



# MAINE EQUAL JUSTICE

*Finding solutions to poverty and improving the lives of people with low income in Maine.*

## TANF TIME LIMITS: ARE THEY NEEDED? HOW DO THEY IMPACT FAMILIES?

### **Does federal law require states to have a 5 year TANF time limit?**

No. The 1996 federal welfare law (Personal Responsibility and Work Opportunity Reconciliation Act – PRWORA) restricts the use of federal funds to serve a family that includes an adult who has received TANF assistance for more than 60 months over his or her lifetime. However, the law makes important exceptions to this provision and does not prevent states from serving families for more than 60 months with their own funds.

- States may use their federal block grant funds to provide aid beyond the 60-month lifetime limit due to hardship reasons for up to 20% of their caseloads. Maine has never reached this 20% limit.
- Federal law clearly permits states to serve TANF families with their own “maintenance of effort” (MOE) dollars after 60 months and many states do so, including Maine. “MOE” dollars are the funds that states must contribute to their TANF program as a condition of receiving federal TANF funds.

### **How well do time limits serve the goal of welfare reform—are they necessary to ensure that families leave TANF for work?**

- Work is the principal goal of welfare reform. States use many strategies to achieve this goal. The most recent data available shows that Maine has the highest percentage of TANF cases closed due to employment of all New England states, despite the fact that it does not have a “termination time limit”<sup>1</sup>:

State	Percent of TANF cases closed due to employment
Connecticut	16.2%
Maine	34.8%
Massachusetts	25%
New Hampshire	27.8%
Rhode Island	22.3%
Vermont	22.7%

- In the first decade following enactment of PROWRA Maine’s caseload declined by 45%. Although New England states adopted different time limit policies, the NE average for this same period was 44.8%. The difference in caseload decline between the NE states with strict termination time limits and those without (including Maine), was a mere 0.8%.<sup>2</sup>

March 7, 2011

## Is there evidence that Maine families are staying on TANF too long?

- The median length of time that Maine families receive TANF is 18 months.<sup>3</sup>
- Nearly 90% of families receiving assistance for 60 months or more include a family member with a disability.<sup>4</sup>

## Does Maine's policy differ dramatically from that of other states?

After reaching 60 months a Maine TANF family must continue to comply with all program rules, including strict work requirements to continue receiving assistance unless they have "good cause" such as a disability.

Researchers caution that comparison of state time limit policies must not be oversimplified. Each element of a state's policy, including exemptions and extensions, must be considered when comparing the impact of time limits in different states.

Nearly all states that deny families assistance, after a certain time limit, provide exemptions or exclusions, similar to Maine's "good cause" provision. The most common reasons for extensions or exemptions from time limits include: (1) disabled or caring for a disabled family member; (2) victim of domestic violence; (3) other significant barriers; (4) a minor parent; (5) cooperating but unable to find employment; (6) elderly (often grandparents); (7) employed; and (8) completing an education or training program.

## What are the characteristics of families that reach a time limit?

- Families with lower educational levels generally are on TANF longer and have a higher frequency of return to TANF.<sup>5</sup>
- Families reaching time limits are:
  - ✓ far more likely than other TANF recipients to experience employment barriers such as physical and mental health problems; and
  - ✓ have lower levels of education that significantly reduce their chances of finding employment.

### In *Maine*:

- ✓ Nearly 90% of families receiving assistance for 60 months or more include a member with a disability.<sup>6</sup>

### In *Other States*:

- ✓ *Minnesota*. Half of the adults that reached a 60-month time limit had a severe mental health diagnosis, compared to only one-quarter of adults who were on the program for less than 60 months. Sixty-seven percent of recipients who reached 60 months received an extension and were not terminated.<sup>7</sup>

In addition to mental health diagnoses, families nearing the time limit faced major hardships such as homelessness (29%); serious physical health problems or disabilities (27%); and family violence (20%).<sup>8</sup>

- ✓ **Michigan:** A study conducted of TANF families in this state found that caring for a child with a health, emotional or learning problem increased the likelihood of accumulating more than 60 months on assistance by 180%; having a personal health problem increased the likelihood by 75%.<sup>9</sup> TANF recipients in Michigan who had accumulated more than 60 months on assistance were more likely to lack a high school diploma, have limited work experience and read at or below a 5<sup>th</sup> grade level.

## What happens to families who reach a time limit?

### Experience from other states:

- Minnesota: Families who lost benefits when they reached the 60-month time limit were found to have:
  - ✓ extremely low levels of self-sufficiency with interviewers rating 47% of the families as living unstable, chaotic lives and another 24% as not very stable. Families whose lives were rated as unstable had no way to meet their basic needs – they had very little or no income and may have been homeless or their housing was unstable because they had no way to pay their rent or utilities.
  - ✓ Families whose cases were closed had high incidences of childhood poverty, physical disability, depression, and incarceration.<sup>10</sup>
- **Ramsey County, MN:** After extensive assessments, 65 percent of recipients that reached the time limit in Ramsey County were granted an extension. Here's why:
  - ✓ Psychological assessments revealed that one-third of the recipients nearing the time limit demonstrated low cognitive functioning, which when combined with limited education, limited English proficiency and physical health problems severely restricted their employment options; and
  - ✓ Untreated or inadequately treated mental health problems were common and contributed to the recipients' inability to participate regularly in welfare employment programs, to find and sustain regular employment and to provide a stimulating environment for their children.<sup>11</sup>
- **Utah:** A study conducted by the State of Utah reports that families whose cases were closed for time limits and other reasons were most likely to report adverse consequences from the loss of cash assistance, such as:
  - ✓ housing problems (51%),
  - ✓ trouble paying rent (53%),
  - ✓ phone disconnection (23%),
  - ✓ loss of electricity or heat (6%),
  - ✓ inability to seek medical and dental care for themselves, inability to seek dental care for their children, inadequate clothing, lack of food (21%), and
  - ✓ a child leaving home (17%).<sup>12</sup>

## How are children affected by the loss of income that occurs with a termination time limit?

- There is a substantial body of research that shows that financial losses are associated with negative outcomes for children and adolescents, including higher levels of anxiety and disruptive behavior in school.
- Research that examines changes in “income-to-needs” ratios finds that:
  - ✓ changes in this ratio are of great importance to poor children; and
  - ✓ decreases in income-to-needs ratios are associated with worse outcomes for children on several dimensions:
    - school readiness,
    - receptive language,
    - expressive language,
    - positive social behavior and
    - behavior problems.<sup>13</sup>

- 
- 1) <http://www.acf.hhs.gov/programs/ofa/character/FY2006/tab46.htm>
  - 2) <http://www.acf.hhs.gov/programs/ofa/data-reports/annualreport8/chapter01/01taba.htm>; <http://www.mdrc.org/publications/481/full.pdf>
  - 3) [http://www.mejp.org/PDF/tanf\\_report.pdf](http://www.mejp.org/PDF/tanf_report.pdf)
  - 4) Ibid.
  - 5) Ibid.
  - 6) Ibid.
  - 7) DeMaster, Dana (2007). *At the Limit: December 2005 Minnesota Family Investment Program (MFIP): Cases that Reached the 60-month Time Limit*. Minnesota DHS.
  - 8) Scarpace, Ramona, Karen Jung, Leslie Crichton, and Vania Meyer (2002). *Minnesota Family Investment Program Longitudinal Study: Approaching the 60-month Time Limit*. Minnesota DHS
  - 9) Seefeldt, Kristen and Sean Orzol (2005). *Watching the Clock Tick: Factors Associated with TANF Accumulation*. National Poverty Center Working Paper Series.
  - 10) Scarpace, Ramona, Karen Jung, and Leslie Crichton (2003). *The Welfare Time Limit in Minnesota: A survey of families who lost MFIP eligibility as a result of the five-year time limit*. Minnesota DHS.
  - 11) Pavetti, LaDonna and Jacqueline Kauff (2006). *When Five Years Is Not Enough: Identifying and Addressing the Needs of Families Nearing the TANF Time Limit in Ramsey County, Minnesota*.
  - 12) Taylor, Mary, Amanda Barusch, and Mary Vogel (2000). *Multiple Impacts of Welfare Reform in Utah: Experiences of Former Long-term Welfare Recipients*. Utah DWS
  - 13) Dearing, Eric, Kathleen McCartney, and Beck Taylor (2001). *Change in the Family Income-to-Needs Matters More for Children with Less*.