Welfare Policies in Tennessee and Eight Neighboring States

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July 2001

Executive Summary

The sweeping welfare reforms of the mid 1990s involved a substantial power shift from the Federal government to the states. While this represented increased state responsibility for program management and performance, it also allowed states to design their own welfare policies and experiment with a number of rule and benefit structures. The result has been a diverse array of state-specific welfare programs.

As more organizations attempt to assess the performance of the new welfare regime, the many differences in state policies must be clearly established. Differences in program performance or various outcome measures must be understood within the context of these important rule differences, and not attributed merely to demographic or economic differences across states.

This document is intended to inform the welfare evaluation debate in Tennessee by providing a detailed picture of *Families First* policy as it relates to policies in eight neighboring states: Alabama, Arkansas, Georgia, Kentucky, Mississippi, Missouri, North Carolina, and Virginia. We consider a number of areas in which state policies are dramatically different, and conclude by examining Federal comparisons of state program performance measures.

To summarize, Tennessee's policies are in some cases more strict and in others more lenient than those in our comparison group; neither extreme universally describes Tennessee policy. Nonetheless, *Families First* continues to earn high marks in terms of job entry and retention. It is unclear as to what extent this is a result of differences in program rules, caseload demographics, or economic performance.

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Introduction

The sweeping welfare reforms of 1996 involved the replacement of Aid to Families with Dependent Children (AFDC) entitlements with Temporary Aid to Needy Families (TANF) block grants. TANF provides states with federal funding to support time limited cash assistance programs and requires recipients to participate in work or educational activities until self-sufficiency is achieved. It was hoped that time limits and work requirements would force those who could participate in the labor market to find employment, thus decreasing the welfare rolls and reserving government funds for only those who truly lack the marketable skills necessary for labor market participation.

TANF has resulted in the creation of a diverse network of state-specific welfare programs. Cross-state differences in welfare outcomes can therefore be attributed to policy differences, not just differences in state demographics or economic structure. This report is intended to inform policy and research regarding Tennessee's version of low-income cash assistance, *Families First*. It contains a detailed summary of the welfare policy differences between Tennessee and eight surrounding states: Alabama, Arkansas, Georgia, Kentucky, Mississippi, Missouri, North Carolina, and Virginia. The information is organized in such a way that it chronologically follows the various policy issues that would be encountered by a household as it moves through the process of applying for and receiving TANF benefits.

Due to the complex and time-consuming task of obtaining detailed and accurate policy rules from these nine states, we rely almost exclusively on the Urban Institute's *Welfare Rules Databook* for the information in this report. This volume, published in November 2000, provides a compendium of policy details for all 50 states and is accurate as of July 1999. Our intention is to update this summary as newer versions of the *Databook* are released.

Following a summary of diversion assistance policy, we outline the requirements that must be met by a household in order to be eligible for benefits. Once a household receives TANF benefits, continued receipt of benefits is dependent on meeting various program requirements that are outlined next. We then describe the various time limit policies for Tennessee and its neighbors that determine when benefits are terminated. We conclude by summarizing an evaluation of state welfare programs conducted by the U.S. Department of Health and Human Services to compare Tennessee's performance to that of other states.

Diversion Assistance Payments

A number of states provide payments to households that are eligible for TANF but have only short-term needs. A household that accepts such a payment, called a diversion payment, usually agrees not to reapply for cash assistance for a specified amount of time. Thus diversion assistance payment programs are designed to reduce welfare rolls. The payments are often defined as a multiple of the maximum monthly payment that the household would have received if they were fully enrolled in TANF. Some states make cash payments, while others make payments through a vendor to ensure proper use of funds.

Within our comparison group, Arkansas, Kentucky, North Carolina, and Virginia offer diversion assistance payments. As shown in Table 1, each of these states places an upper limit on the amount, duration, and frequency of diversion payments. The "payment" in Arkansas is actually a one-time loan that must be repaid. Note that Tennessee does not use diversion payments and consequently cannot remove the least-needy families from the *Families First* rolls. This is an important fact to consider when comparing policies and outcomes across states.

Table 1: Diversion Assistance Payments

State	Maximum Diversion Assistance Payment	Form of Payment	Payment Period	Period of TANF Ineligibility Following Payment
Arkansas	3 Months of Benefits	Cash Loan *	Once Per Lifetime	100 Days
Kentucky	$1500	Cash or Vendor	Once Every 12 Months	12 months
North Carolina	3 Months of Benefits	Cash	Once Every 12 Months	No Limit
Virginia	4 Months of Benefits	Cash or Vendor	Once Every 60 Months	Diversion Payment Divided by the Daily Benefit the Household Would Receive

Eligibility

In the event that a household is ineligible for (or refuses) a diversion payment, state welfare programs determine eligibility on the basis of the household's assets, income, family composition, and so forth. These requirements ensure that those households receiving welfare benefits are truly in need and are working toward achieving self-sufficiency. The following sections summarize the eligibility requirements for Tennessee and neighboring states.

Many states require those who apply for TANF benefits to participate in *job search activities* while their applications are being processed. Failure to participate in job search activities may result in the household benefit ineligibility. In our comparison group, five states (Alabama, Arkansas, Georgia, Missouri, and North Carolina) have a job search requirement.

All state welfare programs require the presence of a child before benefits may be received. Other common eligibility rules concern pregnancy, two-parent households, minor parents, stepparents, and non-citizens. Tennessee is the only state that allows expectant mothers to be eligible for cash assistance. These benefits may begin during the sixth month of the pregnancy.

Two-parent households applying for TANF benefits usually face special eligibility rules, including requirements regarding previous work experience, current work hours, and a benefit waiting period. In terms of work history, many states require recipients to have accumulated a set amount of experience before benefits may be received. This type of policy is intended to keep two-parent households where neither parent has worked for a number of years from receiving benefits. An hours test places upper limits on the hours that a principal wage earner can work while receiving benefits. This can be overridden if it is determined that the earner's wage is unusually low. A third related policy issue concerns waiting periods before benefits can be granted, again presumably for the purposes of "weeding out" short-term or less-needy families.

Table 2 describes these policies within our comparison group. Alabama, Arkansas, North Carolina, and Virginia—three of which also use diversion payments—do not use any of these tests or restrictions. Tennessee's policies are roughly in line with the remaining neighbor states.

Table 2: Special Eligibility Rules for Two-Parent Households

State	Limit on Hours	Work History	Waiting Period
Alabama	No Limit	No	0
Arkansas	No Limit	No	0
Georgia	No Limit	Must have worked or received retirement or disability benefits in the past six months	0
Kentucky	100	Must have earned $1000 or more in the past two years	30 Days
Mississippi	100	6 out of 13 quarters	30 Days
Missouri	100	6 out of 13 quarters	30 Days
North Carolina	No Limit	No	0
Tennessee	**100**	**6 out of 13 quarters**	**30 Days**
Virginia	No Limit	No	0

States have the discretion to decide whether or not *minor parents* are permitted to head their own assistance units. All states except North Carolina allow minor parents to head their own assistance units, but require residence with a guardian.

Each state decides whether or not to include *stepparents* in the assistance unit. Depending upon the financial resources of the stepparent, the decision to include or exclude the stepparent can have a significant impact on how an assistance unit's resources and income are measured for the purposes of eligibility and benefit calculation. The inclusion of stepparents may be prohibited, mandatory or voluntary. Table 3 describes the status of stepparents within the welfare programs of our comparison group. In Tennessee, Alabama and Missouri inclusion of stepparents is voluntary. Inclusion is mandatory in Arkansas and prohibited in the remaining states where data are available.

Table 3: Eligibility of Stepparents

State	Inclusion in Assistance Unit
Alabama	Optional
Arkansas	Mandatory
Georgia	Prohibited
Kentucky	Prohibited
Mississippi	(Information not available)
Missouri	Optional
North Carolina	Prohibited
Tennessee	**Optional**
Virginia	Prohibited

The eligibility of *non-citizens* is another policy area where the states have been given freedom to design their own policies. Although federal money generally cannot be used to provide benefits to non-citizens during their first five years in the country, states may use their own funds to provide benefits. After a non-citizen has been in the country for five years federal funds may be used for benefits, however states retain the right to deny benefits to non-citizens. Table 4 describes the non-citizen policies of Tennessee and neighboring states.

Table 4: Benefits for Non-Citizens

State	Given State Funded Benefits *During* First Five Years of Residence?	Given TANF Benefits *After* First Five Years of Residence?
Alabama	No	Yes, All Permanent Residents and Some Non-Permanent Residents
Arkansas	No	Yes, All Permanent Residents Who Have Worked 40 Quarters
Georgia	Yes, All Qualified Non-Citizens	Yes, All Permanent Residents and Some Non-Permanent Residents
Kentucky	Yes, Some Cuban, Haitian, and Amerasian Immigrants	Yes, All Permanent and Non-Permanent Residents
Mississippi	No	No
Missouri	Yes, All Lawful Permanent Residents	Yes, All Permanent Residents and Most Non-Permanent Residents
North Carolina	Yes, Some Cuban, Haitian, and Amerasian Immigrants	Yes, All Permanent Residents and Most Non-Permanent Residents
Tennessee	**Yes, All Qualified Non-Citizens**	**Yes, All Permanent Residents and Most Non-Permanent Residents**
Virginia	Yes, All Qualified Non-Citizens	Yes, All Permanent Residents and Most Non-Permanent Residents

States examine a household's *financial background* in order to determine eligibility. There are limits on the total value of assets a household may own during application for or receipt of benefits. As shown in Table 5, these rules normally exempt certain assets such as vehicles and restricted savings accounts, which can be used to save money for education, buying a home, or starting a small business.

If a household applies for benefits and passes the initial asset test, it must then pass an income eligibility test. As with the asset test, states are free to decide what types of earned and unearned income must be counted as well as who's income will be counted. The forms of income that are normally considered are child support, grandparent, and stepparent income.

In the case of *child support*, some states permit households to keep this income while other states keep the funds to help cover the costs of TANF benefits. If some or all of the child support payment is given to the household, then it is either considered a pass-through payment or unearned income. The difference being a pass-through payment is not counted as income. Even if child support is considered as unearned income, states have the option of disregarding a portion so that it does not count against the household for eligibility purposes.

Table 5: Resource Limits for Applicants

State	Asset Limit	Vehicle Exemption	Restricted Asset Account Amounts
Alabama	$2,000 if household does not include a member over age 60 $3,000 if household does include a member over age 60	One vehicle per driver	NA
Arkansas	$3,000	One vehicle	NA
Georgia	$1,000	$4,650 if used for work ($1,500 otherwise)	$5,000
Kentucky	$2,000	One vehicle	$5,000
Mississippi	$2,000	$4,650	NA
Missouri	$1,000	One vehicle	No Limit
North Carolina	$3,000	One vehicle per adult	NA
Tennessee	**$2,000**	**$4,600**	**$5,000**
Virginia	$1,000	$7,500 if subject to time limits $1,500 if exempt from time limits	$5,000

Grandparent income is usually an issue when a minor parent is possibly eligible to head her own assistance unit. In such a situation it is up to the state to decide whether the grandparents' income will be deemed available to the minor's assistance unit for the purposes of eligibility determination. In states where a stepparent is always excluded or has the option of being excluded, states must decide whether the stepparent's income will be deemed available to the assistance unit for the purpose of determining eligibility. In both the grandparent and stepparent cases a portion of the income deemed available to the household may be disregarded. Table 6 presents additional detail regarding these types of income.

Table 6: Treatment of Child Support, Grandparent, and Stepparent Income

State	Child Support Income		Grandparent Income		Stepparent Income	
	Treated as Pass-Through	**Treated as Unearned**	**Deemed as Available**	**Amount of initial disregard**	**Deemed as Available**	**Amount of initial disregard**
Alabama	Yes, $50	No	Yes	20%	Yes	20%
Arkansas	No	No	No	0	No, the stepparent must be included	
Georgia	No	No	Yes	$90	Yes	$90
Kentucky	Yes, $50	No	Yes	$90	Yes	$90
Mississippi	No	Yes, Amount in excess of benefit	Yes	$90	Yes	$90
Missouri	Yes, $50	No	Yes	0	Yes	$90
North Carolina	No	No	No The grand-parent must be included	0	Yes	$90
Tennessee	**Yes***	**No**	**Yes**	**$150**	**Yes**	**$150**
Virginia	Yes, $50	No	Yes	$90	Yes	$90

*Tennessee's pass-through amount is equal to the smaller of the amount collected or the amount of unmet need. All of these states except Arkansas and North Carolina allow the grandparent or stepparent to take a second disregard in order to cover the expenses of his or her dependents. This disregard is usually 100 percent of the Standard of Need for the family size.

Once a household's income is counted, a formal income test is used to determine eligibility. These tests define upper limits on income, and usually consist of comparing a household's gross or net income with some percentage of an officially accepted standard of need amount associated with that household's size. Gross income consists of all of the household's earned and unearned income. Net income is the household's gross income minus any state earned income disregards.

Table 7 describes the earned income disregard policies used by Tennessee and neighboring states to determine net income. Some states, including Tennessee, have no explicit net income test; therefore they have no need to disregard a portion of earned income.

Table 7: Earned Income Disregards for Income Eligibility Purposes

State	Earned Income Disregard
Alabama	20%
Arkansas	20%
Georgia	$90
Kentucky	No Net Income Test
Mississippi	$90
Missouri	$90
North Carolina	No Net Income Test
Tennessee	**No Net Income Test**
Virginia	No Net Income Test

If a household is determined to be eligible for benefits, an ongoing income test is applied as the household receives benefits in order to ensure that the household is still financially in need. Table 8 describes the eligibility tests for both applicants and recipients.

Table 8: Eligibility Tests for Applicants and Recipients

State	Eligibility Test for Applicants	Eligibility Test for Recipients
Alabama	Net Income < 100% of Payment Standard	No Test
Arkansas	Net Income < 100% of Income Eligibility Standard	Net Income < 100% of Income Eligibility Standard
Georgia	Gross Income < 185% of Standard of Need Net Income < 100% of Standard of Need	Gross Income < 185% of Standard of Need
Kentucky	Gross Income < 185% of Standard of Need	Gross Income < 185% of Standard of Need
Mississippi	Gross Income < 185% of Need Standard Net Income < 100% of Need Standard	Gross Income < 185% of Need Standard
Missouri	Gross Income < 185% of Need Standard Net Income < 100% of Need Standard	Gross Income < 185% of Need Standard
North Carolina	Gross Income < 185% of Need Standard	Gross Income < 185% of Need Standard
Tennessee	**Gross Income < 185% of Consolidated Need Standard**	**Gross Income < 185% of Consolidated Need Standard**
Virginia	Gross Income < 100% of Federal Poverty Level Unearned Income < 100% of Standard of Assistance	Gross Income < 100% of Federal Poverty Level Unearned Income < 100% of Standard of Assistance

Benefit Computation

Once a household passes the eligibility tests, a benefit amount is calculated. Most states allow households to disregard a portion of their earned income before the benefit amount is calculated. The earned income disregard policies for the states in our comparison group are listed in Table 9. In most instances, the benefit computation is a simple matter of subtracting a household's net income from some state-determined standard of need. The result of this calculation is the income deficit. The benefit amount is equal to this deficit. Tennessee's flat-rate disregard of $150 may be less generous than policies in neighboring states, but it becomes more generous over time as these other states tend to reach flat rates of $90.

Table 9: Earned Income Disregards for Benefit Computation

State	Earned Income Disregards for Benefit Computation
Alabama	100% first 3 consecutive months, 20% thereafter
Arkansas	No disregards allowed
Georgia	$120 and 33.3% of remainder for first 4 months, $120 next 8 months, $90 thereafter
Kentucky	100% for first 2 months, $120 and 33.3% next 4 months, $120 next 8 months, $90 thereafter
Mississippi	100% first 6 months, $90 thereafter
Missouri	$120 and 33.3% of remainder for first 4 months, $120 next 8 months, $90 thereafter
North Carolina	$120 and 33.3% of remainder for first 4 months, $120 next 8 months, $90 thereafter
Tennessee	**$150**
Virginia	$120 and 33.3% of remainder for first 4 months, $120 next 8 months, $90 thereafter

Some states have a predetermined maximum benefit. In such cases, states usually pay a benefit that is equal to the income deficit or to the maximum benefit, whichever is smaller. Table 10 describes these benefit computations for our comparison group and Table 11 presents the maximum monthly benefit for a single parent with two children and no income. Tennessee's benefit calculation policy is in line with the other states, but the maximum monthly benefit is the third lowest in the group. Only Alabama and Mississippi have lower maximum benefits.

Table 10: How Benefits Are Calculated

State	Benefit Equals
Alabama	Payment Standard Minus Net Income
Arkansas	Payment Standard Minus Net Income
Georgia	The Smaller of the Standard of Need Minus Net Income or the family Maximum
Kentucky	The Smaller of the Standard of Need Minus Net Income Times 55% or the Maximum Benefit
Mississippi	The Smaller of the Need Standard Minus Net Income Times 60% or the Maximum Benefit
Missouri	Payment Standard Minus Net Income
North Carolina	Need Standard Minus Net Income Times 50%
Tennessee	**The Smaller of the Consolidated Need Standard Minus Net Income or the Maximum Benefit**
Virginia	The Smaller of the Federal Poverty Level Minus Net Income, the Payment Standard Minus Gross Unearned Income or the Maximum Benefit

Table 11: Maximum Monthly Benefit for a Family of Three with No Income

State	1996	1997	1998	1999
Alabama	$164	$164	$164	$164
Arkansas	$204	$204	$204	$204
Georgia	$280	$280	$280	$280
Kentucky	$262	$262	$262	$262
Mississippi	$120	$120	$120	$170
Missouri	$292	$292	$292	$292
North Carolina	$272	$272	$272	$272
Tennessee	**$185**	**$185**	**$185**	**$185**
Virginia	$291	$291	$291	$291

Behavioral Requirements

After a household has met all eligibility requirements and a benefit amount has been calculated, the household must fulfill a number of behavioral requirements in order to continue receiving benefits. Most states require the members of a household to sign a contract outlining the household's responsibilities and the benefits that will be received if these responsibilities are met. The various behavioral requirements cover areas such as school attendance, family size and health, and requirements to participate in employment or employment-related training.

Failure to comply with these requirements result in sanctions, typically in the form of a reduced benefit payment. Table 12 summarizes whether or not Tennessee and its neighbors have these common requirements. As shown in the Table, most states have school requirements and immunization requirements, while most do not have school bonuses or health screening requirements. Tennessee is one of the few states covered in this summary that has a health-screening requirement.

Table 12: Family Requirements

State	School Requirements	School Bonuses	Immunization Requirements	Health Screening Requirements
Alabama	No	No	No	No
Arkansas	Yes	No	Yes	No
Georgia	Yes	No	Yes	No
Kentucky	Yes	Yes	Yes	No
Mississippi	Yes	No	Yes	No
Missouri	No	No	No	No
North Carolina	Yes	No	Yes	Yes
Tennessee	**Yes**	**Yes**	**Yes**	**Yes**
Virginia	Yes	No	Yes	No

Family caps are another common requirement. The purpose of family caps is to discourage households from having children while receiving benefits. States with family caps limit the benefit increases that the household would otherwise receive after adding a new member to the unit. Consequently, households that have a new child while under a family cap either receive no additional funding or will receive only a fraction of the funding that would normally be received.

Table 13 summarizes the family cap policies of Tennessee and neighboring states. For states with a family cap (as shown in the first column), the second column gives the number of months following the case opening after which a new born child is excluded from the assistance unit. The table also indicates whether there is any increase in benefits given to a household under a family cap that has a newborn. The fourth column indicates how many months must pass after the case is closed before the child born under a family cap may be included in any future application for benefits. Tennessee is unique in this last category in that it is the only state that discontinues special treatment of a capped child only one month after the case is closed.

Table 13: Family Cap Provisions

State	Special Treatment of Additional Children	Special Treatment if Child Born More Than X Months after Case Opens	Increase in Cash Benefit for an Additional Child	Special Treatment Discontinued if Case Closed X Months
Alabama	No			
Arkansas	Yes	Any Month after Case Opens	None	6
Georgia	Yes	10	None	N/A
Kentucky	No			
Mississippi	Yes	10	None	Always Capped
Missouri	No			
North Carolina	Yes	9	None	Always Capped
Tennessee	**Yes**	**10**	**None**	**1**
Virginia	Yes	10	None	Always Capped

Work Requirements

Work requirements are one of the central features of new state welfare programs. These requirements mandate employment, job search activities, or training for receipt of benefits. According to Federal law, all recipients of TANF benefits must find employment within 24 months of receiving benefits. States have the freedom to make this time period shorter, thus making the requirement more stringent. This explains the great variety of policies regarding work requirements. Even though recipients are not necessarily expected to find employment immediately, they are expected to participate in activities including job-readiness training, job search, education, or vocational training. States also require that recipients participate in these work activities for a certain number of hours per week. Table 14 summarizes these work requirement policies for our comparison group. Tennessee requires immediate and full (i.e., at least 40 hours per week) work effort, but allows a much larger share of those hours to be allocated toward education and/or training. Of the eight neighboring states, only Georgia and Mississippi allow some of the required work hours to be used in education or training.

Table 14: Work Requirements

State	When Required?	Allowable Activities	Minimum Hours	Hours Allowed for Education and Training
Alabama	Immediately	All	Case-by-case	
Arkansas	Immediately	All	25	
Georgia	Within 24 months	All	25	15
Kentucky	N/A	All	20	
Mississippi	Within 24 months	All	25	5
Missouri	Within 24 months	All	25	
North Carolina	Within 12 weeks	All	35	
Tennessee	**Immediately**	**All**	**40**	**20**
Virginia	Immediately	Employment	N/A	

Note: In the allowable activities category "All" refers to working, searching for work, or training for work.

Recipients of benefits may be *exempted* from the work requirements for a variety of reasons. The most common reasons are illness, old age, pregnancy, and caring for a young child. States are free to choose whether or not to exempt individuals for any of these reasons. Table 15 describes the exemption policies of Tennessee and neighboring states. Tennessee's work requirement exemption policies are generally in line with those in our comparison group, but are perhaps more stringent regarding pregnancy and infant care.

Table 15: Work Requirement Exemption Policies

State	Ill or Incapacitated	Caring for an ill or incapacitated person	Age (or older in years)	Pregnancy in or after month X	Caring for child Under age X (in months)
Alabama	Yes	Yes	None	4	36
Arkansas	Yes	Yes	60	7	3
Georgia	No	No	None	None	12
Kentucky	No	Yes	60	None	12
Mississippi	Yes	Yes	60	7	12
Missouri	Yes	Yes	60	7	12
North Carolina	No	No	None	None	12
Tennessee	**Yes**	**Yes**	**60**	**None**	**4**
Virginia	Yes	Yes	60	4	18

Individuals who are not exempt from work requirements but fail to meet them are typically *sanctioned*. The sanctions usually consist of a reduction or elimination of benefits for a period of time or until the requirements are fulfilled, whichever is longer, and usually increase in severity according to how many times the violation has occurred in the past. For example, a first offense may only bring a partial reduction in benefits, while a second or third offense would most likely result in an elimination of benefits. As shown in Table 16, Tennessee's sanctions are more severe than in neighbor states but provisions for removing them are more lenient.

Table 16: Sanctions for Failure to Comply with Work Requirements

State	Initial Sanction		Most Severe Sanction	
	Benefit Reduction	Minimum Length	Benefit Reduction	Minimum Length
Alabama	25%	3 months	Full	6 months
Arkansas	25%	Until Compliance	25%	Until Compliance
Georgia	25%	Until Compliance, up to 3 months	Full	Permanent
Kentucky	Pro-Rated	Until Compliance	Full	Until Compliance
Mississippi	Full	2 months	Full	Permanent
Missouri	25%	Until Compliance	25%	3 months
North Carolina	$50	3 months	$75	12 months
Tennessee	**Full**	**Until in Compliance for two weeks**	**Full**	**3 months**
Virginia	Full	1 month	Full	6 months

Time Limits

All states limit the number of months that an assistance unit may receive benefits. Some states have both intermittent and lifetime limits, while other states only have lifetime limits. Intermittent limits restrict the number of months that an assistance unit may receive benefits in any given spell. For example, a state may have an intermittent time limit of 24 months, which would mean that an assistance unit could only receive benefits for 24 consecutive months before having their case closed for some predetermined amount of time. If this household is still eligible for benefits after this time period has passed, then it will once again be able to receive benefits for another 24 months. This cycle could continue until the lifetime limit is reached.

A lifetime limit exists in all states on the total number of months that an individual may receive benefits. After this limit is reached, the individual becomes ineligible for benefits even if they would otherwise be eligible. Table 17 summarizes the time limit policies of Tennessee and neighboring states. Tennessee has the shortest intermediate time limit (18 months), but like most other states in our comparison group, follows the Federal guideline of a 60-month lifetime limit.

Table 17: Time Limits

State	Intermediate Time Limit	Lifetime Limit
Alabama	None	60 months
Arkansas	None	24 months
Georgia	None	48 months
Kentucky	None	60 months
Mississippi	None	60 months
Missouri	36 months	60 months
North Carolina	24 months, followed by 36 months of ineligibility	60 months
Tennessee	**18 months, followed by at least 3 months of ineligibility**	**60 months**
Virginia	24 months, followed by 24 months of ineligibility	60 months

As with the work requirements, individuals may be *exempted* from time limit requirements. Such situations could include old age, illness, caring for a disabled family member, caring for a young child, high local unemployment, or domestic violence. Table 18 summarizes which of these categories if any are sufficient for an individual to be exempted from time limits. Time limits may also be *extended* for certain reasons, which are out of the individual's control such as high local unemployment. Table 19 describes the extension policies in our comparison states. In addition to exemptions and extensions, individuals may be granted interruptions to their monthly time limit counters. Usually interruptions are granted in situations where the benefit granting agency has failed to provide appropriate education, job training, child care or transportation services prescribed in the recipient's Personal Responsibility Plan. In addition to these causes, Tennessee also grants interruptions in instances where the caretaker is temporarily incapacitated, a victim of domestic violence or is the guardian of a newborn less than

16 weeks of age. The duration of an interruption depends on the cause and lasts anywhere between one month and the length of time it takes for the cause to expire. Currently, information regarding the interruption policies of neighboring states is unavailable but will be updated as soon as possible.

Table 18: Time Limit Exemptions

State	Age	Illness	Caring for Disabled Person	Caring for Child (age in months)	High Local Unemploy ment	Domestic Violence
Alabama		X	X			X
Arkansas	X	X	X	X (12)		X
Georgia						X
Kentucky		N/A				X
Mississippi	X	X	X			X
Missouri					X	
North Carolina	X	X	X	X (60)		
Tennessee	**X**	**X**	**X**	**X (4)**		**X**
Virginia	X	X	X	X (18)		

Table 19: Time Limit Extensions

State	Extension Policies:
Alabama	None
Arkansas	If an adult has been exempted or deferred from work activities or if a child is at risk of neglect.
Georgia	None
Kentucky	If a recipient loses a job within 30 days of reaching a time limit (3-month extension).
Mississippi	None
Missouri	None
North Carolina	If the recipient is in compliance with PRP or not in compliance but for good cause, or is unable to find work (no extensions to 60 month lifetime limit).
Tennessee	**If the recipient's county has an exceptionally high unemployment rate, or if no job is available (1 to 6 month extension, can apply to either time limit).**
Virginia	If unable to find or retain work, if training for work, or if recipient's county has an unemployment rate above 10 percent (3 to 12 month extension).

Federal Evaluations

In December 2000 the U.S. Department of Health and Human Services (DHHS) evaluated the performance of every state's welfare program for the purpose of distributing high-performance bonuses. The categories that were evaluated included job placement, job retention and earnings gain. State improvements in these categories were evaluated, and results are shown in Table 20. The job placement column indicates the percentage of recipients who found employment; the retention column indicates the percentage of those recipients who still had their jobs in the following quarter; and the earnings gain column indicates the percentage gain in earnings experienced by recipients. DHHS compiled a ranking of the performance of the state welfare programs in each of these categories. According to this evaluation, Tennessee has the best job retention rate of any of the states covered in this summary. Three of the states in our comparison group, including Tennessee, ranked in the top ten nationwide in job entry. Data on state improvement were also collected and are shown in Table 21.

Table 20: DHHS Performance Evaluation and Rankings, FY 2000

State	Performance Rates			State Rankings		
	Job Entry	Retention	Earnings Gain	Job Entry	Retention	Earnings Gain
Alabama	66%	64%	10%	4	43	45
Arkansas	76%	80%	23%	2	16	38
Georgia	38%	66%	40%	37	42	15
Kentucky	40%	56%	24%	35	48	35
Mississippi	55%	77%	27%	16	27	29
Missouri	63%	77%	38%	11	30	20
North Carolina	53%	77%	35%	20	28	22
Tennessee	**65%**	**80%**	**24%**	**7**	**14**	**36**
Virginia	63%	NA	NA	10	NA	NA

Table 21: DHHS Evaluation, State Improvement and Rankings, FY 2000

State	Improvement			State Rankings		
	Job Entry	Retention	Earnings Gain	Job Entry	Retention	Earnings Gain
Alabama	58%	-18%	-49%	3	47	47
Arkansas	83%	1%	13%	1	14	13
Georgia	1%	-2%	27%	32	41	8
Kentucky	8%	-6%	-3%	20	44	31
Mississippi	49%	0	-10%	5	28	38
Missouri	74%	-1%	13%	5	28	38
North Carolina	38%	-2%	-4%	8	40	32
Tennessee	**4%**	**0**	**-10%**	**26**	**25**	**37**
Virginia	NA	NA	NA	NA	NA	NA

Conclusion

Tennessee's new version of welfare often differs dramatically from those in neighboring states. *Families First* does not offer diversion payments to the least needy applicants and eligibility criteria are generally more liberal than in bordering states. Benefits tend to be somewhat lower, work requirement policies more strict, sanctions more severe, and time limits shorter in Tennessee.

Perhaps it is not surprising that Tennessee ranks highly in terms of job entry and retention. It must be noted, however, that this difference in performance could also be the result of differences in the demographic composition of Tennessee's caseload or of differences in state economic performance. As evidence of the importance of these two issues, Tennessee's ranking on earnings growth lags behind most other states, and improvements in all categories have not been exceptionally strong.

Sources for Tables

Tables 1 through 17:

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