
An Examination of Time Limits in Tennessee

A Report to the Tennessee Department of Human Services

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Executive Summary

A wave of welfare reform legislation swept through the nation in the mid-1990s, leaving in its wake a dramatically different network of state-specific welfare policies. Perhaps the most radical policy change was the implementation of time limits on benefit receipt. Within the next year, the effects of these limitations will begin to become evident as individuals begin to reach lifetime benefit limits of 60 total months. In the interim, much remains to be learned about the incidence and effects of time limits. This report is a first step in such an endeavor as it provides an in-depth analysis of both short- and long-term time limits in the state of Tennessee.

We begin by briefly summarizing the new rules regarding time limits, considering federal guidelines and Tennessee's new version of low-income cash assistance: Families First. We then examine a number of earlier empirical studies of time limits, all of which focus either on national data or on data from other states. Next, we discuss the data used in this analysis: a complete set of administrative records for every previously or currently active Families First case. We then present some of the first detailed findings regarding the imposition of time limits on cash assistance in Tennessee. We

provide an account of the extent to which families in Tennessee are reaching short-term time limits and also present a worst-case scenario for the number of families that could meet lifetime limits in coming months. Finally, we examine a number of characteristics of those who met time limits and those who received some form of exemption from time limits.

Our results indicate that between 120 and 200 cases have reached Tennessee's 18-month short-term time limit each month since early 1998. This number represents only about 5 percent of each month's total closures, as Families First spells typically last fewer than six months. About 38 percent of all case closures involved some form of exemption, while about 17 percent received an interruption and less than 2 percent were granted an extension of their time limit counters. Those families who met time limits were more likely to be Black, to live in an urban area, to have more education, and to have more children. Perhaps surprisingly, they were also more likely to be participating in work activities and had higher earned incomes immediately before closing. Cases that received a time limit exemption had virtually the opposite characteristics.

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Introduction

Of the many provisions designed to reduce welfare utilization and poverty, the most significant was the imposition of time limits on benefit receipt.

The passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) in 1996 made welfare reform a reality after years of debate. The new legislation replaced the existing program, Aid to Families with Dependent Children (AFDC), with a block grant program entitled Temporary Assistance to Needy Families (TANF). Of the many reform provisions designed to reduce welfare utilization and poverty, the most significant was the imposition of time limits on benefit receipt. The 60-month time limit on lifetime benefit receipt represented a dramatic change from the essentially unlimited assistance under AFDC. Specifically, current federal guidelines stipulate that no federal money can be used to provide an individual with welfare benefits for more than 60 months. Beyond this point states are free to use their own funds to continue support and may exempt up to 20 percent of their current caseload from time limits. The 60-month limit serves as an upper limit on benefits; states may set shorter interim or lifetime limits.

Tennessee's new welfare program, Families First, operates under a waiver from the U.S. Department of Health and Human Services. Tennessee is among the many states that have chosen to set interim limits below the maximum of 60 months. Under Families First, individuals are limited to 18 months of benefit receipt at any given time, which must be followed by a three-month period of ineligibility before they may return to the program. It must be noted immediately that these 18 months need not be continuous. The lifetime limit in Tennessee is 60 months. With only a small number of exceptions, the first countable month under Tennessee's time limit policy was September 1996. Consequently, September 2001 will be the earliest date that individuals could possibly be removed from the program as a result of reaching the 60-month time limit.¹

Under certain conditions, individuals may become eligible to receive an exemption, interruption, or extension to either the intermediate or lifetime limits. During the duration of both exemptions and interruptions, monthly benefit counters are turned off; individuals make no progress toward either limit.

¹ In order for an individual to be removed from the program in September of 2001, it will be necessary for the individual to have 60 months of continuous countable months.

Exemptions are usually granted to individuals who face severe barriers to employment such as a permanent disability or old age. Interruptions to time limits tend to be granted in circumstances where an individual has had to wait for more than two weeks for program services or has a temporary incapacitation which prevents work activity. Individuals who are granted extensions are given additional months of eligibility after reaching the time limit. Extensions are granted in situations where an individual faces an economic hardship or has good cause as defined by program policy to remain on the program.²

The imposition of short-term and lifetime limits on benefit receipt was originally intended to end patterns of lifetime welfare use and to encourage recipients to enter the work force and become self-sufficient. The hope is that individuals will realize that their welfare eligibility is limited and thus increase their efforts to find other stable sources of income before their time expires. In order to further assist recipients toward this end, many state programs provide an array of support services including job training, transportation, and child care services.

Despite good intentions, the implementation of time limits has also raised serious concerns about the ability of state welfare programs to adequately serve needy populations. Federal regulations limit the number of time limit exemptions to 20 percent of a state's caseload (a limitation that does not apply under Tennessee's waiver); therefore, in some states, a potentially large number of individuals who are not capable of self-sufficiency will be forced to leave the program. Although states have the authority to continue the provision of benefits using their own funds, many may be reluctant to do so because of budgetary issues. This concern is especially important when considering the children of families that are removed from public support programs as a result of reaching a time limit.

² For more detail on Tennessee's Families First program, see *Welfare Reform in Tennessee: A Summary of Families First Policy*, Center for Business and Economic Research, University of Tennessee. October 2000.

Prior Studies of Time Limits

Prior research shows that individuals who were more likely to reach time limits were those with less education and work experience, more children and long-term experiences with welfare prior to the implementation of time limits.

Although relevant literature has been expanding in recent years, to date very little empirical research on time limits is available. The relative youth of the TANF program makes an empirical study of 60-month time limit policies virtually impossible, while obtaining access to administrative data complicates a study of short-term time limits. Despite these problems, immediate attention has been given to the identification of individuals who are likely to reach the time limits and a projection of the portion of the caseloads that will do so. A future concern is the overall effect of time limit policies on aggregate caseloads over time.

Early examinations of the number and characteristics of individuals at risk of reaching time limits relied heavily upon pre-reform data. Using data from the Panel Study of Income Dynamics (PSID), Duncan, et al. (1997) attempted to predict the effects of time limits based on prior patterns of welfare utilization. The authors found that 13 percent of those ever on and 23 percent of the entire caseload accumulated more than 60 consecutive months on benefits. An additional 10 percent of those ever on and 18 percent of the entire caseload could accumulate 60 months within eight years. Those individuals who were found to be more likely to reach the time limits were those who were under the age of 22 at first receipt, never married, without a high school degree or work experience, and those whose youngest child was under the age of three.

Mach (1999) also found that substantial numbers of families will reach time limits using data from the National Longitudinal Survey of Youth (1979-1994) to investigate the impact of welfare reform provisions on caseload decline. She found that 13.5 percent of welfare participation spells last at least 61 months. An additional 3.6 percent of the total cases were not observed participating for more than 60 months but were “left-censored,” meaning their initial months of participation were not observed in the data. Therefore, anywhere between 13.5 and 17.1 percent of the total cases would have reached a 60-month time limit if one had been imposed during those years. Although the Mach and Duncan et al., studies provide some of the first projections of the percentage of the caseloads likely to reach long-term limits, the data used in both do not account for any potential behavioral changes resulting from welfare reform. Thus these estimates may not accurately reflect the impact of limited benefits.

More recent studies have been able to utilize data recorded after the implementation of welfare reforms and thus may reflect more accurate estimates of the effects of time limits. Several highlights from these recent studies are presented in Table 1. Although these studies provide early evidence of the number of individuals who reach time limits, they may or may not prove to be beneficial to a study specific to Tennessee as time limit policies differ. The general themes that resonate across these studies are the characteristics of individuals reaching time limits and the magnitudes of the share of the caseloads that have met time limits. Individuals who were more likely to reach time limits were those with less education and work experience, more children, and long term experiences with welfare prior to the implementation of time limits. Analysis of short-term time limits revealed that 15 to 20 percent of caseloads were actually cut from welfare benefits while 7 to 19 percent received some type of exemption or extension in some states. Only two of these studies predicted worst case scenarios for long-term time limits. In these studies 13 to 16 percent of state caseloads were found to be on track to accumulate at least 60 months of benefits within six years of the implementation of long-term limits.

TABLE 1: PRIOR STUDIES OF TIME LIMITS

| Authors | State | Time Limit Policy | Time Period of Study | Percentage of Caseload Reaching Time Limit | Characteristics of Individuals Most Likely to Reach Time Limits |
|---|--------------|---|-----------------------------|---|---|
| Bloom et, al. (2000) | Connecticut | 21-month lifetime limit | January 1996 - June 1998 | 25% at 21 months 39% at 30 months | Not Available |
| Bloom et, al. (2000) | Florida | 24 months out of 60 | May 1994 - June 1998 | 24% reached limit in 24-36 months | Received large amounts of welfare in the past, younger children, African American |
| Minnesota Department of Human Services (2000) | Minnesota | 60-month lifetime limit | July 1997 - July 2003 | 16% during the sixth year | Not available |
| Gordon et, al. (1999) | Virginia | 60-month lifetime limit with 24 months of ineligibility after ever 24 months on the program | June 1996 - June 1998 | 15% at 24 months | Larger families, older, long term welfare recipients |
| Burley et, al. (2001) | Washington | 60-month lifetime limit | August 1997 - August 2000 | 13% at six years | Less education, less work experience, more children, longer previous stays, fewer financial resources |

Notes: The Minnesota and Washington studies in the shaded rows above make projections about the number of recipients expected to reach the limit based on whether cases are “on track” to reach the limit within the specified period. The percentage of the caseloads actually cut from the program will differ based on the number of exemptions, interruptions and extensions granted.

The most recent research on time limits has determined that there is a tendency for recipients to “bank” their lifetime benefits (Mach [1999], Grogger [2000] and [2001], and Grogger and Michalopoulos [1999]). In other words, families have become more likely to cycle on and off public assistance such that benefits might still be available in the event of a future emergency. These patterns of welfare use are affected primarily by the age of the youngest child in the household. Families with younger youngest children have a longer potential horizon over which they might need public assistance and are therefore more likely to avoid the immediate and complete exhaustion of their lifetime allotment.

While not addressed in this study, a second branch of time limits research has focused on the effects of time limits on recent caseload decline. Much of the debate in these studies is centered on the argument that the strong economy of the 1990s and not time limit policies has triggered much of the caseload decline. Ziliak, et al (2000), Council of Economic Advisors (1997) and (1999) and Grogger (2001) are among the studies that have found that economic conditions have resulted in a larger percentage of caseload decline compared to time limits and other individual welfare policies. These studies also point out the potential difficulties of separating the effects of time limits from those of other welfare reforms.

Recent concerns about the ability of state welfare programs to provide for the needs of the most disadvantaged welfare recipients certainly emphasize the importance of understanding the impacts of time limits. However, much of the prior literature is unable to provide specific details on the effects of time limits due to a lack of administrative data. Using data from the Tennessee Department of Human Services, this report provides answers to several immediate questions about the effects of time limit policy, while a future report will provide a complete analysis of outcomes.

Our current analysis begins with a study of the number of individuals who reach intermediate time limits. Administrative data allow us to determine the number of individuals who have accumulated at least 18 countable months of welfare benefits in a particular spell, as well as the number of individuals on track to reach the 60-month limit. An in-depth analysis of the number of exemptions, interruptions, and extensions granted to individuals helps to provide estimates of the number of families who will actually be removed from the program as a result of reaching the time limit.

Our analysis will then proceed to the identification of characteristics that are most indicative of individuals who reach time limits versus those who leave the welfare program voluntarily or for other reasons.

If particular types of recipients are more likely than others to exhaust their short-term or lifetime benefits, administrative officials can use this information to predict future caseloads and benefit payments. Further, officials may be able to assess each individual's probability of meeting a time limit much earlier in the welfare spell and then work to help those recipients achieve more positive outcomes.

Data Sources and Concerns

The data for this study are drawn from Tennessee Department of Human Services monthly federal reporting extracts and Families First Data Warehouse data.³ These sources provide a wealth of information for assistance groups that have ever been open either for cash assistance, medical assistance, or food stamps. Length counters for all spells both on and off Families First were calculated for each assistance group (AG) that had ever participated in the program. As with virtually all earlier research, closures that last only one or two months are filled in to eliminate the effects of administrative churning. While this procedure adds months to our *total* counter, it does not affect our *countable* months counter (which is drawn directly from administrative records).

We assume that the month in which a caretaker signs his or her Personal Responsibility Plan (PRP) represents the first month of Families First assistance for AGs open in September 1996. This rule is only relevant for the early participants' first spells of assistance; all subsequent spells were treated as though they began under Families First policy.

Exemptions from time limit counters are not clearly identified for all AGs in our administrative data. Nonetheless, we are able to identify many of the characteristics that often lead to time limit exemptions,

³ These data files are housed on a limited-access data server in the Center for Business and Economic Research at the University of Tennessee. They are not publicly available and can only be accessed with the permission of the Tennessee Department of Human Services.

such as being a child-only case or having a caretaker who is disabled. We combine this additional information with the presence of a stationary time counter to code certain AGs as exempt from time limits, even if no specific reason code is provided in the administrative data.

Similarly, difficulties were encountered regarding time limit extensions. It should only be possible for AGs to accumulate more than 18 countable months if they have received an extension. Thus, even if the administrative data do not explicitly note that an AG's time limit had been extended, we code them as such if their counter at closure was greater than 18.

Finally, we were also confronted with a number of other issues relating to data availability and quality. For example, the availability of education data and information on AG size is sporadic for months prior to July 1997. The ages of both the caretaker and the youngest child in the AG are often difficult to calculate due to incorrect birth dates or missing data. Certain other demographic information was not available immediately after a spell began because the AG may not have been in our particular extract at that time. Nonetheless, when possible, we used other months of administrative data to fill in missing information.

The Typical Number and Length of Families First Spells

A total of 190,813 assistance groups (AGs) have participated in Families First between September 1996 and April 2001.

While the administrative data that we use presents some potentially serious errors and missing data, we are quite fortunate to be able to analyze the entire history of Families First recipients. Table 2 presents a breakdown of participant spells on Families First since its inception. A total of 190,813 assistance groups (AGs) have participated in Families First between September 1996 and April 2001. Of these, 39,014 were still on their first spell as of April 2001, while the remaining 151,799 have closed. Of those that have closed, 48,092 (or 31.7 percent) reentered the program for a second spell, 14,758 of whom were still active as of April 2001.⁴ The remainder of Table 2 can be interpreted similarly.

| Spell | All AGs | Ongoing AGs | Closed AGs |
|--------------|----------------|--------------------|-------------------|
| 1 | 190,813 | 39,014 | 151,799 |
| 2 | 48,092 | 14,758 | 33,334 |
| 3 | 12,033 | 5,090 | 6,943 |
| 4 | 2,294 | 1,160 | 1,134 |
| 5 | 325 | 204 | 121 |
| 6 | 22 | 15 | 7 |
| 7 | 2 | 0 | - |

Summing the final column of Table 2 gives us a total of 193,338 closures from 151,799 unique AGs to analyze. Unfortunately, our administrative data do not clearly identify case closures that result from participants reaching a time limit. We are able to approximate the incidence of time limits, however, by examining each case's time "clock" as of case closure. Two such clocks are available: the count of total months of benefits and the count of officially countable months of benefits (i.e., those that count toward a time limit). These two can be different if the case receives an exemption, extension, or interruption from DHS. If the countable months clock is at 18 months or higher at closure, we assume that the case met the short-term time limit.

⁴ For more information on Families First reentry, see *An Analysis of Reentry to Families First*, Center for Business and Economic Research, University of Tennessee. April 2001.

Our definition of time limit closures indicates that only 3 percent of all case closures occurred as a result of a short-term time limit.

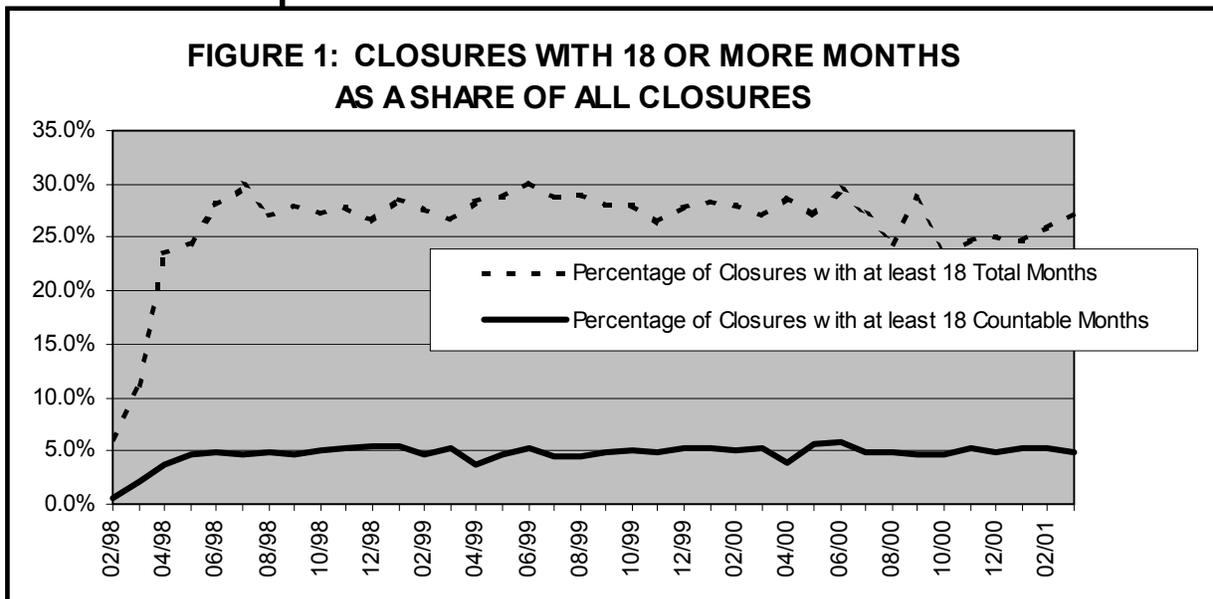
Table 3 provides an initial glimpse at the extent to which case closures represent participants meeting short-term time limits. This table provides a monthly count of (a) all case closures, (b) those that accumulated at least 18 total months, and (c) those that accumulated at least 18 countable

months. Just after February 1998, one of the first possible months for a Families First AG to have accumulated 18 months, only 21 cases were closed due to a time limit. This number increased quickly and has hovered between 120 and 200 per month. Our definition of time limit closures indicates that only 3 percent of all case closures occurred as a result of a short-term time limit.

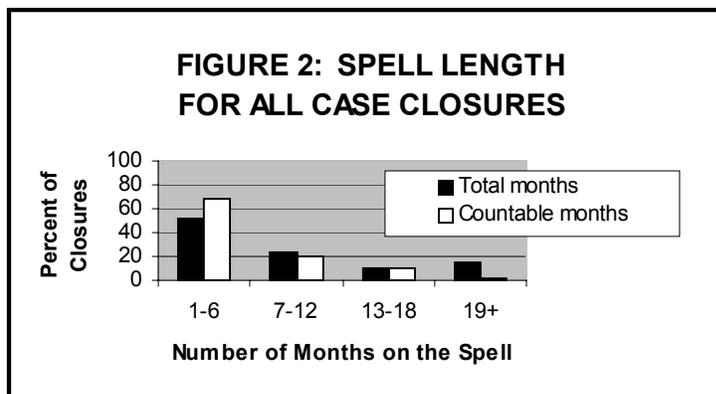
TABLE 3: MONTHLY COUNT OF CASE CLOSURES

| Last Month on Families First | Number of Closures | Numbers with 18 or More Total Months | Number with 18 or more Countable Months |
|------------------------------|--------------------|--------------------------------------|---|
| 02/98 | 3,374 | 208 | 21 |
| 03/98 | 3,648 | 406 | 78 |
| 04/98 | 3,303 | 777 | 119 |
| 05/98 | 3,621 | 887 | 170 |
| 06/98 | 3,301 | 924 | 163 |
| 07/98 | 3,321 | 985 | 154 |
| 08/98 | 3,123 | 846 | 150 |
| 09/98 | 2,925 | 817 | 135 |
| 10/98 | 3,507 | 958 | 178 |
| 11/98 | 3,161 | 877 | 167 |
| 12/98 | 2,852 | 758 | 156 |
| 01/99 | 2,412 | 688 | 129 |
| 02/99 | 3,105 | 858 | 142 |
| 03/99 | 3,608 | 958 | 190 |
| 04/99 | 3,324 | 942 | 122 |
| 05/99 | 3,520 | 1,013 | 164 |
| 06/99 | 3,374 | 1,016 | 174 |
| 07/99 | 3,407 | 981 | 154 |
| 08/99 | 3,479 | 1,006 | 153 |
| 09/99 | 3,387 | 949 | 163 |
| 10/99 | 3,230 | 904 | 164 |
| 11/99 | 3,489 | 924 | 171 |
| 12/99 | 3,463 | 964 | 181 |
| 01/00 | 2,604 | 740 | 135 |
| 02/00 | 2,961 | 831 | 149 |
| 03/00 | 3,160 | 856 | 163 |
| 04/00 | 3,304 | 949 | 130 |
| 05/00 | 3,218 | 875 | 179 |
| 06/00 | 3,275 | 964 | 190 |
| 07/00 | 3,177 | 859 | 153 |
| 08/00 | 2,987 | 733 | 146 |
| 09/00 | 3,317 | 945 | 154 |
| 10/00 | 3,188 | 744 | 146 |
| 11/00 | 2,958 | 731 | 157 |
| 12/00 | 2,948 | 737 | 146 |
| 01/01 | 2,483 | 612 | 129 |
| 02/01 | 3,234 | 837 | 172 |
| 03/01 | 4,042 | 1,104 | 198 |

Figure 1 presents these monthly totals as percentages of all closures and reveals a striking stability in both series. Those accumulating at least 18 total months were between 25 and 30 percent of all closures throughout the time period of our analysis. Similarly, those accumulating at least 18 countable months made up about 5 percent of all closures.



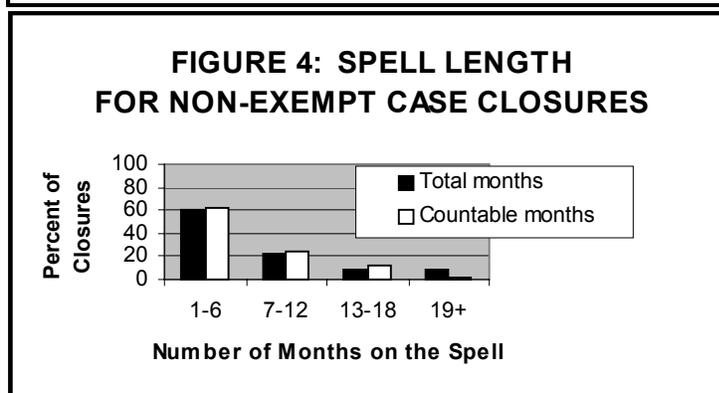
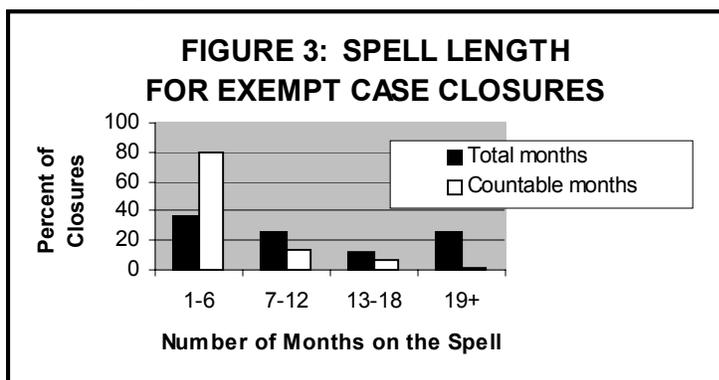
While a seemingly large share of all case closures represent the accumulation of 18 or more total months, most Families First spells are much shorter in length. As shown in Figure 2, about two-thirds of all closures occurred after only six or fewer countable months had been accumulated. About one-fifth closed between the seventh and twelfth countable months; less than one-tenth closed between the thirteenth and eighteenth months. A very small percentage of all closures had 19 or more countable months of accumulated benefits on the most recent spell.



Interestingly, the granting of an exemption does not necessarily translate into an inordinately long spell on Families First.

The distribution of spell lengths for total months reveals more long spells. Again, due to exemptions, extensions, and interruptions, a larger number of cases were able to build up longer spells. Only about one-half of all closures had six or fewer total months of accumulated benefits at closure, while about 15 percent had 19 or more months.

Figures 3 and 4 reproduce these data separately for exempt and non-exempt cases. Our definition of “exempt” includes the receipt of an exemption (but not necessarily an extension or an interruption) at any point during the most recent spell. Just over 38 percent of all cases that closed received at least one exemption during their most recent spell. For these exempt cases, nearly 80 percent closed by the sixth countable month. For these exempt cases, nearly 80 percent closed by the sixth countable month. Very few accumulated more than six countable months, primarily due to the exemption.



Interestingly, the granting of an exemption does not necessarily translate into an inordinately long spell on Families First for cases that have closed. Less than one-fourth of those who received an exemption (and eventually closed) accumulated more than 18 total months of benefits. For the non-exempt cases in Figure 4, the distributions of total and countable spell lengths are unsurprisingly similar. Less than 10 percent accumulated more than 18 months, due primarily to extensions or interruptions.

Exemptions, Interruptions, and Extensions

Exemptions from time limit counters are granted by DHS for a number of reasons. Our administrative data includes reason codes for most exemptions; and in many cases, more than one reason is available. Nonetheless, a large number of AGs appear to have received an exemption but do not have any reason codes checked. We address this situation by assigning an exemption if an AG's time counter stalls for a number of months during the spell. Figure 5 presents a summary of the various reasons for exemptions. It should be noted that AGs may have more than one reason code, either for a single exemption or for multiple exemptions during a spell. While our administrative data only provide one check at a time, we look beyond these codes to identify multiple reasons for exemptions.

Nearly 44 percent of all time limit exemptions represented child-only cases. Other prominent reason codes include caretaker disability (over 31 percent of all exemptions) and caretaker participation in Adult Basic Education (ABE) due to education below the ninth grade level (about 28 percent of all exemptions). Slightly more than 9 percent did not have a reason code but could be identified as exempt by their stationary counter.

FIGURE 5: EXEMPTIONS BREAKDOWN BY REASON

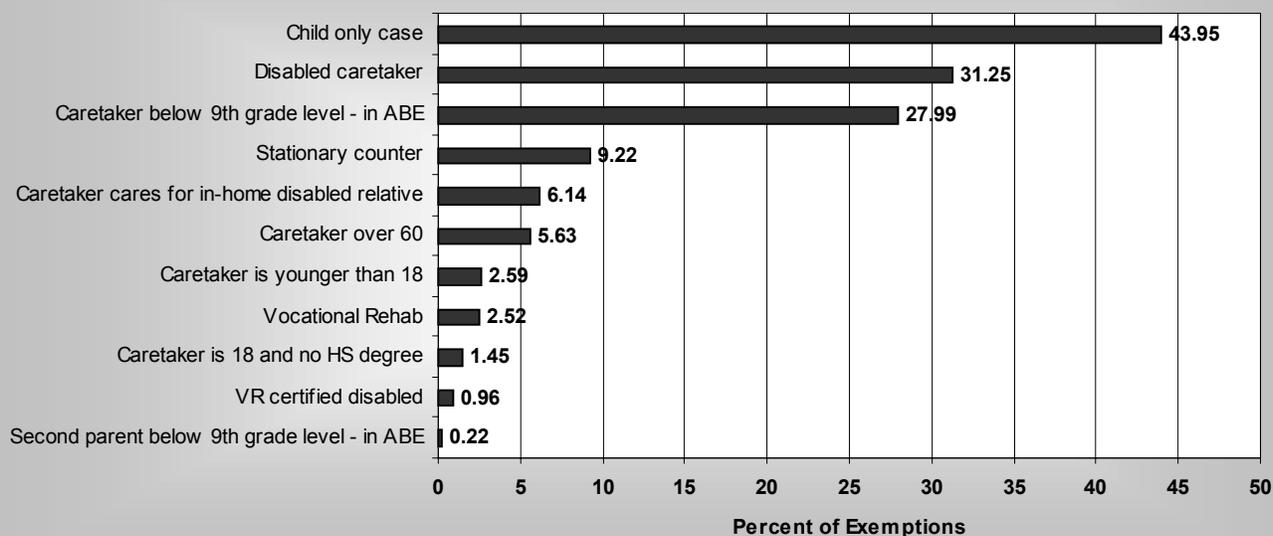
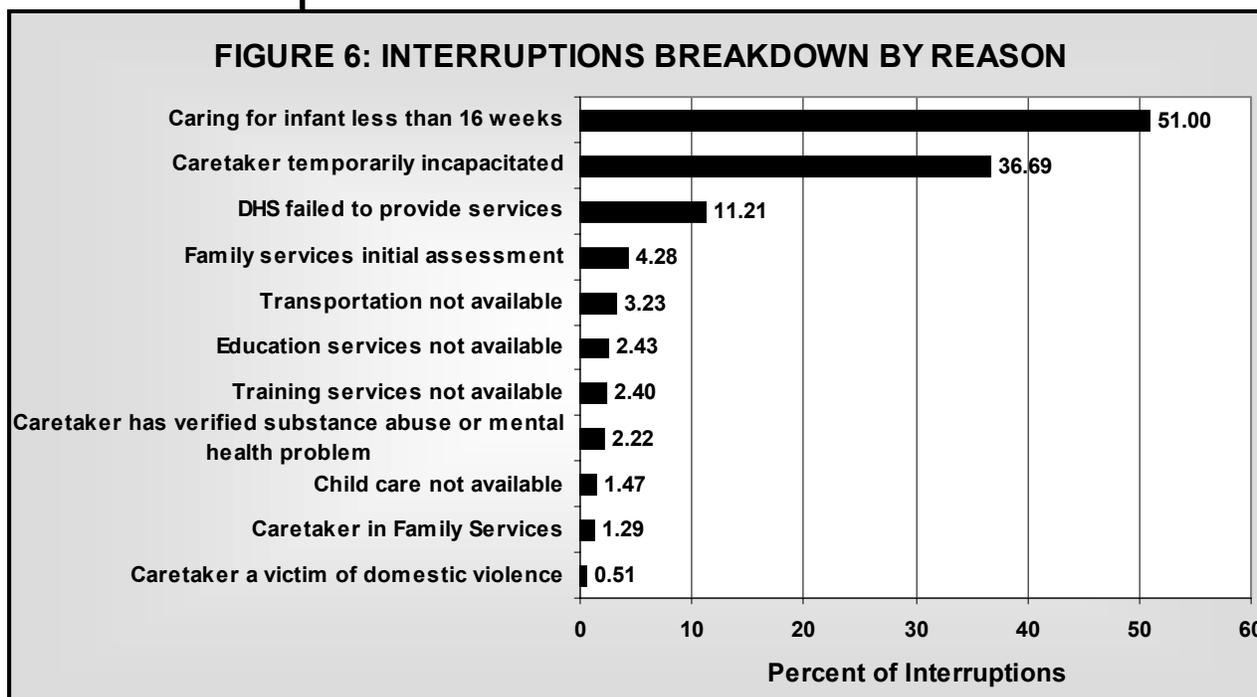


Figure 6 provides a similar breakdown of reason codes for time limit interruptions, which were received by about 16.9 percent of all closed cases during their most recent spells. Again, there may be some overlap in these categories as cases may receive multiple reasons for a single interruption or multiple interruptions during their spell. The most common response by far was that the caretaker was caring for an infant that was less than 16 weeks of age (51 percent of all interruptions). About 37 percent of all interruptions were granted as a result of temporarily incapacitated caretakers. Interruptions are automatically given if DHS fails to provide certain services, but this accounted for only slightly more than 11 percent of the total. The unavailability of other services such as transportation, education services, training, or child care caused less than 5 percent of all interruptions.



The third and final method by which an AG’s time clock can be augmented is a time limit extension, granted in cases of economic hardship. Recipients who live in a county with an unusually high unemployment rate, defined as at least twice the state’s overall rate, can receive an extension of their time limit counter. However, less than 2 percent of all Families First case closures can be identified as having received an extension, primarily because economic hardship counties tend to be very small. Reliable reason codes are not available.

Lifetime Time Limits

In our best estimate, only 13 cases could potentially meet their lifetime limit during 2001. Another 169 cases could reach the 60-month limit during 2002.

We are fast approaching the first months in which Families First recipients may be faced with their lifetime 60-month time limits. Consequently, it is important to assess the extent to which AGs will be removed from the program rolls as a result. Table 4 presents something of a worst-case scenario, based on each AG's lifetime counter as of its most recent participation. Specifically, we count the number of cases that could possibly reach the 60-month lifetime limit beginning in August 2001. Our process assumes that all past and current AGs remain on or return to the program and remain active (i.e., without exemptions, extensions, or interruptions) continuously until they accumulate 60 countable months. This procedure will obviously overstate the actual monthly total of cases reaching the lifetime limit and is intended purely as a worst-case estimate.

TABLE 4: MAXIMUM NUMBER OF CASES THAT COULD POTENTIALLY REACH A LONG-TERM TIME LIMIT IN A GIVEN MONTH

| Months | Number that | | Month | Number that | |
|--------|------------------------------------|--|-------|------------------------------------|--|
| | Could Attain 60 Total Months | Could Attain 60 Countable Months | | Could Attain 60 Total Months | Could Attain 60 Countable Months |
| 08/01 | 1660 | 1 | 08/03 | 1637 | 136 |
| 09/01 | 1574 | 1 | 09/03 | 1733 | 171 |
| 10/01 | 3492 | 4 | 10/03 | 1799 | 171 |
| 11/01 | 1178 | 4 | 11/03 | 1797 | 197 |
| 12/01 | 2553 | 3 | 12/03 | 1891 | 216 |
| 01/02 | 1447 | 5 | 01/04 | 1872 | 223 |
| 02/02 | 996 | 4 | 02/04 | 2003 | 260 |
| 03/02 | 1090 | 7 | 03/04 | 2145 | 365 |
| 04/02 | 1112 | 3 | 04/04 | 2233 | 401 |
| 05/02 | 1131 | 7 | 05/04 | 2440 | 484 |
| 06/02 | 1075 | 9 | 06/04 | 2457 | 688 |
| 07/02 | 1140 | 18 | 07/04 | 2752 | 902 |
| 08/02 | 1167 | 22 | 08/04 | 2893 | 1237 |
| 09/02 | 1111 | 22 | 09/04 | 3145 | 1940 |
| 10/02 | 1155 | 22 | 10/04 | 3157 | 2778 |
| 11/02 | 1123 | 25 | 11/04 | 3250 | 2979 |
| 12/02 | 1221 | 25 | 12/04 | 3550 | 3609 |
| 01/03 | 1144 | 37 | 01/05 | 3405 | 3888 |
| 02/03 | 1312 | 47 | 02/05 | 4000 | 4068 |
| 03/03 | 1284 | 65 | 03/05 | 4377 | 4614 |
| 04/03 | 1363 | 78 | 04/05 | 4750 | 5125 |
| 05/03 | 1445 | 92 | 05/05 | 5366 | 5038 |
| 06/03 | 1478 | 109 | 06/05 | 5956 | 5560 |
| 07/03 | 1586 | 110 | 07/05 | 6259 | 6095 |

Columns 2 and 3 of Table 4 reveal some interesting results. First, a large number of cases are on track to accumulate 60 *total* months of benefits as early as August 2001. However, due to the various reasons cited above, very few of these are on track to accumulate 60 *countable* months. In our best estimate, only 13 cases could potentially meet their lifetime limit during 2001. Another 169 cases could reach the 60-month limit during 2002.

Clearly, given the April 2001 caseload of just over 60,000, these are very small numbers. However, Table 4 shows that the monthly total of those reaching lifetime limits could increase dramatically through 2003 and 2004. It should be noted, however, that our assumptions of full and continuous program participation are not likely to hold true. Cases will surely leave the program rolls voluntarily as they approach a time limit in order to “bank” some of their benefits for future use. Some will simply become ineligible, perhaps as their incomes rise or as their children reach the age of 18. Others will receive exemptions, extensions, or interruptions, or will meet a short-term time limit during the course of their “continuous” participation.

Characteristics of Those Reaching Time Limits or Receiving Exemptions

With these results concerning the incidence of time limits in hand, it is useful to examine the demographic characteristics of those cases that either reach a time limit, receive an exemption, or both. This section presents data for a number of such characteristics, including ethnicity, education, age, family composition, marital status, and income.

Tables 5 through 9 present data for a number of characteristics. Each Table begins with summary data for all case closures. Next, these data are divided into time limits versus other closures. They are then divided into exempt versus non-exempt closures, where exemption status is defined on the basis of the most recent spell only. Finally, we divide the time limit closures into exempt and non-exempt groups to shed additional light on the interactions between time limits and exemptions. All entries are column percentages.

Table 5 shows the distribution of ethnicity for various categories of case closures. To begin, note that Blacks and Whites made up more than 98 percent of all closures. The next two columns indicate that those who met short-term time limits were more likely to be Black than those who did not meet time limits. This is partially due to the incidence of exemptions. Those who received exemptions from time limits were slightly more likely to be Asian, Hispanic, or White, but the distributions very closely mirror the overall ethnic distribution. A more in-depth analysis is necessary before any effect of ethnicity on exemptions or

TABLE 5: ETHNICITY OF CARETAKER

| Ethnicity | All Case Closures | Time Limit Closure | Non-Time Limit Closure | Exempt | Nonexempt | Exempt Time Limit Closure | Nonexempt Time Limit Closure |
|--------------------|-------------------|--------------------|------------------------|-------------|-------------|---------------------------|------------------------------|
| Asian | 0.39 | 0.31 | 0.39 | 0.44 | 0.36 | 0.46 | 0.27 |
| Black | 49.53 | 68.66 | 48.94 | 46.80 | 51.24 | 72.41 | 67.57 |
| Hispanic | 0.96 | 0.38 | 0.97 | 1.05 | 0.90 | 0.69 | 0.29 |
| White | 48.94 | 30.59 | 49.50 | 51.52 | 47.32 | 26.36 | 31.83 |
| Other | 0.19 | 0.05 | 0.19 | 0.19 | 0.19 | 0.08 | 0.04 |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Sample Size | 192,408 | 5,747 | 186,661 | 74,142 | 118,266 | 1,301 | 4,446 |

Note: Column percentages may not sum to 100% due to rounding.

Characteristics of Those Reaching Time Limits or Receiving Exemptions

time limits, independent of the effects of other characteristics such as education or income, can be determined.

The final two columns in Table 5 indicate that, given that a case closed due to a time limit, those who received exemptions during the spell were more likely to Asian, Black, Hispanic, or some other race and less likely to be White than those who never received an exemption.

Table 6 presents a similar set of results based on the caretaker's educational attainment as of the last month of the most recent spell.⁵ Overall, 14.2 percent of all cases that closed had caretakers with a ninth grade or lower education level. Just over 11 percent had a tenth grade education, 13.1 percent had an eleventh grade education, and 48.9 percent had a twelfth grade education. Very few had more advanced education as indicated in our administrative data.

In terms of time limit closures versus other closures, Table 6 reveals that those who met time limits were more likely to have had twelfth grade or higher education of various forms. Those who closed for other

TABLE 6: EDUCATION LEVEL ACHIEVED BY CARETAKER

| Grade Level | All Case Closures | Time Limit Closure | Non-Time Limit Closure | Exempt | Nonexempt | Exempt Time Limit Closure | Nonexempt Time Limit Closure |
|-------------------------------|-------------------|--------------------|------------------------|-------------|-------------|---------------------------|------------------------------|
| 9 th Grade or Less | 14.20 | 6.19 | 14.56 | 24.34 | 9.46 | 11.96 | 4.60 |
| 10 th Grade | 11.13 | 6.42 | 11.33 | 16.71 | 8.51 | 10.80 | 5.22 |
| 11 th Grade | 13.08 | 8.84 | 13.27 | 18.62 | 10.49 | 15.37 | 7.04 |
| 12 th Grade | 48.86 | 57.57 | 48.48 | 33.09 | 56.23 | 48.09 | 60.18 |
| Post Secondary | 1.42 | 4.75 | 1.26 | 0.70 | 1.74 | 2.74 | 5.31 |
| Some College Credit | 9.47 | 14.45 | 9.25 | 4.70 | 11.71 | 9.14 | 15.92 |
| Associates Degree | 0.12 | 0.38 | 0.90 | 1.17 | 0.74 | 0.75 | 0.27 |
| Bachelor/ Masters Degree | 0.68 | 0.13 | 0.10 | 0.05 | 0.13 | 0.08 | 0.14 |
| Other Education | 0.19 | 0.95 | 0.67 | 0.43 | 0.80 | 0.75 | 1.01 |
| No Education | 0.88 | 0.32 | 0.18 | 0.19 | 0.19 | 0.33 | 0.32 |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Sample Size | 131,267 | 5,576 | 125,691 | 41,813 | 89,454 | 1,204 | 4,372 |

Note: Column percentages may not sum to 100% due to rounding.

⁵ Data regarding education and certain other characteristics are not available in our administrative data prior to July 1997, so those AGs that close prior to July 1997 are not used in this Table.

reasons (before accumulating 18 countable months) were more likely to have had education below the twelfth grade level. The exemption breakdowns provide one possible explanation, as the distribution of education levels for those who received exemptions is very heavily skewed toward lower levels. Those who never received an exemption were much more likely to have had more education. It should be noted that those who test below the ninth grade level are automatically eligible for an exemption. Finally, time limit closures that received an exemption also had lower education levels on average than time limit closures that did not receive an exemption.

Table 7 presents a number of interesting statistics regarding the age, gender, residence, and work activity of Families First closures. Beginning with the age of the caretaker, it is shown that cases that received exemptions typically have caretakers that were nearly six years older than those that did not receive exemptions. The average caretaker age across all closures was 31.5 years.⁶ This does not translate into a substantial difference across time limit versus other closures — the average caretaker age is similar for both groups.

TABLE 7: CHARACTERISTICS OF CARETAKER AND ASSISTANCE GROUP

| | All Case Closures | Time Limit Closure | Non-Time Limit Closure | Exempt | Nonexempt | Exempt Time Limit Closure | Nonexempt Time Limit Closure |
|---|-------------------------------|----------------------------|-------------------------------|------------------------------|------------------------------|----------------------------|------------------------------|
| Caretaker Age | 31.51 (10.08) [192,360] | 30.95 (7.38) [5,747] | 31.53 (10.15) [186,613] | 35.04 (12.47) [74,094] | 29.31 (7.43) [118,266] | 32.55 (8.46) [1,301] | 30.49 (6.96) [4,446] |
| Caretaker Gender (Male %) | 4.81 [192,408] | 1.95 [5,747] | 4.90 [186,661] | 6.92 [74,142] | 3.48 [118,266] | 2.31 [1,301] | 1.84 [4,446] |
| Age of the Youngest Child | 5.49 (5.16) [146,838] | 5.69 (4.45) [5,730] | 5.48 (5.19) [141,108] | 6.68 (5.71) [61,582] | 4.63 (4.53) [85,256] | 6.11 (4.93) [1,297] | 5.57 (4.29) [4,433] |
| Urban Residence (%) | 49.42 [193,338] | 63.63 [5,747] | 48.98 [187,591] | 46.12 [74,171] | 51.47 [119,167] | 67.18 [1,301] | 62.60 [4,446] |
| Participation in Work Activity (%) | 28.29 [193,338] | 58.55 [5,747] | 27.36 [187,591] | 22.60 [74,171] | 31.83 [119,167] | 54.73 [1,301] | 59.67 [4,446] |
| Number of Children in AG | 1.75 (1.06) [149,321] | 2.16 (1.25) [5,747] | 1.73 (1.05) [143,574] | 1.63 (1.07) [62,324] | 1.83 (1.05) [86,997] | 2.13 (1.38) [1,301] | 2.16 (1.21) [4,446] |

Note: Standard deviations in parentheses.
Sample size in brackets.

⁶ A total of 978 case closures had caretakers under the age of 12 and were omitted from this part of the analysis.

More than 58 percent of all cases that closed due to a time limit had a caretaker who was participating in work activities.

Very few Families First cases that closed, only about 4.8 percent, had male caretakers. Interestingly, cases that met time limits were much less likely to have male caretakers than those that closed for other reasons. Exempt cases were more likely to have male heads, however, which might have led to the lower likelihood of meeting a time limit.

The third row of Table 7 addresses a prominent area of the recent literature on time limits: the age of the youngest child in the AG. This characteristic, which averages 5.5 years across all closures, can indicate the total potential number of years that the AG might need future benefits. AGs with older youngest children have fewer years over which to possibly need benefits and may be more likely to meet time limits as a result. Table 7 does not offer strong support of this, however, as the average age of youngest children was very similar for cases that met time limits and those that closed for other reasons. It is interesting to note, however, that cases that received exemptions tended to have older youngest children.⁷

Our population of case closures is nearly evenly split between urban and rural residence, as defined by the eight DHS districts (Shelby, Davidson, Hamilton, and Knox Counties are the urban districts in this definition). Cases that closed due to time limits were much more likely to have been in urban districts. Nearly two-thirds of all time-limit case closures were in urban districts, possibly as a result of the fact that most exemption recipients reside in rural districts.

A common perception is that those cases that are most likely to meet short-term time limits are the ones that cannot find or keep work. Indeed, only 28.3 percent of all case closures had caretakers that were participating in work activities during the last month of benefit receipt. However, Table 7 shows that more than 58 percent of all cases that closed due to a time limit had a caretaker who was participating in work activities. This is much higher than the 27 percent figure for those that closed for other reasons. This is perhaps not surprising, as those who are subject to time limits are also most likely to be subject to work requirements.

Caretakers in exempt cases were less likely to be participating in work activities. However, exemptions cannot explain the entire difference in work participation between time limit closures and other closures. As

⁷ 46,500 case closures either had youngest children over the age of 19 or had missing youngest child age data and were omitted from this part of the analysis.

the data in the final two columns of Table 7 show, those who closed due to time limits were highly likely to be participating in work activities in their final month of benefit receipt regardless of whether or not they had received an exemption during the spell. Further research is necessary in order to more completely understand this finding.

The final characteristic in Table 7 involves the number of children in the AG. The average number across all case closures was 1.75, but those who met time limits and those who did not receive exemptions tended to have more children. The differences are quite small, though.

The caretaker’s marital status is also apparently related to the incidence of time limits and exemptions, as shown in Table 8. In our population of case closures, 16.0 percent were divorced, 15.2 percent married, 18.7 percent legally separated, 48.4 percent single, and 1.7 percent widowed. Those who met time limits were less likely to be divorced, married, separated, or widowed and more likely to be single than those who closed for other reasons. The breakdown of marital status by exemption status was nearly the reverse of this. Exempt cases were more likely to have married, divorced, or widowed caretakers and less likely to have separated or single caretakers.

TABLE 8: MARITAL STATUS OF CARETAKER

| | All Case Closures | Time Limit Closure | Non-Time Limit Closure | Exempt | Nonexempt | Exempt Time Limit Closure | Nonexempt Time Limit Closure |
|--------------------|-------------------|--------------------|------------------------|--------|-----------|---------------------------|------------------------------|
| Divorced | 15.96 | 14.81 | 16.00 | 16.80 | 15.44 | 12.45 | 15.50 |
| Married | 15.20 | 7.52 | 15.44 | 20.56 | 11.85 | 11.15 | 6.46 |
| Separated | 18.72 | 16.55 | 18.78 | 17.54 | 19.46 | 17.14 | 16.37 |
| Single | 48.43 | 60.54 | 48.05 | 41.75 | 52.61 | 58.34 | 61.18 |
| Widow | 1.70 | 0.59 | 1.73 | 3.35 | 0.66 | 0.92 | 0.49 |
| Total | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| Sample Size | 192,330 | 5,747 | 186,563 | 74,074 | 118,256 | 1,301 | 4,446 |

Note: Column percentages may not sum to 100% due to rounding.

Our final set of statistics, shown in Table 9, concerns the financial status at the time of case closure. The availability of earned and unearned income (which average \$213 and \$54 per month respectively) can be signals of potential need for public assistance and will surely be related to the incidence of time limits and exemptions.⁸ Also, the amount of the monthly Families First benefit (which averaged \$130) may be of some importance.

TABLE 9: ASSISTANCE GROUP'S INCOME

| | All Case Closures | Time Limit Closure | Non-Time Limit Closure | Exempt | Nonexempt | Exempt Time Limit Closure | Nonexempt Time Limit Closure |
|-------------------------------|--------------------|--------------------|------------------------|--------------------|--------------------|---------------------------|------------------------------|
| Families First Benefit | 130.09 (77.82) | 163.21 (65.25) | 129.07 (77.95) | 138.06 (68.35) | 125.13 (82.79) | 162.99 (69.52) | 163.27 (63.95) |
| Earned Income | 212.66 (372.80) | 312.57 (384.39) | 209.60 (372.02) | 116.70 (291.01) | 272.40 (404.32) | 315.47 (399.62) | 311.72 (379.86) |
| Unearned Income | 53.85 (155.82) | 43.57 (129.55) | 54.16 (156.54) | 53.99 (151.72) | 53.76 (158.31) | 49.67 (142.17) | 41.79 (125.58) |
| AG Monthly Income | 396.60 (357.51) | 519.35 (369.49) | 392.84 (356.47) | 308.75 (300.75) | 451.29 (378.52) | 528.13 (388.21) | 516.78 (363.84) |
| Sample Size | 193,310 | 5,747 | 187,563 | 74,168 | 119,142 | 1,301 | 4,446 |

Note: Standard deviations in parentheses.

As Table 9 indicates, cases that closed due to time limits tended to have higher Families First benefits than those who closed for other reasons. As the benefit represents the price of leaving the program, this result is not at all surprising. Cases that met time limits tended to have more earned income and less unearned income than other cases, as did cases that did not receive exemptions. It is interesting to note that, among the time limit closures, the receipt of an exemption does not seem to be related to the benefit or income amounts. Differences in total income, shown in the fourth row of Table 9 and defined as the sum of earned, unearned, and benefit incomes, mirror closely the trends in the largest component: earned income.

⁸ AGs with unearned incomes greater than \$9,999 or earned income greater than \$10,000, presumably the result of reporting or data entry errors, are omitted from this Table.

Conclusions and Areas for Future Research

Despite the dramatic change in welfare policy that time limits represent, they do not seem to have had an overly dramatic effect on welfare in Tennessee. Only about 3 percent of all Families First case closures have been the result of short-term time limits, amounting to about 120 to 200 each month. Similarly, very few Families First cases are on track to meet the 60-month lifetime limit in 2001 or 2002.

Cases that have reached short-term time limits were more likely to be Black, to have more education, and to live in urban areas than cases that closed for other reasons. Similarly, they were more likely to be working, to have more children, to be single, and to have higher benefit and earned income levels than others. Unlike earlier research, we are not able to support the finding that families with younger youngest children are less likely to meet a time limit as they work to save benefits for future use. Finally, families that receive time limit exemptions have nearly the opposite characteristics.

This study represents only the first step toward fully understanding time limits in Tennessee. Future research must further disentangle the processes by which time limits are reached and exemptions are granted. Specifically, multivariate analyses of these outcomes should be undertaken to more accurately gauge the effects of each characteristic independently of other important factors.

Most importantly, efforts must be undertaken to understand the effects of time limits on Tennessee's welfare caseload. The future availability of survey data for those that leave Families First, either as a result of time limits or for other reasons, will enable a more complete investigation of the effects of time limits on family well-being. Also, a family may decide to leave Families First as a result of the time limit policy, but before actually reaching their time limit, simply to reserve benefits for future use. The extent to which this type of behavior has contributed to the dramatic caseload reduction of the 1990s is not yet fully understood.

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