An Examination of the First Ten Years Under TANF in Three States: 
The Experiences of New Jersey, New York, and Pennsylvania

Robert G. Wood
Justin Wheeler
Mathematica Policy Research, Inc.

October 2006

This paper was prepared for presentation for the conference, “TANF at Ten: A Retrospective on Welfare Reform,” held on October 6, 2006 in Princeton, New Jersey. The conference was sponsored by the Policy Research Institute for the Region at Princeton University and the Rescue Mission of Trenton.
A. INTRODUCTION

Spurred on by President Clinton’s promise “to end welfare as we know it,” Congress passed the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) in 1996. This federal welfare reform legislation made sweeping changes to federal welfare policy, imposing work requirements on recipients as a condition for cash assistance, as well as lifetime limits on benefit receipt. The legislation also gave states much greater flexibility in setting their specific welfare policies. It established the Temporary Assistance for Needy Families (TANF) program, which provides a block grant to states—or a fixed, guaranteed level of funding regardless of the number of families eligible for cash assistance. Under this funding arrangement, states have a great deal of latitude in choosing how they spend their federal TANF dollars and can spend these funds on a wide variety of programs, as long as they are consistent with the broad goals of TANF set out in the federal legislation.

In the ten years since federal welfare reform, states have chosen a variety of approaches to implementing their TANF programs. Because of the greater flexibility offered to states by PRWORA, there is now substantially more state-to-state variation in welfare programs than there was in the years leading up to TANF. This paper takes a close look at the implementation of TANF in three states—New Jersey, New York, and Pennsylvania. We begin with a brief overview of the characteristics of the three states and their TANF caseloads. Next, we examine their basic TANF policies and how these policies compare to other states. We then describe their experiences with implementing these policies and provide more detail about the programs and services they offer TANF recipients in their states. We end the paper with a discussion of their TANF-related outcomes and how these compare to the rest of the United States.
B. CONTEXT AND CHARACTERISTICS OF THE WELFARE CASELOADS IN THE THREE STATES

In spite of the geographic proximity of the three states that are the focus of this paper, the basic characteristics of both their general populations and their TANF populations vary considerably. New Jersey, New York, and Pennsylvania are all states with large populations, each ranking in the top ten nationally (Table 1). However, New York and Pennsylvania each contain one of the largest cities in the country, while New Jersey’s largest city, Newark, has fewer than 300,000 residents and is a city that does not even rank among the top 50 in population nationwide. In addition, the welfare caseloads of New York and Pennsylvania are very much concentrated in their largest cities—with approximately 70 percent of New York’s caseload residing in New York City and more than 40 percent of Pennsylvania’s caseload living in Philadelphia. In contrast, in New Jersey, residents of no single city represent more than a quarter of the TANF caseload.

Similarly, the overall mix of urban, suburban, and rural areas in New Jersey is very different from the other two states. In general, New York and Pennsylvania have a mix of people living in very large cities, small cities, suburbs, and more rural areas. In contrast, New Jersey is largely a suburban state, with relatively small populations living in cities or rural areas. Consistent with being a largely suburban state, New Jersey is also an affluent state, having one of the highest median household incomes among the 50 states, as well as one of the lowest rates of poverty (Table 1). In contrast, Pennsylvania and particularly New York have substantially higher rates of poverty that are more typical of the nation as a whole and that reflect their more urban (as well as their more rural) populations.

In terms of ethnic diversity, it is New York and New Jersey that are more similar and Pennsylvania that is more distinct. New York and New Jersey each have substantially higher
percentages of Asians and Hispanics than does the nation as a whole. In contrast, Pennsylvania has a less diverse population than the rest of the country, with a population that is substantially whiter and more likely to be English-speaking and native born than is true nationally (Table 1). Their TANF populations generally reflect these cross-state differences in the racial and ethnic distribution of their general population. In particular, Pennsylvania’s welfare caseload is whiter and less Hispanic than the national welfare caseload, while New York and New Jersey have welfare caseloads that are more Hispanic and African American than is typical nationwide (Table 2). In addition, New York has a large proportion of welfare recipients who are not U.S. citizens, consistent with the high percentage of immigrants in the state’s population.

Finally, New York and Pennsylvania have particularly large welfare caseloads. In terms of size, their caseloads rank second and third in the country nationally, behind only California (Table 2). New Jersey in contrast has a substantially smaller caseload than the other two states, reflecting both its smaller overall population, as well as its relative affluence.

C. OVERVIEW OF THE TANF POLICIES IN THE THREE STATES

Federal welfare reform imposed important new requirements on how states ran their welfare programs. However, it also gave states increased flexibility to set their basic welfare policies. For this reason, welfare rules and programs now vary substantially state by state. In this section, we review the basic TANF policies of New Jersey, New York, and Pennsylvania and describe how these policies compare to the policies other states have adopted.

1. Benefit Levels and Computations

Even before TANF was launched in 1996, basic benefit levels varied widely by state. In fact, prior to PRWORA, the maximum cash benefit level was the primary dimension on which welfare policies varied state to state. In 1996, the maximum benefit level for a family of three
ranged from $923 per month in Alaska to $120 per month in Mississippi. This large cross-state variation has persisted under TANF.

Relative to other states, New York offered fairly high welfare benefits prior to TANF implementation and has continued to offer relatively high benefits under TANF. New York’s maximum benefit amounts vary by state region. In 1996, the maximum benefit level in Suffolk County, the state region with the highest benefit level, was $703 for a family of three. Comparing Suffolk County’s benefit level at this point to the maximum benefit in other states, ranked the state third nationwide (behind only Alaska and Hawaii). Using the $577 maximum benefit in 1996 for a family of three in New York City (by far the largest state region), would rank the state sixth nationally in terms of benefit generosity at the time that TANF was launched. These rankings have changed relatively little in the years since TANF implementation.

New Jersey and Pennsylvania, by contrast, offer benefits that are neither relatively high nor relatively low compared with those other states. In 2003, the maximum benefit for a family of three was $424 in New Jersey and $421 in Pennsylvania. These benefit levels ranked them 24th and 25th respectively in terms of benefit generosity—just above the median state of Illinois with a median benefit of $396. New Jersey and Pennsylvania ranked at very similar points in the benefit generosity rankings by state in the period leading up to welfare reform—with maximum benefit levels very close to the benefit levels for the median state.

As part of federal welfare reform, states were also given greater flexibility in setting their earned income disregards, or the amount by which cash benefits are reduced for each dollar a recipient earns. Most states adopted policies that lowered the rate at which TANF benefits were reduced as earnings rose in an effort to encourage work. New Jersey, New York, and
Pennsylvania all adopted similar earned income disregard policies under TANF. Each of the 
three states generally disregards half of earned income when calculating TANF benefit amounts.¹

2. Work Requirements and Sanctions

Under TANF, states must require recipients to participate in work activities after two years 
of benefit receipt. However, most states require recipients to participate in work-related 
activities before this two-year point. States must enforce these work requirements through 
sanctioning—or a reduction in the cash benefit amount. States have flexibility in determining 
the minimum hours of work activity required each week, who is exempt from this policy, what 
work activities will be allowed, and how these requirements will be enforced through sanctions.

Each state’s work requirement policies are complex and have many dimensions. In this 
section, we focus on three key elements of these policies: (1) minimum hours of work activity 
required each week; (2) exemptions from work requirements; and (3) enforcement of work 
requirements through sanctioning.

Minimum Hours Requirement. States have imposed different minimum hours 
requirements for work activities under TANF—ranging from 20 to 40 hours per week. As of 
2003, most states—including New York—required their TANF recipients to participate in work 
activities for a minimum of 30 hours each week (Rowe and Versteeg 2005). At this point, nine 
states—including New Jersey—had higher minimum hours requirements. New Jersey requires 
its TANF recipients to participate in work activities for 35 hours each week. As is true in most 
states, in both New York and New Jersey, these work requirements begin as soon as recipients 
begins receiving TANF. In 2003, five states—including Pennsylvania—had minimum hours 
requirements below 30 hours per week. Pennsylvania’s requirement is 20 hours of work each

¹ See Appendix Table A.1 for more details on this and other TANF policies.
week. In addition, unlike most states, Pennsylvania does not impose this requirement on recipients until they have been receiving TANF for two years. Prior to this point, although recipients are expected to participate in some work-related activity, there is no minimum hours requirement for participation.

Exemptions. States offer a variety of exemptions from these requirements. For example, most states—including New Jersey, New York, and Pennsylvania—exempt from work requirements recipients who are disabled or caring for a disabled family member. In addition, most states exempt recipients from work requirements if they are caring for very young children. The specific age cutoff to qualify for an exemption varies by state. As of 2003, 28 states—including New York and Pennsylvania—exempted TANF recipients from work requirements if they were caring for a child who was less than 12 months old. However, New York’s policy is more restrictive than many other states in this regard. New York limits the length of this exemption to three months for any one child and 12 months total over the recipient's lifetime.\(^2\)

Sixteen states—including New Jersey—had lower age cutoffs to qualify for an exemption from work requirements. In New Jersey, recipients are exempt if they are caring for a child younger than three months of age. Six states offer no exemptions for recipients caring for very young children.

Sanctioning Policy. States enforce their work requirements through benefit reductions or sanctioning. States take three basic approaches to sanctioning policy: (1) partial sanctions only; (2) gradual full-family sanctions; and (3) immediate full-family sanctions. The most common sanctioning policy—used in 26 states, including New Jersey and Pennsylvania—is a policy of gradual full-family sanctions. Under this policy, recipients who do not comply with work

\(^2\) The three-month exemption for a child can be extended to the full 12 months at the discretion of the social services official (Rowe and Versteeg 2005).
requirements first receive a reduction in their cash grant. After repeated months of noncompliance, this partial sanction progresses to case closure. However, Pennsylvania’s sanctioning policy is different from those of many other states using gradual full-family sanctions. In Pennsylvania, TANF recipients cannot receive a full-family sanction for noncompliance with work requirements until they have been receiving benefits for at least two years.

Under a “partial sanctions only” policy—used in 10 states, including New York—benefits are reduced for noncompliance with work requirements; however, this partial reduction never progresses to case closure. At the other end of the spectrum, 14 states impose immediate full-family sanctions, closing the TANF case in the first month of noncompliance with work requirements.

**Overall Stringency of Work Requirements.** Where do these states fall on the spectrum of stringency of TANF work requirement policies and sanctions? The most stringent state policies offer relatively few exemptions from work requirements and impose immediate full-family sanctions for noncompliance. None of these three states fall in this group. Although they all incorporate a strong emphasis on work in their TANF programs, in general, relative to other states, they fall either in the middle or toward the “less stringent” end of the work requirement spectrum.

Among the three states themselves, New Jersey has the most stringent work requirement policies. The state requires new mothers to enter work activities once their child is three months old; it mandates more hours of work activities than most states do (35 hours per week); and it imposes full-family sanctions after repeated months of noncompliance with work requirements (even during the first two years of benefit receipt). Further, the state appears to use sanctions fairly regularly. According to a recent study of sanctions in three states (including New Jersey),
29 percent of adult TANF recipients in New Jersey received a partial sanction over a 10-month period in 2001, and 12 percent received a full-family sanction. These rates were considerably higher than those in the other states studied, Illinois and South Carolina (Pavetti et al. 2004).

In contrast, Pennsylvania may be considered the least stringent of the three in terms of work requirements. The state has no minimum hours requirement until recipients have received TANF for two years. After this point, it requires only 20 hours of work activities each week. In addition, the state was initially extremely cautious about imposing sanctions for noncompliance with these requirements. To avoid imposing a sanction in error, the state put in place detailed procedures that required multiple layers of approval by supervisors and other senior staff members before a sanction could be imposed (Michalopoulos et al. 2003). As a result, few Pennsylvania TANF recipients received sanctions in the first few years after TANF implementation. The state has since begun sanctioning cases for noncompliance with work requirements more regularly. Since 2002, the state has been sanctioning TANF recipients at a rate that is similar to the national average, as well as the specific sanctioning rates in New Jersey and New York (ACF 2006).

New York falls in between the other two states in terms of the stringency of its work requirements. The state requires 30 of work activity each week, compared with 20 in Pennsylvania and 35 in New Jersey. Although New York does not impose full-family sanctions, it has used its partial sanctions fairly regularly under TANF. In New York City, throughout the first five years of TANF implementation, about 30 percent of adult TANF recipients were either under sanction or in the sanction process (Nightingale et al. 2002). Sanction rates for more recent years were similar (New York City Human Resources Administration 2006).
3. **Time Limits**

A time limit on benefit receipt was a central component of federal welfare reform. Under PRWORA, states are barred from using federal TANF funds to provide assistance for cases that include an adult and that have been receiving benefits for more than 60 months. However, certain exceptions apply and states have substantial flexibility in how to implement their specific time limit policies (Bloom et al. 2002). For example, states are allowed to impose limits on benefit receipt that are less than 60 months. In addition, states can offer recipients temporary extensions of their benefits beyond the 60-month point, as long as no more than 20 percent of the caseload is extended in this way. Moreover, states can also use state funds to assist families beyond the 60-month federal limit.

New Jersey and Pennsylvania—like 33 other states—imposed a 60-month time limit as part of their state TANF program. Both states offer extensions beyond the 60-month limit. For example, New Jersey has a program known as Supportive Assistance to Individuals and Families (SAIF), under which families can continue to receive benefits for an additional two years—as long as they comply with TANF work requirements. Pennsylvania has a similar program known as Extended TANF that imposes no explicit limit on the length of the benefit extension. In addition, the state established a separate state program, known as “Time Out,” under which recipients can stop their 60-month TANF clock for up to one year by mixing welfare and work. These programs and policies allowed both New Jersey and Pennsylvania to avoid closing cases because of time limits in the first few years after their first TANF cases reached the 60-month point. Although their first cases reached 60 months of benefit receipt in the first half of 2002, through September 2004, neither state had closed a case because of reaching time limits (ACF 2006). In contrast, more than two-thirds of states nationwide had closed cases because of time limits by this point.
New York took a somewhat different approach to TANF time limits. The state established a separate state program, Safety New Assistance (SNA), funded through its TANF “maintenance of effort” funds. TANF families reaching the five-year federal limit on benefits are placed in the SNA program which, because it is state funded, is not subject to the federal time limit. TANF families who transition onto SNA after 60 months receive most of their benefit as vouchers for specific expenses such as housing or utilities. Therefore, welfare receipt in New York is not time limited, since families reaching the federal limit on TANF benefits can transition onto the state funded SNA program. However, the nature of the benefit changes substantially after 60 months, since welfare recipients go from receiving all their benefit in cash to receiving most of their benefit as vouchers for specific expenses.

In terms of overall stringency of time limit policies, each of these three states fall on the less stringent end of the spectrum. New York explicitly avoids the federal five-year limit through its separate state program for those families reaching this limit. New Jersey and Pennsylvania have avoided closing TANF cases because of time limits through state programs that offer extensions to most families reaching the five-year limit. In contrast, many other states have closed a substantial number of TANF cases that have reached time limits.

4. Diversion Programs

Since federal welfare reform legislation was passed in 1996, more than half the states—including all three that are the focus of this paper—have implemented programs designed to divert welfare applicants from enrolling in TANF (Rowe and Versteeg 2005). These programs may involve an upfront job search to help applicants secure employment, provide applicants a lump-sum payment to help them weather a short financial crisis without entering the welfare rolls, or assist them in accessing other sources of support besides TANF. Diversion programs vary substantially across states on a variety of dimensions, including the conditions under which
they allow diversion payments, the amount and form of the payment (cash or voucher), and how often payments can be received.

Among the three states examined here, New Jersey was the first to implement a diversion program at the state level. In July 1998, the state initiated an Early Employment Initiative (EEI) requiring all prospective applicants who are able to work and not in immediate need to conduct an intensive 15 to 20 day job search. Eligible applicants receive a lump-sum payment prior to their search and a second lump-sum payment if they obtain employment and withdraw their TANF application. The sum of these two payments may be as large as $750 for a family of three. The program is distinctive, and differs from those in New York and Pennsylvania, in that it is mandatory; all non-exempt TANF applicants must participate in the program before proceeding to WFNJ. New Jersey is also one of only four states that do not specify a limit on the number of diversionary payments an applicant can receive (Rowe and Versteeg 2005).

In contrast to New Jersey’s work-oriented program, New York’s diversion program, which began in January 2000, provides emergency assistance diversionary payments without any work-related requirements. These payments may be in the form of cash or vouchers and, unlike those in most other states, are targeted toward different needs—for crisis assistance, for transportation to work, or to meet a housing payment. New York limits diversion payments to a single instance for each type of payment—crisis, transportation, and housing (Rowe and Versteeg 2005).

Pennsylvania only recently initiated a diversion program—launching the program in August 2005. The program is intended to assist applicants who are experiencing a temporary interruption in their earned income. It differs from both New York and New Jersey in its relatively narrow eligibility requirements. TANF applicants in Pennsylvania who meet the program’s eligibility requirements, are currently or recently employed, and are “awaiting the receipt of verified, self-sustaining income” may receive a lump-sum payment equivalent to up to
three-months worth of the benefit they would be eligible for under the state’s TANF program (DPW 2005). These criteria reflect an effort to avoid diverting applicants who are not in fact work-ready and are considerably more cautious in this respect than diversion programs in many other states. Applicants may receive a diversion payment only once every 12 months (DPW 2005).

D. POLICY AND PROGRAM IMPLEMENTATION IN THE THREE STATES

As important as understanding the formal policies that New Jersey, New York and Pennsylvania adopted in response to TANF is understanding the particular programs through which the three states applied these policies, their implementation on the ground, and their evolution over time. In this section, we provide an overview of the development of welfare programs in the three states since 1996, summarizing results from previous evaluations of their implementation. More specifically, we summarize the states’ experiences in the initial implementation of TANF, describe their early experiences and challenges, and highlight their responses to the increasing concentration of clients with barriers to work within the caseload and the arrival of the federal time limit, the two related factors that have most shaped the evolution of their welfare programs.

1. New Jersey’s TANF Program

Initial Implementation. New Jersey implemented its TANF program, Work First New Jersey (WFNJ), in July 1997. As in other states, the program heralded in a new emphasis on work, as well as a reduced emphasis on education and training. New Jersey was an early mover in making structural reforms designed to improve the delivery of job-related services to welfare recipients. In 1995, the state unified all employment and training activities into a comprehensive Workforce New Jersey system under the purview of the Department of Labor. As part of
launching WFNJ, the state made other structural reforms designed to make the welfare system more efficient, consolidating the state’s previously separate Aid to Families with Dependent Children (AFDC), General Assistance, and Emergency Assistance programs under WFNJ. Though New Jersey’s TANF program was, and remains, decentralized on paper—administered by counties and supervised by the state—in practice, the state allowed local agencies fairly limited flexibility in operating WFNJ, with the result that the program was implemented fairly consistently across the state (Koralek et al. 2001).

**Early Experiences and Challenges.** A study of the early implementation of WFNJ suggests that, to a large degree, the strong emphasis on work at the state level in New Jersey had translated down to local welfare agency staff. Though some staff questioned whether a work first approach was appropriate for all clients, on the whole they supported both the emphasis on quick attachment to work and the policy of sanctioning noncompliant clients (Rosenberg et al. 2000). The relatively high rates of sanctioning in the state discussed earlier are consistent with this qualitative finding.

The challenges to early implementation of WFNJ were in coordinating service delivery between welfare and workforce agencies, communicating eligibility requirements and benefits to clients, and providing intensive case management and support services to hard-to-employ clients. Though collaboration between welfare agencies and vendors of employment services increased under WFNJ, in the early years of the program, clients’ transitions into work activities were sometimes delayed because of lack of available referrals to vendors and minimal cash reserves among vendors as a result of performance-based contracts. Studies also found that clients were often misinformed about eligibility requirements and benefits and that they were underutilizing post-TANF transitional services for which they were eligible (Legal Services of New Jersey 1999; Rangarajan and Wood 2000, Rosenberg et al. 2000). In addition, though caseworkers
appear to have generally been supportive of the use of sanctions from the beginning of WFNJ’s implementation, evidence suggests that their attitudes were less affected by the 60-month time limit. Indeed, many county welfare agency staff believed—rightly, as it turned out—that the state would extend welfare for clients who reached the limit (Rosenberg et al. 2000). Moreover, the near universal granting of extensions once the limit was reached was reflected in a decline in the proportion of clients believing that TANF benefits were time limited—from 82 percent among those participating in WFNJ in the first year of the program to 67 percent among those participating three years later (Wood, Rangarajan, and Deke 2004).

**Programmatic Changes Since Initial Implementation.** Mid-course changes in and additions to New Jersey’s TANF programs have followed patterns similar to those in other states, for similar reasons. As caseloads in the state declined, the share of remaining TANF recipients with significant barriers to work—particularly health problems—increased (Wood, Rangarajan, and Deke 2004). In addition, small but significant portions of TANF leavers were returning to the rolls or failing to advance into stable long-term employment (Wood, Rangarajan and Gordon 2004). The state responded to these challenges by allowing local agencies more flexibility in the programs they offer clients and initiating new programs consistent with the goal of self-sufficiency. These efforts have included, among others, a faith- and community-based collaborative to publicize support programs and benefits available to TANF leavers; a Comprehensive Social Assessment for all clients after 12 months of TANF receipt to identify barriers to employment; a state earned income tax credit; an Individual Development Account (IDA) program to help clients save to buy a house, start a small business, or pay for higher education; a Career Advancement Voucher Program for employed former TANF recipients to pursue additional training while they are working; and a Supplemental Work Support Program providing monthly payments to working TANF recipients who are willing to close their cases.
(Koralek et al. 2001; Rangarajan et al. 2005). These programs have increased the intensity and breadth of support services provided to high-need clients, as well as the extent to which the state addresses the challenge of employment retention and advancement among former TANF recipients (Wood, Rangajaran, and Deke 2003).

2. New York’s TANF Program

   Initial Implementation. New York began reshaping its welfare programs to be more work focused in the mid-1990s—prior to the passage of federal welfare reform legislation. Beginning in 1995, Governor George Pataki made a series of proposals to the state legislature to trim and reform welfare dramatically. Though most of these proposals did not pass into law, those that did restricted eligible work activities for welfare recipients and expanded the work requirements placed on them.

   The state’s final welfare reform legislation passed in August 1997. This state response to the federal welfare legislation was shaped in important ways by the provision in New York’s constitution requiring the state to provide support for the needy (Lurie 1998). Article XVII of the constitution states that, "The aid, care and support of the needy are public concerns and shall be provided by the state and by such of its subdivisions, and in such manner and by such means, as the legislature may from time to time determine." Because of this constitutional provision, the state chose not to use full-family sanctions for those who did not comply with work requirements. In addition, from the outset of TANF, the state planned not to place a time limit on benefits, since such a limit was deemed to be a violation of the constitutional mandate to support the needy. Instead, as described earlier, the state complied with the federal requirement to limit benefits to 60 months by establishing Safety Net Assistance (SNA), a state funded program that was not time limited. TANF recipients reaching the federal five-year limit could transition into the SNA program.
As in New Jersey, the implementation of TANF also ushered in significant structural changes, including the creation of a new agency—the Department of Family Assistance—to oversee the new Family Assistance (FA) and SNA programs. In addition, authority for all welfare employment programs was shifted to the state Department of Labor (Fender et al. 2002). These structural changes did not, however, alter the decentralized nature of New York’s welfare system. Localities in the state continued to provide 25 percent of the funding for the state’s TANF program (formerly AFDC, now FA)—one of the highest local match rates among the 11 states in which local funding exists—and to receive in return considerable autonomy in their implementation of state policies.

Early Experiences and Challenges. As a result of the latitude that New York allows its 58 local social service districts (57 counties and New York City), it is somewhat difficult to generalize about the experience of welfare reform in the state. New York City, where approximately 70 percent of the state’s TANF recipients reside, pursued work attachment aggressively on the ground, coupling a willingness to use sanctioning in the effort to transition welfare recipients to work with its Work Experience Program (WEP), the largest “workfare” program in the country, with a peak enrollment of 35,000 in 1999. This program featured assignment to public- and nonprofit-sector jobs in exchange for welfare benefits. As in many states, the primary challenges New York faced after welfare reform were in coordinating service delivery with a large variety of new providers, developing new staff skill sets, and, increasingly, serving hard-to-employ clients (Fender et al. 2002).

However, as described earlier, New York differed from the other two states in its response to the 60-month federal limit on benefits. From the outset of its TANF program, the state planned

---

3 Two offices were created within DFA—the Office of Temporary and Disability Assistance (OTDA) and the Office of Children and Family Services (OCFS). The former administers FA and SNA.
to allow recipients to continue to receive benefits through the state funded SNA program. However, in spite of this plan, local welfare agencies appear to have made use of the five-year federal limit to motivate clients and, in some cases, move recipients off the rolls as this time limit approached (Fender et al. 2002). An analysis of the implementation of time limits in New York City found that, as the five-year limit approached, welfare staff often did not inform FA recipients that they faced no time limit on their assistance or discuss with them the transition to SNA (Bloom et al. 2002). Instead, agencies frequently publicized the federal limit, posting signs reading “The clock is ticking” and “Welfare is time-limited.” Clients approaching the 60-month limit who were complying with TANF requirements were automatically transferred to SNA. However, noncompliant clients were required to complete a multi-stage application process. Successful applicants were assigned to a subsidized job or work experience position.

One factor that may have influenced the behavior of local welfare agencies was the increased cost they faced when FA recipients transitioned to the SNA program. Local governments pay 50 percent of the costs for SNA clients, compared with only 25 percent for FA recipients. These additional costs may have contributed to their desire to discourage these transitions in some instances.

When the federal five-year limit began to hit for the first cohort of FA recipients, some of these recipients did not transition into the SNA program and instead had their cases closed. In New York City, of the first 36,000 FA cases to reach the federal time limit, approximately 6,000 were exempted and allowed to remain on FA, 14,000 were deemed compliant and transferred automatically to SNA, while 16,000 were deemed noncompliant and required to apply to SNA. Of the 16,000 required to apply, about 3,000 had their cases closed because they did not complete this application process successfully (Bloom et al. 2002).
Programmatic Changes Since Initial Implementation. In the years since TANF was initially implemented, the state has pursued innovations within the system, including upgrading staff skills, restructuring services and developing new programs, largely through the New York Works Block Grant awards to local social service districts rather than through new state programs (Fender et al. 2002). These innovations have focused, as in other states, on preparing clients with barriers to employment for the workforce and providing support to TANF leavers to maintain job stability and advance their careers. Notably, within New York City, in response to the large proportion of TANF recipients who were not engaged by the system, the city adopted a policy of “universal engagement” whereby it expanded its work requirements to clients with special needs and initiated a series of programs to enable them to attain self-sufficiency through work (Nightingale et al. 2002).

3. Pennsylvania’s TANF Program

Initial Implementation. Pennsylvania’s welfare reform legislation, Act 35, was passed in May 1996 and implemented in March 1997. It replaced the state’s AFDC program with a work-focused TANF program, known as the “Road to Economic Self-Sufficiency Through Employment and Training,” or RESET. Unlike those in some others states, policymakers in Pennsylvania did not devolve administration of welfare to localities following welfare reform, nor did the passage of PRWORA result in the fundamental restructuring of welfare administration at the state level that it had in New Jersey and New York. Administration remained in the hands of the Department of Public Welfare (Weishaupt and Mentzer 2006). The state also differs from New Jersey and New York in that it did not make use of waivers in advance of the federal legislation. Therefore, welfare reform in Pennsylvania did not begin prior to TANF, as it did in many other states.
Early Experiences and Challenges. Like welfare reform in most states, RESET was characterized by an increased emphasis on quick attachment to work and decreased reliance on education and training programs. While this shift in emphasis was common in many states, it was particularly pronounced in Pennsylvania. Monthly reports from the Department of Public Welfare (DPW) indicated that the number of TANF recipients enrolled in education and training dropped by more than 90 percent following implementation of RESET (Weishaupt and Mentzer 2006). Further, the initial eight-week job search that was required of all new TANF recipients was followed by 90 days of DPW-contracted programs in which job search was a prominent component (Michalopoulos et al. 2003; Weishaupt and Mentzer 2006). As staff adapted to the new policies, they better communicated education and training options to clients (Michalopoulos et al. 2003). Also reducing the use of education and training programs was the fact that after 24 months, education and training did not count toward the 20 hours of required participation (Michalopoulos et al. 2003).

Pennsylvania experienced some of the same early difficulties as New Jersey and New York in developing and sustaining an effective system of contractors to provide newly needed services. An implementation evaluation of the state’s early program for increasing job retention among TANF recipients, Community Solutions, noted insufficient experience among contractors, falling demand for their services as rolls decreased, and hindrances in tracking and reporting as challenges to the effective implementation of the program (Paulsell and Stieglitz 2001).

The state had its own distinctive experience with time limits. The state did not require 20 hours of work activity until after clients had received TANF for 24 months and it did not impose full-family sanctions until this point. Therefore, this two-year limit on receiving TANF without substantial work activity became very significant in Pennsylvania, while comparatively little
attention focused on the 60-month limit. High anxiety surrounded the approach of the two-year mark, which arrived for the first recipients in March 1999. In one example of this high-level of attention and concern, Philadelphia mayor Ed Rendell placed a full-page advertisement in the Philadelphia Inquirer anticipating a “train wreck” if the work requirement was enforced with sanctions. Similarly, as part of a study of the implementation of the Pennsylvania TANF program, a caseworker commented that “When this first started…the twenty-fourth month was doomsday” (Michalopoulos et al. 2003).

One effect of the 24-month limit’s approach was to prompt some early programmatic innovations designed to move the hard-to-employ clients into jobs. An indication of the increasing focus on securing work participation for these individuals—and of the earlier reliance on relatively inexpensive quick attachment strategies—is the dramatic increase in state spending on the RESET welfare-to-work program that occurred in 1999 (Michalopoulos et al. 2003). Some of these funds went toward the support and expansion of work experience programs in Philadelphia that had met with success in finding employment for clients with barriers to work—most notably the Transitional Work Corporation (TWC), which had opened its doors in 1998. The state launched a large employment retention initiative in 2000, the Retention, Advancement, and Rapid Reemployment program, which was designed to help TANF recipients and other low-income families sustain their employment and increase their earnings (Paulsell and Stiglitz 2001).

A second effect of the 24-month limit may have been to reduce the effectiveness of the 60-month time limit in motivating clients. When the former limit passed with little consequence and few clients being removed from the rolls for noncompliance, the force of the federal five-year limit was blunted. As in New Jersey, caseworkers expressed doubts as to their ability to use it
effectively, since clients would not believe that the time limit was real (Michalopoulos et al. 2003).

**Programmatic Changes Since Initial Implementation.** In Pennsylvania, system-wide responses to high-need clients began as early as 2001, when the state implemented the Maximizing Participation Program (MPP), which specifically targeted recipients exempt from work requirements due to mental or physical disability (Michalopoulos et al. 2003). More recently, in its proposed TANF plan submitted to the federal government in 2005, Pennsylvania signaled its adoption of four new policies consistent with the growing emphasis on addressing the needs of clients with barriers to work. First, the state established the diversion program previously described. Second, it adopted a policy of granting of “good cause for education” according to which TANF applicants engaged in education or training at the time of initial application are allowed to postpone the job search process, and recipients in education or training programs are exempted from the full hourly requirement for participation in work activities. Third, the state exercised the option to use maintenance-of-effort funds to initiate a separate state program for families with individuals exempt from RESET due to mental or physical disability. Finally, the state implemented a “universal engagement” policy of the sort that was earlier implemented in New York City. The policy entails not only additional efforts to engage mandatory RESET participants, but also new efforts to broaden the group of engaged individuals to include those with serious barriers to employment and to expand the activities that constitute engagement (DPW 2005).

**E. THE TANF-RELATED OUTCOMES OF THE THREE STATES**

As described earlier, each of the three states examined in this paper—New Jersey, New York, and Pennsylvania—has pursued a somewhat different set of TANF policies and has had somewhat different experiences in implementing these policies. What outcomes have each of
these states achieved in the ten years since their TANF programs began? To consider this question fully, we would ideally examine not only TANF caseload trends and characteristics, but also a detailed set of outcomes documenting the well-being of current, former and would-be TANF recipients. Unfortunately such detailed information measured consistently across states is not available.

Therefore, in this section, we examine a small set of outcomes that can be measured consistently across states. In particular, we examine the following two outcomes during the years since TANF was first implemented: (1) the size of the TANF caseload and (2) the proportion of TANF recipients in work activities. We examine both cross-state differences in the levels of these outcomes as well as differences in the trends in these outcomes in the ten years since TANF implementation. We also discuss possible explanations for cross-state variation in these patterns.

1. **Size of the TANF Caseload**

   We begin by examining trends in the size of TANF caseload in the three states since federal welfare reform legislation passed in 1996. Table 4 presents the average monthly TANF caseload size in New Jersey, New York, and Pennsylvania, as well as the nation as a whole. Each of these states has experienced substantial declines in the size of their welfare caseloads in the ten years since implementing TANF. Similar to national trends, 2005 TANF roles in each of the three states were roughly half what they were in 1996. However, the timing of these declines differs somewhat across these states in ways that may be tied to their specific TANF policies.

---

4 These caseload figures include child-only TANF cases, as well as cases in separate state programs funded through state maintenance-of-effort funds.
In particular, in the years immediately after TANF implementation, the size of New York’s TANF caseload fell much more slowly than it did in New Jersey, Pennsylvania, and many other states. From 1996 to 1999, New York’s TANF caseload declined in size by 27 percent (Table 4). In contrast, the decline in New Jersey, Pennsylvania, and the nation as a whole during this period was more than 40 percent.

Many factors may have contributed to this slower initial caseload decline in New York. One potential contributing factor is the state’s sanctioning policy. New York is one of only ten states that uses only partial sanctions to enforce work requirements. Therefore, New York welfare recipients who do not comply with work requirements can remain on TANF, although their cash benefits will be reduced. In contrast, both New Jersey and Pennsylvania enforce work requirements through gradual full-family sanctions. New Jersey began using these full-family sanctions immediately after implementing TANF. In contrast, Pennsylvania does not impose full sanctions until a family has received TANF for 24 months and therefore did not close TANF cases for noncompliance during the first few years under the new program. However, much was made in Pennsylvania during the first two years of TANF implementation of this approaching two-year point—when sanctions could first be applied for noncompliance with work requirements. Therefore, in both New Jersey and Pennsylvania (and in contrast to New York), there was a very strong message during this initial period that those who did not comply with work requirements could not remain on TANF—a message that undoubtedly contributed to the large caseload declines in these two states during the early years of TANF implementation.

This pattern changed substantially in later years—with larger caseload declines occurring in New York than in other states. In each year from 2000 to 2003, caseload declines were larger in New York than they were in New Jersey, Pennsylvania, and the nation as a whole. These larger declines in New York during this period caused the state to “catch up” with other states in terms
of overall caseload declines. From 1996 to 2003, the caseloads of New Jersey, New York, Pennsylvania, and the nation as a whole, all declined by just over 50 percent (Table 4).

Why did New York experience unusually large caseload declines from 2000 to 2003? The state’s use of the five-year federal limit on benefits may have played a role. As described earlier, the state does not have a time limit on benefits. Instead, it transitions recipients from the federally funded Family Assistance (FA) program to the state funded Safety Net Assistance (SNA) program at this point. However, as described in the previous section, studies of the program’s implementation suggests that local welfare agencies often used the five-year limit on federally funded benefits to motivate clients to comply with work requirements or to leave the welfare rolls. The five-year limit presented them with the opportunity to create a sense of urgency among long-term and noncompliant clients, raising for the first time the possibility of their benefits ending (since the state does not have full-family sanctions).

Moreover, the nature of the benefit itself changes substantially at the five-year point in New York in ways that may make the it less attractive to recipients. In particular, after 60 months of benefit receipt, recipients transition from FA, under which they receive a cash benefit, to SNA, under which most of their benefit is paid in vouchers for specific expenses such as housing and utilities. These policies and practices most likely contributed to the large declines in New York’s welfare caseload in the period leading up to and immediately after the five-year limit on federally funded benefits taking effect in the state.

Finally, in the most recent period (2003 to 2005), we observe increases in the size of the TANF caseloads in both New Jersey and Pennsylvania—with the increase in Pennsylvania being particularly pronounced. TANF caseloads in both states reached their smallest size in 2002 (Table 4). Over the next three years, the caseload sizes increased by 8 percent in New Jersey and
by 21 percent in Pennsylvania. In contrast, in New York and in the nation as a whole, caseloads have continued to decline.

Why have the TANF rolls in New Jersey and particularly Pennsylvania begun to increase in recent years, in contrast to the pattern in the nation as a whole? One contributing factor may be the approach these two states have taken to implementing time limits. Both states extend clients’ benefits once they reach the five-year limit, as long as they are complying with TANF requirements. Through these extensions, the states have avoided closing large numbers of TANF cases for reaching time limits. In contrast, many other states have closed a substantial number of cases that have reached time limits. Another contributing factor in Pennsylvania may be the state’s fairly limited use of diversion of TANF applicants. As described earlier, the state only began its diversion program in 2005—considerably later than New Jersey, New York, and many other states. In addition, Pennsylvania’s diversion program is optional and very narrowly targeted to clients who are currently or recently employed and “awaiting receipt of verified, self-sustaining income” (DPW 2005). In contrast, in many other states with diversion programs, these programs serve a much broader set of applicants and are more explicitly aimed at discouraging applicants from entering the TANF rolls.

2. TANF Work Participation Rates

Finally, we examine the TANF work participation rates in each of these three states. In particular, we examine the success of these states in meeting federal benchmarks for the proportion of TANF families in allowable work activities. To be counted toward this federal participation benchmark, families must meet a minimum hours requirement that varies with their particular circumstances. For single parents, the minimum requirement is 20 hours per week for those with a child under age six and 30 hours per week for those with older children. Two-parent families face higher hours requirements.
Under the original federal welfare reform legislation, the work participation rate requirements were gradually increased—reaching a maximum level of 50 percent for all families in fiscal year 2002 (and 90 percent for two-parent families). States that do not meet these targets face reductions in their TANF funding. States receive credits toward this work participation requirement for reductions in the size of their welfare caseload. Because caseloads dropped so substantially in the first few years of TANF implementation, these caseload reduction credits were very large and virtually eliminated the need for most states to be concerned about meeting federal work participation requirements. With these credits factored in, these work participation targets were reduced to very low levels and even zero in many cases. For this reason, states rarely faced penalties for not meeting these federal participation benchmarks.

However, as part of TANF reauthorization, the federal government has changed the way it calculates these caseload reduction credits, and these changes will make the federal work participation requirement much more relevant and meaningful to states. The base year for calculating caseload reductions has changed from 1995 to 2005. Since TANF caseloads were at historically low levels by 2005, it will likely prove much more challenging for states to achieve large caseload reductions that will substantially reduce the federal participation requirements.

Table 5 presents the percentage of TANF families in New Jersey, New York, Pennsylvania, and the nation as a whole that met the federal work participation benchmarks during the period 1998 to 2004. In no year did any of these three states reach a 50 percent participation rate. New Jersey and New York reached their peak participation rate for this period in 2001—with rates of 39.0 percent and 41.4 percent respectively. Pennsylvania has fallen particularly short of this 50 percent participation benchmark. Its highest participation rate during this period was 19.3 percent in 1998. By 2004, this rate had fallen to only 7.1 percent. Since all of these states
experienced substantial caseload declines during this period, none of them were penalized for having a low work participation rate.

Why were Pennsylvania’s work participation rates so low during this period? Several factors are likely to contribute. First, unlike New Jersey, New York, and most other states, Pennsylvania does not require participation in work activities until recipients have received TANF for 24 months. Pennsylvania TANF recipients are expected to participate in a work activity during these first two years; however, no explicit minimum hours requirement is imposed. Second, Pennsylvania’s minimum hours requirement after two years—20 hours per week—is lower than most other states and below the federal requirement for many families. Therefore, a substantial number of families may be meeting the state minimum hours requirement but not meeting the federal requirement and thus are not counted toward official TANF participation rate figures. In addition, Pennsylvania has more exemptions from these requirements than some states do—exempting, for example, all recipients who are caring for a child who is less than one year old. Many other states (including New Jersey) require new mothers to work by the time their baby is three months old. Finally, Pennsylvania and other states may not have always strived to document every recipient in an allowable work activity, since prior to federal TANF reauthorization legislation adopted in 2006, these work participation rates had little consequence.

These low work participation rates in Pennsylvania and other states have not been an issue until recently, because of the large caseload declines during the early years under TANF. However, with TANF reauthorization and the new federal rules that change the way these caseload reduction credits are calculated, Pennsylvania and other states face new pressures to increase these participation rates or face substantial cuts in federal funding. Pennsylvania appears already to be responding to these new pressures to increase participation in work
activities. A recent DPW press release indicates that work participation rates have increased dramatically since 2004. According to DPW, their participation rate reached 32 percent in July 2006—more than four times their 2004 participation rate (DPW press release dated September 8, 2006). In addition, according to policy analysts in the state, Pennsylvania is moving toward increasing its minimum hours requirements from 20 to 30 hours per week and requiring participation in work activities as soon as recipients enter TANF—policy changes that may help the state maintain this rapid progress.

F. CONCLUSIONS

New Jersey, Pennsylvania, and New York have chosen substantially different policy responses to federal mandates to require welfare recipients to participate in work activities and to place time limits on their benefits. Pennsylvania, for example, does not require participation in work activities until recipients have received benefits for two years, while the other two states require work immediately. Unlike New Jersey and Pennsylvania, New York does not impose full-family sanctions and has no explicit limit on welfare benefits, policies adopted in response to the state’s constitutional mandate to support the needy. New York complies with federal requirements to place a time limit on benefits by placing recipients who have received cash assistance for five years into a state-funded program that is not time limited.

In spite of these policy differences, the states have achieved similar caseload declines in the years since TANF was implemented, although the timing of these declines has varied somewhat across the states—with New York’s declines coming later than the declines in New Jersey and Pennsylvania. These similarities in caseload declines in spite of differences in policies suggest that, in some instances, messages communicated to clients can be as important as actual policies and practices. For example, the strong significance placed on the two-year point in Pennsylvania may have played an important role in early caseload declines in that state, despite the fact that
the state imposed few sanctions during these early years and did not require recipients to work immediately. Similarly, the five-year limit on federal benefits appears to have contributed to later caseload declines in New York, even though clients were eligible at this point to transition into the state funded SNA program that was not time limited.

In terms of work participation rates, however, outcomes vary more substantially across these three states in ways that most likely reflect cross-state policy differences. In particular, throughout the period since TANF was implemented, Pennsylvania has had much lower percentages of families meeting federal work participation rates than did the other two states. This most likely reflects Pennsylvania’s policy not to require participation in work activities during the first two years of TANF receipt and to require only 20 hours of work at this point—rather than 30 hours or more, as is required in most other states (including New Jersey and New York). It may also reflect, in part, less careful tracking of TANF recipients’ work activities in Pennsylvania than in many other states.

New federal requirements imposed as part of TANF reauthorization have placed new pressures on states to increase the percentage of TANF recipients who are in work activities. Each of the states examined in this paper will need to make substantial progress to avoid these financial penalties. Pennsylvania faces a particularly substantial challenge in this regard, since their recent work participation rates were far below the federal standard. However, the state is apparently making rapid progress in this area—with sharp increases in the percentage of its caseload working since 2004. As these new federal participation rates begin to take effect, all three states will face continued pressure to make progress in this area to avoid reductions in their federal TANF funding.
REFERENCES


### Table 1

**Selected Characteristics of the Populations of New Jersey, New York, and Pennsylvania**

<table>
<thead>
<tr>
<th></th>
<th>New Jersey</th>
<th>New York</th>
<th>Pennsylvania</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Population (2005)</td>
<td>8,717,925</td>
<td>19,254,630</td>
<td>12,429,616</td>
<td>296,410,404</td>
</tr>
<tr>
<td>Population Rank Among the 50 States (2005)</td>
<td>10</td>
<td>3</td>
<td>6</td>
<td>NA</td>
</tr>
<tr>
<td>Population</td>
<td>280,666</td>
<td>8,143,197</td>
<td>1,463,281</td>
<td>8,143,197</td>
</tr>
<tr>
<td>Population rank among all U.S. cities</td>
<td>65</td>
<td>1</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Persons per Square Mile (2005)</td>
<td>1,175</td>
<td>408</td>
<td>277</td>
<td>80</td>
</tr>
<tr>
<td>Median Household Income (2003)</td>
<td>$56,356</td>
<td>$44,139</td>
<td>$42,952</td>
<td>$43,318</td>
</tr>
<tr>
<td>Percent Below Poverty (2003)</td>
<td>8.9</td>
<td>14.3</td>
<td>10.6</td>
<td>12.5</td>
</tr>
<tr>
<td>White, non-Hispanic</td>
<td>64</td>
<td>61</td>
<td>83</td>
<td>67</td>
</tr>
<tr>
<td>African American, non-Hispanic</td>
<td>14</td>
<td>16</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td>Hispanic</td>
<td>15</td>
<td>16</td>
<td>4</td>
<td>14</td>
</tr>
<tr>
<td>Other</td>
<td>7</td>
<td>7</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>Percent Speaking Language Other than English at Home (2000)</td>
<td>26</td>
<td>28</td>
<td>8</td>
<td>18</td>
</tr>
<tr>
<td>Percent Born Outside the United States (2000)</td>
<td>18</td>
<td>20</td>
<td>4</td>
<td>11</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau (http://quickfacts.census.gov).

NA = not applicable.
**TABLE 2**

SELECTED CHARACTERISTICS OF TANF CASELOADS OF NEW JERSEY, NEW YORK, AND PENNSYLVANIA

<table>
<thead>
<tr>
<th></th>
<th>New Jersey</th>
<th>New York</th>
<th>Pennsylvania</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of TANF Cases</td>
<td>46,944</td>
<td>188,096</td>
<td>97,186</td>
<td>2,068,140</td>
</tr>
<tr>
<td>Rank of Caseload Size Among the 50 States</td>
<td>14</td>
<td>2</td>
<td>3</td>
<td>NA</td>
</tr>
<tr>
<td>Percentage of Caseload</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>White, non-Hispanic</td>
<td>15</td>
<td>21</td>
<td>36</td>
<td>33</td>
</tr>
<tr>
<td>African American, non-Hispanic</td>
<td>58</td>
<td>41</td>
<td>49</td>
<td>38</td>
</tr>
<tr>
<td>Hispanic</td>
<td>26</td>
<td>36</td>
<td>12</td>
<td>24</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Percentage of Adult Recipients Who Are Not U.S. Citizens</td>
<td>3</td>
<td>10</td>
<td>3</td>
<td>5</td>
</tr>
</tbody>
</table>


Note: Caseload sizes refer to 2005 and include child-only cases, as well as cases in separate state programs funded through maintenance-of-effort funds. Other characteristics refer to 2004, with the exception of race/ethnicity statistics for Pennsylvania, which are from 2002.

NA = not applicable.
---

**TABLE 3**

**BASIC TANF POLICIES OF NEW JERSEY, NEW YORK, AND PENNSYLVANIA**

<table>
<thead>
<tr>
<th>State</th>
<th>Maximum Monthly Benefit Level for Family of Three</th>
<th>Minimum Hours Required in Work Activities Each Week</th>
<th>Sanctioning Policy</th>
<th>Lifetime Limit on Benefit Receipt (Months)</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Jersey</td>
<td>$424</td>
<td>35</td>
<td>Gradual, full-family sanctions</td>
<td>60</td>
</tr>
<tr>
<td>New York</td>
<td>$703(^a)</td>
<td>30</td>
<td>Partial sanctions only</td>
<td>None(^b)</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>$421</td>
<td>20(^c)</td>
<td>Gradual, full-family sanctions</td>
<td>60</td>
</tr>
<tr>
<td>Median State</td>
<td>$396</td>
<td>30</td>
<td>Gradual, full-family sanctions</td>
<td>60</td>
</tr>
</tbody>
</table>

Source: Rowe and Versteeg, 2005.

\(^a\)Benefit varies by region. Maximum benefit for a family of three in New York City is $577.

\(^b\)TANF recipients reaching 60 months of benefit receipt can transition onto the state funded Safety Net Assistance program, which is not time limited.

\(^c\)Work requirement does not apply until recipient has received TANF for 24 months.
### TABLE 4

TRENDS IN THE SIZE OF THE TANF CASELOADS IN NEW JERSEY, NEW YORK, AND PENNSYLVANIA: 1996-2005

<table>
<thead>
<tr>
<th>Year</th>
<th>New Jersey</th>
<th>New York</th>
<th>Pennsylvania</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Families Receiving TANF</td>
<td>Percent Change in Size Since</td>
<td>Number of Families Receiving TANF</td>
<td>Percent Change in Size Since</td>
</tr>
<tr>
<td>1996</td>
<td>102,777</td>
<td>NA</td>
<td>NA</td>
<td>422,557</td>
</tr>
<tr>
<td>2002</td>
<td>43,380</td>
<td>–58</td>
<td>–6</td>
<td>200,850</td>
</tr>
<tr>
<td>2003</td>
<td>44,629</td>
<td>–57</td>
<td>3</td>
<td>195,711</td>
</tr>
<tr>
<td>2004</td>
<td>47,376</td>
<td>–54</td>
<td>6</td>
<td>196,998</td>
</tr>
</tbody>
</table>

Source: Administration for Children and Families website.

Note: Caseload figures include child-only cases, as well as those in separate state programs funded through maintenance-of-effort funds.

NA = not applicable.
TABLE 5

TANF WORK PARTICIPATION RATES: 1998-2004
(in Percentages)

<table>
<thead>
<tr>
<th>Year</th>
<th>New Jersey</th>
<th>New York</th>
<th>Pennsylvania</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>34.6</td>
<td>37.8</td>
<td>7.1</td>
<td>32.2</td>
</tr>
<tr>
<td>2003</td>
<td>35.0</td>
<td>37.1</td>
<td>9.9</td>
<td>31.3</td>
</tr>
<tr>
<td>2002</td>
<td>36.4</td>
<td>38.5</td>
<td>10.4</td>
<td>33.4</td>
</tr>
<tr>
<td>2001</td>
<td>39.0</td>
<td>41.4</td>
<td>10.8</td>
<td>34.4</td>
</tr>
<tr>
<td>2000</td>
<td>37.8</td>
<td>33.2</td>
<td>11.2</td>
<td>34.0</td>
</tr>
<tr>
<td>1999</td>
<td>30.3</td>
<td>36.3</td>
<td>16.2</td>
<td>38.3</td>
</tr>
<tr>
<td>1998</td>
<td>26.5</td>
<td>37.5</td>
<td>19.3</td>
<td>35.3</td>
</tr>
</tbody>
</table>

Source: Administration for Children and Families website.

Note: Figures represent monthly averages of the proportion of TANF families participating in allowable work activities for the number of hours required to meet federal participation standards. For single parents, this represents 20 hours per week for those with children under age six and 30 hours per week for those with older children. Two-parent families must meet higher work participation standards.
## APPENDIX TABLE A.1

### BASIC RULES GOVERNING TANF PROGRAMS IN NEW JERSEY, NEW YORK AND PENNSYLVANIA, 2003

<table>
<thead>
<tr>
<th>Category of Rules</th>
<th>New Jersey</th>
<th>New York</th>
<th>Pennsylvania</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Formal Diversion Payments</strong></td>
<td>Early Employment Initiative requires all applicants able to work and not in immediate need to conduct an intensive 15 to 20 day job search before receiving benefits. Eligible applicants receive a lump-sum payment prior to their search and are eligible to receive a second lump-sum payment if they obtain employment and withdraw their application.</td>
<td>NY provides diversionary payments for crisis items such as moving expenses, diversion job-related transportation payments, and diversion rental payments. No job search is required at application by the state.</td>
<td>PA initiated a diversion program for families who qualify for TANF to pay for financial needs that have occurred due to loss of job or reduction in earnings. The family must verify that income will be received by the end of the Diversion period that will make it unnecessary for the family to apply for ongoing TANF benefits.</td>
</tr>
<tr>
<td><strong>Asset Test</strong></td>
<td>Applicants with more than $2000 in assets are not eligible. $9500 of market value of vehicle owned by unit excluded from asset test.</td>
<td>Applicants with more than $2000 in assets are not eligible ($3000 in units including an elderly person). $4650 of market value of vehicle owned by unit excluded from asset test.</td>
<td>Applicants with more than $1000 in assets are not eligible. One vehicle owned by unit excluded from asset test.</td>
</tr>
<tr>
<td><strong>Income Eligibility/Counting</strong></td>
<td>Applicants must have gross income below 150 percent of maximum benefit payment schedule. Income of the parents of applicants who are minors is included in calculation of gross income even if minor is not living with parents. Maximum monthly income for initial eligibility for family of three: $636. Maximum recipient can earn monthly and still remain eligible: $848.</td>
<td>Applicants must have gross income below 185 percent of a state-set need standard and net income (income after income disregards are applied) below the standard monthly welfare payment. Earned income disregard is $90. Maximum monthly income for initial eligibility for family of three: $677. Maximum recipient can earn monthly and still remain eligible: $1067.</td>
<td>Applicants must have gross income below 185 percent of a state-set need standard and net income (income after income disregards are applied) below the standard monthly welfare payment. Earned income disregard is $90. Maximum monthly income for initial eligibility for family of three: $677. Maximum recipient can earn monthly and still remain eligible: $806.</td>
</tr>
<tr>
<td><strong>Other Eligibility Rules</strong></td>
<td>No special eligibility rules for two-parent applicant units. Pregnant women with no other children are not eligible.</td>
<td>No special eligibility rules for two-parent applicant units. Pregnant women with no other children are eligible, as is the father of the child.</td>
<td>The principal earner in a two-parent unit must furnish proof of having worked in 6 out of 13 previous quarters. Pregnant women with no other children are eligible.</td>
</tr>
<tr>
<td>Category of Rules</td>
<td>New Jersey</td>
<td>New York</td>
<td>Pennsylvania</td>
</tr>
<tr>
<td>------------------</td>
<td>------------</td>
<td>----------</td>
<td>--------------</td>
</tr>
<tr>
<td>Benefit Computation</td>
<td>* Earned income disregard. 100% in first month, 50% thereafter. *</td>
<td>* Earned income disregard. $90 and 51% of remainder. *</td>
<td>* Earned income disregard. 50% of earned income disregarded. *</td>
</tr>
<tr>
<td></td>
<td>Currently (2006), maximum monthly benefit is $424. In 2003, this was the 24th most generous level in the country.</td>
<td>The amount of assistance varies across social service districts. Currently (2006), maximum monthly benefit for a family of three with no income living in New York City is $691. In 2003, the maximum benefit of $577 specified by Ware and Versteeg (2005) was 7th most generous in the country.</td>
<td>Benefit level differs across four groups of counties. Currently (2006), maximum monthly benefit for a family of three with no income living in the largest group of counties is $403. In 2003, this was the 25th most generous level in the country.</td>
</tr>
<tr>
<td>Work Requirements</td>
<td>All non-exempt recipients 20 and older are required to work 35 hours a week. Non-exempt recipients under 20 who have completed high school/GED, and non-exempt recipients ages 16-18 who have dropped out of school are required to work 35 hours a week. Education and training count toward work hours for both groups. All non-exempt recipients under 20 years of age who have not completed high school and have not dropped out are required to complete 20 hours of education per week.</td>
<td>Non-exempt recipients who have completed high school or equivalent and have no child under age 6 are required to a minimum of 30 hours a week. Non-exempt recipients who have not completed high school or equivalent and have no child under age 6 are required to “work” full-time as defined by their educational institution at basic or remedial education, high school/GED, or English as 2nd language. Non-exempt recipients with a child under six years old must work 20 hours a week if they are able to find child-care for their child.</td>
<td>All non-exempt recipients over age 22 and non-exempt recipients between ages 18 and 22 who have (1) completed high school/GED or (2) choose not to participate in educational activities must conduct a job search for up to 8 weeks if not already employed at least 20 hours a week. No hourly requirement is specified for the first 24 months, though recipients must make a good faith effort to find work. Non-exempt recipients between the ages of 18 and 22 who have not completed high school/GED and who choose to participate in educational activities may do so in place of work during the first 24 months. Non-exempt recipients under 18 may attend high school or work at an unsubsidized job. After 24 months, recipients must work 20 hours/week.</td>
</tr>
<tr>
<td>Activities Exemptions</td>
<td>Ill or incapacitated heads of unit and those caring for ill or incapacitated persons are exempt from work activities. In addition, heads of unit who are 60 or older, who are 7 months pregnant or more, or who are caring for a child under 3 months of age are exempt. The latter two exemptions may be extended if determined to be medically necessary by a physician.</td>
<td>Ill or incapacitated heads of unit and those caring for ill or incapacitated persons are exempt from work activities. In addition, heads of unit who are 60 or older, who are 9 months pregnant or more, or who are caring for a child under 12 months of age are exempt. This last exemption for care of a very young child is typically limited to 3 months in duration for any one child and 12 months total over the lifetime of the client.</td>
<td>Ill or incapacitated heads of are exempt from work activities. Those caring for ill or incapacitated persons are not specified as exempt, but may meet the state’s criteria for “good cause” for deferral or noncompliance. In addition, heads of unit who are 60 or older or who are caring for a child under 12 months of age are exempt. The exemption for care of a very young child is limited to 12 months total over the lifetime of the client. There is no specific exemption for pregnant women.</td>
</tr>
<tr>
<td>Category of Rules</td>
<td>New Jersey</td>
<td>New York</td>
<td>Pennsylvania</td>
</tr>
<tr>
<td>-------------------</td>
<td>------------</td>
<td>----------</td>
<td>--------------</td>
</tr>
</tbody>
</table>
| **Sanctions**     | *At the time of first noncompliance with requirements:* The benefit amount is reduced by a per capita share for the sanctioned individual for one month or until compliance, whichever is longer. If compliance is not demonstrated after three months, the entire assistance unit is determined ineligible for benefits and must reapply.  

**Worst sanction:** Entire assistance unit receives no benefit for three months. If compliance is not demonstrated after three months, the case will be closed and the unit will need to reapply. | *At the time of first noncompliance with requirements:* The assistance unit's benefit is reduced pro rata by the sanctioned individual's share until compliance; however, their income (after standard disregards) and assets are still included for eligibility and benefit calculation purposes. If unit head sanctioned, benefits are issued to protective payee.  

**Worst sanction:** The assistance unit’s benefit is reduced pro rata by the sanctioned individual’s share, as above. The individual is sanctioned for 6 months or until compliance, whichever is longer. | *At the time of first noncompliance with requirements:* If sanction occurs within the first 24 months of assistance, the needs of sanctioned individuals are not included for benefit calculation; however, their income (after standard disregards) and assets are still included for eligibility and benefit calculation purposes. If sanction occurs after 24 months of assistance, the entire assistance unit is ineligible. Sanction continues for 30 days or until compliance, whichever is longer.  

**Worst sanction:** Same as above, except that if repeated sanction occurs after 24 months of assistance, the entire assistance unit is permanently ineligible. |
| **Time Limits**   | All non-exempt recipients are subject to the federal 60-month lifetime limit, after which point the entire unit’s benefits are terminated unless exemptions/extensions apply.  

Months in which the head of household is ill or incapacitated, caring for an ill or incapacitated person, a minor parent, an individual 60 or older, a victim of domestic violence, or receiving diversion payments are exempted from the lifetime time limit. Extensions to the limit are granted for months in which the head was ill or incapacitated, caring for an ill or incapacitated person, a victim of domestic violence, or in drug treatment. | Once individuals have reached the 60-month time limit, they are eligible to receive non-cash assistance through the state’s Safety Net Assistance program.  

No months are exempted from inclusion in the 60-month time limit. Extensions to the limit are granted for months in which the head was ill or incapacitated, caring for an ill or incapacitated person, a victim of domestic violence, or in drug treatment.  

Months in which the head of household is working 30 hrs. a week but still eligible by income, ill or incapacitated, caring for an ill or incapacitated person, a victim of domestic violence, or under sanction are exempted from the lifetime time limit, to a total of 12 months. Extensions to the limit are granted for months in which the head of household is working 30 hrs. a week but still eligible by income, cooperating with requirements but unable to find employment, ill or incapacitated, caring for a child under 12 months old, one month or more pregnant, a victim of domestic violence, or likely to suffer extreme hardship were benefits terminated. In general, extensions are limited to two 6-month extensions for a total of 12 cumulative months. | All non-exempt recipients are subject to the federal 60-month lifetime limit, after which point the entire unit’s benefits are terminated unless exemptions/extensions apply.  

Months in which the head of household is working 30 hrs. a week but still eligible by income, ill or incapacitated, caring for an ill or incapacitated person, a victim of domestic violence, or under sanction are exempted from the lifetime time limit, to a total of 12 months. Extensions to the limit are granted for months in which the head of household is working 30 hrs. a week but still eligible by income, cooperating with requirements but unable to find employment, ill or incapacitated, caring for a child under 12 months old, or a victim of domestic violence. |
<table>
<thead>
<tr>
<th>Category of Rules</th>
<th>New Jersey</th>
<th>New York</th>
<th>Pennsylvania</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transitional Benefits</td>
<td>Provides transitional child care for 24 months to units that received assistance in 3 of last 6 months prior to ineligibility.</td>
<td>Provides transitional child care for 12 months to units that received assistance for any duration.</td>
<td>Although the state has provided no transitional child care targeted to TANF leavers since 1998, TANF leavers have largely been and continue to be eligible to receive child care support through the state’s Child Care Works program (Weishaupt and Mentzer 2006).</td>
</tr>
<tr>
<td></td>
<td>Provides transitional Medicaid coverage for 24 months to units that received assistance in 3 of last 6 months prior to ineligibility.</td>
<td>Provides transitional Medicaid coverage for 12 months to units that received assistance in 3 of last 6 months prior to ineligibility.</td>
<td>Provides transitional Medicaid coverage for 12 months to units that received assistance for any duration.</td>
</tr>
<tr>
<td></td>
<td>Additional transitional benefits that former recipients may receive include treatment through the Substance Abuse Initiative for six months, up to six months of transitional transportation benefits through Extended WorkPass Program, and educational or occupational training through Career Advancement Voucher Program.</td>
<td>Additional transitional benefits that former recipients may receive include uniform allowances, disability or payroll insurance, tools, license fees, or other items needed to enable the recipient to maintain employment.</td>
<td></td>
</tr>
</tbody>
</table>

Sources: Welfare Rules Database (http://anfdata.urban.org/WRD); state social service agency websites.

aData in the table are all current as of 2003. When possible, we have updated policies to 2006 based on state TANF plans, published regulations and agency websites.

bUnder AFDC, two-parent units faced three additional eligibility requirements that single-parent units did not: (1) the principal earner could not be employed for more than 100 hours per month, (2) he or she had to furnish proof of having worked in 6 out of 13 previous quarters, and (3) the unit had to wait 30 days from the time of last employment.