult recipient and “child-only” families, those with an adult recipient are more likely to have very young children than are “child-only” families. In fact, among families with an adult who are not employed almost one-fifth had an infant in their family. Though families with non-employed adults represent the group targeted by welfare-to-work initiatives, as discussed below, TANF rules allow States to exempt families with infants from the work participation standards.

TABLE 7-19--FAMILIES RECEIVING CASH WELFARE BY FAMILY CATEGORY AND AGE OF YOUNGEST CHILD, FY2006

	Total	Infant	1 yr old	2 to 5 yr old	6 to 12 yrs old	Age 13 & older
Family with an adult/employed	100.0%	15.0%	16.3%	35.5%	23.5%	9.8%
Family with an adult/not employed	100.0	21.1	15.3	29.6	22.5	11.5
Child-only family/sanctioned	100.0	7.7	9.1	33.2	33.4	16.7
Child-only family/SSI parent	100.0	6.0	6.4	20.6	35.4	31.7
Child-only family/nonparent relatives	100.0	2.6	4.5	22.1	40.7	30.0
Child-only case/noncitizen parent or parent of unknown alienage	100.0	13.0	14.4	37.2	28.5	7.0
Child-only family/Other ineligible parent	100.0	8.6	8.9	26.2	35.1	21.3
Child-only family/Unknown	100.0	5.6	6.8	22.5	35.6	29.6

Note- The cash welfare caseload includes those whose benefits were funded from TANF dollars as well as those whose benefits were funded with MOE dollars under SSPs. For families with two ineligible families, both parents had to be ineligible due to SSI receipt in order to be classified as “child-only/SSI parent.” Families with an ineligible parent who receives SSI were not included in the category “child-only case/qualified noncitizen parent or parent of unknown alienage.”

Source: Congressional Research Service (CRS) tabulations of the FY2006 TANF National Data files.

Educational Attainment of TANF Cash Welfare Adults and Teen Parents

The level of education attained by TANF cash welfare adults and teen parents is low relative to the overall population. In FY2006, about four-in-ten cash welfare adults or teen parents lacked a high school diploma or its equivalent. Of those with a high school diploma or equivalent, few had achieved a post-secondary certificate or a college degree.

Table 7-20 shows the educational attainment of TANF cash welfare adults and teen parents in FY2006. Information is shown separately for the two groups. The vast majority of teen parents lacked a high school diploma or equivalent. Adult recipients had higher rates of having a high school diploma or equivalent, but were still an educationally disadvantaged group.

TABLE 7-20--EDUCATIONAL ATTAINMENT OF TANF ADULTS
AND TEEN PARENTS, FY2006

	Number (in thousands)	Percent
Teen Parent		
Total	79.2	100.0%
Less than a high school diploma or equivalent	51.7	65.3
High school diploma or equivalent	26.7	33.7
Additional educational credential	0.8	1.0
Adults (Age 20 and Older)		
Total	1,116.6	100.0
Less than a high school diploma or equivalent	454.0	40.7
High school diploma or equivalent	603.4	54.0
Associates degree	21.5	1.9
BA or higher	14.7	1.3
Other credential	17.3	1.5
Unknown	5.8	0.5

Note- The cash welfare caseload includes those whose benefits were funded from TANF dollars as well as those whose benefits were funded with MOE dollars under SSPs.

Source: Congressional Research Service (CRS) tabulation of the FY2006 TANF National Data File.

Other Barriers to Employment for TANF Cash Welfare Adults

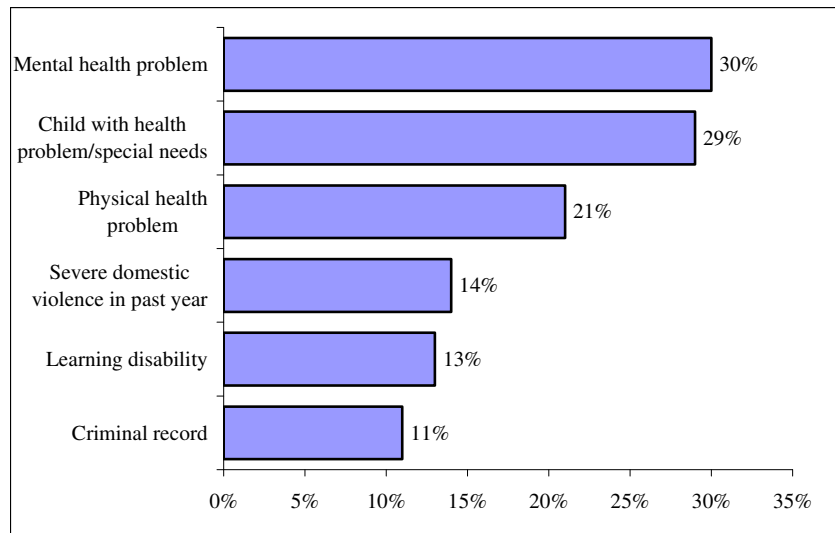
Research has consistently shown that a fairly large share of families receiving cash welfare have non-educational barriers to work. (The TANF national data reported by States do not include information on disabilities or other barriers to employment.) Pre-TANF law exempted from participation requirements the ill and incapacitated and those needed in the home to care for an ill or disabled family member. TANF made no such exemption, but instead allows States to determine who is subject to work rules and who is exempt within the context of requiring States to meet work participation standards (discussed below) that generally require 50 percent of adult recipients to be in specified work activities.

Studies show that at least one-third of TANF adults have disabilities, and one in four families on TANF include a child with an impairment (Nael, Wamhoff, and Wiseman, 2005). Though Federal benefits are available for disabled persons, such as the Supplemental Security Income Program (SSI) and Social Security Disability Insurance (SSDI), cash welfare has often served as a way-station for those awaiting determination that they are eligible for them. The SSI and SSDI disability determination process can take months or even span several years if the initial application is turned down and appealed. Additionally, TANF may provide benefits to those who have impairments that are not permanent or considered severe enough to qualify them for SSI or SSDI.

HHS conducted a study in five States and the District of Columbia to examine employment barriers within their single parent, cash welfare caseloads (Hauan and Douglas, 2004). The five States included in the study were Colorado, Illinois, Maryland, Missouri, and South Carolina. Chart 7-4 shows the percent of recipients in the HHS study with selected barriers to employment. It shows the most common barrier was mental health issues, reported as a barrier by 30 percent of all recipients. Having a child with a disability or special needs was the second most

common barrier (29 percent), followed by a recipient's own physical health issue (21 percent).

CHART 7-4--BARRIERS TO WORK REPORTED BY WELFARE RECIPIENTS
[FIVE STATES AND THE DISTRICT OF COLUMBIA]



Source: Congressional Research Service (CRS) based on data in Hauan, Susan and Sarah Douglas. Potential Employment Liabilities Among TANF Recipients: A Synthesis of Data from Six State TANF Caseload Studies. U.S. Department of Health and Human Services (HHS), Office of the Assistant Secretary for Planning and Evaluation. October 2004.

Research by the GAO concluded that former TANF cash welfare recipients with physical or mental impairments are less likely to be employed than those without impairments. When those with impairments do get jobs, they tend to be at lower wages than for those without impairments (Government Accountability Office, 2002).

CASH WELFARE BENEFIT AMOUNTS

The monthly cash welfare benefit amount received by a family depends on its circumstances. States wholly determine cash welfare benefits under TANF, and the maximum benefit payable to a family varies widely by State. Additionally, the monthly cash welfare benefit paid to a family depends in most States on the size of the family; whether it has earnings or not; in some States, how long a family had a worker; whether the family is fully complying with TANF program requirements; the amount of unearned income, such as Social Security benefits, received by the

family; and, in some States, a family's living expenses such as housing and child care costs.

Table 7-21 shows the maximum monthly cash benefits paid to a single parent family of one through six persons for July 2006. (A family of one in this case represents an expectant mother with no other recipient children.) TANF typically pays a family in cash only a fraction of poverty level income (as officially determined and published by the Department of Health and Human Services). For a family of three, in the "median State" (Illinois, ranked 26th among the 50 States and District of Columbia) a July 2006 monthly payment of \$396 equalled 28.6 percent of poverty-level income. At the extreme, Alaska's benefit equalled the highest percentage of poverty-level income (53.4 percent of Alaska's poverty guideline, which is higher than that for the lower 48 States), while Mississippi paid the lowest percentage, 12.3 percent, for a family of three.

TABLE 7-21--MAXIMUM TANF CASH WELFARE BENEFITS BY FAMILY SIZE, JULY 2006

State	Maximum Benefits By Family Size						Maximum Benefits as a Percent of the 2006 HHS Poverty Guidelines					
	One	Two	Three	Four	Five	Six	One	Two	Three	Four	Five	Six
Alabama	\$165	\$190	\$215	\$245	\$275	\$305	20.2%	17.3%	15.5%	14.7%	14.1%	13.7%
Alaska	514	821	923	1025	1127	1229	50.4	59.7	53.4	49.2	46.2	44.0
Arizona	204	275	347	418	490	561	25.0	25.0	25.1	25.1	25.1	25.1
Arkansas	81	162	204	247	286	331	9.9	14.7	14.7	14.8	14.7	14.8
California	359	584	723	862	980	1101	44.0	53.1	52.3	51.7	50.3	49.3
Colorado	99	280	356	432	512	590	12.1	25.5	25.7	25.9	26.3	26.4
Connecticut	402	513	636	741	835	935	49.2	46.6	46.0	44.5	42.8	41.9
Delaware	201	270	338	407	475	544	24.6	24.5	24.4	24.4	24.4	24.4
District of Columbia	257	320	407	498	573	674	31.5	29.1	29.4	29.9	29.4	30.2
Florida	180	241	303	364	426	487	22.0	21.9	21.9	21.8	21.8	21.8
Georgia	155	235	280	330	378	410	19.0	21.4	20.2	19.8	19.4	18.4
Hawaii	335	452	570	687	805	922	35.7	35.7	35.8	35.8	35.9	35.9
Idaho	309	309	309	309	309	309	37.8	28.1	22.3	18.5	15.8	13.8
Illinois	223	292	396	435	509	572	27.3	26.5	28.6	26.1	26.1	25.6
Indiana	139	229	288	346	405	463	17.0	20.8	20.8	20.8	20.8	20.7
Iowa	183	361	426	495	548	610	22.4	32.8	30.8	29.7	28.1	27.3
Kansas	267	352	429	497	558	619	32.7	32.0	31.0	29.8	28.6	27.7
Kentucky	186	225	262	328	383	432	22.8	20.5	18.9	19.7	19.6	19.3
Louisiana	122	188	240	284	327	366	14.9	17.1	17.3	17.0	16.8	16.4
Maine	230	363	485	611	733	856	28.2	33.0	35.1	36.7	37.6	38.3
Maryland	220	386	490	592	686	755	26.9	35.1	35.4	35.5	35.2	33.8
Massachusetts	418	518	618	713	812	912	51.2	47.1	44.7	42.8	41.6	40.8
Michigan	276	371	459	563	659	792	33.8	33.7	33.2	33.8	33.8	35.5
Minnesota	250	437	532	621	697	773	30.6	39.7	38.5	37.3	35.7	34.6
Mississippi	110	146	170	194	218	242	13.5	13.3	12.3	11.6	11.2	10.8
Missouri	136	234	292	342	388	431	16.7	21.3	21.1	20.5	19.9	19.3
Montana	221	298	375	452	530	607	27.1	27.1	27.1	27.1	27.2	27.2
Nebraska	222	293	364	435	506	577	27.2	26.6	26.3	26.1	25.9	25.8
Nevada	230	289	348	407	467	526	28.2	26.3	25.2	24.4	23.9	23.6
New Hampshire	489	556	625	688	748	829	59.9	50.5	45.2	41.3	38.4	37.1

TABLE 7-21--MAXIMUM TANF CASH WELFARE BENEFITS BY FAMILY SIZE, JULY 2006 -continued.

State	Maximum Benefits By Family Size						Maximum Benefits as a Percent of the 2006 HHS Poverty Guidelines					
	One	Two	Three	Four	Five	Six	One	Two	Three	Four	Five	Six
New Jersey	\$162	\$322	\$424	\$488	\$552	\$616	19.8%	29.3%	30.7%	29.3%	28.3%	27.6%
New Mexico	231	310	389	469	548	627	28.3	28.2	28.1	28.1	28.1	28.1
New York	414	501	691	825	964	1059	50.7	45.5	50.0	49.5	49.4	47.4
North Carolina	181	236	272	297	324	349	22.2	21.5	19.7	17.8	16.6	15.6
North Dakota	282	378	477	573	670	767	34.5	34.4	34.5	34.4	34.4	34.3
Ohio	245	336	410	507	593	660	30.0	30.5	29.6	30.4	30.4	29.6
Oklahoma	180	225	292	361	422	483	22.0	20.5	21.1	21.7	21.6	21.6
Oregon	317	404	471	578	675	773	38.8	36.7	34.0	34.7	34.6	34.6
Pennsylvania	215	330	421	514	607	687	26.3	30.0	30.4	30.8	31.1	30.8
Rhode Island	327	449	554	634	714	794	40.0	40.8	40.0	38.0	36.6	35.6
South Carolina	143	192	240	289	338	387	17.5	17.5	17.3	17.3	17.3	17.3
South Dakota	371	454	508	561	614	668	45.4	41.3	36.7	33.7	31.5	29.9
Tennessee	95	142	185	226	264	305	11.6	12.9	13.4	13.6	13.5	13.7
Texas	93	193	223	268	298	342	11.4	17.5	16.1	16.1	15.3	15.3
Utah	274	380	474	555	632	696	33.6	34.5	34.3	33.3	32.4	31.2
Vermont	459	560	665	751	842	904	56.2	50.9	48.1	45.1	43.2	40.5
Virginia	242	323	389	451	537	587	29.6	29.4	28.1	27.1	27.5	26.3
Washington	349	440	546	642	740	841	42.7	40.0	39.5	38.5	37.9	37.7
West Virginia	262	301	340	384	420	460	32.1	27.4	24.6	23.0	21.5	20.6
Wisconsin	0	673	673	673	673	673	0.0	61.2	48.7	40.4	34.5	30.1
Wyoming	195	320	340	340	360	360	23.9	29.1	24.6	20.4	18.5	16.1
Median	223	320	396	469	548	610	27.3	29.1	28.6	28.1	28.1	27.3

Source: Table prepared by the Congressional Research Service (CRS). TANF cash welfare benefits are from the Urban Institute's Welfare Rules Database. For States that have varied benefits by geographic area, the benefits shown on the table represent the maximum paid in the State except for in New York (New York City is shown) and Michigan (Wayne County, which includes Detroit is shown). Poverty guidelines are from the U.S. Department of Health and Human Services.

Under the pre-TANF program of AFDC, the maximum cash welfare benefit paid to families was also determined by the States. As is the case today, maximum benefits varied widely among the States. Additionally, under both AFDC and TANF, most States have not automatically adjusted their cash welfare benefits for inflation, instead making ad-hoc changes to benefits. These have generally failed to keep pace with inflation. Therefore, the value of TANF cash benefits has fallen and they have represented a declining percentage of poverty-level income.

Table 7-22 shows the monthly cash welfare benefit for a family of three for July 1981, July 1988, July 1996, and July 2006. Also shown is the cash welfare benefit as a percent of poverty-level income. In 1981, the monthly cash benefit in the median State represented about half of poverty-level income. At the eve of the enactment of the 1996 welfare law (July 1996), that percentage had declined to 34.9 percent. Under TANF, the percentage declined further to 28.6 percent of poverty-level income.

TABLE 7-22--MAXIMUM CASH WELFARE BENEFITS FOR A FAMILY OF THREE BY STATE, SELECTED YEARS, 1981-2006

State	Maximum Benefits for a Family of Three				Maximum Benefits as a Percent of the Poverty Guidelines for a Family of Three			
	1981	1988	1996	2006	1981	1988	1996	2006
Alabama	\$118	\$118	\$164	\$215	20.0%	14.6%	15.2%	15.5%
Alaska	571	779	923	923	77.4	77.2	68.3	53.4
Arizona	202	293	347	347	34.3	36.3	32.1	25.1
Arkansas	161	204	204	204	27.3	25.3	18.9	14.7
California	506	663	596	723	85.9	82.1	55.1	52.3
Colorado	379	356	356	356	64.3	44.1	32.9	25.7
Connecticut	498	623	636	636	84.5	77.2	58.8	46.0
Delaware	266	319	338	338	45.1	39.5	31.2	24.4
District of Columbia	286	379	415	407	48.5	46.9	38.4	29.4
Florida	195	275	303	303	33.1	34.1	28.0	21.9
Georgia	183	270	280	280	31.1	33.4	25.9	20.2
Hawaii	468	515	712	570	69.0	55.4	57.2	35.8
Idaho	305	304	317	309	51.8	37.6	29.3	22.3
Illinois	302	342	377	396	51.3	42.4	34.9	28.6
Indiana	255	288	288	288	43.3	35.7	26.6	20.8
Iowa	360	394	426	426	61.1	48.8	39.4	30.8
Kansas	353	427	429	429	59.9	52.9	39.7	31.0
Kentucky	188	218	262	262	31.9	27.0	24.2	18.9
Louisiana	173	190	190	240	29.4	23.5	17.6	17.3
Maine	301	416	418	485	51.1	51.5	38.6	35.1
Maryland	270	377	373	490	45.8	46.7	34.5	35.4
Massachusetts	379	539	565	618	64.3	66.7	52.2	44.7
Michigan	397	436	459	459	67.4	54.0	42.4	33.2
Minnesota	446	532	532	532	75.7	65.9	49.2	38.5
Mississippi	96	120	120	170	16.3	14.9	11.1	12.3
Missouri	248	282	292	292	42.1	34.9	27.0	21.1
Montana	259	359	438	375	44.0	44.5	40.5	27.1
Nebraska	350	364	364	364	59.4	45.1	33.7	26.3
Nevada	241	330	348	348	40.9	40.9	32.2	25.2
New Hampshire	326	496	550	625	55.3	61.4	50.8	45.2

TABLE 7-22--MAXIMUM CASH WELFARE BENEFITS FOR A FAMILY OF THREE BY STATE, SELECTED YEARS, 1981-2006 -continued.

State	Maximum Benefits for a Family of Three				Maximum Benefits as a Percent of the Poverty Guidelines for a Family of Three			
	1981	1988	1996	2006	1981	1988	1996	2006
New Jersey	\$360	\$424	\$424	\$424	61.1%	52.5%	39.2%	30.7%
New Mexico	220	264	389	389	37.3	32.7	36.0	28.1
New York	429	539	577	691	72.8	66.7	53.3	50.0
North Carolina	192	266	272	272	32.6	32.9	25.1	19.7
North Dakota	334	371	431	477	56.7	45.9	39.8	34.5
Ohio	263	309	341	410	44.6	38.3	31.5	29.6
Oklahoma	282	310	307	292	47.9	38.4	28.4	21.1
Oregon	321	412	460	471	54.5	51.0	42.5	34.0
Pennsylvania	332	402	421	421	56.4	49.8	38.9	30.4
Rhode Island	367	517	554	554	62.3	64.0	51.2	40.0
South Carolina	129	201	200	240	21.9	24.9	18.5	17.3
South Dakota	321	366	430	508	54.5	45.3	39.8	36.7
Tennessee	122	173	185	185	20.7	21.4	17.1	13.4
Texas	118	184	188	223	20.0	22.8	17.4	16.1
Utah	348	376	426	474	59.1	46.6	39.4	34.3
Vermont	518	629	636	665	87.9	77.9	58.8	48.1
Virginia	310	354	354	389	52.6	43.8	32.7	28.1
Washington	415	492	546	546	70.4	60.9	50.5	39.5
West Virginia	206	249	253	340	35.0	30.8	23.4	24.6
Wisconsin	444	517	517	673	75.4	64.0	47.8	48.7
Wyoming	315	360	360	340	53.5	44.6	33.3	24.6
Median State	305	360	377	396	51.8	44.6	34.9	28.6

Source: Table prepared by the Congressional Research Service. July 2006 benefit data are from the Urban Institute's Welfare Rules Database. July 1981, 1988, and 1996 data are from CRS surveys of the States. Poverty-level income is based on the HHS poverty thresholds for each year.

Interactions with Food Stamps

Most TANF cash welfare families also receive food stamps. In fact, food stamp law conveys "categorical eligibility" to families where all members of a household are receiving either TANF cash welfare or another TANF benefit or service. Categorical eligibility allows a family to bypass food stamp's asset test and gross income test. However, the household's income must still be low enough to qualify the household for food stamp benefits. (That is, if income is too high, a categorically eligible household would not actually receive a food stamp benefit.).

In FY2006, 80.9 percent of all TANF cash welfare families received food stamps. Table 7-23 shows the rate of food stamp receipt by family type. Almost all cash welfare family types had food stamp reciprocity rates near or over 90 percent. However, less than half of all families where a nonparent relative is caring for a child receiving TANF benefits received food stamp benefits.

TABLE 7-23--PERCENT OF TANF CASH WELFARE FAMILIES
RECEIVING FOOD STAMPS, BY FAMILY TYPE FY2006

Family Category	Percent of TANF Cash Welfare Families Receiving Food Stamps
All cash welfare families	80.9%
Family with an adult recipient/employed	92.8
Family with an adult recipient/not employed	90.6
Child-only family/sanctioned	90.4
Child-only family/SSI parent	90.5
Child-only family/Nonparent relative caretaker	41.1
Child-only family/Noncitizen parent or alienage of parent unknown	91.4
Child-only family/Other ineligible parent	82.3
Child-only family/Unknown	42.6

Note- The cash welfare caseload includes those whose benefits were funded from TANF dollars as well as those whose benefits were funded with MOE dollars under SSPs.

Source: Congressional Research Service (CRS) tabulations of the FY2006 TANF National Data files.

Food stamp benefits are based on a maximum allotment that varies by family size, reduced for 30 percent of a household's countable income. Under food stamp rules, countable income is total income minus a standard deduction and deductions for high shelter costs, dependent costs, and medical expenses.

Table 7-24 shows the combined maximum TANF cash welfare and food stamp benefits for a family of three in July 2006. The calculations assume that the TANF cash welfare benefit is the sole source of cash income for the family. They also assume only the food stamp standard deduction – they do not assume that a family has high shelter expenses.

TABLE 7-24--COMBINED TANF CASH WELFARE AND
FOOD STAMP BENEFITS FOR A FAMILY OF THREE, BY STATE,
JULY 2006

State	TANF Maximum Benefit	Food Stamp Benefit	Combined Benefits	As a Percent of the 2006 HHS Poverty Guidelines		
				TANF Maximum Benefit	Food Stamp Benefit	Combined Benefits
Alabama	\$215	\$374	\$589	15.5%	27.0%	42.6%
Alaska	923	268	1191	53.4	15.5	68.9
Arizona	347	335	682	25.1	24.2	49.3
Arkansas	204	378	582	14.7	27.3	42.1
California	723	222	945	52.3	16.0	68.3
Colorado	356	332	688	25.7	24.0	49.7
Connecticut	636	248	884	46.0	17.9	63.9
Delaware	338	337	675	24.4	24.4	48.8
District of Columbia	407	317	724	29.4	22.9	52.3
Florida	303	348	651	21.9	25.2	47.1
Georgia	280	355	635	20.2	25.7	45.9
Hawaii	570	487	1057	35.8	30.6	66.4
Idaho	309	346	655	22.3	25.0	47.3
Illinois	396	320	716	28.6	23.1	51.8

TABLE 7-24--COMBINED TANF CASH WELFARE
AND FOOD STAMP BENEFITS FOR A FAMILY OF THREE, BY STATE,
JULY 2006 -continued.

State	TANF Maximum Benefit	Food Stamp Benefit	Combined Benefits	As a Percent of the 2006 HHS Poverty Guidelines		
				TANF	Food	Combined
				Maximum Benefit	Stamp Benefit	Benefits
Indiana	\$288	\$352	\$640	20.8%	25.4%	46.3%
Iowa	426	311	737	30.8	22.5	53.3
Kansas	429	310	739	31.0	22.4	53.4
Kentucky	262	360	622	18.9	26.0	45.0
Louisiana	240	367	607	17.3	26.5	43.9
Maine	485	293	778	35.1	21.2	56.2
Maryland	490	292	782	35.4	21.1	56.5
Massachusetts	618	253	871	44.7	18.3	63.0
Michigan	459	301	760	33.2	21.8	54.9
Minnesota	532	312	884	38.5	24.4	63.9
Mississippi	170	388	558	12.3	28.0	40.3
Missouri	292	351	643	21.1	25.4	46.5
Montana	375	326	701	27.1	23.6	50.7
Nebraska	364	330	694	26.3	23.9	50.2
Nevada	348	334	682	25.2	24.1	49.3
New Hampshire	625	251	876	45.2	18.1	63.3
New Jersey	424	312	736	30.7	22.6	53.2
New Mexico	389	322	711	28.1	23.3	51.4
New York	691	231	922	50.0	16.7	66.7
North Carolina	272	357	629	19.7	25.8	45.5
North Dakota	477	296	773	34.5	21.4	55.9
Ohio	410	316	726	29.6	22.8	52.5
Oklahoma	292	351	643	21.1	25.4	46.5
Oregon	471	297	768	34.0	21.5	55.5
Pennsylvania	421	312	733	30.4	22.6	53.0
Rhode Island	554	273	827	40.0	19.7	59.8
South Carolina	240	367	607	17.3	26.5	43.9
South Dakota	508	286	794	36.7	20.7	57.4
Tennessee	185	383	568	13.4	27.7	41.1
Texas	223	372	595	16.1	26.9	43.0
Utah	474	297	771	34.3	21.5	55.7
Vermont	665	239	904	48.1	17.3	65.3
Virginia	389	322	711	28.1	23.3	51.4
Washington	546	275	821	39.5	19.9	59.3
West Virginia	340	337	677	24.6	24.4	48.9
Wisconsin	673	237	910	48.7	17.1	65.8
Wyoming	340	337	677	24.6	24.4	48.9
Median State	396	322	716	28.6	23.3	51.8

Source: Table prepared by the Congressional Research Service (CRS). TANF cash welfare benefit amounts are from the Urban Institute's Welfare Rules Database. Food stamp benefits are from the U.S. Department of Agriculture, Food and Nutrition Service (USDA, FNS). Poverty guidelines are from the U.S. Department of Health and Human Services (HHS).

Interactions with Other Nutrition Assistance Programs

TANF children are automatically eligible for free meals and other child nutrition programs. Women, infants, and children enrolled in TANF automatically are income-eligible for the Special Nutrition Program for Women, Infants, and Children (WIC).

Interactions with Medicaid and SCHIP

Before the 1996 welfare reform law, Medicaid coverage was automatic for all AFDC family members. The 1996 law “de-linked” eligibility for Medicaid from receipt of cash welfare. However, it also provided a pathway to Medicaid eligibility through meeting the AFDC income and resource eligibility requirements as they existed on July 16, 1996. States are allowed to adjust the July 16, 1996 eligibility limits by increasing them by the percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U) and/or adopting more generous methods of determining income and resources (for example, disregarding more earnings than allowed in 1996). States are also allowed to reduce the AFDC income and resource eligibility standards to no lower than those which prevailed on May 1, 1988 (continuing a pre-1996 provision of law).

Additionally, the law also provides for up to 12 months of transitional medical assistance (TMA) to children and adults who would otherwise lose Medicaid eligibility because earnings lifted them above the AFDC July 16, 1996 (adjusted if applicable) limit.

TMA expired on September 30, 2002, but has received a series of temporary extensions. If the 12-month TMA provision expires, Medicaid law reverts to a permanent requirement that four months of transitional medical assistance is provided to children or adults that would otherwise lose Medicaid eligibility because of an increase in earnings (or child or spousal support income).

The AFDC-related pathway is important for low-income parents, but less important for children. Federal law requires States to cover all poor children under their Medicaid programs; children under the age of six are covered if their family income is below 133 percent of the Federal poverty limit; and States may set higher income standards for Medicaid coverage. The State Children’s Health Insurance Program (SCHIP) covers children in low-income families whose income exceeds pre-SCHIP Medicaid limits.

Interactions with Earnings

Under the pre-1996 welfare program of AFDC, only a small fraction of adult recipients were working. The early years of the TANF program saw a jump in the share of adult recipients reported as employed.

Table 7-25 shows the number and percent of adult recipients who were employed and not employed in FY1988, FY1994 and for selected years under TANF. The jump in employment among TANF cash welfare adult recipients stemmed from two policy changes as well as the general reorientation of need-tested assistance to “make work pay.” Under Federal AFDC rules, after four

months on a job, a family's benefit was reduced by one dollar for each dollar in earnings above \$120 per month. After twelve months on the job, benefits were reduced dollar-for-dollar above \$90 per month. TANF contains no such rules for how States must treat earned income— giving States total discretion on how earnings are to be counted when determining eligibility and benefits. Additionally, the participation standards for the pre-1996 training and education program did not include “unsubsidized employment”— working while on welfare— as a countable activity. Those working 30 hours or more were exempt from being counted toward the participation standards. In contrast, TANF work participation standards (discussed below) include “unsubsidized employment” as a countable work activity. This permits States to count as “participants,” recipients who have gone to work but remain on the welfare rolls.

The two policy changes – giving States the freedom to determine how earnings are counted and including “unsubsidized employment” as a creditable work activity— combined with both a “work-first” and “make work pay” philosophy led States to adopt earnings disregards that were generally larger than those allowed under AFDC. This helped initially boost the employment rate among TANF adult cash welfare recipients. However, another philosophy associated with TANF— reducing dependency and hence the welfare rolls— combined with the policy choice to also give States credit against the participation standards for caseload reduction tended to mute the effect of these larger earnings disregards. (Some States also boosted their own minimum wages during this period. If they did not adjust their earnings disregard policies or benefit amounts to account for such changes, some families might have become ineligible for benefits because of the increase in their earnings from the State minimum wage increase.) By FY2006, the caseload had declined so much that even though a larger share of adults remaining on the rolls were employed, so many fewer adults were on the rolls that the number of employed adults on the welfare rolls was smaller in FY2006 than in FY1994.

TABLE 7-25--NUMBER AND PERCENTAGE OF AFDC/TANF ADULT RECIPIENTS BY EMPLOYMENT STATUS, SELECTED YEARS FY1988 TO FY2006

	1988	1994	1998	2001	2006
Number of Adult Recipients Employed (thousands)	248	384	600	436	266
Number of Adult Recipients Not Employed (thousands)	3,517	4,226	2,031	1,126	930
Percent of Adult Recipients Employed	6.6%	8.3%	22.8%	27.9%	22.2%

Note- The cash welfare caseload includes those whose benefits were funded from TANF dollars as well as those whose benefits were funded with MOE dollars under SSPs.

Source: Congressional Research Service (CRS) tabulations of the 1988 AFDC Quality Control Public Use Data File; the 1994 AFDC Quality Control Public Use Data File; the 2001 TANF National Data File; and the 2006 TANF National Data File. FY1998 data are based on information reported in the Second TANF Annual Report to Congress by HHS (Department of Health and Human Services, 1999).

Table 7-26 describes the earnings disregards in force by State for July 2006. It also shows the impact of these rules combined with the benefit and eligibility standards of the States— showing the maximum amount of earnings that a family of three may have and remain eligible for TANF.

TABLE 7-26--TREATMENT OF EARNINGS IN STATE TANF PROGRAMS, JULY 2006

State	Amount of Earnings Disregarded	Maximum Earnings for a Family of 3	
		Second month of employment	13th month of employment
Alabama	100% in first 6 months, 20% thereafter.	No maximum	\$269
Alaska	\$150 and 33% of remainder first 12 months, \$150 and 25% of remainder months 13-24, \$150 and 20% of remainder months 25-36, \$150 and 15% of remainder months 37-48, \$150 and 10% of remainder months 49-60, \$150 thereafter	\$2,106	1,897
Arizona	\$90 and 30% of remainder	586	586
Arkansas	No disregards--flat grant amount	697	697
California	\$225 and 50% of remainder	1,633	1,633
Colorado	66.7% first 12 months, \$120 and 33.3% of remainder next 4 months, \$120 next 8 months, \$90 thereafter	1,264	751
Connecticut	100% of the Federal Poverty Level	1,383	1,383
Delaware	\$120 and 33.3% of remainder first 4 months, \$120 next 8 months, \$90 thereafter	1,620	1,095
District of Columbia	\$160 and 66.7% of remainder	1,381	1,381
Florida	\$200 and 50% of remainder	806	806
Georgia	\$120 and 33.3% of remainder first 4 months, \$120 next 8 months, \$90 thereafter	756	514
Hawaii	20%, \$200, and 36% of remainder	1,363	1,363
Idaho	40%	648	648
Illinois	67%	1,185	1,185
Indiana	75%	1,151	1,151
Iowa	20% and 50% of remainder	1,065	1,065
Kansas	\$90 and 40% of remainder	805	805
Kentucky	100% first 2 months, \$120 and 33.3% of remainder next 4 months, \$120 next 8 months, \$90 thereafter	No maximum	646
Louisiana	\$1,020 in first 6 months, \$120 thereafter	1,260	360
Maine	\$108 and 50% of remainder	1,023	1,023
Maryland	40%	817	817

TABLE 7-26--TREATMENT OF EARNINGS IN STATE TANF PROGRAMS, JULY 2006 -continued.

State	Amount of Earnings Disregarded	Maximum Earnings for a Family of 3	
		Second month of employment	13th month of employment
Massachusetts	\$120 and 50% of remainder	\$1,143	\$1,143
Michigan	\$200 and 20% of remainder	811	811
Minnesota	37%	1,518	1,518
Mississippi	100% first 6 months, \$90 thereafter	No maximum	458
Missouri	66.7% and \$90 of remainder first 12 months, \$90 thereafter	1,146	382
Montana	\$200 and 25% of remainder	700	700
Nebraska	20%	802	802
Nevada	100% first 3 months, 50% in months 4-12, \$90 or 20% (whichever is greater) thereafter	No maximum	435
New Hampshire	50%	1,248	1,248
New Jersey	100% in first month, 50% thereafter	848	848
New Mexico	All earnings in excess of 34 hours a week, \$125, and 50% of remainder first 24 months; \$125 and 50% of remainder thereafter	1,056	1,056
New York	\$90 and 47% of remainder	1,278	1,278
North Carolina	100% first 3 months of employment, 27.5% thereafter	No maximum	681
North Dakota	\$180 or 27% (whichever is greater) and 50% of remainder first 6 months, \$180 or 27% (whichever is greater) and 35% of remainder months 7-9, \$180 or 27% (whichever is greater) and 25% of remainder months 10-13, and \$180 or 27% (whichever is greater) thereafter	1,252	835
Ohio	\$250 and 50% of remainder	1,068	1,068
Oklahoma	\$120 and 50% of remainder	704	704
Oregon	50%	616	616
Pennsylvania	50%	493	493
Rhode Island	\$170 and 50% of remainder	1,278	1,278
South Carolina	50% first 4 months, \$100 thereafter	1,240	770

TABLE 7-26--TREATMENT OF EARNINGS IN STATE TANF PROGRAMS, JULY 2006 -continued.

State	Amount of Earnings Disregarded	Maximum Earnings for a Family of 3	
		Second month of employment	13th month of employment
South Dakota	\$90 and 20% of remainder	\$724	\$724
Tennessee	\$150	1,112	1,112
Texas	\$120 and 90% of remainder (up to \$1,400) for 4 of 12 months, \$120 thereafter	1,708	308
Utah	\$100 and 50% of remainder	1,046	1,046
Vermont	\$150 and 25% of remainder	1,002	1,002
Virginia	\$134 and 20% of remainder	1,383	1,383
Washington	50%	1,090	1,090
West Virginia	40%	565	565
Wisconsin	No disregards--flat grant amount	NA	NA
Wyoming	\$200	540	540

Source: Urban Institute's Welfare Rules Database.

Interactions with the Earned Income Tax Credit (EITC)

States have the authority to decide whether or not to count EITC payments received by TANF recipients as income. In 2006, all States except Connecticut did not count the EITC as income in the month in which it is received. However, a number of States counted the EITC as a resource after a period of time if the credit was not spent.

P.L. 105-34 prohibits making EITC payments to a TANF recipient based on earnings derived from participating in a work experience or community service activity.

WORK REQUIREMENTS

Within some broad general guidelines, States determine whether an individual recipient is required to work or participate in job preparation activities and the assignment of that recipient to activities. States must engage all adults or caretakers in work within 24 months, but what constitutes “work” is determined by the State. States also determine the penalty imposed on a noncomplying recipient.

However, States make these determinations in the context of TANF’s Federal work participation standards, which are numerical performance standards that a State must meet or be subject to a financial penalty. These standards set forth a percentage of the caseload that must be engaged in Federally-specified activities or a Federally-determined minimum number of hours per week in a month. The work participation standards — while not necessarily determining work rules that each individual recipient may face— influence the design of State work and training programs and thus affect the requirements that individual recipients face.

The Federal Work Participation Standards and Credit for Caseload Reduction

To comply with TANF requirements, a State must meet two standards each year — the “all family” and the “two-parent” family participation standards. The standards are that (1) 50 percent of all families and (2) 90 percent of two-parent families must meet participation standards. These standards may be met either by engaging recipients in work or through caseload reduction. Before FY2007, the TANF caseload reduction credit reduced the 50 percent and 90 percent standards for a State by one percentage point for each percent decline in the cash assistance caseload from FY1995 levels. States were not given a credit for caseload reduction attributable to more restrictive policy changes made since FY1995.

Beginning in FY2007, States are given credit for caseload reduction from FY2005 (rather than FY1995). A State that has no caseload reduction from FY2005 must have a work participation rate of the full 50 percent of all families and 90 percent of two-parent families to meet the standards. If a State has caseload reduction from FY2005 of 10 percent, its 50 percent standard is reduced by 10 percentage points to 40 percent. The 90 percent two-parent standard may also be reduced, by either 10 percentage points to 80 percent or, if caseload reduction for

the two-parent part of the caseload is greater than 10 percent, by the greater amount.

Pre-1996 Waivers and the Work Participation Rate

Work participation rates are now fully determined by Federal rules. However, TANF allowed States that had pre-1996 law “waivers” to continue to determine their participation rate using the rules under their waiver program. For example, families exempt from participating in work or training under a waiver were excluded from the TANF participation rate; activities that were not counted under Federal rules could be counted if a part of the waiver program; and hours requirements could differ from those under Federal law. A State could continue its waiver program until its scheduled expiration. The last waiver program (Tennessee’s) expired on June 30, 2007.

Families Included in the Participation Rate Calculation (the Denominator of the Participation Rate)

TANF statute requires that most families with an adult or minor child head of household recipient are included in the participation rate calculation. The law allows States to exclude three categories of families, those:

- with a single parent caring for a child under the age of one — this exclusion is limited to a maximum of 12 months in a lifetime for the family;
- participating in a tribal TANF or tribal work program; and
- under a sanction for refusal to comply with work requirements, for up to three months in a 12-month period.

The Deficit Reduction Act of 2005 required HHS to promulgate regulations specifying the circumstances when a parent in a family receiving TANF is to be considered “work-eligible.” If a family has a “work-eligible” member, it is included in the participation rate calculation. Under the regulations, some “child-only” families are added to the participation rate, as the non-recipient parent is considered “work-eligible.” Additionally, some recipient parents are not considered “work-eligible,” and their families are removed from the participation rate calculation.

Under interim rules, effective for FY2007, all parents are considered “work-eligible” unless they:

- receive Supplemental Security Income (SSI), though States may on a case-by-case basis include parents receiving SSI in the participation calculation;
- are ineligible for TANF cash welfare because they are noncitizens; or
- are needed in the home to care for a disabled family member who is not in school full-time.

Final regulations added to the list of parents who would not be considered “work-eligible” effective in FY2009. These parents are those who:

- receive Social Security Disability Insurance (SSDI), though States may on a case-by-case basis include such parents in the participation calculation; and
- are needed in the home to care for a disabled family member, even if that family member is in school full-time.

Additionally, the final regulations permit States to retroactively remove from the participation calculation those parents who become eligible for SSI during the year.

Families Considered “Engaged in Work” (the Numerator of the Participation Rate)

For a family to be considered “engaged in work” it must have a member who participates in creditable activities for at least a minimum number of hours. The rules emphasize that recipients get a job quickly; while education, training, and rehabilitative activities are limited.

Creditable Activities

Federal law lists 12 categories of activities creditable toward meeting TANF work participation standards. Prior to FY2007, States determined the specific activities that count in each of the 12 categories toward meeting the participation standards. The DRA required HHS to regulate what specific activities would count toward meeting the participation standards. Interim regulations went into effect for FY2007; final regulations are effective for FY2008. Table 7-27 provides the HHS final regulations that define each of the 12 categories of activities listed in TANF law.

TABLE 7-27--CREDITABLE TANF WORK ACTIVITIES AND THEIR DEFINITIONS

Activity	Definition
Unsubsidized employment	Means full- or part-time employment in the public or private sector that is not subsidized by TANF or any other public program.
Subsidized private sector employment	Means employment in the private sector for which the employer receives a subsidy from TANF or other public funds to offset some or all of the wages and costs of employing an individual.
Subsidized public sector employment	Means employment in the public sector for which the employer receives a subsidy from TANF or other public funds to offset some or all of the wages and costs of employing an individual.
Job search and readiness	Means the act of seeking or obtaining employment, or preparation to seek or obtain employment, including life skills training and substance abuse treatment, mental health treatment, or rehabilitation activities. Such treatment or therapy must be determined to be necessary and documented by a qualified medical, substance abuse, or mental health professional.
Participation in this activity may be counted for six weeks (12 weeks in certain circumstances) in a fiscal year.	

TABLE 7-27--CREDITABLE TANF WORK ACTIVITIES AND THEIR DEFINITIONS -continued.

Activity	Definition
Community service	Means structured programs and embedded activities in which TANF recipients perform work for the direct benefit of the community under the auspices of public or nonprofit organizations. Community service programs must be limited to projects that serve a useful community purpose in fields such as health, social service, environmental protection, education, urban and rural redevelopment, welfare, recreation, public facilities, public safety, and child care. A State agency shall take into account, to the extent possible, the prior training, experience, and skills of an individual in making appropriate community service assignments.
Work experience	Means a work activity, performed in return for welfare, that provides an individual with an opportunity to acquire the general skills, knowledge, and work habits necessary to obtain employment. The purpose of work experience is to improve the employability of an individual who cannot find unsubsidized full-time employment.
On-the-job training	Means training in the public or private sector that is given to a paid employee while he or she is engaged in productive work and that provides knowledge and skills essential to the full and adequate performance of the job.
Vocational educational training <i>Participation in this activity is limited to 12 months in a lifetime.</i>	Means organized educational programs that are directly related to the preparation of individuals for employment in current or emerging occupations.
Caring for a child of a recipient in community service	Means providing child care to enable another cash welfare recipient to participate in a community services program. This is an unpaid activity and must be a structured program to improve the employability of participating individuals.
Job skills training directly related to employment	Means training or education for job skills required by an employer to provide an individual with the ability to obtain employment or to advance or adapt to the changing demands of the workplace.
Education directly related to employment (for those without a high school or equivalent degree)	Means education related to a specific occupation, job, or job offer.
Completion of a secondary school program (for those without a high school or equivalent degree)	In the case of a recipient who has not completed secondary school or received such a certificate, this means regular attendance, in accordance with the requirements of a secondary school or course of study, at a secondary school or in a course of study leading to a certificate of general equivalence.

Source: Table prepared by CRS based on HHS regulations. See *Federal Register*, Vol. 73, No. 24, February 5, 2008, pp. 6772-6828

Minimum Required Hours in Work or Job Preparation Activities

To be considered a “participant” and counted by a State toward meeting its standard, a family member or members must also be engaged in creditable activities for a minimum number of hours per week in a month. Table 7-28 outlines the

TANF work participation hours standards. For meeting the “all family” standard, the hours requirement varies depending on family type and the age of the youngest child. The general hours requirement is an average of at least 30 hours per week during the month. However, for single parents caring for a child under the age of six (about half the caseload of families with an adult recipient), an average of 20 hours per week during the month is needed in work activities for a State to deem them as participants. Higher hours are required for two-parent families to meet the standard. In two-parent families, the combined hours of both parents are considered in determining whether a family can be considered a participant family.

Table 7-28 shows that certain hours of participation must be in “core” activities, while remaining hours may be in “supplemental” activities. The concepts of core and supplemental activities are discussed below.

TABLE 7-28--TANF HOURS REQUIREMENTS FOR THE ALL-FAMILY RATE AND THE TWO-PARENT FAMILY RATE (EXCLUDES SPECIAL RULE FOR TEEN PARENTS), BY FAMILY TYPE

	All-family rate		Two-parent family rate	
	Single parent families with a child under age 6	Other families	Two-parent families receiving Federally funded child care	Two-parent families not receiving Federally funded child care
Total hours requirement	An average of 20 hours per week during the month	An average of 30 hours per week during the month	An average of 55 hours per week during the month	An average of 35 hours per week during the month
Required hours in core activities	An average of 20 hours per week during the month	An average of 20 hours per week during the month	An average of 50 hours per week during the month	An average of 30 hours per week during the month
Allowable hours in supplemental activities	Not applicable	Up to an average of 10 hours per week during the month	Up to an average of 5 hours per week during the month	Up to an average of 5 hours per week during the month

Source: Table prepared by CRS.

Table 7-29 lists the 12 activities, classifying them as either “core” or “supplemental.” In general, participation in a core activity may be a recipient’s sole or primary activity used to fully satisfy TANF participation requirements. On the other hand, participation in supplemental activities often must be done only in conjunction with participation in core activities, with hours that count only after the core requirement is met.

Most of the core activities focus on work or activities designed to move a family quickly into work. The notable exception is vocational educational training,

which is creditable for 12 months in an individual's lifetime as a sole or primary TANF activity. All supplemental activities are education-related.

TABLE 7-29--TANF "CORE" AND "SUPPLEMENTAL" WORK ACTIVITIES

"Core" activities	<ul style="list-style-type: none"> — Unsubsidized employment; — Subsidized private sector employment; — Subsidized public sector employment; — Job search and readiness (usual limit of six weeks in a fiscal year, 12 weeks under some circumstances. This limit is converted to an "hourly equivalent" basis, see text below); — Community service; — Work experience; — On-the-job training; — Vocational educational training (limited to 12 months in an individual's lifetime); and — Caring for a child of a recipient in community service.
"Supplemental" activities	<ul style="list-style-type: none"> — Job skills training directly related to employment; — Education directly related to employment (for those without a high school or equivalent degree); and — Completion of a secondary school program (for those without a high school or equivalent degree).

Source: Table prepared by CRS.

The limit on job search and readiness is increased to 12 weeks for a State that has an unemployment rate at least 50 percent above the national average unemployment rate or meets the "economic need" criteria for contingency funds (see "Contingency Funds," earlier in this section).

HHS regulations clarify that only actual hours of participation count toward meeting these standards. However, they also created an excused absence policy. For paid activities, States are credited for all hours for which an individual is paid, including any holidays or paid leave (e.g. paid sick leave). For unpaid activities, the regulations allow for up to 10 holidays plus 80 hours of other excused absences over a year.

The regulations require that hours in unpaid activities be supervised on a daily basis. The daily supervision requirement means that a responsible party has daily oversight of an individual's participation, not necessarily daily in-person contact with the participant.

Limit on Job Search and Readiness

HHS regulations also provide that the six (or sometimes 12) week limit on participation in job search and readiness be expressed in terms of hours over a calendar year. For a single parent caring for a pre-school child with a minimum 20 hours per week participation requirement, the six week limit on job search and readiness is converted to a 120 hour per year limit. For others, the limit is converted to 180 hours per year.

Under the statute, the six week limit on job search and readiness may be increased to 12 weeks, based on conditions in the State (rather than the characteristics of the individual). The limit rises if the State's unemployment rate is at least 50 percent greater than the national average unemployment rate, or the State is considered an economically "needy" State for the purposes of the TANF contingency fund. Individuals in States that meet either of these criteria may exceed the usual limits, up to 240 hours per year for single parent families with a pre-school child or 360 hours per year for others.

Teen Parents

Teen parents have a special rule for determining their participation. A State may deem a teen parent as engaged in work if she or he is participating in education directly related to employment for an average of at least 20 hours per week during the month or is making satisfactory progress toward completion of a secondary school program.

Limitation on Participation in Education

Participation in education activities is capped. A maximum of 30 percent of families considered participating may be participating by virtue of vocational educational training or by being a teen parent deemed to be participating through education directly related to employment or satisfactory progress in a program of secondary school education.

Deeming Hours of Participation in Workfare

Participation in work experience or community service is sometimes called "workfare" because recipients are effectively working off their welfare grant. Guidance issued by the U.S. Department of Labor in May 1997 directed that States must comply with minimum wage rules for participants of work experience or community service if a specific activity comes under the Fair Labor Standards Act's (FLSA) definition of employment.

For activities covered by minimum wage rules, the maximum number of hours of participation allowed would be the grant divided by the minimum wage. In some cases, this could result in fewer hours than required to meet TANF participation standards. States determine TANF benefit amounts, which also often vary by family size. Moreover, most States reduce TANF benefits for other income (e.g., Social Security and unemployment insurance). The reduced benefit may be smaller than needed to comply with both minimum wage requirements and TANF participation standards.

The May 1997 DOL guidance provided that if a State has a Food Stamp workfare program, the State may count the value of both TANF and food stamp benefits received by a family when determining the maximum number of workfare hours. The HHS regulations issued on February 5, 2008 provide that a workfare recipient may be deemed to meet the core TANF work participation hours standard if the State has a Simplified Food Stamp program that aligns food stamp and TANF

work rules, and the maximum number of workfare hours based on both TANF and food stamp benefits is still below that required to comply with TANF work participation standards.

State TANF Participation Rates: FY1997 through FY2006

Table 7-30 provides the national average TANF work participation rate for FY1997 through FY2006.

The table shows that the official all family rate peaked in FY1999 at 38.3 percent, declined to the low 30s by FY2002, and remained there through FY2006. The two-parent rate fluctuated between 44 percent and 55 percent.

The official rate includes States operating under the work rules of pre-1996 waiver programs. These programs gradually expired over the period. Beginning in FY2000, HHS began publishing unofficial participation rates excluding the effect of waivers. These rates show a great deal of stability in the national average percentage of families meeting the Federal participation rules for FY2000 through FY2006.

Additionally, the table shows that the national average participation rate for most years was below the statutory participation target. For example, since FY2002 the all family participation standard has been 50 percent— but achieved work participation rates were in the low 30 percentages during that period. However, most States did meet the participation standard – through caseload reductions, as is discussed below.

TABLE 7-30--TANF WORK PARTICIPATION RATES, FY1997 THROUGH FY2006

Fiscal Year	All Family Rate		Two-Parent Rate	
	Official Rate	Excluding Waivers	Official Rate	Excluding Waivers
1997	30.7%		44.5%	
1998	35.3		42.4	
1999	38.3		54.7	
2000	34.0	29.7%	48.9	42.1%
2001	34.4	29.9	51.1	42.8
2002	33.4	28.9	49.4	44.2
2003	31.3	27.5	48.4	41.8
2004	32.2	29.4	47.4	45.3
2005	33.0	30.3	42.6	40.8
2006	32.5	30.6	45.9	45.9

Source: Table prepared by the Congressional Research Service (CRS) based on data from the U.S. Department of Health and Human Services (HHS).

Table 7-31 shows the TANF effective (after caseload reduction credit) work participation standards and work participation rates by State for FY2006. In that year, States were operating under much reduced work participation standards – with caseload reduction wiping out the standards entirely for many States. As previously noted, beginning with FY2007, States are given credit for caseload reduction only from FY2005 (rather than FY1995) and thus are likely to be subject

to higher effective participation standards. In FY2006, many States had their two-parent caseload in “separate State programs”– funded with MOE monies but not considered part of TANF. These two-parent families did not count toward the participation standards. (States without two-parent families receiving cash welfare in their TANF program are denoted by NA on table.) Beginning in FY2007, families receiving cash welfare in separate State programs are counted when determining TANF work participation rates.

TABLE 7-31--TANF EFFECTIVE (AFTER CASELOAD REDUCTION CREDIT) WORK PARTICIPATION STANDARDS AND WORK PARTICIPATION RATES, BY STATE: FY2006

State	All family standard		Two-parent family standard	
	Effective participation standard (after caseload reduction credit)	Participation rate	Effective participation standard (after caseload reduction credit)	Participation rate
U.S. Average		32.5%		45.9%
Alabama	0.0%	41.6	NA	NA
Alaska	6.8	45.6	43.3%	54.2
Arizona	11.6	29.6	51.6	67.5
Arkansas	2.7	27.9	42.7	22.3
California	5.1	22.2	NA	NA
Colorado	0.0	30.0	33.8	35.2
Connecticut	23.4	30.8	NA	NA
Delaware	18.2	25.3	NA	NA
District of Columbia	14.4	17.1	54.4	13.1
Florida	0.0	41.0	NA	NA
Georgia	0.0	64.9	NA	NA
Hawaii	0.0	37.3	NA	NA
Idaho	28.5	44.2	19.2	39.2
Illinois	0.0	53.0	NA	NA
Indiana	27.1	26.7	NA	NA
Iowa	17.3	39.0	NA	NA
Kansas	38.8	77.2	78.8	82.3
Kentucky	11.9	44.6	15.6	51.3
Louisiana	0.0	38.4	24.7	42.5
Maine	2.9	26.6	NA	NA
Maryland	5.2	44.5	NA	NA
Massachusetts	8.5	13.6	NA	NA
Michigan	0.0	21.6	8.2	26.2
Minnesota	14.9	30.3	NA	NA
Mississippi	4.1	35.5	NA	NA
Missouri	2.8	18.7	NA	NA
Montana	16.3	79.2	56.3	83.3
Nebraska	31.1	32.0	NA	NA
Nevada	10.7	47.8	NA	NA
New Hampshire	8.4	24.1	NA	NA
New Jersey	0.0	29.2	NA	NA
New Mexico	13.2	42.3	53.2	54.5
New York	0.0	37.8	28.2	48.9
North Carolina	0.0	32.4	27.3	54.0
North Dakota	4.8	51.9	NA	NA

TABLE 7-31--TANF EFFECTIVE (AFTER CASELOAD REDUCTION CREDIT) WORK PARTICIPATION STANDARDS AND WORK PARTICIPATION RATES, BY STATE: FY2006 -continued.

State	All family standard		Two-parent family standard	
	Effective participation standard (after caseload reduction credit)	Participation rate	Effective participation standard (after caseload reduction credit)	Participation rate
Ohio	19.1%	54.9%	48.5%	55.5%
Oklahoma	0.0	32.9	NA	NA
Oregon	0.3	15.2	13.9	22.6
Pennsylvania	0.0	26.1	28.8	32.5
Puerto Rico	0.0	13.1	NA	NA
Rhode Island	10.7	24.9	50.7	94.3
South Carolina	3.3	49.5	43.3	64.7
South Dakota	13.7	57.9	NA	NA
Tennessee	19.1	57.2	NA	NA
Texas	0.0	42.0	NA	NA
Utah	27.3	42.5	NA	NA
Vermont	2.4	22.2	30.8	33.9
Virginia	0.8	53.9	NA	NA
Washington	10.7	36.1	32.5	43.1
West Virginia	0.0	26.2	NA	NA
Wisconsin	0.0	36.2	11.6	17.1
Wyoming	0.0	77.2	0.0	75.9
Guam	50.0	0.0	90.0	0.0
Virgin Islands	0.0	14.5	NA	NA

Source: Table prepared by the Congressional Research Service (CRS) based on data from the U.S. Department of Health and Human Services (HHS).

States have recourse to attempt to eliminate, reduce, or delay the imposition of the financial penalty (reduction in the TANF block grant) for failure to comply with the participation standards. They may dispute the penalty and submit revised data showing that they met the participation standard. States may claim that they have “reasonable cause” for the failure. They may also enter into a “corrective compliance” agreement with HHS. If the State enters such an agreement and subsequently meets the TANF participation standard for a later period, the financial penalty is not assessed. Further, HHS is required to assess the penalty based on the degree of noncompliance with the participation standard. The penalties in the TANF statute are the maximum penalties that may be assessed, as penalties are reduced based on rules set forth in HHS regulations. For example, a State that fails only the two-parent participation standard has its penalty reduced pro-rata, based on the share of its overall caseload that is composed of two-parent families. The statute also directs HHS to reduce or eliminate a penalty if the failure to meet the statute was because of a recession as indicated by a State’s economic qualification for contingency funds.

Table 7-32 lists the States that were found to fail a TANF work participation standard for FY1997 through FY2006. It shows the fiscal year the State failed the standard, the penalty assessed, as well as whether the State disputed the failure,

claimed "reasonable cause," or entered a corrective compliance plan. It also shows the status of the penalty as of November 2007. As shown on the table, most of the penalties are for failure to meet the two-parent standard. Since these penalties are reduced pro-rata, most of the penalty amounts are small in terms of dollars.

TABLE 7-32--PENALTIES ASSESSED FOR FAILURE TO MEET TANF WORK PARTICIPATION STANDARDS,
FY1997-FY2006

State	Failure to Meet All Family or Two-Parent Standard?	Fiscal Year	Amount	Dispute?	Reasonable Cause?	Entered a Corrective Compliance Plan?	Resolution (through November 2007)
Alabama	Two-Parent Standard	FY 97	\$244	no	no	no	Waived
Alaska	Two-Parent Standard	FY 00	133,831	no	no	yes	Met corrective compliance plan; no penalty
Alaska	Two-Parent Standard	FY 99	41,944	no	no	yes	Met corrective compliance plan; no penalty
Alaska	Two-Parent Standard	FY 98	60,716	no	no	yes	Met corrective compliance plan; no penalty
Arizona	Two-Parent Standard	FY 97	52,825	no	no	no	Retroactively moved families to a SSP
Arkansas	Two-Parent Standard	FY 06	36,155	no	no	yes	Pending corrective compliance review
Arkansas	Two-Parent Standard	FY 04	17,379	no	no	yes	Failed corrective compliance plan
Arkansas	Two-Parent Standard	FY 03	23,982	no	no	yes	Met corrective compliance plan; no penalty
Arkansas	Two-Parent Standard	FY 02	26,928	no	yes	yes	Fail corrective compliance plan
Arkansas	Two-Parent Standard	FY 01	14,223	no	no	no	Penalty Taken
Arkansas	Two-Parent Standard	FY 00	15,819	no	no	no	Penalty Taken
Arkansas	Two-Parent Standard	FY 99	14,249	no	no	no	Penalty Taken
Arkansas	Two-Parent Standard	FY 98	23,465	no	no	no	Penalty Taken
California	Two-Parent Standard	FY 97	6,964,321	no	no	no	Retroactively moved families to a SSP
Colorado	Two-Parent Standard	FY 99	19,078	no	no	yes	Met corrective compliance plan; no penalty
Delaware	Two-Parent Standard	FY 98	29,521	no	no	no	Penalty Taken
District of Columbia	Two-Parent Standard	FY 06	10,918	no	no	Pending	
District of Columbia	Two-Parent Standard	FY 05	4,071	no	Pending	Pending	
District of Columbia	Two-Parent Standard	FY 04	14,218	no	no	yes	Failed corrective compliance plan
District of Columbia	Two-Parent Standard	FY 03	11,318	no	no	yes	Failed corrective compliance plan
District of Columbia	Two-Parent Standard	FY 02	8,673	no	no	yes	Failed corrective compliance plan
District of Columbia	Two-Parent Standard	FY 01	14,902	no	no	no	Penalty Taken
District of Columbia	Two-Parent Standard	FY 99	635	no	no	yes	Met corrective compliance plan; no penalty
District of Columbia	Two-Parent Standard	FY 98	1,514	no	no	no	Penalty Taken
District of Columbia	Two-Parent Standard	FY 97	903	no	no	no	Penalty Taken
Guam	All Family and Two-Parent Standard	FY 06	543,431		Pending	Pending	
Guam	All Family and Two-Parent Standard	FY 05	474,122		Pending	Pending	

TABLE 7-32--PENALTIES ASSESSED FOR FAILURE TO MEET TANF WORK PARTICIPATION STANDARDS,
FY1997-FY2006 -continued.

State	Failure to Meet All Family or Two-Parent Standard?	Fiscal Year	Amount	Dispute?	Reasonable Cause?	Entered a Corrective Compliance Plan?	Resolution (through November 2007)
Guam	All Family and Two-Parent Standard	FY 04	404,812		no	no	
Guam	All Family and Two-Parent Standard	FY 03	335,503		no	no	
Guam	All Family and Two-Parent Standard	FY 02	266,193		no	no	Penalty Taken
Guam	All Family	FY 01	186,339		no	no	Penalty Taken
Guam	All Family	FY 00	117,029		no	no	Penalty Taken
Guam	All Family	FY 99	47,720		yes	no	Penalty Taken
Guam	All Family	FY 98	19,060	no	no	no	Penalty Taken
Indiana	All Family	FY 06	13,865,938	yes			
Indiana	All Family	FY 05	9,989,955	yes			
Indiana	Two-Parent Standard	FY 04	9,964,930	no	no	no	Retroactively moved families to a SSP
Iowa	Two-Parent Standard	FY 97	28,958	no	no	no	Penalty Taken
Kansas	Two-Parent Standard	FY 97	10,756	no	no	yes	Met corrective compliance plan; no penalty
Maine	Two-Parent Standard	FY 97	9,913	no	no	yes	Met corrective compliance plan; no penalty
Michigan	Two-Parent Standard	FY 97	185,112	no	no	yes	Met corrective compliance plan; no penalty
Minnesota	Two-Parent Standard	FY 01	554,604	yes	no	yes	Met corrective compliance plan; no penalty
Minnesota	Two-Parent Standard	FY 00	517,347	no	no	yes	Met corrective compliance plan; no penalty
Minnesota	Two-Parent Standard	FY 99	161,289	no	no	yes	Met corrective compliance plan; no penalty
Minnesota	Two-Parent Standard	FY 98	251,945	no	no	yes	Met corrective compliance plan; no penalty
Mississippi	All Family and Two-Parent Standard	FY 04	1,698,359	no	no	no	Revised All Family Data/Retroactively moved Two-Parent Families to SSPs.
Mississippi	Two-Parent Standard	FY 01	2,351	no	no	no	Penalty Taken
Mississippi	Two-Parent Standard	FY 00	4,119	no	no	no	Penalty Taken
Mississippi	Two-Parent Standard	FY 97	179	no	no	no	Penalty Taken
Missouri	Two-Parent Standard	FY 02	318,279	no	yes	yes	Met corrective compliance plan; no penalty
Nebraska	Two-Parent Standard	FY 99	26,743	no	no	yes	Failed corrective compliance plan/Penalty Taken

TABLE 7-32--PENALTIES ASSESSED FOR FAILURE TO MEET TANF WORK PARTICIPATION STANDARDS,
FY1997-FY2006 -continued.

State	Failure to Meet All Family or Two-Parent Standard?	Fiscal Year	Amount	Dispute?	Reasonable Cause?	Entered a Corrective Compliance Plan?	Resolution (through November 2007)
Nebraska	Two-Parent Standard	FY 98	19,456	no	no	yes	Met corrective compliance plan; no penalty
Nebraska	Two-Parent Standard	FY 97	8,134	no	no	yes	Failed corrective compliance plan/Penalty Taken
Nevada	All Family Standard	FY 03	2,152,194	no	no	yes	Met corrective compliance plan; no penalty
Nevada	Two-Parent Standard	FY 97	1,102	no	no	yes	Met corrective compliance plan; no penalty
New Jersey	Two-Parent Standard	FY 97	54,879	no	no	yes	Penalty Taken
New Mexico	Two-Parent Standard	FY 00	114,841	no	no	yes	Met corrective compliance plan; no penalty
New Mexico	Two-Parent Standard	FY 99	171,620	no	no	yes	Met corrective compliance plan; no penalty
New Mexico	Two-Parent Standard	FY 98	233,379	no	no	yes	Failed corrective compliance plan/Penalty Taken
North Carolina	Two-Parent Standard	FY 00	11,957	no	no	no	Penalty Taken
North Carolina	Two-Parent Standard	FY 99	3,817	no	no	no	Penalty Taken
North Carolina	Two-Parent Standard	FY 98	13,174	no	no	yes	Penalty Taken
North Carolina	Two-Parent Standard	FY 97	12,344	no	no	yes	Failed corrective compliance plan/Penalty Taken
Ohio	Two-Parent Standard	FY 97	104,855	no	no	yes	Met corrective compliance plan; no penalty
Oklahoma	Two-Parent Standard	FY 97	4,028	no	no	no	Penalty Taken
Pennsylvania	Two-Parent Standard	FY 98	256,588	no	no	yes	Met corrective compliance plan; no penalty
Puerto Rico	All Family Standard	FY 98	1,616,434	yes	no	no	Revised Data
Rhode Island	Two-Parent Standard	FY 98	90,845	yes	no	yes	Penalty Taken
Texas	Two-Parent Standard	FY 98	38,497	no	no	yes	Met corrective compliance plan; no penalty
Texas	Two-Parent Standard	FY 97	127,444	no	no	yes	Met corrective compliance plan; no penalty
Virginia	Two-Parent Standard	FY 98	24,026	no	no	no	Retroactively moved families to a SSP
Virginia	Two-Parent Standard	FY 97	6,123	no	no	yes	Penalty Taken
Virgin Islands	All Family Standard	FY 01	154,204	no	no	yes	Met corrective compliance plan; no penalty
Virgin Islands	All Family Standard	FY 00	97,273	no	no	yes	Met corrective compliance plan; no penalty
Virgin Islands	All Family Standard	FY 99	41,182	no	no	yes	Met corrective compliance plan; no penalty
Virgin Islands	All Family Standard	FY 98	42,005	no	no	no	Penalty Taken
Washington	Two-Parent Standard	FY 04	1,384,664	no	no	no	Revised Data

TABLE 7-32--PENALTIES ASSESSED FOR FAILURE TO MEET TANF WORK PARTICIPATION STANDARDS,
FY1997-FY2006 -continued.

State	Failure to Meet All Family or Two-Parent Standard?	Fiscal Year	Amount	Dispute?	Reasonable Cause?	Entered a Corrective Compliance Plan?	Resolution (through November 2007)
Washington	Two-Parent Standard	FY 98	103,330	no	no	yes	Met corrective compliance plan; no penalty
Washington	Two-Parent Standard	FY 97	223,295	no	no	yes	Met corrective compliance plan; no penalty
Wisconsin	Two-Parent Standard	FY 00	110,109	yes	yes	no	Revised Data
West Virginia	Two-Parent Standard	FY 03	261,681	no	yes	no	Retroactively moved families to a SSP
West Virginia	Two-Parent Standard	FY 02	561,577	no	no	yes	Retroactively moved families to a SSP
West Virginia	Two-Parent Standard	FY 99	127,527	no	no	no	Penalty Taken
West Virginia	Two-Parent Standard	FY 98	34,359	no	no	no	Penalty Taken

Source: Table prepared by the Congressional Research Service (CRS) based on data from the U.S. Department of Health and Human Services.

Overall Reported Work and Job Preparation Activities

Some TANF adults participate in activities for fewer hours than required under the Federal participation standards or in non-countable activities. Therefore, the percent of adults engaged in any activity exceed the official participation rate. (States inconsistently report information on adults engaged in activities that are not creditable toward the Federal work participation standards. Therefore, participation in non-creditable activities is under-reported.)

Table 7-33 shows the number of adult recipients reported by States as either working or engaged in a job preparation activity in FY1994, FY2001, and FY2006. For FY1994, the old AFDC reporting system provided information on whether a recipient was either employed or “participating” in a work, educational, or training activity with no reference to hours. For FY2001 and FY2006, an adult recipient is classified as working or engaged in a job preparation activity if they spent an average of least one hour per week either employed or in an activity during a month.

In FY2006, about 45 percent of cash welfare adult recipients were reported to be either working or engaged in a job preparation activity. This includes about 266,000 who were employed and 270,000 engaged in a job preparation activity. Reflecting the sharp decline in the cash welfare caseload, and in particular the sharp drop (74 percent decline) in adult recipients, the absolute number of cash welfare adults either employed or engaged in job preparation activities is lower than it was in FY1994. However, as a proportion of remaining adult recipients, the share either working or engaged in a job preparation activity is higher than it was in FY1994. As previously discussed, the rate of reported employment has been higher under TANF than under the pre-welfare reform program of AFDC as has the rate of participation in job preparation activities. Though the share of adult recipients reported as engaged in no activity remained at about 55 percent for the FY2001 to FY2006 period, in terms of the number of recipients, it is the group that had declined at the greatest rate from FY1994 (81 percent).

TABLE 7-33--ADULT CASH WELFARE RECIPIENTS WITH EMPLOYED OR IN A JOB PREPARATION ACTIVITY

	1994	2001	2006
Total	4,610	1,561	1,196
Employed	384	436	266
Not Employed/In job preparation activity	507	269	270
Not Employed/No reported activity	3,719	856	660
Total	100.0%	100.0%	100.0%
Employed	8.3	27.9	22.2
Not Employed/In job preparation activity	11.0	17.2	22.5
Not Employed/No reported activity	80.7	54.9	55.2

Note- The cash welfare caseload includes those whose benefits were funded from TANF dollars as well as those whose benefits were funded with MOE dollars under SSPs.

Source: Congressional Research Service (CRS) tabulations of the 1994 AFDC Quality Control Public Use Data File; the 2001 TANF National Data File; and the 2006 TANF National Data File. (Department of Health and Human Services, 1999).

Under TANF, the most common types of job preparation activities have been work-focused rather than education-focused. Table 7-34 shows a categorization of the activities of adult and teen parents for FY2006. Work-focused activities include subsidized employment, on-the-job training, job search, community service, and work experience. Education-focused activities include vocational educational training, job skills training, and high school. As shown on the table, work-focused activities undertaken alone (not in combination with education) were reported for 10.8 percent of cash welfare adult and teen parents in FY2006. Education alone was reported for 6.2 percent of adult and teen parents. Relatively few recipients (14,000 in a typical month) combined work-focused activities and educational activities.

TABLE 7-34--WORK AND JOB PREPARATION ACTIVITIES FOR CASH WELFARE ADULTS AND TEEN PARENTS: FY2006

	Number (in thousands)	Percent
Total Adult and Teen Parents	1,195.9	100.0%
Employed	265.8	22.2
Not Employed but Engaged in		
Only work-focused activities	129.3	10.8
Only education-focused activities	74.4	6.2
Combination of work and education-focused activities	13.9	1.2
Other Activities	52.0	4.3
Not employed and not engaged in activities	660.4	55.2

Note- The cash welfare caseload includes those whose benefits were funded from TANF dollars as well as those whose benefits were funded with MOE dollars under SSPs.

Source: Congressional Research Service (CRS) tabulation of the FY2006 TANF National Data File.

SANCTIONS

Families that receive TANF cash welfare and do not comply with program requirements may be sanctioned through a reduction or even termination of their benefits. In terms of work requirements, Federal law requires that in cases where a recipient refuses to comply with the work requirement, that family's benefit must be reduced pro-rata or terminated. Federal law does not define "pro-rata," leaving it up to the States to determine what sanction is levied on such a noncomplying family.

Table 7-35 shows the State sanction policies for failure to comply with work requirements by State as of July 2006. Many States have adopted "full family sanctions," at least ultimately terminating the grant for a family with a noncomplying recipient. However, the two States with the largest TANF cash assistance caseloads — California and New York — reduce rather than end benefits to families with a member who fails to comply with work requirements.

TABLE 7-35--SANCTIONS FOR FAILURE TO COMPLY WITH TANF
WORK PARTICIPATION REQUIREMENTS: SINGLE PARENT CASH
ASSISTANCE FAMILIES, JULY 2006

State	Initial Sanction:		Most Severe Sanction:	
	Reduction in benefit	Length of sanction (months; + indicates sanction could be levied for longer than the minimum months shown on table)	Reduction in benefit	Length of sanction (months; + indicates sanction could be levied for longer than the minimum months shown on table)
Alabama	50%	3 months ⁺	Entire benefit	12 months
Alaska	40% of the maximum payment	4 months ⁺	Case is closed	Must reapply
Arizona	25%	1 month	Entire benefit	1 month ⁺
Arkansas	25%	Until in compliance for 2 weeks	Case is closed	Until in compliance for 2 weeks
California	Adult portion of benefit	Until compliance	Adult portion of benefit	6 months ⁺
Colorado	25%	1 month	Entire benefit	3 months ⁺
Connecticut	25%	3 months ⁺	Case is closed	3 months and must reapply
Delaware	33.3%	Until compliance or 2 months (whichever is shorter)	Entire benefit	Permanent
D.C.	Adult portion of benefit	Until compliance	Adult portion of benefit	6 months ⁺
Florida	Entire benefit	10 days ⁺	Entire benefit	3 months ⁺
Georgia	25%	3 months	Entire benefit	12 months and must reapply
Hawaii	Entire benefit	Until compliance	Entire benefit	3 months ⁺
Idaho	Entire benefit	1 month ⁺	Entire benefit	Permanent
Illinois	50%	Until compliance	Entire benefit	3 months ⁺
Indiana	Adult portion of benefit	Until compliance or 2 months (whichever is shorter)	Case is closed	Until compliance
Iowa	Entire benefit	Must reapply	Entire benefit	6 months ⁺
Kansas	Entire benefit	Until compliance	Entire benefit	2 months ⁺
Kentucky	Pro rata portion of benefit	Until compliance	Entire benefit	Until compliance
Louisiana	Case is closed	1 month ⁺	Case is closed	3 months ⁺
Maine	Adult portion of benefit	Until compliance	Adult portion of benefit	6 months ⁺
Maryland	Entire benefit	Until compliance	Entire benefit	Until in compliance for 30 days
Massachusetts	None	None	Entire benefit	Until in compliance for 2 weeks
Michigan	Entire benefit	1 month ⁺	Entire benefit	1 month ⁺
Minnesota	10% of the Transitional Standard	1 month ⁺	Case is closed	1 month ⁺
Mississippi	Entire benefit	2 months ⁺	Entire benefit	Permanent
Missouri	25%	Until compliance	25%	3 months ⁺

TABLE 7-35--SANCTIONS FOR FAILURE TO COMPLY WITH TANF
 WORK PARTICIPATION REQUIREMENTS: SINGLE PARENT CASH
 ASSISTANCE FAMILIES, JULY 2006 –continued.

State	Initial Sanction:		Most Severe Sanction:	
	Reduction in benefit	Length of sanction (months; + indicates sanction could be levied for longer than the minimum months shown on table)	Reduction in benefit	Length of sanction (months; + indicates sanction could be levied for longer than the minimum months shown on table)
Montana	Adult portion of benefit	1 month	Case is closed	1 month
Nebraska	Entire benefit	1 month ⁺	Entire benefit	12 months or the remainder of 48 months (whichever is shorter)
Nevada	Entire benefit	Until compliance	Entire benefit	Until compliance
New Hampshire	Adult portion of benefit	1 payment period ⁺	66% of adjusted Payment Standard	1 payment period ⁺
New Jersey	Pro rata portion of benefit ^a	1 month ⁺	Case is closed	3 months ⁺
New Mexico	25%	Until compliance	Case is closed	6 months ⁺
New York	Pro rata portion of benefit ^a	Until compliance	Pro rata portion of benefit ^a	6 month ⁺
North Carolina	Entire benefit	1 month ⁺	Case is closed	Must reapply
North Dakota	Adult portion of benefit	Until compliance	Case is closed	12 months
Ohio	Entire benefit	1 month ⁺	Case is closed	6 months ⁺
Oklahoma	Entire benefit	Until compliance	Entire benefit	Until compliance
Oregon	\$50	Until compliance or 2 months (whichever is shorter)	Entire benefit	Until compliance
Pennsylvania	Adult portion of benefit	30 days ⁺	Entire benefit	Permanent
Rhode Island	Adult portion of benefit	Until in compliance for 2 weeks	Entire benefit	Until in compliance for 2 weeks
South Carolina	Case is closed	Must reapply and comply for 30 days	Case is closed	Must reapply and comply for one month
South Dakota	None	None	Case is closed	1 month ⁺ and must reapply
Tennessee	Entire benefit	Until in compliance for 2 weeks	Entire benefit	3 months ⁺
Texas	Entire benefit	1 month ⁺	Case is closed	Must reapply and comply for 30 days
Utah	\$100	Until compliance	Entire benefit	Until compliance
Vermont	\$75	Until in compliance for 2 weeks	\$225	Until in compliance for 2 weeks
Virginia	Entire benefit	1 month ⁺	Entire benefit	6 months ⁺
Washington	Adult portion of benefit or 40% (whichever is greater)	Until in compliance for 4 weeks	Adult portion of benefit or 40% (whichever is greater)	Until in compliance for 4 weeks

TABLE 7-35--SANCTIONS FOR FAILURE TO COMPLY WITH TANF
WORK PARTICIPATION REQUIREMENTS: SINGLE PARENT CASH
ASSISTANCE FAMILIES, JULY 2006 -continued.

State	Initial Sanction:		Most Severe Sanction:	
	Reduction in benefit	Length of sanction (months; + indicates sanction could be levied for longer than the minimum months shown on table)	Reduction in benefit	Length of sanction (months; + indicates sanction could be levied for longer than the minimum months shown on table)
West Virginia	33.3%	3 months	Entire benefit	3 months
Wisconsin (W-2 Transition and Community Service Jobs)	Minimum wage times the number of hours of nonparticipation	Until compliance	Entire benefit	Permanent
Wyoming	Entire benefit	Until compliance	Entire benefit	Until compliance

³Benefits are reduced by the per-capita benefit amount of non-complying family members. For example, if the adult in a three person family refuses to comply, the family's benefit is reduced by one third.

Source: The Urban Institute's Welfare Rules Database, funded by HHS/ACF and HHS/ASPE.

Families receiving TANF cash welfare might also be sanctioned for failure to co-operate with establishing paternity or obtaining child support or for not complying with an "Individual Responsibility Plan" (IRP). Federal law specifies that a family that does not co-operate with child support requirements faces at least a 25 percent reduction in its grant, and States may totally terminate benefits for a non-cooperating family. Developing and enforcing an IRP is a State option, and States wholly determine the penalty for failure to comply with such a plan.

Table 7-36 shows the monthly average number of TANF cash assistance families sanctioned and on the rolls or who had their cases closed for FY2001 through FY2006. (Note: Unlike many tables in this section, this table and Table 7-44 are restricted to families in the TANF program, excluding those in Separate State Programs.) It also shows an overall sanction rate, which is defined as the sum of families on the rolls who were sanctioned and families leaving the rolls because of sanctions divided by the sum of total families on the rolls and total families leaving the rolls in a month. In FY2006, a monthly average of 95,000 families on the rolls were sanctioned, or 5.3 percent of all families on the rolls. Additionally, almost 16,000 families per month (totaling about 190,000 for the full year) were sanctioned off the rolls in FY2006. This represents a little over one in ten case closures. The table shows some trends in sanctioning. Over time, the percent of families on the rolls who were sanctioned has decreased. However, the percent of case closures resulting from sanctions has increased. Still, the overall sanction rate (taking into account both those on the rolls and those leaving the rolls) was slightly lower in the later years than in the earlier years shown on the table.

TABLE 7-36--TANF CASH WELFARE FAMILIES THAT WERE
SANCTIONED, FY2001-FY2006

Fiscal Year	Families on the Rolls and Sanctioned		Families Leaving the Rolls		Combined Sanction Rate
	Monthly Average	Percent of the Caseload	Monthly Average	Percent of All Case Closures	
2001	130,848	6.2%	11,989	7.2%	6.3%
2002	145,609	7.1	11,526	6.8	7.1
2003	138,229	6.8	13,019	7.8	6.9
2004	109,343	5.5	19,096	11.3	6.0
2005	106,327	5.6	18,240	11.7	6.0
2006	95,386	5.3	15,776	10.4	5.7

Note- Data exclude New Hampshire because of an apparent error in reporting sanctioned cases.

Source: Congressional Research Service (CRS) tabulations of the FY2001 to FY2006 TANF National Data Files.

Table 7-37 shows the prevalence of sanctions of TANF cash assistance families by State in FY2006. Overall sanction rates vary by State. Among the 50 States and District of Columbia, the District of Columbia has the highest sanction rate – almost 20 percent. This compares to Ohio’s reported sanction rate of less than 1 percent. The table also shows that some States rely on sanctioning families while on the rolls, and other States rely more heavily on terminating assistance to families who do not comply with program requirements.

TABLE 7-37--TANF FAMILIES WITH BENEFITS REDUCED OR CASES
CLOSED BECAUSE OF SANCTION: FY2000-FY2006

State	Sanctioned Families on the Rolls		Families Sanctioned Off the Rolls		Combined Sanction Rate
	Monthly average number of families	Percent of total families on the rolls	Monthly Average Cases Closed Because of Sanctions	Percent of all Case Closures	
Alabama	1,797	9.4%	580	33.8%	11.4%
Alaska	300	8.3	17	4.7	8.0
Arizona	553	1.4	7	0.3	1.3
Arkansas	472	5.8	5	0.8	5.4
California	44,142	9.8	1,366	3.9	9.4
Colorado	154	1.1	85	5.9	1.5
Connecticut	0	0.0	98	8.3	0.5
Delaware	186	3.4	209	37.6	6.5
District of Columbia	3,170	20.2	8	1.4	19.5
Florida	388	0.7	1,692	23.6	3.5
Georgia	216	0.7	93	3.9	0.9
Hawaii	0	0.0	54	11.3	0.7
Idaho	4	0.2	40	21.7	2.2
Illinois	873	2.4	3	0.1	2.2
Indiana	1,664	3.9	694	14.3	5.0
Iowa	914	5.5	0	0.0	5.0
Kansas	0	0.0	239	13.8	1.3
Kentucky	1,190	3.6	150	4.9	3.7
Louisiana	0	0.0	304	26.7	2.3
Maine	690	7.5	13	1.2	6.8

TABLE 7-37--TANF FAMILIES WITH BENEFITS REDUCED OR CASES
CLOSED BECAUSE OF SANCTION: FY2000-FY2006 -continued.

State	Sanctioned Families on the Rolls		Families Sanctioned Off the Rolls		Combined Sanction Rate
	Monthly average number of families	Percent of total families on the rolls	Monthly		
			Average Cases Closed Because of Sanctions	Percent of all Case Closures	
Maryland	2,055	10.1%	652	24.0%	11.7%
Massachusetts	1,736	3.7	315	12.6	4.2
Michigan	208	0.3	946	16.0	1.3
Minnesota	1,347	4.9	164	6.1	5.0
Mississippi	209	1.6	471	42.6	4.7
Missouri	2,743	7.1	0	0.0	6.6
Montana	82	2.2	125	18.9	4.6
Nebraska	226	2.2	170	17.4	3.6
Nevada	0	0.0	74	10.8	1.2
New Hampshire	--	--	--	--	--
New Jersey	2,049	5.0	513	14.5	5.8
New Mexico	1,181	7.0	561	21.0	8.9
New York	11,395	8.4	0	0.0	7.9
North Carolina	303	1.0	703	24.5	3.0
North Dakota	78	2.9	11	3.1	2.9
Ohio	3	0.0	291	4.1	0.3
Oklahoma	481	4.7	576	32.9	8.8
Oregon	535	2.9	2	0.1	2.6
Pennsylvania	2,978	3.1	0	0.0	3.0
Rhode Island	628	6.5	3	0.4	6.0
South Carolina	366	2.3	187	13.0	3.2
South Dakota	50	1.8	101	33.8	4.8
Tennessee	0	0.0	875	20.3	1.2
Texas	0	0.0	3,087	32.9	3.8
Utah	282	3.8	110	11.4	4.7
Vermont	424	9.6	0	0.0	8.6
Virginia	324	3.6	23	2.3	3.4
Washington	5,413	10.0	0	0.0	9.1
West Virginia	381	3.5	154	15.1	4.5
Wisconsin	1,416	7.9	0	0.0	7.4
Wyoming	13	4.6	3	10.2	5.1
Guam			Not reported		
Puerto Rico	1,640	11.4	3	0.5	11.0
Virgin Islands	126	29.0	3	11.2	28.0
Totals	95,386	5.3	15,776	10.4	5.7

Source: Congressional Research Service (CRS) tabulations of the FY2006 TANF National Data file.

TIME LIMITS

States may not use Federal TANF funds to provide assistance to a family containing an adult who has received five years (60 months) of assistance. The Federal five-year time limit is a prohibition on States' use of Federal TANF funds, not a direct limitation on how long a particular family may receive welfare. How

time limits affect families is determined by States, which have wide latitude in implementing them.

Federal law provides a hardship exception to the time limit, allowing Federal funds to be used in cases of hardship for up to 20 percent of the caseload beyond the five-year limit. Further, Federal law explicitly allows a State to use State MOE funds to aid a family beyond the time limit. TANF penalizes States that have more than 20 percent of their Federally-funded caseload on the rolls for more than five years. The penalty is a 5 percent reduction in the block grant. However, it is unlikely that a State will breach the 20 percent limit of families because of its ability to assist families beyond five years with State MOE funds.

Table 7-38 shows State time limit policies in effect in July 2006. Many States have adopted the five-year limit as their own; others have shorter time limits. Some States effectively do not limit the amount of time a family may receive assistance (using State funds or the 20 percent hardship exception). The time limit does not apply to families without an adult recipient, known as "child-only" cases.

TABLE 7-38--TANF TIME LIMITS BY STATE, JULY 2006

State	Periodic Time Limit		Lifetime Time Limit	
	Month Limit	Benefits End for Whom?	Month Limit	Benefits End for Whom?
Alabama	---	No Limit	60 mos.	Family
Alaska	---	No Limit	60 mos.	Family
Arizona	---	No Limit	60 mos.	Family
Arkansas	---	No Limit	24 mos.	Family
California	---	No Limit	60 mos.	Adults
Colorado	---	No Limit	60 mos.	Family
Connecticut	---	No Limit	21 mos.	Family
Delaware	---	No Limit	36 mos.	Family
D.C.	---	No Limit	---	No Limit
Florida	---	No Limit	48 mos.	Family
Georgia	---	No Limit	48 mos.	Family
Hawaii	---	No Limit	60 mos.	Family
Idaho	---	No Limit	24 mos.	Family
Illinois	---	No Limit	60 mos.	Family
Indiana	---	No Limit	24 mos.	Adults
Iowa	---	No Limit	60 mos.	Family
Kansas	---	No Limit	60 mos.	Family
Kentucky	---	No Limit	60 mos.	Family
Louisiana	24 of 60 mos.	Family	60 mos.	Family
Maine	---	No Limit	---	No Limit
Maryland	---	No Limit	60 mos.	Family
Massachusetts	24 of 60 mos.	Family	---	No Limit
Michigan	---	No Limit	---	No Limit
Minnesota	---	No Limit	60 mos.	Family

TABLE 7-38--TANF TIME LIMITS BY STATE, JULY 2006 –continued.

State	Periodic Time Limit		Lifetime Time Limit	
	Month Limit	Benefits End for Whom?	Month Limit	Benefits End for Whom?
Mississippi	---	No Limit	60 mos.	Family
Missouri	---	No Limit	60 mos.	Family
Montana	---	No Limit	60 mos.	Family
Nebraska	24 of 48 mos.	Family	60 mos.	Family
Nevada	24 mos.; followed by 12 mos. of ineligibility	Family	60 mos.	Family
New Hampshire	---	No Limit		No Limit
New Jersey	---	No Limit	60 mos.	Family
New Mexico	---	No Limit	60 mos.	Family
New York	---	No Limit	---	No Limit
North Carolina	24 mos.; followed by 36 mos. of ineligibility	Family	60 mos.	Family
North Dakota	---	No Limit	60 mos.	Family
Ohio	36 mos.; followed by 24 mos. of ineligibility ²	Family	60 mos.	Family
Oklahoma	---	No Limit	60 mos.	Family
Oregon	24 of 84 mos.	Family	---	No Limit
Pennsylvania	---	No Limit	60 mos.	Family
Rhode Island	---	No Limit	60 mos.	Adults
South Carolina	24 of 120 mos.	Family	60 mos.	Family
South Dakota	---	No Limit	60 mos.	Family
Tennessee	18 mos.; followed by 3 mos. of ineligibility	Family	60 mos.	Family
Texas	12, 24, or 36 mos.; followed by 60 mos. of ineligibility	Adults	60 mos.	Family
Utah	---	No Limit	36 mos.	Family
Vermont	---	No Limit	---	No Limit
Virginia	24 mos.; followed by 24 mos. of ineligibility	Family	60 mos.	Family
Washington	---	No Limit	---	No Limit
West Virginia	---	No Limit	60 mos.	Family
Wisconsin	---	No Limit	60 mos.	Family
Wyoming	---	No Limit	60 mos.	Family

Source: Table prepared by the Congressional Research Service (CRS) based on information in the Urban Institute's Welfare Rules Database.

Based on case closure data reported by the States, relatively few families have had their benefits ended because of a time limit. Table 7-39 shows State-reported time limit closures (closures for either the Federal 60 month time limit or a State

time limit) for FY2002 through FY2006. Over the five years shown on the table, a total of 222,000 families were reported to have their TANF cases closed because of a time limit.

However, TANF case closures because of the time limit imprecisely measure the impact of the time limit. In New York, a family that reaches the 60-month limit is transferred to a State-funded “safety net” program. Though some families in the “safety-net” program receive noncash rather than cash benefits, their benefits are continued. The table shows that not counting New York, 142,000 families reached the time limit over the five year period. However, TANF case closures also do not measure the number of families receiving reduced benefits because of a time limit.

TABLE 7-39--TANF WELFARE CASE CLOSURES BECAUSE OF
FEDERAL OR STATE TIME LIMITS: FY2002-FY2006

State	FY02	FY03	FY04	FY05	FY06	Totals
National totals (with New York)	62,942	40,322	41,575	37,817	39,700	222,355
National totals (excluding New York)	24,641	31,746	31,269	27,679	26,707	142,042
Alabama	203	437	246	445	276	1,608
Alaska	0	0	0	0	0	0
Arizona	191	370	377	400	359	1,697
Arkansas	758	792	691	426	460	3,127
California	0	3,143	1,656	0	540	5,338
Colorado	671	278	0	0	0	949
Connecticut	5,115	3,782	4,426	3,944	3,459	20,725
Delaware	26	49	116	106	78	375
District of Columbia	0	16	0	7	0	22
Florida	2,891	1,275	1,306	853	1,462	7,787
Georgia	0	0	0	0	0	0
Hawaii	2,184	1,076	737	512	522	5,032
Idaho	36	25	33	41	26	162
Illinois	55	45	8	0	7	115
Indiana	1,178	1,099	2,441	2,748	2,039	9,506
Iowa	0	508	385	451	498	1,842
Kansas	0	0	30	32	35	97
Kentucky	1,388	1,037	1,142	616	794	4,977
Louisiana	926	888	1,345	284	114	3,557
Maine	0	0	0	10	67	78
Maryland	0	0	0	0	0	0
Massachusetts	813	440	353	764	57	2,427
Michigan	0	0	0	0	796	796
Minnesota	491	1,037	1,025	888	709	4,151
Mississippi	45	181	271	232	116	845
Missouri	503	4,103	3,259	2,199	2,467	12,531
Montana	13	98	25	42	73	250
Nebraska	96	63	84	198	149	590
Nevada	797	1,195	853	620	555	4,020
New Hampshire	66	79	101	160	184	589

TABLE 7-39--TANF WELFARE CASE CLOSURES BECAUSE OF
FEDERAL OR STATE TIME LIMITS: FY2002-FY2006 -continued.

State	FY02	FY03	FY04	FY05	FY06	Totals
New Jersey	0	0	0	0	0	0
New Mexico	0	83	135	82	281	581
New York	38,300	8,576	10,306	10,138	12,993	80,313
North Carolina	57	1,250	1,736	1,638	1,226	5,906
North Dakota	19	7	31	32	27	116
Ohio	0	231	270	376	834	1,710
Oklahoma	0	0	0	0	0	0
Oregon	0	0	0	0	0	0
Pennsylvania	0	0	0	0	0	0
Rhode Island	0	0	0	0	0	0
South Carolina	1,246	1,392	1,885	1,429	1,339	7,291
South Dakota	0	0	0	0	0	0
Tennessee	1,125	969	1,607	2,746	2,284	8,732
Texas	0	0	31	6	11	48
Utah	820	502	435	531	530	2,819
Vermont	0	0	0	0	0	0
Virginia	1,331	1,628	2,024	2,546	2,626	10,155
Washington	106	51	0	0	0	157
West Virginia	120	277	274	381	259	1,310
Wisconsin	0	0	0	0	0	0
Wyoming	0	2	0	1	1	4
Guam	0	0	0	0	0	0
Puerto Rico	1,373	3,291	1,881	1,894	1,422	9,861
Virgin Islands	0	44	50	37	28	159

Source: Congressional Research Service (CRS) tabulations of the FY2000-FY2006 TANF National Data Files.

CHILD SUPPORT ENFORCEMENT REQUIREMENTS

Families that receive TANF cash welfare are required to cooperate with efforts to secure child support on their behalf. Recipients are required to cooperate with establishing the paternity of recipient children. Any child support received on behalf of a family receiving welfare is assigned (turned-over) to the State. As discussed in the child support section (Section 8), child support received on behalf of a cash welfare family is retained by the Federal and State governments as a reimbursement for the costs of cash welfare. The DRA, however, gave States a financial incentive to “pass-through” to a cash welfare family at least part of the child support collected on its behalf (up to \$100 per month for one child; \$200 per month for two or more children, see discussion in Section 8).

WELFARE LEAVERS

The mandatory TANF data reporting system last captures welfare families in the month they leave the rolls. However, since the mid-1990s, many States have conducted studies of welfare leavers, capturing information about employment, earnings, and receipt of government benefits for those who leave the welfare rolls. These studies have varied a great deal, in terms of their methods, populations

examined, and so on. In the late 1990s, using funding from the special welfare outcomes appropriations, HHS provided grants to 15 States and localities to conduct a series of leaver studies with more consistent methods and data. A synthesis of the HHS leaver studies (Department of Health and Human Services, 2001) generally confirmed what had been found in the State-developed leaver studies:

- The majority of those who leave welfare do so for work. Among the 15 States and localities examined in the HHS leaver studies, the “median study”– the midpoint of the ranking of all 15 studies-- showed 57 percent of its leavers employed in the first quarter after exiting the rolls. Employment rates tended to remain fairly constant when examining the second, third, and fourth quarters after exit.
- Though most work after leaving the rolls, most studies report that only between 30 percent and 40 percent of those who left the welfare rolls worked in all four quarters after leaving welfare.
- Because not all welfare leavers find work or steady work, some of those who exit the rolls return to welfare. In the fourth quarter after leaving welfare, many of the States and localities reported that about one-fifth (20 percent) of their leavers had returned to the rolls.

Table 7-40 shows the employment rates (percent working) and recidivism rates (percent returning to the rolls) for leavers in the 15 HHS leaver studies. The table identifies the study, quarter of exit for leavers in the study, employment rates, and returns to welfare.

TABLE 7-40--EMPLOYMENT RATES AND RETURNS TO WELFARE RATES: HHS LEAVERS STUDIES

State/locality	Quarter of exit	Employment rates				Returns to welfare	
		1st qtr	4th qtr	Continuously employed	Ever employed	4th qtr after exit	Ever returned
		after exit	after exit				
Arizona	1Q98	53	50	NA	73	20	28
District of Columbia	4Q97	62	60	39	79	19	21
Florida	2Q97	50	54	31	71	11	25
Georgia	1Q98	64	57	NA	NA	14	22
Illinois	3Q97-4Q98	54	55	39	70	16	29
Iowa	2Q98	57	38	25	69	24	30
Massachusetts	Dec98-Mar99	60	NA	NA	NA	16	19
Missouri	4Q96	58	58	NA	NA	21	29
New York	1Q97	50	48	40	62	19	NA
South Carolina	Oct98-Mar99	67	63	34	90	11	17
Washington	4Q97	57	57	NA	NA	16	23
Wisconsin	2Q98-4Q98	67	67	NA	82	21	29
Cuyahoga Co (Cleveland, OH)	3Q98	68	64	47	82	25	38
Los Angeles Co. (CA)	3Q96	47	47	35	57	NA	NA
Bay Area (CA)	4Q98	55	NA	NA	NA	NA	NA

Source: U.S. Department of Health and Human Services (2001).

In the HHS “leavers” studies, the average earnings of welfare leavers varied widely by State. Table 7-41 shows the average earnings of leavers who reported some earnings for the 15 States and localities in the HHS leaver studies. Of these jurisdictions, 12 of the studies reported average quarterly earnings of those working in the quarter after leaving welfare that were below the Federal poverty line for a family of three. The three jurisdictions where earnings were above poverty were the District of Columbia, New York, and Los Angeles. These findings should not be interpreted as indicating that welfare leavers were worse off working and not on welfare than being on welfare and not working. In none of the jurisdictions noted above were cash assistance benefits greater than poverty. They do, however, indicate that the earnings of welfare leavers were typically low—insufficient by themselves to raise a family of three above the poverty line. Welfare leavers may qualify for the EITC and government benefits other than cash welfare (for example, food stamps) that supplement earnings and increase family incomes.

TABLE 7-41--AVERAGE QUARTERLY EARNINGS OF WELFARE LEAVERS

State/locality	Quarter of exit	Average quarterly earnings of working leavers		Average earnings of working welfare leavers: by quarter after exit as a percent of poverty	
		1st qtr	4th qtr	1st qtr after exit	4th qtr after exit
Arizona	1Q98	\$2,211	\$2,511	67%	76%
District of Columbia	4Q97	3,416	3,934	106%	120%
Florida	2Q97	2,163	2,496	67%	76%
Georgia	1Q98	2,185	2,327	67%	71%
Illinois	3Q97-4Q98	2,663	2,959	81%	90%
Iowa	2Q98	2,481	2,712	76%	81%
Massachusetts	Dec98-Mar99	2,834	NA	84%	NA
Missouri	4Q96	2,192	2,698	69%	83%
New York	1Q97	3,393	3,602	105%	111%
South Carolina	Oct98-Mar99	1,941	2,332	58%	69%
Washington	4Q97	2,678	3,275	83%	100%
Wisconsin	2Q98-4Q98	2,272	2,561	69%	76%
Cuyahoga Co (Cleveland OH)	3Q98	2,744	2,754	84%	82%
Los Angeles Co. (CA)	3Q96	3,414	3,576	108%	111%
Bay Area (CA)	4Q98	3,144	NA	96%	NA

Source: U.S. Department of Health and Human Services (2001).

OTHER TANF BENEFITS AND SERVICES

As previously mentioned, expenditures for traditional cash welfare activities (cash benefits, administration, and employment services) account for only a little more than half of all TANF Federal and State funding. The other half of TANF funding is used for a wide range of benefits and services aimed primarily at disadvantaged families with children and to prevent such disadvantage by activities to reduce out-of-wedlock pregnancies or promote the formation and maintenance of two-parent families.

Table 7-42 provides a detailed breakdown of FY2006 TANF Federal and State expenditures for “non-welfare” benefits and services. These expenditures total \$13.8 billion, or 48.4 percent of total FY2006 expenditures and transfers. The breakdown of the table is based on details that States are required to report to HHS in quarterly expenditure reports. As shown, the largest category of spending is for child care—both in Federal and State expenditures (\$3.5 billion) and in transfers to the CCDF (\$1.9 billion). TANF funding for the refundable portion of State earned income tax credits totaled \$1 billion.

The table also shows that a large share of TANF non-welfare expenditures are in very broad categories making it difficult to ascertain what benefits and services are being funded.

A total of \$1.3 billion is in either “assistance” or “nonassistance” authorized under prior law. These are activities that are not aimed at the four goals of TANF, but were “grandfathered-in” as having been funded by pre-TANF programs, particularly the old “Emergency Assistance” program. These “grandfathered” activities are allowable expenditures for a State only to the degree that they were in the pre-TANF State plan. Such activities include foster care and adoption assistance not reimbursed under the Federal-State foster care and adoption assistance programs (Title IV-E of the Social Security Act) and helping fund a State’s juvenile justice programs. Additionally, States accounted for over \$3 billion in a category called “other,” unclassified activities.

TABLE 7-42--FEDERAL AND STATE TANF EXPENDITURES AND TRANSFERS FOR “NON-WELFARE” ACTIVITIES: FY2006

	Expenditures and Transfers (in millions)	% of TANF "Non-welfare" Expenditures and Transfers	% of Total TANF Expenditures and Transfers
Child Care Expenditures	\$3,542.0	25.7%	12.5%
Transfers to CCDF	1,877.9	13.6	6.6
State Earned Income Tax Credits (EITCs)	1,034.2	7.5	3.6
Pregnancy Prevention	723.4	5.3	2.5
Transportation Aid	472.4	3.4	1.7
Non-Recurring Short-Term Benefits	289.4	2.1	1.0
Promoting Two-Parent Families	216.7	1.6	0.8
State Refundable Credits (Other than EITCs)	208.0	1.5	0.7
Individual Development Accounts	1.7	0.0	0.0
"Other" Expenditures	3,111.7	22.6	10.9
Nonassistance Under Prior Law	749.9	5.4	2.6
Assistance Under Prior Law	563.1	4.1	2.0
Transfers to SSBG	974.0	7.1	3.4
Total	13,764.6	100.0	48.4

Note- “Assistance” under prior law reflects ongoing economic support provided to families, such as foster care and adoption assistance payments. Nonassistance under prior law reflects benefits and services that were part of prior law (child welfare services or funding juvenile justice expenditures) but cannot be justified as aimed to achieve one of the four goals of TANF.

Source: Table prepared by the Congressional Research Service (CRS) based on data from the U.S. Department of Health and Human Services (HHS).

A 2006 GAO report found that "reporting and oversight mechanisms have not kept pace with the evolving role in TANF budgets, leaving information gaps at the national level related to the numbers served and how States use funds to meet welfare reform goals..." (Government Accountability Office, 2006). TANF's detailed reporting requirements focus on families receiving cash welfare. The statutory reporting requirements date back to the 1996 welfare reform law, and the reporting requirements in regulations were promulgated in the wake of that law -- before it became clear that the cash welfare caseload was dramatically declining and that the money saved from the caseload decline was being used in the diverse ways allowed by the TANF block grant. The "TANF caseload" that is often cited represents families receiving TANF cash welfare, excluding those families that receive only "non-welfare" benefits and services. It thus understates the number of families benefiting from TANF-funded benefits, services, and activities. In annual program reports due after the close of the fiscal year, States are required to provide information on all "programs" funded with MOE dollars, with a description of the types of benefits and services provided and the number of beneficiaries receiving them. These program reports do not capture the same information for non-welfare programs funded with Federal TANF dollars. Additionally, program expenditure information collected by HHS fails to capture spending for child welfare activities (they are subsumed in other more general categories). The result is an incomplete picture of how TANF and MOE dollars are spent and how many families benefit from them.

Given the data gaps in describing the varied use of TANF funds, a comprehensive look at what States spend their TANF monies on is not possible. This section will provide an overview of TANF's:

- contribution to child care funding;
- role in helping fund the child welfare system;
- activities aimed at achieving the two family formation goals of the block grant; and
- other spending, providing examples of what activities are being funded.

TANF-FUNDED CHILD CARE

TANF makes a major contribution to funding subsidized child care. In FY2006, Federal TANF and MOE expenditures plus TANF transfers to the child care block grant (Child Care and Development Fund, CCDF) totaled \$5.4 billion. Of the categories of TANF activities reported by the States, child care ranks second only to cash welfare. Note that TANF-funded child care -- like spending under CCDF -- is not restricted to families receiving cash welfare. TANF may fund child care for families who have left welfare or working poor families that never went on welfare. However, detailed reporting on who benefits from TANF-funded child care is not required by Federal law.

Table 7-43 shows the history of TANF's contribution to child care funding. FY2000 was the year TANF made its maximum contribution to child care both in

nominal and real (inflation-adjusted) terms. In inflation-adjusted terms, the amount of TANF funds States committed to child care was 22 percent lower in FY2006 than it was in FY2000.

TABLE 7-43--TANF-FUNDED CHILD CARE, FY1997-2006

Fiscal Year	Transfers to CCDF	Federal TANF		Total Child Care Transfers and Expenditures
		Child Care Expenditures	TANF MOE Child Care Expenditures	
In Millions of Dollars				
1997	\$235.3	\$13.5	\$801.5	\$1,050.3
1998	787.4	371.3	1,058.5	2,217.2
1999	2,575.1	602.4	1,501.4	4,678.9
2000	2,413.0	1,552.9	1,965.8	5,931.7
2001	1,898.7	1,642.6	1,808.7	5,350.0
2002	1,926.3	1,572.0	1,932.3	5,430.6
2003	1,790.2	1,698.3	1,770.1	5,258.5
2004	1,855.6	1,426.8	1,923.6	5,206.0
2005	1,937.4	1,279.2	1,917.9	5,134.4
2006	1,877.9	1,238.3	2,303.8	5,419.9
In Millions of Constant 2006 Dollars				
1997	295.5	16.9	1,006.5	1,318.9
1998	972.9	458.7	1,307.9	2,739.4
1999	3,121.7	730.3	1,820.2	5,672.2
2000	2,835.2	1,824.6	2,309.7	6,969.5
2001	2,161.3	1,869.7	2,058.9	6,089.8
2002	2,160.3	1,763.0	2,167.0	6,090.3
2003	1,961.6	1,860.9	1,939.6	5,762.1
2004	1,987.2	1,527.9	2,059.9	5,575.1
2005	2,008.7	1,326.3	1,988.5	5,323.5
2006	1,877.9	1,238.3	2,303.8	5,419.9

Source: Congressional Research Service (CRS) based on data from the U.S. Department of Health and Human Services. Constant 2006 dollars were computed using the CPI-U from the U.S. Department of Labor, Bureau of Labor Statistics.

TANF funds for child care may be spent either “within” TANF or transferred to the child care block grant (CCDF). Different requirements apply to these child care funds depending on whether they are spent within TANF or in CCDF. If funds are spent within TANF, child care subsidies for families that are not employed are considered “assistance,” like cash welfare triggers TANF work requirements, time limits, child support assignment rules, and State reporting requirements. However, for families with an employed member, child care funds spent within TANF is not considered assistance and therefore does not trigger TANF requirements. In fact, there are few Federal rules for child care spending within TANF for families with employed members.

TANF funds transferred to CCDF are subject to the rules of CCDF. These include State health and safety rules required by the Child Care and Development Block Grant (CCDBG). Additionally, some TANF MOE spending on child care may also be counted toward the CCDF maintenance of effort requirement. Federal law allows States to “double count” some spending toward both the TANF and CCDF MOEs – for TANF the maximum amount that may be double-counted is

\$888 million per year. In estimating total child care spending from both TANF and CCDF, it is necessary to adjust the totals from the two programs for this “double counting” as well as to count the TANF transfer to CCDF only when expended within the CCDF (see section 9 for more on TANF’s contribution to overall child care spending).

TANF-FUNDED CHILD WELFARE ACTIVITIES

TANF also makes a major contribution to funding States’ child welfare programs. Child welfare programs include foster care and adoption assistance for children who have been removed from their homes because of abuse or neglect. They also provide services to children (and their families) who have either been abused and neglected or are at-risk of abuse and neglect.

There is a deep historical connection between family cash welfare programs and child welfare. Title IV-E foster care benefits were once paid within the AFDC program. Additionally, as discussed in the part of this section on cash welfare, some welfare families are headed by nonparent relatives – grandparents, aunts, uncles, etc. To the degree that children cared for by nonparent relatives have either been abused or neglected, or would be at-risk of abuse and neglect if they remained with their parents, these families more closely resemble child welfare cases than “welfare” cases.

The reports on TANF expenditures that States are required to submit fail to categorize “child welfare” expenditures as a separate category. Some TANF-funded child welfare expenditures, such as foster care and adoption assistance for children not eligible under Title IV-E programs, represent activities “grandfathered” in as they were allowable activities under pre-TANF programs (e.g. “assistance under prior law”). The authority to use TANF funds for other child welfare activities, particularly preventative “family preservation” services, can be claimed under the first goal of TANF: “to provide assistance so that children may be cared for in their own homes or in the homes of their relatives.” However, spending for these activities is not categorized as such on TANF expenditure reports.

Urban Institute Survey of Funding of Child Welfare Agencies

The Urban Institute has conducted a regular survey of State child welfare agencies to determine their spending and funding sources. The survey shows a substantial contribution from TANF in the amount of a little over \$3 billion to child welfare agency funding, both directly from TANF and through TANF transfers to SSBG. In State Fiscal Year (SFY) 2004, TANF spending by child welfare agencies totaled \$2.4 billion, slightly down from \$2.5 billion reported in a previous survey in SFY2002 (Scarella, Bess, Zielewki, and Geen, 2006). The survey also reported that another \$535 million for SFY2004 came to child welfare agencies by way of transfers from TANF to the Social Services Block Grant (SSBG).

The Urban Institute's survey might not capture all TANF funds used for child welfare activities. It is restricted to those used by child welfare agencies themselves. Services might be offered through other State agencies (e.g. State welfare agency), as discussed below.

Services for TANF Cash Welfare Families Headed by a Non-parent Relative

As noted above, a significant share of "child-only" cases in the cash welfare caseload is composed of non-parent, relative caretakers. While families with adult recipients are the focus of welfare-to-work requirements and services, researchers have identified different service needs in the part of the caseload that is headed by non-parent relatives. A 2004 report for the HHS concluded that children in these families "occupy uncertain territory between the TANF and child welfare service systems"(Gibbs et al, 2004). The report noted that service providers and relative caregivers stated that children enter relative care because of "serious disruptions in parenting," and were either maltreated or at risk of maltreatment. The report found that while TANF provided basic financial support, children in TANF families cared for by non-parent relatives face higher incidences of mental health problems, trauma, and educational difficulties than children in other TANF households.

NONWELFARE EARNINGS SUPPLEMENTS

TANF and MOE funds are also used for "non-welfare" economic support, mostly through supplementing earnings through add-ons to the Earned Income Tax Credit. TANF and MOE funds may pay for the refundable portions of tax credits, in the amount by which the credit exceeds a family's tax liability.

Table 7-44 shows FY2006 TANF and MOE expenditures for the refundable portions of State EITCs. TANF or MOE dollars were used by 11 States for this purpose in FY2006, for a total of just over \$1 billion. New York alone accounted for about 60 percent of these expenditures. In addition, three States used TANF or MOE funds for other refundable tax credits. Colorado provided a refundable \$200 credit for each child under age five in low income families, as well as a refundable credit for child care expenses. New York and Oregon also reported expenditures for a refundable credit for child care expenses.

TABLE 7-44--TANF AND MOE FUNDS USED FOR REFUNDABLE TAX CREDITS, BY STATE, FY2006 [IN MILLIONS OF \$]

State	State EITCs	Other State Refundable Tax Credits
Colorado	\$0.039	\$4.521
Illinois	13.881	0.000
Indiana	38.405	0.000
Kansas	29.194	0
Maryland	104.100	0
Massachusetts	76.800	0
Minnesota	71.726	0
New Jersey	18.393	0.000
New York	617.671	201.064

TABLE 7-44--TANF AND MOE FUNDS USED FOR REFUNDABLE TAX CREDITS, BY STATE, FY2006 [IN MILLIONS OF \$] -continued.

State	State EITCs	Other State Refundable Tax Credits
Oregon	\$0.000	\$2.463
Vermont	8.769	0.000
Wisconsin	55.232	0.000
Totals	1034.211	208.048

Source: Table prepared by the Congressional Research Service (CRS) based on data from the U.S. Department of Health and Human Services (HHS).

ACTIVITIES TO REDUCE OUT-OF-WEDLOCK PREGNANCIES AND PROMOTE TWO-PARENT FAMILIES

In FY2006, States spent a total of \$723 million on activities to prevent and reduce out-of-wedlock pregnancies and \$217 million to promote the formation and maintenance of two-parent families from either Federal TANF or State MOE funds. This represented, respectively 2.5 percent and 0.8 percent of all Federal expenditures and transfers and State expenditures in FY2006.

States may use Federal TANF block grant funds on activities to reduce out-of-wedlock pregnancies and promote two-parent families without regard to a need test. This permits States to use funds for these purposes aimed at their total population, not just their low-income populations, through activities such as media campaigns or in the school system for all students.

Table 7-45 provides a tabulation of activities reported by the States that seek to achieve the two-parent family formation purposes of TANF. The information in this table is based on annual TANF reports required of States by HHS regulations. The annual reports require States to describe the activities they are undertaking to achieve the TANF goals of reducing out-of-wedlock pregnancies and promoting two-parent families. States respond to this requirement by providing a narrative of these activities, which vary considerably in their content and their detail. Therefore, the information in this table should be considered illustrative, rather than comprehensive. It does not capture the full range of activities reported by the States; rather, it seeks to show the most common types of activities reported by the States aimed at these TANF goals. Further, the narrative provided by States might have been worded in such a way that it was not classified in an activity category shown on the table, or the State might have omitted an activity it was undertaking in its annual program report. Additionally, the report does not require that the activity be funded by TANF— the activity might have been funded through other sources or in combination with other sources and TANF.

As shown on the table, States are undertaking a wide range of activities seeking to prevent out-of-wedlock pregnancies. Commonly, these activities are aimed toward preventing teen pregnancy. The activities categorized as “youth services” include after-school programs for teens and sub-grants to community organizations such as Boys and Girls Clubs. Education programs shown on the

table are often run through the school system. A number of States have reported to be conducting home visits to new parents, with an eye toward reducing subsequent pregnancies. Many States reported operating abstinence education programs. These might be programs funded in whole or in part through TANF or other Federal abstinence education programs. Additionally, family planning services could be funded in part from TANF or other Federal grant programs.

The most common activity undertaken by States to promote the formation and maintenance of two-parent families was responsible fatherhood initiatives. These initiatives often took the form of employment services and training for noncustodial parents. A few States said they offered marriage education and counseling in FY2006.

TABLE 7-45--STATE ACTIVITIES AIMED TO ACHIEVE TANF'S FAMILY FORMATION GOALS, FY2006

State	Reduce Out-of-Wedlock Births						Promote Formation and Maintenance of Two-Parent Families		
	Home visiting programs (seeking to prevent subsequent births)	Education Programs	Media Campaigns	Family Planning	Abstinence Education	Youth Services	Responsible Fatherhood Initiatives	Marriage Education Programs	Counseling
Alabama			X				X		
Alaska		X		X				X	
Arizona					X				
Arkansas				X	X				
California		X		X		X			
Colorado							X		
Connecticut						X	X		
Delaware				X				X	
District of Columbia						X	X		
Florida	X			X	X		X	X	
Georgia					X	X	X		
Hawaii						X			
Idaho		X							X
Illinois ^a									
Indiana							X		
Iowa				X			X		
Kansas ^a									
Kentucky	X	X	X	X		X			X
Louisiana						X	X		
Maine		X	X						
Maryland	X		X	X	X	X	X	X	X
Massachusetts	X	X							
Michigan			X			X	X		
Minnesota	X			X	X				
Mississippi					X	X	X		

TABLE 7-45--STATE ACTIVITIES AIMED TO ACHIEVE TANF'S
FAMILY FORMATION GOALS, FY2006 --continued.

State	Reduce Out-of-Wedlock Births						Promote Formation and Maintenance of Two-Parent Families		
	Home visiting programs (seeking to prevent subsequent births)	Education Programs	Media Campaigns	Family Planning	Abstinence Education	Youth Services	Responsible Fatherhood Initiatives	Marriage Education Programs	Counseling
Missouri						X	X		
Montana					X	X			
Nebraska									
Nevada		X					X		
New Hampshire	X	X		X	X				X
New Jersey	X		X			X	X		X
New Mexico								X	
New York				X		X	X		
North Carolina					X	X	X		
North Dakota		X			X				
Ohio						X			
Oklahoma					X	X	X	X	
Oregon		X			X				
Pennsylvania	X	X	X	X	X	X			
Rhode Island		X					X		
South Carolina		X							
South Dakota		X		X					X
Tennessee		X							
Texas				X			X		
Utah		X	X					X	
Vermont									
Virginia	X	X			X				
Washington				X	X				
West Virginia		X	X	X				X	
Wisconsin					X	X			
Wyoming	X					X			

^aPortion of the annual report that describes these activities was not available to CRS.

Source: Congressional Research Service (CRS) based on FY2006 TANF Annual Program Reports from the States, made available to CRS by the Department of Health and Human Services. Information is supplemented by publicly-available TANF State plans where necessary.

OTHER ACTIVITIES

A relatively large share of TANF and MOE expenditures – \$3.1 billion in FY2006 – is unclassified by States. HHS reporting forms require States with such unclassified expenditures provide information on the activities supported by these expenditures. For FY2006, 23 States gave information on activities in the “other”

unclassified expenditure category. These expenditures supported a wide range of activities. Examples include pre-Kindergarten early childhood education programs (including supplementing funding in Head Start programs) and mental health and substance abuse treatment programs. Additionally, States categorized some child welfare (kinship care, family preservation, child protective services) expenditures as well as programs for youths and home visitation for new parents in this category.

OTHER TANF ISSUES

TRIBAL TANF

Federally recognized Indian tribes and certain Alaskan Native organizations have the option to operate their own TANF programs for needy families with children. Tribes are entitled to receive a grant equal to the amount of FY1994 Federal expenditures in pre-TANF programs attributable to Indian families residing in the area to be served by the tribal program. This is financed by a reduction in the State's block grant amount. States may, but are not required to, provide tribes with MOE funds.

Tribes seeking to operate TANF programs must submit plans to the Secretary of HHS for approval. The Secretary of HHS — with the participation of the tribes — establishes work requirements and time limits for each tribe operating its own TANF program.

Additionally, tribes that operated pre-TANF work and education programs are provided grants to operate tribal work programs that total \$7.6 million per year. The amount of each grant equals what the tribe received in FY1994 under pre-TANF programs.

INITIATIVES TO PROMOTE HEALTHY MARRIAGE AND RESPONSIBLE FATHERHOOD

The Deficit Reduction Act of 2005 created new TANF funding for healthy marriage promotion, Indian child welfare, and responsible fatherhood initiatives. An appropriation of \$150 million per year is provided for each of five years (FY2006 through FY2010) for the following initiatives:

- up to \$50 million per year may be used to fund responsible fatherhood initiatives (see below);
- up to \$2 million per year may be used to fund demonstration projects to test the effectiveness of Indian tribal governments in coordinating child welfare services to children at risk of abuse and neglect; and
- the remainder (a minimum of \$98 million per year) is for demonstration projects and technical assistance on healthy marriage promotion initiatives (see below).

Healthy Marriage Promotion Initiatives

The healthy marriage promotion initiative funds (1) awards by HHS to public or private entities to conduct research and demonstration projects; and (2) technical assistance to States, Indian tribes and tribal organizations, and other entities. The activities supported by these initiatives include:

- programs to promote marriage in the general population, such as public advertising campaigns and education in high schools on the value of marriage;
- education in “social skills” (e.g., marriage education, marriage skills, conflict resolution, and relationship skills) for engaged couples, those interested in marriage, and married couples; and
- programs that reduce the financial disincentives to marry, if combined with educational or other marriage promotion activities.

Applicants for marriage promotion grants must ensure that participation in such activities is voluntary and that domestic violence concerns are addressed (e.g., through consultations with experts on domestic violence).

Responsible Fatherhood Initiatives

Up to \$50 million per year (for FY2006 through FY2010) is available for competitive grants made by HHS to States, territories, Indian tribes, tribal organizations, and public and nonprofit community organizations (including religious organizations) for responsible fatherhood initiatives. Allowable activities under such initiatives include those to promote marriage; teach parenting skills through counseling; mentoring, mediation, and dissemination of information; employment and job training services; media campaigns; and development of a national clearinghouse focused on responsible fatherhood.

STATE ACCOUNTABILITY

Federal law gives States broad flexibility in designing and implementing State programs operated with TANF and MOE funds. It also requires States to develop plans that outline their intended use of funds and report data on families receiving assistance.

TANF State Plans

States are required to submit State plans every three years as a condition of receiving TANF block grant funds. The bulk of these plans are an “outline” of the program the State “intends” to operate. The Secretary of HHS cannot disapprove a State plan based on its content. Rather, the role of the Secretary is to determine whether the State has included information on all required elements of the plan. State plans have no set format, and vary greatly in their content and detail.

State plans are not required to have — and often do not have — information on basic financial and nonfinancial eligibility rules for TANF assistance. For

example, a State is not required to provide information on income eligibility rules, treatment of earnings, or information on its time limit in the State plan. Some eligibility information is collected for programs funded with MOE dollars in annual program reports, but it is not of the detail necessary to describe, for example, the maximum amount of earnings a family may have and still remain eligible for TANF assistance.

Data Reporting

TANF law and regulations require States to provide information on families receiving cash welfare. States must provide both caseload counts and family- and recipient-level information on families receiving assistance. Family- and individual-level information that States must report includes basic demographic information, the work activities hours of adults, and the financial circumstances of families and individual recipients receiving assistance. Neither caseload counts nor characteristic information is required to be reported for families receiving TANF-funded benefits and services that are not considered assistance.

RESEARCH

TANF law appropriates \$15 million per year for research and evaluation activities for State TANF programs. (Before FY2002, these funds were annually rescinded in appropriations acts, with welfare-related research funded through another HHS research and evaluation account.) Half of these funds must be used for State-initiated research projects; the remainder is to be used for Federally initiated projects.

TANF law also appropriates \$10 million per year to the U.S. Census Bureau to fund a longitudinal survey of a representative sample of households to examine the effects of welfare reform. This survey is known as the Survey of Program Dynamics, and includes information on the sample for a 10-year period spanning 1992-2003.

LEGISLATIVE HISTORY

P.L. 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act established the block grant of Temporary Assistance for Needy Families. Appropriated funds for the block grant through FY2002. August 22, 1996.

P.L. 105-33, the Balanced Budget Act of 1997, raised the cap limiting the counting of vocational educational training and teen parents engaged in education from 20 percent of those considered engaged in work to 30 percent of those considered engaged in work, and temporarily removed from that cap teen parents through FY1999; set the maximum allowable TANF transfer to Title XX social services at 10 percent of the block grant (rather than one-third of total transfers); and made technical corrections to P.L. 104-193. P.L. 105-33 also established the

\$3 billion over two-years (FY1998 and FY1999) Welfare-to-Work (WTW) grant program within TANF, but administered by the Department of Labor at the Federal level, with local administration by State workforce investment boards and competitive grantees. August 5, 1997.

P.L. 105-89, the Adoption and Safe Families Act, reduced the contingency fund appropriation by \$40 million. November 19, 1997.

P.L. 105-220, the Transportation Act for the 21st Century, permitted the use of Federal TANF funds to be used as matching funds for reverse commuter grants.

P.L. 106-113, the Consolidated Appropriations Act for 2000, broadened eligibility for recipients to be served by the WTW grant program and added limited authority for vocational educational or job training to be WTW activities. November 29, 1999.

P.L. 106-554, the Consolidated Appropriations Act for 2001, gave grantees two more years to spend WTW grant funds (a total of five years from the date of the grant award).

P.L. 107-147, the Job Creation and Worker Assistance Act, extended supplemental grants and contingency funds, both of which had expired on September 30, 2001, through FY2002. (Supplemental grants were extended at FY2001 levels). March 9, 2002.

P.L. 107-229 extended TANF basic grants, supplemental grants, bonus funds, and contingency funds (and other related programs) through December 20, 2002 . September 30, 2002. Other “temporary extensions” of TANF grants were made in: P.L. 107-294, through March 30, 2003 (November 22, 2002); P.L. 108-7, through June 30, 2003 (February 20, 2003); P.L. 108-40, through September 30, 2003 (June 30, 2003); P.L. 108-89, through March 31, 2004 (October 1, 2003); P.L. 108-210, through June 30, 2004 (March 31, 2004); P.L. 108-262, through September 30, 2004 (June 30, 2004); P.L. 108-308, through March 31, 2005 (September 30, 2004); P.L. 109-4, through June 30, 2005 (March 25, 2005); and P.L. 109-19, through September 30, 2005 (July 1, 2005).

P.L. 108-199 rescinded all remaining unspent WTW formula grant funds, effectively ending the WTW grant program. January 23, 2004.

P.L. 109-68 provided extra funding to help States provide benefits to families affected by Hurricane Katrina, allowing States to draw upon contingency funds to assist those displaced by the hurricane; allowing directly affected States to receive funds from the loan fund, with repayment of the loan forgiven; and suspending penalties for failure to meet certain requirements for States directly affected by the hurricane. Also, temporarily extended TANF grants through December 30, 2005. September 21, 2005.

P.L. 109-161 extended TANF grants through March 30, 2006. December 30, 2005.

P.L. 109-173, the Deficit Reduction Act of 2005, extended most TANF grants through FY2010 (supplemental grants expire at the end of FY2008); eliminated TANF bonus funds; established competitive grants within TANF for healthy marriage and responsible fatherhood initiatives; revised the caseload reduction

credit toward the Federal work participation standards to give States credit for caseload reduction from FY2005, rather than FY1995; required the inclusion of all families receiving welfare in State MOE programs in determining the TANF work participation rate; and required HHS to issue regulations defining each Federal work activity and determining which parents in child-only cases should be considered in determining a State's work participation rate. February 15, 2006.

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