

## Welfare Reform: Key Policy Decisions in 50 States

*Federal welfare legislation passed in August 1996 allows states to exercise wide authority in designing their welfare programs. As a result, considerable variation exists among state welfare policies. This summary includes a table which describes key welfare policies enacted or proposed in each state.*

### Welfare Program Signed into Law

On August 22, 1996, the President signed into law *The Personal Responsibility and Work Opportunity Reconciliation Act of 1996* (PRWORA). The new law contains strict work requirements, lifetime limits for welfare receipt, a performance bonus to reward states for moving welfare recipients into jobs, comprehensive child support enforcement, and assistance for families moving from welfare to work—including increased funding for child care and guaranteed medical coverage. This law also gives states wide latitude in designing their own programs. Washington State's program under this law is called *WorkFirst*.

### Diversity of State Welfare Programs

States are taking advantage of the flexibility under the new law, creating considerable variation in welfare programs across the country and complicating attempts to compare outcomes such as caseload decreases among states. For example, the new law requires parents to participate in specified work activities within 24 months of receiving assistance. However, states can require parents to engage in approved work activities prior to this deadline. Twenty-five states, including Washington, have opted for earlier work requirements.

Under federal law, a recipient is limited to 60 months of assistance in his or her lifetime. Assistance may be provided beyond this five-year limit, but only with state funds. Twenty-one states have established more restrictive lifetime limits, five as low as 24 months. Washington State places a 60-month limit on assistance.

The following table summarizes the key welfare policy decisions (legislative and administrative) made by each state. The table indicates when each state's plan became effective and whether states are taking advantage of policy options provided under federal law, such as stricter time limits and earlier work requirements. The information used to compile the table was gathered in July 1997 by the American Public Welfare Association and reported in its *Survey of the Status of States' Implementation of Welfare Reform*. Due to the dynamic nature of welfare reform, the information in the table is subject to change.

Source: <i>Survey of the Status of States' Implementation of Welfare Reform.</i> American Public Welfare Association July 1997	Effective Date of State TANF Plan	Work Requirements Sooner Than 24 Months	Lifetime Limit Less Than 60 Months	Deny TANF to Legal Non-Citizens	Deny TANF to Drug Felons	Drug Testing of TANF Applicants	Over 12 Months of Transitional Child Care After Leaving TANF	Over 12 Months of Transitional Medicaid After Leaving TANF	Family Cap: Limit Benefits for Additional Children	Different Treatment if From Another State	Diversion Assistance	Subsidized Employment
Alabama	10/96			✓	✓							
Alaska	7/97				✓						✓	✓
Arizona	10/96	✓	✓		✓		✓	✓	✓		✓	✓
Arkansas	7/97	✓	✓		✓		✓		✓		✓	✓
California	10/96						✓	✓	✓	✓		✓
Colorado	7/97										✓	✓
Connecticut	10/96	✓	✓				✓	✓	✓			
Delaware	3/97		✓		✓		✓	✓	✓			✓
Florida	10/96	✓	✓				✓		✓	✓	✓	✓
Georgia	1/97	✓	✓		✓				✓		✓	✓
Hawaii	7/97			✓			✓					✓
Idaho	7/97	✓	✓		✓						✓	✓
Illinois	7/97	✓	✓		✓				✓	✓	✓	✓
Indiana	10/96		✓		✓				✓		✓	✓
Iowa	1/97	✓					✓				✓	
Kansas	10/96				✓							
Kentucky	10/96				✓						✓	
Louisiana	1/97		✓		✓	✓						
Maine	11/96				✓		✓				✓	✓
Maryland	12/96				✓				✓		✓	✓
Massachusetts	9/96	✓	✓		✓				✓			✓
Michigan	10/96	✓										✓
Minnesota	7/97	✓								✓	✓	✓
Mississippi	10/96				✓				✓			✓
Missouri	10/96				✓						✓	✓
Montana	2/97	✓			✓						✓	
Nebraska	12/96		✓		✓		✓	✓	✓			
Nevada	1/97				✓	✓					✓	
New Hampshire	10/96	✓					✓			✓		✓
New Jersey	10/96				✓		✓	✓	✓	✓		✓
New Mexico	7/97		✓		✓		✓					
New York	12/96	✓				✓				✓	✓	✓
North Carolina	1/97	✓	✓				✓		✓		✓	✓
North Dakota	7/97	✓			✓				✓	✓	✓	✓
Ohio	10/96		✓								✓	✓
Oklahoma	10/96	✓					✓					✓
Oregon	10/96	✓	✓				✓				✓	✓
Pennsylvania	3/97				✓					✓		✓
Rhode Island	5/97						✓	✓		✓	✓	✓
South Carolina	10/96		✓				✓	✓	✓			✓
South Dakota	12/96	✓		✓	✓						✓	✓
Tennessee	10/96	✓	✓		✓		✓	✓	✓			
Texas	10/96	✓	✓		✓		✓	✓	✓		✓	✓
Utah	9/96	✓	✓				✓	✓			✓	✓
Vermont	9/96						✓	✓		✓		✓
Virginia	2/97	✓	✓		✓				✓		✓	✓
<b>Washington</b>	<b>8/97</b>	✓			✓		✓			✓	✓	✓
West Virginia	1/97				✓						✓	✓
Wisconsin	9/96	✓			✓		✓		✓	✓	✓	✓
Wyoming	1/97				✓				✓			
<i>Number of States</i>		25	21	3	32	3	24	12	21	14	30	36

## Table Definitions

**TANF (Temporary Assistance for Needy Families):** The income assistance program was created by PRWORA. It replaces the Aid to Families With Dependent Children (AFDC) entitlement program by providing block grants to each state and establishes requirements for states to reduce welfare rolls and move recipients into employment.

**Effective Date of TANF Plan:** The date TANF requirements became effective in each state.

**Work Requirements Sooner Than 24 Months:** Non-exempted parents must secure eligible work activities within 24 months of receiving assistance. States have the option to decrease this time limit and require recipients to engage in approved activities prior to the 24-month limit.

**Lifetime Limit Less Than 60 Months:** States may not provide TANF assistance to families with an adult who has received assistance for a total of 60 months (consecutive or not). This prohibition affects the entire household; child-only cases are exempt. States may excuse up to 20 percent of families receiving assistance or may use their own funds to render assistance after the five-year limit. States may limit TANF cash assistance to less than five years.

**Deny TANF to Legal Non-Citizens:** States must indicate if they will provide TANF benefits to legal non-citizens who were in the United States on August 22, 1996.

**Deny TANF to Drug Felons:** Individuals convicted of a controlled substance felony committed after August 22, 1996, lose their eligibility for TANF and food stamps. States have the option of removing themselves from this stipulation or limiting the felon's length of exclusion. Other family members remain eligible for benefits. In Washington State, "drug felons" are eligible for TANF if they participate in an approved treatment program.

**Drug Testing of TANF Applicants:** States may test TANF applicants and recipients for use of controlled substances and penalize those who test positive for use of unlawful drugs.

**Over 12 Months of Transitional Child Care:** Prior to PRWORA, families who lost their eligibility for AFDC due to earnings or hours worked were entitled to transitional child care subsidies. Federal entitlements for subsidized child care ended with the implementation of PRWORA. However, states have the option to use federal block grant funds in order to subsidize child care for families *who are not* on public assistance.

**Over 12 Months of Transitional Medicaid:** The federal law allows states to extend transitional Medicaid beyond the 12-month period for families who would lose eligibility due to an increase in earnings or an increase in child support payments.

**Family Cap:** States can deny TANF cash assistance to children who are conceived and born while parents are receiving TANF benefits.

**Different Treatment if From Another State:** According to PRWORA, states are permitted to set different eligibility rules and benefit levels for state residents as opposed to families who have recently arrived from another state. On February 9, 1998, an injunction by a federal judge temporarily blocked enforcement of this law in Washington State. The law has been ruled unconstitutional in several states.

**Diversion Assistance:** States may choose to divert potential TANF recipients from applying for assistance by offering support for immediate needs and encouraging workforce participation. Upon acceptance of Diversion Assistance, recipients agree not to receive TANF cash assistance for a specified period. Diversion Assistance may include one-time lump sum cash payments for specific basic necessities such as child care, health care, job search or readiness assistance, etc.

**Subsidized Employment:** States may subsidize private or public sector employment for TANF recipients. States can do so by diverting the TANF cash assistance and the value of food stamps to employers who then pay wages to the subsidized recipient in lieu of direct benefits to the recipient.

## **Forthcoming: Assessing WorkFirst Outcomes**

In addition to providing information on other state welfare reform and research efforts, the Washington State Institute for Public Policy, under contract with the Joint Legislative Audit and Review Committee, will evaluate certain key outcomes associated with Washington's WorkFirst program. The evaluation includes, but will not be limited to, WorkFirst's impact on:

- *Employment Outcomes:* hourly wages, hours worked, total earnings, and wage increases after exiting welfare.
- *Welfare Dependency:* grant amounts, program exits, and length of time on Temporary Assistance for Needy Families.

In 1998, the Institute will provide information on the characteristics of WorkFirst clients, create a research database, and develop econometric models for the purpose of evaluating program outcomes. Preliminary analyses of short-term outcomes of WorkFirst will be available in the spring of 1999. In subsequent years, the Institute will assess the long-term impacts of WorkFirst, monitor the effect of program changes, and measure the effectiveness of programs within WorkFirst with regard to client demographic characteristics and location. The Institute will publish periodic briefs on these and other related issues. For information on forthcoming research, visit the Institute's web site: <http://www.wa.gov/wsipp>.

*If you have questions about the WorkFirst Evaluation or welfare reform issues, contact Jim Mayfield, Research Coordinator, at (360) 866-6000, extension 6381.*



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