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Report to the Ranking Minority Member, Committee on Finance, U.S. Senate

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WELFARE REFORM

States' Early Experiences With Benefit Termination

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Health, Education, and
Human Services Division

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The Honorable Daniel P. Moynihan
Ranking Minority Member
Committee on Finance
United States Senate

Dear Senator Moynihan:

This report, prepared at your request, examines states' early experiences with benefit terminations under welfare reform. The report focuses on the extent to which states have used benefit termination provisions, what happens to families after termination, and states' experiences in implementing these provisions.

We are sending copies of this report to the Chairman, Committee on Finance, U.S. Senate; the Chairmen and Ranking Minority Members, Committee on Ways and Means and its Subcommittee on Human Resources, House of Representatives; the Secretary of Health and Human Services; the Assistant Secretary for Children and Families; and other interested parties. We will also make copies available to others on request.

If you or your staff have any questions concerning this report, please call me at (202) 512-7215 or David P. Bixler, Assistant Director, at (202) 512-7201. Other GAO contacts and major contributors to this report are listed in appendix XIII.

Sincerely yours,

Mark V. Nadel

Mark V. Nadel
Associate Director
Income Security Issues

Executive Summary

Purpose

The Personal Responsibility and Work Opportunity Reconciliation Act (P.L. 104-193) was enacted in August 1996, instituting the most fundamental reform of welfare since the program's inception. The new law ends the individual entitlement to federally supported cash assistance to needy families with children and provides for terminating benefits to families failing to comply with program rules or after a certain time period. With few exceptions, prior federal welfare law has not allowed states to terminate benefits to an entire household on the basis of sanctions for noncompliance or a time limit.[1] Since 1987, however, most states had received waivers from statutory requirements to experiment with such provisions.

The Ranking Minority Member of the Senate Committee on Finance asked GAO to review states' early experiences with waiver provisions for benefit termination to provide information useful to other states as they implement the new law. Specifically, this report describes (1) those families whose benefits have been terminated under waivers and why, (2) federal or state benefits that are available and are being received after termination, and (3) states' experiences in implementing these provisions.

Background

Since its inception in 1935, the Aid to Families With Dependent Children (AFDC) program provided benefits to economically disadvantaged families with children lacking support from one or both parents because of death, absence, or incapacity. AFDC was funded with federal and state dollars; states administered the program and HHS had federal oversight responsibility. States were required to provide aid to all people eligible under federal law whose income and assets were within state-prescribed limits. In fiscal year 1996, AFDC paid benefits of over $20 billion in combined state and federal funds to about 4.6 million families a month (average nationwide caseload).

Before the recent reform, federal welfare law limited states' ability to terminate benefits on the basis of sanctions or time limits. Since welfare-to-work programs were initiated in 1968, certain categories of recipients were required to work or participate in other specified activities; however, if recipients failed to comply as required, benefits

[1]Although referred to here as "prior law," in general, the law in effect before passage of the new welfare reform law remains in effect until July 1, 1997, or 6 months after the date the U.S. Department of Health and Human Services (HHS) receives a state plan regarding certain provisions. Effective dates could be accelerated at state option.

could not be terminated but merely reduced. With one minor exception, no time limits on benefits were allowed.[2]

The new welfare reform law replaces AFDC with block grants to the states under Temporary Assistance for Needy Families (TANF). To encourage work and end welfare dependence, the law has provisions for terminating benefits for families' failure to comply with work and child support enforcement requirements and for teen parents' failure to comply with school attendance and living arrangement requirements. In addition, the new law imposes a 5-year lifetime time limit on receiving federal benefits.

Even before this new welfare reform law was passed, states had been allowed to experiment with benefit termination under section 1115 of the Social Security Act, which provides authority for HHS to waive the statutory requirements for AFDC. Between January 1987 and passage of the new federal welfare reform law in August 1996, 46 states had received approval for waiver provisions experimenting with their AFDC and welfare-to-work programs, including 33 states with benefit termination provisions similar to the new federal law's.[3] With increased flexibility under the new law, many states have incorporated their benefit termination waiver provisions into the state plans required by the new law.

To obtain information for this request, GAO reviewed the law and discussed benefit termination issues with federal officials and experts from private research organizations. GAO surveyed states with waiver provisions for benefit termination based on sanctions or time limits to (1) determine whose benefits have been terminated and on what basis and (2) select three states with large numbers of terminations for more detailed study. In each of these three states—Iowa, Massachusetts, and Wisconsin—GAO analyzed statewide automated and case file data to determine which families were being terminated and why and federal or state benefits that were available and were being received after termination (see app. I). To explore states' experiences in implementing benefit termination provisions, GAO staff talked to state officials, caseworkers, and representatives of welfare advocacy groups.

[2]Under the Unemployed Parent program, 12 states were allowed to impose time limits on benefits for two-parent families.

[3]The term "state" includes the District of Columbia in this report.

Results in Brief

So far, states have seldom used benefit termination provisions. Moreover, of the 18,000 families whose benefits were terminated under waivers through December 1996, more than 99 percent failed to comply with program requirements. Most terminations took place in Iowa, Massachusetts, and Wisconsin (referred to as "case study" states). Through June 1996, prior recipients' failure to comply with new enrollment requirements accounted for over half the terminations nationwide. By the end of December 1996, failure to comply with work requirements increased by one-third and became the most significant reason for termination. Recipients' explanations for this noncompliance included wanting to stay at home with their children and an unwillingness to do community service or work for low wages.

Terminating a family's AFDC benefit represented the loss of a significant source of monthly income. Although more than 80 percent of the families in the cases GAO studied in Iowa, Massachusetts, and Wisconsin were subsequently found to have some source of support or had returned to welfare, the percentages of such families receiving food stamps and Medicaid declined significantly after termination. Before termination, the percentage of cases receiving these benefits ranged from 84 to 100 percent; after termination, it ranged from 26 to 61 percent. Many families did not take the steps necessary to continue to receive these program benefits after losing AFDC, even though the waivers provided for program eligibility to be unaffected unless other family circumstances changed.

Officials in the three states studied generally believed their benefit termination provisions had improved program effectiveness by contributing to increases in work activity, job placements, and families moving off welfare more quickly. These officials emphasized that only a small percentage of cases had been terminated. Nevertheless, they acknowledged that implementing these provisions had been challenging. For example, states had to develop systems to accurately track hours worked to monitor compliance and to correctly and adequately notify recipients of pending termination actions. In addition, states had to provide certain activities and services before they could terminate a family's benefits. These states' experiences with benefit termination provisions under waivers highlight the challenges all states may face in implementing similar provisions of the new welfare reform law.

Principal Findings

Most Families' Benefits Terminated on the Basis of Sanctions in a Few States

Through December 1996, 14 of the 33 states with benefit termination provisions had not terminated any families' benefits. Of the 19 states that had terminated benefits, 7 had terminated benefits in fewer than 100 cases, according to available data.[4] In addition to relatively small, less urban caseloads, many states had a gradual phase-in of the program, which limited the number of families whose benefits were terminated. In addition, the program's structure—which either required a minimum amount of time to elapse before termination or excluded large portions of the caseload from coverage—limited the number of terminations. States' view of the role of benefit termination in their programs also affected the number of cases terminated. For example, some states continued to assume primary responsibility for ensuring that recipients complied with program requirements and viewed benefit termination as a failure of their programs to work as intended. These states established rigorous processes to keep the number of terminations low. In contrast, other states sought to shift primary responsibility for compliance to recipients and viewed benefit termination as a needed strengthening of their sanctions to enforce recipients' obligation to move toward self-sufficiency. Most terminations took place in the latter states. The three states with the most terminations—Iowa, Massachusetts, and Wisconsin—all shared this view and accounted for about 13,000 of the approximately 18,000 (or about 72 percent) terminations nationwide through December 1996.

Between June and December 1996, the proportion of terminations nationwide based on failure to comply with enrollment requirements decreased from 57 to 44 percent; terminations based on failure to comply with work requirements increased from 34 to 47 percent. The proportion of terminations for failure to comply with other requirements—such as child support enforcement, teen parent school attendance, and teen parent living arrangements—remained constant at about 8 percent. Less than 1 percent lost benefits because of a time limit, although this percentage will probably change as increasing numbers of families begin reaching their time limits.

State surveys and discussions with caseworkers in selected sites provided various explanations for families' failure to comply. For example, state and local officials suggested that some families may have had unreported

[4]Neither North Carolina nor Ohio had data on the number of cases terminated; data from Oregon were available only through Nov. 15, 1996 (see app. II).

employment, extended family support, or other sources of income. According to state surveys and case file notes, families did not comply for such reasons as not feeling well; caring for a sick household member; wanting to stay home with their children; wanting to follow their own career plans, including higher education; and an unwillingness to do community service or work for low wages.

In general, the demographic characteristics of families whose benefits had been terminated in Iowa, Massachusetts, and Wisconsin were similar to the characteristics of families in the states' overall caseloads. The most significant variations resulted from the structure of states' programs. For example, a disproportionately high number of parents under age 20 had their benefits terminated in Massachusetts, which imposed school attendance and living arrangement requirements on teen parents.

After Loss of AFDC, Families Had Various Sources of Support

Under most states' waiver provisions, families whose benefits were terminated for noncompliance could have had their AFDC cases reopened if they subsequently complied with program requirements. From 18 to 47 percent of such families returned to welfare, according to available data from seven states. In Massachusetts and Wisconsin, about one-third of families whose benefits had been terminated after enrollment subsequently had their cases reopened because of demonstrated compliance or documented exemption or because their cases had been closed due to administrative error, according to an analysis of state data. In Iowa, families whose benefits are terminated must wait 6 months before reapplying; however, once this period had elapsed, about one-third of families studied also had returned to welfare.

AFDC provided a significant source of income for most families before termination, including those studied in Iowa, Massachusetts, and Wisconsin. After AFDC benefits had been terminated, between 43 and 48 percent of the cases studied in these three states included household members who reported income from wages, pensions, or child support; and most likely, additional households had support that did not have to be reported. In addition, about 75 percent of terminated cases studied included household members who were receiving benefits from one or more other federal programs—such as food stamps, Supplemental Security Income, housing assistance, or Medicaid.[5]

[5]GAO used household as the unit of analysis, which may include household members not included in the AFDC family unit used for determining AFDC eligibility and calculating AFDC benefit levels before termination.

Although in many cases the sources of support were a continuation of income or benefits that were being received before termination, the percentage of cases receiving food stamps and Medicaid declined significantly. Reductions ranged from 23 to 70 percent among cases not returning to welfare. According to waiver provisions of all three states, termination was not to affect eligibility to receive these program benefits,[6] but many families did not take the steps necessary to keep their benefits after losing AFDC, even though they may have continued to be eligible. Because reported income and receipt of benefits provide only a limited indication of the well-being of families losing AFDC, states tried to locate such families and determine their status.

Termination Provisions Were Effective but Posed Challenges

In all three case study states, benefit termination provisions had encouraged those with other means of support to move off welfare more quickly and those who truly needed assistance to cooperate more fully with program requirements, according to state officials. Declines in all three states' caseloads exceeded the national average. While crediting the economy as a major factor, state officials believed at least some of the decline was due to their waiver programs and that the threat of benefit termination had significantly improved program participation. Officials reported increases in job placements in all three states.

In implementing these provisions, however, states faced challenges in establishing systems to track recipients' work participation to accurately determine when benefits should be terminated for noncompliance and in adequately notifying recipients of these actions. This was particularly true in Wisconsin, where monthly benefits and sanctions were based on the number of hours worked in a previous month and the state tried to implement its complex provisions statewide with no pilot program. In Milwaukee County, 44 percent of benefit termination notices through August 1996 were subsequently reversed because county officials determined that program requirements had been met or the sanctions had been based on inaccurate data.

Providing enough services to afford recipients a reasonable opportunity to comply with requirements and avoid termination posed another challenge for states. To meet increased demand for activities and services under their new programs, all three states opened or expanded job centers to help with job search activities, created new partnerships with employers

[6]In Wisconsin, however, termination of AFDC benefits could result in a sanction reducing the food stamp allotment to $10 per month.

to provide placements, and increased funds for child care. Despite such efforts, however, both welfare advocates and state officials raised concerns that workers were not adequately trained in case management. In addition, high caseloads and complex new program rules prevented workers from paying enough attention to individual cases to ensure that recipients, many with barriers to employability, were assigned appropriate work requirements and provided sufficient supports. For example, state reviewers in Iowa found that 50 percent of the cases referred for sanction for noncompliance with work requirements had not received sufficient case management and the cases had been sent back to the caseworkers for more services.

Although state officials acknowledged these challenges, they maintained that the guiding principle of their new programs—consistent with the new federal reform law—is that it is ultimately the recipients' responsibility to either comply with program requirements, inform their caseworkers of any barrier to employment or service need, provide good cause reason for noncompliance, or have their benefits terminated.

Recommendations

GAO is not making recommendations in this report.

Agency Comments

GAO obtained comments on a draft of this report from the three case study states: Iowa, Massachusetts, and Wisconsin. The states generally agreed with the report's findings and made technical comments, which were incorporated as appropriate. Comments were requested but were not received from HHS.

Contents

Executive Summary		2
Chapter 1 Introduction		14
	The Welfare System Before Recent Federal Reform	15
	Benefit Termination Under Welfare Reform	16
	States' Waiver Provisions for Termination Generally Similar to New Law	17
	Objectives, Scope, and Methodology	19
Chapter 2 Most Families' Benefits Terminated on the Basis of Sanctions in a Few States		20
	Most States Had Few, If Any, Terminations	20
	Most Terminations Were Based on Failure to Meet Enrollment and Work Requirements	26
Chapter 3 After Losing AFDC, Families Had Various Sources of Support		33
	Many Families Had Returned to Welfare	33
	Families Lost Income, but Many Had Some Sources of Support	35
	Other Indicators of Family Well-Being	45
Chapter 4 Termination Provisions Were Effective but Posed Challenges		48
	Provisions Resulted in Increased Compliance and Declining Caseloads	48
	Establishing Tracking and Notification Systems Challenged States	50
	Providing Sufficient Case Management Services Also Challenged States	53
Chapter 5 Conclusions and Comments From the States		56
	Conclusions	56
	Comments From the States	57

Appendixes

Appendix I: Scope and Methodology 58
Appendix II: Overview of States Terminating Benefits Under Waivers as of December 31, 1996 60
Appendix III: Full-Family Sanction Provisions in State Welfare Waivers Approved Between January 1987 and August 1996 63
Appendix IV: Time-Limit Provisions in State Welfare Waivers Approved Between January 1987 and August 1996 76
Appendix V: Reasons for Excluding Cases From Coverage in Selected States 88
Appendix VI: Overview of Waiver Programs in Iowa, Massachusetts, and Wisconsin 91
Appendix VII: Bases for Terminations Nationwide, by State 95
Appendix VIII: Demographic Profile of Total Caseload Compared With Terminated Cases Studied in Iowa, Massachusetts, and Wisconsin 98
Appendix IX: Massachusetts Data on High School, Work Experience, and Primary Language 100
Appendix X: Reported Income and Benefits Received by Terminated Cases Studied in Iowa, Massachusetts, and Wisconsin 102
Appendix XI: Average Benefits, Child Support Payments, and Unemployment Rates in States Terminating Benefits Under Waivers 105
Appendix XII: AFDC Caseload Participation in Selected Programs in States Terminating Benefits Under Waivers 107
Appendix XIII: GAO Contacts and Staff Acknowledgments 108

Bibliography 109

Related GAO Products 112

Tables

Table 3.1: Sources of Income Before Termination for Households Studied 36
Table 3.2: Reported Wages Before and After Termination 39
Table VII.1: Terminations as of June 30, 1996 95
Table VII.2: Terminations as of December 31, 1996 96

Figures

Figure 1.1: Percentage of Families Nationwide Receiving Benefits From Aid to Families With Dependent Children, 1970-95 14
Figure 2.1: States Terminating Benefits to Families as of December 31, 1996 21

Figure 2.2: Bases for Terminations Nationwide	27
Figure 3.1: Percentage of Cases Reopened After Termination for Noncompliance	34
Figure 3.2: Percentage of Households Reporting Income After Benefit Termination	38
Figure 3.3: Percentage of Households Receiving Benefits After Termination, by Program	41
Figure 3.4: Percentage of Households Receiving Food Stamps and Medicaid Before and After Termination	43
Figure 4.1: AFDC Caseload Declines in Case Study States Exceeded National Average, 1993-96	49

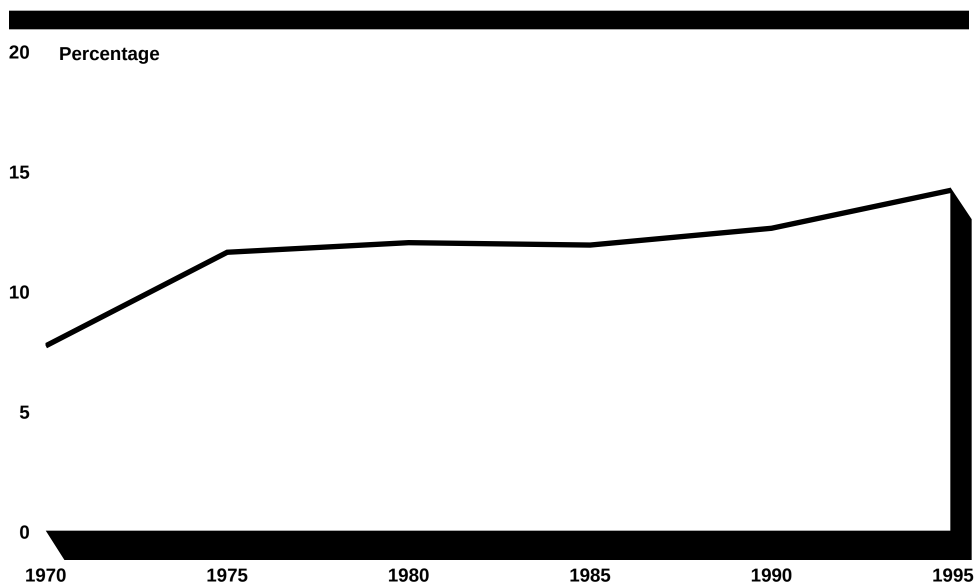
Abbreviations

AFDC	Aid to Families With Dependent Children
CWEP	Community Work Experience Program
HHS	Department of Health and Human Services
HUD	Department of Housing and Urban Development
JOBS	Job Opportunities and Basic Skills Training
LIHEAP	Low-Income Home Energy Assistance Program
SSI	Supplemental Security Income
TANF	Temporary Assistance for Needy Families
TEEM	Training, Education, Employment, and Management

Introduction

With the stated intent of making our nation's welfare system "more consistent with fundamental American values—by rewarding work and self-reliance, encouraging personal responsibility, and restoring a sense of hope in the future," the Congress enacted the Personal Responsibility and Work Opportunity Reconciliation Act (P.L. 104-193) in August 1996. The law was passed amid a growing number of families receiving benefits and increasing dissatisfaction with the system (see fig. 1.1). Although more recently, caseloads had begun to decline, many people continued to criticize a system that they believed discourages work and encourages dependency and that, according to the Congress, failed to promote personal responsibility.

Figure 1.1: Percentage of Families Nationwide Receiving Benefits From Aid to Families With Dependent Children (AFDC)**, 1970-95**



Sources: Social Security Bulletin, "Annual Statistical Supplement - 1995," table 9.G1; Statistical Abstract of the United States - 1996; and the U.S. Census Bureau, Current Population Reports, Series P20-488, "Household and Family Characteristics: March 1995" and earlier reports.

The new federal welfare reform law ended an individual's entitlement to welfare benefits and replaced it with a block grant to the states, changing the fundamental structure of the more than 60-year-old welfare system. Among its provisions, the new law allows states to terminate benefits to a family on the basis of penalties (called sanctions) for noncompliance and requires states to terminate federal benefits to a family who has reached a 5-year time limit. With few exceptions, prior federal welfare law did not allow states to terminate a family's benefits on the basis of sanctions or time limits; however, it did allow for states to obtain waivers to experiment with termination provisions.[7]

The Welfare System Before Recent Federal Reform

Since its inception in 1935, AFDC provided benefits to economically needy families with children lacking support from one or both parents because of death, absence, or incapacity. AFDC was funded with federal and state dollars. States administered the program, and HHS had federal oversight responsibility. States were required to provide aid to all people eligible under federal law whose income and assets were within state-prescribed limits. In fiscal year 1996, over $20 billion in combined state and federal funds were paid in benefits to a nationwide caseload that averaged about 4.6 million families a month. Families with children could receive benefits if they conformed with income eligibility criteria and lacked parental support, until 1968 when work incentives and welfare-to-work programs were established.[8] These programs introduced the ideas of mutual obligation and transitional benefits, reflecting an expectation that the recipient should move toward self-sufficiency in exchange for welfare benefits and that receiving benefits should be temporary—not a way of life. With passage of the Family Support Act of 1988, the Congress combined elements of these earlier programs into a single, more comprehensive program: Job Opportunities and Basic Skills Training (JOBS). The act also expanded the Unemployed Parent program, introducing time-limited benefits for two-parent families in some states.[9]

The purpose of the JOBS program was to ensure that AFDC families obtained the education, training, and employment that would help them avoid

[7]Although referred to here as "prior law," in general, the law in effect before the new welfare reform law was passed remains in effect until July 1, 1997, or for 6 months after the date HHS receives a state plan regarding certain provisions. Effective dates could be accelerated at state option.

[8]See Welfare to Work: States Begin JOBS, but Fiscal and Other Problems May Impede Their Progress (GAO/HRD-91-106, Sept. 27, 1991), pp. 10-11.

[9]Beginning in 1961, states were given the option of providing AFDC to two-parent families who were needy due to the unemployment of the principal wage earner. The Family Support Act of 1988 required all states to implement such programs, and those states that did not already have a program in place were allowed to impose a time limit on the receipt of benefits. The 29 states and territories with programs already in place were required to continue operating their programs with no time limit. However, remaining states implementing new programs were allowed to deny benefits to two-parent families once they had received benefits for at least 6 of the preceding 12 months. As of February 1996, 12 of these states had chosen to impose time limits on benefits for two-parent families.

long-term welfare dependence. JOBS required states to develop employability plans based on assessments of each recipient's employability skills and supportive services needs. JOBS also required states to offer a broad range of education, training, and work-related activities. States were further required to guarantee child care if necessary for the recipient to work or participate in education and training or other activities specified under JOBS and to pay or reimburse recipients for transportation and other work-related expenses. Recipients, on the other hand, who were able-bodied individuals aged 16 or older were required to participate in the activities specified in their employability plans. If a recipient failed to comply with program requirements without good cause, benefits could be reduced by the amount attributable to the noncomplying recipient, but the entire family's benefits could not be terminated.

More than half of AFDC recipients were exempt from participating in JOBS, however, most often because they were caring for a young child,[10] and a large portion of the nonexempt recipients were not required to participate due to limited state funding. Historically, less than a third of those required to participate actually participated in JOBS because, according to program administrators, the states could not provide all the needed services and assistance.[11]

Benefit Termination Under Welfare Reform

The new federal welfare reform law ended the AFDC program, including JOBS, and replaced it with block grants to the states under a new title, Temporary Assistance for Needy Families (TANF). TANF allows states more flexibility to operate programs designed to end dependence on government benefits by promoting job preparation, work, and marriage. To accomplish these goals, states must submit plans reflecting the obligations of both the state and the recipient. These plans must outline how the state intends to conduct a program that provides recipients with job preparation, work, and support services enabling them to leave welfare and become self-sufficient as well as how the state intends to require recipients to engage in work.

[10]Other recipients exempted from participation in JOBS included those who were ill, incapacitated, or of advanced age; needed in the home because of the illness or incapacity of another family member; the parent or other relative of a child under age 3 (or younger than 3 but not younger than age 1 at states' option) who was personally providing the care for the child; employed 30 or more hours a week; a child under age 16 or attending an elementary, secondary, or vocational school full time; a woman who was in at least the second trimester of pregnancy; or residing in an area where the program was not available.

[11]Federal matching funds for JOBS were available as a capped entitlement, set at $1.0 billion in fiscal year 1996. See also Welfare to Work: Current AFDC Program Not Sufficiently Focused on Employment (GAO/HEHS-95-28, Dec. 19, 1994), pp. 5-8.

To encourage recipients to fulfill their obligations, the law includes provisions allowing states to terminate benefits to a family for failure to comply with work and other requirements. After no more than 24 months of receiving benefits (whether or not consecutive), parents and caretakers must engage in work. The recipient must work a minimum average of 20 hours a week (increasing to 30 hours a week by the year 2000) in most circumstances to meet this requirement. Unmarried teen parents under age 18 who do not attend high school (or its equivalent), or who do not live with their parents, legal guardian, or other adult relative, may not receive assistance under TANF unless extenuating circumstances exist, as specified in the law.[12] In addition, states are allowed to deny TANF benefits to a family for not cooperating with child support enforcement actions, including establishing paternity, or establishing, modifying, or enforcing a support order. The new law generally allows states to use their discretion in establishing criteria for exempting families from these requirements; however, the extent to which states exercise this discretion could affect their ability to meet prescribed participation rates and avoid financial penalties.

To ensure that assistance is temporary for most recipients, the law also includes provisions for a 5-year lifetime time limit on benefit receipt. After no more than 60 months of benefit receipt (whether or not consecutive) by an adult in the family, the family may no longer receive any federal assistance under the program. By allowing up to 20 percent of the caseload to be exempt from the time limit, the law intends to protect those who experience genuine and intractable hardship.

States' Waiver Provisions for Termination Generally Similar to New Law

Although prior law limited states' ability to terminate benefits to entire households on the basis of sanctions or time limits, it did provide a way for states to experiment with such provisions. Section 1115 of the Social Security Act authorizes the Secretary of HHS to grant states waivers of statutory requirements for the AFDC program, including JOBS. Between

[12]The new welfare reform law specifies that requiring teen parents to live with their parents, legal guardians, or other adult relatives would not be appropriate when (1) the teen parent has no living parents, legal guardian, or other appropriate adult relative with whom to live or the whereabouts of such individuals are unknown; (2) such individuals will not allow the teen parent to live with them; (3) the state determines that the teen parent is, has been, or may be subject to serious physical or emotional harm, sexual abuse, or exploitation in such individuals' home; or (4) the state determines it is in the best interest of the teen to waive the requirement. In cases in which living with parents, legal guardians, or other adult relatives is not an option for the teen parent, the state must help the teen locate an alternative adult-supervised living arrangement, unless it determines that the teen parent's current living arrangement is appropriate.

January 1987 and the passage of welfare reform in August 1996, 46 states[13] had received approval to implement waiver provisions experimenting with changes to their AFDC and JOBS programs, including 33 states that had provisions to terminate benefits to entire families either for failure to comply with program requirements or for reaching a time limit.[14] Such provisions reflected states' belief that they needed stronger measures to deal effectively with recipients who fail to meet program requirements.[15] With their increased flexibility under the new federal reform law, many states have incorporated their benefit termination waiver provisions into their new state plans.[16]

Thirty-one states had received approval to implement waiver provisions terminating benefits to entire families (referred to as full-family sanctions) for failure to comply with one or more requirements similar to those in the new welfare reform law. In most cases, such families could have had their benefits restored upon compliance with the requirements; but in some cases families must wait several months before being eligible to reapply. (For a more detailed description of states' full-family sanction provisions, see app. III.)

Fourteen states had received approval to implement waiver provisions terminating benefits to a family after a specified of time period, somewhat similar to the time-limit provision in the new welfare reform law. However, states' waiver provisions to terminate benefits due to a time limit differed from the new law in significant ways, such as allowing an unlimited percentage of cases to be exempt and providing for extensions or the opportunity to reapply after a certain time period had elapsed.[17] (For a more detailed description of states' time-limit provisions, see app. IV.)

[13]The term "state" includes the District of Columbia in this report.

[14]Under prior law, states could also choose to terminate a family's benefits on the basis of failure to comply with teen living arrangements without a waiver.

[15]See Welfare Waivers Implementation: States Work to Change Welfare Culture, Community Involvement, and Service Delivery (GAO/HEHS-96-105, July 2, 1996), pp. 30-32.

[16]In addition, the new law provides states the option of continuing under certain conditions to implement any waiver provisions in effect or requested before enactment of the new law if approved by July 1, 1997.

[17]In addition, several of these and other states had time-limit provisions that called for imposing some consequence other than benefit termination upon reaching a time limit, including work requirements, benefit reduction, or use of vouchers. (See app. IV.)

Objectives, Scope, and Methodology

The Ranking Minority Member of the Senate Committee on Finance asked us to review states' early experiences with benefit termination provisions under waivers to provide information useful to other states as they implement the new law. Specifically, this report describes (1) those families whose benefits have been terminated under waivers and why, (2) federal or state benefits that are available and are being received after termination, and (3) states' experiences in implementing these provisions.

To obtain information for this request, we reviewed the law and discussed benefit termination issues with federal officials and experts from private research organizations. To determine which states had terminated benefits under waivers and the bases for those terminations, we examined waivers approved from January 1987 through passage of the new law in August 1996 and surveyed all states with approved benefit termination provisions. To determine whose benefits had been terminated, identify what federal or state benefits were available and were being provided after termination, and describe states' experiences in implementing these provisions, we selected Iowa, Massachusetts, and Wisconsin (three states with large numbers of terminations) for more detailed study. In each of these states, we chose a group of families whose AFDC benefits had been terminated and relied upon state and federal automated records to determine if these families were receiving benefits from various programs, including food stamps, Supplemental Security Income, housing assistance, and Medicaid. We also identified other sources of income to the extent such information was reported, including partial data on wages, pensions, and child support. (See app. I for a more detailed discussion of case selection and analysis of automated data.) To identify implementation issues, we discussed the provisions with state officials and representatives of welfare advocacy groups and caseworkers in selected sites.

We conducted our work between April 1996 and April 1997 in accordance with generally accepted government auditing standards.

Most Families' Benefits Terminated on the Basis of Sanctions in a Few States

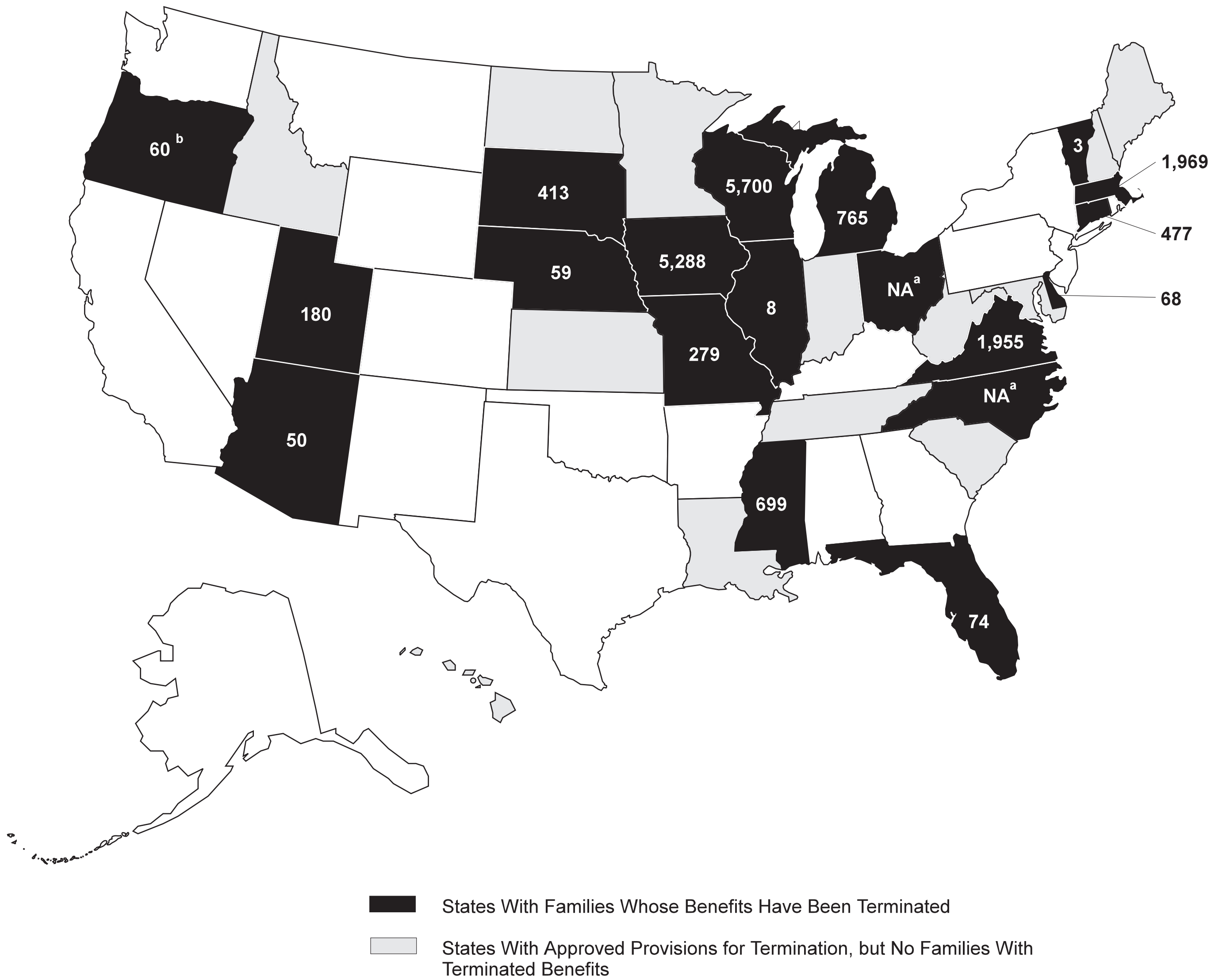
Of the 33 states with waiver provisions to terminate AFDC benefits on the basis of full-family sanctions or a time limit, most had terminated the benefits of few, if any, families through December 1996. Iowa, Massachusetts, and Wisconsin had the highest number of terminations. Of the 18,000 families whose benefits were terminated nationwide, over 99 percent had failed to comply with program requirements. Most failed to comply with new JOBS enrollment or work requirements. The demographic characteristics of families losing their AFDC benefits in these three states were generally comparable to the characteristics of families in the states' overall caseloads. The most significant variations were due to the state programs' structure.

Most States Had Few, If Any, Terminations

Through December 1996, 14 of the 33 states with benefit termination provisions had not terminated the benefits of any families on the basis of such provisions. (See fig. 2.1.) Of the 19 states that had terminated benefits, 7 had terminated fewer than 100 cases, according to available data.[18] Less than half of the 19 states had terminated benefits for families living in large urban areas with populations over 500,000—either because the state had no large urban areas or because the waiver provisions had not been implemented statewide. (For a more detailed description of states terminating benefits, see app. II.)

[18]Neither North Carolina nor Ohio had data on the number of cases terminated; data from Oregon were available only through Nov. 15, 1996 (see app. II).

Figure 2.1: States Terminating Benefits to Families as of December 31, 1996



Note: NA = not available.

[a]According to state officials surveyed, North Carolina and Ohio had terminated benefits for some families because of noncompliance with program requirements under waivers as of Dec. 31, 1996, but their data systems could not provide the number of families losing benefits.

[b]Data from Oregon were available only through Nov. 15, 1996.

Program Structure Led to Few Terminations in Most States

In addition to some states' having relatively small, less urban caseloads, many had a limited number of terminations because of the program's being gradually phased in, requiring a minimum amount of time to elapse before termination, or excluding large portions of the caseload from coverage. States' views of the role of benefit termination in their programs also affected the number of families losing benefits.

Not Enough Time Had Elapsed

Most of the 33 states with benefit termination provisions based on either full-family sanctions or a time limit began implementing their programs in 1995 and 1996. Because of this, not enough time had elapsed through December 1996 for families to have been in the programs long enough to have had full-family sanctions imposed or to have reached a time limit. In some states, no terminations were yet possible due to the structure of the programs. In addition, for recipients cycling on and off welfare, the length of time required to reach a time limit is extended beyond when it would have been met if benefits had been received continuously.[19]

Among the 26 states with termination provisions based on noncompliance with work requirements, most terminated benefits only after a specified time period had been reached (referred to as a "work trigger")[20] or graduated sanctions imposed. For example, Delaware and North Dakota had work trigger time limits of 24 months; Vermont had a 30-month time limit for most families.[21] Other states, such as Illinois, had graduated sanction processes lasting 6 months to a year before terminating benefits. These states had terminated the benefits of relatively few, if any, families.

Among the 14 states with termination provisions based on a time limit, most allowed families to receive benefits for at least 24 months or longer before termination. Only one state, Florida, had implemented its program

[19]Researchers using monthly data have found that no more than 30 percent of recipients receive welfare in 24 consecutive months. Many recipients leave welfare for a month or two and then cycle back on. (See LaDonna Pavetti, The Number and Characteristics of Families Who Will Potentially Be Affected by Policies to Time-Limit AFDC Benefits, The Urban Institute (Washington, D.C.: 1996)).

[20]Of the 26 states terminating benefits on the basis of work requirements, 12 provided for the requirements to be imposed after work triggers ranging from 60 days to 60 months of receiving benefits. The other 14 states either imposed the work requirement immediately on families entering the program or set the length of time before imposing the requirement on a case-by-case basis.

[21]Vermont had a work trigger time limit of 15 months for two-parent families.

long enough to have terminated the benefits of any families because of a time limit through December 1996.[22]

Large Portions of Caseloads Excluded

Some states limited implementation of their waiver programs to selected sites; those implementing their programs statewide generally phased in implementation over periods lasting up to a year. Thus, these states initially excluded large segments of their caseloads.

In addition, some states initially excluded large portions of their caseloads from benefit termination primarily on the basis of exemptions.[23] Variation in states' exemption provisions, especially regarding the age of the youngest child, significantly affected the portion of the caseload exempted from work requirements. For example, Iowa set its age-of-youngest-child exemption at 6 months and excluded 24 percent of its caseload from having to comply with work requirements; Massachusetts set its age-of-youngest-child exemption at 6 years and excluded 69 percent of its caseload from having to comply with work requirements. (See app. V.)

Under the new welfare reform law, states still have discretion in establishing criteria for exempting families from work and other requirements, with few exceptions.[24] The extent to which they exercise this discretion, however, will affect their ability to meet the prescribed participation rates and avoid financial penalties.[25]

[22]In addition, Florida initially implemented its program in only 2 of its 67 counties (Alachua and Escambia), covering no large urban areas. Because of the program's structure, terminations through December 1996 based on Florida's time limit were restricted to these two initial counties, which covered only about 8,000 families (or about 4.3 percent) of a statewide caseload of about 187,000 families.

[23]Families were also excluded from the waiver provisions because they were assigned to a control group for evaluation purposes or for other reasons (see app. V).

[24]For example, the law stipulates that a state may not reduce or terminate assistance on the basis of a refusal to work if the household includes a single parent and a child under 6 years old and child care is unavailable due to (1) unavailability of appropriate child care within a reasonable distance from the individual's home or work site, (2) unavailability or unsuitability of informal child care by a relative or under other arrangements, and (3) unavailability of appropriate and affordable formal child care arrangements. Although exempted, such families must still be counted in determining the state's participation rate. The law also allows states not to require a single parent caring for a child under 1 year old to engage in work and to disregard such families in determining the state's participation rate.

[25]The new law requires prescribed percentages of a state's caseload to participate in specified work and work-related activities for the state to avoid financial penalties. In fiscal year 1997, 25 percent of a state's caseload must participate; by fiscal year 2002, 50 percent must participate. Separate, higher rates are prescribed for two-parent families. For further discussion of these issues, see Welfare Reform: Three States' Approaches Show Promise of Increasing Participation Rates (GAO/HEHS-97-80, forthcoming report).

Role of Benefit Termination

Prior law placed primary responsibility for acting to move recipients toward self-sufficiency on the states by requiring states to provide specified activities and support services. Under waivers, some states sought to shift primary responsibility for such action to the recipients; other states continued to assume primary responsibility for ensuring that recipients complied with program requirements. The latter states often viewed benefit termination as a failure of their program to work as intended. Their waiver programs required caseworkers to provide intensive case management services, including home visits if possible, and established a rigorous conciliation and review process before termination. Such states terminated benefits only after they had determined that recipients were making an informed choice, were mentally and physically able to participate, and barriers to participation had been identified and addressed. Florida established a review panel consisting of seven community members to advocate for recipients by reviewing cases of those not meeting program requirements and finding ways to help, including requiring provision of additional or new services when appropriate. After 2 years of implementation, 74 families had reached their time limits and had their benefits terminated; of these, 31 had a family member who had found a job or who was working before termination.[26] In Michigan, rigorous conciliation efforts resulted in continued benefits for 727 (81 percent) of the first 895 cases nearing benefit termination.

In addition to intensive case management services and rigorous review processes, some states also had flexible definitions of the activities required to meet participation requirements, lessening instances of noncompliance. For example, Utah exempted no one over age 15 from program participation but defined a wide range of activities as meeting the requirements. Utah allowed such activities as attending postsecondary education programs, drug and alcohol counseling, parenting classes, and even weight-reduction programs for 2 or 3 hours a week, to qualify as meeting the work requirement. These activities, however, would not meet the more restrictive definition of participation under the new federal

[26]These families had continued to be eligible for benefits until reaching their time limit due to the increased amount of earned income disregarded under the waiver program. In addition, under Florida's waiver, officials had to determine whether terminating a family's benefits could result in a child being placed in an emergency shelter or foster care; if so, the family's benefits would be reduced but not terminated. Through December 1996, three Florida families who had reached their time limits continued to receive reduced benefits because the state determined the children to be at risk.

welfare reform law.[27] After more than a year of using these flexible definitions of participation, Utah had terminated 180 families' benefits. Nebraska also used a flexible definition of participation, allowing the hourly participation requirement to be individually based and requiring families with a child under 6 months to participate part time in such activities as family nurturing and pre-employment skills. After more than a year of implementation, Nebraska had terminated 59 families' benefits for failure to participate.

Three States Account for Most Terminations

Most terminations based on implementation of full-family sanction or time limit waiver provisions nationwide took place in three states: Iowa, Massachusetts, and Wisconsin.[28] Through June 1996, these three states accounted for about 7,700 of the nearly 9,800 terminations or about 78 percent. Through December 1996, these states still accounted for about 13,000 of the approximately 18,000 terminations or about 72 percent, according to available data.

All three states placed requirements on recipients immediately upon entry into their new waiver programs. In Iowa, a family's failure to comply meant placement in a Limited Benefit Plan, leading to benefit termination. Families in the Limited Benefit Plan were to receive 3 months of full benefits (this period of receiving full benefits was eliminated in February 1996), followed by 3 months of reduced benefits and then 6 months of no benefits.[29] Families whose benefits had been terminated could reapply only after the 6-month period of no benefits had elapsed. Massachusetts and Wisconsin terminated benefits more quickly for

[27]The new law requires the recipient to work a minimum average of 20 hours a week (increasing to 30 hours a week by the year 2000) and stipulates the following limited list of activities as meeting its definition of work activities: unsubsidized employment, subsidized private-sector employment, subsidized public-sector employment, work experience (including work associated with the refurbishing of publicly assisted housing) if sufficient private-sector employment is not available, on-the-job training, job search and job readiness assistance, community service programs, vocational educational training (not to exceed 12 months for any individual), job skills training directly related to employment, education directly related to employment in the case of a recipient without a high school diploma or certificate of high school equivalency, satisfactory attendance at secondary school or in a course of study leading to a certificate of general equivalence in the case of a recipient who has not completed secondary school or received such a certificate, and the provision of child care services to an individual who is participating in a community service program.

[28]On the basis of data provided in April 1997 as this report went to press, Virginia also had a large number of terminations, nearly as many as Massachusetts (see app. II).

[29]After February 1996, families in Iowa's Limited Benefit Plan immediately entered the 3-month period of reduced benefits, followed by 6 months of no benefits. In addition, if families entered a second or subsequent Limited Benefit Plan, they would immediately enter the 6 months of ineligibility without the initial 3 months of reduced benefits.

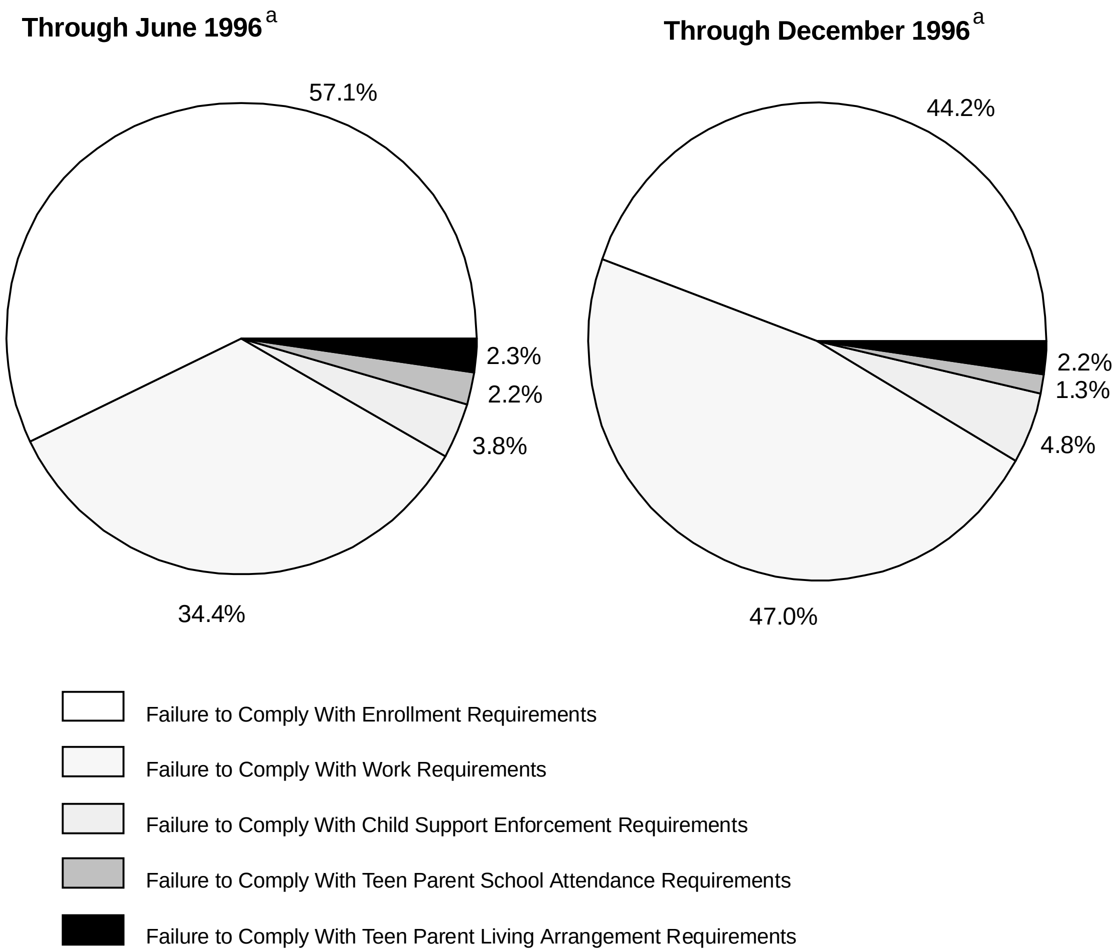
noncompliance, but families could reapply at any time and have benefits restored once they had demonstrated compliance.

Both Massachusetts and Wisconsin had large urban areas; therefore, although Massachusetts excluded a large portion of its caseload from coverage, it still had a large number of terminations. Finally, all three of these states sought to shift primary responsibility for moving toward self-sufficiency from the state to the recipient and viewed benefit termination as a needed strengthening of their sanctions to enforce recipients' obligation to move toward self-sufficiency. Although the states provided support services to help recipients become self-sufficient, recipients were responsible for using these services if they wished to continue to receive AFDC benefits. With the increased flexibility provided under the new federal welfare reform law, all three states planned to continue implementing the basic provisions of their programs. (For a more detailed description of the benefit termination provisions implemented as part of the reform programs in Iowa, Massachusetts, and Wisconsin, see app. VI.)

Most Terminations Were Based on Failure to Meet Enrollment and Work Requirements

Nearly all families having their AFDC benefits terminated through December 1996 failed to comply with various program requirements. Over 90 percent of terminations were based on failure to comply with either JOBS enrollment or work requirements, although the proportions shifted between June and December (see fig. 2.2). In our three case study states, the demographic characteristics of the families losing AFDC benefits were generally comparable to those of families in the states' overall caseloads, with the most significant variations attributable to the state programs' structure.

Figure 2.2: Bases for Terminations Nationwide



[a]Terminations based on reaching a time limit were 0.2 percent through June 1996 and 0.4 percent through Dec. 1996 (not included in figure).

Many Families Had Benefits Terminated in Transition to New Programs

Over half the families losing their AFDC benefits nationwide failed to meet new JOBS enrollment requirements under waiver programs, but, by the end of December 1996, the percentage had dropped below half (see fig. 2.2). Of the 11 states with termination provisions for failure to comply with enrollment requirements, 4 states—Iowa, North Carolina, Virginia, and

Wisconsin—had terminated benefits to families on the basis of these provisions.[30]

In Wisconsin, converting the existing caseload of families to the new program accounted for the relatively large proportion of terminations for failure to appear and enroll in JOBS. Once the program was fully implemented, the state expected that other reasons for termination would predominate. In the first 4 months of program implementation, Wisconsin terminated 1,634 ongoing cases for failure to meet this requirement (about 74 percent of families whose benefits had been terminated). For the most part, such cases included recipients who had been under partial sanction for failure to participate in the previous program but got a second chance to comply with the new program. When told to enroll in JOBS and participate up to 40 hours per week, about half of these recipients chose not to do so. Once the state converted ongoing cases to the new program, cases terminated for failure to enroll in JOBS were limited to existing cases involving families who failed to appear after losing an exempt status (such as families whose youngest child reached the age of 1 year). The state did not identify new applicants' cases as terminations for failure to enroll in JOBS because they were not eligible for AFDC benefits unless they first completed 60 hours of JOBS activities; because these families had received no AFDC benefits, none had benefits terminated. As expected, over time monthly caseload statistics reflected a sharp drop in terminations for failure to enroll—from about 1,300 in May 1996 to about 300 in September 1996. A Wisconsin program official predicted the number would level off at a few hundred per month.

Iowa's waiver required families to enter into a Family Investment Agreement and stipulated a time frame and specific JOBS activities leading to self-sufficiency. If they failed to enter into an agreement, families would be placed in a Limited Benefit Plan, leading to benefit termination. Under Iowa's waiver, however, families could receive benefits for a limited time even when they failed to enroll. As a result, although Iowa implemented the program more than 2 years ago, over 80 percent of terminations continued to result from families' failure to enter into such agreements.

[30]For more details, see app. III for the states with termination provisions based on enrollment requirements and app. VII for the number of families whose benefits were terminated due to these requirements, by state.

Increasing Proportion of Terminations Based on Failure to Comply With Work Requirements

Between June and December 1996, the proportion of families losing their AFDC benefits due to failure to comply with work requirements increased nationwide from 34 to 47 percent (see fig. 2.2). Of the 26 states with termination provisions for failure to comply with work requirements, 15 had terminated benefits to families on the basis of these provisions. Most states based compliance on recipients' participation in activities specified in an individualized contract or plan, with failure to participate resulting in termination. In addition, some states also terminated benefits for recipients' failing to accept job offers or quitting jobs. Explanations for families' failure to comply varied.

The proportion of families losing their AFDC benefits due to failure to comply with other requirements remained constant at about 8 percent, with less than 1 percent losing benefits due to reaching a time limit (see fig. 2.2). These proportions are most likely to change, however, over time and after existing cases are converted to the new programs. (For details on the bases for termination, by state, see app. VII.)

Noncompliance Due to Various Reasons

Recipients cited various reasons for not complying with work requirements, according to state surveys of families losing AFDC benefits and our review of case files in Des Moines, Boston, and Milwaukee. For example, recipients said they would not participate because they

- wanted to continue an activity that no longer qualified, such as attending beauty school or college;
- were unwilling to do community service or work for low wages;
- wanted to stay home with their children;
- had other means of support;
- did not feel well enough to work; and
- needed to care for a sick household member.

In the three case study states, caseworkers generally believed that families who allowed their benefits to be terminated had sufficient other sources of income—such as from unreported employment, extended family support, or other benefit programs. Caseworkers believed that if such families truly needed the assistance, they would call, come back into the office, and try to comply. According to surveys and case file notes, those families whose benefits were terminated often believed that the work activity available through the program was beneath them or the family simply disappeared. Many cases were later reopened or had other sources of support (see ch. 3). Welfare advocacy groups have raised concerns that some families may truly need the assistance and have good cause for their failure to comply but nevertheless fail to contact the office to explain their situation. State officials maintain, however, that it is recipients' responsibility—not the caseworker's—to either comply or to inform caseworkers of any good cause reason for noncompliance.[31]

States Have Limited Experience With Terminations Based on Time Limits

Of the 14 states with termination provisions based on time limits, only 1 state, Florida, had families reaching their time limits through December 1996. Under Florida's waiver, families reaching their time limits were allowed extensions and a job guarantee if they had substantially complied with program requirements. Of the 74 Florida families whose benefits were terminated due to reaching a time limit as of December 1996, 43 families had substantially complied with program requirements and 31 families had not. All 43 families who complied nevertheless had their benefits terminated: 31 were employed and had continued to be eligible for AFDC until reaching their time limits only because of the waiver's higher earned income disregard provisions, and the remaining 12 recipients got job offers from the state upon reaching their time limits) that they declined for various reasons. The 31 families who did not comply with program requirements had their benefits terminated and received no job offers upon reaching their time limits.[32] In addition, more than 30 families left the program voluntarily before reaching the time limit because of employment or to retain some months of eligibility for the future.

Proportions Will Most Likely Change Over Time

The proportion of families whose benefits are terminated due to time limits will most likely increase significantly over time, although this proportion was negligible in the early stages of program implementation. As more families in Florida and the other 13 states with time-limit waiver provisions begin to reach their time limits, the number of such terminations will most likely increase significantly. Under the new federal welfare reform law, families in all 50 states will begin to reach the 5-year federal time limit and have their benefits terminated in the year 2001 or 2002.

In addition, the proportion of terminations based on failure to comply with work requirements will most likely increase over time, compared with

[31]For further discussion of these issues, see Evelyn Z. Brodkin, "The State Side of the 'Welfare Contract': Discretion and Accountability in Policy Delivery," Social Security Administration Working Paper No. 6, Social Security Administration (Washington, D.C.: Nov. 1995.)

[32]Another four Florida families who had not complied with program requirements also had reached their time limit as of Dec. 1996 but did not have their benefits terminated: three families continued to receive reduced benefits because the state determined that the children may be at risk for placement in foster care, and one family had benefits reinstated upon appeal.

other nonwork requirements. Many states' waivers called for work requirements to be imposed after a specified time period, allowing families—including new applicants—to be enrolled in the program and to receive benefits for a time without having to comply. As a result, states would almost always identify cases closed due to failure to comply with work requirements as terminations. In contrast, those states with waivers calling for benefit termination for failure to comply with other, nonwork requirements often treated those other requirements as eligibility criteria. As a result, states would identify as terminations only ongoing cases that became subject to the requirements and failed to comply. Thus, like the proportion of terminations for failure to appear and enroll, the proportion of terminations for failure to comply with these nonwork requirements often primarily reflected the conversion of existing cases to the new programs during initial implementation and will most likely decline once programs are fully implemented. This trend will most likely continue under the new federal welfare reform law as well because states may still provide up to 24 months of federal benefits to families before imposing work requirements; while states must impose school attendance and living arrangement requirements on teen parents immediately as eligibility criteria.[33]

Characteristics of Families Losing AFDC Varied Due to State Programs' Structure

The characteristics of families losing AFDC benefits were generally representative of states' overall caseloads. In Iowa, Massachusetts, and Wisconsin, most of the families studied reflected the states' overall caseloads: they had been receiving assistance less than 3 years and comprised a female head of household aged 20 to 39, with one or two children (see app. VIII). The most significant variations resulted from the structure of states' programs regarding requirements placed on teen parents and the age-of-youngest-child exemption.

In Massachusetts, for example, which had termination provisions for families headed by teen parents who fail to comply with requirements for school attendance and living arrangement, a disproportionately high percentage of terminated cases studied were headed by a parent under age 20. Although teen-headed families constituted about 6 percent of the state's overall caseload, they accounted for almost 19 percent of the terminated cases studied as of June 1996.

[33]Under the new law, states have an incentive to keep the period of time brief for which they provide benefits to families before imposing work requirements, however, because participation rates and federal funding levels under the block grant could be affected (see footnote 25).

In addition, states' provisions for the age-of-youngest-child exemption resulted in disproportionately fewer families with children under the designated age having their benefits terminated. For example, in Wisconsin, families were exempt if their youngest child was under age 1. Such families constituted more than 18 percent of the state's total caseload but less than 3 percent of the terminated cases studied.[34] Similarly, Iowa exempted families if their youngest child was under 6 months old.[35] Families with a child under age 1 constituted about 12 percent of the state's total caseload but less than 7 percent of the terminated cases studied. Massachusetts did not impose a mandatory work requirement on families if their youngest child was under age 6. Such families constituted 61 percent of the state's total caseload but less than 33 percent of the terminated cases studied.[36]

Most states had little information on family characteristics, such as education, work experience, and primary language, for their overall caseloads compared with those families losing benefits. In Massachusetts, which did gather such data, recipients in families losing their benefits were less likely to have finished high school or to have worked in the past 10 years. (See app. IX.) Most of these differences could be attributed, however, to the disproportionately large percentage of teen parents among the families losing their benefits. In Michigan, where state officials also compiled data on the educational background of heads of household, the data indicated that although 38 percent of the total caseload was headed by a recipient who had not completed high school or its equivalent, this was true in 61 percent of cases terminated as of April 1996. Unlike in Massachusetts, however, this difference could not be attributable to benefit termination provisions for teen parents failing to comply with school attendance and living arrangement requirements because Michigan had not yet implemented such provisions.

[34]According to a state analyst who examined these cases, Wisconsin's terminations of families with a child under 1 year old were mostly because these were two-parent families. Two-parent families could only exempt one parent for the care of a child under age 1, and noncompliance by the other parent resulted in benefit termination.

[35]Iowa's age-of-youngest-child exemption was lowered to under 3 months of age in a waiver amendment implemented on Nov. 1, 1996.

[36]Massachusetts families with children under age 6 still had other requirements, such as the teen school attendance and living arrangement requirements, for which noncompliance resulted in benefit termination.

After Losing AFDC, Families Had Various Sources of Support

Families losing AFDC benefits lost a significant source of monthly income. Although more than 80 percent of families in our analysis were subsequently found to have one or more sources of support, or had returned to welfare, the number of families continuing to receive food stamps and Medicaid after losing AFDC dropped significantly in all three states. Because reported income and receipt of benefits provide only a partial indication of families' well-being after losing AFDC, states tried to locate such families and determine their status.

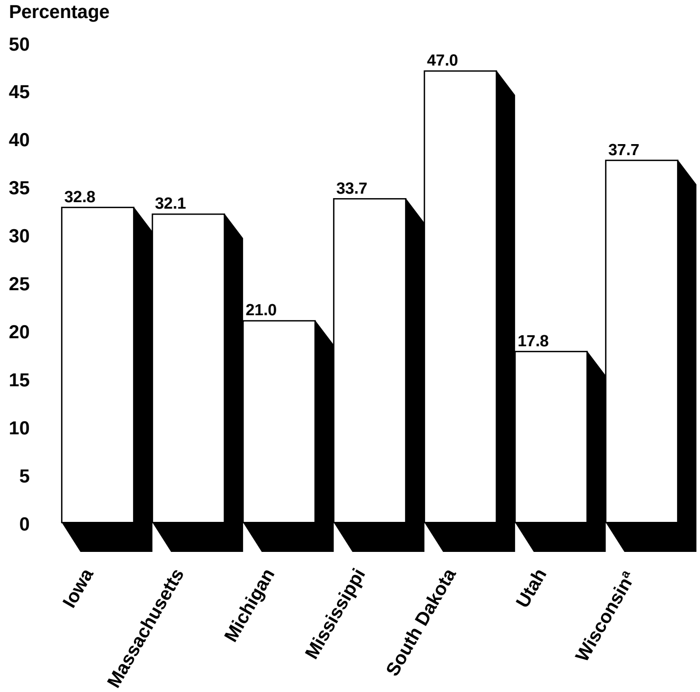
Many Families Had Returned to Welfare

Under most states' waiver provisions, families whose benefits were terminated for noncompliance could have had their AFDC cases reopened if they had subsequently complied with program requirements. In addition, families reaching a time limit could generally have had their AFDC benefits extended (at least temporarily) if they had complied with program requirements or could have had their cases reopened after a specified time period. A few states had variations to these basic provisions. For example, in Iowa, families placed in the Limited Benefit Plan leading to benefit termination for not signing a Family Investment Agreement may choose to comply and sign such an agreement at any point before termination; once terminated, however, all families must wait 6 months before their AFDC cases may be reopened. Under the new federal welfare reform law, families may have their cases reopened upon compliance only until they reach their 5-year lifetime time limit, after which no further federal cash benefits may be provided under the TANF grant.

Several states had many families (ranging from about 18 to 47 percent) who lost AFDC benefits due to noncompliance and subsequently had their cases reopened (see fig. 3.1).[37] In Massachusetts and Wisconsin, about one-third of enrolled families whose cases had been closed for noncompliance were subsequently receiving AFDC. States reopened cases on the bases of demonstrated compliance and documented exemption or because cases had been closed due to administrative error. In Iowa, once the 6-month benefit termination period had elapsed, about one-third of the families studied also had returned to AFDC rolls.

[37]We gathered data on case status between Sept. and Dec. 1996, which in most instances represented the case status 2 to 8 months after case closure but varied by state (see app. I).

Figure 3.1: Percentage of Cases Reopened After Termination for Noncompliance



[a]In Wisconsin, this figure represents the percentage of cases reopened for those whose benefits were terminated for noncompliance after enrolling in JOBS. Those families whose benefits were terminated for failure to enroll had a much lower percentage of their cases reopened—about 4 percent.

The number of reopened cases demonstrated that the stronger sanctions were working as intended—to reinforce the need for recipients to comply with requirements if they wished to continue receiving benefits, according to state officials. As one Boston caseworker said, “Many clients don’t take the program seriously until the checks stop. Loss of just the adult portion of the grant isn’t enough to get their attention. [But] when they get no benefits at all, they’re on the phone with their caseworker right away.”[38] In most cases, recipients agreed to comply or provided a reason for an exemption; in some cases, however, administrative errors were revealed (see “Establishing Tracking and Notification Systems Challenged States” in ch. 4).

[38]Under the JOBS program, the sanction for noncompliance was removing the adult portion of the grant, commonly referred to as “reduced benefits” (rather than terminated benefits) or a “partial sanction” (rather than a full-family sanction).

Families Lost Income, but Many Had Some Sources of Support

Although AFDC represented a significant source of income for most families before they lost their benefits, after AFDC benefits were terminated, at least 75 percent of families studied in Iowa, Massachusetts, and Wisconsin reported having some source of income or benefits.[39] In many cases, families' sources of support were a continuation of income or benefits received before AFDC termination, though the amount of reported income increased after termination. The number of families receiving food stamps and Medicaid significantly decreased after termination, however, despite waiver provisions that eligibility was to be unaffected. Although some of these decreases may have been due to increases in household income, at least some decreases may have been due to families' no longer receiving benefits for which they may still have been eligible.

Families Lost a Significant Source of Income

The AFDC monthly benefit represented a significant source of income for families in states terminating benefits under waivers—not only because of the average dollar amount of the AFDC benefit, but also because AFDC was the only reported source of income for some families (see apps. XI and XII). Among the households studied in Iowa, Massachusetts, and Wisconsin whose cases remained closed, average AFDC payments were smaller than other sources of income before termination, but AFDC was the only source of income received by all families (although most also received food stamps). Supplemental Security Income (SSI) and wages were the largest income sources, but relatively few households reported such income.[40] (See table 3.1.)

[39] We used household as our unit of analysis, which may include household members not included in the AFDC family unit used for determining AFDC eligibility and calculating AFDC benefits before termination. (See app. X for a summary table of the percentage of households studied receiving reported income and benefits and app. I for more details on the methodology used in conducting the data matches.)

[40] However, the percentage of families losing AFDC benefits who had a household member receiving SSI was significantly higher than the percentage of families in the general AFDC caseload who had a household member receiving SSI (see apps. X and XII).

Table 3.1: Sources of Income Before Termination for Households Studied

	AFDC		Food stamps		SSI		Reported wages	
State	Average monthly amount[a]	Percent of households receiving	Average monthly amount	Percent of households receiving	Average monthly amount	Percent of households receiving	Average monthly amount	Percent of households receiving
Iowa	$277	100.0	$279	83.6	$490	9.8	$692	17.4
Massachusetts	390	100.0	215	95.9	482	12.7	394	14.3
Wisconsin	369	100.0	246[b]	76.2	554	12.6	551[c]	35.9

[a]Average monthly AFDC benefits lost were lower than the statewide averages (see app. XI) mainly because many families had been sanctioned and were receiving reduced benefits before termination. In addition, under benefit determination standards, families with earned income often received a reduced AFDC benefit.

[b]Does not include those households under food stamp sanction receiving $10 per month.

[c]May include other income such as pensions.

During winter months, fuel assistance provided through the federal Low-Income Home Energy Assistance Program was also a significant source of income. Families on AFDC were generally also enrolled in this program, but the amount of assistance varied by state as determined by the state allocation plan. In 1995, households received fuel assistance averaging $197 a month in Iowa, $348 in Massachusetts, and $300 in Wisconsin.[41] In addition, about 25 percent of the households studied in Iowa, Massachusetts, and Wisconsin lived in subsidized housing.[42]

In households in which the amount of the AFDC benefit was low compared with the amount of other available benefits, states had less leverage for encouraging compliance through threats of terminating AFDC benefits. Among cases closed for noncompliance in our case study states, 25 percent or more of the households were receiving benefits from two or more other programs before termination, so that the combined amount perhaps minimized the loss of the AFDC benefit.[43]

[41]No data were gathered for the amount of fuel assistance benefits received by the individual households in our study because these benefits were mainly provided only during winter months, and we conducted our analysis before implementation of the 1997 winter benefit allocation.

[42]At the time of our review, some families also received $50 per month from a child support pass-through; however, no data were available from Iowa and Wisconsin indicating which families received such payments. The new welfare reform law has eliminated the $50 child support pass-through requirement.

[43]Analysis of benefits received included food stamps, SSI, and housing assistance. The percentage of cases receiving benefits from two or more of these programs before termination were 27.9 percent in Iowa, 33.2 percent in Massachusetts, and 24.6 percent in Wisconsin.

Many Families Reported Having Wages, Pensions, or Child Support

Between 43 and 48 percent of the households whose AFDC cases remained closed in Iowa,[44] Massachusetts, and Wisconsin reported having some income from wages, pensions,[45] or child support after losing AFDC. Between 23 and 32 percent of households had reported wages (see fig. 3.2). Because not all households had to report such income, these percentages are likely to be understated. Households not applying for or receiving AFDC or other benefits did not have to report such income (about 25 percent of cases studied). In addition, neither Iowa nor Wisconsin had data on pensions,[46] and all three states had only partial data on child support.[47] As a result, households in our study were likely to have additional unreported income, according to state officials we spoke with.[48]

[44]At the time of our analysis, 6 months had not yet elapsed and all the Iowa cases included in our study were still closed.

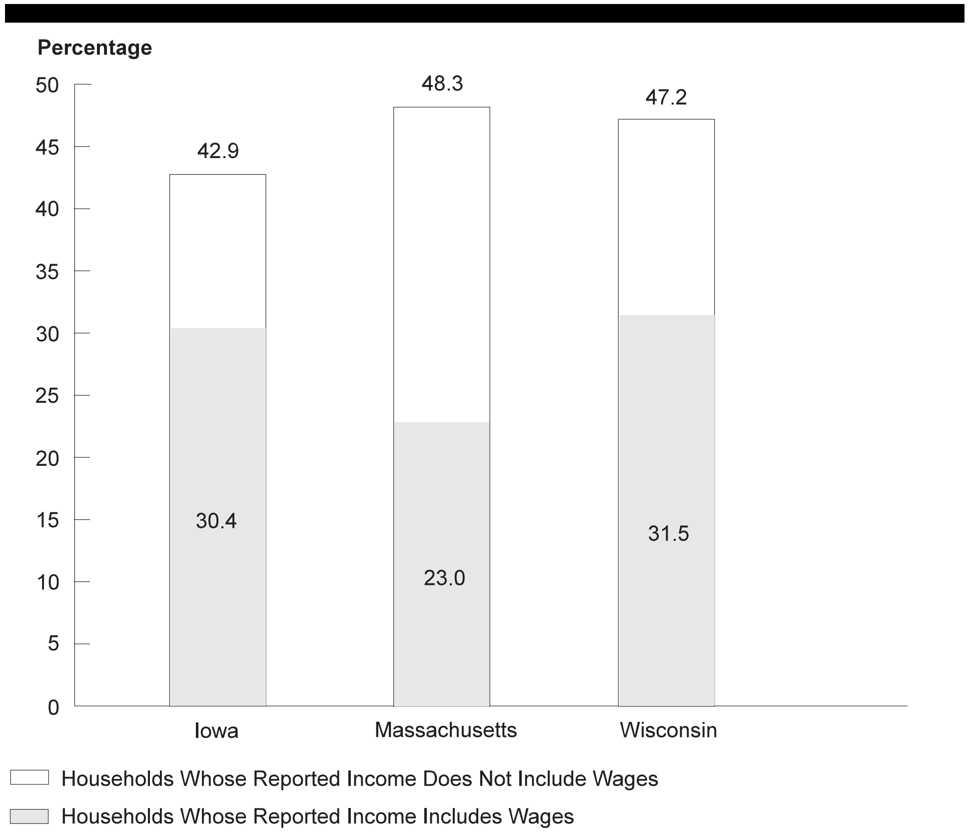
[45]Pension income includes Social Security, Veterans' Benefits, and employment-related pensions.

[46]Wisconsin's wage data may include some pension data.

[47]Once no longer receiving AFDC, some families may receive child support payments privately, which they do not have to report to the state and local offices of Child Support Enforcement, where we obtained the child support data.

[48]Even when reporting is required, households sometimes fail to report wages and other income. See Christopher Jencks and Kathryn Edin, "The Real Welfare Problem," The American Prospect, No. 1 (1990), pp. 31-50; and Kathryn Edin, Single Mothers and Absent Fathers: The Possibilities and Limits of Child Support Policy, Center for Urban Policy Research, Rutgers University (New Brunswick, N.J.: 1994).

Figure 3.2: Percentage of Households Reporting Income After Benefit Termination



Although in many cases households had reported these sources of income both before and after termination, some reported changes in income sources after termination. For example, of those households with reported wages after termination, about half had reported no wages before termination, suggesting that household members found new jobs or that household composition changed.[49] Of those reporting wages both before

[49]In Iowa, the percentage of households that reported wages after termination but none before termination was 52.6 percent; in Massachusetts, 61.5 percent; and in Wisconsin, 39.5 percent. (Wisconsin data may include other income, such as pensions, which was a likely income source before termination.)

and after termination, the amount of monthly wages increased significantly.[50] (See table 3.2.)

Table 3.2: Reported Wages Before and After Termination

	Of cases with reported wages after termination	Of cases with reported wages both before and after termination	
	Average monthly wage	Average monthly wage before	Average monthly wage after
Iowa	$667	$648	$741
Massachusetts	594	373	540
Wisconsin	754	607	870

Note: Includes wages of all household members, including those who may not have been part of the AFDC family unit before termination.

Despite the increases for some families, the amount of reported average monthly wages among families losing AFDC still placed them below the poverty level, even for the smallest family unit of one adult and one child. This level is $875 a month, according to the Census Bureau's 1995 poverty thresholds. Wisconsin state officials pointed out, however, that a low-wage job, combined with the earned income tax credit, would result in a significantly higher income than the average AFDC grant—which was $465 a month for a three-person family in Wisconsin in 1995. Massachusetts state officials agreed with this observation and noted further that income would be even greater for families using child care services, Medicaid benefits, and food stamps (for which earned income is treated more generously than AFDC income). In addition, officials noted that families with earned income also realize self-esteem benefits from working and being productive members of society.

Of those with reported child support income after termination, average monthly payments received were $274 in Iowa, $249 in Massachusetts, and $217 in Wisconsin. In accordance with prior federal law, any child support payments received before termination would have been signed over to the state, and the families would have only received a pass-through of up to $50 a month. The new welfare reform law has eliminated the $50 pass-

[50]Although some households had members who were working before the family's benefits were terminated, these families' benefits were, nevertheless, terminated for noncompliance and are not included in the statistics on those leaving welfare to go to work. Many of these families' benefits were terminated for failure to enroll in JOBS. In other cases, either (1) the household members who were working were not part of the AFDC assistance unit, (2) those who were working were part of the assistance unit but were not working consistently enough to meet states' work requirements or had not reported their wages to their caseworkers, or (3) the family's benefits were terminated for failure to comply with some other requirement such as failure to attend school.

through requirement, and states are allowed to keep the full amount of payments received for families on welfare.

Consistently in all three states, a lower percentage of households in the urban areas studied had reported income from wages, pensions, and child support than households in the rest of the state. The percentage of cases reporting child support revealed the most significant variations: 10 to 14 percent in Des Moines, Boston, and Milwaukee, compared with 18 to 29 percent in cases outside these urban areas. (See app. X for complete data on reported income and benefits received by cases in urban areas compared with cases studied in other areas.)

Many Receive Benefits From Other Federal and State Programs

As under the waivers, under the new federal welfare reform law, families whose AFDC benefits are terminated for noncompliance generally continue to be eligible for benefits from other federal and state programs.[51] In the case of fuel assistance and housing, the benefit amount may even increase when income falls from loss of AFDC. At the time of our review, families continuing to receive food stamps after their AFDC benefits were terminated also often had an increase in their monthly food stamp allotment due to losing AFDC.[52] However, federal law now prohibits any increase in food stamps to families losing AFDC (or TANF) benefits due to sanctions.[53]

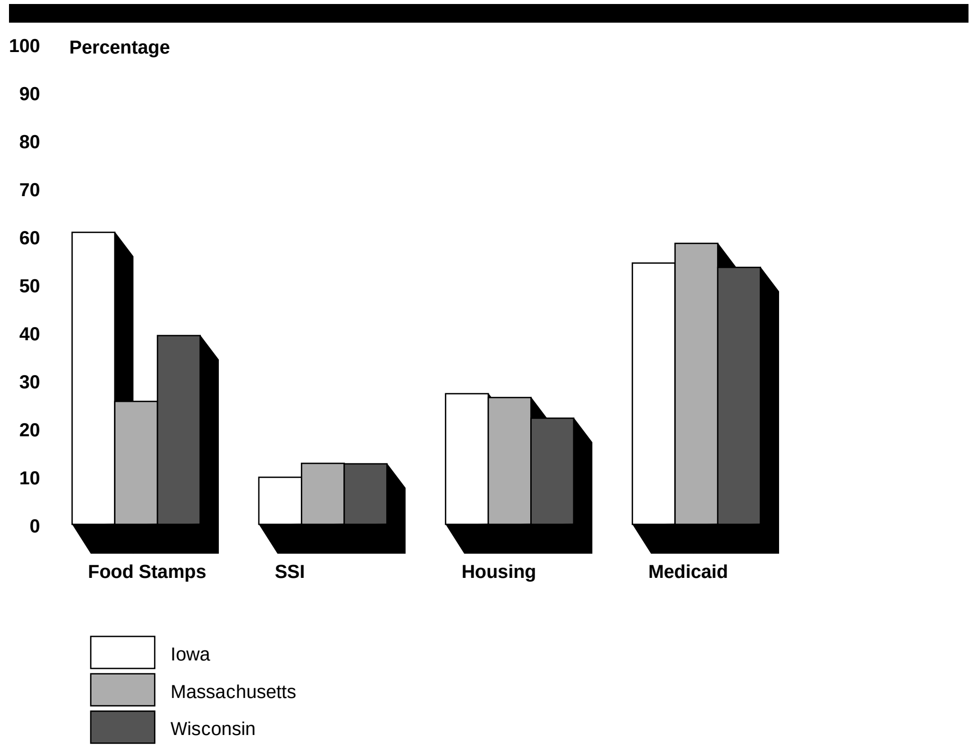
After losing AFDC, about 75 percent of households studied in Iowa, Massachusetts, and Wisconsin received benefits from one or more other federal programs—including food stamps, SSI, housing assistance, and Medicaid. Analyzing benefits received separately for each program revealed variations among states (see fig. 3.3). The ranges of percentages were fairly consistent for housing, SSI, and Medicaid but varied significantly for food stamps, partly reflecting the states' different food stamp policies.

[51]The new law, however, provides that states may terminate Medicaid eligibility for adults who fail to comply with work requirements under TANF and that states may terminate food stamps to an entire household if adults fail to comply with work requirements under TANF, with some restrictions.

[52]On average, the increase ranged from $21 to $51 per month for households studied in Iowa, Massachusetts, and Wisconsin. Households with other sources of income had lowered the average amount of increases.

[53]Federal regulations (7 C.F.R., Parts 272 and 273) were effective May 31, 1996; however, states had until Nov. 27, 1996, to implement the provisions.

Figure 3.3: Percentage of Households Receiving Benefits After Termination, by Program



Percentage of Families Receiving Food Stamps and Medicaid Decreased Significantly

In general, according to program policies, termination of AFDC benefits due to noncompliance was not to affect a family's eligibility for SSI,[54] housing assistance, and Medicaid—and, in most states, food stamps—unless the family's circumstances changed. Consistent with these policies, the percentages of households studied in Iowa, Massachusetts, and Wisconsin receiving SSI and housing assistance did not change before and after termination in all three states; however, the statewide percentages of cases receiving food stamps and Medicaid decreased significantly, with even greater reductions in the urban areas. Michigan's study of terminated cases found similar decreases.[55] While some of the decreases in each state may legitimately be due to families' finding employment and no longer meeting income eligibility standards, at least some of the decreases reflect families' no longer receiving benefits for which they were still eligible.

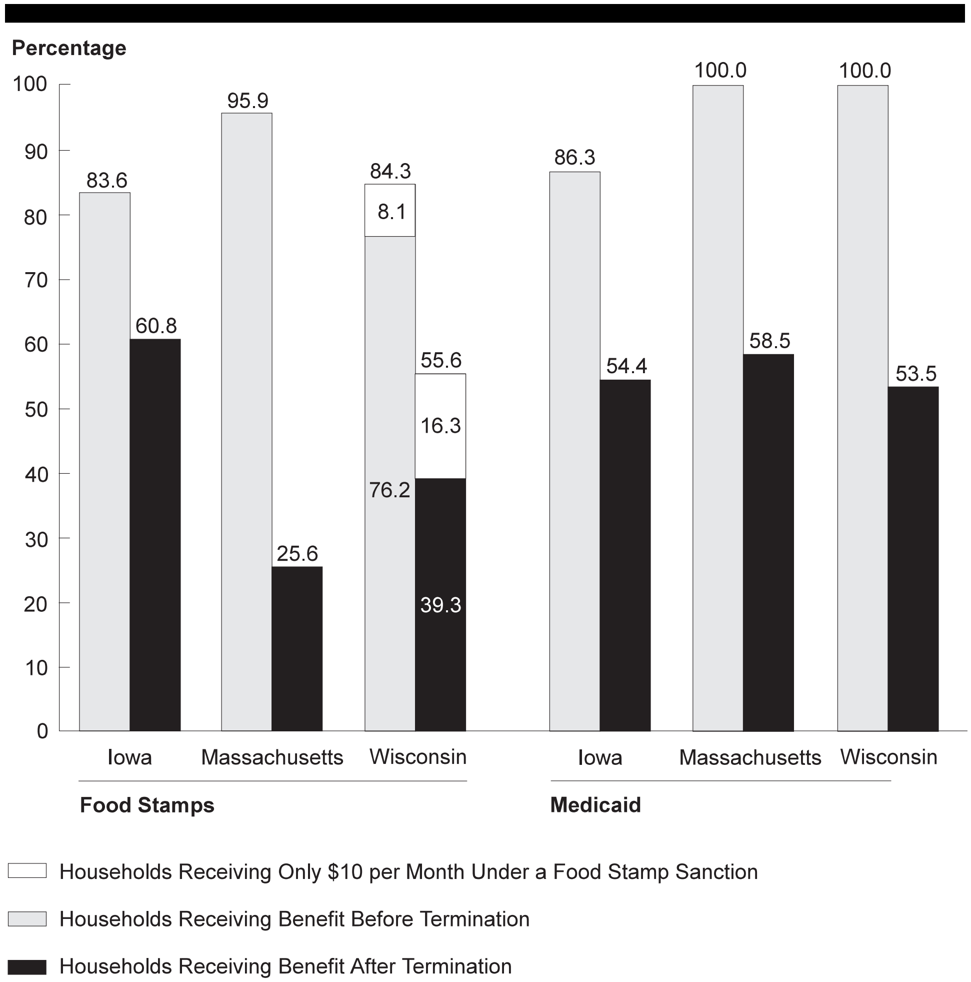
[54]Aged, blind, and disabled individuals are eligible for SSI benefits if they meet specified criteria and federal income standards. Individuals receiving SSI may not receive AFDC and were excluded from the benefit calculation for an AFDC family unit; SSI recipients were included in our analysis of income and benefits of household members (see footnote 39).

[55]Of those families whose benefits were terminated as of Apr. 1996 in Michigan, after 3 months, food stamp receipt had dropped to 57 percent and active Medicaid status had dropped to 59 percent.

To maintain eligibility for food stamps and Medicaid after losing AFDC benefits, families must continue to meet monthly reporting requirements and appear for periodic eligibility reviews. To maintain eligibility for food stamps in Massachusetts, families must also appear for recertification. When families lose their AFDC grant, some recipients fail to take the steps necessary to maintain eligibility even though they would be eligible for continued food stamp and Medicaid benefits, explained officials in our case study states. On the basis of an internal review of cases closed for failure to comply with work requirements over a 2-month period, Massachusetts state officials concluded that most of such families might have believed it not worth the effort to seek benefits or, in fact, might not have been eligible for continued benefits due to changes in their circumstances following case closure.[56] Nevertheless, officials in all three states expressed surprise at the amount of the decline in receipt of food stamps and Medicaid among households losing AFDC benefits (see fig. 3.4).

[56]For a more detailed description of this case review and its findings, see "Other Indicators of Family Well-Being" in this chapter.

Figure 3.4: Percentage of Households Receiving Food Stamps and Medicaid Before and After Termination



Before losing AFDC, virtually all families were covered by Medicaid, as required under prior federal law. In addition, due to comparable income eligibility criteria, a high percentage of families receiving AFDC also received food stamps: the national average was 90 percent in 1995. After AFDC benefit termination, under most states' waivers (including Iowa's and Massachusetts's) eligibility for food stamps was to continue unaffected. In Iowa, state officials viewed continued receipt of food stamps as part of a safety net for families during the 6-month period they must wait to reapply for AFDC benefits.

In contrast, other states' waivers required food stamps to be sanctioned along with AFDC for failure to meet work requirements.[57] In Wisconsin, waiver provisions linked the two programs so that cases closed due to failure to comply with JOBS enrollment and work requirements would have their food stamp allotment reduced to $10 per month indefinitely (that is, no 2-month limit) if they were not exempt from the food stamp employment and training program.[58] As shown in fig. 3.4, this food stamp sanction affected 8.1 percent of the AFDC cases studied in Wisconsin before closure and 16.3 percent after closure. Under the new federal welfare reform law, states may still choose to link the work requirements of the food stamps and TANF programs.[59]

Availability of Other Services and Benefits Varied

In addition to the programs discussed above—food stamps, SSI, housing, fuel assistance, and Medicaid—states offered other benefits and services to terminated families; such services varied somewhat by state. For example, states generally offered mental health and substance abuse counseling and treatment programs, often within the same departments administering the AFDC program and with priority given to AFDC recipients. Massachusetts administered such programs by a separate department with no direct eligibility links to AFDC. Of the households whose cases remain closed in Massachusetts, 33.6 percent had used such counseling and treatment services either before or after termination, with 12.7 percent using services after termination (including 3.9 percent who began receiving services only after termination).

In addition, the availability of child care or transportation assistance for those losing AFDC benefits varied by state. States generally provided child care and transportation subsidies linked to the AFDC program, including transitional help for those leaving AFDC due to employment in all three of our case study states; however, for those families losing AFDC benefits due to noncompliance, state-provided subsidies varied. In Iowa, non-AFDC recipients could receive state-assisted child care if they met the income

[57]Similar to AFDC, the food stamp program also provided for work requirements, but the requirements were generally more lenient than those included in states' AFDC waivers. For example, families with children under age 6 were exempted from the food stamp work requirements, and the sanction for failure to meet the requirement was limited to 2 months.

[58]Wisconsin cases sanctioned but not closed for noncompliance with AFDC work requirements would have their food stamp benefits reduced on the basis of hours not worked, similar to the sanctions under AFDC (see app. VI).

[59]In addition, if states had submitted waiver requests to lower the age-of-youngest-child exemption, and such requests had been denied as of Aug. 1, 1996, states were allowed to lower the age of youngest child to 1 year for the food stamps work requirement, providing for greater comparability in the two programs' requirements as an experiment for up to 3 years. Furthermore, the law stipulated that the food stamp sanction may last up to 6 months but not longer.

criteria (less than 110 percent of the federal poverty level), according to a state official. Wisconsin also provided child care assistance on a sliding scale. Although Massachusetts offered a similar child care assistance program for non-AFDC recipients, funding was limited and waiting lists were long. Non-AFDC families could expect to wait several months, or even years, for a subsidized child care slot depending on the location and type of care needed.

Although many states have general assistance programs (state- and county-funded assistance programs, generally for adults), families losing AFDC benefits do not always qualify for such assistance.[60] In Massachusetts, less than 1 percent of the families studied were receiving general assistance after losing AFDC. Iowa had no statewide data on its county-funded general assistance program, and Wisconsin had discontinued its statewide general assistance program in January 1996.

Other Indicators of Family Well-Being

Reported income and benefits receipt only partially describe the well-being of families after losing AFDC. Some families may not report income, and no data were available for some families. Also, despite receiving some income and benefits, total household income may still fall short of the poverty threshold, and children's well-being may be at risk. In response to concerns about the well-being of families losing AFDC for noncompliance under waivers, states have tried to locate such families and determine their status.

In Iowa, the state public health workers have routinely tried to visit families 1 month after benefit termination to check on their well-being and make referrals for other services as needed. Of the 5,333 families they tried to visit in the year ending in June 1996, they contacted less than half (2,270). Of those contacted, caseworkers found no cases of severe deprivation. Results of their contacts were as follows:

- 37 percent no longer need assistance,
- 18 percent planned to go back on AFDC when eligible,
- 29 percent received information or referral for other services, and
- 16 percent refused to cooperate.

[60]Of the 42 states with general assistance programs, 12 states provide assistance to all financially needy people who qualify; 30 states provide assistance only to certain categories of people. Of these 30, 19 states provide assistance to low-income children or families with children. (See State General Assistance Programs 1996, The Urban Institute (Washington, D.C.: 1996.))

In addition, Iowa's contracted evaluators, Mathematica Policy Research, Inc., and the Institute for Social and Economic Development, conducted a survey of recipients whose cases had been terminated between November 1995 and January 1996 to determine what happened after termination. Tentative findings from this study indicate that the effects of losing cash assistance varied widely. Forty percent of families' incomes increased after benefit termination, but nearly half the families' incomes decreased. Despite such decreases, the study did not find evidence of extreme economic distress among the survey's 137 respondents.

Massachusetts made a special effort to locate minor teens whose benefits had been terminated. As of February 1997, state officials reported that 192 of the 314 teens referred for follow-up (about 61 percent) had returned to welfare or had been located by the two contractors hired to find and interview these teens. As of our review, however, data on the status of those not returning to welfare had not yet been compiled.

In addition, in December 1996, Massachusetts released the results of a state study to determine the status of families who had left welfare during September and October 1996. Data on those families whose benefits had been terminated for noncompliance with work requirements and who had not returned to welfare showed the following:

- 51 percent had new jobs,
- 16 percent had new living arrangements,
- 14 percent had new unearned income,
- 6 percent had moved out of state, and
- 13 percent were in an “other” category.

Michigan gathered data on the 168 families whose AFDC benefits had been terminated as of April 1996, surveying the 126 families whose cases had not been reopened after 3 months. Interviewers did not complete surveys with 59 (or about 47 percent) of these families mainly because they could not be located or refused to cooperate. Of the 67 families interviewed, when asked about their problems and how they were managing without cash assistance, 22 percent responded that they were having no problems. A few commented that closing their case was the best thing that ever happened, that it was the push they needed, and that it gave them the opportunity to better their lives. The study concluded that of those interviewed, however, many faced serious problems, with 27 percent indicating a problem providing enough food for their family and 29 percent with insufficient money to provide for personal needs. One family had been evicted, and seven had received eviction notices. Families said they were getting by financially by finding jobs and relying on help from family, friends, or community resources, and some were receiving child support or SSI; 3 percent said they were "not getting by."

A wide variety of family histories and characteristics may affect a family's prospects after benefit termination. On the one hand, according to caseworkers, families with previous work experience or unreported income are most likely to be doing well. On the other hand, caseworkers were less optimistic about other families' prospects. In some cases, because the caseworkers believed the families' situations were tenuous, they tried repeatedly but to no avail to contact the families and encourage compliance.

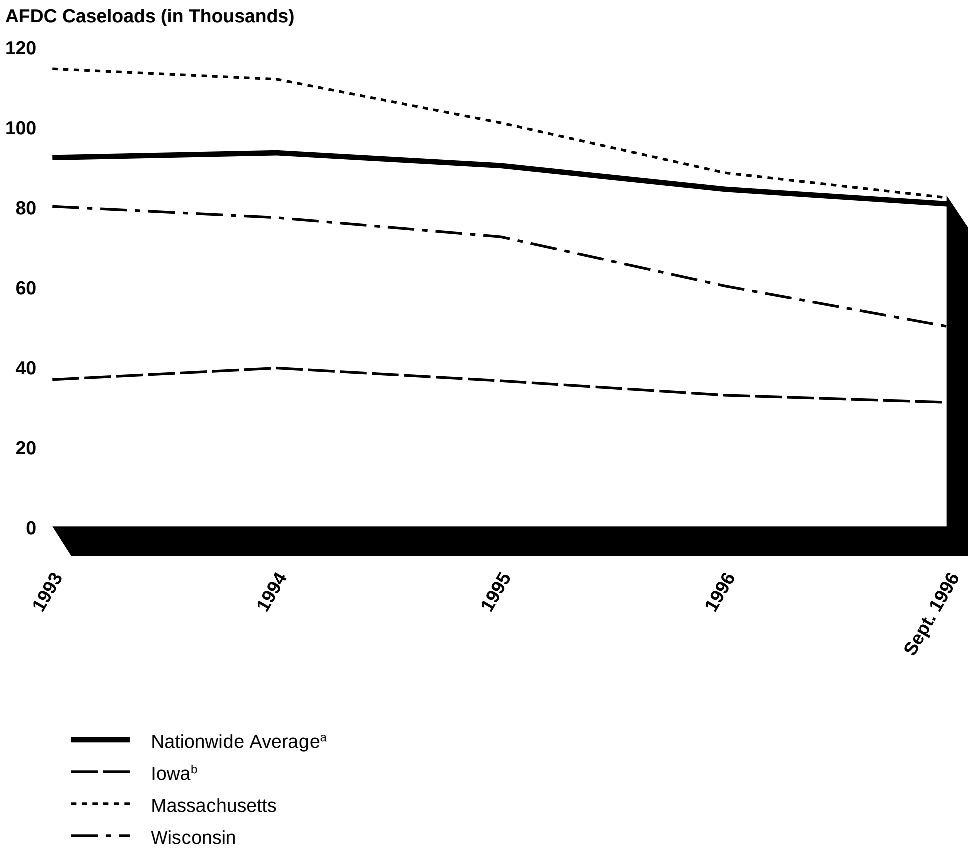
Termination Provisions Were Effective but Posed Challenges

Benefit termination provisions have improved the effectiveness of welfare programs in Iowa, Massachusetts, and Wisconsin by increasing work activity and job placements and decreasing the number of families on the welfare rolls, state officials believed. In addition, the percentage of the caseload terminated for noncompliance was small compared with the total number of cases—generally about 1 percent or less per month. Nevertheless, implementing benefit termination provisions has posed significant challenges. First, states had to develop systems to accurately track hours worked to monitor compliance and to correctly and adequately notify recipients of pending termination actions. Second, states had to provide certain activities and services or they could not terminate a family's benefits.

Provisions Resulted in Increased Compliance and Declining Caseloads

Benefit termination provisions in all three states encouraged those with other sources of income to move off welfare more quickly and those who truly needed assistance to cooperate more fully with program requirements, according to state officials. With an improving economy, welfare caseloads nationwide have generally declined over the past 3 years; however, the declines in Iowa, Massachusetts, and Wisconsin have exceeded the average decline for the country's 54 states and territories (see fig. 4.1). Wisconsin's decline for the period was 38 percent, nearly three times the national average of 13 percent. While crediting the economy as the major factor, officials in all three states believed at least some of the declines were due to their waiver provisions. Iowa's program has succeeded, in part, because the prospect of benefit termination is a much more effective motivator than the previous adult sanction, which was a relatively minor grant reduction, according to the state program administrator. Massachusetts's caseload fell after the provisions of the new program were publicized in the press and in mailings to and discussions with recipients. In Wisconsin, when staff explained the benefit termination policy for noncompliance with work requirements to new applicants, many chose to accept jobs rather than go on welfare in the first place, explained state officials. According to data compiled in one county, 46 percent of 880 applicants deemed likely to have gone on welfare between March and July of 1996 were diverted from welfare through this process.

Figure 4.1: AFDC Caseload Declines in Case Study States Exceeded National Average, 1993-96



[a]Total caseload nationwide divided by 54 states and territories (District of Columbia, Guam, Puerto Rico, and the Virgin Islands).

[b]The increase in Iowa's caseload in 1994 was due to the increase in the amount of income disregarded, which allowed more people to be eligible for assistance, and the expansion of the program for two-parent families, according to the program coordinator.

Sources: 1993 to 1996, HHS data on states' total caseloads representing the average of monthly caseloads during the fiscal year; Sept. 1996 HHS and state monthly caseload data.

The threat of benefit termination significantly affected program participation, stated officials in Wisconsin and Massachusetts. In Wisconsin, in the first 3 months after implementation, participation in JOBS sessions increased by 36 percent compared with the previous 3 months, according to staff at a Milwaukee job center we visited. In addition, job placements at the center more than doubled between 1995 and 1996, from about 1,000 to about 2,500. Statewide, Wisconsin reported 24,000 job placements in 1996. In Massachusetts, in less than a year after implementing the waiver provisions, cases with earned income had increased from 8 to 13 percent, and about 12,000 recipients left the rolls by finding work, according to state officials. In addition, among recipients required to work, the number participating in work activities increased 28 percent between June and October 1996. In Iowa, where noncompliance did not result in immediate termination of benefits, the percentage of recipients participating in JOBS sessions had not increased significantly, and state officials said they were considering program changes to impose sanctions more quickly. Nevertheless, after 2 years of implementation, state officials reported that 35,000 recipients had been placed in jobs.

Establishing Tracking and Notification Systems Challenged States

The states faced challenges in establishing systems to track recipients' work activity to accurately determine when benefits should be terminated for noncompliance and in adequately notifying recipients of these actions. This was particularly true for Wisconsin's Pay for Performance project, which determined the amount of each month's benefits and imposed sanctions on the basis of the number of hours worked in a previous month. Wisconsin implemented the project statewide without first pilot testing its provisions and encountered many start-up difficulties. While Iowa and Massachusetts phased in implementation over 7 to 10 months, these states also faced challenges in accurately tracking cases and adequately notifying recipients of pending sanctions.

In Wisconsin and Massachusetts, recipients and employers sometimes failed to submit time stubs or verify hours on a timely basis, and often pay periods did not correspond with calendar months. In addition, work hours for recipients in low paying jobs often fluctuated from week to week and month to month, making it difficult for states to determine how many hours a recipient was required to work and, if the hours dropped below that amount, what if any additional requirements the recipient must fulfill to avoid a sanction.

In Wisconsin, JOBS and AFDC workers, who often worked for different organizations and were located at different sites, split responsibility for handling cases. The JOBS workers determined the number of hours each recipient must work and tracked the hours of JOBS activities for their caseloads of up to 200 or more. The AFDC workers received pay stubs from employers and entered hours worked for their caseloads of up to 400. Both had difficulty gathering and entering data in the short time frames required, and communication between the two was often lacking. The computer system in Wisconsin was fairly new, and the eligibility workers and case managers entered information differently. As a result, sometimes the data they entered conflicted and they often had a hard time determining the status of individual cases.[61]

Massachusetts, also initially split responsibilities between JOBS and AFDC workers, but generally these workers were collocated at the sites we visited. JOBS workers monitored hours worked, and AFDC workers determined if recipients met requirements. Sometimes difficulties arose because JOBS and AFDC workers did not know of each others' actions, but workers we spoke with generally liked this arrangement. To streamline operations, however, in September 1996 the state began integrating these two roles—expanding the AFDC workers' job duties to include employment functions. Because of this, Massachusetts's most significant implementation issues involved training AFDC workers to assume these functions. Several AFDC workers noted a dramatic increase in their workload due to the need to constantly monitor recipients' participation in work activities on a biweekly basis in addition to assessing compliance with other eligibility requirements.

Due to the difficulties of accurately tracking recipients' hours worked, as well as training workers to understand and apply all the new program rules correctly, all three states had problems notifying recipients of sanctions during initial program implementation. Milwaukee County, Wisconsin, issued 5,182 sanctions through August 20, 1996. Of these, 44 percent were later reversed because recipients had met program requirements or inaccurate data had been corrected. During the 2 months when the system converted to automatically issuing sanction notices, the error rate was as high as 70 percent. In addition, staff had reopened cases on the computer with no evidence that the recipient had begun to comply with program requirements, according to our case file review. Because so many incorrect sanction notices had been sent out, recipients were confused by what was required of them and overwhelmed workers with calls. Even when accurate, the notices confused recipients because of the system's prospective aspect: hours worked in any given month determined the amount of benefits 2 months in the future. Thus, when recipients

[61]As part of its 1997 implementation plan, Wisconsin planned to have one case manager handle both JOBS and AFDC functions. State officials believed this would lead to reduced caseloads and eliminate the work and confusion between the two staffs. In Dane County (Madison) and in a few instances in Milwaukee County, where the AFDC and JOBS workers have been collocated at one JOBS center, administering cases has become easier, and program managers believe that fully integrating the two roles would further facilitate case management.

received a sanction notice and then began to participate, they did not understand why they did not get any benefits the following month.

In Massachusetts, program staff and welfare advocates also reported initial difficulties in tracking recipients' work hours, applying new program rules correctly in individual cases, and adequately notifying recipients of termination actions. Initially, if multiple actions took place, Massachusetts's computer system combined these into a single notice to the recipient. This sometimes resulted in notices that did not make sense. For example, we found one notice that informed the recipient, "The Department will raise your [AFDC] benefits from $55 to $343 . . . because you or a household member failed to comply with the requirements of the work program without good cause." State officials eventually resolved these problems by issuing separate notices for each action. In addition, welfare advocates raised concerns that termination notices did not provide enough information on good cause reasons for failure to participate, requirements for recipients to have benefits reinstated, and on the continuation of food stamps and Medicaid eligibility. The notices did state, however, that Medicaid benefits would continue (subsequently revised to include food stamps), that recipients could call their caseworker with questions, and that free legal services were available. When the state learned of instances of its failure to accurately track work hours or apply program rules correctly in individual cases, those cases were reopened and recipients given another opportunity to comply. As of December 1996, recipients appealed 978 actions, and records show that 47 percent of actions resolved had been decided, at least in part, in the recipients' favor.

Iowa officials also reevaluated their notification procedures because of concerns about recipients being overloaded with information and instructions and the effectiveness of procedures in giving recipients informed choice. Of the 2,073 cases entering the Limited Benefit Plan between November 1995 and January 1996, about 28 percent subsequently enrolled in the Family Investment Program before termination due to either (1) recipients signing a Family Investment Agreement or (2) the state determining that recipients had been enrolled in the Limited Benefit Plan in error.

Providing Sufficient Case Management Services Also Challenged States

Another challenge facing the states was providing sufficient services to afford recipients a reasonable opportunity to comply with requirements and avoid termination. States had to provide certain activities and services to recipients consistent with JOBS requirements. If states failed to meet this obligation, they could not terminate a family's benefits. To meet increased demand for activities and services under their new programs, all three states opened or expanded job centers to help in job search activities, created new partnerships with employers to provide placements, and increased funds for child care. Despite such efforts, however, both welfare advocates and state officials raised concerns that workers were not adequately trained in case management and that large caseloads and complex new program rules prevented workers from paying enough attention to individual cases to ensure that recipients, many with barriers to employability, were assigned appropriate work requirements and provided sufficient support services.

In Iowa, for example, JOBS workers were to develop an individualized Family Investment Agreement with each recipient. In most terminated cases, however, recipients failed to come in and sign the agreement, and workers had minimal contact with these recipients. For recipients who did sign agreements, the prescribed activity in many cases was "individual job search," according to our case file review. Recipients had to make four face-to-face job contacts per day and were recommended for sanction if they did not do so. State reviewers concluded that not enough casework had been done in 50 percent of these cases to determine whether the recipient knew about the proposed action and its consequences and whether the barriers to the recipient's participation had been adequately addressed. As a result, the program required caseworkers to provide more case management services before relegating cases to the Limited Benefit Plan leading to benefit termination. In addition, Iowa had established a special program to provide intensive case management services to families identified with many or severe barriers to employment. However, funding allowed less than 3 percent of the state's caseload to participate in this program, and insufficient contact with recipients hindered caseworkers' ability to identify candidates for referral.

Massachusetts tried to implement a subsidized job program in which the value of a recipient's AFDC and food stamp grants was paid as subsidized wages from a private employer rather than provided directly to the recipient as benefits. The state, however, found it difficult to effectively fill job placements created through such partnerships. Up to 2,000 slots had been authorized, but the state had placed fewer than 200 recipients in positions at the time of our review.

Finding a good match between employers and recipients presented problems, according to state officials. About 40 to 50 percent of recipients had no high school diploma or equivalent, and placing recipients in jobs required them to have job development and training. What a welfare caseworker was expected to do had its limits, according to officials. Welfare advocates criticized the state program, however, for terminating benefits to families for noncompliance with work requirements without providing recipients specific, available placements. As in Iowa, many Employment Development Plans simply called for “60 days of job search” or “20 hours per week of work or community service.” In some cases, the state terminated benefits after recipients had received referrals for community service assignments where no positions were actually available. After the state decided an appeal in a recipient’s favor in August 1996 and the action to terminate voided for failure to offer a specific job placement, the state provided guidance to workers emphasizing the importance of securing a placement before sanctioning recipients for noncompliance. As of December 1996, 121 appeals regarding work requirements and Employment Development Plans had been decided or withdrawn in the recipients’ favor.

In addition, some raised concerns about caseworkers’ ability to identify needs and inform families of available services. Welfare advocates cited examples of families being allowed child care assistance only when other family members were not available to provide free care, contrary to program policy. Records show that 25 appeals regarding denials of child care services were later decided or withdrawn in the recipients’ favor.

Wisconsin’s biggest implementation challenges occurred in Milwaukee, where workers’ caseloads were the largest and, according to state officials, the number of recipients with multiple barriers to employment was disproportionately large.[62] In 1996, Milwaukee County had 58 percent of the state’s AFDC caseload but accounted for 44 percent of the 24,500 job placements. Large caseloads made it difficult for caseworkers to pay personal attention to each case to help recipients meet program requirements and move toward self-sufficiency rather than terminate

[62]One reason Milwaukee’s caseworkers’ caseloads were the largest is because the county had a hiring freeze due to uncertainty over its role in future program administration. As part of its 1997 implementation plan, other public and private agencies would be allowed to submit bids to administer the program. Some of the JOBS programs had already been contracted to private organizations such as Goodwill and the Young Men’s Christian Association.

benefits for noncompliance. In addition to handling as many as 200 to 400 cases, caseworkers had to spend time learning new roles and responsibilities and performing such tasks as tracking hours of participation. Caseworkers had little time left to understand the particular circumstances of each case and identify services recipients might need to comply with program requirements and avoid termination.

In all three states, officials acknowledged the challenges inherent in the culture shift required of their caseworkers—from determining eligibility to emphasizing work,[63] the difficulty of learning and accurately applying complex new program rules, and of handling a large number of cases. Nevertheless, state officials maintained that the guiding principle of their waiver programs—consistent with the new federal reform law—was that it is ultimately the recipient's responsibility to either comply with program requirements, inform their caseworkers of any barrier to employment or service need, provide good cause reason for noncompliance, or have their benefits terminated.

[63]For more discussion of these changes, see Welfare Waivers Implementation: States Work to Change Welfare Culture, Community Involvement, and Service Delivery (GAO/HEHS-96-105, July 2, 1996).

Conclusions and Comments From the States

Conclusions

States' early experiences with benefit termination provisions reveal that such provisions have seldom been used. Nevertheless, state officials we spoke with consider these provisions successful in discouraging those with other adequate means of support from receiving benefits and encouraging those on welfare to comply with requirements so that they might move toward self-sufficiency. Although our analysis yielded little information on implementing time-limit provisions, it provided several insights for states implementing full-family sanction provisions under the new federal welfare reform law.

First, states will probably experience relatively low percentages of cases terminated for noncompliance with program requirements as compared with their total caseloads. Although the states we studied in detail were chosen for their relatively large numbers of terminations, these states still terminated on average about 1 percent or less of their monthly caseloads.

Second, depending on program structure, states will probably have a relatively higher proportion of terminations due to noncompliance with enrollment and other nonwork requirements when initially converting their existing caseloads to their new programs. Once programs are fully implemented, the proportion of such terminations will most likely decrease, while the proportion of terminations due to failure to comply with work requirements and, eventually, that due to reaching a time limit, will most likely increase.

Third, states will probably see a significant percentage of families whose benefits are terminated for failure to comply with requirements return to welfare. In the three states we studied, about one-third did so. In most cases, families returning to welfare demonstrated compliance with program requirements or provided a basis for exemption. Although the federal 5-year lifetime limit on benefit receipt will probably affect decisions to return to welfare, its impact is not yet known.

Fourth, states will probably see significant reductions in the number of families continuing to receive food stamps and Medicaid after AFDC benefits are terminated. Many families do not take the steps necessary to maintain food stamp and Medicaid benefits after losing AFDC, even though they may continue to be eligible. Many families not returning to welfare, however, do have some sources of support according to data from federal and state programs—and most likely, additional families have support they have not reported.

Fifth, states will probably face challenges in establishing reliable tracking and notification systems and ensuring that families get adequate case management and support services to meet program requirements and avoid having benefits terminated.

Our analysis yielded little information on implementing time-limit provisions. Only one state, Florida, had terminated benefits due to reaching a time limit through December 1996. Of the 74 Florida families losing benefits, those who complied with program requirements and were not already employed upon reaching their time limit received job offers from the state (which all declined); those who failed to comply were not offered jobs. Once a family reaches the new federal 5-year lifetime time limit, compliance with program requirements neither secures more time on welfare nor a job guarantee. To protect those experiencing genuine and intractable hardship, the law allows up to 20 percent of a states' caseload to be exempt from the time limit. Under waivers, however, states generally excluded more than 20 percent of their caseloads from coverage. The number of families who will ultimately reach the new federal 5-year lifetime time limit under TANF is unclear. Also unclear is whether states will devise other programs for addressing the needs of these hard-to-serve families.

Comments From the States

We obtained comments on a draft of this report from our three case study states: Iowa, Massachusetts, and Wisconsin. The states generally agreed with the report's findings and provided technical clarifications about their programs and data interpretation. We incorporated their comments in the report as appropriate. We requested but did not receive comments from HHS.

Scope and Methodology

This appendix details our methodology, including information about our AFDC case selection process and databases used in determining (1) the number and characteristics of families with benefits terminated in Iowa, Massachusetts, and Wisconsin; (2) the number of cases later reopened; and (3) the number of cases with other reported income and benefits.

We obtained data on all cases terminated in Iowa through the Limited Benefit Plan from April through June 1996, a total of 408 cases. The data included cases assigned to the Limited Benefit Plan for failure to sign a Family Investment Agreement and for failure to fulfill such agreements. To determine benefits and reported income after termination, we obtained data for the month of August 1996. At the time of our analysis, none of the terminated cases had been reopened. (Under Iowa's waiver, states could not reopen terminated cases for 6 months, and 4 months or less had elapsed when we obtained post-termination data.)

We obtained data on all cases terminated and in closed status in Massachusetts for failure to meet work, school attendance, or teen living arrangement requirements as of the end of June 1996, a total of 1,292 cases. We included in our analysis all cases closed for failure of parents (including teen parents) and caretakers to comply with these requirements, a total of 936 cases.[64] We obtained data for these cases as of the end of September 1996 to determine the number of cases reopened as well as benefits and reported income for the 636 cases remaining closed.

We obtained data on all cases terminated in Wisconsin in May 1996 for failure to enroll in the JOBS program and all cases closed in July and August for failure to meet work requirements under the program for 3 consecutive previous months (March through May or April through June), a total of 759 cases. We obtained October 1996 data to determine the number cases reopened as well as benefits and reported income for the 651 cases remaining closed.

For cases chosen, we analyzed and matched data from electronic databases provided to us by the states, as well as from the following federal databases: HUD's Multifamily Tenant Characteristics System and Tenant Rental Assistance Certification System and the Social Security Administration's SSI database. State databases matched included AFDC, food stamps, Medicaid, child support enforcement, and child protective

[64]We did not include in our analysis the 356 cases closed for failure of dependent children aged 16 to 18 to comply with work or school attendance requirements.

services.[65] To determine what benefits families had received before termination, we obtained data for the month preceding termination. Although we did not independently evaluate the overall validity of the databases received from other federal and state programs, we consulted with state database and program staff to correct discrepancies in the data, and we reviewed case files for a sample of cases from Des Moines, Boston, and Milwaukee.

For benefits and income matches, we obtained data not only for AFDC recipients, but also for household members not in the AFDC assistance unit who might have been receiving housing, SSI, or food stamp benefits or who might have reported income from wages, pensions, or child support. For most matches, we used heads' of household and individual household members' Social Security numbers. For state database matches, we also used state identification or case numbers.

We did our review between April 1996 and April 1997 in accordance with generally accepted government auditing standards.

[65]We determined that data obtained from child protective services on substantiated reports of abuse or neglect and foster care placements for terminated cases were too limited and inconclusive to include in the report.

Overview of States Terminating Benefits Under Waivers as of December 31, 1996

State	Date waiver implemented	Coverage[a]	AFDC caseload in covered jurisdictions as of June 30, 1996
Arizona	11/95	Statewide	61,538
Connecticut	1/96	Statewide	56,017
Delaware	10/95	Statewide	10,253
Florida	2/94	Two counties[i]	9,083[j]
Illinois	1/96	Statewide	221,632
Iowa	10/93	Statewide	28,581
Massachusetts	11/95	Statewide	82,237
Michigan	4/95	Statewide	174,176
Mississippi	10/95	Six counties[k]	11,697
Missouri	6/95	Statewide	80,426
Nebraska	10/95	Five counties[l]	2,423
North Carolina	7/96	Statewide	110,451
Ohio	7/96	Statewide	203,442
Oregon	7/96	Statewide	31,851
South Dakota	5/94	Statewide	5,891
Utah	11/95 7/96	Pilot sites[p] statewide	14,320
Vermont	7/94	Statewide	8,965
Virginia	7/95	Statewide	63,399
Wisconsin	3/96	Statewide	52,765
Total			

Cities covered with populations over 150,000[b]	Population in 1994[b]	Basis for termination	Month first terminated cases	Number of cases terminated[c]: As of June 30, 1996, statewide[d]	As of June 30, 1996, in urban areas[d]	As of Dec. 31, 1996, statewide
Glendale Mesa Phoenix Scottsdale Tucson	168,000 314,000 1,049,000 152,000 435,000	Sanction	11/95	66[e]	[f]	50[e]
None	[g]	Sanction	6/96	11[h]	[g]	477[h]
None	[g]	Sanction	10/96	0	[g]	68
None[i]	[g]	Time limit	4/96	19	[g]	74
Chicago	2,732,000	Sanction	7/96	0	[g]	8
Des Moines	194,000	Sanction	10/94	4,174	[f]	5,288
Boston Worcester	548,000 165,000	Sanction	11/95	1,292	258 50	1,969
Detroit Grand Rapids	992,000 190,000	Sanction	4/96	307	56 58	765
Jackson	193,000	Sanction	11/95	279	118	699
Kansas City St. Louis	444,000 368,000	Sanction	6/95	73	[f]	279
Lincoln	203,000	Sanction	3/96	8	5	59
Charlotte Greensboro Raleigh Winston-Salem	438,000 196,000 237,000 155,000	Sanction	7/96	0	[g]	[m]
Akron Cincinnati Cleveland Columbus Dayton Toledo	222,000 358,000 493,000 636,000 179,000 323,000	Sanction	10/96[n]	0	[g]	[m]
Portland	451,000	Sanction	9/96[n]	0	[g]	60[o]
None	[g]	Sanction	5/94	289	[g]	413
Part of Salt Lake City[p]	172,000	Sanction	12/95	62	26	180
None	[g]	Sanction	1/96	3	[g]	3
Arlington Chesapeake Newport News Norfolk Richmond Virginia Beach	175,000 181,000 179,000 241,000 201,000 430,000	Sanction	7/95	985	20 13 27 43 19 11	1955
Madison Milwaukee	195,000 617,000	Sanction	4/96	2,208	84 1,020	5,700
				9,776		**18,047**

[a]States implementing programs statewide generally phased in implementation over periods lasting up to a year.

[b]Based on 1994 data from the U.S. Bureau of the Census, as published in table no. 46 in Statistical Abstract of the United States - 1996.

[c]Includes cases terminated in states implementing benefit termination waiver provisions before passage of the new federal welfare reform law in August 1996. In some states, such as Massachusetts and Wisconsin, data represent cases in terminated status as of the date shown. In other states, such as Iowa and Connecticut, data represent cumulative totals that may include cases that have subsequently been reopened and may double count some cases.

[d]Data requested as of June 30, 1996, but data provided were from June 15, 1996, to July 2, 1996.

[e]According to the official surveyed, the most significant reason for the drop in terminations over time is that many teen parents become old enough to no longer have to meet living arrangement requirements.

[f]Breakdown for urban area(s) not available.

[g]Not applicable.

[h]Data do not include those cases terminated for failure to comply with teen living arrangement requirements (not tracked).

[i]The two Florida counties covered were Alachua and Escambia. As of June 1996, seven additional counties were participating, but no families in these counties could reach their time limits as of Dec. 31, 1996.

[j]Cohort entering program through June 1994 that could possibly reach a time limit as of June 1996 comprised 353 cases. Cohort entering program through Dec. 1994 that could possibly reach a time limit as of Dec. 1996 comprised 1,442 cases.

[k]The six Mississippi counties covered included Adams, Harrison, Jones, Lee, Hinds, and Washington.

[l]The five Nebraska counties included Adams, Clay, Lancaster, Nuckolls, and Webster.

[m]Entire families’ benefits had been terminated, but data system did not track and no estimate could be provided, according to officials surveyed.

[n]The first month a family’s benefits could be terminated after waiver was implemented.

[o]Terminations as of Nov. 15, 1996. Data as of Dec. 31, 1996, were not available.

[p]The pilot sites in Utah included Kearns office (covering part of Salt Lake City), St. George, Roosevelt, Kanab (Kane County), Cedar City, Beaver, Panguitch, American Fork, and Brigham City.

Full-Family Sanction Provisions in State Welfare Waivers Approved Between January 1987 and August 1996

Waiver program (approval date)	Basis for full-family sanction (for cases without good cause for noncompliance)	Sanction provisions
ARIZONA		
Employing and Moving People Off Welfare and Encouraging Responsibility (5/95)	Teen living arrangement: Failure of minor parents to live in an adult-supervised setting.	Termination of family's eligibility for AFDC.
CONNECTICUT		
A Fair Chance (9/94)	Work: After 24 cumulative months of AFDC receipt, failure to comply with activities required by employability plans.	Assistance unit is ineligible for an AFDC payment. Case can be reinstated through compliance.
	Work: Voluntarily quitting a job after 24 months of AFDC receipt under Pathways.	Assistance unit is ineligible for AFDC cash assistance for 3 months.
Reach for Jobs First (12/95)	1. Work: Not cooperating with JOBS requirements; quitting a job. 2. Child support: Not cooperating with child support enforcement requirements. 3. Other: Not cooperating with quality control programs.	First sanction: AFDC benefit reduced 20 percent for 3 months. Second sanction: AFDC benefit reduced 35 percent for 6 months. Third and subsequent sanctions: No AFDC benefit paid for 3 months.
	Teen living arrangement: Failure of minor parents to live in a supervised setting.	Termination of family's eligibility for AFDC.
	Enrollment: Failure to complete redetermination of eligibility.	AFDC benefit terminated for failure to complete 6-month redetermination. AFDC, food stamp, and Medicaid benefits terminated for failure to complete other redeterminations. Families may reapply for benefits at any time.
DELAWARE		
A Better Chance (5/95)	1. Enrollment: Not cooperating in developing of Contract of Mutual Responsibility. 2. Work: Not cooperating with employment-related provisions of contract.	First sanction: One-third reduction in AFDC benefit until compliance. Second sanction: Two-thirds reduction in AFDC benefit until compliance. Third sanction: Termination of AFDC benefit for duration of demonstration.
	Other: Failure to comply with nonemployment-related requirements of Contract of Mutual Responsibility, such as immunizing children and attending parenting classes.	AFDC benefit initially reduced by $50. Reduction increases by $50 every month until compliance with requirements if the state finds that adult has not taken reasonable steps to fulfill the requirement.
	Child support: Failure to comply with child support enforcement requirements.	AFDC benefit terminated until compliance.
	Teen living arrangement: Failure of minor parents to live in adult-supervised setting.	Termination of family's eligibility for AFDC.
Amendments to A Better Chance (12/95)	1. Enrollment: Not cooperating in developing Contract of Mutual Responsibility. 2. Other: Failure to comply with nonemployment-related requirements of contract, such as immunizing children and attending parenting classes.	AFDC benefit initially reduced by $50. Reduction increases by $50 every month until compliance with requirements.

(continued)

Waiver program (approval date)	Basis for full-family sanction (for cases without good cause for noncompliance)	Sanction provisions
	1. Work: Not cooperating with employment-related provisions of Contract of Mutual Responsibility. 2. Other: Failure of dependent children under age 16 to comply with school attendance requirements.	First sanction: One-third reduction in AFDC benefit for 3 months or until compliance, whichever is sooner. Second sanction: Two-thirds reduction in AFDC benefit for 3 months or until compliance, whichever is sooner. Third sanction: Termination of AFDC benefit for duration of demonstration. Sanctions for failure to meet school attendance requirements will not be imposed if parent or caretaker is working with school officials or other agencies to remedy situation.
	Child support: Failure to comply with child support enforcement requirements.	AFDC benefit terminated until compliance.
	Teen living arrangement: Failure of minor parents to live in adult-supervised setting.	Termination of family's eligibility for AFDC.
DISTRICT OF COLUMBIA		
Project on Work, Employment, and Responsibility (8/96)[a]	Teen living arrangement: Failure of unmarried minor parents or pregnant minors to live in adult-supervised setting.	Termination of family's eligibility for AFDC.
IDAHO		
Temporary Assistance for Families in Idaho (8/96)	Work: Being fired from a job, quitting a job, or turning down a job offer that would provide income equal to or greater than the AFDC benefit.	Family is ineligible for AFDC benefits for 90 days or until compliance. Eligibility for the family may be reestablished during the sanction period if the adult secures new employment comparable in gross wages to the job he or she quit, becomes exempt from the work requirements, or the adult who caused the sanction leaves the family.
	Work: Failure to participate in work or JOBS activities.	First sanction: Entire family's needs removed in determining the amount of AFDC benefits for 1 month or until compliance, whichever is longer. Second sanction: Entire family's needs removed in determining the amount of AFDC benefits for 3 months or until compliance, whichever is longer. Third sanction: Entire family's needs removed in determining the amount of AFDC benefits until the end of the demonstration.
	Teen living arrangement: Failure of minor, unmarried parents or minors who are pregnant to live in adult-supervised setting.	Termination of family's eligibility for AFDC.
ILLINOIS		
Work and Responsibility (9/95)	Work: Not cooperating with Targeted Work Initiative requirements, such as participation in job search and subsidized work positions; not cooperating with Get a Job Initiative requirements, such as participation in job search, community work experience, and short-term training.	Sanctions for first three instances of noncooperation are in accord with JOBS policy for noncooperation. Sanction for fourth and subsequent instances of noncooperation is loss of entire AFDC benefit for 6 months or until individual complies, whichever is longer.
	Work: Failure to accept a full-time or part-time job offer.	Termination of family's AFDC benefit for 3 months or until individual complies, whichever is sooner.

(continued)

Waiver program (approval date)	Basis for full-family sanction (for cases without good cause for noncompliance)	Sanction provisions
	Enrollment: Failure to cooperate in developing and signing a self-sufficiency plan within 30 days of application or redetermination.	Termination or denial of AFDC cash benefits for the entire family until compliance.
INDIANA		
Amendments to Indiana Manpower Placement and Comprehensive Training Program (8/96)	Work: Failure to register for work with local employment and training office.	Termination of family's AFDC benefits until compliance.
	Teen living arrangement: Failure of minor parents and their children to live in an adult-supervised setting.	Termination of family's eligibility for AFDC.
IOWA		
Family Investment Program (8/93)	1. Enrollment: Failure to enter into a Family Investment Agreement.	Family is placed in the Limited Benefit Plan: For 3 months, the family is eligible for full benefits, followed by a 3-month benefit period reflecting the needs of the children only. At the end of this period, the AFDC grant is terminated and the family is not eligible to apply for assistance for 6 months. During the Limited Benefit Plan, the state will review the well-being of the children. Before termination, participants are allowed to develop a Family Investment Agreement and leave the Limited Benefit Plan.
	1. Work: Failure to comply with terms of the Family Investment Agreement. 2. Teen school attendance: Failure to comply with terms of the Family Investment Agreement.	Family is placed in the Limited Benefit Plan: For 3 months, the family is eligible for full benefits, followed by a 3-month benefit period reflecting the needs of the children only. At the end of this period, the AFDC grant is terminated and the family is not eligible to apply for assistance for 6 months. During the Limited Benefit Plan, the state will review the well-being of the children. Participants have no reconsideration rights, that is, they are not allowed to redevelop a Family Investment Agreement and leave the Limited Benefit Plan.
Amendments to Family Investment Program (2/95)	Enrollment: Failure to enter into a Family Investment Agreement.	Family is placed in the Limited Benefit Plan: For 3 months, adults' needs are removed in calculating AFDC benefit, followed by 6 months of AFDC ineligibility for the family. During the Limited Benefit Plan, the state will review the well-being of the children. At any time in the first 3 months of the Limited Benefit Plan, participants are allowed to develop a Family Investment Agreement and leave the Limited Benefit Plan. If a participant enters the Limited Benefit Plan for a second or subsequent time, the family will be immediately ineligible for AFDC for 6 months with no 3-month period of reduced benefits.

(continued)

Waiver program (approval date)	Basis for full-family sanction (for cases without good cause for noncompliance)	Sanction provisions
	1. Work: Failure to comply with the terms of the Family Investment Agreement. 2. Teen school attendance: Failure to comply with terms of the Family Investment Agreement.	Family is placed in the Limited Benefit Plan: For 3 months, adults' needs are removed in calculating AFDC benefit, followed by 6 months of AFDC ineligibility for the family. During the Limited Benefit Plan, the state will review the well-being of the children. Participants have no reconsideration rights, that is, they are not allowed to redevelop a Family Investment Agreement and leave the Limited Benefit Plan. If a participant enters the Limited Benefit Plan for a second or subsequent time, the family will be immediately ineligible for AFDC for 6 months with no 3-month period of reduced benefits.
	Teen living arrangement: Failure of minor parents to live in adult-supervised setting.	Termination of family's eligibility for AFDC.
KANSAS		
Kansas Actively Creating Tomorrow for Families (8/96)	Work: Failure to attend a job interview if referred, failure to accept a bona fide offer of suitable employment, or termination of employment.	If the noncomplying individual is a parent or spouse, the family will not receive AFDC cash benefits for 3 months for each occurrence or until compliance.
	Work: Failure to comply with JOBS requirements, including participation in substance abuse screening and treatment when deemed necessary.	The needs of a noncomplying parent or spouse are not taken into account in determining the amount of AFDC cash benefits for up to 2 months. If individual is not cooperating after 2 months, family's AFDC cash benefits are eliminated for 2 months with no cure. If individual is not cooperating after this additional 2-month period, family's AFDC cash benefits continue to be eliminated until individual cooperates.
	Child support: Failure to cooperate with child support enforcement requirements.	The needs of the caretaker are not taken into account in determining the amount of AFDC cash benefits for 2 months. If the individual is still not cooperating after 2 months, the family's AFDC cash benefits are eliminated until compliance.
LOUISIANA		
Individual Responsibility Project (2/96)	Work: Failure to accept a full-time job offer.	The family's eligibility for AFDC benefits is terminated for a mandatory 3-month period, after which the sanction ends.
MAINE		
Welfare to Work (6/96)	Teen living arrangement: Failure of unmarried minor parents or married minor parents not living with their spouses to live in an adult-supervised setting.	Termination of family's eligibility for AFDC.
MARYLAND		
Family Investment Program (8/95)	1. Work: Failure to participate in job search. 2. Teen living arrangement: Failure of unmarried minor parents to live in adult-supervised setting.	Termination of family's eligibility for AFDC.

(continued)

Waiver program (approval date)	Basis for full-family sanction (for cases without good cause for noncompliance)	Sanction provisions
	Work: Failure to comply with requirements of JOBS program.	Removal of the noncooperating individual from the grant. This sanction remains as long as the cumulative months of sanction for noncooperation do not exceed 6 months. The sanction for noncooperation after the sanctions have been imposed for 6 cumulative months is case closure. Once the case has been closed, the family may reapply for AFDC and will be reinstated after cooperation with JOBS requirements for 30 days. Families whose cases have been closed may receive up to 3 months of transitional noncash assistance.
Amendments to Family Investment Program (8/96)	Work: Failure to participate in job search.	Case is closed.
	Work: Failure to comply with requirements of the JOBS program.	Case is closed. The family may reapply for AFDC and be reinstated immediately upon compliance with JOBS requirements in the first instance of noncompliance, after 10 days of compliance in the second instance, and after 30 days of compliance in the third and subsequent instances. Families whose cases have been closed may receive up to 3 months of transitional noncash assistance.
	Child support: Failure to cooperate with child support enforcement requirements.	Case is closed. Once the case has been closed, the family may reapply for AFDC and will be reinstated immediately upon compliance.
	Other: Commission of fraud by a member of the assistance unit.	The entire family is ineligible for cash assistance. The sanction period for the first conviction is 6 months or until full restitution is made, whichever is less; for the second conviction, 12 months or until full restitution is made, whichever is less; and for the third conviction, the sanction is permanent.
MASSACHUSETTS		
Welfare Reform ’95 (10/95)	Work: Failure to comply with requirements of Employment Development Program, including participation in specified JOBS components.	Initial instance of noncompliance results in a warning. If noncompliance continues, participant is required to participate in community service. Sanction for failure to participate in community service is reduction of AFDC benefit by portion of benefit attributable to participant. Sanction for subsequent instances of noncompliance is termination of AFDC benefit until participant complies.
	Work: Failure of participants in the Full Employment Program to maintain a job after at least three attempts.	Participants may be required to participate in community service. Sanction for failure to participate in community service is reduction of AFDC benefit by portion of benefit attributable to participant. Sanction for subsequent instances of noncompliance is termination of AFDC benefit until participant complies.

(continued)

Waiver program (approval date)	Basis for full-family sanction (for cases without good cause for noncompliance)	Sanction provisions
	Work: Failure to participate in community service when required in the work program.	First sanction: Reduction of AFDC benefit by portion of benefit attributable to participant. Second and subsequent sanctions: Termination of AFDC benefit until participant complies.
	Teen school attendance: Failure of teen parents to attend at least 75 percent of assigned educational activities in any month.	First sanction: AFDC benefit reduced by teen parent's portion of benefit. If noncompliance continues for more than 30 days, and for any subsequent instances of noncompliance, family becomes ineligible for AFDC. Sanctions will be removed if participant demonstrates compliance for at least 2 consecutive weeks.
	Teen living arrangement: Failure of teen parents to live in adult-supervised setting.	Termination of family's eligibility for AFDC.
MICHIGAN		
Amendments to Strengthen Michigan Families (10/94)	Work: Failure to participate in job search; failure to meet JOBS program requirements.	First sanction: AFDC benefit reduced by 25 percent, and if no child in case is younger than age 6, food stamp benefit is also reduced by 25 percent for 12 months or until individual complies, whichever is sooner. Subsequent sanction: If participant does not comply during the 12-month period, the AFDC case is closed until the individual complies and the food stamp sanction discontinued.
Amendments to Strengthen Michigan Families (6/96)	Teen living arrangement: Failure of minor parents and their children to live in adult-supervised setting.	Termination of family's eligibility for AFDC.
	Teen school attendance: Failure of minor parents who have not completed high school to attend school.	Case is closed for at least 1 month.
	Work: Failure to participate in job search; failure to meet JOBS program requirements.	First sanction: AFDC benefit reduced by 25 percent, and if no child in case is younger than age 6, food stamp benefit is also reduced by 25 percent for 12 months or until individual complies, whichever is sooner. Subsequent sanction: If participant does not comply during the 12-month period, the AFDC case is closed until the individual complies and the food stamp sanction discontinued.
MINNESOTA		
Work First (8/96)	Work: Failure to comply with community work experience program requirements.	The entire family's needs are removed in determining the amount of AFDC benefits for at least 6 months.
MISSISSIPPI		
Mississippi New Direction Demonstration Project (12/94)	Work: Refusal of a Work First job placement, termination of a placement within a 2-week trial period or a pattern of accepting placement but requesting early termination.	AFDC grant terminated until participant complies.
MISSOURI		
Missouri Families Mutual Responsibility Plan (4/95)	Teen living arrangement: Failure of minor parents to reside in an adult-supervised setting.	Termination of family's eligibility for AFDC.

(continued)

Waiver program (approval date)	Basis for full-family sanction (for cases without good cause for noncompliance)	Sanction provisions
NEBRASKA		
Welfare Reform Demonstration Project (2/95)	Work: Continued failure to comply with terms of the self-sufficiency contract.	First sanction: AFDC cash benefit terminated for 1 month or until participant complies, whichever is longer. Second sanction: AFDC cash benefit terminated for 3 months or until participant complies, whichever is longer. Third sanction: AFDC cash benefit terminated for remainder of demonstration or until 48-month time-limit benefit period expires, whichever is sooner.
NEW HAMPSHIRE		
Employment Program (6/96)[b]	Work: Failure to comply with JOBS requirements or work requirements or, within 60 days of application, being fired from a job, quitting a job, voluntarily reducing hours, or turning down a bona fide offer of an unsubsidized job.	For the first occurrence of noncompliance, or for occurrences more than 6 months after the end of the most recent sanction period, the needs of the noncomplying participant are not taken into account in calculating the AFDC benefit amount for one payment period or until the failure to comply ceases, whichever is longer. After 3 months of continued noncompliance, the adjusted payment standard (the payment standard with the needs of the noncomplying participant removed) is reduced by one-third for one payment period or until the failure to comply ceases, whichever is longer. After an additional 3 months of continued noncompliance, the adjusted payment standard is reduced by two-thirds for one payment period or until the failure to comply ceases, whichever is longer. After an additional 3 months of continued noncompliance, the AFDC case is closed.
	Enrollment: Failure to attend the employability assessment meeting.	Termination of AFDC benefits.
NORTH CAROLINA		
Work First Program (2/96)	Enrollment: Failure to sign the personal responsibility contract.	Case is closed.

(continued)

Waiver program (approval date)	Basis for full-family sanction (for cases without good cause for noncompliance)	Sanction provisions
NORTH DAKOTA		
Training, Education, Employment, and Management Project (9/95)	Enrollment: Failure to sign or cooperate in developing the social contract within 2 months of eligibility.	Termination of the family's Training, Education, Employment, and Management (TEEM) benefit—a cash payment constituting the family's AFDC, food stamps, and Low-Income Home Energy Assistance Program (LIHEAP) benefit. Households may apply for food stamps and LIHEAP benefits under the regular programs. If a family whose TEEM benefit is terminated reapplies for assistance under TEEM within 10 months of the month of closure, the family would not be eligible for TEEM benefits until the social contract is signed. If a family whose case had been closed for failure to complete the social contract within the 2-month period reapplies for assistance under TEEM more than 10 months after the month of closure, the household, if found eligible under TEEM, will be allowed another 2-month period to develop and sign the social contract.
	1. Work: Failure to comply with self-sufficiency requirements of the social contract. 2. Child support: Failure to comply with child support enforcement requirements.	The AFDC portion of the TEEM benefit has the following sanctions: First sanction: The needs of the noncomplying individual are removed for a minimum of 1 month; if the individual fails to comply for 6 consecutive months, the entire AFDC portion of the TEEM benefit is terminated. Second sanction: The needs of the noncomplying individual are removed for at least 2 months; if the individual fails to comply for 3 consecutive months, the entire AFDC portion of the TEEM benefit is terminated. Third and subsequent sanctions: The needs of the noncomplying individual are removed for at least 3 months; if the individual fails to comply for 3 consecutive months, the entire AFDC portion of the TEEM benefit is terminated. AFDC eligibility can be reestablished when the individual complies with the original program requirement or an alternative approved activity.
OHIO		
Ohio First (3/96)	Work: Failure to comply with JOBS requirements.	First sanction: The needs of the noncomplying individual are removed in calculating the AFDC benefit for the assistance unit for 1 month or until compliance, whichever is longer. Second sanction: No AFDC cash benefit is issued for the assistance unit for 1 month or until compliance, whichever is longer. Third sanction: No AFDC cash benefit is issued for the assistance unit for 2 months or until compliance, whichever is longer. Fourth and subsequent sanctions: No AFDC cash benefit is issued for the assistance unit for 6 months or until compliance, whichever is longer.

(continued)

Waiver program (approval date)	Basis for full-family sanction (for cases without good cause for noncompliance)	Sanction provisions
	Work: Voluntary termination of employment.	AFDC ineligibility for the assistance unit for 6 months.
	Child support: Failure to cooperate with child support enforcement requirements.	Caretaker relative's needs are removed in calculating the AFDC benefit for the assistance unit. If the caretaker does not request to be added back to the assistance unit and does not cooperate with the requirements within 2 years of the date of being penalized for noncooperation, the AFDC cash benefit for the remaining assistance unit members is terminated. The caretaker relative may reapply for AFDC at any time. However, the assistance unit members will not be eligible to receive AFDC cash benefits until the caretaker relative cooperates with child support enforcement requirements.
	Other: Refusal of pregnant recipients to cooperate with substance abuse assessment or treatment.	First sanction: Recipient is ineligible for AFDC cash benefits for 1 month or until compliance, whichever is longer. Second sanction: The entire assistance unit is ineligible for AFDC cash benefits for 1 month or until compliance, whichever is longer. Third sanction: The entire assistance unit is ineligible for AFDC cash benefits for 2 months or until compliance, whichever is longer. Fourth and subsequent sanctions: The entire assistance unit is ineligible for AFDC cash benefits for the longest of the following: 36 months, for the remainder of the recipient's 60-month time period, or until compliance.
OREGON		
Oregon Option (3/96)	1. Work: Failure to meet JOBS participation requirements. 2. Other: Failure to comply with mental health and substance abuse diagnosis, counseling, and treatment requirements.	For individuals who have not been previously sanctioned or have been sanctioned in only 1 previous month, the first 2 months of noncompliance result in a $50 decrease in the grant. Individuals who have been sanctioned in 2 or 3 previous months will be removed from the grant, except that cases including a work-eligible alien parent continue to be subject to a $50 decrease in the grant for this sanction period. For individuals who have been sanctioned in 4 or more previous months, the sanction is the closure of the AFDC grant. All sanctions are removed, at any point in the sanction process, when an individual complies.
	Teen living arrangement: Failure of minor parents to live with their parents or in another safe living environment.	Termination of family's eligibility for AFDC.

(continued)

Waiver program (approval date)	Basis for full-family sanction (for cases without good cause for noncompliance)	Sanction provisions
SOUTH CAROLINA		
South Carolina Self-Sufficiency and Parental Responsibility Program[c] (1/95)	1. Enrollment: Failure to sign an Individual Self-Sufficiency Plan. 2. Work: Failure to comply with the work requirements of the plan.	First instance of noncompliance: The caretaker's needs are removed from the calculation of the AFDC benefit for a maximum of 30 days, curable at any time by compliance. If at the end of 30 days the caretaker has not complied, he or she is notified that at the end of the next 30 days, the whole family will be removed from AFDC. During the second 30 days, the sanction can be removed at any time by compliance. Second instance of noncompliance: The family's AFDC grant is terminated for at least 30 days. After 30 days, the sanction can be removed at any time by compliance. Third instance of noncompliance: The family's AFDC grant is terminated for at least 90 days, after which the caretaker would be given the opportunity to comply. At the end of 90 days, the sanction continues until the caretaker complies. Fourth and subsequent instances of noncompliance: The family's AFDC grant is terminated for at least 180 days, after which the caretaker would be given the opportunity to comply. At the end of 180 days, the sanction continues until the caretaker complies.
Family Independence Act (5/96)	1. Enrollment: Failure to comply with developing an Individual Self-Sufficiency Plan. 2. Work: Failure to comply with the terms of the plan; refusing an offer of employment.	First instance of noncompliance: The caretaker's needs are removed from calculation of the AFDC benefit for 30 days, curable at any time by compliance. If at the end of 30 days the caretaker has not complied, he or she is notified that at the end of the next 30 days, the family's AFDC grant will be terminated, curable when the adult demonstrates compliance for 30 days. Second and successive instances of noncompliance: The family's AFDC grant is terminated, curable when the adult demonstrates compliance for 30 days.
SOUTH DAKOTA		
Strengthening South Dakota Families Initiative (3/94)	Work: Voluntarily quitting a job of 20 hours or more per week.	The family's AFDC benefit is terminated for 3 months or until the participant complies with the requirement to find a job comparable to the one quit, whichever is sooner.

(continued)

Waiver program (approval date)	Basis for full-family sanction (for cases without good cause for noncompliance)	Sanction provisions
TENNESSEE		
Families First (7/96)	Work: Refusal or failure to participate in employment, training, or other work preparation activities.	First sanction: The assistance unit is ineligible for an AFDC payment until compliance. Second and subsequent sanctions: The assistance unit is ineligible for AFDC for 3 months or until compliance, whichever is longer. The state will take action to monitor and protect the safety and well-being of the children in families whose benefits are terminated. If the state certifies that AFDC assistance is needed to prevent a child's loss of housing, heat, light, or water or to prevent removal of the child from the custody of a parent, a cash or vendor payment will be issued to meet the child's needs.
	Work: Voluntarily quitting a job.	The assistance unit is ineligible for AFDC for 3 months. AFDC eligibility may be reestablished during the disqualification period if the caretaker secures new comparable employment, becomes exempt from work requirements, or leaves the assistance unit. The state will take action to monitor and protect the safety and well-being of the children in families whose benefits are terminated. If the state certifies that AFDC assistance is needed to prevent a child's loss of housing, heat, light, or water or to prevent removal of the child from the custody of a parent, a cash or vendor payment will be issued to meet the child's needs.
	1. Child support: Failure to comply with child support enforcement requirements. 2. Enrollment: Failure to sign a Personal Responsibility Plan.	Ineligibility for the entire assistance unit until compliance.
UTAH		
Amendment to Single Parent Employment Demonstration Project (8/95)	1. Work: Failure to participate in JOBS or other Single Parent Employment Demonstration activities. 2. Child support: Failure to cooperate with child support enforcement requirements.	AFDC benefit is reduced by $100 per month until individual complies. However, if individual is a child aged 16 to 18 who is not in school or working full time, the needs of the child will instead be removed from the grant calculation until the individual complies. In instances where the $100 sanction has been applied for 2 months and nonparticipation continues, the case may be closed. The case will be reopened immediately upon compliance.
VERMONT		
Welfare Restructuring Project (8/94)	1. Work: Failure to participate in community service jobs program; quitting, failing to accept, or being fired from an unsubsidized job; or failure to participate in required job search. 2. Teen school attendance: Failure of pregnant or parenting minors to attend school or participate in an alternative education or training activity.	AFDC benefits are issued in the form of vendor payments for the assistance unit's expenses for housing, food, fuel, and other utilities, and any undisbursed balance is issued to the assistance unit. Failure to comply with any of the requirements under the penalty, such as monthly reporting on the individual's circumstances, results in termination of all AFDC benefits until the individual complies with work requirements for 2 weeks.

(continued)

Waiver program (approval date)	Basis for full-family sanction (for cases without good cause for noncompliance)	Sanction provisions
	Teen living arrangement: Failure of pregnant or parenting minors who are not living in a supervised setting to attend meetings with caseworkers on 3 separate days each month, at least 1 of which must take place at teen's place of residence.	Termination of family's eligibility for AFDC.
VIRGINIA		
Virginia Independence Program (11/93)	Enrollment: Refusing to sign an agreement of personal responsibility.	AFDC cash benefit terminated for entire case until case head of household complies.
	Teen living arrangement: Failure of minor parents to live in adult-supervised setting.	Termination of family's eligibility for AFDC.
	Work: Failure to participate in required work program activities.	First sanction: AFDC cash benefit terminated for 1 month, or until compliance, whichever is longer. Second sanction: AFDC cash benefit terminated for 3 months, or until compliance, whichever is longer. Third and subsequent sanctions: AFDC cash benefit terminated for 6 months, or until compliance, whichever is longer.
	Child support: Failure to cooperate with efforts to establish paternity.	AFDC cash benefit terminated for at least 1 month and until caretaker relative cooperates with paternity establishment.
WEST VIRGINIA		
Joint Opportunities for Independence (8/95)	Work: Failure of a nonexempt adult in AFDC-Unemployed Parent case to participate in the alternate work experience program.	First sanction: Adult's needs are removed in determining the amount of the AFDC cash benefit for 3 months or until the failure to comply ceases, whichever is longer. Second sanction: The AFDC cash benefit is terminated for 6 months or until the failure to comply ceases, whichever is longer. The AFDC cash benefit is reinstated upon successful participation in the alternate work experience program for 10 consecutive days.
WISCONSIN		
Pay for Performance (8/95)	Enrollment: Failure of active cases to enroll in the JOBS program as assigned.	Termination of a family's eligibility for AFDC.
	Work: Failure to complete assigned hours of JOBS activities.	The AFDC grant is reduced by the hourly federal minimum wage for each hour of assigned activity a recipient fails to complete without good cause. The food stamp allotment is reduced by the minimum wage for each uncompleted hour of assigned JOBS activity that has not been taken into account in reducing the AFDC grant. If a recipient fails to complete at least 25 percent of hours assigned to JOBS activities, he or she receives no AFDC payment and the food stamp payment is $10. Parents responsible for the care of a child under 6 years of age do not have their food stamp allotment reduced due to failure to complete their assigned hours of JOBS activity.

(Table notes on next page)

[a]In September 1996, HHS withdrew approval for the work requirement and time limit components of the District of Columbia's Project on Work, Employment, and Responsibility but let stand the teen parent component.

[b]The waiver terms and conditions stipulate that New Hampshire may choose not to implement this provision or choose to discontinue it once implemented.

[c]South Carolina chose not to implement program.

Source: GAO analysis of the terms and conditions of approved state waivers supplemented by information obtained from the states and HHS.

Time-Limit Provisions in State Welfare Waivers Approved Between January 1987 and August 1996

Waiver program (approval date)	Type of time limit (amount of time before limit is reached)	Time-limit provisions	Provisions for extending time limit
ARIZONA			
Employing and Moving People Off Welfare and Encouraging Responsibility (5/95)	Benefit reduction (24 months)	Nonexempt adults are limited to 24 months of AFDC receipt during a consecutive 60-month period. After time limit is reached, family's benefits are reduced by adult's portion of grant.	Extensions for 6-month periods can be granted to those who demonstrate good cause for not being able to find and accept work with a specified level of earnings. Up to two 4-month extensions may be granted to allow for completion of an education or training program.
CALIFORNIA			
California Work Pays Demonstration Project Amendment (9/95)	Work trigger with sanctions (22 months)	Mandatory JOBS participants are required to participate 100 hours per month in the Community Work Experience Program (CWEP)(or if less, the number of hours equal to the AFDC grant divided by the federal minimum wage) if they have received AFDC for 22 of the last 24 months, are unemployed or employed fewer than 15 hours per week, have received the services to meet their employment goals, and have completed CWEP or are participating in CWEP for less than 100 hours per month.	None
CONNECTICUT			
A Fair Chance (9/94)	Work trigger with full-family sanction (24 months)	After receiving benefits for the first 24 cumulative months under Pathways, assistance units may continue to receive benefits only if nonexempt participants comply with the activities required by their employability plans. Noncompliance results in the assistance unit being ineligible for AFDC.	None
Reach for Jobs First (12/95)	Benefit termination (21 months)	AFDC receipt for all assistance units with a mandatory JOBS participant is limited to 21 months, except for units where minor parents are heads of household. After time limit is reached, assistance units' benefits are terminated.	Extensions for 6-month periods can be granted to those who have been unable to obtain or retain employment despite a good faith effort to substantially comply with all JOBS requirements.

(continued)

Waiver program (approval date)	Type of time limit (amount of time before limit is reached)	Time-limit provisions	Provisions for extending time limit
DELAWARE			
A Better Chance (5/95)	Work trigger with sanctions up to full-family sanction (24 months) Benefit termination (48 months)	After receiving benefits for 24 months, nonexempt households headed by employable adults age 19 and older may continue to receive AFDC only if adults participate in a work experience program and job search or are working and the household's income is below 75 percent of the federal poverty level. Sanctions for noncompliance without good cause are increasing reductions in grant, followed by termination of families' benefits. After receiving AFDC for 4 years, household benefits are terminated if the adult is determined to be employable.	Extensions to the 4-year time limit may be granted if the state has failed to provide services specified in recipients' contracts; no suitable unsubsidized employment is available in the local economy, despite recipients' good faith efforts to obtain employment; or other unique circumstances prevent recipients from obtaining employment.
FLORIDA			
Family Transition Program (1/94)	Benefit termination (24 or 36 months)	AFDC receipt is limited to 36 months in any 72-month period for nonexempt families that have a caretaker relative or adult under age 24 who does not have a high school diploma or equivalent, is not in high school and has little work history in the past year, or has received AFDC for 36 of 60 months before entering the program. AFDC benefit receipt for other nonexempt families is limited to 24 months in any 60-month period. If the state determines that benefit termination would most likely result in children being placed in emergency shelter or foster care, only the parent's or caretaker's needs will be removed from grant. Transitional employment program provides private-sector employment possibilities for recipients who have diligently completed their employment plans but have been unable to obtain employment.	Extensions for up to two 4-month periods can be granted if the state has substantially failed to provide services, the recipient would benefit from additional education or training regarding immediate employment prospects, or the recipient has encountered extraordinary difficulties in obtaining employment or completing his or her plan.
GEORGIA			
Work for Welfare (10/95)	Work trigger with sanctions (24 months)	After receiving AFDC for 24 of the last 36 months, nonexempt adult recipients and noncustodial parents under court order are required to participate in up to 20 hours of work per month at an assigned agency. Sanction for failure to participate without good cause is withholding of individual's portion of grant for increasing lengths of time.	None

(continued)

Waiver program (approval date)	Type of time limit (amount of time before limit is reached)	Time-limit provisions	Provisions for extending time limit
HAWAII			
Pursuit of New Opportunities (8/96)	Benefit termination (60 months)	AFDC receipt limited to 60 months for all nonexempt families.	Extensions for 3-month periods may be granted if recipients who have not found employment have made a good faith effort to find a job and satisfactorily fulfilled approved employment training activity requirements.
ILLINOIS			
Work and Responsibility (9/95)	Work trigger with sanctions (12 months) Benefit termination (24 months)	After 12 months in the Targeted Work Initiative program, participants who are unemployed and have completed approved JOBS activities are required to participate in subsidized work positions. Sanction for failure to participate without good cause is nonpayment of wages by employer. Nonexempt cases that receive a total of 24 months of AFDC are ineligible to reapply for assistance for 24 months.	Extensions to the 24-month time limit can be granted if recipients cannot find or maintain full- or part-time employment at least equal to the maximum AFDC benefit for a family of that size, plus the appropriate work expense deductions.
INDIANA			
Indiana Manpower Placement and Comprehensive Training Program (12/94)	Benefit reduction (24 months)	For any family that includes an adult in the placement track, the amount of AFDC cash benefits taking into account the needs of the adult is limited to 24 months from the time of entry to this track, followed by a 36-month period of the adult not receiving AFDC.	Extensions can be granted to individuals who have cooperated with the JOBS program and substantially complied with the requirements of their self-sufficiency plans if (1) a temporary physical or mental condition prevents the individual from attaining and maintaining employment that would provide the family at least a specified level of income; (2) the state has substantially failed to provide services specified in self-sufficiency plans; (3) despite all appropriate efforts, the person has been unable to find, or has lost without cause, employment that would provide at least a specified level of income; or (4) other unique circumstances prevent obtaining or retaining employment.

(continued)

Waiver program (approval date)	Type of time limit (amount of time before limit is reached)	Time-limit provisions	Provisions for extending time limit
Amendments to Indiana Manpower Placement and Comprehensive Training Program (8/96)	Benefit reduction (24 months)	AFDC receipt for adults who are not exempt from JOBS is limited to 24 months in the demonstration period.	An individual's assistance unit may earn 1 month of AFDC benefits beyond the time limit for each period of 6 consecutive months during which an individual was employed full time. Renewable extensions of up to 1 year can be granted to individuals who have cooperated with the JOBS program and substantially complied with the requirements of their self-sufficiency plans if (1) the state has substantially failed to provide services specified in self-sufficiency plans; (2) despite all appropriate efforts, the person has been unable to find, or has lost without cause, employment that would provide at least a specified level of income; or (3) other unique circumstances prevent obtaining or retaining employment.
LOUISIANA			
Individual Responsibility Project (2/96)	Benefit termination (24 months)	Nonexempt families are limited to 24 months of AFDC cash benefits in a 60-month period. After time limit is reached, families' benefits are terminated.	Extension can be granted for up to 1 year to enable adults to complete employment-related education or training.
MARYLAND			
Family Investment Program (8/95)[a]	Work trigger with sanctions up to full-family sanction (3 months)	Nonexempt recipients may not receive more than 3 months of AFDC benefits unless they meet a work requirement: full-time unsubsidized employment, 30 hours of subsidized employment, a minimum of 20 hours of community service, or a minimum of 20 hours of community service combined with employment. Sanctions for noncompliance are removal of noncooperating person from grant, followed by case closure after 6 cumulative months.	Extensions can be granted if a recipient cannot find necessary and adequate child care, has a verified illness, or is attending an educational or training program that will substantially improve his or her prospects of obtaining a job.

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Waiver program (approval date)	Type of time limit (amount of time before limit is reached)	Time-limit provisions	Provisions for extending time limit
MASSACHUSETTS			
Welfare Reform ’95 (10/95)	Work trigger with sanctions up to full-family sanction (60 days)	Nonexempt adults whose child is of mandatory full-time school age are required to work at least 20 hours per week after receiving AFDC for 60 days. Requirement may be met through working 20 hours per week in unsubsidized employment, working full time in a subsidized employment program, participating 20 hours per week in the community service program, or combining work and participation in the community service program for 20 hours per week. Sanction for noncompliance without good cause is reduction in benefit payment equal to adult’s portion of benefit. For recipients required to participate in the community service program, the sanction for repeated failure to participate is termination of the family’s AFDC benefit.	None
MINNESOTA			
Work First (8/96)	Work trigger with full-family sanction (60 days)	If, at the end of the required 60 days of job search, a participant assigned to the immediate employment track has not been hired for at least 32 hours per week or does not earn a net income from self-employment equal to his or her AFDC grant, the individual is required to participate in CWEP and continue job search. If participants do not comply with CWEP requirements within the time specified in their conciliation conference, the entire family’s needs are removed in determining the amount of AFDC benefits for at least 6 months.	None

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Waiver program (approval date)	Type of time limit (amount of time before limit is reached)	Time-limit provisions	Provisions for extending time limit
MISSOURI			
Missouri Families Mutual Responsibility Plan (4/95)	Work trigger with sanctions (24 months) Benefit reduction (36 months)	After reaching the 24-month time limit specified in their self-sufficiency agreements, JOBS-mandatory individuals may be required to participate in a job search or CWEP. Noncompliance without good cause is subject to sanctions in accord with federal regulations. Individuals who reapply for benefits after completing a self-sufficiency agreement entered into after July 1, 1997, will be denied AFDC if they received benefits for at least 36 months; however, other eligible family members may receive AFDC.	The 24-month time limit can be extended an additional 24 months when necessary to allow individuals to complete their self-sufficiency agreements.
MONTANA			
Families Achieving Independence in Montana (4/95)	Work trigger with sanctions (18 or 24 months)	Nonexempt single-parent families have a 24-month time limit and nonexempt two-parent families have an 18-month time limit after which adult recipients are required to participate an average of 20 hours a week in community services program activities if such activities are available. The sanction for noncompliance is removal of the adult's needs from the grant for increasing periods of time.	None
NEBRASKA			
Welfare Reform Demonstration Project (2/95)	Benefit termination (24 months)	AFDC receipt for families assigned to the time-limited program is limited to 24 months in a 48-month period. After the time limit is reached, benefits are terminated.	Benefits will not be terminated if (1) no job that provides at least a specified level of income is available to a recipient, (2) termination would result in the family's experiencing extreme hardship, (3) adult family members can no longer meet the conditions of their self-sufficiency contracts, or (4) the state has failed to meet the terms of a recipient's self-sufficiency contract.

(continued)

Waiver program (approval date)	Type of time limit (amount of time before limit is reached)	Time-limit provisions	Provisions for extending time limit
NEW HAMPSHIRE			
Employment Program (6/96)	Work trigger with sanctions up to full-family sanction (26 weeks)	After 26 weeks of job search, adults nonexempt from JOBS who are able to work are required to work for 26 weeks, provided that work is available. The work requirement may be fulfilled by unsubsidized work, subsidized work, on-the-job training, community service, alternative work experience programs, work supplementation, or other approved employment-related activities. Sanctions for noncompliance without good cause are increasing reductions in AFDC grant, culminating in case closure.	None
NORTH CAROLINA			
Work First Program (2/96)	Benefit termination (24 months)	AFDC receipt for families in the Work First employment and training program is limited to 24 months. After the time limit is reached, families are ineligible for benefits for 36 months.	Extensions may be granted if recipients have substantially complied with their personal responsibility contracts (or have good cause reasons for not doing so) and through no fault of their own have been unable to obtain or maintain employment to provide a specified level of subsistence.
NORTH DAKOTA			
Training, Education, Employment, and Management Project (9/95)	Work trigger with sanctions (24 months, 42 months, or 43 months or longer)	Nonexempt families are required to sign a social contract that sets an expected time limit for self-sufficiency based on factors related to employability: 24 months, 42 months, or 43 months or longer. Individuals not employed full time in unsubsidized employment by end of time limit are placed in a work experience position or granted an extension.	Not specified
OHIO			
Ohio First (3/96)	Benefit termination (36 months)	AFDC receipt for nonexempt assistance units headed by adults is limited to 36 months out of any 60-month period. After the time limit is reached, assistance unit's benefits are terminated.	None cited

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Waiver program (approval date)	Type of time limit (amount of time before limit is reached)	Time-limit provisions	Provisions for extending time limit
OKLAHOMA			
Mutual Agreement—A Plan for Success (3/95)	Work trigger with sanctions (36 months)	After 36 cumulative months of AFDC receipt out of 60 months for recipients nonexempt from JOBS, participation in workfare (or other JOBS components leading to employment if workfare positions are unavailable) becomes mandatory. JOBS sanctions may be imposed on individuals who fail to meet the minimum hourly requirement.	Extensions may be provided to individuals who are making satisfactory progress in the program and are within either one semester of completing an educational program or 4 months of completing a training program expected to lead directly to employment.
OREGON			
Oregon Option (3/96)	Benefit termination (24 months)	Nonexempt families are limited to 24 cumulative months of AFDC receipt in any period of 84 consecutive months.	Extensions can be granted to the following recipients: (1) a dependent child in a two-parent household in which the primary wage earner has died; (2) a dependent child living with a person other than the parent(s) with whom the child lived at the time the child was receiving AFDC; or (3) a parent of a dependent child receiving AFDC, and his or her dependent children, if the state determines that the parent is making good faith efforts to obtain permanent employment.
SOUTH CAROLINA			
Family Independence Act (5/96)	Benefit termination (24 months)	Nonexempt families are limited to 24 months of AFDC receipt.	An extension of up to 6 months may be granted if an individual is involved in a training program that will not be completed by the 24th month. An extension of up to 12 months can be granted if an individual has completed training and has diligently complied with the self-sufficiency plan but cannot obtain or maintain employment that provides at least a specified level of subsistence. When the 6- or 12-month extensions expire, month-by-month extensions may be granted if an individual has complied with the self-sufficiency plan and the county determines either that benefit termination will have detrimental effect on the welfare of the children or that the family has no other source of financial support sufficient to provide at least a specified level of subsistence.

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Waiver program (approval date)	Type of time limit (amount of time before limit is reached)	Time-limit provisions	Provisions for extending time limit
SOUTH DAKOTA			
Strengthening South Dakota Families Initiative (3/94)	Work trigger with sanctions (24 or 60 months)	Nonexempt adults assigned to the employment track are limited to 24 months of AFDC receipt. Nonexempt adults assigned to the education track are limited to 60 months of AFDC receipt. When the time limits are reached, adults who are not working 30 hours per week are required to perform 30 hours per week of approved volunteer service. Noncompliance is subject to either a JOBS sanction or the grant being reduced in any month of noncompliance to an amount equal to what the family would receive if the adult's needs were not taken into account.	An extension can be granted if the state fails to make available services it agreed to provide as part of an individual's self-sufficiency plan and determines that an individual needs additional time to complete his or her plan.
TENNESSEE			
Families First (7/96)	Benefit termination (18 months and 60 months)	Receipt of AFDC cash benefits by an assistance unit is limited to 60 months, and periods of eligibility within the 60 months are limited to 18 months. An assistance unit whose benefit is terminated after receiving AFDC cash assistance for 18 months within an 18-month period of eligibility is eligible to reapply for AFDC no sooner than 3 months from the last month of receipt of AFDC, with the following exception. The assistance unit will not be subject to the 3-month waiting period if the caretaker was employed when the case was terminated, loses the job through no fault of his or her own, and the assistance unit meets all other AFDC eligibility requirements. The state will act to monitor and protect the safety and well-being of the children in families whose benefits are terminated. If the state certifies that AFDC assistance is needed to prevent a child's loss of housing, heat, light, or water or to prevent removal of the child from the custody of his or her parent, a cash or vendor payment will be issued to meet the child's needs.	The 18-month eligibility period may be extended for an additional 6 months for families in which the caretaker is living in an economic hardship county and is in substantial compliance with the Personal Responsibility Plan. The 18-month and 60-month periods can also be extended on a case-by-case basis if good cause exists or the state has failed to provide timely services. Good cause exists when all of the following criteria are met: (1) the participant is in compliance with the plan, (2) the participant has been in substantial compliance with the plan during the entire current period of eligibility, (3) the assistance unit's income is less than the payment standard plus $90 (or a higher amount), and (4) the participant is not currently refusing employment or voluntarily quitting employment without good cause.

(continued)

Waiver program (approval date)	Type of time limit (amount of time before limit is reached)	Time-limit provisions	Provisions for extending time limit
TEXAS			
Achieving Change for Texans (3/96)	Benefit reduction (12, 24, or 36 months)	On the basis of availability of JOBS positions, AFDC receipt is time limited for caretakers, second parents in AFDC-Unemployed Parent cases, and teen parents certified as caretakers. The length of the time limit—12, 24, or 36 months—depends on the extent of the individual's education and work experience. After the time limit is reached, a family's benefits are reduced by the individual's portion for 5 years.	Extensions of no longer than 6 months at a time can be granted upon request if the individual lives in an area of economic hardship or experiences severe personal hardship and has complied with all work-related requirements.
VERMONT			
Family Independence Project (4/93)	Work trigger with sanctions (15 or 30 months)	Nonexempt parents who have not accepted an unsubsidized job will be required to participate in community service jobs after 30 months (single-parent families and two-parent families with incapacitated adults) or 15 months (other two-parent families). The sanction for failure to participate is a reduction of the AFDC benefit based on the number of hours the parent was required to work under the community service jobs component.	None
Welfare Restructuring Project (7/94)	Work trigger with sanctions up to full-family sanction (15 or 30 months)	Nonexempt parents who have not accepted an unsubsidized job or who are working in an unsubsidized job for fewer than the required hours will be required to participate in community service jobs after 30 months (single-parent families and two-parent families with incapacitated adults) or 15 months (other two-parent families). The sanction for failure to participate is issuance of the AFDC benefit in the form of vendor payments for housing, food, fuel, and utilities (with any remaining balance paid in cash). Failure to comply with any requirements while under the sanction will result in termination of a family's AFDC benefit.	None

(continued)

Waiver program (approval date)	Type of time limit (amount of time before limit is reached)	Time-limit provisions	Provisions for extending time limit
VIRGINIA			
Virginia Independence Program (7/95)	Work trigger with sanctions up to full-family sanction (90 days) Benefit termination (24 months)	Within 90 days of signing personal responsibility agreements, nonexempt recipients are required to participate in work activities such as unsubsidized employment, subsidized employment, or CWEP. The sanction for noncompliance is termination of families' benefits for increasing periods of time. In addition, cases headed by nonexempt caretakers are limited to 24 cumulative months of AFDC cash benefits.	Hardship exceptions to the 24-month time limit can be granted for up to 1 year if factors relating to job availability are unfavorable or an exception would enable a caretaker to complete employment-related education or training. Hardship exceptions can also be granted for up to 90 days if an individual has been actively seeking unsubsidized employment and cannot find a job that pays at least a specified amount or the individual demonstrates extreme hardship because of a job loss resulting from factors unrelated to job performance. Extensions to hardship exceptions may be granted in very limited circumstances.
WASHINGTON			
Success Through Employment Program (10/95)	Benefit reduction (48 months)	Assistance units in which adults have received AFDC for 48 months in any 60-month period will have benefits reduced by 10 percent. Until an assistance unit has been off assistance for 1 month or more, benefits will be reduced by an additional 10 percent for each additional 12 months of AFDC receipt.	None
WISCONSIN			
Work Not Welfare (11/93)	Work trigger with sanctions up to full-family sanction (1 month and 12 months) Benefit termination (24 months)	After the first month, nonexempt recipients are required to earn their benefits through education, training, or work activities; after 12 months of AFDC receipt, they must engage in work activities. The sanction for noncompliance without good cause is a reduction of the combined AFDC/food stamp grant based on the number of hours of assigned activity not completed. Nonexempt cases are limited to 24 months of AFDC receipt within a 48-month period. After this time limit is reached, families' benefits are terminated for 36 months.	Extensions to the 24-month time limit can be granted to those who (1) cannot work for reasons such as personal disability or incapacity, (2) need to care for a disabled dependent, or (3) have made all appropriate efforts to find work but cannot find work because local labor market conditions preclude a reasonable job opportunity.

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Waiver program (approval date)	Type of time limit (amount of time before limit is reached)	Time-limit provisions	Provisions for extending time limit
WYOMING			
New Opportunities and New Responsibilities (9/93)	Benefit reduction (varies)	Nonexempt individuals who complete an associate's or bachelor's program while receiving AFDC will be eligible for no more than 6 additional months of benefits. In addition, nonexempt individuals will be ineligible for AFDC if they are pursuing a bachelor's degree beyond a sixth year; a vocational or associate's degree beyond a fourth year; or a second associate's or bachelor's degree or any kind of graduate degree.	One 6-month extension may be granted to individuals to update an expired certification, take a licensing or certification examination, or obtain a license or certificate to practice the trade or profession for which they have been trained.

Note: The District of Columbia's Project on Work, Employment, and Responsibility, approved Aug. 19, 1996, contained a time-limit provision. HHS withdrew approval for this provision in Sept. 1996.

[a]The time-limit provision was eliminated when Maryland's Family Investment Program was amended in Aug. 1996.

Source: GAO analysis of the terms and conditions of approved state waivers, supplemented by information obtained from the states and HHS.

Reasons for Excluding Cases From Coverage in Selected States

State	AFDC caseload in jurisdictions covered as of June 30, 1996 Number	Percent
Arizona	61,538	100.0
Connecticut	56,017	100.0
Delaware	10,253	100.0
Florida[e]	9,083	100.0
Illinois	221,632	100.0
Iowa	28,581	100.0
Massachusetts	82,237	100.0
Michigan	174,176	100.0
Mississippi	11,697	100.0
Nebraska	2,423	100.0
Utah	14,320	100.0
Vermont	8,965	100.0
Virginia	63,399	100.0
Wisconsin	52,765	100.0

Cases exempt[a]								
			Cases assigned to a control group[b]		Cases excluded for other reasons		Cases subject to benefit termination	
Number	Percent	Age-of-youngest-child exemption	Number	Percent	Number	Percent	Number	Percent
0	0	(none)	1,100	1.8	0	0	60,438	98.2
7,595[c]	13.6	1 year	1,900	3.4	24,110[d]	43.0	22,412	40.0
1,161	11.3	3 months	1,676	16.3	5,353[d]	52.2	2,063	20.1
1,499	16.5	6 months	3,732	41.1	826[f]	9.1	3,026	33.3
575[g]	0.3	13 years[h]	5,694	2.6	0	0	215,363[i]	97.2
6,777	23.7	6 months	918	3.2	0	0	20,886	73.1
57,109[c]	69.4	6 years	1,692	2.1	7,976[d]	9.7	15,460	18.8
46,806	26.9	4 months	12,888	7.4	0	0	114,482	65.7
5,248	44.9	3 years	1,297	11.1	0	0	5,152	44.0
319	13.2	6 months[j]	878	36.2	0	0	1,226	50.6
0[k]	0	none	5,230	36.5	32[l]	0.2	9,058	63.3
61	0.7	18 months	3,545	39.5	0	0	5,359	59.8
5,600	8.8	18 months	3,000	4.7	0	0	54,800	86.4
9,424	17.9	1 year	675	1.3	3,306[m]	6.3	39,360	74.6

[a]Typical categories of exemptions to work requirements under states' waiver programs were similar to those provided under the JOBS program: having a disability, caring for a young child or a disabled household member, or household headed by caretaker relatives (also referred to as "ineligible grantees") with no legal obligation of support. Some states provided exemptions for seniors (aged 62 or older), for those in their last 3 or 4 months of pregnancy, or for those lacking transportation or child care. Categories of exemptions for other types of requirements leading to full-family sanctions varied by the requirements. For example, exemptions relating to the teen living arrangement requirement generally dealt with conditions in the teens' parents' homes, and exemptions relating to child enforcement requirements generally dealt with the unavailability, or risk to the child of providing, information on the absent parent.

[b]As a standard condition of obtaining HHS approval for a waiver, states were required to provide for an evaluation based on a comparison of those subject to the waiver provisions (treatment group) versus those subject to previous program provisions (control group). Cases were to be randomly assigned to the control groups in each state, generally to be spread incrementally through the first few years of implementation. As a result, the number of cases excluded as control cases in each state depended on the number of waivers being implemented and how long the state had been implementing each of its waiver programs. Under the new federal welfare reform law, states are no longer required to evaluate their waiver programs, and they may discontinue maintaining their control groups for study. As of April 1997, 16 states had requested HHS funding to continue evaluations of their waivers, including maintenance of control groups. Of these, 10 were states that had implemented benefit termination waiver provisions.

[c]The exemption data included here represent those who were not subject to a nonmandatory work requirement; exemption data are different for other requirements in which noncompliance can result in full-family sanction, such as the teen living arrangement and teen school attendance requirements.

[d]Pending review for conversion to new program.

[e]Data included here are for Alachua and Escambia counties only, the two pilot counties where all terminations as of Dec. 31, 1996, had taken place.

[f]Nonvolunteers in Alachua County where participation was voluntary.

[g]Represents the number exempt among the 15,000 cases otherwise subject to work requirements under the Targeted Work Initiative and Get a Job components of Illinois's Work and Responsibility waiver.

[h]Age-of-youngest-child exemption among those subject to work requirements. No exemptions provided for requirement to sign self-sufficiency plan.

[i]Of the total caseload, about 14,425 cases were subject to provisions potentially leading to benefit termination on the basis of noncooperation with work requirements; and the entire caseload (except control cases) was subject to provisions potentially leading to benefit termination on the basis of noncooperation with signing a self-sufficiency plan.

[j]However, cases with the youngest child age 12 weeks to 6 months must participate part time in activities such as family nurturing or pre-employment skills.

[k]According to the waiver, no one over age 15 was exempt. However, according to a May 1996 report prepared by the Utah Department of Human Services, approximately 4 to 5 percent of families are at any one time temporarily excused from active participation because of a recent birth, personal illness, or unforeseen circumstance.

[l]Seasonal fluctuation.

[m]Represents cases in other waiver demonstration projects, such as Work Not Welfare, Parental and Family Responsibility, and Learnfare.

Overview of Waiver Programs in Iowa, Massachusetts, and Wisconsin

Iowa's Family Investment Program

Iowa was the first of the three case study states to implement benefit termination provisions statewide under its waiver, called the Family Investment Program. The goal of the program, as stated in Iowa's waiver application, was to transform its welfare system from one of income maintenance to one of self-sufficiency. The program was designed to make welfare a transition to work by requiring participants' involvement in some work or training activity and providing consequences for those not participating. Iowa began implementing some provisions under this waiver in October 1993 but did not begin implementing its benefit termination provisions statewide until April 1994.

At the core of Iowa's program was the Family Investment Agreement, an individualized plan designed to help each family achieve self-sufficiency. This plan generally called for entry into the workforce as soon as possible, with state assistance in job search activities and child care provision. In some cases, however, a recipient's plan may have called for a period of education, training, rehabilitation, or work experience to prepare the recipient for the job market. As circumstances changed, the plan, including a time table for achieving self-sufficiency, could be altered on the basis of client and caseworker consultations. Recipients who failed to sign the agreement, or who signed it but failed to subsequently fulfill the terms of the agreement, had their benefits phased out under a Limited Benefit Plan. Initially, the Limited Benefit Plan consisted of 3 months of full benefits, followed by 3 months of reduced benefits (eliminating the adult portion of the grant), then benefit termination. In February 1996, the state shortened the phase-out period by eliminating the 3 months of full benefits. Before termination, recipients in the Limited Benefit Plan who had not previously signed a Family Investment Agreement could request having their full benefits reinstated by signing an agreement. Once a case had been terminated, however, families were required to wait 6 months before reapplying for benefits.

Iowa contracted with Mathematica Policy Research, Inc., and the Institute for Social and Economic Development to evaluate its program as required under the waiver. At the time of our review, the evaluators were conducting a study including (1) a flow analysis to obtain data on the number of and reasons why recipients entered and exited the Limited Benefit Plan program and (2) a survey of recipients whose benefits have been terminated to determine what happened to them after termination. For the survey, the evaluators contacted 137 of the 172 recipients whose benefits had been terminated between November 1995 and January 1996. The state received the draft report summarizing the results of this study in

October 1996, but the final report had not yet been released as this report went to press. In addition, a request for funding from HHS to continue the evaluation of Iowa's waiver program was pending at the time of our review.

Massachusetts's Welfare Reform '95 Program

As stated in Massachusetts's waiver application, the underlying goal of its program, called Welfare Reform '95, was to replace traditional cash assistance with work or community service requirements for all able-bodied AFDC recipients with school-aged children. At the core of this program was the expectation that recipients would assume responsibility for moving toward self-sufficiency. Ongoing recipients as well as new applicants had to appear for an eligibility assessment under the new program requirements. Similar to Iowa's Family Investment Agreement, Massachusetts required caseworkers to develop an Employment Development Plan for each recipient subject to the work requirement and for each teen parent.

Recipients subject to the work requirement had 60 days for job search activities before the requirement was imposed. If recipients did not find employment after 60 days, or if they subsequently lost their job, their plans required participation in community service to meet the 20 hours per week mandatory work requirement, and caseworkers provided a list of community service work sites. Teen parents' plans required enrollment in high school (or an equivalent program) and at least 75-percent attendance; caseworkers provided referrals to programs as needed. For both adults and teens, the plans also allowed recipients to request support services such as transportation or child care. If recipients failed to comply with their plans, their benefits were reduced (removal of the adult portion of the grant); continued noncompliance meant benefit termination for the entire family. The state could reopen cases and restore full benefits retroactively if recipients demonstrated compliance with plan requirements for 2 consecutive weeks. The waiver explicitly eliminated any formal reconciliation process before notifying recipients of or implementing sanctions.

Although required under the waiver, the state had not yet contracted with evaluators to study its program before the new federal welfare reform law was enacted. At the time of our review, the state was developing plans to evaluate the program under the new law; however, the state did not intend to continue to maintain its control groups for study.

Wisconsin's Pay for Performance Project

Wisconsin implemented its benefit termination provisions statewide in March 1996 as part of the waiver demonstration project called Pay for Performance. This project had two major components: provisions for diverting AFDC applicants from ever receiving benefits and provisions for requiring AFDC recipients to work in exchange for benefits.

The diversion component was designed to help applicants become self-sufficient without going on welfare. Applicants met with a financial planning resource specialist who would explain the alternatives to going on welfare and the services available to help them find a job, secure child care, or address other barriers to self-sufficiency. Those seeking further assistance had to enroll in Wisconsin's JOBS program and begin looking for work. If applicants completed 60 hours of JOBS participation and were still not self-sufficient, they then became eligible to receive welfare benefits. Although statewide data on the effectiveness of these provisions were not yet available, the number of applicants diverted from the welfare rolls due to these provisions was significant, according to state and county officials. Data compiled in one county revealed that 46 percent of 880 applicants deemed likely to have gone on AFDC between March and July of 1996 were diverted from receiving benefits.

The work-in-exchange-for-benefits component was designed to replicate working-world situations for those receiving benefits by reducing benefits proportionately to the number of required hours not worked. The program required recipients to work 20 to 40 hours per week. Each month, caseworkers determined hours of participation in assigned JOBS activities and calculated a monetary sanction for any missed hours by multiplying the number of missed hours by the federal minimum wage. If a recipient's participation fell below 25 percent of the scheduled hours, the entire AFDC grant was reduced to zero, and, because the AFDC and food stamp work requirements were linked, food stamps were reduced to $10 for those who had no basis for exemption under the food stamp employment and training program (such as having a child under 6 years old).[66] Because calculating these sanctions is difficult, sanctions were not to be imposed until the second month after the month in question to allow a 30-day period for data processing and for the recipient to request adjustments based on good cause for failure to participate or on reporting and processing errors. The state closed cases if the recipient failed to enroll in the Pay for Performance JOBS program or received a full sanction (for participation below 25 percent) for 3 consecutive months. Once the state closed a case,

[66]Under the new federal welfare reform law, Wisconsin was allowed to lower the age-of-youngest-child exemption for the food stamp sanction from 6 years to 1 year of age for 3 years because the state had previously submitted a waiver request to do so that had been denied.

a recipient would generally have to meet the program requirements for new applicants in the diversion component—60 hours of participation in JOBS—before becoming eligible to receive benefits again.

Wisconsin had contracted with MAXIMUS to conduct the required evaluations of the Pay for Performance waiver program. Although the contract was canceled after passage of federal welfare reform, a request for funding from HHS to continue the evaluation was pending at the time of our review. In addition, a broader study group, including the University of Wisconsin, had been formed to evaluate the state's comprehensive reform effort, called Wisconsin Works, of which Pay for Performance is one part. Phased-in implementation of Wisconsin Works began in October 1996, and officials expected to have the program fully implemented by September 1997.

Bases for Terminations Nationwide, by State

Table VII.1: Terminations as of June 30, 1996

	Number of families with benefits terminated[a]							
		Due to failure to comply with						
State	**Total**	**Enrollment requirements**	**Work requirements**	**Child support enforcement requirements**	**Teen parent school attendance requirements**	**Teen parent living arrangement requirements**	**Other requirements**	**Due to reaching a time limit**
Arizona	66					66		
Connecticut	11[b]		2	7		[b]	2[c]	
Florida	19							19[d]
Iowa	4,174	3,756[e]	418[e]					
Massachusetts	1,292		1,036		217[f]	39[g]		
Michigan	307		307					
Mississippi	279		279					
Missouri	73					73		
Nebraska	8		8					
South Dakota	289		289					
Utah	62		59	3				
Vermont	3		3					
Virginia	985	191	390	362		42		
Wisconsin	2,208	1,634	574					
Total	**9,776**	**5,581**	**3,365**	**372**	**217**	**220**	**2**	**19**

[a]In some states, such as Massachusetts and Wisconsin, data represent cases in terminated status as of the date shown. In other states, such as Iowa and Connecticut, data represent cumulative totals that may include cases that have subsequently been reopened and may double count recipients in some cases.

[b]Data do not include those cases terminated for failure to comply with teen living arrangement requirements, which are not tracked, according to the state official surveyed.

[c]Terminations for failure to comply with fingerprinting requirements.

[d]Of the 19 cases terminated upon reaching their time limit, 10 had complied and 9 had failed to comply with program requirements.

[e]Based on state official's estimates.

[f]Does not include the 25 cases in which closure was for failure to comply with living arrangement requirement as well as failure to attend school.

[g]Includes the 25 cases in which closure was for failure to attend school as well as failure to comply with living arrangement requirement.

Table VII.2: Terminations as of December 31, 1996

	Number of families with benefits terminated[a]							
		Due to failure to comply with						
State	**Total**	**Enrollment requirements**	**Work requirements**	**Child support enforcement requirements**	**Teen parent school attendance requirements**	**Teen parent living arrangement requirements**	**Other requirements**	**Due to reaching a time limit**
Arizona	50					50[b]		
Connecticut	477[c]		460	12		[c]	5[d]	
Delaware	68		15[e]	40		0[f]	13[g]	
Florida	74							74[h]
Iowa	5,288	4,691[i]	597[i]					
Illinois	8	0	8					
Massachusetts	1,969		1,708[j]		235[k]	26[l]		
Michigan	765		765					
Missouri	279					279		
Mississippi	699		699					
Nebraska	59		59					
North Carolina	[m]	[n]						
Ohio	[m]		[n]	[n]				
Oregon	60[o]		60[o]					
South Dakota	413		413					
Utah	180		177[p]	3[q]				
Vermont	3		3					
Virginia	1,955	704[r]	390[s]	810[t]		51		
Wisconsin	5,700	2,577	3,123					
Total	**18,047**	**7,972**	**8,477**	**865**	**235**	**406**	**18**	**74**

[a]In some states, such as Massachusetts and Wisconsin, data represent cases in terminated status as of the date shown. In other states, such as Iowa and Connecticut, data represent cumulative totals that may include cases that have subsequently been reopened and may double count recipients in some cases.

[b]Data do not include those cases terminated for failure to comply with teen living arrangement requirements, which are not tracked, according to the state official surveyed. The most significant reason for the drop in terminations over time is because many teen parents become old enough to no longer have to meet living arrangement requirements.

[c]Data do not include those cases terminated for failure to comply with teen living arrangement requirements (not tracked).

[d]Terminations for failure to comply with fingerprinting requirements.

[e]Of the 15, 6 cases terminated until the end of the demonstration project; 9 cases could still be reopened on the basis of compliance with requirement.

[f]According to the official surveyed, provisions for terminating cases for failure to comply with teen living arrangement requirement predated implementation of the waiver. Although the number of cases terminated for this reason has not been tracked, the official believed it was probably zero.

[g]Other reasons included nine cases for failure to attend parenting classes; three cases for failure to provide proof that children had been immunized; and one case for failure to attend a family planning session.

[h]Of the 74 cases terminated upon reaching their time limit, 43 had complied and 31 had failed to comply with program requirements.

[i]Based on state official's estimates.

[j]Includes a partial estimate for terminations due to noncompliance by dependent children aged 16 to 18.

[k]Does not include the 16 cases in which closure was for failure to comply with living arrangement requirement as well as failure to attend school.

[l]Includes the 16 cases in which closure was for failure to attend school as well as failure to comply with living arrangement requirements.

[m]According to the official surveyed, families have had benefits terminated under waiver provisions, but the number of cases terminated has not been tracked. Efforts are under way to begin collecting such data.

[n]State's waiver included provisions for terminating benefits on this basis, and, according to the official surveyed, cases have been terminated. However, the number of cases terminated on this basis has not been tracked.

[o]Number of cases terminated as of Nov. 15, 1996. According to the official surveyed, data as of Dec. 31, 1996, were not yet available as this report went to press.

[p]May include some cases terminated for failure to comply with child support enforcement requirements (see table note q).

[q]Number of cases terminated for failure to comply with child support enforcement requirements as of June 30, 1996; data not tracked and could not be updated through Dec. 31, 1996, according to the official surveyed.

[r]Does not include 23 cases that also had failed to comply with work requirements.

[s]State officials could not update the number of terminations based on failure to comply with work requirements past June 30, 1996.

[t]Does not include three cases that also had failed to comply with work requirements.

Demographic Profile of Total Caseload Compared With Terminated Cases Studied in Iowa, Massachusetts, and Wisconsin

	Iowa			
		Terminated cases studied		
	Total statewide AFDC caseload (1995)[a]	Statewide	Des Moines	Statewide - no benefits or reported income[b]
Number of cases	36,435	408	77	56
Household characteristics - percent[c] of cases with				
Number of children				
0 - 1	48.4	39.7	44.2	46.4
2	32.1	34.8	26.0	30.4
3	13.5	16.7	18.2	7.1
4 or more	6.0	8.8	11.7	16.1
Youngest child				
under age 1	12.1	6.6	2.6	10.7
age 1-2	24.6	30.2	39.0	32.1
age 3-5	24.2	29.7	23.4	26.8
age 6-11	25.4	24.5	28.6	19.6
age 12-15	9.6	6.6	3.9	8.9
age 16-18	3.9	2.4	2.6	1.8
Length of current stay				
0-6 mos.	25.4	0.7	0.0	0.0
7-12 mos.	12.9	21.3	22.1	19.6
13-24 mos.	18.5	23.0	22.1	17.9
25-36 mos.	9.1	14.9	7.8	16.1
37-48 mos.	7.0	15.7	11.7	10.7
49-60 mos.	5.9	24.3	36.4	35.7
over 60 mos.	21.3	0.0	0.0	0.0
Head-of-household characteristics - percent[c] of cases with head of household				
Under age 20	6.7	6.4	5.2	5.4
age 20-29	48.5	51.7	48.0	62.5
age 30-39	36.1	33.8	42.9	32.1
40 and over	8.8	8.1	3.9	0.0
Female	85.7	84.3	89.6	82.1
Nonwhite	16.7	12.1	21.1	5.4

Massachusetts				Wisconsin			
	Terminated cases studied				Terminated cases studied		
Total statewide AFDC caseload (1995)[a]	Statewide	Boston	Statewide - no benefits or reported income[b]	Total statewide AFDC caseload (1995)[a]	Statewide	Milwaukee	Statewide - no benefits or reported income[b]
100,852	936	196	138	72,366	759	280	123
45.5	53.4	61.7	68.1	40.8	39.1	38.6	51.2
31.3	29.0	21.0	19.6	28.9	29.9	28.2	26.8
15.7	11.4	12.2	6.5	17.0	19.5	21.4	15.4
7.6	6.2	5.1	5.7	13.3	11.5	11.8	6.5
9.6	3.6	3.1	5.1	18.4	2.6	2.9	4.1
25.3	22.0	19.9	38.4	28.2	32.0	30.4	22.8
26.6	7.1	10.7	11.6	21.0	29.8	27.1	26.0
24.0	37.0	31.1	26.8	21.1	23.2	24.3	23.6
11.8	18.5	20.9	8.7	7.8	8.8	11.1	13.0
2.6	11.8	14.3	9.4	3.6	3.6	4.3	10.6
17.0	45.7	45.9	46.4	24.9	30.7	32.5	30.9
11.9	16.9	16.8	13.0	11.6	20.2	16.4	31.7
15.1	13.9	12.7	20.3	20.6	19.0	17.1	18.7
13.4	5.6	4.6	5.8	12.4	12.1	11.0	8.9
10.4	3.2	2.6	2.2	7.7	6.6	7.9	5.7
9.2	3.5	4.1	3.6	7.0	4.3	5.7	0.0
23.0	11.2	13.3	8.7	15.8	7.1	9.3	4.1
5.7	18.9	19.9	38.4	6.2	2.4	1.4	2.4
43.8	19.8	16.8	25.4	50.6	50.1	49.6	43.9
37.1	39.8	38.8	23.2	32.4	36.2	36.0	37.4
13.5	21.5	24.5	13.0	10.7	11.3	12.9	16.3
90.5	87.8	85.7	88.4	88.5	92.2	90.4	83.7
55.0	57.6	82.7	55.8	56.6	45.6	80.4	45.6

[a]These data are from Characteristics and Financial Circumstances of AFDC Recipients - Fiscal Year 1995, HHS (Washington, D.C.: June 1996). Number of children data are from table 6. Age of youngest child data are from table 11. Length of current stay data are from table 12. Age of head-of-household percentages calculated on the basis of combined figures from table 21.1 (mothers aged 11-17), table 22 (adult female recipients), and table 25 (adult male recipients). Sex of head-of-household percentages calculated on the basis of combined figures from tables 22 and 25. Race of head-of-household data are from table 10 (race of natural or adoptive parent).

[b]Data on demographic characteristics not broken down for “No benefits or reported income” category for cases studied in selected urban areas due to the small number of cases in the category: Des Moines, 16; Boston, 37; and Milwaukee, 50.

[c]Percentages exclude unknowns, which were generally less than 1 percent, except for race. Unknown percentages for race ranged from 0 to 8.4 percent.

Massachusetts Data on High School, Work Experience, and Primary Language

	Total statewide AFDC caseload (Feb. 1996)	Terminated cases studied					
		Statewide		Boston		Statewide - no benefits or reported income	
		All reasons	Noncompliance with work requirements	All reasons	Noncompliance with work requirements	All reasons	Noncompliance with work requirements
Number of cases	87,945	936	680	196	138	138	67
Percent of cases with head of household							
Not completing high school or equivalent	49.6	65.3	54.1	65.8	52.9	71.0	46.3
Not working in last 10 years	41.5	47.4	42.4	51.0	43.5	45.7	34.3
Primary language not English	18.4	21.9	23.5	23.5	25.4	27.5	31.3

Reported Income and Benefits Received by Terminated Cases Studied in Iowa, Massachusetts, and Wisconsin

	Iowa		
	Total cases statewide	Des Moines cases	Rest of state cases
Number of terminated cases	408	77	331
Number of cases reopened	[a]	[a]	[a]
Number of cases remaining closed	408	77	331
Of cases remaining closed, percent with reported income from[b]			
Wages	30.4	24.7	31.7
Pensions[d]	[e]	[e]	[e]
Child support	19.1	14.3	20.2
Of cases remaining closed, percent with any of the above reported income	42.9	33.8	45.0
Of cases remaining closed, percent receiving other non-AFDC benefits from			
Food stamps	60.8	55.8	61.9
SSI	9.8	18.2	7.9
Housing	27.2	24.7	27.8
General assistance	[f]	[f]	[f]
Percent receiving any of the above non-AFDC benefits	71.8	71.4	71.9
Of cases remaining closed, percent with active Medicaid status	54.4	45.5	56.5
Percent receiving any of the above non-AFDC benefits, including Medicaid	74.3	74.0	74.3
Percent with any of the above non-AFDC benefits, including Medicaid, or reported income	86.3	83.1	87.0
Percent with none of the above non-AFDC benefits or reported income	13.7	16.9	13.0

Massachusetts			Wisconsin		
Total statewide cases	Boston cases	Rest of state cases	Total statewide cases	Milwaukee cases	Rest of state cases
936	196	740	759	280	479
300	65	235	108	70	38
636	131	505	651	210	441
23.0	22.9	23.0	31.5[c]	27.1[c]	33.6[c]
16.0	6.1	18.6	[e]	[e]	[e]
16.4	9.9	18.0	24.0	13.8	28.8
48.3	38.2	50.9	47.2	38.1	51.5
25.6	20.6	26.9	39.3	34.8	41.5
12.7	10.7	13.3	12.6	10.5	13.6
26.4	33.6	24.6	22.1	16.7	24.7
0.3	0.0	0.4	[g]	[g]	[g]
47.3	50.4	46.5	57.6	51.9	60.3
58.5	52.7	60.0	53.5	44.8	57.6
75.5	73.3	76.0	75.4	69.0	78.5
78.3	73.3	79.6	81.1	76.2	83.4
21.7	26.7	20.4	18.9	23.8	16.6

Note: See app. I for details on scope and time frames of cases studied in each state.

[a]Not applicable, as data analysis was conducted before 6 months had elapsed, the minimum time period required in Iowa before an AFDC case could be reopened.

[b]Families not applying for, or receiving, AFDC or other benefits were not required to report their wages or other income. In addition, once no longer receiving AFDC, some families may receive child support payments privately, which they are not required to report to the state and local offices of Child Support Enforcement, where we obtained our data. For these reasons, the figures on wage, pension, and child support income are likely to be understated.

[c]These figures may include other income, such as from pensions.

[d]Includes Social Security, Veterans' Benefits, and employment-related pensions.

[e]No data available.

[f]In Iowa, the general assistance program was administered at the county level, and statewide data were not available.

[g]Not applicable. Wisconsin discontinued its statewide general assistance program in Jan. 1996, though some counties have programs.

Average Benefits, Child Support Payments, and Unemployment Rates in States Terminating Benefits Under Waivers

State	AFDC average monthly grant amount (1995)[a]	Food stamp average monthly benefit (1995)[b]	SSI average monthly benefit (1996)[c]	Housing assistance average maximum monthly benefit (1996)[d]	Fuel assistance average annual household benefit (1995)[e]	Child support average monthly payment (1995)[f]	Unemployment rate (1995)[g]
Arizona	$293	$202	$347	$508	$163	$235	5.1
Connecticut	523	141	355	730	411	266	5.5
Delaware	301	187	328	549	194	169	4.3
Florida	263	178	342	518	92	194	5.5
Illinois	317	172	378	407	267	235	5.2
Iowa	371	154	310	401	197	290	3.5
Massachusetts	551	152	342	701	348	334	5.4
Michigan	413	165	372	442	182	334	5.3
Mississippi	122	174	308	363	150	156	6.1
Missouri	273	172	332	361	187	288	4.8
Nebraska	317	150	318	377	173	283	2.6
North Carolina	243	159	299	435	80	199	4.3
Ohio	313	155	369	427	97	292	4.8
Oregon	394	155	342	493	215	268	4.8
South Dakota	331	181	300	401	394	207	2.9
Utah	371	173	346	446	219	246	3.6
Vermont	510	146	300	533	281	272	4.2
Virginia	273	163	319	493	174	138	4.5
Wisconsin	465	161	334	424	300	226	3.7
National average	**378**	**172**	**339**	**[h]**	**172**	**238**	**5.6**

[a]Average monthly AFDC payment for a family with two children. (Source: Table 34 in Characteristics and Financial Circumstances of AFDC Recipients - Fiscal Year 1995, HHS (Washington, D.C.: June 1996)).

[b]Average monthly value of the food stamp benefit in dollars. (Source: Table 6 in Characteristics of Food Stamp Households: Fiscal Year 1995, (Advance Report) U.S. Department of Agriculture (Washington, D.C.: Oct. 1996)).

[c]Average monthly federal SSI payment, Dec. 1996. (Source: Social Security Administration, Office of Research and Statistics.)

[d]The unweighted average of the fair market rent for a two-bedroom unit as of Feb. 22, 1996, established by Department of Housing and Urban Development (HUD) housing authorities for each county in the state. HUD will pay up to the fair market rent for a subsidized family, less the "total tenant payment," which is based on the family's gross income, less specified deductions. (Deductions include $480 for each dependent, $400 for any elderly family or a person with a disability, and some medical deductions.) The formula used in determining the tenant payment is the highest of (1) 30 percent of monthly income (including AFDC cash payments) less deductions; (2) 10 percent of monthly income; (3) welfare rent, if applicable; or (4) a $25 minimum rent or higher amount (up to $50) set by the housing authority. Therefore, a family losing AFDC benefits with no other income would fall into this last category and be eligible to receive a housing subsidy up to the amount of the fair market rent minus the minimum rent payment set by the housing authority.

[e]Generally includes only heating assistance provided during winter months under the Low-Income Home Energy Assistance Program (LIHEAP) during fiscal year 1995. The program also provides cooling assistance, and winter and summer crisis assistance. According to the program official contacted, income standards for the program are fairly high, and AFDC families were likely to receive amounts greater than the amounts indicated here. (Source: HHS, Administration for Children and Families, Fiscal Year 1995 Summer LIHEAP Telephone Survey Results, Mar. 1996.)

[f]Based on preliminary data reported by the states: total collections divided by total cases with collections, monthly average. (Source: Child Support Enforcement FY 1995 Preliminary Data Report, HHS (Washington, D.C.: May 1996)).

[g]Percent unemployed in the civilian labor force in 1995. (Source: Statistical Abstract of the United States - 1996, U.S. Department of Commerce, Bureau of the Census (Washington, D.C.: Oct. 1996)).

[h]According to a HUD Issue Brief, HUD Reinvention From Blueprint to Action, HUD (Washington, D.C.: Mar. 1995), the average cost of serving families through housing certificates nationwide was $440 per month; and the average cost of a public housing subsidy nationwide was $481 per month based on fiscal year 1995 appropriations.

AFDC Caseload Participation in Selected Programs in States Terminating Benefits Under Waivers

	AFDC caseload					
State	Number	Percent	Percent receiving food stamps	Percent receiving SSI[a]	Percent receiving housing assistance[b]	Percent receiving child support[c]
Arizona	69,609	100	92.1	3.1	15.1	0.2
Connecticut	60,985	100	88.7	3.2	33.0	10.7
Delaware	10,775	100	83.6	3.1	36.4	11.4
Florida	230,807	100	93.6	6.0	15.4	2.0
Illinois	236,205	100	93.7	8.5	19.5	0.5
Iowa	36,435	100	88.3	5.1	26.8	11.8
Massachusetts	100,852	100	78.6	4.9	33.7	8.7
Michigan	201,696	100	94.4	10.4	10.5	1.6
Mississippi	52,528	100	93.5	13.4	22.5	12.3
Missouri	89,289	100	89.9	6.8	25.3	8.6
Nebraska	14,828	100	86.4	6.5	36.6	1.2
North Carolina	125,503	100	77.7	10.9	23.7	12.0
Ohio	228,171	100	91.3	9.2	25.3	8.4
Oregon	39,264	100	91.1	1.4	17.5	9.7
South Dakota	6,286	100	83.7	6.9	27.5	8.8
Utah	16,648	100	85.9	0.7	25.6	11.9
Vermont	9,648	100	97.7	0.7	21.7	11.2
Virginia	72,147	100	86.6	7.7	28.9	7.5
Wisconsin	72,366	100	85.5	9.8	15.1	4.1
U.S. total	**4,873,398**	**100**	**89.8**	**5.4**	**20.1**	**4.8**

[a]Data for SSI also include workers compensation.

[b]Data include families in public housing or receiving a HUD rent subsidy. Families receiving other rent subsidies were not included.

[c]At the time of our review, states were required to pass through to AFDC recipients up to $50 per month of child support collected by the state from absent parents. This pass-through requirement was eliminated under the new federal welfare reform law.

Source: Characteristics and Financial Circumstances of AFDC Recipients - Fiscal Year 1995, HHS (Washington, D.C.: June 1996). Food stamps data are from table 5; housing assistance data are from table 4; and child support data are from table 42; SSI data are from tables 33 and 42. According to the program official contacted, table 42 includes only adults on SSI and must be combined with the number of children on SSI from table 33 for the approximate total number of families with an SSI recipient.

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