

# Policy Analysis

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## *Implementing Welfare Reform A State Report Card*

by Jenifer Zeigler

In 1996 the Personal Responsibility and Work Opportunity Reconciliation Act was signed into law, and the nation waited to see if welfare reform would truly “end welfare as we know it.” Block grant funding and administrative devolution gave the states a chance to move beyond pilot programs and prove that they could transition people off welfare more efficiently and effectively than the federal government. As a result, caseloads have dropped by more than half.

Congress is currently debating the reauthorization of PRWORA, and there are a variety of perspectives on the direction welfare reform should now take. It is useful to look at the policy decisions states have made over the past seven years and compare the results. This paper emphasizes the positive policy choices made by states regarding welfare reform implementation—choices that encourage personal responsibility and self-sufficiency.

Strong structural reforms in a state’s welfare

system—including time limits, sanctions, and narrow definitions of work activity—lay the foundation for successful reorganization. Idaho, Ohio, Wisconsin, and Wyoming combined those reforms with positive quantitative outcomes and received the highest grade of A. California and New York, the states with the largest welfare caseloads, will struggle to maintain their C grades in the coming years since they lack programs that encourage self-sufficiency. Vermont received the lowest of the failing grades, including the lowest grade on implementation of structural reforms required for a successful state welfare program.

Strained state budgets, a fluctuating economy, and new “pet programs” packed into welfare reauthorization will all change the face of welfare over the next several years. This study offers analysis of state welfare reform implementation in the present and can serve as a baseline for tracking welfare reauthorization program changes in the future.

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## **Introduction**

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 made great strides in welfare reform. The legislation reflected ideas and programs that were already being tried on the state level and granted the states flexibility to continue experimentation with new methods of welfare reform. Many people consider PRWORA a success because welfare rolls have dropped significantly; yet that cannot be the only measure by which reform achievement is evaluated, as many factors contribute to the reduction of welfare rolls. Only time will tell what role the healthy economy of the late 1990s played, if people who are removed from the rolls can maintain employment and stay off welfare, and if reduced child poverty is a product of welfare reform efforts.

The new Temporary Assistance to Needy Families program places cash assistance in the states' hands to distribute, with work requirement and time limit guidelines. The results have been impressive—not only did welfare caseloads drop 58 percent between 1996 and 2002,<sup>1</sup> but the employment rate for never-married single mothers rose from 46 to 68 percent during roughly the same time period.<sup>2</sup>

The greatest result welfare reform could produce would be the elimination of the welfare system. PRWORA removed the entitlement to cash assistance and now sends the message that welfare is meant to be temporary, not a way of life. As welfare administration continues to devolve from the federal government to the states, and eventually to more local levels, communities will effectively assume responsibility for the welfare system. Those localities, held accountable by local residents and voters, will begin to find innovative ways to meet the needs of the poor, using charitable organizations and encouraging civil society solutions rather than relying on government.

Pilot programs, waivers, and the flexible guidelines of the block grant system allow states to experiment with programs and

make policy decisions that best serve their citizens. This report card is designed to review and compare the structural reforms states have implemented and the quantitative results those programs have produced.

## **State Grades**

Welfare reform has allowed states the flexibility to spend money and implement programs that will help recipients escape welfare's "cycle of dependence." The idea behind welfare reform was to provide recipients with job experience for a better transition into the job market, rather than to give them cash handouts for doing nothing. With job skills and an incentive to hurry off the rolls (time limits), families have been leaving welfare in record numbers.

This report card grades each state on program and performance measures. It is just as important to evaluate the programs a state has instituted (structural reforms) as the results of those reforms (quantitative results). It is necessary that states reduce caseloads and poverty rates, but if they are not establishing sound welfare policies that will sustain self-sufficiency, many people in need will never completely escape the system.

Unfortunately, as the scope of evaluation increases, so do the number of variables. Structural reforms evaluated in this report card are influenced by a number of significant variables. States will always have different demographics; some welfare populations are aggregated in urban areas, and some states have higher immigrant populations. Policies have different effects on each state as a result of its diverse populations. Moreover, the staggered implementation of most welfare reform policies means that some programs may not have had time to produce results. States receive the same credit for implementing a policy, whether a state implemented the program directly after welfare reform or only last year. Some programs also take time to produce results, especially programs designed to discourage self-defeating behavior such as

**Table 1**  
**Overall Grades**

State	Overall Score	Letter Grade	State	Overall Score	Letter Grade
Idaho	76	A	Delaware	52	C
Ohio	74	A	Montana	51	C
Wyoming	72	A	West Virginia	50	C
Wisconsin	71	A	Arkansas	50	C
Florida	68	B	Oregon	50	C
Connecticut	63	B	Alabama	49	D
Virginia	62	B	Kentucky	49	D
Illinois	61	B	Oklahoma	49	D
New Jersey	60	B	Tennessee	46	D
Indiana	60	B	Massachusetts	44	D
Iowa	60	B	Nevada	43	D
Maryland	58	C	Michigan	43	D
California	58	C	Pennsylvania	43	D
South Carolina	57	C	Texas	40	D
Arizona	57	C	Minnesota	40	D
New York	57	C	Alaska	40	D
Georgia	56	C	Nebraska	38	F
North Carolina	55	C	Rhode Island	38	F
Colorado	55	C	Utah	37	F
Washington	55	C	New Hampshire	36	F
Hawaii	55	C	D.C.	36	F
South Dakota	54	C	Maine	36	F
Louisiana	54	C	North Dakota	36	F
Kansas	53	C	Missouri	36	F
Mississippi	53	C	Vermont	21	F
New Mexico	52	C			

teenage pregnancy. Finally, states handle external influences, such as economic cycles, differently. Although many states follow the national economic trend, they may experience economic change at different times.

Some components of sound welfare reform policy are not best measured quantitatively. It is difficult to place a numeric value on structural reforms that encourage self-sufficiency and personal responsibility. The quantitative results used in the report card are certainly indicators of successful welfare reform, but they cannot reflect important accomplishments such as encouraging community organizations to take over social services or changing the perception of welfare as a safety net rather than a lifestyle subsidy.

As a result of the numerous variables and incomplete measurements, the correlation between successful structural reforms and positive quantitative results is not perfect. Although a relationship between reforms and results exists, this report card was not designed to establish or highlight that relationship. Rather, criteria were selected that would reflect the direction of a state's welfare policy. Both quantitative and qualitative measures are necessary to see each state's welfare reform implementation in its entirety.

The states with the highest grades ranked in the top third of the states in both structural reforms and quantitative measures. Those states recognized that it is important to reduce rolls and rates in the short term (high

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quantitative results score) as well as prepare work policies, time limits, sanctions, and family caps (high structural reforms score).

It is not surprising to see Wisconsin receive an A, since much of PRWORA was modeled on the Wisconsin Works (W2) system, one of the first innovations in state welfare reform in the 1990s. However, it is Idaho that earns the highest cumulative average of 76. The two other states receiving As (scoring a 70 or above) are Wyoming and Ohio.

Seven states scored between 60 and 69, earning a B. There were 20 C states (scoring between 50 and 59), and 11 D grades went to states with scores of 40 to 49. Nine states averaged below 40 and receive failing grades for their implementation of welfare reform. The jurisdictions receiving Fs are the District of Columbia, Maine, Missouri, Nebraska, New Hampshire, North Dakota, Rhode Island, Utah, and Vermont. Vermont received the lowest score of 21 (see Table 1).

### Criteria for Reform

This report card grades each criterion on a scale of 0 to 100. Some criteria are weighted at half value such that points scale from 0 to 50. There are five whole-weight credits (500 points total) for the structural reforms side and five whole-weight credits for the quantitative results side.

On the structural reforms section of the report card, each state's specific program is categorized for grading purposes. A state's score is based not just on whether or not a given program exists but also on that program's intensity or stringency. Programs mandated by TANF are graded by how liberal the exemptions are or how diligent enforcement is.

When comparing results for each state's implementation, the report card evaluates numbers over the life of PRWORA. That is important because many caseloads and poverty rates peaked between 1994 and 1996. Thus, comparing 1996 data (the last year before implementation) with current numbers (often 2001 or 2002 are the most recent

available) allows for the greatest spectrum of change. As more recent years are reported, we can evaluate the effects of state welfare programs through the good economic times of the late 1990s and during the economic slowdown of the past few years.

Grades in the quantitative results section are based on rankings among the states. The state ranked first—such as Wyoming for greatest caseload decline—receives 100 points. The state ranked last—such as Arkansas for decline in the child poverty rate—receives 0 point. This is a standard measure of comparison since it is how states are evaluated by federal welfare administrators for performance-based grants and bonuses. All numbers are “rates” (changes as a percentage of that state's population) allowing appropriate comparisons between Wyoming, which has the lowest welfare population, and California, which has the highest.

Appendix A provides detailed measures and explanations thereof. Appendix B gives summaries of policies and outcomes for each jurisdiction.

### Structural Reforms

The new block grant system gives states some flexibility in welfare reform implementation. How they choose to implement individual policies or exercise certain sanctions reflects the priorities of the states. This section explains how state policies are turned into report card scores for comparing each state's structural reforms.

#### Prevention Measures

**Family Caps.** PRWORA authorized states to impose a family cap, which would deny increased TANF benefits to women on welfare who have additional children. Twenty-three states have established such caps<sup>3</sup> (Appendix A, Table A-1). Family caps show recipients that welfare is a temporary safety net, not a subsidy for a life of dependence. If a family is not making it on its own, creating another mouth to feed is not the path to self-sufficiency.

Since a family cap is an elective policy,

states can decide whether or how best to implement it. The report card grades states on whether or not they use the family cap option and, if so, to what degree. The State Policy Documentation Project<sup>4</sup> categorized states that have family cap policies, and those categories are used here to issue grades. States are scored using the following system: 100 points for states with the strongest family cap sanction (i.e., states that do not give any cash increase for an additional child); 85 points for states that have family caps with a less dramatic sanction policy—the state does not halt cash increments but reduces the level; 70 points for states that technically have a family cap policy but rather than reduce the incremental benefit issue payment in the form of a voucher or to a third-party payee; and 0 points for a state with no family cap policy. The issued grade is divided by half (the score is out of 50 points), since the family cap policy represents only half of the full-weight score for prevention measures.

**Teens at Home.** PRWORA requires unmarried mothers under the age of 18 to remain in school and live with an adult. That was a priority in welfare reform since, by the early 1990s, half of unwed teen mothers would go on welfare within one year of the birth of their first child and an additional 25 percent were on welfare within five years.<sup>5</sup> Nearly 55 percent of welfare expenditures are attributable to families that begin with a birth to a teenager.<sup>6</sup>

High school dropouts are roughly three times more likely to end up in poverty than are people who complete at least a high school education.<sup>7</sup> If dropouts do find jobs, their wages are likely to be low. Wages for high school dropouts have declined (in inflation-adjusted terms) by 24 percent over 26 years.<sup>8</sup> As the U.S. Department of Education warns, “In terms of employment, earnings, and family formation, dropouts from high school face difficulties in making the transition to the adult world.”<sup>9</sup>

The economic impact is intergenerational, affecting children as well as their teenage parents. Children whose parents have not completed high school are far more likely to live in

poverty than children whose parents are more educated. Simply put, more education equals less poverty, a relationship that extends across all ethnic groups but is particularly pronounced for African Americans.<sup>10</sup>

TANF allows high school attendance to fulfill the work requirement for minor teen mothers, who are supposed to remain in a parent’s home while finishing school. All states are required to implement this policy, but the specific guidelines are at the discretion of each state.

States that have strong minor living arrangement policies with few exemptions were awarded 100 points (Appendix A, Table A-2). Acceptable exemptions include narrowly defined “good cause,” neglect, or abuse concerns. Eighty-five points were awarded to states with regulations that allowed single teen mothers to live “independently in an approved arrangement” or had more liberal exceptions, such as the teen parent being close to age 18. In both cases, the grade is then divided by two to reflect the half-weight given this measure. Finally, 0 point was awarded to states that technically have a “minor living arrangement” policy but include broad definitions and extensive exceptions that make the federal law ineffective. Examples include exempting a teen who has lived away from her family for a year or is “successfully living on her own.” Just how “successful” is a teenager living on her own if she has an out-of-wedlock pregnancy and needs welfare assistance? We again divide the scores by two, as this policy represents the other half of the full-weight score for prevention measures.

### **Work Policy**

PRWORA’s addition of work requirements to TANF benefits was one of the most substantial changes to the welfare system. By 2002 half of each state’s eligible caseload had to be engaged in “work-related activities” at least 30 hours per week. Ninety percent of two-parent families on TANF had to be working 35 hours per week.

The Department of Health and Human Services divides jobs that qualify for work par-

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ticipation credit into 14 categories for reporting purposes. Of those allowable work activity categories under TANF, seven are activities in which the recipient is actually working.

Acceptable work activities, for grading purposes, include subsidized and unsubsidized employment (public and private), community service, on-the-job training, and work experience (Appendix A, Table A-3). Unacceptable activities include job search, job skills training, adult basic education/English as a second language classes, education directly related to employment, and vocational training. Those are not considered actual work activities because they are education based and do not provide actual work experience.

The Work Policy grade consists of two half weights, “good work policy” and “bad work policy.” Under each of the seven “actually working” categories, a state receives 50 points for each category the state allows to count toward work participation. The less flexibility a state allows in a particular category, the fewer points awarded. The “actually working” categories are then averaged for a Good Work Policy score. For the remaining categories, which do not provide job experience, states are awarded 50 points for each category *not* included under the definition of “work.” The less flexibility a state allows in a “bad work policy” category, the more points awarded.

#### **Administrative Measures**

**Diversion.** Since PRWORA eliminated entitlement to welfare, states have been free to put conditions on the receipt of benefits. Thirty-four states and the District of Columbia have used this authority to establish diversion programs that prevent potential welfare recipients, particularly those considered job ready or who have another potential source of income, from ever entering the system.<sup>11</sup>

Generally, diversion programs fall into one of three categories (Appendix A, Table A-4). Most common are diversion programs that provide “lump-sum payments” in lieu of welfare benefits.<sup>12</sup> Those programs assist families facing an immediate financial crisis or short-term need. The family is given a single cash

payment in the hope that the immediate problem can be taken care of without the need to go on welfare. In fact, a family is usually precluded from going on welfare for a period of time after accepting a diversion payment.

Most states do not restrict how lump-sum payments may be used; they have been used to pay off back debts, as well as for childcare, car repairs, medical bills, rent, clothing, and utility bills. Recipients may also use lump-sum payments for work-related expenses, such as purchasing tools, uniforms, and business licenses. A few states restrict the use of lump-sum payments to job-related needs, although that definition can be interpreted broadly. For example, even moving expenses for a new job may qualify.<sup>13</sup>

Another common diversion approach is a “mandatory applicant job search,” used by 27 states. Under that approach, welfare applicants are required to seek employment before they become eligible for benefits. In most cases the state will assist with the job search by providing job contacts and leads, access to a “resource room” where applicants can prepare résumés and conduct job searches, or classes in job search skills. States may also provide childcare and transportation assistance.

Finally, eight states have programs designed to encourage welfare applicants to use “alternative resources” before receiving TANF benefits. Those programs generally do not have specific guidelines but amount to caseworkers encouraging would-be applicants to seek help from family, private charity, or other government programs.<sup>14</sup> Even in states with alternative resource referral programs, this approach is the least used, possibly because it is poorly understood by potential recipients and requires extensive caseworker involvement.

The success of state diversion efforts has been somewhat difficult to gauge, in part because there has been limited implementation and in part because there are no tracking mechanisms. State TANF systems are designed to track people participating in TANF, not those diverted from it. TANF administrators make a greater effort to track lump-sum recipients since they receive cash; however, tracking of

those referred to charity or other alternative resources is almost entirely at the discretion of local authorities. Administrators usually do not track applicants required to participate in prebenefit job search programs, unless they subsequently receive TANF. Without a comprehensive reporting system, diverted applicants may show up on TANF reports as “denied,” “incomplete,” “withdrawn,” or “other.”<sup>15</sup>

However, the limited data available provide reason for optimism. In Utah and Virginia, the states that have the most extensive tracking information, between 81 and 85 percent of those initially diverted do not subsequently reapply for TANF.<sup>16</sup>

For our purposes, grading the existence of a program is the only option since results are not consistently available. This study uses a comparison of diversion programs by George Washington University’s Center for Health Policy Research, and scores are based on the availability of diversion options. The CHPR separates diversion programs into the three previously mentioned categories of lump sum, job search, and alternative resources.<sup>17</sup> If a state used all three methods of diversion, it received a perfect score of 100. If a state implemented two of the three categories, it received 85 points. States with one diversion option got 70 points, and no points were awarded to states that did not implement any diversion program.

**Time Limits.** Before welfare reform, pride and self-determination were the main forces driving recipients off welfare. Unfortunately, many people were comfortable with the lifestyle welfare benefits provided and saw no need to work their way out of the system. They had been told that welfare benefits were an entitlement, and with no end in sight, some dependents made welfare a way of life.

In an effort to deter such “career recipients,” PRWORA set limits to how long a person can receive welfare. The federal TANF program imposes a lifetime limit of 60 months (five years). States could reduce that period or continue to support recipients after that time with their maintenance-of-effort (MOE) money<sup>18</sup> or other state funds. States

could also exempt up to 20 percent of their cases from the limit, and “child-only” cases—in which only the children in the family qualify for benefits—are not subject to federal time limits.<sup>19</sup>

Since caseloads include on-again, off-again recipients, many recipients are just now reaching the overall five-year moratorium on aid. As recipients began to hit the federal time limit, states have struggled with the decision to kick families off the rolls or continue paying benefits from scarce state funds. Eighteen states have been spared the dilemma as they were granted waivers before PRWORA that allow for the exclusion of all or part of their caseloads from time limits. States have implemented categorical exemptions for various recipients, choosing to continue funding with their own money.<sup>20</sup> It will be interesting to see how state policies change as more and more recipients begin to reach their time limits, especially if state budgets continue to be stretched.

For grading purposes, if a state has no time limit, it receives no points. If a state has no lifetime limit but does have a periodic limit (such as 24 out of 60 months), or if the state has a time limit equivalent to the federal limit (60 months), it receives 50 points. However, states with a 60-month limit can receive 75 points if they have shorter periodic limits within the 60-month lifetime limit (such as 36 months of ineligibility after 24 month of receipt). Finally, states that have implemented benefit limits more stringent than those of the federal government receive 75, 85, or 100 points, based on the brevity of the lifetime limit and whether it is coupled with periodic limits (Appendix A, Table A-5).

**Sanctions.** Obviously, it is not enough for states to promulgate new welfare policies; those policies must be enforced. If welfare recipients fail to meet work requirements or violate other stipulations of a state’s welfare policy, penalties must be imposed. Modest sanctions tend to deduct only the adult portion of the TANF benefit, not punishing any children in the household and thereby reducing the benefit only minimally. States with

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the most stringent sanctions withhold the entire TANF benefit upon the first violation. Then there are sanction policies that fall along the spectrum, allowing multiple violations as benefits are gradually reduced or withheld.<sup>21</sup>

Michael New, postdoctoral fellow at the Harvard-MIT Data Center, evaluated the effectiveness of sanctions in a Cato Institute Policy Analysis titled “Welfare Reform That Works.” New found that a state’s sanction policy could affect caseload decline by as much as 20 percent, through both the indirect effect of encouraging recipients to leave the rolls and the direct effect of ending their eligibility.<sup>22</sup> Not only is there a relationship between state sanction policy and caseload decline, New found, but that relationship is constant over several years.<sup>23</sup>

Sanctions are not successful because they throw recipients off welfare; rather they serve as a threat of actual consequences for failing to meet requirements or reaching time limits. Only about 6 percent of those leaving welfare have done so because of sanction enforcement.<sup>24</sup> However, states vary widely in the percentage of their caseloads affected by sanctions. For example, in an average month in 1998, almost 30 percent of case closures in North Carolina were due to sanctions, while fewer than 1 percent of closures in California, Oklahoma, and Nebraska were sanction related.<sup>25</sup>

New’s study uses the HHS categories for state sanction policy: partial, graduated, and full sanctions (Appendix A, Table A-6). Full family sanctions, the strongest a state can apply, affect the entire TANF check at the first instance of nonperformance. States with graduated sanctioning do not sanction the entire TANF check at the first instance of nonperformance but do so after multiple infractions. Finally, states with partial sanctions are those that sanction only the adult portion of the TANF check, even after repeated infractions. Partial sanctions enable recipients to retain the bulk of their TANF benefits, even if they fail to perform workfare or other required activities.<sup>26</sup>

This report card awards 100 points for full sanctions, 50 points for graduated sanctions, and 0 points for partial sanctions.

## Quantitative Results

Forty years ago, President Lyndon B. Johnson declared a War on Poverty and created “welfare as we know it.” Welfare caseloads rose dramatically; by 1995 nearly five million families were receiving welfare benefits,<sup>27</sup> and nearly one in seven children lived in a household that received welfare.<sup>28</sup>

In the 1990s, under state and federal welfare reform, the tide began to turn. As caseloads began to level off, the federal government granted states waivers and approved pilot programs so states could experiment with welfare reform. By the mid-1990s, some states began to see a decline in their welfare rolls. Federal welfare reform legislation passed in 1996, and by March 2002 caseloads had been reduced by 64 percent from their 1994 peak.<sup>29</sup> That represented the fewest welfare recipients since 1961.<sup>30</sup> Policymakers, the media, and the public generally consider welfare reform a success because of the significant reduction in caseloads.

While all observers recognize that rolls have been reduced, experts differ on what has contributed most to caseload declines. There is no simple answer. Welfare reform has been a success for a number of reasons. The economic boom of the late 1990s offered substantial economic and job growth, which obviously had a positive effect on reducing welfare rolls. Yet reform has certainly been a success in its own right. A 1999 report by the President’s Council of Economic Advisers suggested that only about 10 percent of the caseload decline following reform was due to the improved economy. However, roughly 30 percent of the prereform decline between 1993 and 1996 was the result of economic growth. The study concluded that PRWORA was responsible for a third of caseload decline.<sup>31</sup>

New evaluated the relationship between economic growth and caseload decline by



using the growth in real per capita income as a measure of a state's economic growth. He found that there was a modest relationship—about a 5 percent difference in caseload decline—between states with strong economies and states with weak ones.<sup>32</sup>

Grading of the quantitative results is based on each jurisdiction's rank in comparison with the other states and the District of Columbia. Each rank then receives corresponding points. The state with the best results gets 100 points; the state with the worst gets 0. For criteria that only count for half a weighted grade, the points spread between 50 and 0.

### Caseload Reductions

The greatest decline in welfare rolls occurred in the first two years following the enactment of welfare reform. Caseloads began to level out in most states by 1998, and some states that experienced the most significant initial declines began to see caseloads inch back up. New Mexico, for example, reduced its rolls by almost half in the first two years following reform, then had a nearly 25 percent increase in 1999. Delaware, Tennessee, and Wisconsin also saw their caseloads increase, after initial reductions.<sup>33</sup> As the economy began to slow in 2001 and 2002, the era of declining caseloads came to a close. In 2002, 26 states experienced higher caseloads than the year before, although all state caseloads remained significantly below prereform levels (Appendix A, Table A-7).<sup>34</sup>

As previously mentioned, for purposes of grading, this paper compares federal caseloads between 1996 (the last year before welfare reform implementation) and 2002 (the most recent year for which data are available). States are evaluated on their current federal caseload<sup>35</sup> as a percentage of their prereform caseload and then ranked in comparison with other states' percentages. Grades are based on each state's ranking.

### Poverty Rate and Child Poverty Rate

Poverty rates mirrored the success of caseload reductions as national poverty rates

declined every year after reform until 2001. Even though 2002's slow economy caused a minor uptick in poverty rates, they continue to remain well below prereform rates (Appendix A, Table A-8).<sup>36</sup>

Most significant, poverty rates declined for women, children, and minorities, groups that were thought to be most at risk. Many critics of welfare reform issued dire predictions, forecasting at the time PRWORA was passed that more than a million children would be thrown into poverty.<sup>37</sup> Instead, child poverty rates declined from 20.5 percent in 1996 to 16.2 percent in 2000, the lowest level in more than 20 years.<sup>38</sup>

Although the reductions in overall poverty and child poverty are successes, it is important to evaluate those results separately. Therefore, reduction in the child poverty rate alone represents half of the poverty reduction grade, and overall poverty rate decline is the other half weight.

### Teen Birthrate

For many women, having a child out of wedlock leads to a lifetime of poverty. Once on welfare, single mothers often find it very difficult to escape. Although the average recipient remains on welfare for less than two years,<sup>39</sup> by the early 1990s almost 40 percent of all never-married mothers on welfare remained on the rolls for 10 years or longer.<sup>40</sup>

Teen mothers now account for roughly 26 percent of all out-of-wedlock births. That figure, however, may understate the severity of the problem. Women who give birth out of wedlock as teens frequently go on to have additional children out of wedlock. More than a third of all out-of-wedlock births are to mothers who had their first child as unwed teenagers.<sup>41</sup>

It is essential that states reduce teenage pregnancy if there is to be any hope of ending welfare dependence. If states can dissuade young women from giving birth out of wedlock in their teenage years, more women will complete school and have a better chance for a self-sufficient future. Reduction in births to teenagers is a measure on the report card,

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because it shows whether states are laying the groundwork to break the cycle of welfare dependence.

Birthrates are measured by the number of births to teenage women (age 15 to 19) per 1,000 teenagers in each state. Teenage birthrates peaked nationally at 61.8 in 1991 and have fallen 27 percent in the past decade.<sup>42</sup> However, the decline in births to teenagers may simply reflect a trend of decline in all births—fewer teens are having babies just as fewer women overall are having babies.<sup>43</sup> Thus, this criterion has been broken into two measures, each receiving a half weight: reduction in teenage birthrate and reduction in the number of births to teenagers as a percentage of all births (Appendix A, Table A-9).

### **Work Participation**

PRWORA requires states to have at least 50 percent of eligible welfare recipients participating in work activities by 2002.<sup>44</sup> Thus far, that mandate has not had much “bite.” During almost every reporting period to date, states have not had to meet work requirements because they have received “caseload reduction credits,” which more than cover their obligations. The caseload reduction credit loophole of PRWORA allows a state to count the percent by which it reduces its caseload toward its work requirement, in a one-to-one ratio. Therefore, if a state reduces its caseload by 50 percent, it has met its 50 percent work requirement.

In addition, individuals paid with state MOE dollars are not considered part of that state’s “caseload” for purposes of determining work participation rates. As a result, many states have chosen to aid their “hard to employ” and two-parent families (who are required to meet a higher, 90 percent, participation rate) with MOE funds. It is important to note that as more recipients exhaust their federal time limits—or if work requirements become more difficult to meet (higher minimum hours, more narrow definitions of “work activities”)—states will be forced to choose whether or not to be the final safety

net. That will require funds beyond the obligatory MOE, and states currently do not have much money to spare.

As a result of the caseload reduction credits, waivers, and the ability to support cases with nonfederal funds, every state and the District of Columbia met their single-parent work requirement in 2002.<sup>45</sup>

Since work requirements are such an important part of welfare reform, work-related criteria are two of the five weighted measures of the quantitative results grade.

States are graded using the official work participation rates reported to the Department of Health and Human Services. Regardless of caseload reduction credits and MOE funding shifts, states were playing by the rules HHS gave them, and they should be evaluated on their ability to meet or exceed those requirements. However, it is also important to look at the actual work participation rates, since without credits only five states would have met their single-parent participation requirements, and only two states would have met the two-parent standard.<sup>46</sup> Through credits, 17 states were able to reduce their work requirement to zero, and 16 states have carried over AFDC waivers<sup>47</sup> that reduce or override TANF work requirements. Absent waivers, exemptions, and credits, the national participation rate for recipients in actual work activities would be less than 30 percent.<sup>48</sup>

States have made it very hard on themselves by not striving to meet the work requirement guidelines, regardless of credits. With weakened economies and tighter budgets, states are going to have to figure out how to create jobs for welfare recipients to meet work requirements and how to fund the administrative oversight such regulations require.

Reported work participation numbers are important for determining state compliance. However, since reported numbers are not a true reflection of a state’s effort to place recipients in actual jobs, that measure receives only half a weighted grade.

To determine how many recipients are “actually working,” work participation was

calculated using the same category system referenced under the Work Policy grade of the Structural Reform section. Seven of the 14 classifications of “work activities” involve actual work experience (public and private subsidized and unsubsidized employment, community service, on-the-job training, and work experience). A recipient’s reported work activities could fall under more than one category. Thus, in totaling work experience under qualifying categories, a recipient might be counted more than once. That allows for the maximum number of counted recipients, giving each state the highest participation rate possible. Totaling work activity in that manner does not include work programs funded by state MOE money or separate state funds.

A large number of recipients working in actual jobs, as a percentage of those who have reported any hours working, is evidence that a state considers providing recipients with job experience and skills a priority. The “actually working” measure evaluates what recipients who are reported working are doing. However, this measure is used only to evaluate recipients who have already taken the initiative to participate in a work activity. The limited size of the evaluated population, coupled with the fact that a state’s work policies have already been graded under structural reforms, means that this grade receives only half a weight (Appendix A, Table A-10).

The number of recipients engaged in actual work activities, compared to the overall number of adult recipients in a state, is the most important measure of the work requirement section. This is essentially the same comparison used for work participation rates, adjusted to include only work activities that offer work experience. Using this measurement, just over 9 percent of welfare recipients in Maryland and Georgia are actually working. However, more than 73 percent in Washington State are engaged in actual work activities.<sup>49</sup>

The grade for recipients actually working as a percentage of all recipients reflects both the actual work participation level and the emphasis states place on job experience.

Since work experience is essential to employability and eventual self-sufficiency, this grade is likely a predictor of future welfare reform success and therefore receives a full weighted grade.

## Suggested Criteria for Future Study

There are a number of criteria that would have been useful to evaluate if quality measures and assessable results existed. Ideally, states would have a system of consistently tracking people leaving welfare (leavers) and those who return (cyclers). Leavers provide insight into how and why recipients are getting off welfare and if they are succeeding once they have left. Cyclers can testify to the problems facing the working poor and suggest measures that might prevent a person from coming back into the system. Unfortunately, once recipients leave the welfare system, they are hard to track. There are grants that fund tracking programs; however, they are limited to a few states and their varying designs do not allow for meaningful comparison.

Devolution is another important element of a successful welfare program. As states become more comfortable with the administration of federal funds, many are devolving control of the funds to the county or municipal level. States recognize that those closest to the recipients have a better understanding of their needs. The most successful devolution design would return social service responsibility to civil society, encouraging communities to design safety nets not dependent on taxpayer dollars. However, at this time there is no formalized comparison across all the states that allows for proper categorization and grading of devolution.

Finally, it would be useful to analyze each state’s social service appropriation decisions. PRWORA allows some flexibility in state spending of federal block grants and state MOE funds. If a state is required to spend the money, is it at least putting it into the most effective programs? Out-of-wedlock births to

**As states become more comfortable with the administration of federal funds, many are devolving control of the funds to the county or municipal level.**

**As states face budget shortfalls and a struggling economy, their programs will be put to a more rigorous test.**

teens, for example, have a substantial effect on welfare caseloads. Therefore, it would be relevant to look at state funding of teenage pregnancy prevention programs (a proactive measure designed to help recipients avoid dependence), as opposed to marriage initiatives (a reactive measure designed to help recipients escape dependence). However, since such funding is at each state’s discretion and is often with state monies, evaluation would require contacting each state agency involved with providing a social service to calculate the funding levels for various programs. Ideally, proactive programs that encourage individual responsibility would be funded by charitable organizations or community entities that understand the value of helping their neighbors avoid welfare dependence.

## Conclusion

Over the past seven years, Congress has returned significant responsibility for welfare to the states. After decades of federally administered aid, states have finally been given the

opportunity to show that they can do it better. In the interest of best serving their citizens, states have struggled to implement the mandates of PRWORA in the most efficient and effective manner possible. All states have succeeded to a degree; caseloads and poverty rates have been reduced. However, as states face budget shortfalls and a struggling economy, their programs will be put to a more rigorous test.

For example, New York, which scored 4th in quantitative results but 38th in structural reforms, will be lucky to maintain its C grade as caseload decline slows or reverses. On the other hand, Virginia may maintain its B grade or even see it rise as the economy is no longer an influence on quantitative results (where it ranked 29th) and states must rely more on structural reforms (where it ranked 4th).

With this report card, legislators can compare their programs with those of other states, observing both successes and failures. Such information can aid policymakers in their decisionmaking today, as well as provide guidance for the important choices they must make upon passage of welfare reform reauthorization.

## Appendix A: Detailed Tables

**Table A-1  
Family Caps**

State	State Family Cap Policy			Code*	Grade
	Yes (21)	No (27)	Flat Grant (2)		
Alabama		X		N	0
Alaska		X		N	0
Arizona	X			Y1	100
Arkansas	X			Y1	100
California	X			Y1	100
Colorado		X		N	0
Connecticut	X			Y2	85
Delaware	X			Y1	100
D.C.		X		N	0
Florida	X			Y2	85
Georgia	X			Y1	100
Hawaii		X		N	0
Idaho			X	Y2	85
Illinois	X			Y1	100

State	State Family Cap Policy			Code*	Grade
	Yes (21)	No (27)	Flat Grant (2)		
Indiana	X			Y1	100
Iowa		X		N	0
Kansas		X		N	0
Kentucky		X		N	0
Louisiana		X		N	0
Maine		X		N	0
Maryland	X			Y3	70
Massachusetts	X			Y1	100
Michigan		X		N	0
Minnesota		X		N	0
Mississippi	X			Y1	100
Missouri		X		N	0
Montana		X		N	0
Nebraska	X			Y1	100
Nevada		X		N	0
New Hampshire		X		N	0
New Jersey	X			Y1	100
New Mexico		X		N	0
New York		X		N	0
North Carolina	X			Y1	100
North Dakota	X			Y1	100
Ohio		X		N	0
Oklahoma	X			Y3	70
Oregon		X		N	0
Pennsylvania		X		N	0
Rhode Island		X		N	0
South Carolina	X			Y3	70
South Dakota		X		N	0
Tennessee	X			Y1	100
Texas		X		N	0
Utah		X		N	0
Vermont		X		N	0
Virginia	X			Y1	100
Washington		X		N	0
West Virginia		X		N	0
Wisconsin			X	Y2	85
Wyoming	X			Y1	100

Sources: State Policy Documentation Project, "Family Cap: Overview," March 1999, [www.spdp.org/famcap/famcapover.htm](http://www.spdp.org/famcap/famcapover.htm); and Welfare Information Network's State Plan Database Matrices, "Other State Provisions," June 30, 2001, [www.financeprojectinfo.org/win/spd/OtherStateProvisions-FamilyCap-etc.htm](http://www.financeprojectinfo.org/win/spd/OtherStateProvisions-FamilyCap-etc.htm).

\*Based on type of benefits provided to a family with an excluded child (Y1 = traditional cash increment denied, Y2 = traditional cash increment reduced or flat grant, Y3 = child's benefit issued in voucher form or to third-party payee).

**Table A-2  
Minor (teen) Living Arrangements**

State	Minor Living Arrangement Policy: Eligible for TANF if living with parent or			Code*	Grade
	With Adult Relative or Guardian (51)	With Supervisory Adult (50)	“Independently” in Approved Arrangement Yes (28), No (6), Not explicit (17)		
Alabama	X	X	Not explicit	Y3	0
Alaska	X	X	Not explicit	Y3	0
Arizona	X	X	X	Y2	85
Arkansas	X	X	X	Y2	85
California	X	X	X	Y3	0
Colorado	X	X	X	Y2	85
Connecticut	X	X	Not explicit	Y1	100
Delaware	X	X		N	100
D.C.	X	X	X	Y3	0
Florida	X	X	X	Y3	0
Georgia	X	X	Not explicit	Y1	100
Hawaii	X	X	X	Y2	85
Idaho	X	X	X	Y2	85
Illinois	X	X	Not explicit	Y3	0
Indiana	X	X	X	Y2	85
Iowa	X	X	X	Y2	85
Kansas	X	X	X	Y2	85
Kentucky	X	X	Not explicit	Y3	0
Louisiana	X	X	X	Y3	0
Maine	X	X	Not explicit	Y3	0
Maryland	X	X	X	Y2	85
Massachusetts	X	X	Not explicit	Y2	85
Michigan	X	X	Not explicit	Y2	85
Minnesota	X	X	X	Y3	0
Mississippi	X	X	X	Y2	85
Missouri	X	X	Not explicit	Y3	0
Montana	X	X	X	Y2	85
Nebraska	X	X	X	Y2	85
Nevada	X	X	X	Y2	85
New Hampshire	X	X	X	Y2	85
New Jersey	X	X		N	100
New Mexico	X	X	X	Y2	85
New York	X	X	Not explicit	Y3	0
North Carolina	X	X	X	Y3	0
North Dakota	X	X	Not explicit	Y3	0
Ohio	X	X		N	100
Oklahoma	X	X	Not explicit	Y3	0
Oregon	X	X	X	Y2	85

Minor Living Arrangement Policy:  
Eligible for TANF if living with parent or

State	With Adult Relative or Guardian (51)	With Supervisory Adult (50)	“Independently” in Approved Arrangement Yes (28), No (6), Not explicit (17)	Code*	Grade
Pennsylvania	X	X	Not explicit	Y1	100
Rhode Island	X	X	X	Y2	85
South Carolina	X	X	Not explicit	Y1	100
South Dakota	X	X	X	Y2	85
Tennessee	X	X	Not explicit	Y1	100
Texas	X	X	X	Y3	0
Utah	X	X	X	Y3	0
Vermont	X	X	Not explicit	Y3	0
Virginia	X	X	X	Y2	85
Washington	X	X	X	Y2	85
West Virginia	X	X		N	100
Wisconsin	X			N	100
Wyoming	X	X		N	100

Sources: State Policy Documentation Project, “Minor Living Arrangement: Eligibility and Exemptions,” February 1999, [www.spdp.org/mla/laexempt.htm](http://www.spdp.org/mla/laexempt.htm); and 07 Alaska Administrative Code 45.227 “Assistance to a Minor Parent,” 2003.

\*Based on evaluation of policy exemptions (N means no exemptions; Y# means exemptions to varying degree with Y3 representing the most liberal exemptions).

**Table A-3**  
**Work Activity Policies**  
**A. Good Programs**

State	Subsidized Employment			Community Service			On-the-Job Training			Work Experience			Good Programs Average
	Public	Non-Profit	Private	Public	Non-Profit	Private	Public	Non-Profit	Private	Public	Non-Profit	Private	
Alabama	Yes	X	X	Yes	X	X	Yes	Yes	Yes	X	X	X	96.25
Alaska	Yes	X	X	Yes	X	X	Yes	Yes	Yes	X	X	X	92.50
Arizona	Yes	X	X	Yes	X	X	Yes	Yes	Yes	X	X	X	100.00
Arkansas	Yes	X	X	Yes	X	X	Yes	Yes	Yes	X	X	X	96.25
California	Yes	X	X	Yes	X	X	Yes	Yes	Yes	X	X	X	96.25
Colorado	Yes	X	X	Yes	Unknown	Unknown	Yes	Yes	Yes	X	X	X	88.75
Connecticut	No	N/A	N/A	Yes	Unknown	Unknown	Yes	No	No	N/A	N/A	N/A	42.50
Delaware	No	N/A	N/A	No	N/A	N/A	Yes	Yes	Yes	X	X	X	46.25
D.C.	Yes	Unknown	Unknown	Yes	X	X	Yes	Yes	Yes	X	X	X	92.50
Florida	Yes	X	X	Yes	X	X	Yes	Yes	Yes	X	X	X	92.50
Georgia	Yes	X	X	Yes	X	X	Yes	Yes	Yes	X	X	X	92.50
Hawaii	Yes	X	X	Yes	X	X	Yes	Yes	Yes	X	X	X	88.75
Idaho	Yes	X	X	Yes	X	X	Yes	No	No	X	X	X	71.25
Illinois	Yes	X	X	No	N/A	N/A	Yes	Yes	Yes	X	X	X	75.00
Indiana	Yes	X	X	No	N/A	N/A	Yes	Yes	Yes	X	X	X	75.00
Iowa	No	N/A	N/A	Unknown	Unknown	Unknown	Yes	Yes	Yes	X	X	X	46.25
Kansas	No	N/A	N/A	Yes	X	X	Yes	Yes	Yes	X	X	X	67.50
Kentucky	Yes	X	X	Yes	X	X	Yes	Yes	Yes	X	X	X	92.50
Louisiana	Yes	X	X	No	N/A	N/A	Yes	Yes	Yes	X	X	X	75.00
Maine	Yes	X	X	Yes	Yes	Unknown	Yes	Yes	Yes	X	X	X	88.75
Maryland	Yes	X	X	Yes	X	X	Yes	Yes	Yes	X	X	X	100.00
Massachusetts	Yes	X	X	Yes	X	X	Yes	No	No	N/A	N/A	N/A	46.25
Michigan	Yes	X	X	Yes	X	X	Yes	Yes	Yes	X	X	X	92.50
Minnesota	Yes	X	X	Yes	X	X	Yes	Yes	Yes	X	X	X	92.50
Mississippi	Yes	X	X	Yes	X	X	Yes	Yes	Yes	X	X	X	60.00
Missouri	Yes	X	X	No	N/A	N/A	Yes	Yes	Yes	X	X	X	75.00
Montana	No	N/A	N/A	Yes	X	X	Yes	Local	Local	X	X	X	67.50
Nebraska	No	N/A	N/A	No	N/A	N/A	Yes	Yes	Yes	X	X	X	50.00
Nevada	Yes	X	X	Yes	X	X	Yes	Yes	Yes	X	X	X	92.50
New Hampshire	Yes	X	X	Yes	Unknown	Unknown	Yes	Yes	Yes	X	X	X	92.50
New Jersey	No	N/A	N/A	Yes	X	X	Yes	Yes	Yes	X	X	X	71.25
New Mexico	Yes	X	X	Yes	X	X	Yes	Yes	Yes	X	X	X	96.25
New York	Local	X	X	Local	X	X	Local	Local	Local	X	X	X	85.00
North Carolina	Yes	X	X	Yes	X	X	Yes	Yes	Yes	X	X	X	92.50
North Dakota	Yes	X	X	Yes	X	X	Yes	Yes	Yes	X	X	X	96.25
Ohio	Yes	X	X	Yes	X	X	Yes	Yes	Yes	X	X	X	100.00



Oklahoma	Yes	X	X	X	No	N/A	Yes	Yes	X	X	75.00
Oregon	Yes	X	X	X	No	N/A	Yes	Yes	X	X	75.00
Pennsylvania	Yes	X	X	X	Yes	X	Yes	No	N/A		71.25
Rhode Island	Yes	X	X	X	No	N/A	Yes	Yes	X		71.25
South Carolina	Yes	X	X	X	No	N/A	Yes	Yes	X	X	75.00
South Dakota	Yes	X	X	X	Yes	X	Yes	No	N/A		71.25
Tennessee	No	N/A			No	N/A	Yes	Yes	X		46.25
Texas	Yes	X	X	X	No	N/A	Yes	Yes	X	X	75.00
Utah	Yes	X	X	X	No	N/A	Yes	Yes	X		71.25
Vermont	Yes	X	X	X	No	N/A	Yes	Yes	X		67.50
Virginia	Yes	X	X	X	No	N/A	Yes	Yes	X		71.25
Washington	Yes	X	X	X	Yes	X	Yes	Yes	X		88.75
West Virginia	Yes	X	X	X	Yes	X	Yes	Yes	X		92.50
Wisconsin	Yes	X	X	X	Yes	X	No	No	N/A		50.00
Wyoming	Yes	X	X	X	Yes	X	Yes	Yes	X	X	100.00

## B. Bad Programs

State	Job Readiness	Job Skills Training	Adult Basic Education/ESL	Postsecondary Education		Education Directly Related to Employment	Vocational Education Training	Bad Programs Average
				2-year program	4-year program			
Alabama	Yes	Yes	Yes	Yes, combined with some work	Yes, combined with some work	Yes	Yes	8.6
Alaska	Yes	Yes	Yes	Yes, no other activity required	Yes, no other activity required	Yes	Yes	0.0
Arizona	Yes	Yes	Yes	Yes, combined with some work	Yes, combined with some work	Yes	Yes	8.6
Arkansas	Yes	Yes	Yes	Yes, combined with some work	Yes, combined with some work	Yes	Yes	8.6
California	Yes	Yes	Yes	Yes, combined with some work	Yes, combined with some work	Yes	Yes	8.6
Colorado	Yes	Yes	Local	County Discretion	County Discretion	Yes	Yes	21.4
Connecticut	Yes	Yes	Yes	No	No	Yes	Yes	28.6
Delaware	Yes	Yes	Yes	Yes, combined with some work	Yes, combined with some work	Yes	No	22.9
D.C.	Yes	Yes	Yes	Yes, combined with some work	Yes, combined with some work	Yes	Yes	8.6
Florida	Yes	Yes	Yes	Yes, no other activity required	Yes, combined with some work	No	Yes	18.6
Georgia	Yes	No	Yes	Yes, no other activity required	Yes, no other activity required	Yes	Yes	14.3
Hawaii	Yes	Yes	Yes	Yes, combined with some work	Yes, combined with some work	Yes	Yes	8.6
Idaho	Yes	No	Yes	No	No	Yes	Yes	42.9
Illinois	Yes	Yes	Yes	Yes, no other activity required	Yes, no other activity required	Yes	Yes	0.0
Indiana	Yes	Yes	Yes	Yes, combined with some work	No	No	Yes	32.9
Iowa	Yes	Yes	Yes	Yes, no other activity required	Yes, no other activity required	Yes	Yes	0.0
Kansas	Yes	Yes	Yes	Yes, combined with some work	No	Yes	Yes	18.6
Kentucky	Yes	Yes	Yes	Yes, no other activity required	Yes, no other activity required	Yes	Yes	0.0
Louisiana	Yes	No	Yes	Yes, combined with some work	Yes, combined with some work	Yes	Yes	22.9

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**Table A-3—Continued**

**B. Bad Programs**

State	Job Readiness	Job Skills Training	Adult Basic Education/ESL	Postsecondary Education		Education Directly Related to Employment	Vocational Education Training	Bad Programs Average
				2-year program	4-year program			
Maine	Yes	Yes	Yes	Yes, no other activity required	Yes, no other activity required	Yes	Yes	0.0
Maryland	Yes	Yes	Yes	Yes, combined with some work	Yes, combined with some work	Yes	Yes	8.6
Massachusetts	Yes	Yes	Yes	Yes, combined with some work	No	No	No	47.1
Michigan	Yes	Yes	Yes	Yes, combined with some work	Yes, combined with some work	Yes	Yes	8.6
Minnesota	Yes	Yes	Yes	Yes, no other activity required	No	Yes	Yes	14.3
Mississippi	Yes	Yes	Yes	No	No	Yes	Yes	28.6
Missouri	Yes	Yes	Yes	Yes, combined with some work	County Discretion	Yes	Yes	11.4
Montana	Local	Local	Local	County Discretion	County Discretion	Local	Local	50.0
Nebraska	Yes	Yes	Yes	Yes, combined with some work	No	Yes	Yes	18.6
Nevada	Yes	Yes	Yes	Yes, no other activity required	Yes, no other activity required	Yes	Yes	0.0
New Hampshire	Yes	No	Yes	Yes, combined with some work	No	No	Yes	47.1
New Jersey	Yes	Yes	Yes	Yes, combined with some work	No	Yes	Yes	18.6
New Mexico	Yes	No	Yes	Yes, combined with some work	Yes, combined with some work	Yes	Yes	22.9
New York	Local	Local	Local	County Discretion	No	Local	Local	57.1
North Carolina	Yes	Yes	Yes	Yes, combined with some work	Yes, combined with some work	Yes	Yes	8.6
North Dakota	Yes	Yes	Yes	Yes, combined with some work	Yes, combined with some work	Yes	Yes	8.6
Ohio	Yes	Yes	Yes	County Discretion	County Discretion	Yes	Yes	14.3
Oklahoma	Yes	Yes	Yes	No	No	Yes	Yes	28.6
Oregon	Yes	Yes	Yes	No	No	Yes	Yes	28.6
Pennsylvania	Yes	Yes	Yes	Yes, no other activity required	Yes, no other activity required	Yes	Yes	0.0
Rhode Island	Yes	Yes	Yes	Yes, no other activity required	Yes, no other activity required	Yes	Yes	0.0
South Carolina	Yes	Yes	Yes	Yes, combined with some work	Yes, combined with some work	Yes	Yes	8.6
South Dakota	Yes	Yes	Yes	No	No	Yes	Yes	28.6
Tennessee	Yes	Yes	Yes	Yes, combined with some work	Yes, combined with some work	Yes	Yes	8.6
Texas	Yes	Yes	Yes	Yes, combined with some work	Yes, combined with some work	Yes	Yes	8.6
Utah	Yes	Yes	Yes	Yes, no other activity required	Yes, no other activity required	Yes	Yes	0.0
Vermont	Yes	Yes	Yes	Yes, no other activity required	Yes, no other activity required	Yes	Yes	0.0
Virginia	Yes	Yes	Yes	Yes, combined with some work	Yes, combined with some work	Yes	Yes	8.6
Washington	No	Yes	Yes	No	No	No	Yes	57.1
West Virginia	Yes	Yes	Yes	Yes, combined with some work	Yes, combined with some work	Yes	Yes	18.6
Wisconsin	Yes	Yes	Yes	No	No	Yes	Yes	28.6
Wyoming	Yes	Yes	No	Yes, no other activity required	Yes, no other activity required	Yes	Yes	14.3

Source: State Policy Documentation Project, “TANF Work Activities and Requirements,” January 2001, [www.spdp.org/tanf/work.htm](http://www.spdp.org/tanf/work.htm). Specific websites used: [www.spdp.org/tanf/...subsidempmt.PDF](http://www.spdp.org/tanf/...subsidempmt.PDF); [communityservice.PDF](http://communityservice.PDF); [ojit.pdf](http://ojit.pdf); [Work\\_experience.pdf](http://Work_experience.pdf); [jobskillstraining.PDF](http://jobskillstraining.PDF); [abe\\_esl.pdf](http://abe_esl.pdf); [postsecondary.PDF](http://postsecondary.PDF); [EdrelatedEmp.pdf](http://EdrelatedEmp.pdf); and [voced.pdf](http://voced.pdf).

**Table A-4  
Diversion Programs**

State	Type of Diversion			Code*	Grade
	Lump Sum	Job Search	Alternative Resources		
Alabama		X		Y1	70
Alaska	X			Y1	70
Arizona	X	X		Y2	85
Arkansas	X	X		Y2	85
California	X			Y1	70
Colorado	X			Y1	70
Connecticut	X			Y1	70
Delaware				N	0
D.C.				N	0
Florida	X		X	Y2	85
Georgia		X		Y1	70
Hawaii				N	0
Idaho	X	X	X	Y3	100
Illinois	**	**	**	Y3	100
Indiana		X		Y1	70
Iowa	X	X		Y2	85
Kansas		X		Y1	70
Kentucky	X			Y1	70
Louisiana				N	0
Maine	X			Y1	70
Maryland	X	X	X	Y3	100
Massachusetts				N	0
Michigan				N	0
Minnesota	X			Y1	70
Mississippi				N	0
Missouri		X		Y1	70
Montana	X	X	X	Y3	100
Nebraska				N	0
Nevada		X		Y1	70
New Hampshire				N	0
New Jersey	X			Y1	70
New Mexico				N	0
New York		X	X	Y2	85
North Carolina	X			Y1	70
North Dakota				N	0
Ohio	X	X		Y2	85
Oklahoma		X		Y1	70
Oregon		X		Y1	70
Pennsylvania				N	0
Rhode Island	X			Y1	70
South Carolina		X		Y1	70
South Dakota	X			Y1	70
Tennessee				N	0
Texas	X	X	X	Y3	100
Utah	X			Y1	70
Vermont				N	0

*Continued on next page*

**Table A-4—Continued**

State	Type of Diversion			Code*	Grade
	Lump Sum	Job Search	Alternative Resources		
Virginia	X			Y1	70
Washington	X			Y1	70
West Virginia	X			Y1	70
Wisconsin	X	X	X	Y3	100
Wyoming				N	0
Total	29	29	8		

Sources: Kathleen A. Maloy et al., “A Description and Assessment of State Approaches to Diversion Programs and Activities under Welfare Reform,” George Washington University Center for Health Policy Research, August 1998, Table I-1; “State of Alaska Temporary Assistance for Needy Families State Plan, 2002–2003” sec. 13.4, p. 24, January 2, 2002, <http://health.hss.state.ak.us/dpa/features/pubcomment/stateplan/TANFplan2002-2003amend0803.pdf>; Arizona Department of Economic Security, Family Assistance Administration, “Cash Assistance,” <http://www.de.state.az.us/faa/cash.asp>; State of Connecticut, “Temporary Assistance for Needy Families State Plan, Fiscal Years 1999–2002,” sec. A, part I, p. 1(c), <http://www.dss.state.ct.us/pubs/TANFStPLAN2000-2002.PDF>; State of Iowa, “State Plan for Temporary Assistance for Needy Families,” October 1, 2001, [http://www.dhs.state.ia.us/Homepages/dhs/TANF/TANF\\_Archive/TANF%20STATE%20PLAN%20AMENDMENT%2010-01%20FINAL.doc](http://www.dhs.state.ia.us/Homepages/dhs/TANF/TANF_Archive/TANF%20STATE%20PLAN%20AMENDMENT%2010-01%20FINAL.doc); Shirley Brown, Montana Division Administrator for Child & Family Services; New Jersey Department of Human Services, Division of Family Development, “TANF Program Goals: Introduction,” <http://www.state.nj.us/humanservices/dfd/tanf1.html#t3>; National Coalition for the Homeless and the National Law Center on Homelessness and Poverty, “State TANF Programs Targeted at People Experiencing Homelessness,” May 2001, p. 34, <http://www.nationalhomeless.org/income/tanfreport.pdf>; and Texas Department of Human Services, “Texas Works Overview,” March 15, 2001, <http://www.dhs.state.tx.us/programs/TexasWorks/overview.html>.

\*Based on presence of diversion programs (Y# = yes and number of programs; N = no).

\*\*See Illinois in Appendix B regarding “Front Door Funds.”

**Table A-5  
Time Limits**

State	Type of Time Limits		Category	Grade
	Lifetime Time Limits	Shorter Time Limits		
Alabama	60 month		60 month termination	50
Alaska	60 month		60 month termination	50
Arizona	No limit	24 in 60 months	No lifetime limit/shorter limit	50
Arkansas	24 month		Shorter termination	100
California	60 month		60 month termination	50
Colorado	60 month		60 month termination	50
Connecticut	60 month	21 months	60 month termination/shorter limit	75
Delaware	36 month		Shorter termination	85
D.C.	60 month		60 month termination	50
Florida	48 month	24 in 60 months or 36 in 72 months	Shorter termination	85
Georgia	48 month		Shorter termination	75
Hawaii	60 month		60 month termination	50
Idaho	24 month		Shorter termination	100
Illinois	60 month		60 month termination	50
Indiana	24 month		Shorter termination	100
Iowa	60 month		60 month termination	50
Kansas	60 month		60 month termination	50
Kentucky	60 month		60 month termination	50
Louisiana	60 month	24 in 60 months	60 month termination/shorter limit	75
Maine	60 month		60 month termination	50
Maryland	60 month		60 month termination	50
Massachusetts	No limit	24 in 60 months	No lifetime limit/shorter limit	50
Michigan	No limit		No lifetime limit	0
Minnesota	60 month		60 month termination	50
Mississippi	60 month		60 month termination	50
Missouri	60 month		60 month termination	50
Montana	60 month		60 month termination	50
Nebraska	No limit	24 in 48 months	No lifetime limit/shorter limit	50
Nevada	60 month	12 months of ineligibility after 24 months	60 month termination/shorter limit	75
New Hampshire	60 month		60 month termination	50
New Jersey	60 month		60 month termination	50

*Continued on next page*

**Table A-5—Continued**

State	Type of Time Limits			Grade
	Lifetime Time Limits	Shorter Time Limits	Category	
New Mexico	60 month		60 month termination	50
New York	60 month		60 month termination	50
North Carolina	60 month	36 months of ineligibility after 24 months	60 month termination/shorter limit	75
North Dakota	60 month		60 month termination	50
Ohio	60 month	24 months of ineligibility after 36 months	60 month termination/shorter limit	75
Oklahoma	60 month		60 month termination	50
Oregon	No limit	24 in 84 months	No lifetime limit/shorter limit	50
Pennsylvania	60 month		60 month termination	50
Rhode Island	60 month		60 month termination	50
South Carolina	60 month	24 in 120 months	60 month termination/shorter limit	75
South Dakota	60 month		60 month termination	50
Tennessee	60 month	3 months of ineligibility after 18 months	60 month termination/shorter limit	75
Texas	60 month	60 months of ineligibility after 12, 24, or 36 months	60 month termination/shorter limit	75
Utah	36 month		Shorter termination	85
Vermont	No limit		No lifetime limit	0
Virginia	60 month	24 months of ineligibility after 24 months	60 month termination/shorter limit	75
Washington	60 month		60 month termination	50
West Virginia	60 month		60 month termination	50
Wisconsin	60 month	24 months	60 month termination/shorter limit	75
Wyoming	60 month		60 month termination	50

Source: Dan Bloom et al., “Welfare Time Limits: State Policies, Implementation, and Effects on Families,” Manpower Demonstration Research Corporation, September 6, 2002, pp. 106–7, [http://www.acf.dhhs.gov/programs/opre/welfare\\_timelimits/welfare\\_timelimits.pdf](http://www.acf.dhhs.gov/programs/opre/welfare_timelimits/welfare_timelimits.pdf).

**Table A-6**  
**Sanction Policies**

State	Type of Sanction			Grade
	Full	Graduated	Partial	
Alabama		X		50
Alaska			X	0
Arizona		X		50
Arkansas			X	0
California			X	0
Colorado		X		50
Connecticut		X		50
Delaware		X		50
D.C.			X	0
Florida	X			100
Georgia		X		50
Hawaii	X			100
Idaho	X			100
Illinois		X		50
Indiana			X	0
Iowa	X			100
Kansas	X			100
Kentucky		X		50
Louisiana		X		50
Maine			X	0
Maryland	X			100
Massachusetts		X		50
Michigan		X		50
Minnesota			X	0
Mississippi	X			100
Missouri			X	0
Montana			X	0
Nebraska	X			100
Nevada		X		50
New Hampshire			X	0
New Jersey		X		50
New Mexico		X		50
New York			X	0
North Carolina		X		50
North Dakota		X		50
Ohio	X			100
Oklahoma	X			100
Oregon		X		50
Pennsylvania		X		50
Rhode Island			X	0
South Carolina	X			100
South Dakota		X		50
Tennessee	X			100
Texas			X	0
Utah		X		50
Vermont			X	0
Virginia	X			100
Washington			X	0
West Virginia		X		50
Wisconsin	X			100
Wyoming	X			100

Source: Michael J. New, "Welfare Reform That Works: Explaining the Welfare Caseload Decline, 1996–2000," Cato Institute Policy Analysis no. 435, May 7, 2002, pp. 10–11.

**Table A-7  
State Caseload Decline**

State	Jan. '96	Aug. '96	Jan. '97	Jan. '98	Jan. '99	Jan. '00	Jan. '01	Jan. '02	Mar. '03	Change Aug.	
										'96-Mar. '03 (%)	Rank
Alabama	108,269	100,662	91,723	61,809	48,459	46,816	44,400	43,902	<b>44,646</b>	-55.6	24
Alaska	35,432	<b>35,544</b>	<b>36,189</b>	31,689	26,883	22,927	17,292	<b>18,344</b>	15,927	-55.2	26
Arizona	171,617	169,442	151,526	113,209	88,456	87,964	80,143	<b>90,906</b>	111,334	-34.3	46
Arkansas	59,223	56,343	54,879	36,704	29,284	<b>30,544</b>	28,071	<b>28,404</b>	25,382	-55.0	27
California	2,648,772	2,581,948	2,476,564	2,144,495	1,845,919	1,330,163	1,170,575	<b>1,174,208</b>	1,085,627	-58.0	22
Colorado	99,739	95,788	87,434	55,352	40,799	29,589	27,042	<b>31,148</b>	<b>34,862</b>	-63.6	12
Connecticut	161,736	159,246	155,701	138,666	88,304	68,717	60,276	54,651	43,292	-72.8	6
Delaware	23,153	23,654	23,141	18,504	15,891	11,514	<b>12,518</b>	12,409	12,351	-47.8	33
D.C.	70,082	69,292	67,871	56,128	52,957	47,883	43,606	43,315	43,136	-37.7	42
Florida	575,553	533,801	478,329	320,886	220,216	165,839	129,201	128,083	119,080	-77.7	4
Georgia	367,656	330,302	306,625	220,070	167,400	133,815	124,019	<b>134,567</b>	132,003	-60.0	19
Hawaii	66,690	66,482	65,312	75,817	45,582	41,995	37,100	31,612	25,409	-61.8	16
Idaho	23,547	21,780	19,812	4,446	3,061	2,347	2,309	<b>2,368</b>	<b>3,204</b>	-85.3	2
Illinois	663,212	642,644	601,854	526,851	388,334	264,175	186,937	140,474	99,952	-84.4	3
Indiana	147,083	142,604	121,974	95,665	<b>105,069</b>	96,551	<b>110,216</b>	<b>135,643</b>	<b>140,571</b>	-1.4	51
Iowa	91,727	86,146	78,275	69,504	60,380	53,466	53,342	53,330	51,713	-40.0	39
Kansas	70,758	63,783	57,528	38,462	33,376	31,614	<b>32,624</b>	<b>35,545</b>	<b>39,093</b>	-38.7	40
Kentucky	176,601	172,193	162,730	132,388	102,370	91,323	83,272	79,014	76,688	-55.5	25
Louisiana	239,247	228,115	206,582	118,404	115,791	79,520	68,014	63,682	56,157	-75.4	5
Maine	56,319	53,873	51,178	41,265	36,812	28,946	26,590	25,789	<b>37,562</b>	-30.3	48
Maryland	207,800	194,127	169,723	130,196	92,711	72,537	68,147	67,645	62,066	-68.0	9
Massachusetts	242,572	226,030	214,014	181,729	131,139	105,954	100,962	<b>107,373</b>	<b>108,469</b>	-52.0	30
Michigan	535,704	502,354	462,231	376,985	267,749	214,531	188,397	<b>211,277</b>	202,469	-59.7	20
Minnesota	171,916	169,744	160,167	141,064	124,659	117,554	111,407	93,201	<b>93,665</b>	-44.8	36
Mississippi	133,029	123,828	109,097	66,030	42,651	34,014	<b>34,539</b>	<b>39,972</b>	<b>45,191</b>	-63.5	13
Missouri	238,052	222,820	208,132	162,950	136,782	123,947	<b>124,911</b>	122,897	108,561	-51.3	31
Montana	32,557	29,130	28,138	20,137	16,152	13,281	<b>13,569</b>	<b>16,613</b>	<b>18,074</b>	-38.0	41
Nebraska	38,653	39,228	36,535	38,090	35,057	24,476	23,753	<b>25,650</b>	<b>27,079</b>	-31.0	47
Nevada	40,491	34,261	28,973	29,262	21,753	14,759	<b>18,032</b>	<b>27,439</b>	25,832	-24.6	50
New Hampshire	24,519	22,937	20,627	15,947	15,130	14,097	13,398	<b>14,494</b>	<b>15,061</b>	-34.3	45
New Jersey	293,833	275,637	256,064	217,320	164,815	135,436	116,688	105,181	101,854	-63.0	14
New Mexico	102,648	99,661	89,814	64,759	<b>80,828</b>	75,082	57,014	49,939	42,999	-56.9	23
New York	1,200,847	1,143,962	1,074,189	941,714	822,970	752,006	641,129	416,517	341,004	-70.2	7
North Carolina	282,086	267,326	253,286	192,172	145,596	102,124	96,593	95,955	83,906	-68.6	8
North Dakota	13,652	13,146	11,964	8,884	8,260	7,519	<b>7,716</b>	8,293	<b>8,602</b>	-34.6	44
Ohio	552,304	549,312	518,595	386,239	311,872	255,375	205,294	197,566	188,108	-65.8	11
Oklahoma	110,498	96,201	87,312	69,630	61,894	38,786	37,596	37,170	35,974	-62.6	15
Oregon	92,182	78,419	66,919	48,561	44,219	40,029	36,572	<b>41,855</b>	<b>43,591</b>	-44.4	37



Pennsylvania	553,148	531,059	484,321	395,107	313,821	255,684	218,969	214,780	207,429	-60.9	18
Rhode Island	60,654	56,560	54,809	54,537	50,632	45,753	42,286	40,064	35,714	-36.9	43
South Carolina	121,703	114,273	98,077	73,179	45,648	41,603	39,948	<b>49,698</b>	48,028	-58.0	21
South Dakota	16,821	15,896	14,091	10,514	8,759	6,894	6,529	<b>6,836</b>	6,143	-61.4	17
Tennessee	265,320	254,818	195,891	139,022	<b>148,781</b>	143,547	<b>152,869</b>	<b>162,622</b>	<b>180,466</b>	-29.2	49
Texas	714,523	649,018	626,617	439,824	325,766	<b>339,678</b>	<b>358,094</b>	340,968	333,435	-48.6	32
Utah	41,145	39,073	35,493	29,868	<b>30,276</b>	22,705	19,356	<b>20,306</b>	<b>21,800</b>	-44.2	38
Vermont	25,865	24,331	23,570	21,013	18,324	16,615	14,823	13,684	12,737	-47.7	35
Virginia	166,012	152,845	136,053	107,192	91,544	75,798	65,713	<b>67,198</b>	<b>70,199</b>	-54.1	28
Washington	276,018	268,927	263,792	228,723	177,611	158,151	144,457	<b>146,094</b>	140,721	-47.7	34
West Virginia	98,439	89,039	98,690	51,348	32,161	<b>32,895</b>	<b>38,931</b>	<b>43,446</b>	41,478	-53.4	29
Wisconsin	184,209	148,888	132,383	44,630	<b>47,336</b>	37,619	<b>38,206</b>	<b>45,428</b>	<b>47,712</b>	-68.0	10
Wyoming	13,531	11,398	10,322	2,903	1,886	1,330	1,034	912	729	-93.6	1
U.S. total	12,707,147	12,077,890	11,265,116	8,989,843	7,332,125	5,985,487	5,374,479	5,158,467	4,897,085	-59.5	

Sources: U.S. Department of Health and Human Services (HHS), "TANF Total Number of Families and Recipients March 2002 to March 2003," September 2003, <http://www.acf.dhhs.gov/news/stats/Mar02-Mar03.htm>; HHS, *TANF Fifth Annual Report to Congress* (Washington: Government Printing Office, 2003), Table 2.2a-c, pp. II-30-34; HHS, "Change in TANF Caseloads: Total TANF recipients by State," December 14, 2000, <http://www.acf.dhhs.gov/news/stats/caseload.htm>; and HHS, "Percent Change in AFDC/TANF Families and Recipients August 1996-September 2001," February 2002, <http://www.acf.dhhs.gov/news/stats/afdc.htm>.

Note: **Bold** numbers indicate increases in caseload from the previous month.

**Table A-8  
Poverty Rates**

State	1996		1997		1998		1999		2000		2001		2002		PR Change '96-'02 (%)	Poverty Rank	Child Change '98-'01 (%)	Child Poverty Rank
	Poverty Rate (%)	Child Poverty Rate (%)	Poverty Rate (%)	Child Poverty Rate (%)	Poverty Rate (%)	Child Poverty Rate (%)	Poverty Rate (%)	Child Poverty Rate (%)	Poverty Rate (%)	Child Poverty Rate (%)	Poverty Rate (%)	Child Poverty Rate (%)	Poverty Rate (%)	Child Poverty Rate (%)				
Alabama	14.0	14.5	15.7	14.5	24.0	15.1	23.9	14.4	20.6	15.9	23.2	14.5	0.53	41	-0.80	38		
Alaska	8.2	9.4	8.8	9.4	10.5	7.5	7.9	8.3	10.4	8.5	12.5	8.8	0.58	42	1.97	47		
Arizona	20.5	17.2	17.2	16.6	26.4	12.0	16.1	12.0	19.6	14.6	22.3	13.5	-6.98	3	-4.12	17		
Arkansas	17.2	19.6	19.6	14.7	16.6	14.7	18.5	17.8	27.3	17.8	28.3	19.8	2.57	51	11.68	51		
California	16.9	16.6	16.6	15.4	23.6	13.8	20.3	12.8	19.2	12.6	16.4	13.1	-3.84	4	-7.22	4		
Colorado	10.6	9.2	8.2	9.2	13.7	8.3	11.6	8.1	11.0	8.7	10.6	9.8	-0.85	28	-3.12	22		
Connecticut	11.7	8.6	8.6	9.5	12.1	7.1	8.7	6.6	9.2	7.4	9.3	8.3	-3.43	7	-2.81	23		
Delaware	8.6	9.6	9.6	10.2	16.0	10.4	17.5	9.2	16.7	6.7	9.1	9.1	0.49	40	-6.83	6		
D.C.	24.2	21.9	21.9	22.4	45.0	14.9	24.1	14.9	23.5	18.2	30.6	17.0	-7.16	2	-14.37	1		
Florida	14.2	14.3	14.3	13.1	22.3	12.4	18.4	10.6	16.1	12.7	18.8	12.6	-1.60	21	-3.52	20		
Georgia	14.8	14.5	14.5	13.5	23.4	12.9	19.5	11.2	16.4	12.9	19.5	11.2	-3.64	5	-3.83	19		
Hawaii	12.1	13.9	13.9	10.9	15.0	10.9	13.5	10.0	13.8	11.5	15.9	11.3	-0.82	29	0.88	42		
Idaho	11.8	14.6	14.6	13.0	20.0	14.0	21.8	12.8	18.7	11.5	15.8	11.3	-0.51	31	-4.17	15		
Illinois	12.1	11.2	11.2	10.1	13.8	9.9	15.0	11.5	17.6	10.1	15.8	12.8	0.70	44	1.97	46		
Indiana	7.5	8.8	8.8	9.4	12.0	6.7	8.5	8.7	10.5	8.5	11.3	9.1	1.57	47	-0.67	39		
Iowa	9.6	9.6	9.6	9.1	15.6	7.5	9.9	7.2	8.7	7.4	7.6	9.2	-0.43	32	-8.03	3		
Kansas	11.2	9.7	9.7	9.6	12.9	12.2	18.4	9.6	13.0	10.1	14.4	10.1	-1.07	24	1.51	44		
Kentucky	17.0	15.9	15.9	13.5	18.7	12.1	16.7	11.9	15.1	12.6	17.2	14.2	-2.77	13	-1.44	35		
Louisiana	20.5	16.3	16.3	19.1	29.2	19.2	26.6	17.3	23.4	16.2	23.1	17.5	-2.98	9	-6.16	10		
Maine	11.2	10.1	10.1	10.4	14.1	10.6	17.4	8.4	9.1	10.3	12.5	13.4	2.18	49	-1.60	31		
Maryland	10.3	8.4	8.4	7.2	7.6	7.3	6.6	7.6	6.9	7.2	7.6	7.4	-2.87	11	0.07	41		
Massachusetts	10.1	12.2	12.2	8.7	13.8	11.7	19.5	10.1	14.0	8.9	11.9	10.0	-0.11	35	-1.94	29		
Michigan	11.2	10.3	10.3	11.0	15.7	9.7	14.0	10.0	13.8	9.4	13.0	11.6	0.44	38	-2.66	25		
Minnesota	9.8	9.6	9.6	10.3	15.4	7.2	7.9	6.0	8.5	7.4	8.4	6.5	-3.27	8	-7.03	5		
Mississippi	20.6	16.7	16.7	17.6	21.8	16.1	22.4	12.9	16.3	19.3	23.3	18.4	-2.16	18	1.44	43		
Missouri	9.5	11.8	11.8	9.8	15.6	11.6	18.1	8.0	10.6	9.7	12.9	9.9	0.41	37	-2.70	24		
Montana	17.1	15.6	15.6	16.6	22.7	15.6	21.9	15.6	24.8	13.4	16.4	13.5	-3.57	6	-6.36	9		
Nebraska	10.1	9.8	9.8	12.3	16.1	10.9	11.5	9.0	12.2	9.4	13.6	10.6	0.46	39	-2.51	27		
Nevada	8.1	11.0	11.0	10.6	13.7	11.2	17.4	8.6	11.9	7.1	9.0	8.9	0.76	45	-4.64	13		
New Hampshire	6.4	9.1	9.1	9.8	14.7	7.7	8.3	5.2	7.5	6.5	8.1	5.8	-0.59	30	-6.59	7		
New Jersey	9.2	9.3	9.3	8.6	12.2	7.8	10.1	8.0	11.1	8.1	9.6	7.9	-1.34	22	-2.60	26		
New Mexico	25.6	21.2	21.2	20.4	26.3	20.7	29.7	16.8	23.5	18.0	25.4	17.9	-7.65	1	-0.88	37		
New York	16.7	16.5	16.5	16.7	24.6	14.1	21.7	13.4	19.0	14.2	20.0	14.0	-2.67	15	-4.62	14		
North Carolina	12.2	11.4	11.4	14.0	21.5	13.6	18.6	12.1	18.5	12.5	16.4	14.3	2.10	48	-5.16	12		

North Dakota	11.0	13.6	15.1	20.9	13.0	19.1	10.1	14.2	13.9	19.4	11.6	0.61	43	-1.50	33
Ohio	12.7	11.0	11.2	18.0	11.9	17.6	10.0	15.3	10.5	16.2	9.8	-2.85	12	-1.82	30
Oklahoma	16.6	13.7	14.1	19.4	12.7	16.7	15.4	23.7	15.1	21.4	14.1	-2.53	16	1.94	45
Oregon	11.8	11.6	15.0	21.6	12.6	17.0	11.3	18.7	11.8	15.1	10.9	-0.91	26	-6.46	8
Pennsylvania	11.6	11.2	11.3	18.2	9.4	12.7	8.9	11.0	9.6	14.1	9.5	-2.06	19	-4.13	16
Rhode Island	11.1	12.7	11.6	19.3	9.9	14.2	9.1	13.6	9.6	11.1	11.0	-0.06	36	-8.25	2
South Carolina	13.0	13.1	13.7	18.1	11.7	17.6	10.6	16.3	15.1	23.0	14.3	1.27	46	4.88	50
South Dakota	11.7	16.5	10.8	11.6	7.7	7.2	9.6	12.6	8.4	8.4	11.5	-0.20	34	-3.21	21
Tennessee	15.9	14.3	13.4	18.1	11.9	17.4	14.7	20.2	14.1	20.4	14.8	-1.08	23	2.30	48
Texas	16.6	16.7	15.1	22.0	15.0	22.1	14.7	20.9	14.9	21.1	15.6	-0.98	25	-0.92	36
Utah	7.7	8.9	9.0	14.0	5.7	7.1	9.6	11.6	10.5	12.5	9.9	2.24	50	-1.49	34
Vermont	12.6	9.3	9.8	14.2	9.6	12.6	11.3	15.9	9.8	11.9	9.9	-2.73	14	-2.28	28
Virginia	12.3	12.7	8.8	9.0	7.9	10.9	7.7	8.3	8.0	8.4	9.9	-2.37	17	-0.56	40
Washington	11.9	9.2	8.9	11.2	9.5	10.7	10.1	13.8	10.7	13.7	11.0	-0.85	27	2.48	49
West Virginia	18.5	16.4	17.8	27.7	15.7	22.5	14.0	18.4	16.4	22.1	16.8	-1.71	20	-5.59	11
Wisconsin	8.8	8.2	8.8	13.5	8.5	9.3	9.6	13.8	7.9	12.0	8.6	-0.24	33	-1.52	32
Wyoming	11.9	13.5	10.5	14.7	11.7	14.7	11.1	14.5	8.6	10.7	9.0	-2.93	10	-3.98	18
U.S. total	13.7%	13.3%	12.7%	18.9%	11.8%	16.9%	11.3%	16.1%	11.7%	16.3%	11.7%	-2.02%			

Sources: U.S. Census Bureau, Historical Poverty Tables, Table 21, "Number of Poor and Poverty Rate, by State: 1980 to 2002," [www.census.gov/hhes/poverty/histpov/hstpvov21.html](http://www.census.gov/hhes/poverty/histpov/hstpvov21.html); idem, Current Population Survey, Table 25, "Poverty Status by State in 2001: Weighted Person Count, People under 18," March 2002, [http://ferret.bls.census.gov/macro/032002/pov/new25\\_003.htm](http://ferret.bls.census.gov/macro/032002/pov/new25_003.htm); idem, Current Population Survey, Table 25, "Poverty Status by State in 2000: Weighted Person Count, People under 18," March 2001, [http://ferret.bls.census.gov/macro/032001/pov/new25\\_003.htm](http://ferret.bls.census.gov/macro/032001/pov/new25_003.htm); idem, Current Population Survey, Table 25, "Poverty Status by State in 1999: Weighted Person Count, People under 18," March 2000, [http://ferret.bls.census.gov/macro/032000/pov/new25\\_003.htm](http://ferret.bls.census.gov/macro/032000/pov/new25_003.htm); and idem, Current Population Survey, Table 25, "Poverty Status by State in 1998: Weighted Person Count, People under 18," March 1999, [http://ferret.bls.census.gov/macro/031999/pov/new25\\_003.htm](http://ferret.bls.census.gov/macro/031999/pov/new25_003.htm).

**Table A-9  
Teen Birthrates**

State	1996		2001		Change in		Teen Births as	
	Teen Birthrate	Teen Births as % of All Births	Teen Birthrate	Teen Births as % of All Births*	Teen BR (1996–2001)	Rank	% of All Births (1996–2001)	Rank
Alabama	67.1	17.9%	56.5	14.6%	-10.6	5	-3.3%	4
Alaska	50.8	10.9%	41.0	10.6%	-9.8	8	-0.4%	51
Arizona	71.5	14.6%	64.3	13.6%	-7.2	22	-1.0%	35
Arkansas	73.5	19.3%	62.3	16.1%	-11.2	4	-3.3%	5
California	61.0	11.7%	44.1	10.0%	-16.9	1	-1.7%	20
Colorado	50.7	11.7%	47.3	10.7%	-3.4	45	-1.0%	34
Connecticut	36.6	8.0%	28.2	7.2%	-8.4	12	-0.8%	41
Delaware	53.8	13.1%	47.4	11.7%	-6.4	29	-1.4%	24
D.C.	79.2	16.1%	63.6	12.9%	-15.6	2	-3.3%	3
Florida	57.2	13.1%	47.7	11.8%	-9.5	9	-1.3%	28
Georgia	66.8	15.5%	60.0	12.9%	-6.8	27	-2.5%	9
Hawaii	48.9	10.2%	42.1	9.8%	-6.8	27	-0.4%	48
Idaho	46.9	13.3%	41.0	10.7%	-5.9	32	-2.7%	7
Illinois	55.3	12.5%	45.8	10.7%	-9.5	9	-1.7%	19
Indiana	55.1	14.2%	46.8	11.7%	-8.3	13	-2.5%	8
Iowa	37.4	10.9%	33.5	9.5%	-3.9	42	-1.4%	25
Kansas	49.4	12.9%	44.3	11.5%	-5.1	37	-1.4%	27
Kentucky	61.2	16.7%	51.9	13.0%	-9.3	11	-3.6%	1
Louisiana	66.8	18.3%	58.6	15.9%	-8.2	15	-2.4%	12
Maine	31.7	9.7%	27.3	8.8%	-4.4	41	-0.9%	38
Maryland	45.7	10.1%	37.5	9.2%	-8.2	14	-0.8%	40
Massachusetts	31.1	7.2%	24.9	6.1%	-6.2	31	-1.0%	33
Michigan	46.4	11.9%	38.3	10.1%	-8.1	16	-1.8%	18
Minnesota	32.3	8.5%	28.4	7.8%	-3.9	42	-0.8%	43
Mississippi	74.0	20.6%	66.8	17.4%	-7.2	22	-3.2%	6
Missouri	53.2	13.9%	46.4	12.4%	-6.8	26	-1.5%	22
Montana	39.3	12.2%	36.0	11.5%	-3.3	46	-0.7%	44
Nebraska	38.9	10.4%	36.8	9.7%	-2.1	50	-0.8%	42
Nevada	69.5	13.0%	56.4	11.7%	-13.1	3	-1.3%	29
New Hampshire	28.2	7.4%	21.1	6.2%	-7.1	24	-1.1%	32
New Jersey	35.2	7.6%	28.9	6.6%	-6.3	30	-0.9%	36
New Mexico	70.5	17.5%	63.2	16.7%	-7.3	20	-0.8%	39
New York	39.9	9.0%	32.2	7.9%	-7.7	17	-1.2%	31
North Carolina	62.3	14.6%	55.0	12.1%	-7.3	20	-2.5%	11
North Dakota	31.6	9.5%	27.2	8.8%	-4.4	40	-0.7%	45
Ohio	50.4	13.1%	42.8	11.2%	-7.6	18	-1.9%	17
Oklahoma	63.1	16.8%	58.3	14.9%	-4.8	39	-1.9%	16

Oregon	50.5	13.0%	40.3	10.6%	-10.2	6	-2.4%	14
Pennsylvania	38.4	10.3%	33.0	9.5%	-5.4	36	-0.9%	37
Rhode Island	38.9	10.2%	36.0	9.7%	-2.9	48	-0.4%	49
South Carolina	60.2	16.4%	56.5	14.2%	-3.7	44	-2.2%	15
South Dakota	40.1	11.4%	38.2	11.0%	-1.9	51	-0.4%	50
Tennessee	64.5	16.4%	57.1	13.8%	-7.4	19	-2.5%	10
Texas	73.1	15.8%	66.0	14.5%	-7.1	25	-1.4%	26
Utah	41.2	10.5%	38.3	8.1%	-2.9	47	-2.4%	13
Vermont	29.5	8.9%	23.9	8.2%	-5.6	34	-0.6%	46
Virginia	45.4	10.7%	39.8	9.6%	-5.6	34	-1.2%	30
Washington	45.6	11.0%	35.6	9.4%	-10.0	7	-1.6%	21
West Virginia	50.5	16.5%	45.6	13.1%	-4.9	38	-3.3%	2
Wisconsin	36.9	10.4%	34.1	9.8%	-2.8	49	-0.6%	47
Wyoming	44.7	14.3%	39.0	12.8%	-5.7	33	-1.5%	23
United States	53.5	12.6%	45.3	11.1%	-8.2		-1.6%	

Source: Bradley Hamilton et al., "Revised Birth and Fertility Rates for the 1990s," Centers for Disease Control and Prevention, National Center for Health Statistics, *National Vital Statistics Report* 51, no. 12 (August 4, 2003): Tables 10, 11.

\*Author's calculations, based on reported teenage birthrate and teenage population.

**Table A-10**  
**Reported Working vs. Actually Working**

State	Reported Participation (FY02)	Rank	Monthly Average of Total Adults	Monthly Average of Adults with Participation (>1 hour)	Total Individuals Actually Working (could be counted twice)	% of Working Recipients		% of All Recipients	
						Actually Working	Rank	Actually Working	Rank
Alabama	37.3%	25	8,999	3,897	2,588	66.41%	27	28.76%	26
Alaska	39.6%	22	5,696	2,790	1,892	67.81%	26	33.22%	16
Arizona	25.9%	39	24,075	7,723	6,790	87.92%	9	28.20%	27
Arkansas	21.4%	44	7,127	2,289	1,078	47.09%	41	15.13%	46
California	27.3%	36	258,420	100,250	81,537	81.33%	12	31.55%	18
Colorado	35.9%	27	8,052	3,436	2,706	78.75%	15	33.61%	15
Connecticut	26.6%	38	15,188	6,570	4,606	70.11%	25	30.33%	23
Delaware	25.8%	40	2,934	765	769	100.52%	2	26.21%	28
D.C.	16.4%	48	11,255	2,357	1,829	77.60%	17	16.25%	45
Florida	30.4%	30	25,604	8,963	6,434	71.78%	22	25.13%	31
Georgia	8.2%	51	29,099	6,154	2,769	45.00%	45	9.52%	50
Hawaii	58.8%	8	9,151	3,723	4,301	115.53%	1	47.00%	8
Idaho	40.7%	20	415	328	128	39.02%	47	30.84%	19
Illinois	58.4%	9	25,353	17,636	10,363	58.76%	35	40.87%	11
Indiana	62.6%	5	39,884	22,777	20,728	91.00%	5	51.97%	5
Iowa	51.2%	12	17,489	10,479	9,023	86.11%	11	51.59%	6
Kansas	84.8%	1	10,480	8,129	3,565	43.86%	46	34.02%	14
Kentucky	32.4%	28	20,245	7,213	4,752	65.88%	28	23.47%	34
Louisiana	38.7%	23	12,228	4,542	3,668	80.76%	14	30.00%	24
Maine	44.5%	14	7,920	5,004	3,515	70.24%	24	44.38%	9
Maryland	8.3%	50	17,260	3,346	1,597	47.73%	40	9.25%	51
Massachusetts	60.9%	7	32,047	6,369	4,548	71.41%	23	14.19%	48
Michigan	28.9%	32	52,675	19,945	16,207	81.26%	13	30.77%	20
Minnesota	40.4%	21	27,086	14,939	7,898	52.87%	38	29.16%	25
Mississippi	18.5%	47	9,921	2,927	1,854	63.34%	30	18.69%	39
Missouri	25.4%	41	35,300	12,961	7,990	61.65%	33	22.63%	36
Montana	84.2%	2	5,679	5,340	2,460	46.07%	44	43.32%	10
Nebraska	28.1%	33	6,257	2,028	1,081	53.30%	37	17.28%	41
Nevada	21.6%	43	6,594	2,412	1,133	46.97%	42	17.18%	42
New Hampshire	41.8%	18	4,589	2,377	1,109	46.66%	43	24.17%	32

New Jersey	36.4%	26	25,509	11,424	8,449	73.96%	19	33.12%	17
New Mexico	42.7%	16	13,596	5,804	5,003	86.20%	10	36.80%	12
New York	38.5%	24	121,322	46,099	41,907	90.91%	6	34.54%	13
North Carolina	27.4%	35	21,484	7,327	4,364	59.56%	34	20.31%	38
North Dakota	30.4%	30	2,406	1,166	730	62.61%	32	30.34%	21
Ohio	56.3%	10	48,821	35,160	26,271	74.72%	18	53.81%	4
Oklahoma	26.7%	37	8,674	3,487	1,051	30.14%	49	12.12%	49
Oregon	61.1%	6	10,758	6,848	1,578	23.04%	51	14.67%	47
Pennsylvania	10.4%	49	55,698	14,195	12,985	91.48%	4	23.31%	35
Rhode Island	24.6%	42	11,850	4,901	3,594	73.33%	21	30.33%	22
South Carolina	52.4%	11	12,498	5,196	2,935	56.49%	36	23.48%	33
South Dakota	42.5%	17	1,185	667	599	89.81%	7	50.55%	7
Tennessee	41.2%	19	46,182	26,170	7,576	28.95%	50	16.40%	44
Texas	30.8%	29	81,242	21,100	13,355	63.29%	31	16.44%	43
Utah	27.9%	34	5,588	2,971	1,145	38.54%	48	20.49%	37
Vermont	21.4%	44	4,796	2,563	1,229	47.95%	39	25.63%	29
Virginia	42.9%	15	18,188	6,275	4,634	73.85%	20	25.48%	30
Washington	49.8%	13	42,022	34,848	30,894	88.65%	8	73.52%	1
West Virginia	19.2%	46	13,405	3,723	2,431	65.30%	29	18.14%	40
Wisconsin	69.4%	4	8,542	7,264	5,716	78.69%	16	66.92%	3
Wyoming	82.9%	3	136	93	92	98.92%	3	67.65%	2
United States	33.4%		1,290,924	544,950	395,456	72.57%		30.63%	

Source: U.S. Department of Health and Human Services, "Temporary Assistance for Needy Families Program Information Memorandum," TANF-ACF-IM-2003-02, September 17, 2003, Table 1A, 6A.

## Appendix B: Summary of State Policies

### Alabama

Rank: 32

Grade: D

Alabama has implemented its welfare reform programs poorly, generating mediocre quantitative results and an overall grade that falls in the bottom third of the states.<sup>50</sup> Although birthrates for minor women were significantly reduced, a recent study from Baruch College of the University of New York found that the state's birthrate decline was the result of a shift in the racial composition of births rather than a true change in illegitimacy rates.<sup>51</sup> And true change is unlikely, given Alabama's many program exceptions that allow pregnant minors to avoid living with their parents and staying in school.

Failure to appreciably reduce the state poverty rate (Alabama is currently among the 10 worst in the nation) and only an average caseload reduction contribute to the poor grade. It is unfortunate that Alabama has not had more success in getting people off the rolls, given the quality programs in place to assist families once they escape welfare dependence. Alabama's Short-Term Employment Services program focuses on helping former recipients remain employed. The program also includes diversion programs that provide

cash assistance for work-related needs such as transportation, tools, or work clothes and that also refer the working poor to various community resources.<sup>52</sup>

Jefferson County includes the state's largest urban area, Birmingham. The county's Department of Human Resources joined with the United Way of Central Alabama and other community partners to form the Central Alabama Task Force for Self-Sufficiency. CATSS assesses community resources and designs initiatives to fill gaps in existing services.<sup>53</sup> That partnership allows local nonprofit organizations and businesses to play an increasingly significant role in the delivery of social services.

If Alabama wants welfare reform to work, it must adopt stronger sanction policies. Currently, Alabama has graduated sanctions, meaning recipients can fail to meet performance standards a number of times before their entire TANF checks are sanctioned. Implementing a family cap policy would also help deter Alabama's single mothers from having more children while on welfare, thereby possibly avoiding welfare dependence in the future.

### Structural Reforms

Family Cap Policy: N – Grade: 0/50

Teens at Home: Y3 – Grade: 0/50

Good Work Policy: 48.125/50

Bad Work Policy: 4.29/50

Diversion Programs: Y1 – Grade: 70/100

Time Limits: 50/100

Sanctions: 50/100

### Quantitative Results

Caseload Reduction Rank: 24 – Grade: 54/100

Poverty Rate Reduction Rank: 41 – Grade: 10/50

Child Poverty Rate Reduction Rank: 38 –  
Grade: 13/50

Teen Birth Rate Decline Rank: 5 – Grade: 46/50

Teen Births as Percentage of All Births Rank: 4  
– Grade: 47/50

Reported Working Rank: 25 – Grade: 26/50

Actually Working Rank: 27 – Grade: 24/50

Actually Working as Percentage of All Recipients  
Rank: 26 – Grade: 50/100



## Alaska

Rank: 42

Grade: D

Alaska has promoted the Alaska Temporary Assistance Program (ATAP) as an employment-focused program that stresses a “work-first” approach. According to the Alaska Department of Health and Social Services, “This approach asserts that the best way to succeed in the labor market is to join it and develop work habits and skills on the job.”<sup>54</sup> That is a surprising mission statement from the state that received the lowest score on work policy.

Alaska’s welfare system is reminiscent of Aid to Families with Dependent Children. There is essentially no work requirement since almost any activity qualifies, even enrolling as a full-time student. Even postsecondary education (up to four years) is considered “work,” and no additional activity is required. ATAP reduces monthly benefits for two-parent families, so there is a disincentive to marriage. There is no

disincentive, however, to having more children while on welfare, since Alaska does not have a family cap. That combination of policies resembles the old welfare system, and Alaskan recipients face the same threat of permanent dependence they faced under AFDC.

Alaska’s public assistance system has a unique feature, the General Relief Assistance program. The fund, predating Alaskan statehood, has become a safety net for people who do not qualify for federal assistance or those who require supplemental aid. Entirely state funded, GRA provides for basic needs such as shelter and utilities, but it can also provide funds for diversion programs or aid to the working poor.<sup>55</sup> It is important that this fund not become a state-sponsored, open-ended entitlement for those kicked off the federal rolls once they reach their time limits.

### Structural Reforms

Family Cap Policy: N – Grade: 0/50

Teens at Home: Y3 – Grade: 0/50

Good Work Policy: 46.25/50

Bad Work Policy: 0/50

Diversion Programs: Y1 – Grade: 70/100

Time Limits: 50/100

Sanctions: 0/100

### Quantitative Results

Caseload Reduction Rank: 26 – Grade: 50/100

Poverty Rate Reduction Rank: 42 – Grade: 9/50

Child Poverty Rate Reduction Rank: 47 –

Grade: 4/50

Teen Birth Rate Decline Rank: 8 – Grade: 43/50

Teen Births as Percentage of All Births Rank: 51 –

Grade: 0/50

Reported Working Rank: 22 – Grade: 29/50

Actually Working Rank: 26 – Grade: 25/50

Actually Working as Percentage of All Recipients

Rank: 16 – Grade: 70/100

Arizona's focus on family caps and "work first" began before the federal government passed PRWORA. The state legislature passed its welfare reform bill, Employing and Moving People Off Welfare and Encouraging Responsibility, in 1995. Under a federal waiver, Arizona implemented programs that PRWORA would soon mandate in other states, such as living arrangements for minor parents and sanctions. Under EMPOWER Redesigned, the current welfare system, Arizona has experienced the third-greatest poverty rate reduction in the nation.

The most promising aspect of Arizona's welfare system is the Arizona Works pilot program. The state sets guidelines and performance goals, yet the entire administration of welfare services is privatized (the only other such welfare service is Wisconsin's W-2 program).<sup>56</sup> Arizona Works has an appropriately narrow definition of "work," limited to activities that provide actual work experience. The program issues flat grants designed to resemble a wage, unaffected by family size or income. Unfortunately, legislation passed in June 2002 changed the program dramatically by, among other things, returning intake and benefit determination to the public sector.<sup>57</sup>

Whether the program will survive is still uncertain, but Arizona Works was a sound model for states trying to develop relationships with the private sector to more effectively administer welfare.

Arizona's welfare caseload dropped 52.7 percent between the passage of PRWORA and January 2001. However, between March 2001 and September 2003 caseloads went up again by 56 percent, the product of a "shaky economy, languishing job growth and population and immigration growth."<sup>58</sup> Under PRWORA, immigrants arriving after enactment (August 22, 1996) had to wait five years to qualify for federal assistance.<sup>59</sup> Arizona receives many immigrants,<sup>60</sup> so it is not surprising that caseload increases corresponded with the first year of eligibility of "postenactment" immigrants.

To improve, Arizona should strengthen EMPOWER's sanctions policy and narrow its broad definition of work. In addition, although EMPOWER allows welfare receipt for only 24 out of 60 months, Arizona needs to impose a lifetime limit on assistance.<sup>61</sup> Arizona should continue to experiment with the privatization of welfare administration and fight to reestablish Arizona Works, an example of a successful work-first program.

### **Structural Reforms**

Family Cap Policy: Y1 – Grade: 50/50

Teens at Home: Y2 – Grade: 42.5/50

Good Work Policy: 50/50

Bad Work Policy: 4.29/50

Diversion Programs: Y2 – Grade: 85/100

Time Limits: 50/100

Sanctions: 50/100

### **Quantitative Results**

Caseload Reduction Rank: 46 – Grade: 10/100

Poverty Rate Reduction Rank: 3 – Grade: 48/50

Child Poverty Rate Reduction Rank: 17 – Grade: 34/50

Teen Birth Rate Decline Rank: 22 – Grade: 29/50

Teen Births as Percentage of All Births Rank: 35 – Grade: 16/50

Reported Working Rank: 39 – Grade: 12/50

Actually Working Rank: 9 – Grade: 42/50

Actually Working as Percentage of All Recipients Rank: 27 – Grade: 48/100

## Arkansas

Rank: 30

Grade: C

The Arkansas Personal Responsibility and Public Assistance Reform Act of 1997 implemented federal welfare reform and created the state's current welfare system, Transitional Employment Assistance. Arkansas has established quality structural reforms, such as family caps and diversion programs. Unfortunately, the state delayed implementing some policies, thereby limiting the positive effects of state reforms. For example, although Arkansas receives the highest possible score for its tough time limit policy, it was the last state to implement that policy.<sup>62</sup>

The basic structure of TEA should lead to success. Though oversight and budget decisions are made by the Arkansas Transitional Employment Board, local TEA Coalitions—made up of members of the business community, government agencies, and other local planning entities—organize and apply for charters to deliver TEA services at the local level, a fine example of devolution of welfare administration. Not only do the local coalitions administer services, they also have discretion in set-

ting some of the eligibility standards. There are eligibility ceilings that the coalitions may not exceed, but they have the flexibility to determine the degree of need in their local communities and set standards accordingly.<sup>63</sup>

However, without a strong sanction policy, local TEA Coalitions are limited in their effectiveness. Where appropriate programs exist, there are no real enforcement mechanisms, given Arkansas's extremely lax sanction policy. Thus, it is not surprising that the state ranks 46th in the number of welfare recipients participating in actual work activities as a percentage of all welfare recipients. Why work if there are no repercussions for noncompliance? In addition, Arkansas reported only 21.4 percent work participation out of a required 50 percent under PRWORA. It is possible that the state anticipated an adjusted work requirement of zero—with over 50 percent caseload reduction, the caseload reduction credit would have covered any work participation obligation—and the state may have chosen not to report work activity.<sup>64</sup>

### Structural Reforms

Family Cap Policy: Y1 – Grade: 50/50

Teens at Home: Y2 – Grade: 42.5/50

Good Work Policy: 48.125/50

Bad Work Policy: 4.29/50

Diversion Programs: Y2 – Grade: 85/100

Time Limits: 100/100

Sanctions: 0/100

### Quantitative Results

Caseload Reduction Rank: 27 – Grade: 48/100

Poverty Rate Reduction Rank: 51 – Grade: 0/50

Child Poverty Rate Reduction Rank: 51 – Grade: 0/50

Teen Birth Rate Decline Rank: 4 – Grade: 47/50

Teen Births as Percentage of All Births Rank: 5 – Grade: 46/50

Reported Working Rank: 44 – Grade: 7/50

Actually Working Rank: 41 – Grade: 10/50

Actually Working as Percentage of All Recipients Rank: 46 – Grade: 10/100

## California

Rank: 13

Grade: C

California has done well quantitatively since the implementation of welfare reform. Fourth in the nation at reducing child poverty and overall poverty rates, the Golden State also ranked first in the decline of the birthrate for minors. However, the state needs to review its mediocre structural reforms and identify weak or absent policies if it hopes for such results to continue in the future.

California Work Opportunity and Responsibility to Kids has broad definitions of “work activity” and liberal time limits. Although CalWORKS technically has a five-year time limit (the same as TANF), extensions of time limits are at the discretion of the state agency and are not limited to the 20 percent of the caseload exempted under TANF.<sup>65</sup> CalWORKS also has weak sanction policies, so the few beneficial programs that have been implemented lack appropriate enforcement mechanisms.

California meets the federal requirement for living arrangements for minor parents yet offers such broad exemptions to the policy that it fails to serve its intended purpose. The CAL-LEARN program for teen mothers provides exemptions for teens who have lived away from their parents for 12 months or who are “successfully living on their own.” But just how

“successful” is a pregnant teenager applying for government assistance? California’s outstanding decline in the birthrate for minors, therefore, could be the result of the state’s sex education policy rather than any welfare reform efforts. California is the only state that refuses to accept federal sex education money, which would dictate an abstinence-dominant curriculum. Using only state funding, California’s program provides information on sexual abstinence and birth control.<sup>66</sup>

California has a blueprint for fixing its structural reform problems. In 1987 Riverside County changed its focus to a “work-first” model and demanded that able-bodied welfare recipients begin job search activities and take the first job available. If they could not find jobs, participants were assigned to programs providing job readiness and then work experience (i.e., workfare). If recipients refused to participate, the county imposed sanctions. In 1997 Riverside County implemented a supplemental program, Phase II, that provides mentors to families working at least 20 hours per week and focuses on job retention and advancement.<sup>67</sup> California lawmakers would be wise to look at the example set in Riverside County and implement such reforms state-wide.

### Structural Reforms

Family Cap Policy: Y1 – Grade: 50/50

Teens at Home: Y3 – Grade: 0/50

Good Work Policy: 48.125/50

Bad Work Policy: 4.29/50

Diversion Programs: Y1 – Grade: 70/100

Time Limits: 50/100

Sanctions: 0/100

### Quantitative Results

Caseload Reduction Rank: 22 – Grade: 58/100

Poverty Rate Reduction Rank: 4 – Grade: 47/50

Child Poverty Rate Reduction Rank: 4 – Grade: 47/50

Teen Birth Rate Decline Rank: 1 – Grade: 50/50

Teen Births as Percentage of All Births Rank: 20 – Grade: 31/50

Reported Working Rank: 36 – Grade: 15/50

Actually Working Rank: 12 – Grade: 39/50

Actually Working as Percentage of All Recipients Rank: 18 – Grade: 66/100

## Colorado

Rank: 19

Grade: C

Colorado Works is a model program of successful welfare devolution. The program is administered by the counties, each developing its own TANF plan. The state determines the minimum level of benefits each county must provide, but counties decide eligibility and sanction standards, propose increased benefits in their plans, and make decisions about discretionary spending. Counties can decide to contract out all or part of program operations to private or public providers, but they are ultimately responsible for making sure certain services are properly delivered. The state, in turn, makes certain that all counties submit quality TANF plans and meet the required standards.<sup>68</sup>

Unfortunately, Colorado still lacks some structural reforms that would allow devolved administration on the county level to truly succeed. Counties need to use their authority to design plans that strengthen time limits,

diversion programs, and sanctions. At the state level, only modest sanction policies exist. Post-secondary school and substance abuse treatment qualify as engagement in work, with no cap on the duration of the activity.<sup>69</sup>

Colorado also needs to address indicators of long-term welfare dependence, such as out-of-wedlock births and teen pregnancy. Ranking 45th in decline in the birthrate for teens, Colorado is setting itself up for years, if not generations, of future welfare dependents by not curbing young, out-of-wedlock pregnancy. Colorado needs to strengthen its minor parent requirements, putting a stop to state-sponsored teenage parenthood and encouraging young mothers to finish high school. In addition, the state's failure to implement a family cap means Colorado is risking the birth of additional welfare dependents into families already struggling for self-sufficiency.

### Structural Reforms

Family Cap Policy: N – Grade: 0/50

Teens at Home: Y2 – Grade: 42.5/50

Good Work Policy: 44.375/50

Bad Work Policy: 10.71/50

Diversion Programs: Y1 – Grade: 70/100

Time Limits: 50/100

Sanctions: 50/100

### Quantitative Results

Caseload Reduction Rank: 12 – Grade: 78/100

Poverty Rate Reduction Rank: 28 – Grade: 23/50

Child Poverty Rate Reduction Rank: 22 – Grade: 29/50

Teen Birth Rate Decline Rank: 45 – Grade: 6/50

Teen Births as Percentage of All Births Rank: 34 – Grade: 17/50

Reported Working Rank: 27 – Grade: 24/50

Actually Working Rank: 15 – Grade: 36/50

Actually Working as Percentage of All Recipients Rank: 15 – Grade: 72/100

## Connecticut

Rank: 6

Grade: B

Connecticut anticipated national trends when it implemented significant welfare reforms in 1995. Its Jobs First program is a model for encouraging self-sufficiency through work. The state's caseload plummeted an incredible 72.8 percent between 1996 and 2003, ranking sixth of all the states.

Connecticut's success has involved a carefully balanced program of structured incentives for TANF recipients who find work, paired with strict time limits and sanctions for those who do not. Jobs First participants are eligible to initially receive benefits for a maximum of 21 months, and can get up to two six-month extensions in extenuating circumstances.<sup>70</sup> However, Connecticut's safety net program, WorkSteps, threatens to undermine the deterrent effect of time limits because it provides continued, noncash assistance (for up to 18 months) for those who exceed the 21-month time limit and do not qualify for an extension because of noncompliance.<sup>71</sup> What is the point of implementing

sound structural reforms if there are no strong enforcement mechanisms?

A noteworthy element of the Jobs First program is that it allows TANF recipients to keep both their work earnings and their benefits for a set time period, unlike other programs that match benefit reductions with earnings dollar for dollar. In Connecticut, those who work can keep all of their earnings up to the federal poverty level while continuing to receive Temporary Financial Assistance for the remainder of their 21-month time limit.<sup>72</sup> Also, they may keep up to \$3,000 in an account for future emergencies without affecting their eligibility.<sup>73</sup> Those features encourage families on welfare to save for the future and help them to move from dependence to self-sufficiency more quickly.

Connecticut's welfare reform achievements are noteworthy because the driving principles behind the successful Jobs First program are employment and accountability, not only in rhetoric, but also in practice.

### Structural Reforms

Family Cap Policy: Y2 – Grade: 42.5/50

Teens at Home: Y1 – Grade: 50/50

Good Work Policy: 21.25/50

Bad Work Policy: 14.29/50

Diversion Programs: Y1 – Grade: 70/100

Time Limits: 75/100

Sanctions: 50/100

### Quantitative Results

Caseload Reduction Rank: 6 – Grade: 90/100

Poverty Rate Reduction Rank: 7 – Grade: 44/50

Child Poverty Rate Reduction Rank: 23 – Grade: 28/50

Teen Birth Rate Decline Rank: 12 – Grade: 39/50

Teen Births as Percentage of All Births Rank: 41 – Grade: 10/50

Reported Working Rank: 38 – Grade: 13/50

Actually Working Rank: 25 – Grade: 26/50

Actually Working as Percentage of All Recipients Rank: 23 – Grade: 56/100

## Delaware

Rank: 27

Grade: C

Delaware started its welfare reform program, A Better Chance Welfare Reform Program (ABC), in 1995. ABC originated under Gov. Tom Carper, who now serves in the U.S. Senate and has played an active part in the welfare reauthorization debate.

An important aspect of ABC is its focus on rigorous evaluation and assessment of the policies and results of the program. The state constantly strives to identify those programs that encourage self-sufficiency and those that waste taxpayer dollars. For example, Delaware's family cap led 35 percent of survey respondents in one study to postpone or stop having children, and time limits led 60 percent of respondents to work harder to support their families.<sup>74</sup>

Delaware still has not implemented some necessary structural reforms. The state has not established diversion programs, and there are important work experiences that do

not currently qualify as "work activity." For those who truly cannot find full-time employment, subsidized employment and community service are better "work activities" than job search or training, since they offer valuable "hands-on" job experience, yet Delaware does not allow them.

Delaware has made impressive efforts at tracking welfare leavers, providing insight into the success of those leaving the welfare system. Studies confirm that when people leave welfare, there is a high probability that they will initially live in poverty (71 percent of respondents in 2001) but that the longer they are out of the system, the greater their chances of rising above the poverty line become. Eighty-five percent of respondents reported they were better off after leaving public assistance.<sup>75</sup> Many are not as lucky since Delaware ranks in the bottom third of states for caseload reduction and poverty rate reduction.

### Structural Reforms

Family Cap Policy: Y1 – Grade: 50/50

Teens at Home: N – Grade: 50/50

Good Work Policy: 23.125/50

Bad Work Policy: 11.43/50

Diversion Programs: N – Grade: 0/100

Time Limits: 85/100

Sanctions: 50/100

### Quantitative Results

Caseload Reduction Rank: 33 – Grade: 36/100

Poverty Rate Reduction Rank: 40 – Grade: 11/50

Child Poverty Rate Reduction Rank: 6 – Grade: 45/50

Teen Birth Rate Decline Rank: 29 – Grade: 22/50

Teen Births as Percentage of All Births Rank: 24 – Grade: 27/50

Reported Working Rank: 40 – Grade: 11/50

Actually Working Rank: 2 – Grade: 49/50

Actually Working as Percentage of All Recipients Rank: 28 – Grade: 46/100

## District of Columbia

Rank: 47

Grade: F

The District of Columbia's Department of Human Services says, "Work is the ultimate goal for low-income parents receiving TANF."<sup>76</sup> Yet the District ranks 48th in welfare recipients reported as working and 45th for recipients actually working as a percentage of all recipients. With D.C.'s weak sanctions policy, that ranking is not likely to significantly improve. The D.C. DHS also boasts that "unlike other states, the District allows recipients to pursue a variety of educational and self-sufficiency activities as they prepare for work and overcome barriers that keep them from working."<sup>77</sup> If work is truly the ultimate goal of the District's welfare reform program, the program should focus on job experience opportunities, not on "a variety of educational and self-sufficiency activities."

Work activity is not the only area where D.C. lacks a consistent message. D.C. is one of only four jurisdictions to provide infertility treatments for single women on welfare.<sup>78</sup> There is a serious "message" problem here: focusing on reducing out-of-wedlock births implies one goal, while funding for infertility treatments and the lack of a family cap signal policy headed in the opposite direction. Moreover, the District exempts women "successfully living on their own" from its require-

ments for living arrangements for pregnant minors, thus effectively removing all disincentives and protections intended by the policy.

The District has received three bonuses from the federal government to reduce out-of-wedlock births and is one of only three jurisdictions to receive that bonus three years in a row.<sup>79</sup> However, a recent study by the City University of New York found that D.C.'s decline in births to unwed mothers was the result of shifting demographics rather than effective programs. Black women under 35, especially high school dropouts, are the most likely to have babies out of wedlock, and D.C.'s population of such women is shrinking.<sup>80</sup>

The District's "success" in reducing births to unwed teenagers is also misleading. Before welfare reform, the District had the highest birthrate for minors in the nation, at 79.2 percent; the rate has only dropped to 63.6, 4th highest in the nation. Even more appalling is D.C.'s child poverty record. In 1998, 45 percent of children were living in poverty in our nation's capital (the national average was 18.9 percent). D.C. should not take pride in its first-place ranking for reducing that abysmal rate, especially considering that the rate was only reduced to 30.6 percent, still the highest in the nation.

### Structural Reforms

Family Cap Policy: N – Grade: 0/50

Teens at Home: Y3 – Grade: 0/50

Good Work Policy: 46.25/50

Bad Work Policy: 4.29/50

Diversion Programs: N – Grade: 0/100

Time Limits: 50/100

Sanctions: 0/100

### Quantitative Results

Caseload Reduction Rank: 42 – Grade: 18/100

Poverty Rate Reduction Rank: 2 – Grade: 49/50

Child Poverty Rate Reduction Rank: 1 – Grade: 50/50

Teen Birth Rate Decline Rank: 2 – Grade: 49/50

Teen Births as Percentage of All Births Rank: 3 – Grade: 48/50

Reported Working Rank: 48 – Grade: 3/50

Actually Working Rank: 17 – Grade: 34/50

Actually Working as Percentage of All Recipients Rank: 45 – Grade: 12/100



Much of the success of Florida's welfare reform lies in its anticipation of national trends. Before welfare reform swept through Congress in 1996, Florida had already implemented its own reform system, Work and Gain Economic Self-Sufficiency. WAGES was a system based on pay for performance, under which contracted service providers were reimbursed on the basis of the number of recipients that were placed, and remained, in jobs. The program also had strong lifetime time limits, devolved both administration and accountability, and encouraged partnerships with nongovernmental entities to devise innovative solutions to the problem of poverty. To the latter end, WAGES established pilot projects aimed at privatizing program services.<sup>81</sup>

The Workforce Innovation Act of 2000 specifies that TANF money be used for diversion, youth programs, GED pursuit, and a number of other services. Workforce Florida, Inc., a public-private partnership that organizes welfare and work programs under a single body that is administered by local branches,

is instrumental in the process of workforce development under WIA.<sup>82</sup>

This innovative system, though consolidated in one major entity, continues to provide devolved administration of services to recipients in Florida. It also provides a crucial link between public service providers and private employers, a link that many states fail to achieve by having separate government agencies for workforce development and welfare provision. By partnering with the private sector to provide social services and job opportunities, Florida is laying the foundation for civil society to play a greater role in serving neighbors in need.

If Florida continues to innovate, anticipate changes, and adapt to those changes as well as it has since 1996, it will continue to enjoy the success that has put it near the top of the rankings. Florida can also improve on the report card by strengthening its existing family cap policy and eliminating the exemptions to its policy on living arrangements for minor parents.

**Structural Reforms**

- Family Cap Policy: Y2 – Grade: 42.5/50
- Teens at Home: Y3 – Grade: 0/50
- Good Work Policy: 46.25/50
- Bad Work Policy: 9.29/50
- Diversion Programs: Y2 – Grade: 85/100
- Time Limits: 85/100
- Sanctions: 100/100

**Quantitative Reforms**

- Caseload Reduction Rank: 4 – Grade: 94/100
- Poverty Rate Reduction Rank: 21 – Grade: 30/50
- Child Poverty Rate Reduction Rank: 20 – Grade: 31/50
- Teen Birth Rate Decline Rank: 9 – Grade: 42/50
- Teen Births as Percentage of All Births Rank: 28 – Grade: 23/50
- Reported Working Rank: 30 – Grade: 21/50
- Actually Working Rank: 22 – Grade: 29/50
- Actually Working as Percentage of All Recipients Rank: 31 – Grade: 40/100

In 1995 Georgia's welfare caseload neared 150,000, yet for every caseworker who worked directly with clients there were eight who processed paperwork for checks.<sup>83</sup> In January 1996 the state passed legislation that shifted the emphasis of welfare from sending out checks to putting recipients to work. That shift in emphasis helped spur an incredible 12,000 TANF applicants to find employment while their original paperwork was still being processed.<sup>84</sup>

The state has been largely successful in cutting caseloads and stressing work over handouts. Caseloads have gone down 60 percent since 1996, and people who do not comply with their Personal Work Plan or Personal Responsibility Plans lose their benefits completely after the second infraction.<sup>85</sup> The lifetime limit on cash benefits is 48 months, although the state grants hardship waivers in special circumstances. The state is also working hard to lower its birthrate for minors, third highest in the nation in 1992.<sup>86</sup> Teens who receive TANF must live at home and go to school, and a strict family cap policy prevents payment of additional benefits to those who have received TANF for at least 10

months and conceive additional children.<sup>87</sup>

The state's Work First program features a high degree of cooperation between the state Departments of Human Resources, Labor, and Technical and Adult Education. DHS provides case management, DTAE offers job training, and DOL works on job placement.<sup>88</sup> So why are so few recipients in Georgia working? Georgia scored among the bottom six states on every work participation measure, significantly reducing the state's quantitative results score. Georgia reported only 8.2 percent of its welfare recipients participating in work activities, the lowest of the states. Federal guidelines require 50 percent participation, but due to caseload reduction credits Georgia's adjusted target was zero.<sup>89</sup> It is possible that Georgia chose not to bother carefully tracking and reporting work activity among recipients, knowing that its obligations were already met. The state's scores for "actual work" participation also suffered, since those activities are derived from the reported numbers. Thus, as the caseload reduction credit is replaced in the process of welfare reauthorization and Georgia is forced to report accurate work participation numbers, it is possible the quantitative scores will improve.

### **Structural Reforms**

Family Cap Policy: Y1 – Grade: 50/50

Teens at Home: Y1 – Grade: 50/50

Good Work Policy: 46.25/50

Bad Work Policy: 7.14/50

Diversion Programs: Y1 – Grade: 70/100

Time Limits: 75/100

Sanctions: 50/100

### **Quantitative Results**

Caseload Reduction Rank: 19 – Grade: 64/100

Poverty Rate Reduction Rank: 5 – Grade: 46/50

Child Poverty Rate Reduction Rank: 19 – Grade: 32/50

Teen Birth Rate Decline Rank: 27 – Grade: 24/50

Teen Births as Percentage of All Births Rank: 9 – Grade: 42/50

Reported Working Rank: 51 – Grade: 0/50

Actually Working Rank: 45 – Grade: 6/50

Actually Working as Percentage of All Recipients Rank: 50 – Grade: 2/100

Hawaii’s welfare system features a mix of well-designed work programs and poor time limit policies, leading to a mediocre overall grade. The state’s caseload has declined nearly 62 percent since 1996, due in part to the state’s roster of employment initiatives. In 1999 the state implemented the Grant + Program, through which nonprofit and for-profit organizations employ TANF recipients and accept \$650 a month to pay a portion of their wages.<sup>90</sup>

Unfortunately, Hawaii also has a long list of extensions to and exemptions from time limits and work requirements, contradicting the message that work is better than welfare. For instance, recipients are required to participate in work activities only after 24 months of receiving cash benefits, and those require-

ments are satisfied by paid employment for “any number of hours” or unpaid volunteer work for as little as four hours a month. Hawaii’s new Employment Subsidy Program provides a \$200 monthly stipend to households that have exhausted their 60-month time limit and work at least 20 hours a week—this benefit can last for two additional years.<sup>91</sup>

Hawaii does enforce full sanctions on TANF recipients who do not cooperate with program rules and requirements, which may be responsible for the success in work participation. The state still lacks important prevention policies, though, such as diversion programs to keep people from having to enter the welfare system and a family cap to prevent recipients from becoming trapped in the system.

**Structural Reforms**

- Family Cap Policy: N – Grade: 0/50
- Teens at Home: Y2 – Grade: 42.5/50
- Good Work Policy: 44.375/50
- Bad Work Policy: 4.29/50
- Diversion Programs: N – Grade: 0/100
- Time Limits: 50/100
- Sanctions: 100/100

**Quantitative Results**

- Caseload Reduction Rank: 16 – Grade: 70/100
- Poverty Rate Reduction Rank: 29 – Grade: 22/50
- Child Poverty Rate Reduction Rank: 42 – Grade: 9/50
- Teen Birth Rate Decline Rank: 27 – Grade: 24/50
- Teen Births as Percentage of All Births Rank: 48 – Grade: 3/50
- Reported Working Rank: 8 – Grade: 43/50
- Actually Working Rank: 1 – Grade: 50/50
- Actually Working as Percentage of All Recipients Rank: 8 – Grade: 86/100

## Idaho

Rank: 1

Grade: A

Idaho is second in the nation in caseload reduction with an 85 percent decline since welfare reform was implemented. The state also has the second-lowest TANF dependence rate in the nation.<sup>92</sup> In addition to achieving the highest score on the report card, Idaho has the highest grade for structural reforms, achieved through its implementation of diversion programs, a family cap, and enforcement of sanctions and time limits.

Idaho's strict time limit encouraged many recipients to leave welfare and rely on local charities, saving welfare benefits for an absolute emergency. In fact, the state's TANF savings (avoided TANF payments) exceeds \$21.5 million per year as 6,386 families are on the road to self-sufficiency.<sup>93</sup>

According to HHS, in 2000, 78 percent of Idaho's former welfare recipients found jobs,

the highest rate in the nation. More than 77 percent of former recipients still had a job nine months later. Idaho was also first in the nation in earnings gains for people getting and retaining jobs. Such success is the result of appropriate priorities: "Self-reliance is one of our guiding principles and, of course, having a job is the best way to become and remain self-reliant."<sup>94</sup>

Although Idaho is a model of welfare reform implementation, it will require continued effort to make the system work. State and county administration of TANF must continue to focus on work, even if that means generating work experience during the soft job market through temporary subsidies. Local communities, charities, and nonprofits also need to meet community demand and function as a true alternative to federal assistance.

### Structural Reforms

Family Cap Policy: Y2 – Grade: 42.5/50

Teens at Home: Y2 – Grade: 42.5/50

Good Work Policy: 35.625/50

Bad Work Policy: 21.43/50

Diversion Programs: Y3 – Grade: 100/100

Time Limits: 100/100

Sanctions: 100/100

### Quantitative Results

Caseload Reduction Rank: 2 – Grade: 98/100

Poverty Rate Reduction Rank: 31 – Grade: 20/50

Child Poverty Rate Reduction Rank: 15 – Grade: 36/50

Teen Birth Rate Decline Rank: 32 – Grade: 19/50

Teen Births as Percentage of All Births Rank: 7 – Grade: 44/50

Reported Working Rank: 20 – Grade: 31/50

Actually Working Rank: 47 – Grade: 4/50

Actually Working as Percentage of All Recipients Rank: 19 – Grade: 64/100

## Illinois

Rank: 8

Grade: B

Illinois reduced its caseload by 84.4 percent between 1996 and 2003 and was among the top 10 states in reducing the birthrate for minors. Yet Illinois ranked 44th on reduction of its poverty rate and 46th for decline in the child poverty rate. How could a state so successful in slashing its welfare rolls end up performing so poorly with regard to the poverty rate? It is because Illinois moved more than one-third of its TANF caseload to state-funded programs,<sup>95</sup> thus significantly reducing its reported federal caseload (used for grading purposes). In addition, work participation rates are higher than average since it is usually the harder-to-employ population that is moved to state-funded rolls, which have no work requirements.

Illinois was one of the few states whose child poverty rate actually increased slightly between 1998 and 2001. Consider also that in September 2003 only 29.5 percent of total “available-to-work” recipients were actually working.<sup>96</sup> Although Illinois claims to adhere to the federally mandated 60-month time limit, it allows the benefits clock to stop for

many reasons, such as working 30 hours per week or attending college and keeping a 2.5 grade point average. As the Illinois TANF brochure makes clear, “If you work enough hours, you will NEVER use up your time!”<sup>97</sup> Far from promoting self-reliance and responsibility, Illinois is discouraging them.

On a positive note, though no formal cash diversion program exists, the state has arranged for private and nonprofit groups, called Community Partners, to offer community-sponsored diversion programs to people in need of immediate but not long-term assistance. The Front Door Funds program encourages community participation to minimize caseloads and is a perfect example of how local involvement can help reduce dependence.<sup>98</sup>

Illinois should consider encouraging more active involvement by local government and private partnerships. Innovation and efficiency are more likely to occur when the people interested in solving problems can see those problems firsthand. Illinois’ Front Door program is a step in the right direction.

### Structural Reforms

Family Cap Policy: Y1 – Grade: 50/50

Teens at Home: Y3 – Grade: 0/50

Good Work Policy: 37.5/50

Bad Work Policy: 0/50

Diversion Programs: 100/100

Time Limits: 50/100

Sanctions: 50/100

### Quantitative Results

Caseload Reduction Rank: 3 – Grade: 96/100

Poverty Rate Reduction Rank: 44 – Grade: 7/50

Child Poverty Rate Reduction Rank: 46 – Grade: 5/50

Teen Birth Rate Decline Rank: 9 – Grade: 42/50

Teen Births as Percentage of All Births Rank: 19 – Grade: 32/50

Reported Working Rank: 9 – Grade: 42/50

Actually Working Rank: 35 – Grade: 16/50

Actually Working as Percentage of All Recipients Rank: 11 – Grade: 80/100

**Indiana**  
Rank: 10

Grade: B

Indiana ranked dead last in caseload decline. While many states saw their caseloads cut in half, Indiana's dropped a mere 1.4 percent. The good news is that people still on the rolls are engaged in work activities. Indiana ranks 5th among the states on all three measures of work participation. In addition, most of those work activities are "actual work" since Indiana has implemented a narrow definition of work that focuses on job experience.

The Hoosier State's TANF program, Indiana Manpower Placement and Comprehensive Training, includes a 24-month lifetime limit on benefits (one of the toughest among the states) and a Personal Responsibility Agreement, which adults must sign promising to raise their children in a safe home and not engage in activities that would interfere with self-sufficiency. A few counties also require nonexempt adults to begin looking for work at the time they apply for TANF.<sup>99</sup> Unfortunately, the penalty for violating the PRA is fairly weak (a \$90/month reduction in benefits until compliance).

Stronger sanctions would help to convey the message that Indiana is serious about helping recipients achieve self-sufficiency.

Indiana does have a variety of innovative, community-driven programs that should be emulated in other states. Indiana's Family and Social Services Administration encourages "community planning efforts" by each county's local Division of Family and Children and community organizations. Counties are partnering with nonprofits and area businesses to meet local needs, encouraging devolution of welfare administration to the county level and developing alternatives to government welfare.<sup>100</sup> FSSA boasts, "Through innovative solutions that involve communities, employers and clients, Indiana has helped transform welfare from a system of permanent dependency to one of personal responsibility and economic self-sufficiency."<sup>101</sup> The transformation is certainly not complete, but with increased caseload decline and continued innovation, Indiana is headed in the right direction.

### **Structural Reforms**

Family Cap Policy: Y1 – Grade: 50/50

Teens at Home: Y2 – Grade: 42.5/50

Good Work Policy: 37.5/50

Bad Work Policy: 16.43/50

Diversion Programs: Y1 – Grade: 70/100

Time Limits: 100/100

Sanctions: 0/100

### **Quantitative Results**

Caseload Reduction Rank: 51 – Grade: 0/100

Poverty Rate Reduction Rank: 47 – Grade: 4/50

Child Poverty Rate Reduction Rank: 39 – Grade: 12/50

Teen Birth Rate Decline Rank: 13 – Grade: 38/50

Teen Births as Percentage of All Births Rank: 8 – Grade: 43/50

Reported Working Rank: 5 – Grade: 46/50

Actually Working Rank: 5 – Grade: 46/50

Actually Working as Percentage of All Recipients Rank: 5 – Grade: 92/100

In 1987 Gov. Terry Branstad (R) established the Welfare Reform Council to study possible changes to Iowa's welfare system. The Family Investment Program, approved under federal waiver and enacted in 1993, required very few changes upon the passage of PRWORA in 1996.<sup>102</sup> It should be noted that although Iowa ranked an unimpressive 39th in caseload reduction, it managed to reduce its rolls by 20 percent during the waiver period, before federal welfare reform was even implemented.<sup>103</sup> Thus, like that of several other states, Iowa's caseload reduction (calculated after federal welfare reform) may not fully reflect the state's welfare reform success.

Iowa has implemented many sound structural reforms through FIP. FIP Diversion, Iowa's formal diversion program, kept 90 percent of participating families off welfare for at least 17 months. The Family Self-Sufficiency Grant, for active welfare recipients, provides targeted, short-term assistance to encourage employment and shorten the time spent on public assistance. Fifty-five percent of FSSG recipients left welfare within

six months.<sup>104</sup>

Iowa continues to explore and innovate, particularly with devolution. For example, Innovation Zones are approved communities that are allowed to redirect existing funding and seek waivers from statewide rules, regulations, and procedures. That maximizes the benefits of devolution, allowing greater administrative control and innovation on the local level.<sup>105</sup> In Manchester (Delaware County) the New View program works with the local community, county government, and faith-based organizations to provide for emergency needs. New View refers clients to food pantries and offers crisis help, budget counseling, emergency rent funds, and utility assistance. The program also provides access to a job registry, referrals to employment services, and help with résumé writing.<sup>106</sup>

Iowa recognized the need for welfare reform early and took the initiative to help residents focus on work and escape the cycle of dependence. A family cap policy and a narrower definition of work activities would allow Iowa to even better serve its population.

**Structural Reforms**

- Family Cap Policy: N – Grade: 0/50
- Teens at Home: Y2 – Grade: 42.5/50
- Good Work Policy: 23.125/50
- Bad Work Policy: 0/50
- Diversion Programs: Y2 – Grade: 85/100
- Time Limits: 50/100
- Sanctions: 100/100

**Quantitative Results**

- Caseload Reduction Rank: 39 – Grade: 24/100
- Poverty Rate Reduction Rank: 32 – Grade: 19/50
- Child Poverty Rate Reduction Rank: 3 – Grade: 48/50
- Teen Birth Rate Decline Rank: 42 – Grade: 9/50
- Teen Births as Percentage of All Births Rank: 25 – Grade: 26/50
- Reported Working Rank: 12 – Grade: 39/50
- Actually Working Rank: 11 – Grade: 40/50
- Actually Working as Percentage of All Recipients Rank: 6 – Grade: 90/100

## **Kansas**

Rank: 24

Grade: C

The Successful Families Program focuses on Kansas's low-income families, providing them with cash assistance through Temporary Assistance for Families (Kansas's TANF program), as well as employment assistance and subsidized childcare.<sup>107</sup> Unfortunately, although Kansas ranks first in reported recipients engaged in work activities, it ranks 46th for recipients reported working who are actually working.

Kansas's caseload dropped by 45 percent between January 1996 and January 2000. However, it then rose 24 percent between January 2000 and March 2003. The result is an unimpressive 38.7 percent net reduction between 1996 and 2003, which placed Kansas 40th among the states. Child poverty has increased since 1996, yet Kansas does not have a family cap policy, and the state ranks 37th in decline in the birthrate for minors. There is no

formal cash diversion program for potential TANF recipients, and time limits simply follow the federal guideline of 60 months.

Kansas has made some effort to track "leavers" and assess whether former recipients are making it on their own. The Kansas Department of Social and Rehabilitation Services interviewed 800 leavers and discovered that 50 percent were employed and that almost 60 percent of those working were doing so full-time at an average wage of \$6.29 an hour. Of the remaining leavers who were not working, 45 percent cited illness, injury, or caring for others as reasons for not working; 10 percent had child-care problems, and 17 percent had transportation issues.<sup>108</sup> For those with genuine disabilities, Kansas has a General Assistance program, which provides cash benefits for an additional 24 months.

### **Structural Reforms**

Family Cap Policy: N – Grade: 0/50

Teens at Home: Y2 – Grade: 42.5/50

Good Work Policy: 33.75/50

Bad Work Policy: 9.29/50

Diversion Programs: Y1 – Grade: 70/100

Time Limits: 50/100

Sanctions: 100/100

### **Quantitative Results**

Caseload Reduction Rank: 40 – Grade: 22/100

Poverty Rate Reduction Rank: 24 – Grade: 27/50

Child Poverty Rate Reduction Rank: 44 – Grade: 7/50

Teen Birth Rate Decline Rank: 37 – Grade: 14/50

Teen Births as Percentage of All Births Rank: 27 – Grade: 24/50

Reported Working Rank: 1 – Grade: 50/50

Actually Working Rank: 46 – Grade: 5/50

Actually Working as Percentage of All Recipients Rank: 14 – Grade: 74/100



## Kentucky

Rank: 33

Grade: D

Rather than emphasize work experience, Kentucky's Transitional Assistance Program emphasizes education for TANF recipients and allows many to avoid work requirements by attending college classes full-time. So it is not surprising that Kentucky officials are concerned about PRWORA's "heightened emphasis on work," which they claim will ruin the state's innovative and flexible approaches to reform.<sup>109</sup> The "innovative and flexible approaches" in Kentucky just might be worth ruining.

Certainly, education is a good thing, but sweeping aside methods proven to move TANF recipients toward self-sufficiency is hardly a responsible approach. By observing states like Wisconsin and Wyoming, we know that strict work requirements, time limits, sanctions, and family cap policies are the most effective tools for cutting caseloads and reducing dependence.

Yet Kentucky insists on maintaining programs that tacitly discourage employment. Given that Kentucky faces deficits and budget cuts, it simply can't afford to support welfare recipients who attend college instead of working. Kentucky must get serious about cutting its caseload by insisting that recipients participate in work activities immediately upon receiving benefits, instead of allowing them to avoid such requirements for 24 months.<sup>110</sup> A shorter time limit would also encourage recipients to hurry off the rolls.

State welfare administrators urge families to view welfare as an insurance policy to use only in emergencies, warning, "You don't want to use up any more than you have to or you might get canceled."<sup>111</sup> If administrators are serious about that philosophy, Kentucky should expand its diversion program for TANF applicants who need temporary financial help but do not want to go on welfare.

### Structural Reforms

Family Cap Policy: N – Grade: 0/50

Teens at Home: Y3 – Grade: 0/50

Good Work Policy: 46.25/50

Bad Work Policy: 0/50

Diversion Programs: Y1 – Grade: 70/100

Time Limits: 50/100

Sanctions: 50/100

### Quantitative Results

Caseload Reduction Rank: 25 – Grade: 52/100

Poverty Rate Reduction Rank: 13 – Grade: 38/50

Child Poverty Rate Reduction Rank: 35 – Grade: 16/50

Teen Birth Rate Decline Rank: 11 – Grade: 40/50

Teen Births as Percentage of All Births Rank: 1 – Grade: 50/50

Reported Working Rank: 28 – Grade: 23/50

Actually Working Rank: 28 – Grade: 23/50

Actually Working as Percentage of All Recipients Rank: 34 – Grade: 34/100

## Louisiana

Rank: 23

Grade: C

The Louisiana TANF plan's two main components are the Family Independence Temporary Assistance Program, which provides cash assistance, and the Family Independence Work Program, which trains TANF recipients in basic employment skills.<sup>112</sup> A positive addition to the Louisiana TANF plan came in July 2002 when the state added a diversion program that provides lump-sum payments no more than twice in a lifetime to individuals who might otherwise find themselves in need of longer-term cash assistance.<sup>113</sup> Such programs provide emergency assistance to the working poor, as an alternative to entering the welfare system. Unfortunately, in September 2002 the program was suspended because of insufficient funds.<sup>114</sup>

Meanwhile, Louisiana continues to spend precious TANF resources on its TANF Initiative programs that serve "families beyond the official welfare-eligible population."<sup>115</sup> Louisiana would certainly fare better in the rankings if it focused on keeping people off welfare and serving the needs of those already on it instead of

stretching TANF funds to do jobs that barely fit under the TANF mandate.

The Pelican State received high scores for its reduction of general and child poverty rates. However, given the state's appalling initial poverty rates, there may be less here than meets the eye. Louisiana had the fourth-highest poverty rate in 1996, a ranking it has maintained over the course of welfare reform. The state previously had the second-highest child poverty rate, behind D.C., and now has the fifth-highest (23.1 percent compared to the national average of 16.1 percent). It is easy to improve on such poor numbers.

Louisiana desperately needs to strengthen its preventive measures. The state does not use a family cap to dissuade parents on welfare from having more children, and the state's requirements for living arrangements for pregnant minors are extremely lenient, making teen parents who live "independently" eligible for benefits. Policies such as Louisiana's raise the question, just how "independent" are teen parents who need federal cash assistance?

### Structural Reforms

Family Cap Policy: N – Grade: 0/50

Teens at Home: Y3 – Grade: 0/50

Good Work Policy: 37.5/50

Bad Work Policy: 11.43/50

Diversion Programs: N – Grade: 0/100

Time Limits: 75/100

Sanctions: 50/100

### Quantitative Results

Caseload Reduction Rank: 5 – Grade: 92/100

Poverty Rate Reduction Rank: 9 – Grade: 42/50

Child Poverty Rate Reduction Rank: 10 – Grade: 41/50

Teen Birth Rate Decline Rank: 15 – Grade: 36/50

Teen Births as Percentage of All Births Rank: 12 – Grade: 39/50

Reported Working Rank: 23 – Grade: 28/50

Actually Working Rank: 14 – Grade: 37/50

Actually Working as Percentage of All Recipients Rank: 24 – Grade: 54/100

The Maine Center for Economic Policy, a liberal, nonprofit research organization, claims that the state’s program is “one of the most compassionate and effective” in the country.<sup>116</sup> However, Maine’s caseload has been cut by only 30 percent since 1996. True compassion is helping recipients to escape the cycle of dependence caused by the welfare system and to achieve self-sufficiency. Maine’s poor performance in that regard earned it a failing grade on the report card.

Maine has decided to allow many families to continue receiving TANF even after the 60-month limit has passed. In the 61st month, an entire family can keep receiving cash benefits so long as no family member has been sanctioned in the 60th month and there have been fewer than three sanctions during the entire 60-month period.<sup>117</sup> Even those recipients who are sanctioned in the 60th month become eligible for extended benefits after their penalty period is up.

Maine also has a Parents As Scholars pro-

gram under which needy parents can attend college for up to four years while receiving cash assistance. Because the program is state funded, time spent in the PAS program does not count toward the 60-month TANF limit.<sup>118</sup> Though the program is limited to 2,000 participants, an eligible family can receive TANF for five years and then receive PAS benefits for another four years, without ever having to find a steady job and leave welfare.

MECEP criticizes the proposed federal welfare reform reauthorization bill, claiming that its strict work requirements will prevent Maine from continuing its “individualized approach” to helping poor families. Reauthorization will continue the “unfair practice” of enforcing the 60-month time limit even for families who are working and “doing all that is being asked.”<sup>119</sup> Such criticisms fail to acknowledge the value of the message time limits send—welfare should be a temporary solution, not a permanent lifestyle.

### **Structural Reforms**

Family Cap Policy: N – Grade: 0/50

Teens at Home: Y3 – Grade: 0/50

Good Work Policy: 44.375/50

Bad Work Policy: 0/50

Diversion Programs: Y1 – Grade: 70/100

Time Limits: 50/100

Sanctions: 0/100

### **Quantitative Results**

Caseload Reduction Rank: 48 – Grade: 6/100

Poverty Rate Reduction Rank: 49 – Grade: 2/50

Child Poverty Rate Reduction Rank: 31 – Grade: 20/50

Teen Birth Rate Decline Rank: 41 – Grade: 10/50

Teen Births as Percentage of All Births Rank: 38 – Grade: 13/50

Reported Working Rank: 14 – Grade: 37/50

Actually Working Rank: 24 – Grade: 27/50

Actually Working as Percentage of All Recipients Rank: 9 – Grade: 84/100

## Maryland

Rank: 12

Grade: C

Maryland places a respectable 12th in the overall rankings as a result of quality structural reforms marred by poor work participation. In spite of a rather substantial caseload decline, Maryland has failed to successfully move the remaining welfare recipients into jobs. The state ranks next to last in reported work participation and dead last in the percentage of welfare recipients “actually working.”

The state TANF Plan of 2002 suggests that current recipients are those who are the most difficult to employ. The decline in caseloads has plateaued as the employable recipients are now working and those left on the rolls are particularly hard to place, hence the high unemployment among current recipients.<sup>120</sup>

However, the state’s successful caseload reduction may actually be responsible for its poor work participation. Maryland is in a situation similar to that of Georgia regarding caseload reduction credits and reported work participation. TANF requires 50 percent of eligible welfare recipients to be engaged in work activity, yet after caseload reduction credits, Maryland’s adjusted standard was 6.2 percent.<sup>121</sup> Thus, Maryland’s meager 8.3 per-

cent reported work participation (lower than every state except Georgia) more than fulfilled the state’s obligation. The result is that Maryland receives poor quantitative scores based on the limited work activity the state reported. Once welfare reauthorization eliminates the caseload reduction credit and states are forced to more carefully track and report all work participation, Maryland may display quantitative results that complement its quality structural reforms.

Maryland continues to suffer for its successes on the measures of child poverty and births to minor women. The state ranked 41st in reduction of child poverty, yet it was hard to significantly reduce what was already the lowest child poverty rate in the nation. Similarly, Maryland had the 10th lowest percentage of births to minor women (compared to all births) and now has the 11th lowest. Unfortunately, since the measure of both criteria is reduction over time, Maryland suffers for having had low rates to begin with. As other states continue to reduce their poverty rates and teenage pregnancy, Maryland can better compete on future report cards.

### Structural Reforms

Family Cap Policy: Y3 – Grade: 35/50

Teens at Home: Y2 – Grade: 42.5/50

Good Work Policy: 50/50

Bad Work Policy: 4.29/50

Diversion Programs: Y3 – Grade: 100/100

Time Limits: 50/100

Sanctions: 100/100

### Quantitative Results

Caseload Reduction Rank: 9 – Grade: 84/100

Poverty Rate Reduction Rank: 11 – Grade: 40/50

Child Poverty Rate Reduction Rank: 41 – Grade: 10/50

Teen Birth Rate Decline Rank: 14 – Grade: 37/50

Teen Births as Percentage of all Births Rank: 40 – Grade: 11/50

Reported Working Rank: 50 – Grade: 1/50

Actually Working Rank: 40 – Grade: 11/50

Actually Working as Percentage of All Recipients Rank: 51 – Grade: 0/100

## Massachusetts

Rank: 36

Grade: D

Massachusetts's Transitional Aid to Families with Dependent Children was among the first state pilot programs in the nation, established under federal waiver in the mid-1990s. The standards passed with PRWORA in 1996 ended up being much stricter than those with which Massachusetts was experimenting. Still operating under the waiver, Massachusetts currently requires only 20 hours a week of work-related activity, which can include community service.<sup>122</sup> This 20-hour workweek requirement is among the most lenient in the country and is a significant contributor to Massachusetts's lackluster performance in moving people toward self-sufficiency. Realizing the mistake, Gov. Mitt Romney recently proposed more stringent work requirements to take effect in 2005. Said Romney, "We want to see if we can change programs in a way to encourage people from dependency upon government support to a permanency in their own support."<sup>123</sup> Romney's plan is innovative in that he will set different requirements based on the ages of the children in the household. Parents with younger children will have only

4 hours of additional work requirements a week for a total of 24 hours, while those with school-aged children will be expected to put in 34 hours a week. The proposal would help Massachusetts to keep up with national trends and provide recipients with much-needed job experience.

Massachusetts could discourage "dependence upon government" by avoiding it in the first place, through implementation of diversion programs. Assisting the working poor with lump-sum payments, employment assistance, and similar programs—instead of welfare checks—is a better method of encouraging self-sufficiency.

One policy worth commendation is Massachusetts's family cap. Massachusetts is the only state in New England to have received the highest grade for its family cap measure. Yet that bright spot does not change the many shortcomings of Massachusetts's welfare system. Gov. Romney would do well to continue to propose (and the legislature to adopt) meaningful welfare reform. Massachusetts has a good deal of catching up to do.

### Structural Reforms

Family Cap Policy: Y1 – Grade: 50/50

Teens at Home: Y2 – Grade: 42.5/50

Good Work Policy: 23.125/50

Bad Work Policy: 23.57/50

Diversion Programs: N – Grade: 0/100

Time Limits: 50/100

Sanctions: 50/100

### Quantitative Results

Caseload Reduction Rank: 30 – Grade: 42/100

Poverty Rate Reduction Rank: 35 – Grade: 16/50

Child Poverty Rate Reduction Rank: 29 – Grade:

22/50

Teen Birth Rate Decline Rank: 31 – Grade: 20/50

Teen Births as Percentage of all Births Rank: 33 –

Grade: 18/50

Reported Working Rank: 7 – Grade: 44/50

Actually Working Rank: 23 – Grade: 28/50

Actually Working as Percentage of All Recipients

Rank: 48 – Grade: 6/100

## Michigan

Rank: 38

Grade: D

Michigan was ahead of the curve when it started implementing welfare reform initiatives in 1992. Recognizing the changing nature of American families and the need to address the problem of welfare dependence, Michigan focused its reform efforts on job readiness, family preservation, and self-sufficiency, as well as on streamlining the state's welfare bureaucracy.<sup>124</sup> Those early reforms led to a drop in caseloads of more than 70,000 people between 1992 and the implementation of PRWORA in 1996.<sup>125</sup> Unfortunately, Michigan's leadership in innovation did not continue after the passage of PRWORA and the implementation of TANF.

The Department of Labor and Economic Growth administers the work side of Michigan's TANF plan. The Work First program provides a laundry list of services, from job search help and training programs to

employment assistance in the form of uniforms, tools, or automotive repairs.<sup>126</sup> Under the Work First program, Michigan has had success in putting welfare recipients to work and ranks 13th in the percentage of working recipients engaged in actual work activities. However, the definition of "actually working" in Michigan could certainly stand to be revisited by lawmakers.

The weakest element of Michigan's welfare reform implementation is poor enforcement. The state needs to adopt stricter sanctions and time limits to encourage recipients to attain self-sufficiency. Michigan must also emphasize prevention programs, such as a family cap to discourage bringing more children into welfare-dependent households, and diversion programs to help keep those with short-term needs from entering the welfare system.

### Structural Reforms

Family Cap Policy: N – Grade: 0/50  
Teens at Home: Y2 – Grade: 42.5/50  
Good Work Policy: 46.25/50  
Bad Work Policy: 4.29/50  
Diversion Programs: N – Grade: 0/100  
Time Limits: 0/100  
Sanctions: 50/100

### Quantitative Results

Caseload Reduction Rank: 20 – Grade: 62/100  
Poverty Rate Reduction Rank: 38 – Grade: 13/50  
Child Poverty Rate Reduction Rank: 25 – Grade: 26/50  
Teen Birth Rate Decline Rank: 16 – Grade: 35/50  
Teen Births as Percentage of All Births Rank: 18 – Grade: 33/50  
Reported Working Rank: 32 – Grade: 19/50  
Actually Working Rank: 13 – Grade: 38/50  
Actually Working as Percentage of All Recipients Rank: 20 – Grade: 62/100

## Minnesota

Rank: 41

Grade: D

Minnesota responded to the call for welfare reform by developing the Minnesota Family Investment Program, which promotes a “tough but fair solution to welfare dependency.”<sup>127</sup> That is not really the case, as the program is neither particularly tough on recipients nor fair to taxpayers.

When it comes to preventive measures aimed at keeping welfare numbers low, there is little that is “tough” about Minnesota’s welfare reform. The state ranked 42nd at reducing the birthrate for minors and has exceptionally loose rules when it comes to living arrangements for minors, allowing pregnant teens to live “independently.” There is no family cap in place and therefore no incentive for people on the dole to make responsible decisions for their families.

Similarly, there is little indication that Minnesota’s work requirements are particularly tough. What happens if a recipient fails to engage in work-related activity? The state imposes an initial 10 percent reduction in ben-

efits, followed by a 30 percent reduction if noncompliance continues. At no point does Minnesota entirely cut off recipients for non-compliance.

On a brighter note, Minnesota does offer some diversionary assistance for families with immediate but not long-term cash assistance needs. In an effort to prevent the need for long-term participation, a grant of up to four months of MFIP assistance is available to applicants who have not participated in a diversion program or enrolled in welfare for at least a year.<sup>128</sup>

Minnesota is also experimenting with tougher policies on the county level. Dakota County has developed a stricter screening process for initial applicants. In Anoka County recipients who fail to seek work are more easily kicked off assistance.<sup>129</sup> However, those pilot programs are not enough to counter the inadequacies of MFIP. A number of changes must be made for Minnesota to be able to legitimately boast that its welfare program is “tough and fair.”

### Structural Reforms

Family Cap Policy: N – Grade: 0/50

Teens at Home: Y3 – Grade: 0/50

Good Work Policy: 46.25/50

Bad Work Policy: 7.14/50

Diversion Programs: Y1 – Grade: 70/100

Time Limits: 50/100

Sanctions: 0/100

### Quantitative Results

Caseload Reduction Rank: 36 – Grade: 30/100

Poverty Rate Reduction Rank: 8 – Grade: 43/50

Child Poverty Rate Reduction Rank: 5 – Grade: 46/50

Teen Birth Rate Decline Rank: 42 – Grade: 9/50

Teen Births as Percentage of All Births Rank: 43 – Grade: 8/50

Reported Working Rank: 21 – Grade: 30/50

Actually Working Rank: 38 – Grade: 13/50

Actually Working as Percentage of All Recipients Rank: 25 – Grade: 52/100

## Mississippi

Rank: 25

Grade: C

Mississippi was one of the first states to implement welfare reform back in 1993, and the state has consistently made great strides in cutting caseloads, promoting work, and preventing welfare fraud and abuse. Since 1996 welfare cases have gone down 63.5 percent, thanks mostly to an array of enforcement policies that discourage long-term dependence on government. Any TANF recipient who fails to complete his work requirements will lose his entire benefit for several months or until he complies. The state also has a family cap policy to discourage having additional children while receiving benefits. There are several programs in place to continue Mississippi's successful trend of reducing the percentage of births to teenagers.

However, there are a few missing elements in Mississippi's welfare program that affected

its grade. For one, the state lacks a diversion program to deter potential welfare recipients from signing on to long-term cash assistance. Mississippi should also require that TANF recipients start searching for work or begin some sort of job experience as an immediate condition of receiving benefits. Such an approach will reinforce the message that welfare is temporary and work is the only way to financial independence.

Mississippi received high points for significant caseload reductions in the first five years of welfare reform. Unfortunately, in 2002 welfare rolls began to creep upward because of high unemployment and a poor economic climate.<sup>130</sup> The economy is now improving, but for welfare reform to truly take off in Mississippi, state legislators must pass stricter time limit requirements and fund a diversion program.

### Structural Reforms

Family Cap Policy: Y1 – Grade: 50/50

Teens at Home: Y2 – Grade: 42.5/50

Good Work Policy: 30/50

Bad Work Policy: 14.29/50

Diversion Programs: N – Grade: 0/100

Time Limits: 50/100

Sanctions: 100/100

### Quantitative Results

Caseload Reduction Rank: 13 – Grade: 76/100

Poverty Rate Reduction Rank: 18 – Grade: 33/50

Child Poverty Rate Reduction Rank: 43 – Grade: 8/50

Teen Birth Rate Decline Rank: 22 – Grade: 29/50

Teen Births as Percentage of All Births Rank: 6 – Grade: 45/50

Reported Working Rank: 47 – Grade: 4/50

Actually Working Rank: 30 – Grade: 21/50

Actually Working as Percentage of All Recipients Rank: 39 – Grade: 24/100



## Missouri

Rank: 50

Grade: F

Missouri has been described as “highly urban yet deeply rural.”<sup>131</sup> Unfortunately, Missouri fails to effectively serve either demographic group, receiving the next to lowest score on the report card. Compared with other states, Missouri had mediocre success in cutting caseloads, lowering the birthrate for minors, and enforcing work requirements.

Missouri’s welfare program does not encourage self-sufficiency through work. The state also has one of the weakest sanctioning policies in the country and lacks a lump-sum diversion program that might help TANF-eligible families find or keep a job before applying for benefits.<sup>132</sup> Once a person is on welfare, Missouri does not encourage participation in valuable work activities that would equip a recipient to get off welfare. If a recipient does not participate in work activities or violates the “self-sufficiency pact,” only 25 percent of the family’s monthly benefits are withheld for three months, or until compliance. Even after multiple violations, only a fraction of a family’s benefits is taken away.<sup>133</sup>

### Structural Reforms

Family Cap Policy: N – Grade: 0/50

Teens at Home: Y3 – Grade: 0/50

Good Work Policy: 37.5/50

Bad Work Policy: 5.71/50

Diversion Programs: Y1 – Grade: 70/100

Time Limits: 50/100

Sanctions: 0/100

In addition, Missouri fails to discourage dependence resulting from out-of-wedlock births. The state’s policy on living arrangements for minor parents has enormous loopholes, allowing pregnant teens to avoid living at home and finishing school for such “good cause” as having already lived away from home for a year.<sup>134</sup> Such exemptions undermine the purposes of the policy, to deter teenage pregnancy and encourage teenage mothers to finish school. Once a mother is on welfare, there is no family cap policy to dissuade her from having additional children while receiving assistance.

Missouri’s time limit policy mirrors the federally mandated five-year rule, and the state also permits extensions of benefits beyond five years for more than 20 percent of its average monthly caseload.<sup>135</sup> In order to reduce its caseload further and encourage TANF families to support themselves, Missouri needs to implement stricter time limits and levy harsher sanctions on those who do not actively search for work.

### Quantitative Results

Caseload Reduction Rank: 31 – Grade: 40/100

Poverty Rate Reduction Rank: 37 – Grade: 14/50

Child Poverty Rate Reduction Rank: 24 – Grade: 27/50

Teen Birth Rate Decline Rank: 26 – Grade: 25/50

Teen Births as Percentage of All Births Rank: 22 – Grade: 29/50

Reported Working Rank: 41 – Grade: 10/50

Actually Working Rank: 33 – Grade: 18/50

Actually Working as Percentage of All Recipients Rank: 36 – Grade: 30/100

## Montana

Rank: 28

Grade: C

There is little doubt that 28th-ranked Montana could have fared significantly better in the state comparison. One need only look at the phenomenal success of Wyoming, Montana's neighbor to the south. Both states have fewer than a million residents and very similar demographics across the board. Montana even has a slight edge over Wyoming in terms of the percentage of people living in poverty. So why has Montana's welfare reform been less successful than that of Wyoming? The answer lies in Montana's welfare policies.

There are a number of policy areas in which Montana needs to play catch-up in order to compete. Discouraging teen pregnancy is an obvious place to start; Montana ranked 46th on that measure. Montana could improve its grade both by implementing a family cap policy and by the results that a cap can produce by discouraging welfare dependence as a lifestyle.

Montana fared about as well as Wyoming in work policies, ranking second on reported participation rates and 10th on those actually working as a percentage of all welfare recipients. The Treasure State could certainly pull

ahead of Wyoming on work-related measures by narrowing its definition of acceptable work activity. Unfortunately, Montana also falls short on enforcement of work requirements. Though it levels some sanctions against non-compliant recipients, there is no point at which Montana truly puts its foot down. Recipients may essentially reapply for benefits and renegotiate their Family Investment Agreements indefinitely, undermining the purpose of establishing sanctions.<sup>136</sup>

Montana has developed quality partnerships with the private and nonprofit sectors, allowing communities to help those in need. However, state officials are concerned that local organizations, such as food banks and shelters, are beginning to run low on resources. The director of Montana's Department of Public Health and Human Service's Human and Community Services Division admits, "One of the things we've learned is there is a tremendous capacity in communities to help, but that capacity is being tested."<sup>137</sup> Montana would do well to focus on welfare policy that encourages civil society to meet local needs instead of relying on federal funds.

### Structural Reforms

Family Cap Policy: N – Grade: 0/50

Teens at Home: Y2 – Grade: 42.5/50

Good Work Policy: 33.75/50

Bad Work Policy: 25/50

Diversion Programs: Y3 – Grade: 100/100

Time Limits: 50/100

Sanctions: 0/100

### Quantitative Results

Caseload Reduction Rank: 41 – Grade: 20/100

Poverty Rate Reduction Rank: 6 – Grade: 45/50

Child Poverty Rate Reduction Rank: 9 – Grade: 42/50

Teen Birth Rate Decline Rank: 46 – Grade: 5/50

Teen Births as Percentage of All Births Rank: 44 – Grade: 7/50

Reported Working Rank: 2 – Grade: 49/50

Actually Working Rank: 44 – Grade: 7/50

Actually Working as Percentage of All Recipients Rank: 10 – Grade: 82/100

## Nebraska

Rank: 43

Grade: F

Although Nebraska has established a strong sanctions policy, the state has failed to implement many structural reforms worth enforcing. Nebraska's welfare reform program, Employment First, took effect in 1995. Employment First, like most state plans, requires a self-sufficiency contract, has a time limit schedule, and gives transitional cash assistance.<sup>138</sup> However, when it comes to making recipients ready for the job market, Nebraska ranked 33rd, 37th, and 41st on the various work participation measures and has among the most lenient definitions of work participation.

Nebraska has implemented the strongest kind of family cap. Unfortunately, it has failed to meaningfully relate the implications

of a family cap policy to teenagers in danger of finding themselves on the dole: it was one of only 11 states to experience an increase in the birthrates for minors between 1999 and 2000.<sup>139</sup> The Nebraska Supreme Court decided in December 2003 that the family cap provision is constitutional, although it cannot apply to disabled mothers.<sup>140</sup>

Nebraska's poor grade is also influenced by the state's pre-PRWORA success. Nebraska began experiencing caseload decline in 1993, much earlier than most states,<sup>141</sup> and the state had one of the lowest birthrates for minors when welfare reform was passed. Therefore, the state suffers for its early successes, since the bar by which it is measured is set at 1996 levels.

### Structural Reforms

Family Cap Policy: Y1 – Grade: 50/50

Teens at Home: Y2 – Grade: 42.5/50

Good Work Policy: 25/50

Bad Work Policy: 9.29/50

Diversion Programs: N – Grade: 0/100

Time Limits: 50/100

Sanctions: 100/100

### Quantitative Results

Caseload Reduction Rank: 47 – Grade: 8/100

Poverty Rate Reduction Rank: 39 – Grade: 12/50

Child Poverty Rate Reduction Rank: 27 – Grade: 24/50

Teen Birth Rate Decline Rank: 50 – Grade: 1/50

Teen Births as Percentage of All Births Rank: 42 – Grade: 9/50

Reported Working Rank: 33 – Grade: 18/50

Actually Working Rank: 37 – Grade: 14/50

Actually Working as Percentage of All Recipients Rank: 41 – Grade: 20/100

In 2003 HHS awarded Nevada \$2 million for “achieving Top 10 status in welfare reform performance for the fifth straight year.”<sup>142</sup> The problem is that Nevada’s caseload reduction places it second to last among all the states, with a 24.6 percent reduction compared to a national average of 59.5 percent. What does that tell us? For one thing, it indicates that the HHS method of rewarding performance is inadequate in that it fails to look at a state’s entire program when awarding cash bonuses. In spite of the few praiseworthy measures for which Nevada has been rewarded, there is good deal more that must be done.

Overall, Nevada excelled on only one of the measures: decline in the birthrate for minors. That success could certainly be buttressed by allowing fewer exemptions to the requirements for living arrangements for minor parents and implementing a strict family cap policy.

Like a number of other states, Nevada requires recipients to sign a written Personal Responsibility Plan and Agreement of Co-

operation.<sup>143</sup> Unfortunately, the enforcement mechanisms of the agreements give little incentive for full compliance—cash-related sanctions consist of a graduated system in which some benefits remain available for up to three months after a first violation, three months after a second violation, and one month after a third. Though there is a “three-strike” element to the system (recipients are permanently cut off one month into the third violation), it takes quite some time to arrive at that point.<sup>144</sup>

Although all states struggled with the economic slowdown of the past several years, Nevada was hit extraordinarily hard. Between January 2001 and January 2002, caseloads increased 51 percent. The economy of Las Vegas, where 75 percent of Nevada’s TANF caseload reside, is based on the entertainment industry, which is particularly sensitive to economic downturns.<sup>145</sup> As the economy stabilizes, Nevada’s caseload and poverty rate rankings should improve.

### **Structural Reforms**

Family Cap Policy: N – Grade: 0/50  
Teens at Home: Y2 – Grade: 42.5/50  
Good Work Policy: 46.25/50  
Bad Work Policy: 0/50  
Diversion Programs: Y1 – Grade: 70/100  
Time Limits: 75/100  
Sanctions: 50/100

### **Quantitative Results**

Caseload Reduction Rank: 50 – Grade: 2/100  
Poverty Rate Reduction Rank: 45 – Grade: 6/50  
Child Poverty Rate Reduction Rank: 13 – Grade: 38/50  
Teen Birth Rate Decline Rank: 3 – Grade: 48/50  
Teen Births as Percentage of All Births Rank: 29 – Grade: 22/50  
Reported Working Rank: 43 – Grade: 8/50  
Actually Working Rank: 42 – Grade: 9/50  
Actually Working as Percentage of All Recipients Rank: 42 – Grade: 18/100

## New Hampshire

Rank: 46

Grade: F

According to one study, welfare reforms and the healthy economy were equally responsible for New Hampshire's reduced rolls in the first three years of reform.<sup>146</sup> However, since New Hampshire ranks only 45th in caseload reduction, it must rely more on structural reforms; a robust economy is not enough.

New Hampshire TANF recipients are required to participate in the New Hampshire Employment Program. Unfortunately, NHEP does not take a rigorous "work first" approach, as the program consists of 26-week cycles alternating between job search and work-for-benefits activities. Under this arrangement, a new welfare recipient can spend more than six months on the rolls before ever having to work. In addition, some participants qualify for "self-directed job search," which translates to reduced accountability.<sup>147</sup> Lacking a diversion

program, New Hampshire is enrolling in the welfare system employable adults with only short-term emergency needs. The state's weak sanction policy and failure to promote job experience prevent welfare dependents from achieving self-sufficiency.

New Hampshire has experimented with some quality reforms, such as welfare privatization. For example, the town of Newport has a population of 6,100 and no welfare department. That is because in June 1996 the town contracted with a local nonprofit to provide a one-stop welfare services center. Community Alliance of Human Services is saving the town 50 percent in welfare administration expenses, easing the application process with only one set of papers to fill out, and requiring former recipients to pay the town back once they are on their feet.<sup>148</sup>

### Structural Reforms

Family Cap Policy: N – Grade: 0/50

Teens at Home: Y2 – Grade: 42.5/50

Good Work Policy: 46.25/50

Bad Work Policy: 23.57/50

Diversion Programs: N – Grade: 0/100

Time Limits: 50/100

Sanctions: 0/100

### Quantitative Results

Caseload Reduction Rank: 45 – Grade: 12/100

Poverty Rate Reduction Rank: 30 – Grade: 21/50

Child Poverty Rate Reduction Rank: 7 – Grade: 44/50

Teen Birth Rate Decline Rank: 24 – Grade: 27/50

Teen Births as Percentage of All Births Rank: 32 – Grade: 19/50

Reported Working Rank: 18 – Grade: 33/50

Actually Working Rank: 43 – Grade: 8/50

Actually Working as Percentage of All Recipients Rank: 32 – Grade: 38/100

## New Jersey

Rank: 9

Grade: B

Welfare reform in New Jersey began well before the passage of PRWORA in 1996. In 1992 New Jersey received a federal waiver to implement its Family Development Program, an experimental program aimed at moving AFDC recipients toward self-sufficiency. One priority of the program was to discourage welfare recipients from getting pregnant through the implementation of a family cap, which New Jersey pioneered.<sup>149</sup> In a ruling in August 2003 the New Jersey State Supreme Court upheld New Jersey's family caps. Wrote Chief Justice Deborah T. Poritz, "This case is not about a woman's right to choose whether and when to have children, but rather about whether the state must subsidize that choice."<sup>150</sup> Twenty states have followed New Jersey's lead in implementing family caps.

After PRWORA was authorized, New Jersey's Family Development Program was replaced by Work First New Jersey, which administers both the state TANF plan and a general assistance plan for single recipients or

couples with no children. Like other state programs that have proven successful, WFNJ stresses work activity as the key component of achieving self-sufficiency.<sup>151</sup> WFNJ, which is administered by the Division of Family Development, also includes provisions that focus on parental responsibility. Teen parents must live at home or in a suitable supervised setting; single mothers must identify the fathers of their children; and both parents are held equally accountable for the well-being of their children, regardless of custody.<sup>152</sup> New Jersey is also a good example of organizational devolution; its 21 county welfare agencies administer the TANF program under the supervision of DFD.<sup>153</sup>

There are several things New Jersey policymakers can do to demonstrate their commitment to improving incentives to get off of welfare. Improving diversionary resources and looking into more stringent enforcement measures, for example, could help New Jersey's grade.

### Structural Reforms

Family Cap Policy: Y1 – Grade: 50/50

Teens at Home: N – Grade: 50/50

Good Work Policy: 35.625/50

Bad Work Policy: 9.29/50

Diversion Programs: Y1 – Grade: 70/100

Time Limits: 50/100

Sanctions: 50/100

### Quantitative Results

Caseload Reduction Rank: 14 – Grade: 74/100

Poverty Rate Reduction Rank: 22 – Grade: 29/50

Child Poverty Rate Reduction Rank: 26 – Grade: 25/50

Teen Birth Rate Decline Rank: 30 – Grade: 21/50

Teen Births as Percentage of All Births Rank: 36 – Grade: 15/50

Reported Working Rank: 26 – Grade: 25/50

Actually Working Rank: 19 – Grade: 32/50

Actually Working as Percentage of All Recipients Rank: 17 – Grade: 68/100

## New Mexico

Rank: 26

Grade: C

There are few highlights in New Mexico's welfare reform efforts. The state has followed federal TANF regulations by imposing a five-year time limit and requiring work activities for TANF recipients, but New Mexico has done little above and beyond those minimum standards. There is no diversion program and no family cap policy, and the policy on living arrangements for pregnant minors is somewhat broad. The latter problem is especially relevant since New Mexico ranks 39th in reducing births to minors as a percentage of all births.

One state-commissioned survey found that only 51 percent of respondents who had

received TANF any time in 1998 or 1999 were off welfare and working at the time of interview.<sup>154</sup> If only half of those who leave welfare are managing to find and keep jobs, there is clearly something missing in the state's transitional support plan.

New Mexico's high quantitative results grade can be credited to its first-place ranking for poverty rate reduction. However, it is not surprising that the state experienced a huge drop, given that it had the highest poverty rate to begin with, 25.6 percent in 1996. Although the rate dropped more than that of any other state, it has begun to inch back up; New Mexico had the third-highest poverty rate in 2002.

### Structural Reforms

Family Cap Policy: N – Grade: 0/50

Teens at Home: Y2 – Grade: 42.5/50

Good Work Policy: 48.125/50

Bad Work Policy: 11.43/50

Diversion Programs: N – Grade: 0/100

Time Limits: 50/100

Sanctions: 50/100

### Quantitative Results

Caseload Reduction Rank: 23 – Grade: 56/100

Poverty Rate Reduction Rank: 1 – Grade: 50/50

Child Poverty Rate Reduction Rank: 37 – Grade: 14/50

Teen Birth Rate Decline Rank: 20 – Grade: 31/50

Teen Births as Percentage of All Births Rank: 39 – Grade: 12/50

Reported Working Rank: 16 – Grade: 35/50

Actually Working Rank: 10 – Grade: 41/50

Actually Working as Percentage of All Recipients Rank: 12 – Grade: 78/100

**New York**  
Rank: 16

Grade: C

New York State appears to have succeeded in cutting caseloads (down more than 70 percent since 1996), reducing the birthrate for minors (down almost 20 percent), and moving people from dependence to employment.

The Office of Temporary and Disability Assistance credits the success in caseload reduction to a “work-first” philosophy, diversion programs, an income disregard policy that gives clients an incentive to earn wages, and a solid commitment to transitional support for people moving from welfare to work.<sup>155</sup> A recent study found that 63 percent of former TANF recipients were working when surveyed, and 73.8 percent of those working at the time were working more than 35 hours per week.<sup>156</sup>

There is a glaring problem facing New York, however. Public assistance rolls have risen since mid-2003 in part because of a program called Safety Net Assistance, which pro-

vides the same benefits as the federal TANF program but imposes no time limits. The state constitution obligates local governments to take care of all who are needy. Thus, local and county governments bear all the costs of SNA. By August 2003, 41,000 former TANF families had moved to SNA, placing an enormous burden on already-strapped state and local budgets.<sup>157</sup>

Therefore, New York scores well in caseload reduction (since federal caseloads are evaluated), but the decrease in TANF rolls is actually a bit of an illusion. Shuffling families from the federal dole to state and locally funded systems should hardly be considered progress, especially for the taxpayers of New York, who essentially end up paying for welfare twice. The existence of SNA completely negates the self-sufficiency incentives created by TANF.

**Structural Reforms**

Family Cap Policy: N – Grade: 0/50  
Teens at Home: Y3 – Grade: 0/50  
Good Work Policy: 42.5/50  
Bad Work Policy: 28.57/50  
Diversion Programs: Y2 – Grade: 85/100  
Time Limits: 50/100  
Sanctions: 0/100

**Quantitative Results**

Caseload Reduction Rank: 7 – Grade: 88/100  
Poverty Rate Reduction Rank: 15 – Grade: 36/50  
Child Poverty Rate Reduction Rank: 14 – Grade: 37/50  
Teen Birth Rate Decline Rank: 17 – Grade: 34/50  
Teen Births as Percentage of All Births Rank: 31 – Grade: 20/50  
Reported Working Rank: 24 – Grade: 27/50  
Actually Working Rank: 6 – Grade: 45/50  
Actually Working as Percentage of All Recipients Rank: 13 – Grade: 76/100



## North Carolina

Rank: 18

Grade: C

North Carolina has taken a three-pronged approach to welfare reform, focusing its efforts on diversion, work, and retention. The Benefit Diversion Program keeps families off welfare by helping them cope with unexpected emergencies related to keeping a job. The program offers up to three months of cash benefits and Medicaid to eligible families, who are then ineligible for regular TANF benefits for a specified time.<sup>158</sup>

North Carolina also makes work the top priority for TANF families; once a recipient moves from welfare to work, benefits are available for up to 24 months, after which there is a three-year ineligibility period.<sup>159</sup> That approach may anger critics who call such strict limits unfair to families facing major setbacks, but it certainly works—the state has cut its caseload by nearly 69 percent since welfare reform was instituted.

The state's retention plan helps families stay off public assistance by encouraging them to save and showing them that they are better off working than on welfare. Struggling families are often reluctant to accrue assets for fear

of exceeding eligibility requirements if they need to turn to welfare. By raising the limits on allowable savings and automobile value and providing services to support the working poor, such as subsidized childcare and transportation, the state encourages work and saving while keeping people off welfare.<sup>160</sup>

The state allows a significant amount of local control of its Work First programs by distributing state block grants to counties and encouraging participation by a wide range of public, private, and nonprofit groups. Local input provides more efficient social services to those who are truly in need.

Unfortunately, overall poverty rate reduction in North Carolina remains among the worst in the country. The state also suffered in the rankings as a result of its teen pregnancy programs—the decline in its birthrate for minors ranked a reasonable 20th, but it lost out on points because of its numerous exemptions to the requirements for living arrangements for minor parents. North Carolina is on the right track overall, but there is certainly room for improvement.

### Structural Reforms

Family Cap Policy: Y1 – Grade: 50/50

Teens at Home: Y3 – Grade: 0/50

Good Work Policy: 46.25/50

Bad Work Policy: 4.29/50

Diversion Programs: Y1 – Grade: 70/100

Time Limits: 75/100

Sanctions: 50/100

### Quantitative Results

Caseload Reduction Rank: 8 – Grade: 86/100

Poverty Rate Reduction Rank: 48 – Grade: 3/50

Child Poverty Rate Reduction Rank: 12 – Grade: 39/50

Teen Birth Rate Decline Rank: 20 – Grade: 31/50

Teen Births as Percentage of All Births Rank: 11 – Grade: 40/50

Reported Working Rank: 35 – Grade: 16/50

Actually Working Rank: 34 – Grade: 17/50

Actually Working as Percentage of All Recipients Rank: 38 – Grade: 26/100

## North Dakota

Rank: 49

Grade: F

North Dakota has one of the smallest state populations in the country, with a relatively small caseload even before welfare reform was instituted. The state has not been able to significantly reduce its caseload since 1996, and after bottoming out at 2,700 in early 2000, caseloads have slowly begun creeping back up.<sup>161</sup>

In October 2003 the state received a total of \$1.28 million in High Performance Bonuses from the federal government for meeting its job-entry objectives.<sup>162</sup> Such success is attributable to North Dakota's guidelines that education or job training can count for only a portion of a participant's work requirement.<sup>163</sup>

The state is having major problems influencing one important demographic group—Native Americans. More than 50 percent of the state's welfare caseload is Native American,

and TANF recipients in counties that have unemployment rates greater than 50 percent are exempted from the 60-month time limit on benefits.<sup>164</sup> The majority of those who remain on welfare for long stretches of time are Native Americans living on reservations where jobs are scarce, drug addiction and alcoholism are rampant, and opportunities to become self-sufficient are few and far between.

In addition to focusing on Native Americans, North Dakota should make reducing teen pregnancy a priority. With its lax minor parent policy, the state conveys the message that it has no intention of requiring a pregnant teenager to live at home and finish her high school education. That no doubt is a contributor to North Dakota's distressingly high birthrate for minors and the number of births to teens as a percentage of all births.

### Structural Reforms

Family Cap Policy: Y1 – Grade: 50/50

Teens at Home: Y3 – Grade: 0/50

Good Work Policy: 48.125/50

Bad Work Policy: 4.29/50

Diversion Programs: N – Grade: 0/100

Time Limits: 50/100

Sanctions: 50/100

### Quantitative Results

Caseload Reduction Rank: 44 – Grade: 14/100

Poverty Rate Reduction Rank: 43 – Grade: 8/50

Child Poverty Rate Reduction Rank: 33 – Grade: 18/50

Teen Birth Rate Decline Rank: 40 – Grade: 11/50

Teen Births as Percentage of All Births Rank: 45 – Grade: 6/50

Reported Working Rank: 30 – Grade: 21/50

Actually Working Rank: 32 – Grade: 19/50

Actually Working as Percentage of All Recipients Rank: 21 – Grade: 60/100

Ohio's success at implementing welfare reform exemplifies the benefits of devolving the administration of welfare programs to the local level. Ohio Works First, the cash assistance portion of the state's TANF plan, features "partnership agreements" between Ohio counties and the state. The agreements provide funding from the state to the counties but allow each county to devise innovative and creative administrative solutions at the local level. Recognizing that one-size-fits-all solutions do not work when it comes to addressing the needs of a particular locality has helped Ohio to drastically reduce caseloads.

Caseloads have also been cut by Ohio's rigorous enforcement of time limits and the use of sanctions for recipients who are not in compliance. OWF includes self-sufficiency contracts, which put in writing the obligations recipients must fulfill to continue

receiving contractually specified benefits.<sup>165</sup> Such contracts help in enforcing sanctions for noncompliance by making the responsibilities of recipients indisputably clear. Even refusing to sign the contract can result in ineligibility for benefits.<sup>166</sup> Unlike some other states, Ohio built in the added penalty of full-family sanctions.

The Ohio Department of Jobs and Family Services, the umbrella department under which OWF is administered, suggested in a 2002 article that the success of OWF has reached a plateau.<sup>167</sup> The department must now figure out how to best fill the needs of the 200,000 people remaining on welfare who have significant barriers to achieving self-sufficiency. Increasing a family's number of dependents while on the welfare system would be one such barrier; therefore, Ohio could benefit significantly by implementing a family cap policy.

### Structural Reforms

Family Cap Policy: N – Grade: 0/50  
Teens at Home: N – Grade: 50/50  
Good Work Policy: 50/50  
Bad Work Policy: 7.14/50  
Diversion Programs: Y2 – Grade: 85/100  
Time Limits: 75/100  
Sanctions: 100/100

### Quantitative Results

Caseload Reduction Rank: 11 – Grade: 80/100  
Poverty Rate Reduction Rank: 12 – Grade: 39/50  
Child Poverty Rate Reduction Rank: 30 – Grade: 21/50  
Teen Birth Rate Decline Rank: 18 – Grade: 33/50  
Teen Births as Percentage of All Births Rank: 17 – Grade: 34/50  
Reported Working Rank: 10 – Grade: 41/50  
Actually Working Rank: 18 – Grade: 33/50  
Actually Working as Percentage of All Recipients Rank: 4 – Grade: 94/100

## Oklahoma

Rank: 34

Grade: D

Oklahoma's welfare system receives a D, despite a number of well-meaning welfare-to-work initiatives. The state simply has not succeeded in moving people into the workforce and helping them to remain there.

First, the good news. Oklahoma levies full sanctions against TANF recipients who do not try to find work; noncompliance with program requirements means no cash assistance. The State Work Incentive program allows state agencies to hire TANF recipients for entry-level positions. To drive home the message that work is better than welfare, the state now allows higher income disregards on earned wages and vehicles to encourage the working poor to accrue assets without threat of future ineligibility for assistance.<sup>168</sup>

Although the state caseload declined more than 62 percent between 1996 and 2003, the number of welfare recipients who actually work is disappointing. Oklahoma ranks 49th in both the number of welfare recipients actually working and those people as a percentage of all welfare recipients. Part of the problem is the state's definition of work activity. Oklahoma does not allow

activities that should be encouraged—such as community service—to qualify as work, and almost 40 percent of people reported “working” were actually only participating in job search.<sup>169</sup>

Oklahoma's birthrate for minors is still quite high and will likely remain so until Oklahoma strengthens its family cap policy and closes state loopholes to the federal requirement that pregnant minors live at home while receiving TANF. This program is designed to encourage young single mothers to finish school and to send the message that government is no longer subsidizing teenage pregnancy. Allowing any minor who “lived on [her] own for some time before the birth of the child” to opt out completely undermines the purpose of the program.<sup>170</sup>

Oklahoma's high birthrate for minors (9th in the nation), coupled with its high divorce rate (3rd in the nation in 1999),<sup>171</sup> contributes to the state's increase in child poverty. Growth in single-parent families is responsible for almost all of the increase in child poverty since 1970 and is an additional incentive for Oklahoma to address out-of-wedlock births.<sup>172</sup>

### Structural Reforms

Family Cap Policy: Y3 – Grade: 35/50

Teens at Home: Y3 – Grade: 0/50

Good Work Policy: 37.5/50

Bad Work Policy: 14.29/50

Diversion Programs: Y1 – Grade: 70/100

Time Limits: 50/100

Sanctions: 100/100

### Quantitative Results

Caseload Reduction Rank: 15 – Grade: 72/100

Poverty Rate Reduction Rank: 16 – Grade: 35/50

Child Poverty Rate Reduction Rank: 45 – Grade: 6/50

Teen Birth Rate Decline Rank: 39 – Grade: 12/50

Teen Births as Percentage of All Births Rank: 16 – Grade: 35/50

Reported Working Rank: 37 – Grade: 14/50

Actually Working Rank: 49 – Grade: 2/50

Actually Working as Percentage of All Recipients Rank: 49 – Grade: 4/100

On the surface, Oregon’s welfare reform efforts appear moderately successful. Caseloads dropped more than 40 percent between 1996 and 2003. Birthrates for minors dropped more than 20 percent, and TANF recipients are eligible for benefits for only 24 months in seven years.<sup>173</sup> The state also has a system of sanctions that penalizes first the nonperforming recipient and then the entire family by reducing or eliminating benefits.<sup>174</sup>

However, since the implementation of PRWORA, Oregon has operated under a federal waiver that allows a very loose definition of “work activities.” TANF recipients can take adult education classes, go to therapy for a mental illness, or seek drug counseling, and all of those activities count toward their work requirement even though none is directly relat-

ed to employment.<sup>175</sup> The state says that 64 percent of TANF recipients are engaged in “work activities,” but without Oregon’s generous federal waiver, that number would be a mere 11 percent.<sup>176</sup> Certainly, seeking help for mental illness or drug addiction and furthering one’s education are beneficial activities, but they are not providing skills for self-sufficiency, such as those found through job experience.

After a reauthorization bill is finally passed, Oregon will likely continue seeking waivers that will exempt it from mandatory “work activities.”<sup>177</sup> However, the state must adhere to strict work requirements if reducing dependence is the objective. There is no better path to self-sufficiency than steady work, and Oregon should insist that TANF receipt be contingent on working.

**Structural Reforms**

- Family Cap Policy: N – Grade: 0/50
- Teens at Home: Y2 – Grade: 42.5/50
- Good Work Policy: 37.5/50
- Bad Work Policy: 14.29/50
- Diversion Programs: Y1 – Grade: 70/100
- Time Limits: 50/100
- Sanctions: 50/100

**Quantitative Results**

- Caseload Reduction Rank: 37 – Grade: 28/100
- Poverty Rate Reduction Rank: 26 – Grade: 25/50
- Child Poverty Rate Reduction Rank: 8 – Grade: 43/50
- Teen Birth Rate Decline Rank: 6 – Grade: 45/50
- Teen Births as Percentage of All Births Rank: 14 – Grade: 37/50
- Reported Working Rank: 6 – Grade: 45/50
- Actually Working Rank: 51 – Grade: 0/50
- Actually Working as Percentage of All Recipients Rank: 47 – Grade: 8/100

## Pennsylvania

Rank: 39

Grade: D

Pennsylvania's problems with welfare reform can be summed up in one word: Philadelphia. While most counties in Pennsylvania have seen their caseloads drop steadily since 1996, the bulk of the state's problem cases is centered in Philadelphia, where job growth has been slower than in most major urban areas. Even Pittsburgh has been relatively successful in moving TANF recipients to work during a period of economic difficulty, but Philadelphia saw the number of immigrants receiving welfare double in the second half of the 1990s.<sup>178</sup>

Part of the problem is the lack of a diversion program to help potential TANF applicants with job-related expenses or emergencies. Pennsylvania's low grade is also due to the fact that the state's time limits are no better than the federal standard. According to the state's Office of Income Maintenance, there are several ways to "stop the five-year TANF clock." For example, those who cannot get or

keep a job are invited to join the Maximizing Participation Project, which helps TANF recipients "overcome obstacles" by providing "needs assessment," "special services," and job coaching.<sup>179</sup> Volunteering for the MPP allows recipients to spend extra time on cash assistance. Such a program may be useful for mentally ill or disabled TANF recipients, but the vast majority of those on cash assistance simply need to understand that work pays. A city-wide effort to advertise the Earned Income Tax Credit is one way of encouraging those faltering in the welfare-to-work program to stick with their jobs.

Since Pennsylvania's welfare system is so heavily burdened by the needs of Philadelphia residents, the state should allow Philadelphia to identify its most pressing needs (such as its swelling immigrant population) and partner with local communities and private service providers to address those needs.

### Structural Reforms

Family Cap Policy: N – Grade: 0/50

Teens at Home: Y1 – Grade: 50/50

Good Work Policy: 35.625/50

Bad Work Policy: 0/50

Diversion Programs: N – Grade: 0/100

Time Limits: 50/100

Sanctions: 50/100

### Quantitative Results

Caseload Reduction Rank: 18 – Grade: 66/100

Poverty Rate Reduction Rank: 19 – Grade: 32/50

Child Poverty Rate Reduction Rank: 16 – Grade: 35/50

Teen Birth Rate Decline Rank: 36 – Grade: 15/50

Teen Births as Percentage of All Births Rank: 37 – Grade: 14/50

Reported Working Rank: 49 – Grade: 2/50

Actually Working Rank: 4 – Grade: 47/50

Actually Working as Percentage of All Recipients Rank: 35 – Grade: 32/100

## Rhode Island

Rank: 44

Grade: F

If you thought that Rhode Island, a tiny, prosperous state, would be able to easily cut its welfare caseload, you would be wrong. Rhode Island reduced its caseload by almost 37 percent between 1996 and 2003, an unimpressive feat, considering that most other states cut their rolls by 50 to 80 percent in the same time period. That mediocre performance may be due to the fact that the state levies only partial sanctions on those who violate their job search requirements, has no family cap policy, and allows some minor parents to receive TANF even if they live on their own.

Under the state's Family Independence Program, TANF recipients must "work, look for work, or begin preparing for work" within the first two years of receiving benefits, not immediately or within a few months, as in most other states.<sup>180</sup> Even if five years have passed, TANF recipients who are working or

are involved in "some sort of job training" may still be eligible for cash benefits. And it is not difficult to participate in a "work activity" since Rhode Island is very liberal in its definition of qualifying work. That is certainly not a "work-first" approach, and a study of Rhode Island's welfare leavers by the Manpower Demonstration Research Corporation agreed: "While other states emphasized a 'work-first' philosophy and reduction in welfare benefits, Rhode Island emphasized education and training as a first step towards independence from FIP."<sup>181</sup>

The American Institute for Full Employment described Rhode Island's welfare program as "a celebration of dependency,"<sup>182</sup> which is reflected in the state's quantitative results. Rhode Island ranks in the bottom 10 states for caseload reduction, decline in the birthrate for minors and percentage of births to minors, and reported work participation.

### Structural Reforms

Family Cap Policy: N – Grade: 0/50

Teens at Home: Y2 – Grade: 42.5/50

Good Work Policy: 35.625/50

Bad Work Policy: 0/50

Diversion Programs: Y1 – Grade: 70/100

Time Limits: 50/100

Sanctions: 0/100

### Quantitative Results

Caseload Reduction Rank: 43 – Grade: 16/100

Poverty Rate Reduction Rank: 36 – Grade: 15/50

Child Poverty Rate Reduction Rank: 2 – Grade: 49/50

Teen Birth Rate Decline Rank: 48 – Grade: 3/50

Teen Births as Percentage of All Births Rank: 49 – Grade: 2/50

Reported Working Rank: 42 – Grade: 9/50

Actually Working Rank: 21 – Grade: 30/50

Actually Working as Percentage of All Recipients Rank: 22 – Grade: 58/100

## South Carolina

Rank: 14

Grade: C

South Carolina's Family Independence Program imposes a set of tough but fair guidelines to ensure that struggling families get the resources they need to attain self-sufficiency. The FI program is based on a "reciprocal agreement between welfare recipients and taxpayers" whereby the state promises temporary financial support for needy parents who promise to look for and keep a job.<sup>183</sup>

South Carolina's Department of Social Services has made it clear that the state will not subsidize those who choose not to work. Full-family sanctions discourage TANF recipients from violating their Individual Self-Sufficiency Plans by eliminating benefits for the entire family when violations occur. The state also imposes some of the strictest time limits in the nation in order to reduce its caseload; a family may receive cash assistance for no more than 24 of 120 consecutive months (and for no more than 60 months total).<sup>184</sup> South Carolina allows for a generous 50 per-

cent disregard on all earned income for four months, which allows TANF recipients to keep half their wages and their cash benefits during that time period.<sup>185</sup> Incentives like those reduce the appeal of leaving gainful employment and sliding back into dependence.

Unfortunately, South Carolina's economy was hit hard by the economic slowdown of 2001; it experienced a 4.5 percent increase in the poverty rate and a 6.7 percent increase in the child poverty rate. *Stateline.org*, a nonpartisan state news publication, reported that economists believe the increase in South Carolina's poverty rate could be tied to the state's jobless rate, specifically the loss of manufacturing jobs (the state lost 20,000 manufacturing jobs in 2001).<sup>186</sup> Although the state's poverty rate has begun to recover from the 2001 peak, over the course of welfare reform the state has experienced an overall increase in its poverty rate.

### Structural Reforms

Family Cap Policy: Y3 – Grade: 35/50

Teens at Home: Y1 – Grade: 50/50

Good Work Policy: 37.5/50

Bad Work Policy: 4.29/50

Diversion Programs: Y1 – Grade: 70/100

Time Limits: 75/100

Sanctions: 100/100

### Quantitative Results

Caseload Reduction Rank: 21 – Grade: 60/100

Poverty Rate Reduction Rank: 46 – Grade: 5/50

Child Poverty Rate Reduction Rank: 50 – Grade: 1/50

Teen Birth Rate Decline Rank: 44 – Grade: 7/50

Teen Births as Percentage of All Births Rank: 15 – Grade: 36/50

Reported Working Rank: 11 – Grade: 40/50

Actually Working Rank: 36 – Grade: 15/50

Actually Working as Percentage of All Recipients Rank: 33 – Grade: 36/100



## South Dakota

Rank: 22

Grade: C

In July 2002 South Dakota received a \$740,843 bonus from the federal government for helping recipients move toward self-sufficiency,<sup>187</sup> and a number of innovative work programs have been implemented to help welfare recipients make the transition from TANF to financial stability. For instance, the Work Opportunity Tax Credit Program offers employers who hire welfare recipients a tax credit of up to \$2,400. Other employers can agree to try out a welfare recipient for six weeks, and the state provides the worker with a weekly stipend until the employer decides to hire him full-time. The Combined Work and Education Activity initiative allows certain TANF recipients to attend college part-time and work part-time to fulfill work requirements. All courses taken must relate to a “marketable skill” that will lead to employment.<sup>188</sup>

Only minors and parents of children

under 12 weeks old are exempt from participating in work activities; everyone else must follow the stipulations of his PRA in order to receive benefits. And recipients are working; South Dakota ranked in the top 10 on two of the three work participation measures. Unfortunately, there is no family cap policy in place to discourage having children while on welfare. South Dakota’s grade also suffers from lax time limits and sanctions policies and the lowest ranking for decline in the birthrate for minors.

Large rural states like South Dakota tend to have lower welfare caseloads to begin with, and low-income residents tend to value financial self-sufficiency as a worthy goal. South Dakota has shown that well-tailored programs can complement such favorable circumstances and bring caseloads down to a minimum while helping families become economically independent.

### Structural Reforms

Family Cap Policy: N – Grade: 0/50

Teens at Home: Y2 – Grade: 42.5/50

Good Work Policy: 35.625/50

Bad Work Policy: 14.29/50

Diversion Programs: Y1 – Grade: 70/100

Time Limits: 50/100

Sanctions: 50/100

### Quantitative Results

Caseload Reduction Rank: 17 – Grade: 68/100

Poverty Rate Reduction Rank: 34 – Grade: 17/50

Child Poverty Rate Reduction Rank: 21 – Grade: 30/50

Teen Birth Rate Decline Rank: 51 – Grade: 0/50

Teen Births as Percentage of All Births Rank: 50 – Grade: 1/50

Reported Working Rank: 17 – Grade: 34/50

Actually Working Rank: 7 – Grade: 44/50

Actually Working as Percentage of All Recipients Rank: 7 – Grade: 88/100

## Tennessee

Rank: 35

Grade: D

Tennessee began reforming its welfare system before federal legislation was passed, and over the last eight years it has developed fairly strict rules and initiatives to help its welfare families transition to self-sufficiency. Unfortunately, the state's hard work has not paid off; Tennessee ranks at the bottom in caseload decline from 1996 to 2003. Caseloads have dropped by less than a third since reform was implemented. What explains that poor performance?

Tennessee's Families First began as a waiver program, approved before PRWORA. Tennessee still operates under the original program, which allows the state to count more hours of educational, training, and job search activities toward fulfillment of the work requirement.<sup>189</sup> Families First also places heavy emphasis on basic math and reading skills for adults. TANF recipients who test below the ninth-grade level in either subject can take 20 hours of classes a week in lieu of work activities.<sup>190</sup> That is why Tennessee can report a high degree of work participation but scores low (50th) when evaluated on whether those activities are "actual work."<sup>191</sup>

### Structural Reforms

Family Cap Policy: Y1 – Grade: 50/50

Teens at Home: Y1 – Grade: 50/50

Good Work Policy: 23.125/50

Bad Work Policy: 4.29/50

Diversion Programs: N – Grade: 0/100

Time Limits: 75/100

Sanctions: 100/100

Tennessee lacks any formal diversion programs that might keep the working poor and those with emergency needs from applying for welfare at all. Of those who manage to leave the rolls, nearly a third reenter the program within 55 months.<sup>191</sup> A Department of Human Services report showed that since 1996, 20 policy changes to Families First (involving income disregards and number of work hours required, for example) have resulted in actually adding roughly 4,000 new cases.<sup>192</sup> Those factors combine to produce an abysmal caseload reduction score.

On a positive note, Tennessee's time limit policy is arranged so that a TANF recipient loses cash assistance for three months after being in the program for 18 months (the lifetime total is still 60 months).<sup>193</sup> In addition, Individual Development Accounts, in selected counties, allow Families First participants to save up to \$5,000 for anything related to finding and keeping a stable job, including career development, education, small business development, home ownership, and transportation.<sup>194</sup>

### Quantitative Results

Caseload Reduction Rank: 49 – Grade: 4/100

Poverty Rate Reduction Rank: 23 – Grade: 28/50

Child Poverty Rate Reduction Rank: 48 – Grade: 3/50

Teen Birth Rate Decline Rank: 19 – Grade: 32/50

Teen Births as Percentage of All Births Rank: 10 – Grade: 41/50

Reported Working Rank: 19 – Grade: 32/50

Actually Working Rank: 50 – Grade: 1/50

Actually Working as Percentage of All Recipients Rank: 44 – Grade: 14/100

**Texas**

Rank: 40

Grade: D

When Gov. George W. Bush took office in 1994, welfare reform was among his top priorities. Before federal welfare reform was signed into law, many reform initiatives had already been implemented in Texas, including Personal Responsibility Agreements for all recipients, lifetime limits for aid, and stricter enforcement of child support payments.<sup>195</sup>

Though Texas reduced its caseload by nearly 50 percent between 1996 and 2003, many of the new welfare policies have not been very effective because of lack of enforcement. For example, time limits for CHOICES (formerly the Job Opportunity and Basic Skills program) participants vary on the basis of education and experience. Those with a high school diploma or at least 18 months of work experience can receive cash benefits for only one year, while those with less than three years of high school or less than six

months work experience can stay on the dole for up to three years.<sup>196</sup> When it comes to enforcing those time limits, less than one case per month on average was denied assistance because of the state time limits between 1996 and 2003.<sup>197</sup>

Texas allows pregnant minors to receive assistance even if they live “independently” (without parents or guardians) and lacks a family cap policy to discourage subsequent births while on welfare. On a positive note, Texas instituted a successful diversion program, TANF-One-Time, which gives lump-sum payments of \$1,000 to TANF-eligible families on the condition that they cannot receive TANF for 12 months afterward.<sup>198</sup> In addition, a new full-family sanction policy stops payments to TANF families if the primary recipient fails to take part in required activities.<sup>199</sup>

**Structural Reforms**

- Family Cap Policy: N – Grade: 0/50
- Teens at Home: Y3 – Grade: 0/50
- Good Work Policy: 37.5/50
- Bad Work Policy: 4.29/50
- Diversion Programs: Y3 – Grade: 100/100
- Time Limits: 75/100
- Sanctions: 0/100

**Quantitative Results**

- Caseload Reduction Rank: 32 – Grade: 38/100
- Poverty Rate Reduction Rank: 25 – Grade: 26/50
- Child Poverty Rate Reduction Rank: 36 – Grade: 15/50
- Teen Birth Rate Decline Rank: 25 – Grade: 26/50
- Teen Births as Percentage of All Births Rank: 26 – Grade: 25/50
- Reported Working Rank: 29 – Grade: 22/50
- Actually Working Rank: 31 – Grade: 20/50
- Actually Working as Percentage of All Recipients Rank: 43 – Grade: 16/100

**Utah**  
Rank: 45

Grade: F

Utah's welfare time limit policy is one of the few redeeming features of the Family Employment Program. Utah is one of the few states that chose to institute a lifetime limit of three years instead of the federal maximum of five years.<sup>200</sup> It also has a lump-sum diversion program for those who are "employed or have a reasonable hope of employment."<sup>201</sup>

Otherwise, Utah's welfare reform program is not at all geared toward moving recipients into work and independence. The state has no family cap policy to discourage additional births while on welfare, and efforts to reduce the birthrate for minors have not been successful; Utah ranks 47th in decline in the birthrate for minors. Failure to properly implement the federally mandated requirements for living arrangements for minor parents could be part of the problem, since Utah's broad exemptions allow continued subsidization of teenage parenthood.

### **Structural Reforms**

Family Cap Policy: N – Grade: 0/50  
Teens at Home: Y3 – Grade: 0/50  
Good Work Policy: 35.625/50  
Bad Work Policy: 0/50  
Diversion Programs: Y1 – Grade: 70/100  
Time Limits: 85/100  
Sanctions: 50/100

Second to last in poverty rate reduction, Utah obviously needs to try a different welfare reform strategy. The state has tried to focus on aid to the working poor, moving funds from cash assistance to other transitional services. Recently passed state legislation will offer basic Medicaid to uninsured working Utahans by limiting some of the coverage already offered to other needy residents.<sup>202</sup> However, that approach has clearly failed.

There is no reason Utah cannot succeed in reducing dependence on TANF. The state currently has a budget surplus and a lower unemployment rate than the nation as a whole. Job growth is also the highest it has been in three years.<sup>203</sup> Strengthening transitional support programs like Food Stamps and Medicaid and pushing the diversion program as a preventive measure might be good first steps.

### **Quantitative Results**

Caseload Reduction Rank: 38 – Grade: 26/100  
Poverty Rate Reduction Rank: 50 – Grade: 1/50  
Child Poverty Rate Reduction Rank: 34 – Grade: 17/50  
Teen Birth Rate Decline Rank: 47 – Grade: 4/50  
Teen Births as Percentage of All Births Rank: 13 – Grade: 38/50  
Reported Working Rank: 34 – Grade: 17/50  
Actually Working Rank: 48 – Grade: 3/50  
Actually Working as Percentage of All Recipients Rank: 37 – Grade: 28/100

Though Vermont was among the first states to begin experimenting with welfare reform in the early 1990s, with a waiver program under AFDC, it comes in dead last in the overall ranking. Vermont took its first stab at reforming welfare with the Welfare Restructuring Project, which was in effect from 1994 to 2001. The project was moderately successful but lacked important policies such as time limits and sanctions (benefits were not withheld from people who failed to meet minimum work requirements). Moreover, recipients were not required to even look for work before 30 months had passed.<sup>204</sup>

Vermont's current state plan is called Reach Up, and it provides both cash assistance and case management. Like WRP, though, Reach Up falls short when it comes to enforcement. The program allows sanctioned recipients to continue receiving benefits if they continue to meet monthly with a case manager. For up to three months, sanctioned recipients lose only \$75 per month of

their benefits,<sup>205</sup> hardly a significant deterrent to falling into noncompliance. In fact, when it comes to enforcement, Vermont is the only state awarded zero points on both the time limit and sanction measures.

There are several other significant problems with Vermont's reform efforts that contribute to the state's overall poor showing. Vermont has no family cap in place to discourage people who are clearly not self-sufficient from having more children. When it comes to living arrangements for pregnant teenagers, Vermont has lenient exemptions that allow teen parents to live independently.

On the campaign trail, former governor Howard Dean bragged that Vermont was among the first states to implement state-wide welfare reform. To call those early reforms successful is a stretch at best. Simply having been the first to reform does not make Vermont an example to follow. The state ranked 35th in caseload reductions and dead last in overall grade.

### **Structural Reforms**

Family Cap Policy: N – Grade: 0/50  
Teens at Home: Y3 – Grade: 0/50  
Good Work Policy: 33.75/50  
Bad Work Policy: 0/50  
Diversion Programs: N – Grade: 0/100  
Time Limits: 0/100  
Sanctions: 0/100

### **Quantitative Results**

Caseload Reduction Rank: 35 – Grade: 32/100  
Poverty Rate Reduction Rank: 14 – Grade: 37/50  
Child Poverty Rate Reduction Rank: 28 – Grade: 23/50  
Teen Birth Rate Decline Rank: 34 – Grade: 17/50  
Teen Births as Percentage of All Births Rank: 46 – Grade: 5/50  
Reported Working Rank: 44 – Grade: 7/50  
Actually Working Rank: 39 – Grade: 12/50  
Actually Working as Percentage of All Recipients Rank: 29 – Grade: 44/100

## Virginia

Rank: 7

Grade: B

In the mid-1990s Virginia implemented strict time limits for cash assistance, strong sanctions, and an innovative Welfare-to-Work (W-t-W) program that helps TANF recipients transition from welfare to self-sufficiency.

TANF parents who wish to receive benefits must enroll in VIEW (Virginia Initiative for Employment Not Welfare), which requires an immediate 90-day job search followed by mandatory work in a private, public, or non-profit setting.<sup>206</sup> So long as they comply with their Agreement of Personal Responsibility and work 30 hours a week, recipients in Virginia may receive cash benefits for up to 24 months, followed by 12 months of noncash support services and 24 months of ineligibility for cash assistance.<sup>207</sup> Furthermore, months in which recipients lose benefits as a result of noncompliance count toward the 24-month time limit.<sup>208</sup>

Two major problems still facing state social service coordinators are helping W-t-W participants find jobs that pay above the minimum wage and educating dependent families stuck

in a generational cycle of poverty. Virginia is sending the right message by establishing a family cap and relatively narrow exemptions to minor parent living requirements. Such policies can discourage women from giving birth as teenagers or having additional out-of-wedlock births and encourage self-sufficiency. As Maurice Jones, Virginia's social services commissioner, pointed out, "We've got to find ways to better educate people about the relationship between all those factors and homelessness and poverty."<sup>209</sup>

Virginia has done an excellent job of implementing welfare reform. In fact, the only significantly negative score the state received is due to early success in poverty reduction. In 1998 Virginia had the lowest child poverty rate (9 percent), which was difficult to improve. Although the state managed to reduce its rate to 8.4 percent by 2001, it ranked low compared with other states on overall rate reduction since welfare reform. As other states begin to catch up to Virginia's high standards, the state will fare better on future report cards.

### Structural Reforms

Family Cap Policy: Y1 – Grade: 50/50

Teens at Home: Y2 – Grade: 42.5/50

Good Work Policy: 35.625/50

Bad Work Policy: 4.29/50

Diversion Programs: Y1 – Grade: 70/100

Time Limits: 75/100

Sanctions: 100/100

### Quantitative Results

Caseload Reduction Rank: 28 – Grade: 46/100

Poverty Rate Reduction Rank: 17 – Grade: 34/50

Child Poverty Rate Reduction Rank: 40 – Grade: 11/50

Teen Birth Rate Decline Rank: 34 – Grade: 17/50

Teen Births as Percentage of All Births Rank: 30 - Grade: 21/50

Reported Working Rank: 15 – Grade: 36/50

Actually Working Rank: 20 – Grade: 31/50

Actually Working as Percentage of All Recipients Rank: 30 – Grade: 42/100

## Washington

Rank: 20

Grade: C

Washington's WorkFirst welfare program has been slow to succeed, but caseloads continue to drop despite the state's deep unemployment.<sup>210</sup>

The state needs stricter policies to reduce incentives for young parents to stay on welfare. The state has no family cap policy, and it still allows, through exemptions, some minors to receive TANF while living on their own. Also, only a fraction of a welfare recipient's monthly benefit is cut if he or she refuses to participate in work activities. Washington should follow the example of other states and impose full sanctions on noncomplying TANF recipients.

Washington's WorkFirst program does feature one interesting new program that other states ought to consider, the Targeted

Wage Initiative. New TANF applicants now undergo a more thorough assessment by caseworkers to determine a personal "wage goal." WorkFirst administrators found that participants who work closely with caseworkers are more likely to find higher-paying jobs. If a WorkFirst participant cannot find a job at the targeted wage, the goal is lowered until the person is employed at the highest rate possible.<sup>211</sup>

Helping welfare recipients find the highest-paying jobs possible is one way to ensure that welfare leavers attain self-sufficiency. Washington should now focus on moving people into self-sufficiency within the federal time limits so that it does not get stuck supporting the residual caseload.

### Structural Reforms

Family Cap Policy: N – Grade: 0/50

Teens at Home: Y2 – Grade: 42.5/50

Good Work Policy: 44.375/50

Bad Work Policy: 28.57/50

Diversion Programs: Y1 – Grade: 70/100

Time Limits: 50/100

Sanctions: 0/100

### Quantitative Results

Caseload Reduction Rank: 34 – Grade: 34/100

Poverty Rate Reduction Rank: 27 – Grade: 24/50

Child Poverty Rate Reduction Rank: 49 – Grade: 2/50

Teen Birth Rate Decline Rank: 7 – Grade: 44/50

Teen Births as Percentage of All Births Rank: 21 – Grade: 30/50

Reported Working Rank: 13 – Grade: 38/50

Actually Working Rank: 8 – Grade: 43/50

Actually Working as Percentage of All Recipients Rank: 1 – Grade: 100/100

## West Virginia

Rank: 29

Grade: C

In September 2003 West Virginia received a \$1.5 million High Performance Bonus from the federal government for helping residents leave welfare and find jobs. Interestingly, at that moment, the number of people receiving cash benefits and food stamps was on the rise.<sup>212</sup> So why should West Virginia be rewarded for a welfare program that is lackluster in many respects? More important, how can the program be changed for the better?

West Virginia must enforce the 60-month lifetime limit on TANF eligibility, even for families with children. The West Virginia Supreme Court ruled in December 2002 that there is no state constitutional right to cash assistance after five years even if children are involved.<sup>213</sup> While the West Virginia Constitution requires that the poor receive public aid, that does not mean that such charity must be extended with-

out restrictions or limits.

While West Virginia ranked only 38th in decline in the birthrate for minors, it was 2nd in reducing births to minors as a percentage of all births. A family cap policy would be key in limiting the option to conceive additional children while on welfare.

West Virginia is to be commended for certain policies that discourage abuse of the system, such as a sanction policy that requires complete case closure for six months after three violations of the Personal Responsibility Agreement. The state also has several programs that offer incentives to employers who hire TANF recipients (Joint Opportunities for Independence, for example). However, the state must focus its efforts on encouraging steady employment as the path to self-sufficiency.

### Structural Reforms

Family Cap Policy: N – Grade: 0/50

Teens at Home: N – Grade: 50/50

Good Work Policy: 46.25/50

Bad Work Policy: 9.29/50

Diversion Programs: Y1 – Grade: 70/100

Time Limits: 50/100

Sanctions: 50/100

### Quantitative Results

Caseload Reduction Rank: 29 – Grade: 44/100

Poverty Rate Reduction Rank: 20 – Grade: 31/50

Child Poverty Rate Reduction Rank: 11 – Grade: 40/50

Teen Birth Rate Decline Rank: 38 – Grade: 13/50

Teen Births as Percentage of All Births Rank: 2 – Grade: 49/50

Reported Working Rank: 46 – Grade: 5/50

Actually Working Rank: 29 – Grade: 22/50

Actually Working as Percentage of All Recipients Rank: 40 – Grade: 22/100



## Wisconsin

Rank: 4

Grade: A

Many of the PRWORA guidelines are modeled after the successful initiatives implemented in Wisconsin by former governor Tommy Thompson, who now serves as secretary of the U.S. Department of Health and Human Services. Wisconsin's early success can be attributed to a clear focus on identifying people who truly need assistance versus those who are simply complacent in taking aid or can be diverted from the system. The state also made instituting and enforcing genuine work requirements for those receiving benefits a priority.<sup>214</sup>

Wisconsin remains successful in continuing that focus and scores well across the report card. Thanks to Wisconsin's innovative Work First and Pay for Performance programs, plus the very real threat that nonworking people will simply be cut off,<sup>215</sup> almost 67 percent of welfare recipients are working.

Wisconsin is one of only five states that meet all three of the study's criteria for a successful diversion program, and it is among a handful of states that have seriously pursued devolution of their programs.<sup>216</sup>

However, there is room for improvement. Caseloads in Wisconsin began increasing again in 1999, and its poverty rate ranks 33rd. The state could also make some significant improvements in reducing its birthrate for minors; Wisconsin ranks 47th and 49th on the minor birthrate measures.

Overall, Wisconsin has been a leader in developing and implementing successful strategies in many areas of its welfare program. The two areas in which it currently lags behind—birthrates for minors and overall poverty rates—can certainly benefit from the innovation and focus that characterized the state's reform during the 1990s.

### Structural Reforms

Family Cap Policy: Y2 – Grade: 42.5/50

Teens at Home: N – Grade: 50/50

Good Work Policy: 25/50

Bad Work Policy: 14.29/50

Diversion Programs: Y3 – Grade: 100/100

Time Limits: 75/100

Sanctions: 100/100

### Quantitative Results

Caseload Reduction Rank: 10 – Grade: 82/100

Poverty Rate Reduction Rank: 33 – Grade: 18/50

Child Poverty Rate Reduction Rank: 32 – Grade: 19/50

Teen Birth Rate Decline Rank: 49 – Grade: 2/50

Teen Births as Percentage of All Births Rank: 47 – Grade: 4/50

Reported Working Rank: 4 – Grade: 47/50

Actually Working Rank: 16 – Grade: 35/50

Actually Working as Percentage of All Recipients Rank: 3 – Grade: 96/100

## Wyoming

Rank: 3

Grade: A

No other state has had as much success in reducing welfare rolls as Wyoming. Since the enactment of PRWORA, Wyoming has slashed its welfare rolls by nearly 94 percent, far ahead of its nearest competitor. Why the overwhelming success? First, Wyoming has strong work requirements and threatens immediate sanctions for noncompliance. About 68 percent of welfare recipients are actually working, well above the national average. Once employed, recipients enjoy an above-average rate of job retention—Wyoming has won High Performance Bonuses because of those measures several times.<sup>217</sup> The state TANF plan, which includes the Personal Opportunities With Employment Responsibilities program, is a “pay after performance” design, requiring recipients to complete the required work hours before receiving checks.<sup>218</sup> That is probably why Wyoming ranked second and third in the nation on all three work requirement measures.

A *Boston Globe* article from 1998 suggests that Wyoming’s success may have more to do with the “small-town approach” that is possi-

ble in a state with fewer than a half million residents—state officials suggest that in spite of the stringent policies in place, Wyoming caseworkers have the luxury of tailoring goals to individual needs, making for much greater success over time.<sup>219</sup> Indeed, the state plan clearly says that the 40-hour workweek requirement is at the discretion of the case manager.<sup>220</sup> It seems clear that some combination of strict “workfare” requirements and individual assessment has been key to Wyoming’s success.

The first piece of Wyoming’s welfare reform to be federally authorized in 1996 was its teen parents package, a series of reforms that included requiring teen mothers to identify the fathers and requiring unwed teen mothers to live in appropriate adult-supervised settings and stay in school in order to receive full benefits.<sup>221</sup> By encouraging teens to finish school and implementing a family cap to dissuade the birth of additional dependents to women on welfare, Wyoming is helping mothers toward self-sufficiency.

### Structural Reforms

Family Cap Policy: Y1 – Grade: 50/50

Teens at Home: N – Grade: 50/50

Good Work Policy: 50/50

Bad Work Policy: 7.14/50

Diversion Programs: N – Grade: 0/100

Time Limits: 50/100

Sanctions: 100/100

### Quantitative Results

Caseload Reduction Rank: 1 – Grade: 100/100

Poverty Rate Reduction Rank: 10 – Grade: 41/50

Child Poverty Rate Reduction Rank: 18 – Grade: 33/50

Teen Birth Rate Decline Rank: 33 – Grade: 18/50

Teen Births as Percentage of All Births Rank: 23 – Grade: 28/50

Reported Working Rank: 3 – Grade: 48/50

Actually Working Rank: 3 – Grade: 48/50

Actually Working as Percentage of All Recipients Rank: 2 – Grade: 98/100

## Notes

1. U.S. Department of Health and Human Services, *TANF Fifth Annual Report to Congress*, February 2003, sec. II, "Trends in Caseloads and Expenditures," p. II-5.
2. June E. O'Neill and M. Anne Hill, "Gaining Ground: Women, Welfare Reform and Work," National Center for Policy Analysis Policy Report no. 251, February 2002, p. 12.
3. State Policy Documentation Project (SPDP), "Family Cap: Overview," March 1999, <http://www.spdp.org/famcap/famcapover.htm>.
4. SPDP is a joint project of the Center for Law and Social Policy and the Center on Budget and Policy Priorities. SPDP tracked policy choices on TANF cash assistance programs and Medicaid in the 50 states and the District of Columbia from 1998 to 2000.
5. G. Adams and R. C. Williams, *Sources of Support for Adolescent Mothers* (Washington: Congressional Budget Office, 1990), pp. 49-51.
6. Richard Wertheimer and Kristin Moore, "Childbearing by Teens: Links to Welfare Reform," Urban Institute, *New Federalism Issues and Options for the States*, Series A, no. A-24, August 1998.
7. U.S. Census Bureau, unpublished tabulations from the Survey of Income and Program Participation, 2000, <http://www.census.gov/hhes/poverty/povdynam/pov93t5.html>.
8. Lawrence Mishel, Jared Bernstein, and John Schmitt, *The State of Working America, 2000-2001* (Ithaca, NY: Cornell University Press, 2001), p. 153.
9. U.S. Department of Education, National Center for Education Statistics, "National Dropout Rates in the United States," 2000, p. viii.
10. Uri Bronfenbrenner et al., *The State of Americans* (New York: Free Press, 1996), pp. 176-77.
11. Kathleen A. Maloy et al., "A Description and Assessment of State Approaches to Diversion Programs and Activities under Welfare Reform," George Washington University Center for Health Policy Research, August 1998, Table I-1.
12. Although more states have authorized lump-sum payments than any other type of diversion program, the U.S. Department of Health and Human Services reports that those programs are rarely used in practice. Kathleen Maloy et al., "Diversion as a Work-Oriented Welfare Reform Strategy and Its Effect on Access to Medicaid: An Examination of the Experience of Five Local Communities," U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, March 1999, p. 8-9. Utah, Virginia, and Montana appear to have the most extensive experience with the concept.
13. U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, "A Description and Assessment of State Approaches to Diversion Programs and Activities," August 1998, chap. 2, <http://aspe.hhs.gov/hsp/isp/diverzn/chpttwo.htm>.
14. *Ibid.*, chap. 3, <http://aspe.hhs.gov/hsp/isp/diverzn/chptthree.htm>.
15. *Ibid.*, chap. 6, <http://aspe.hhs.gov/hsp/isp/diverzn/chptsix.htm>.
16. *Ibid.*
17. Maloy et al., "A Description and Assessment of State Approaches to Diversion Programs and Activities under Welfare Reform."
18. Under PRWORA states are required to establish maintenance-of-effort (MOE) funding and must continue to spend their own funds, equal to at least 80 percent of their prereform spending level, on welfare-related programs. That is to ensure that states do not supplant previously state-funded program and aid spending with federal block grant dollars. States varied on how they handled the two funds. If MOE monies were commingled with federal block grant funds, the combined dollars were all under federal regulation. Thus, many states kept aid separate, choosing to spend state dollars on recipients who were not covered by TANF dollars (aliens, those who had exceeded the 60-month time limit, those whose "work activities" did not meet federal standards, etc.). Individuals paid with state MOE dollars are not considered part of that state's "caseload" for federal purposes such as determining work participation percentages.
19. The 20 percent federal exemption may actually be much larger than 20 percent. As mentioned below, child-only families are exempt from time limits under other provisions of PRWORA. However, in calculating the 20 percent, all recipients, including child-only cases, are considered. Therefore, the number of adults exempted can vastly exceed 20 percent. In Wyoming, for example, it is estimated that 77 percent of adult welfare recipients fall under the federal exemption; 53 percent do so in Wisconsin, 49 percent do in Florida, and so on. Given the dynamics of welfare usage, few if any

recipients in those states will ever face time limits. General Accounting Office, "Welfare Reform: With TANF Flexibility States Vary in How they Implement Work Requirements and Time Limits," GAO-02-770, July 2002, Appendix VII, pp. 34-36, <http://www.gao.gov/new.items/d02770.pdf>.

20. Forty-six states have put in place exemptions for parents or caretakers of children with disabilities and others caring for a disabled family member. Forty-two states exempt women in cases of domestic abuse, and 26 states exempt elderly recipients. Other states grant exemptions for individuals making a "good-faith" effort to find work (23 states), parents with young children (22 states), recipients engaged in "work activities" (22 states), recipients enrolled in educational or training programs (21 states), and families in areas of high unemployment (19 states). General Accounting Office, "Welfare Reform: With TANF Flexibility States Vary in How They Implement Work Requirements and Time Limits," pp. 16-18.

21. General Accounting Office, "Welfare Reform: State Sanction Policies and Number of Families Affected," March 2000, pp. 44-47.

22. Michael New, "Welfare Reform That Works: Explaining the Welfare Caseload Decline, 1996-2000," Cato Institute Policy Analysis no. 435, May 7, 2002, p. 8.

23. *Ibid.*, p. 6.

24. An additional 16 percent have left as a result of "state policies," which could include time limits or other administrative regulations. U.S. Department of Health and Human Services, "Characteristics and Financial Circumstances of TANF Recipients, FY 1998," <http://www.acf.hhs.gov/programs/opre/characteristics/fy98/sum.htm>.

25. General Accounting Office, "Welfare Reform: State Sanction Policies and Number of Families Affected," pp. 52-53.

26. *Ibid.*, pp. 44-47.

27. U.S. Department of Health and Human Services, "Changes in TANF Caseloads: Total TANF Families and Recipients," December 2000, <http://www.acf.dhhs.gov/news/stats/caseload.htm>.

28. Nicholas Zill et al., "The Life Circumstances and Development of Children in Welfare Families: A Profile Based on National Survey Data," in *Escape from Poverty: What Makes a Difference for Poor Children?* (Cambridge: Cambridge University Press, 1995), p. 38.

29. U.S. Department of Health and Human Services, *TANF Fifth Annual Report to Congress*, sec.

II, "Trends in Caseloads and Expenditures," p. II-5. However, looking solely at federal caseload numbers may overstate the actual caseload reductions. Many states, most notably California and New York, continue to use their own funds to provide cash assistance to tens of thousands of families. In California, for example, nearly 50,000 families are receiving state-funded welfare benefits, a population greater than the entire caseload in many states. Trends in this regard are difficult to track since HHS only recently required states to provide information on separate state programs. General Accounting Office, "Welfare Reform: With TANF Flexibility, States Vary in How They Implement Work Requirements and Time Limits," p. 8.

30. U.S. Department of Health and Human Services, *TANF Fifth Annual Report to Congress*, sec. II, "Trends in Caseloads and Expenditures," p. II-15.

31. Council of Economic Advisers, "The Effects of Welfare Policy and the Economic Expansion on Welfare Caseloads: An Update," August 3, 1999, Executive Summary.

32. *New*, p. 8.

33. U.S. Department of Health and Human Services, *TANF Fifth Annual Report to Congress*, sec. II, "Trends in Caseloads and Expenditures," Table 2:2:c, p. II-34.

34. U.S. Department of Health and Human Services, "Change in TANF Caseloads"; U.S. Department of Health and Human Services, "TANF: Average Monthly Number of Recipients—Fiscal Year 2001," February 2002, <http://www.acf.dhhs.gov/news/stats/recipientsL.htm>; and U.S. Department of Health and Human Services, "TANF Total Number of Families and Recipients January–March 2002," November 2002, [http://www.acf.dhhs.gov/news/stats/jan\\_mar2002\\_rev.htm](http://www.acf.dhhs.gov/news/stats/jan_mar2002_rev.htm).

35. Some states chose to move part of their caseloads to state-only or MOE funds, thereby reporting federal caseload numbers that were lower than the actual number of welfare recipients in that state. HHS now requires states to report caseloads funded with state MOE money.

36. U.S. Census Bureau, "Poverty in the United States: 2002," September 2003, p. 1-3, <http://www.census.gov/prod/2003pubs/p60-222.pdf>.

37. See, e.g., Sheila Zedlewski, "Potential Effects of Congressional Welfare Reform Legislation on Family Incomes," Urban Institute, 1996, <http://www.urban.org/url.cfm?ID=406622>.

38. U.S. Census Bureau, "Poverty Status of People by Age, Race, and Hispanic Origin: 1959–2000,"

- www.census.gov/hhes/poverty/histpov/hstpov3.html.
39. U.S. Department of Health and Human Services, *Indicators of Welfare Dependence: Annual Report to Congress 2004*, June 2004. p. II-31.
40. Barbara DaFoe Whitehead, "Dan Quayle Was Right," *Atlantic Monthly*, April 1993, pp. 47-84.
41. Elizabeth Terry-Human et al., "Births Outside of Marriage: Perceptions vs. Reality," *Child Trends Research Brief*, Washington, April 2001, p. 2.
42. "Revised Birth and Fertility Rates for the 1990s and New Rates for Hispanic Populations, 2000 and 2001: United States," *National Vital Statistics Reports* 51, no. 12 (August 4, 2003): 4.
43. *Ibid.*, p. 3.
44. Two-parent households are required to have a 90 percent work participation rate under PRWORA.
45. U.S. Department of Health and Human Services, "Temporary Assistance for Needy Families Program Information Memorandum," TANF-ACF-IM-2003-02, September 17, 2003.
46. *Ibid.*
47. Vermont, in fact, claims that existing waivers exempt it from all work requirements. General Accounting Office, "Welfare Reform: With TANF Flexibility, States Vary in How They Implement Work Requirements and Time Limits," p. 12.
48. U.S. Department of Health and Human Services, "Temporary Assistance for Needy Families Program Information Memorandum."
49. Author's calculations, based on *ibid.*
50. All state programs and public-private partnerships discussed are second-best options. The best solution to welfare dependence is for those in need to rely on civil society for assistance. Absent such an option, programs that work with the community and encourage self-sufficiency are preferable to the federal welfare state.
51. Sanders Korenman et al., "What Did the 'Illegitimacy Bonus' Reward?" presented to the Population Association of America, April 2, 2004.
52. Alabama Department of Human Resources, "Short-Term Employment Services (S.E.A. Program)," <http://www.dhr.state.al.us/page.asp?pageid=369> (accessed June 15, 2004).
53. Pamela Holcomb et al., "Recent Changes in Alabama Welfare and Work Child Care, and Child Welfare Systems," *Assessing the New Federalism*, State Update, no. 10, October 2001, p. 10.
54. Alaska Department of Health and Social Services, Division of Public Assistance, "Alaska Temporary Assistance Program," <http://www.hss.state.ak.us/dpa/programs/atap/> (accessed June 15, 2004).
55. Alaska Department of Health and Social Services, Division of Public Assistance, "General Relief Assistance (GRA)," <http://www.hss.state.ak.us/dpa/programs/gra/> (accessed June 15, 2004).
56. Karla Phillips and Robert Franciosi, "Does Arizona Works Work? Welfare Reform in Arizona," *Goldwater Institute*, Arizona Issue Analysis 163, February 2001.
57. Bob Kornfeld et al., "The Arizona Works Pilot Program: A Three-Year Assessment," *Abt. Associates Inc.*, February 2003, p. ix. Prepared for Arizona Department of Economic Security.
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