

SECTION 7. AID TO FAMILIES WITH DEPENDENT CHILDREN AND TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TITLE IV-A)

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OVERVIEW

Aid to Families with Dependent Children (AFDC), established in the depression year of 1935 as a matching grant program to enable States to aid needy children without fathers at home, was repealed 61 years later by Public Law 104–193. Effective July 1, 1997 (earlier in most States, by their choice) AFDC was replaced by a block grant to States for Temporary Assistance for Needy Families (TANF). The new block grant also replaced two AFDC-related programs: Job Opportunities and Basic Skills Training (JOBS), which provided education, work, and training for AFDC adult recipients, and Emergency Assistance for Needy Families (EA).

This section describes the programs in this order: AFDC, JOBS, EA, and TANF. It concludes with discussions about welfare dynamics and adolescent and nonmarital childbearing.

In recent years, AFDC law (title IV–A of the Social Security Act) entitled States to unlimited Federal matching funds for State-set benefits and their administration, EA, and child care for AFDC recipients and for former recipients who worked their way off the program. It offered capped entitlement funds for JOBS and “at-risk” child care, which subsidized care for families needing it to avert AFDC eligibility. In contrast, TANF provides a fixed block grant based on recent Federal funding for the replaced programs (\$16.5 billion annually through fiscal year 2002) plus expanded child care funding in a new child care block grant. In its peak year, fiscal year 1994, AFDC served an average of 5 million families, more than 1 in every 7 U.S. families with children. The fiscal year 1994 AFDC Program cost \$14.2 billion in Federal funds, slightly less than 1 percent of the Federal budget, plus \$11.9 billion in State and local funds.

TANF greatly enlarges State discretion in operating family welfare, and it ends the entitlement of individual families to aid. Under TANF, States decide what categories of needy families to help (AFDC law defined eligible classes and required States to aid families in these classes if their income was below State-set limits). Under TANF, States decide whether to adopt financial rewards and penalties to induce work and other desired behavior. Also, States set asset limits (AFDC law imposed an outer limit) and continue to set benefit levels. Attached to the TANF Block Grant are some Federal conditions. For instance, to receive full grants States must achieve minimum work participation rates and spend a certain sum of their own funds on behalf of eligible families (“maintenance-of-effort” rule). They must require recipients to work in order to continue receiving aid after, at most, 24 months of benefits. TANF also contains prohibitions. For example, States may not use TANF funds for a family with a member who already received 60 months of TANF aid as an adult. Table 7–1 summarizes some major differences between old and new cash welfare programs for families with children.

TABLE 7-1.—SOME KEY DIFFERENCES: AFDC/EA/JOBS AND TANF

	AFDC/EA/JOBS (old law)	TANF (new law)
Federal funding	Unlimited for AFDC and EA. Capped entitlement for JOBS. (Federal share of AFDC and JOBS costs varied inversely with State per capita income.)	Fixed grant, plus extras (for population growth/low Federal spending per poor person, loan funds, contingency funds, bonuses for performance and reducing out-of-wedlock births), and (2 years only) welfare-to-work grants.
State funding	Matching required for each Federal dollar.	States must spend 75 percent of "historic" level (100 percent for contingency funds) and must provide matching for contingency funds.
Categories eligible	Children with one parent or with an incapacitated or unemployed second parent.	Set by State.
Income limits	Set by State.	Set by State.
Benefit levels	Set by State.	Set by State.
Entitlement	States required to aid all families eligible under State income standards.	TANF expressly denies entitlement to individuals.
Work requirement	JOBS Program had participation requirements, but participation did not require work.	By 2002, States must have 50 percent of their caseload in specified work activities.
Exemptions from work requirement	Parents (chiefly mothers) with child under age 3 (under age 1, at State option).	None, but States may exempt single parents caring for child under 1.
Work trigger	None.	Work (as defined by State) required after maximum of 2 years of benefits.
Time limit for benefits	None.	5-year limit (20 percent hardship exceptions allowed).

AID TO FAMILIES WITH DEPENDENT CHILDREN

BASIC FEDERAL RULES

AFDC payments were allowed for needy children who were deprived of parental support or care because their father or mother was absent from the home continuously, incapacitated, deceased, or unemployed. Payments also were permitted for the child's needy caretaker relative (usually the mother), for another person in the home deemed essential to the child's well-being, and for a pregnant woman in her third trimester of pregnancy.

Eligibility for AFDC ended on a child's 18th birthday, or at State option upon a child's 19th birthday if the child were a full-time student in a secondary or technical school and might reasonably be expected to complete the program before reaching age 19. Ineligible for AFDC were illegal aliens, strikers, recipients of Supplemental

Security Income (SSI), and children for whom foster care payments were made.

States were allowed to deny AFDC for the child of an unmarried parent under age 18 (and that parent) unless they lived in an adult-supervised supportive arrangement. States also could treat minor mothers as “adult caretakers” of their own children and permit them to head their own AFDC household.

Federal law set out income and resource limits for AFDC eligibility and required that all income received by an AFDC recipient or applicant be counted against the AFDC grant except income explicitly excluded by definition or deduction. The law required States to count as available to the child part of the income of a stepparent in the home and (if the child’s own mother were a minor) part of the income of a grandparent living in the home. Under court rulings, States were required to provide aid to all persons who were in classes eligible under Federal law and whose income and resources were within State-set limits. Thus, an individual’s entitlement to AFDC varied from State to State.

As a condition of AFDC eligibility, a parent was required to assign child support and spousal support rights to the State and to cooperate in establishing paternity of a child, obtaining child support payments, and identifying a third party who might be liable to pay for medical services for the child. As another condition of AFDC eligibility, Federal law required most able-bodied parents to participate in the JOBS Program unless their youngest child was under 3 years old, and it allowed States to mandate JOBS participation of parents with children as young as 1. At the same time, States were required to guarantee care for an AFDC child under age 13 if it were needed to permit the parent to work, train, or attend school.

Federal funds paid from 50 to 78 percent of fiscal year 1996 AFDC benefit costs in a State (55 percent on average) and 50 percent of administrative costs in all States. AFDC was a voluntary program for States and was operated in all 50 States, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands. Although American Samoa was authorized to participate, it did not.

To operate AFDC, States needed approval by the Department of Health and Human Services (DHHS) of written AFDC plans. They were required to operate the program statewide and apply their need standards uniformly within the State or locality to all families in similar circumstances. States were permitted to adopt separate urban and rural benefit schedules and to vary benefits by region, with differences usually reflecting shelter costs. The law required State plans to provide an opportunity for a fair hearing for those whose claims were denied. States were at liberty to pay as much in benefits as they chose, or as little, with one exception. Medicaid law forbade them to reduce AFDC “payment levels” below those in effect on May 1, 1988 (or, if higher, those effective on July 1, 1987).

After October 1, 1990, State AFDC Programs were required to offer AFDC to children in two-parent families who were needy because of the unemployment of one of their parents (AFDC-UP). Eligibility for AFDC-UP was limited to families whose principal wage earner was unemployed (working fewer than 100 hours monthly)

but who had worked at least 6 of the last 13 quarters, or engaged in school or training for 4 of these quarters.

States were required to provide Medicaid to families enrolled in AFDC and to provide transitional Medicaid benefits of up to 12 months for those who lost AFDC eligibility as a result of increased hours of, or increased income from, employment (these provisions apply also to the new TANF Program). States also were required to provide subsidized child care for up to 12 months to families who lost AFDC eligibility as a result of employment.

Table 7–2 summarizes enrollment and spending trends during AFDC’s 61-year history. When the program began, benefits were allowed only for children (not their parents), and it was called Aid to Dependent Children. In the early years enrollment was less than 1 percent of the U.S. population; in the peak year (fiscal year 1994) it reached 5.5 percent of the population. Program growth was most rapid in the 1960s and 1970s. This was the period of Great Society initiatives, including establishment of Medicaid, which increased the value of AFDC. The proportion of U.S. families with children who were enrolled in AFDC more than doubled from fiscal year 1960 to fiscal year 1970 (from 3.1 to 6.6 percent) and rose by three-fourths again in the next decade (to 11.5 percent). Adjusted for price inflation (expressed in fiscal year 1996 dollars), benefit expenditures climbed from \$5.4 billion in fiscal year 1960 to \$16.8 billion in fiscal year 1970. Average AFDC benefits, again in fiscal year 1996 dollars, peaked at \$734 monthly in fiscal year 1970. Thereafter, food stamps, funded 100 percent by Federal dollars, became a nationwide income supplement for AFDC families.

BRIEF HISTORY

Purpose

Federal law gave three purposes of AFDC: to encourage the care of needy children in their own homes (original 1935 purpose), to strengthen family life (added in 1956), and to promote family self-support (1956).

Optional coverage

Initial eligibility was limited to needy children (under age 16 and with only one able-bodied parent at home). Congress later allowed States to aid these other persons with AFDC funds:

- the needy mother or other caretaker relative, effective in 1950;
- child of an unemployed parent and that parent (AFDC-Unemployed Parent), effective in 1961;
- second parent in a family with an incapacitated or unemployed parent, effective in 1962;
- “any other individual” in the home deemed essential to the child, known as the “essential person” option, effective in 1968; and
- an unborn child, in last trimester of mother’s pregnancy, effective in 1981.

TABLE 7-2.—AFDC SUMMARY DATA, SELECTED FISCAL YEARS, 1936-96

Measure	1936	1940	1950	1960	1970	1980	1990	1994	1995	1996
Benefit expenditures (millions of dollars) ¹	23	123	520	1,021	4,082	11,540	18,539	22,797	22,032	20,411
In 1996 dollars ²	260	1,373	3,419	5,407	16,803	22,445	22,414	24,082	22,643	20,411
Federal share (percent)	7	33	44	60	54	54	55	55	55	54
Administrative cost (millions of dollars) ³	0.4	9.5	40	109	881	1,479	2,661	3,301	3,521	3,266
In 1996 dollars ²	4.5	106	263	577	3,627	2,877	3,217	3,487	3,619	3,266
Federal share (percent)	34	40	50	50	65	51	51	51	50	50
Average monthly no. (thousands) ⁴										
Families	162	372	651	803	1,909	3,574	3,974	5,046	4,869	4,553
With unemployed parents	(6)	(6)	(6)	(6)	78	141	204	363	335	302
Recipients	546	1,222	2,233	3,073	7,429	10,497	11,460	14,226	13,619	12,649
Children	404	895	1,661	2,370	5,494	7,220	7,755	9,590	9,275	8,673
Average AFDC family size ⁵	3.37	3.28	3.43	3.83	3.89	2.94	2.88	2.82	2.80	2.78
Average monthly family benefit	28	28	67	106	178	269	389	376	377	374
In 1996 dollars ²	322	312	440	559	734	523	470	397	387	374
AFDC enrollment, as percent of										
U.S. families with children	NA	2.1	3.2	3.1	6.6	11.5	12.3	14.8	14.2	13.3
Total population	0.4	0.9	1.5	1.7	3.7	4.6	4.6	5.5	5.2	4.8

¹ Benefit expenditures for 1936-60 are from U.S. Department of Health and Education (DHEW), Expenditures for Public Assistance Payments and for Administrative Costs, by Program and Source of Funds, Fiscal Years 1936-70 NCSS Report F-5; 1936 data are for 5 months only. Later data are from table 7-3, prepared by the U.S. Department of Health and Human Services (DHHS), but unlike that table, exclude foster care payments made in 1980.

² The Consumer Price Index (CPI-U) for all Urban Consumers was used to adjust current dollars for inflation.

³ For years before 1980, administrative costs include some expenditures for services.

⁴ Enrollment data for 1936-60 are December numbers from the 1970 Social Security Annual Statistical Supplement (table 136). For later years data are fiscal year monthly averages from table 7-5, prepared by DHHS, but, unlike that table, exclude foster care recipients in 1980.

⁵ Calculated by dividing total recipients by the number of families. This understates actual family size for 1936-50 because the mother or other care giver was not included as a recipient until after fiscal year 1950.

⁶ Program did not exist.

NA—Not available.

Source: Congressional Research Service.

Mandatory coverage

Beginning in 1984, Congress required States to aid certain parents:

- second parent in families with an incapacitated or unemployed parent, effective in 1984 (previously, some States did not cover the spouse of an incapacitated or unemployed parent);
- families of unemployed parents, effective in October 1990. (States that previously did not offer AFDC–UP were allowed to limit it to 6 months yearly.)

Age of eligible child

Congress gave States the option of aiding children older than 15 as follows: children aged 16 and 17 if regularly attending school, effective in 1940; students aged 18–20 in high school or a course of vocational or technical training, 1964; and students aged 18–20 in college or university, 1965. However, in 1981, Congress ended a child’s eligibility on his 18th birthday or at State option, if he were still in high school, on his 19th birthday.

Treatment of income of family members

In 1981 Congress required States to treat a portion of the income of an AFDC child’s stepparent (living in the same home) as available to the child. Congress required that any parent and brother or sister of a needy child who lived in his home (except for SSI recipients) must be included in the AFDC assistance unit of the child and, thus, share income with the family, effective in 1984.

Name of program

Effective in 1962, Congress changed the name of the program from “Aid to Dependent Children” to “Aid to Families with Dependent Children.”

Social services

In 1962, Congress increased the Federal reimbursement rate for social services to AFDC families and opened up eligibility for services to former and potential AFDC families. The matching rate was raised to 75 percent (previously services were reimbursed at a 50 percent rate, along with other administrative costs). Table 7–2 shows the resulting rise in the overall Federal share of AFDC administrative costs in fiscal year 1970. Later, in 1975, Congress replaced open-ended funding for social services with a block grant in a new title XX of the Social Security Act. This removed social services from the AFDC administrative cost account.

Foster care

Effective in 1962, Congress authorized payments for foster care for AFDC-eligible children. This policy responded to a ruling by the Secretary of Health, Education, and Welfare (now DHHS) that States would no longer be permitted to deny AFDC to a needy child on the basis of “unsuitable” home conditions; States were to continue aid to the child in the home while making arrangements for the child to live elsewhere. In 1980, Congress established a pro-

gram of adoption assistance and foster care for welfare children in a new part IV–E of the Social Security Act (see section 11).

Work requirements

Seeking to halt the rise in welfare rolls and responding to the growing numbers of working mothers, Congress ordered States, effective in 1968, to set up a work or training program called Work Incentive (WIN) for “appropriate” AFDC recipients. In 1971, Congress required WIN assignment of mothers with no child below age 6. The Family Support Act of 1988 replaced WIN with the Job Opportunities and Basic Skills Training Program (JOBS) in a new part IV–F of the Social Security Act. This legislation required States, to the extent resources allowed, to engage most mothers with no child below age 3 in education, work, or training under JOBS.

Work rewards

Beginning in 1969, States were required to permit an AFDC child who was a student to retain all part-time earnings without reducing the family’s benefit check. When setting up WIN to take effect in 1968, Congress offered permanent disregard of a portion of earnings as a financial reward for earnings of AFDC adults. Previously only work expenses were deducted from adult earnings counted against the AFDC check in most States. The new law required States also to disregard the first \$30 earned monthly and one-third of remaining earnings. The result was that working recipients would not lose AFDC eligibility until gross earnings were 150 percent of their basic benefit plus \$30 monthly plus 150 percent of expenses. In 1981, Congress repealed the permanent work incentive bonus (disregard of one-third of every extra dollar), confining it to the first 4 months of a job. After 4 months of a job, States were to disregard a standard allowance only plus actual child care expenses, up to a ceiling. For instance, after 12 months on a job, a standard sum of \$75 monthly (later raised to \$90) was to be disregarded. In deciding eligibility of applicants, States were to count all earnings except the standard allowance and child care costs. In 1981, Congress also imposed a Federal gross income limit (150 percent of the need standard, later raised to 185 percent). In 1988, Congress required States not to count as income against the AFDC grant any earned income credit (EIC) payments received by an AFDC working parent and to disregard these payments as a resource for 2 months.

Welfare-to-work programs

In 1981, Congress gave States authority to design and test their own “welfare-to-work” WIN Programs. Further, it authorized job search, work relief (Community Work Experience Programs—CWEP) and subsidization of a job with the AFDC benefit (work supplementation). The Family Support Act of 1988, which established the JOBS Program, greatly enlarged funding for welfare-to-work efforts; it also required all States, at least for part of the year, to offer aid to families of unemployed parents.

Child support enforcement

When the Child Support Enforcement Program was enacted in 1975 as a new part IV–D of the Social Security Act, Congress required AFDC applicants and recipients to assign child support or spousal support rights to the State and to cooperate with the State in establishing paternity and in obtaining support payments. In 1984 Congress required States to “pass through” to the AFDC family up to \$50 monthly collected in child support, adding it to the family’s unreduced AFDC benefit.

Funding

In the 1935 act, Congress set the Federal share of AFDC payments at 33 percent, up to individual payment maximums of \$18 for the first child and \$12 for additional children. Thus, for the first child, the maximum Federal share was \$6. Subsequently matching maximums were increased and based on average spending per recipient. In 1956, variable matching rates were established, providing more generous Federal reimbursement for States with lower per capita income. But these variable rates applied only to average expenditures, up to a ceiling, above specified amounts per recipient. In 1965, when Medicaid was established, Federal matching for every AFDC dollar became available. States that implemented Medicaid were allowed to use its open-ended matching formula for total AFDC benefits as well. Medicaid matching rates, inversely related to State per capita income, have a statutory floor of 50 percent and a ceiling of 83 percent. In fiscal year 1997 the actual top rate is 77.09 percent, in Mississippi. A special matching rate of 75 percent and funding ceilings applied to AFDC in Guam, Puerto Rico, and the Virgin Islands.

Waivers from AFDC law

Section 1115 of the Social Security Act, established in 1962, allowed waiver of specified parts of AFDC law (namely, provisions setting forth requirements for State plans) in order to enable a State to carry out a project that the Secretary judged likely to promote the objectives of AFDC. Presidents Reagan, Bush, and Clinton all promoted use of waivers for State experimentation. The Reagan administration established an interagency low-income opportunity board to promote and facilitate waivers; the Clinton administration approved waivers from more than 40 States, many of them for statewide reforms, before passage on August 22, 1996 of the law repealing AFDC.

INTERACTION OF AFDC WITH OTHER BENEFIT PROGRAMS

Medicaid

States were required to provide Medicaid to AFDC recipients and to offer 12 months of transitional medical coverage to those who lost AFDC eligibility because of earnings. During the second 6 months of transitional coverage, States could limit the scope of benefits; they also could impose a monthly premium on families whose income, net of necessary child care expenses, exceeded 100 percent of the Federal income poverty guidelines. The monthly premium could not exceed 3 percent of the family’s gross income. States also

were required to provide Medicaid coverage to all members of AFDC-UP families during months when they were not paid cash benefits because of a State-imposed time limit (described above under Brief History). States were permitted to offer Medicaid to “medically needy” families whose income was above AFDC limits but not more than one-third above the maximum AFDC payment for a family of their size. (“Medically needy” income limits for aged and disabled persons also were based on $133\frac{1}{3}$ percent of AFDC maximum payment levels for their size of “family.”)

Food stamps

All AFDC families were income-eligible for food stamps unless they lived in a larger household, and more than 85 percent of AFDC families usually received food stamps. The Food Stamp Program treated AFDC as countable cash income. For every extra dollar of AFDC income, food stamps were reduced by about 30 cents; at the same time, when AFDC payments declined, food stamps were increased by about 30 cents per lost AFDC dollar. Thus, if an AFDC recipient were penalized by one dollar for violating a program rule, food stamps reduced the net loss to 70 cents. The interaction between AFDC and the Food Stamp Program had important financial implications for States. If a State wanted to increase the income of its AFDC recipients, it had to increase AFDC by \$1.43 to obtain an effective \$1 increase in the recipient’s total income ($\$1.00/0.7 = \1.43).

Earned income credit (EIC)

Parents with earnings below specified limits, including those who leave welfare with a job, are eligible for a cash supplement from the U.S. Treasury in the form of an earned income credit (EIC). For tax year 1997, the maximum credit for a tax filer with one child is \$2,210. For two or more children the maximum credit is \$3,656 (\$305 monthly rate), received for earnings between \$9,140 and \$11,930. At higher levels credits are phased out. For families with more than one child, the EIC ends at adjusted gross income of \$29,290. EIC is a refundable credit; persons with income below the taxation threshold receive the credit as a direct payment from the U.S. Treasury. Federal law required that EIC payments be ignored as income (and for 2 months as a resource) in determining AFDC eligibility and benefits, but the new welfare law permits States to decide treatment of EIC by TANF. Food stamps, Medicaid, Supplemental Security Income (SSI), and some housing programs must ignore EIC as income.

Child support enforcement

As a condition of AFDC eligibility, families and applicants were required to assign their rights to child or spousal support to the State and to cooperate with the State in establishing the paternity of a child born outside of marriage and in obtaining support payments. (TANF law prohibits aid for a person who has not assigned support rights to the State and sets minimum penalties for failure to cooperate with child support.) Child support payments made on behalf of an AFDC child were paid to the child support agency rather than directly to the family. If the child support collection

were insufficient to disqualify the family from AFDC, the family received its full monthly AFDC grant plus the first \$50 of the child support payment for that month. The law required States to disregard this \$50 in making AFDC benefit calculations. In some of the States with need standards above maximum benefits, additional amounts of child support were disregarded. The remainder of the monthly child support payment was distributed to reimburse the State and Federal Governments in proportion to their assistance to the family. If the family's income, including the child support payment, were sufficient to make the family ineligible for AFDC, future child support payments were made by the noncustodial parent to the family, usually through an intermediary such as the local child support agency or office of the court clerk.

Social Security

In AFDC, Social Security benefits were treated as unearned income; thus, AFDC benefits were reduced by \$1 for each dollar of Social Security benefits. Under 1984 law, Social Security survivor benefits received by one AFDC child were counted as income available to other family members.

Supplemental Security Income (SSI)

The SSI recipient (whether a child or an adult) was not regarded as a part of the AFDC unit. Thus, his needs could not be taken into account in determining the AFDC benefit level. Nor could any of his income or resources (including non-SSI income) be counted as available to the AFDC family.

Interaction example

Table 7-3 and chart 7-1 illustrate the interaction of the old AFDC Program with food stamps, Medicaid, and the earned income credit (EIC) for a mother with two children at various earning levels, as of January 1997. The example assumes the family lives in Pennsylvania, which still was operating AFDC at the start of 1997. Calculations are made after the mother has been working for 4 months and has lost the disregard of one-third of "residual" earnings, those remaining after subtraction of a \$120 standard allowance.

Other benefit programs

AFDC enrollment qualified children for free school meals (if their school had a meal program). Mothers enrolled in AFDC automatically met income standards for benefits from the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). AFDC recipients also were eligible for help from the Job Training Partnership Act (JTPA). States could grant automatic eligibility for the Low-Income Home Energy Assistance Program (LIHEAP) to AFDC families. However, not all AFDC families received benefits from these programs (see tables 15-1 through 15-3). Some AFDC families received housing subsidies (which reduce the family's rent to 30 percent of countable income). Thus, if a family's AFDC benefit rose (or fell), its public housing or section 8

TABLE 7-3.—EARNINGS AND BENEFITS FOR A MOTHER OF TWO CHILDREN WITH DAY CARE EXPENSES AFTER 4 MONTHS ON JOB, JANUARY 1997—
(PENNSYLVANIA)

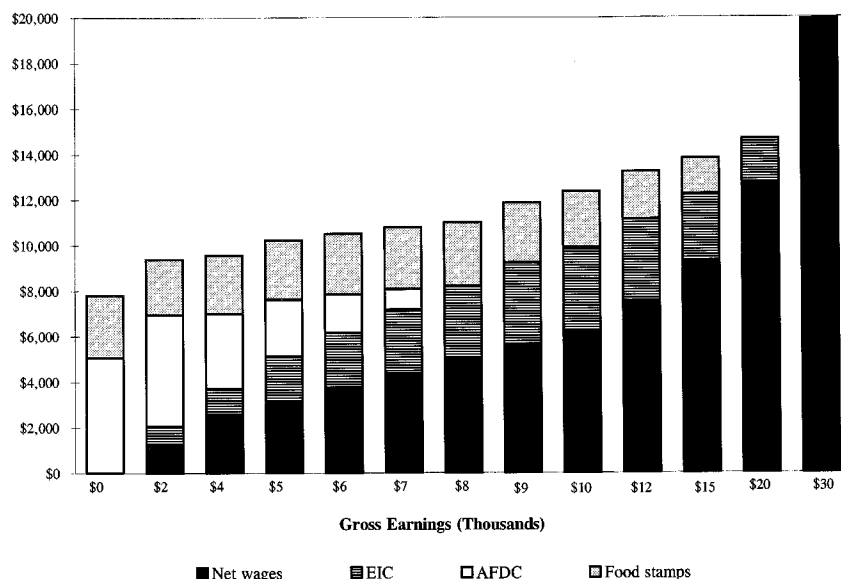
Earnings	EIC	AFDC ¹	Food stamps ²	Medicaid	Taxes			Work ex-penses ⁴	"Dispos-ible" in-come ⁵
					Social Security	Federal income ³	State income		
0	0	\$5,052	\$2,746	Yes	0	0	0	\$1,798	
\$2,000	\$800	4,892	2,434	Yes	\$153	0	\$600	9,373	
4,000	1,200	3,292	2,554	Yes	306	0	1,200	9,540	
5,000	2,000	2,492	2,614	Yes	383	0	1,500	10,223	
6,000	2,400	1,692	2,674	Yes	459	0	1,800	10,507	
7,000	2,800	892	2,734	Yes	536	0	2,100	10,790	
8,000	3,200	0	2,822	Yes ⁶	612	0	2,400	11,010	
9,000	3,600	0	2,642	No ⁷	689	0	2,700	11,853	
10,000	3,656	0	2,462	No	765	0	3,000	12,353	
12,000	3,641	0	2,102	No	912	0	3,600	13,231	
15,000	3,009	0	1,562	No	1,148	0	4,200	13,803	
20,000	1,954	0	0	No	1,530	0	5,200	14,664	
30,000	0	0	0	No	2,295	\$1,560	840	19,905	
50,000	0	0	0	No	3,825	4,944	5,400	43,431	

¹ Assumes these deductions: \$120 monthly standard allowance (which would drop to \$90 after 1 year on the job) and child care costs equal to 20 percent of earnings, up to maximum of \$350 for two children.
² Assumes these deductions: 20 percent of earnings, \$134 monthly standard deduction and child care costs equal to 20 percent of wages, up to maximum of \$320 for two children. (If family also received the maximum shelter deduction, food stamp benefits would be \$75 higher monthly.)
³ Head of household rates for 1997. The dependent care tax credit reduces tax liability at earnings of \$15,000 and above.
⁴ Assumed to equal 10 percent of earnings up to maximum of \$100 monthly, plus child care costs equal to 20 percent of earnings up to a maximum of \$350 for two children.
⁵ In addition, the benefits from Medicaid could be added, but are not, since the extent to which they increase disposable income is uncertain.
⁶ Family would qualify for Medicaid for 12 months after leaving cash welfare. State must offer Medicaid to all children up to age 6 whose family income is not above 133 percent of the Federal poverty guideline (ceiling of \$17,769 for a family of three in 1997) and to children over age 6 born after September 30, 1983 (up to age 13½ in January 1997) whose family income is below the poverty guideline (\$13,330 for a family of three).
⁷ After losing her Medicaid transitional benefits, to regain eligibility mother must spend down on medical expenses to State's medically needy income limit (\$5,604 for a family of three in September 1996).

Source: Congressional Research Service.

housing subsidy generally declined (or rose) by 30 cents per dollar of the AFDC change. Although the law permitted AFDC State programs to count a family's housing subsidy as income to the extent that it duplicated the amount for housing in the AFDC maximum payment schedule, all but four States ignored housing subsidies (October 1990 data). If the AFDC grant included a sum designated for actual housing costs, the family in subsidized housing was required by law to pay that amount as rent even if it exceeded 30 percent of countable income.

CHART 7-1. DISPOSABLE INCOME AT VARIOUS WAGE LEVELS, MOTHER OF THREE, PENNSYLVANIA, JANUARY 1997



Note: "Net wages" equal gross earnings minus taxes and assumed work expenses, shown in table 7-3. Food stamps, AFDC, and the dependent care tax credit all take account of child care costs.

Source: Congressional Research Service.

PARTICIPATION IN MULTIPLE MEANS-TESTED PROGRAMS

In 1995, according to unpublished data from the Current Population Survey conducted by the U.S. Bureau of the Census (1996a), 4.5 million households included a member who received AFDC (or State/local general assistance (GA)). These cash welfare benefits averaged \$3,935 per household (\$328 monthly). The annual value of noncash needs-tested benefits received by members of some of these households were:

- Food stamps, average household value \$2,306 (received by 82.6 percent of the AFDC/GA households);
- Free or reduced-price school lunches, average value \$622 (54.4 percent of the households);
- Housing assistance, average value \$2,650 (28.6 percent of the households);

- Supplemental Security Income (SSI) cash aid, average household value \$5,380 (15.4 percent of the households); and
- Medicaid, average “fungible” value \$2,057 (97.5 percent of the households). The Census Bureau calculates the fungible value of Medicaid by counting Medicaid benefits to the extent that they free up resources that could have been spent on medical care.

The Census Bureau (1996b) also reports (unpublished table based on the Current Population Survey) that in 1995, 71.1 million persons, 27 percent of the population, lived in households in which a member received means-tested cash aid (excluding EIC payments) or noncash aid. By form of aid, they numbered: cash welfare (AFDC, GA, or SSI) 27.2 million persons, 10.3 percent of the population; food stamps, 28.0 million persons, 10.6 percent; Medicaid, 47.2 million persons, 17.9 percent; public or subsidized housing, 11.7 million persons, 4.5 percent.

NATIONAL AFDC DATA: EXPENDITURES, BENEFITS, AND CASELOADS, FISCAL YEARS 1970–96

This section presents a statistical picture of AFDC in its last 27 years, from fiscal year 1970 to fiscal year 1996. In this period total expenditures for benefits rose by 400 percent (table 7–4), but more than three-fourths of this increase was caused by price inflation. In constant value (fiscal year 1996) dollars, benefit spending rose by 21 percent (table 7–2). Administrative costs rose by less than the inflation rate and declined as a share of total program costs—from 18 percent in fiscal year 1970 to 14 percent in fiscal year 1996 (and were relatively lower in the 1980s). Part of the decline represents a change in composition of administrative costs; until fiscal year 1976 they included spending for social services.

The relative cost of aid for unemployed parent families versus single-parent families is shown in table 7–5. In fiscal year 1970, when the two-parent program was optional, 5.7 percent of benefits were paid on behalf of unemployed parent families; in fiscal year 1996 when the program was mandatory, 9.7 percent. This table also shows the rise in child support collections used to reimburse AFDC benefit payments. In fiscal year 1976, the first year of the Child Support Enforcement Program, these collections represented 3.1 percent of Federal-State benefit payments; in fiscal year 1996, 11.1 percent.

Table 7–6 shows that the average monthly number of AFDC families more than doubled from fiscal year 1970 to fiscal year 1990 and reached an all-time peak of 5 million in fiscal year 1994. As a share of all U.S. families with children under age 18 (table 7–2), AFDC families climbed from 6.6 percent in fiscal year 1970 to a record high of 14.8 percent in fiscal year 1994. In the last decade, AFDC monthly benefits averaged \$378 per family, \$132 per recipient. In current dollars, family benefits set record highs of \$389 in fiscal years 1990 and 1992, but in constant value (fiscal year 1996) dollars, they peaked in fiscal year 1970 at \$734 (table 7–7). The maximum AFDC payment for a family of four in the median State (ranked by size of benefit) fell more than 50 percent in real value from 1970 to 1996, from \$910 to \$450 in 1996 dollars. Part of the

decline was offset by the availability of food stamps, which are indexed for price inflation.

TABLE 7-4.—TOTAL, FEDERAL, AND STATE AFDC EXPENDITURES, FISCAL YEARS 1970–96¹

[In millions of dollars]

Fiscal year	Federal share		State share		Total	
	Benefits	Adminis- trative	Benefits	Adminis- trative	Benefits	Adminis- trative
1970	\$2,187	² \$572	\$1,443	\$186	\$4,082	² \$881
1971	3,008	271	2,469	254	5,477	525
1972	3,612	240	2,942	241	6,554	NA
1973	3,865	313	3,138	296	7,003	610
1974	4,071	379	3,300	362	7,371	740
1975	4,625	552	3,787	529	8,412	1,082
1976	5,258	541	4,418	527	9,676	1,069
1977	5,626	595	4,762	583	10,388	1,177
1978	5,701	631	4,890	617	10,591	1,248
1979	5,825	683	4,954	668	10,779	1,350
1980	6,448	750	5,508	729	11,956	1,479
1981	6,928	835	5,917	814	12,845	1,648
1982	6,922	878	5,934	878	12,857	1,756
1983	7,332	915	6,275	915	13,607	1,830
1984	7,707	876	6,664	822	14,371	1,698
1985	7,817	890	6,763	889	14,580	1,779
1986	8,239	993	6,996	967	15,235	1,960
1987	8,914	1,081	7,409	1,052	16,323	2,133
1988	9,125	1,194	7,538	1,159	16,663	2,353
1989	9,433	1,211	7,807	1,206	17,240	2,417
1990	10,149	1,358	8,390	1,303	18,539	2,661
1991	11,165	1,373	9,191	1,300	20,356	2,673
1992	12,258	1,459	9,993	1,378	22,250	2,837
1993	12,270	1,518	10,016	1,438	22,286	2,956
1994	12,512	1,680	10,285	1,621	22,797	3,301
1995	12,019	1,770	10,014	1,751	22,032	3,521
1996	11,065	1,633	9,346	1,633	20,411	3,266

¹ The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 repealed the AFDC Program as of July 1, 1997.

² Includes expenditures for services.

NA—Not available.

Note.—Administrative costs include child care administration, work program, ADP, FAMIS, fraud control, SAVE and other State and local administrative expenditures. Benefits include AFDC-Basic and AFDC-UP expenditures; child support reimbursement is not included. Numbers may not add due to rounding.

Source: Administration for Children and Families, U.S. Department of Health and Human Services.

TABLE 7-5.—FEDERAL AND STATE AFDC BENEFIT PAYMENTS UNDER THE SINGLE PARENT AND UNEMPLOYED PARENT PROGRAMS, FISCAL YEARS 1970-96¹

[In millions of dollars]

Fiscal year	Single parent ²	Unemployed parent	Child support ³	Total ⁴
1970	\$3,851	\$231	0	\$4,082
1971	4,993	412	0	5,405
1972	5,972	422	0	6,394
1973	6,459	414	0	6,873
1974	6,881	324	0	7,205
1975	7,791	362	0	8,153
1976	8,825	525	\$286	9,064
1977	9,420	617	423	9,614
1978	9,624	565	472	9,717
1979	9,865	522	597	9,790
1980	10,847	693	593	10,947
1981	11,769	1,075	659	12,185
1982	11,601	1,256	771	12,086
1983	12,136	1,471	865	12,742
1984	12,759	1,612	983	13,388
1985	13,024	1,556	901	13,679
1986	13,672	1,563	951	14,284
1987	14,807	1,516	1,071	15,252
1988	15,243	1,420	1,197	15,466
1989	15,889	1,350	1,287	15,952
1990	17,059	1,480	1,416	17,123
1991	18,529	1,827	1,603	18,753
1992	20,130	2,121	1,822	20,429
1993	19,988	2,298	1,963	20,323
1994	20,393	2,404	2,060	20,737
1995	19,820	2,212	2,165	19,867
1996	18,438	1,973	2,270	18,141

¹ The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 repealed the AFDC Program as of July 1, 1997.

² Includes payments to two-parent families where one adult is incapacitated.

³ Total AFDC collections (including collections on behalf of foster care children) less payments to recipients.

⁴ Net AFDC benefits—gross benefits less those reimbursed by child support collections.

Source: Administration for Children and Families, U.S. Department of Health and Human Services.

TABLE 7-6.—HISTORICAL TRENDS IN AFDC ENROLLMENTS AND AVERAGE PAYMENTS, FISCAL YEARS 1970-96¹

Fiscal year	Average monthly number of: (in thousands)					Average monthly benefit	
	Fami- lies ²	Recipi- ents ²	Children ²	Unemployed parent fam- ilies	Unemployed parent re- cipients	Family	Recipient
1970	1,909	7,429	5,494	78	420	\$178	\$46
1971	2,532	9,556	6,963	143	726	180	48
1972	2,918	10,632	7,698	134	639	187	51
1973	3,123	11,038	7,965	120	557	187	53
1974	3,170	10,845	7,824	95	434	194	57
1975	3,342	11,067	7,928	101	451	210	63
1976	3,561	11,339	8,156	135	593	226	71
1977	3,575	11,108	7,818	149	659	242	78
1978	3,528	10,663	7,475	127	567	250	83
1979	3,493	10,311	7,193	113	504	257	87
1980	3,642	10,597	7,320	141	612	274	94
1981	3,871	11,160	7,615	209	881	277	96
1982	3,569	10,431	6,975	232	976	300	103
1983	3,651	10,659	7,051	272	1,144	311	106
1984	3,725	10,866	7,153	287	1,222	322	110
1985	3,692	10,813	7,165	261	1,131	339	116
1986	3,747	10,995	7,294	253	1,101	352	120
1987	3,784	11,065	7,381	236	1,035	359	123
1988	3,748	10,920	7,326	210	929	370	127
1989	3,771	10,935	7,370	193	856	381	131
1990	3,974	11,460	7,755	204	899	389	135
1991	4,375	12,595	8,515	268	1,148	388	135
1992	4,769	13,625	9,225	322	1,348	389	136
1993	4,981	14,144	9,539	359	1,489	373	131
1994	5,046	14,226	9,590	363	1,509	376	134
1995	4,869	13,619	9,275	335	1,383	377	135
1996 ³	4,553	12,649	8,673	302	1,241	374	134

¹The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 repealed the AFDC Program as of July 1, 1997.

²Includes unemployed parent families.

³Preliminary data.

Note.—AFDC benefit amounts have not been reduced by child support collections.

Source: Administration for Children and Families, U.S. Department of Health and Human Services.

TABLE 7-7.—HISTORIC TRENDS IN AVERAGE AFDC PAYMENTS AND IN MAXIMUM BENEFITS FOR A FAMILY OF FOUR IN THE MEDIAN STATE, CURRENT AND CONSTANT DOLLARS,¹ SELECTED FISCAL YEARS 1970-96

AFDC payments	Fiscal year									
	1970	1975	1980	1985	1990	1992	1994	1995	1996	
Average monthly benefit per family	\$178	\$210	\$274	\$339	\$389	\$389	\$376	\$377	\$374	
In fiscal year 1996 dollars	734	631	533	495	470	435	397	387	374	
Average monthly benefit per person	46	63	94	116	135	136	134	135	134	
In fiscal year 1996 dollars	189	189	183	169	163	152	142	139	134	
Maximum benefit in July for a family unit of four with no income in the median State (ranked by benefit size) ²	221	264	350	399	432	435	435	435	450	
In fiscal year 1996 dollars	910	793	681	582	522	486	460	447	450	

¹ The constant dollar numbers were calculated by use of the Consumer Price Index for all Urban Consumers (CPI-U).

² Among the 50 States and the District of Columbia.

Note.—AFDC benefit amounts have not been reduced by child support enforcement collections.

Source: Family Support Administration, U.S. Department of Health and Human Services. Median State benefits provided by the Congressional Research Service (CRS). Table prepared by CRS.

STATE AFDC DATA: BENEFITS, EXPENDITURES, AND CASELOADS

Maximum benefits, by State, January 1997

By January 1, 1997 more than half of the States had TANF plans in effect. Table 7-8 shows maximum AFDC/TANF benefits for a one-parent family of three persons by State at the start of 1997. All but four jurisdictions retained their July 1, 1996 AFDC maximum benefit schedule. Maryland and Vermont increased benefits; California and the District of Columbia reduced benefits. Maximum cash benefits in Alaska (\$923) were almost eight times as large as in Mississippi (\$120). Addition of food stamps narrowed the range. Combined benefits for an Alaskan family of three with no countable income (\$1,246) were somewhat less than triple those of a comparable family in Mississippi (\$435).

Table 7-9 presents maximum AFDC/TANF benefits, as of January 1, 1997, for families of one to six persons. Generally, the amounts shown applied both to one- and two-parent families, but some States paid higher amounts to the latter group. For average size families (three persons) with no countable income, benefits in the median State averaged \$126 per recipient. For units of one person (a child with an ineligible caretaker, or a pregnant woman), the median State paid a maximum of \$214. Per recipient amounts declined with family size: four-person units, \$114 per recipient; five-person units, \$105; and six-person units, \$97.

AFDC coverage of children, by State, selected years

Table 7-10 (columns 1-5) presents the percentage of children enrolled in AFDC by State for selected years. It shows wide variation among States. For example, the share of all children receiving AFDC ranged in 1970 from 3.1 percent in New Hampshire to 16.8 percent in the District of Columbia. The differences reflect disparities in income eligibility limits, which are set by States, and economic and demographic conditions.

For decennial census years (1970, 1980, and 1990), table 7-10 (columns 6-8) compares AFDC child enrollment to the number of children in the State who meet the Census Bureau's definition of poverty. For the United States, this ratio rose from 59 percent in 1970 to 67 percent in 1990. For some States the ratio of AFDC children to poor children exceeded 100 percent, even though effective AFDC income eligibility limits were below poverty thresholds in virtually all States. The probable explanation is that AFDC eligibility was based on monthly income and circumstances in contrast to the count of poor children, which depends on annual money income. The result is that some families, poor enough to qualify for AFDC at some time during the year, might have had money income in other parts of the year that brought their total up to or above the poverty threshold.

TABLE 7-8.—NEED STANDARD AND MAXIMUM AFDC/TANF AND FOOD STAMP BENEFITS, ONE-PARENT FAMILY OF THREE PERSONS,¹ JANUARY 1997

State name	Gross income limit (185 percent of need standard)	100 percent of "need"	Maximum AFDC grant ²	Food stamp benefit ³	Combined benefits	Combined benefits as a percent of 1997 poverty guidelines ⁴	AFDC benefits as a percent of 1997 poverty guidelines ⁴
Alabama	\$1,245	\$673	\$164	\$315	\$479	43	15
Alaska ⁵	1,955	1,057	923	323	1,246	90	66
Arizona	1,783	964	347	315	662	60	31
Arkansas ⁵	1,304	705	204	315	519	47	18
California	1,360	735	565	261	826	74	51
Colorado ⁵	779	421	356	315	671	60	32
Connecticut	1,613	872	636	239	875	79	57
Delaware ⁵	625	338	338	315	653	59	30
District of Columbia ⁵	1,317	712	398	311	709	64	36
Florida	2,002	1,082	303	315	618	56	27
Georgia ⁵	784	424	280	315	595	54	25
Guam ⁵	1,245	673	673	434	1,107	100	61
Hawaii ⁵	2,109	1,140	712	472	1,184	93	56
Idaho ⁵	1,833	991	317	315	632	57	29
Illinois ⁵	1,830	989	377	315	692	62	34
Indiana	592	320	288	315	603	54	26
Iowa	1,571	849	426	302	728	66	38
Kansas	794	429	429	302	730	66	39
Kentucky	973	526	262	315	577	52	24
Louisiana	1,217	658	190	315	505	45	17
Maine	1,023	553	418	305	723	65	38
Maryland	956	517	377	315	692	62	34
Massachusetts	1,045	565	565	261	826	74	51
Michigan:							
Washtenaw County	1,151	622	489	292	752	68	41

Wayne County	1,084	586	459	284	772	70	44
Minnesota ⁵	984	532	532	271	803	72	48
Mississippi	681	368	120	315	435	39	11
Missouri	1,565	846	292	315	607	55	26
Montana	1,032	558	438	299	737	66	39
Nebraska	673	364	364	315	679	61	33
Nevada	1,423	769	348	315	663	60	31
New Hampshire	3,210	1,735	550	265	815	73	50
New Jersey ⁵	1,822	985	424	303	727	65	38
New Mexico ⁵	720	389	389	314	702	63	35
New York:							
(New York City)	1,067	577	577	257	834	75	52
(Suffolk County)	1,301	703	703	219	922	83	63
North Carolina	1,006	544	272	315	587	53	24
North Dakota ⁵	797	431	431	301	732	66	39
Ohio	1,758	950	341	315	656	59	31
Oklahoma	1,193	645	307	315	622	56	28
Oregon	851	460	460	292	752	68	41
Pennsylvania ⁵	1,136	614	421	304	725	65	38
Puerto Rico ⁵	666	360	180	NA	180	16	NA
Rhode Island ⁵	1,025	554	554	264	818	74	50
South Carolina	999	540	200	315	515	46	18
South Dakota	938	507	430	301	731	66	39
Tennessee	1,252	677	185	315	500	45	17
Texas	1,389	751	188	315	503	45	17
Utah	1,051	568	426	302	728	66	38
Vermont	2,226	1,203	639	238	878	79	58
Virgin Islands ⁵	555	300	240	405	645	58	22
Virginia ⁵	727	393	354	315	669	60	32
Washington ⁵	2,281	1,233	546	266	812	73	49
West Virginia ⁵	1,833	991	253	315	568	51	23
Wisconsin	1,197	647	517	275	792	71	47

TABLE 7-8.—NEED STANDARD AND MAXIMUM AFDC/TANF AND FOOD STAMP BENEFITS, ONE-PARENT FAMILY OF THREE PERSONS,¹ JANUARY 1997—
Continued

State name	Gross income limit (185 percent of need standard)	100 percent of "need"	Maximum AFDC grant ²	Food stamp benefit ³	Combined benefits	Combined benefits as a percent of 1997 poverty guidelines ⁴	AFDC benefits as a percent of 1997 poverty guidelines ⁴
Wyoming	1,247	674	360	315	675	61	32
Median AFDC State ⁶ .....	.....	.....	377	315	692	62	34

¹ In most States these amounts apply also to two-parent families of three (where the second parent is incapacitated or unemployed). Some, however, increase benefits for these families.

² In States with area differentials, figure shown is for area with highest benefit.

³ Food stamp benefits are based on maximum AFDC/TANF benefits shown and assume deductions of \$384 monthly (\$134 standard household deduction and \$250 maximum allowable deduction for excess shelter cost) in the 48 contiguous States and the District of Columbia. In the other four jurisdictions these maximum allowable food stamp deductions are assumed: Alaska, \$663; Hawaii, \$546; Guam, \$573; and the Virgin Islands, \$302. If only the standard deduction were assumed, food stamp benefits would drop by about \$75 monthly in most of the 48 contiguous States and in the District of Columbia. Maximum food stamp benefits from October 1996 through September 1997 are \$315 for a family of three, with these exceptions: (urban) Alaska, \$401; Hawaii, \$522; Guam, \$464; and the Virgin Islands, \$495.

⁴ The 1997 poverty guidelines for a family of three are: \$1,111 per month for the 48 contiguous States and the District of Columbia; \$1,389 for Alaska; and \$1,278 for Hawaii. These jurisdictions did not yet have TANF plans in effect on January 1, 1997.

⁶ Ranked by size of maximum benefit among the 50 States and the District of Columbia.

NA—Not available.

Note.—Puerto Rico does not have a Food Stamp Program; instead a cash nutritional assistance payment is made.

Source: Table prepared by the Congressional Research Service from information provided by a telephone survey of the States.

TABLE 7-9.—MAXIMUM AFDC/TANF BENEFITS BY FAMILY SIZE, JANUARY 1997

State	Size of filing unit (family)					
	1	2	3	4	5	6
Alabama	\$111	\$137	\$164	\$194	\$225	\$252
Alaska ¹	514	821	923	1,025	1,127	1,229
Arizona	204	275	347	418	489	561
Arkansas ¹	81	162	204	247	286	331
California ^{2 3}	279	456	565	673	767	861
Colorado ¹	214	280	356	432	512	590
Connecticut ²	402	513	636	741	835	935
Delaware ¹	201	270	338	407	475	544
District of Columbia ¹	251	312	398	486	561	660
Florida	180	241	303	364	426	487
Georgia ¹	155	235	280	330	378	410
Guam ¹	420	537	673	776	874	985
Hawaii ¹	418	565	712	859	1,006	1,153
Idaho ¹	205	251	317	382	448	513
Illinois ^{1 2}	212	278	377	414	485	545
Indiana	139	229	288	346	405	463
Iowa	183	361	426	495	548	610
Kansas ²	267	352	429	497	558	619
Kentucky	186	225	262	328	383	432
Louisiana ²	72	138	190	234	277	316
Maine	198	312	418	526	632	739
Maryland	167	295	377	455	527	579
Massachusetts ³	383	474	565	651	741	832
Michigan:						
Wayne County	276	371	459	563	659	792
Washtenaw County	305	401	489	593	689	822
Minnesota ¹	187	437	532	621	697	773
Mississippi	60	96	120	144	168	192
Missouri	136	234	292	342	388	431
Montana	261	349	438	527	615	703
Nebraska	222	293	364	435	506	577
Nevada	229	289	348	408	468	528
New Hampshire	414	481	550	613	673	754
New Jersey ¹	162	322	424	488	522	616
New Mexico ¹	231	310	389	469	548	627
New York:						
New York City	352	468	577	687	800	884
Suffolk County	446	576	703	824	949	1,038
North Carolina	181	236	272	297	324	349
North Dakota ¹	223	333	431	517	591	653
Ohio	203	279	341	421	493	549
Oklahoma	190	238	307	380	445	509
Oregon	310	395	460	565	660	755
Pennsylvania ^{1 2}	215	330	421	514	607	687
Puerto Rico ¹	132	156	180	204	228	252
Rhode Island ¹	327	449	554	632	710	800
South Carolina	119	159	200	241	281	321
South Dakota	304	380	430	478	528	578
Tennessee	95	142	185	226	264	305

TABLE 7-9.—MAXIMUM AFDC/TANF BENEFITS BY FAMILY SIZE, JANUARY 1997—
Continued

State	Size of filing unit (family)					
	1	2	3	4	5	6
Texas	78	163	188	226	251	288
Utah	246	342	426	498	567	625
Vermont ²	438	539	639	719	805	861
Virgin Islands ¹	120	180	240	300	360	420
Virginia ^{1,2}	220	294	354	410	488	534
Washington ¹	349	440	546	642	740	841
West Virginia ¹	149	201	253	312	360	413
Wisconsin ²	248	440	517	617	708	766
Wyoming ²	195	320	360	390	450	510
Median State ⁴	214	310	377	455	527	579

¹These jurisdictions did not yet have TANF plans in effect on January 1, 1997.

²These States (like Michigan and New York) have regional or urban/rural benefit schedules. Amounts shown are for highest benefit area.

³Benefit amounts are higher than shown for persons exempt from work.

⁴Median State among 50 States and the District of Columbia, ranked by benefit size.

Source: Table prepared by Congressional Research Service on the basis of a telephone survey.

TABLE 7-10.—AFDC COVERAGE OF CHILDREN, BY STATE, SELECTED YEARS 1970-96

State	Percent of all children receiving AFDC					AFDC children as a percent- age of poor children		
	1970	1980	1990	1995	1996	1970	1980	1990
Alabama	8.8	11.0	8.8	8.1	7.4	30.6	36.4	36.5
Alaska	5.3	8.4	7.8	12.3	12.6	37.6	52.4	68.4
Arizona	7.0	5.6	9.0	11.4	10.3	39.6	25.3	40.9
Arkansas	6.0	9.2	8.3	7.1	6.4	19.6	29.8	32.9
California	14.4	15.6	17.1	21.1	20.4	115.2	77.3	93.7
Colorado	7.4	6.8	8.1	7.6	6.8	58.8	43.3	53.1
Connecticut	6.6	11.7	11.0	14.5	13.6	86.3	80.7	102.9
Delaware	8.5	14.5	9.0	9.7	9.0	69.6	70.6	75.1
District of Columbia	16.8	39.9	30.6	42.7	44.0	75.4	123.9	120.2
Florida	8.4	8.4	9.4	13.2	11.5	44.6	34.8	50.3
Georgia	10.6	10.3	12.1	14.2	12.8	44.7	37.4	60.0
Hawaii	7.1	14.9	10.6	14.3	14.4	69.6	78.8	91.7
Idaho	4.8	4.6	3.7	4.8	4.6	38.2	22.2	23.0
Illinois	8.3	14.9	15.0	15.5	14.4	76.7	80.9	87.9
Indiana	3.6	7.4	7.3	8.8	6.9	39.2	46.1	51.4
Iowa	5.1	9.0	9.0	9.1	8.2	51.4	57.8	62.6
Kansas	6.1	7.9	8.0	7.9	7.0	51.4	49.5	56.3
Kentucky	8.7	11.3	12.4	13.2	12.4	35.4	41.1	50.1
Louisiana	12.8	12.0	16.4	14.0	13.1	43.2	41.5	52.2
Maine	9.4	12.4	11.6	12.3	11.8	65.9	54.8	84.1
Maryland	8.0	12.8	10.9	12.0	10.9	71.2	78.8	96.8
Massachusetts	9.0	15.2	12.6	12.4	10.7	102.4	89.0	95.3

TABLE 7-10.—AFDC COVERAGE OF CHILDREN, BY STATE, SELECTED YEARS 1970-96—
Continued

State	Percent of all children receiving AFDC					AFDC children as a percent- age of poor children		
	1970	1980	1990	1995	1996	1970	1980	1990
Michigan	7.0	18.0	17.6	15.7	13.9	74.3	105.1	94.8
Minnesota	4.9	8.2	9.6	9.1	9.3	51.8	59.6	75.3
Mississippi	12.1	16.0	17.4	14.0	12.7	29.7	41.8	51.7
Missouri	7.8	10.6	10.8	12.7	11.6	53.1	54.7	60.6
Montana	4.7	6.1	8.5	9.3	8.8	35.8	31.8	41.8
Nebraska	4.7	5.8	6.9	6.5	6.1	38.9	35.1	49.9
Nevada	6.1	4.6	5.5	7.7	6.5	69.3	32.3	41.5
New Hampshire	3.1	6.2	3.9	6.2	5.4	39.0	45.7	52.3
New Jersey	10.9	16.1	12.0	11.0	9.8	120.3	90.7	106.0
New Mexico	10.5	9.3	8.5	13.5	13.0	40.0	32.2	30.6
New York	13.8	16.3	15.7	18.0	17.0	109.8	68.3	82.3
North Carolina	5.7	8.6	9.6	12.0	10.4	24.9	34.5	55.6
North Dakota	3.8	4.7	6.0	5.7	5.4	23.6	23.7	34.8
Ohio	5.9	12.3	15.0	14.6	13.4	60.0	73.1	84.0
Oklahoma	8.9	7.8	9.3	9.7	8.4	46.2	37.0	42.9
Oregon	8.2	8.4	8.5	9.0	7.4	77.0	52.6	53.7
Pennsylvania	9.2	13.9	12.5	13.9	12.7	85.5	77.0	79.9
Rhode Island	9.9	15.2	13.6	17.0	16.6	84.6	84.1	98.4
South Carolina	5.0	11.8	8.8	10.0	9.5	17.8	42.4	41.7
South Dakota	5.4	6.3	6.8	6.0	5.8	29.1	24.1	33.4
Tennessee	8.7	9.5	12.0	14.6	13.7	36.1	35.4	57.2
Texas	6.0	5.4	9.0	9.9	8.9	23.9	22.1	36.9
Utah	6.0	5.0	4.9	4.6	4.0	56.7	32.1	39.1
Vermont	5.7	10.3	9.7	11.5	10.7	50.0	51.7	80.3
Virginia	4.8	8.3	7.0	8.0	7.0	27.2	41.4	52.7
Washington	7.6	9.5	12.0	13.1	12.3	78.7	62.1	82.3
West Virginia	11.8	10.9	15.6	15.6	14.6	49.3	44.9	59.5
Wisconsin	4.0	11.3	12.4	10.8	9.1	45.1	80.2	83.7
Wyoming	3.7	3.4	7.1	7.3	6.8	31.4	31.3	49.3
U.S. total	8.8	11.7	12.2	13.5	12.6	58.9	56.3	66.7

Table prepared by Congressional Research Service. Data sources: AFDC enrollment—1970, July 1970 numbers; 1980, December 1980 numbers; fiscal year monthly averages for 1990, 1995 and 1996. All AFDC data are from the U.S. Department of Health and Human Services and its predecessor; 1970 and 1980 data include foster care children. Population data are from U.S. Census Bureau. Poor children are those whose family money income for the preceding year—1969, 1979, and 1989, respectively—fell short of the poverty threshold. Numbers of all children are from decennial census publications for 1970, 1980, and 1990; 1995 data are July 1, 1994 estimates; 1996 data are July 1, 1996 estimates.

Administrative costs and AFDC enrollment, by State, fiscal year 1996

Costs of administering AFDC benefits in fiscal year 1996 varied widely among the States, as shown by table 7-11. Per family they ranged from a low of \$227 (less than \$20 monthly) in Louisiana to a peak of \$1,583 in Oregon. Administrative costs exceeded \$1,000 per family in 12 other States: Delaware, Kansas, Maryland, Massachusetts, Minnesota, Nebraska, New Hampshire, New Jersey, New

York, Oklahoma, Utah, and Wisconsin. This table also shows that more than half of the fiscal year 1996 AFDC caseload lived in six States: California, 20 percent; New York, 10 percent; Texas, 6 percent; Illinois, Florida, and Ohio, 5 percent each.

TABLE 7-11.—AVERAGE MONTHLY NUMBER OF AFDC FAMILIES AND RECIPIENTS, TOTAL BENEFIT PAYMENTS AND ADMINISTRATIVE COSTS AND AVERAGE PAYMENT PER FAMILY AND RECIPIENT, FISCAL YEAR 1996

State	Total assistance payments (mill.)	Average monthly caseload ¹ (thous.)	Average monthly recipients ¹ (thous.)	Average monthly payment per		Total admin. cost ² (mill.)	Admin. cost per AFDC family ³
				Fam-ily	Re-cipi-ent		
Alabama	\$75.1	42	105	\$148	\$59	\$22.0	\$520
Alaska	107.4	12	36	731	247	10.0	819
Arizona	228.3	63	172	300	111	47.5	749
Arkansas	51.6	23	58	189	74	13.2	581
California	5,907.5	896	2,626	549	187	587.6	656
Colorado	129.2	35	99	304	109	23.1	653
Connecticut	322.9	58	162	463	166	31.5	543
Delaware	34.7	10	23	279	124	12.0	1,157
District of Columbia	120.8	26	70	391	143	22.6	877
Florida	679.7	212	561	267	101	131.6	621
Georgia	384.8	130	353	246	91	60.2	462
Guam	14.1	2	8	550	150	1.6	741
Hawaii	173.3	22	67	657	217	9.8	447
Idaho	30.1	9	23	278	109	8.8	974
Illinois	832.9	224	655	310	106	119.7	534
Indiana	153.5	53	148	242	86	29.7	562
Iowa	131.1	33	89	333	122	19.7	600
Kansas	97.9	25	68	324	119	25.4	1,012
Kentucky	191.4	72	175	222	91	32.5	453
Louisiana	130.1	71	236	154	46	16.0	227
Maine	98.6	20	56	401	147	6.3	309
Maryland	285.2	74	204	321	116	89.2	1,203
Massachusetts	559.9	88	237	528	197	93.0	1,053
Michigan	778.8	178	527	365	123	159.8	898
Minnesota	332.6	58	171	476	162	62.1	1,066
Mississippi	67.8	48	129	118	44	16.7	349
Missouri	254.0	83	232	256	91	24.4	295
Montana	45.5	11	31	350	121	6.9	640
Nebraska	53.5	14	39	315	115	21.5	1,521
Nevada	48.4	15	38	272	107	14.4	972
New Hampshire	49.8	10	24	435	171	12.1	1,267
New Jersey	462.5	112	288	344	134	150.6	1,345
New Mexico	152.7	34	101	376	126	15.7	465
New York	2,929.3	433	1,189	563	205	550.7	1,271
North Carolina	299.6	113	278	221	90	68.7	607
North Dakota	21.0	5	13	358	131	4.6	941
Ohio	762.8	207	546	308	116	90.0	435
Oklahoma	121.9	39	105	262	97	42.5	1,095

TABLE 7-11.—AVERAGE MONTHLY NUMBER OF AFDC FAMILIES AND RECIPIENTS, TOTAL BENEFIT PAYMENTS AND ADMINISTRATIVE COSTS AND AVERAGE PAYMENT PER FAMILY AND RECIPIENT, FISCAL YEAR 1996—Continued

State	Total assistance payments (mill.)	Average monthly case-load ¹ (thous.)	Average monthly recipients ¹ (thous.)	Average monthly payment per		Total admin. cost ² (mill.)	Admin. cost per AFDC family ³
				Fam-ily	Re-cipi-ent		
Oregon	154.5	33	87	385	148	52.9	1,583
Pennsylvania	821.9	190	544	360	126	102.1	537
Puerto Rico	63.4	51	155	104	34	14.6	287
Rhode Island	125.3	21	58	492	179	10.1	476
South Carolina	100.9	46	119	184	71	31.5	688
South Dakota	21.6	6	16	300	110	4.3	711
Tennessee	189.8	99	260	160	61	38.9	393
Texas	496.0	255	684	162	60	104.4	409
Utah	64.2	15	40	363	133	22.4	1,514
Vermont	55.6	9	25	512	183	6.1	673
Virgin Islands	4.2	1	5	249	70	0.7	502
Virginia	199.2	65	162	256	103	38.5	593
Washington	584.8	99	274	493	178	78.4	792
West Virginia	101.5	37	95	231	89	11.5	315
Wisconsin	291.0	60	170	404	142	91.6	1,526
Wyoming	16.7	5	13	295	109	3.8	806
U.S. total	20,411.1	4,553	12,649	374	134	3,265.9	717

¹ Preliminary data.

² Administrative costs include child care administration, work program, ADP, FAMIS, fraud control, SAVE, and other State and local administrative expenditures.

³ Average annual administrative cost per family.

Source: Administration for Children and Families, U.S. Department of Health and Human Services.

AFDC-unemployed parent families, by State, fiscal year 1996

The distribution of unemployed-parent (AFDC-UP) families was very uneven among States (table 7-12). More than half (54 percent) of these families were in California. Two-parent families accounted for 18 percent of the California caseload, but only 7 percent of the national total.

Need standards and maximum benefits, by State, selected years

From 1970 to 1997, AFDC benefit levels declined in real value in all States (but rose in Puerto Rico); in the same period need standards declined in real value in all but 11 States (tables 7-13 and 7-14). In the median State, ranked by size of benefit level, maximum AFDC benefits fell 50 percent in this period, from \$751 (expressed in January 1997 dollars) to \$377. As noted earlier, some of the benefit erosion was offset by expansion of the Food Stamp Program, which provides 100-percent federally funded benefits that are adjusted for price inflation.

TABLE 7-12.—AFDC—UP RECIPIENTS OF CASH PAYMENTS AND AMOUNTS OF PAYMENTS BY STATE, FISCAL YEAR 1996

State	UP money payments (thousands)	Average number of families ¹	Average number of recipients ¹	Average monthly payment per:	
				Family	Recipient
Alabama	\$108	83	355	\$108	\$25
Alaska	16,869	1,810	8,338	777	169
Arizona	5,635	1,251	5,465	376	86
Arkansas	934	240	963	324	81
California	1,228,319	161,782	657,970	633	156
Colorado	1,704	444	1,538	320	92
Connecticut	21,265	3,253	13,543	545	131
Delaware	433	115	446	314	81
District of Columbia	997	145	693	572	120
Florida	11,889	2,640	10,423	375	95
Georgia	1,167	325	1,282	299	76
Guam	1,764	189	1,038	779	142
Hawaii	15,211	1,614	7,345	785	173
Idaho	1,221	293	1,240	347	82
Illinois	39,354	9,840	41,724	333	79
Indiana	4,895	1,333	5,669	306	72
Iowa	13,337	3,122	12,528	356	89
Kansas	5,211	1,151	4,515	377	96
Kentucky	9,917	3,046	11,136	271	74
Louisiana	542	217	1,092	208	41
Maine	10,394	1,650	6,835	525	127
Maryland	2,050	460	1,975	371	86
Massachusetts	20,027	2,647	11,258	631	148
Michigan	105,268	19,700	84,975	445	103
Minnesota	27,011	3,948	18,923	570	119
Mississippi	54	33	130	136	34
Missouri	4,221	1,105	4,064	318	87
Montana	5,317	934	4,072	474	109
Nebraska	2,978	644	2,745	385	90
Nevada	1,059	279	1,071	317	82
New Hampshire	718	130	558	459	107
New Jersey	14,989	2,865	12,078	436	103
New Mexico	7,643	1,191	5,575	535	114
New York	108,901	17,788	72,439	510	125
North Carolina	6,709	2,190	8,288	255	67
North Dakota	420	73	355	479	99
Ohio	54,534	12,053	47,933	377	95
Oklahoma	1,024	261	977	328	87
Oregon	12,017	2,181	8,753	459	114
Pennsylvania	29,824	6,402	26,793	388	93
Rhode Island	3,284	485	1,965	564	139
South Carolina	531	181	816	244	54
South Dakota	156	35	192	367	67
Tennessee	3,321	1,392	5,290	199	52
Texas	14,047	5,934	23,925	197	49
Utah	455	101	452	377	84
Vermont	6,861	1,257	4,987	455	115

TABLE 7-12.—AFDC—UP RECIPIENTS OF CASH PAYMENTS AND AMOUNTS OF PAYMENTS BY STATE, FISCAL YEAR 1996—Continued

State	UP money payments (thousands)	Average number of families ¹	Average number of recipients ¹	Average monthly payment per:	
				Family	Recipient
Virgin Islands	0	0	0	0	0
Virginia	2,745	516	2,099	444	109
Washington	102,560	14,123	59,891	605	143
West Virginia	15,148	4,447	16,794	284	75
Wisconsin	28,033	3,676	17,723	635	132
Wyoming	227	53	229	356	83
U.S. total	1,973,298	301,628	1,241,463	545	132

¹ Preliminary data.

Source: Administration for Children and Families, U.S. Department of Health and Human Services.

Total AFDC benefit expenditures, by State, selected years

Total AFDC benefit expenditures by State for fiscal years 1990–96 are presented in table 7–15. Nationally benefit outlays rose from \$18.5 billion in fiscal year 1990 to an all-time peak of \$22.8 billion in fiscal year 1994, then declined to \$22.0 billion and \$20.4 billion in the next 2 years. Measured in 1996 value dollars, U.S. benefit spending increased from \$22.4 billion in fiscal year 1990 to a peak of \$24.1 billion in fiscal year 1994, as shown on table 7–2. AFDC benefit outlays in fiscal year 1996 were smaller than in fiscal year 1994 in all jurisdictions except: Guam (up 16.5 percent); Hawaii (6.3 percent); Nevada (0.6 percent); New Mexico (6.1 percent); New York (0.6 percent); and the Virgin Islands (20.0 percent).

FINANCING OF AFDC

Federal funding shares

The Federal share of a State's AFDC benefit payments was determined by the matching formula specified for Medicaid in title XIX of the Social Security Act. Within limits, the Federal Medicaid matching rate is inversely related to State per capita income squared. If State per capita income equals the national average, the Federal share is 55 percent; if State per capita income is not more than 5.4 percent above average, the share is between 50 and 55 percent; if State per capita income is below average, the share is above 55 percent. Thus, Federal matching for AFDC benefit payments varied from State to State, ranging from 50 percent in 11 States and the District of Columbia to 78.07 percent in Mississippi in fiscal year 1996, the last full year of AFDC. Table 7–16 presents State Medicaid matching rates for selected fiscal years 1984–98. It shows that California, Colorado, Washington, and Wyoming, which received the minimum 50 percent Federal share in 1984–85, now receive a higher match rate because their comparative per capita income position has declined. Mississippi's relative position improved, reducing the Medicaid rate to 77.22 percent for fiscal year 1997.

TABLE 7-13.—AFDC NEED STANDARD FOR A THREE-PERSON FAMILY BY STATE, SELECTED YEARS 1970-97

State	July 1970 ¹	July 1975	July 1980	July 1985	January 1990 ²	January 1994 ²	January 1995 ²	January 1996 ²	January 1997 ²	Percent change in real value, 1970-97 ³
Alabama	\$184	\$180	\$192	\$384	\$578	\$673	\$673	\$673	\$673	-10
Alaska	350	350	457	719	846	975	1,022	1,028	1,057	-26
Arizona	212	233	233	233	621	964	964	964	964	11
Arkansas	149	245	234	234	705	705	705	705	705	16
California	351	316	480	587	694	715	715	730	735	-49
Colorado	193	217	290	421	421	421	421	421	421	-47
Connecticut	283	346	475	569	649	680	872	872	872	-24
Delaware	245	245	266	287	333	338	338	338	338	-66
District of Columbia	229	286	394	654	712	72	712	712	712	-24
Florida	189	195	195	400	838	991	991	1,050	1,082	40
Georgia	177	193	193	366	414	424	424	424	424	-41
Guam	NA	NA	261	265	330	330	330	330	673	NA
Hawaii	226	428	468	468	964	1,140	1,140	1,140	1,140	24
Idaho	238	345	371	554	554	991	991	991	991	2
Illinois	232	261	288	657	777	890	936	963	989	5
Indiana	272	307	307	307	320	320	320	320	320	-71
Iowa	247	309	360	497	497	849	849	849	849	-16
Kansas	243	321	345	391	409	429	429	429	429	-57
Kentucky	208	185	188	197	526	526	526	526	526	-38
Louisiana	172	164	402	579	658	658	658	658	658	-6
Maine	277	277	415	510	652	553	553	553	553	-51
Maryland	249	259	270	455	548	507	517	517	517	-49
Massachusetts	268	259	379	439	539	579	579	565	565	-48
Michigan:										
Washtenaw County	NA	NA	NA	592	611	587	587	587	622	NA

TABLE 7-13.—AFDC NEED STANDARD FOR A THREE-PERSON FAMILY BY STATE, SELECTED YEARS 1970-97—Continued

State	July 1970 ¹	July 1975	July 1980	July 1985	January 1990 ²	January 1994 ²	January 1995 ²	January 1996 ²	January 1997 ²	Percent change in real value, 1970-97 ³
Wyoming	246	240	315	360	360	674	674	674	674	- 33
Median State ⁴	232	279	321	401	539	579	645	645	586	- 38

¹ Data on three-person families were not published or reported before 1975. Thus, the 1970 data were derived by reducing the reported four-person need standard by the proportional difference between three- and four-person AFDC need standards as shown in the July 1975 DHEW reports.

² CRS survey data.

³ Real percentage change, calculated assuming a January 1997 CPI-U value of 159.1 relative to the July 1970 value of 39.0.

⁴ Among 50 States and the District of Columbia, ranked by size of need standard.

NA—Not available.

Source: Table compiled by the Congressional Research Service (CRS) on the basis of data from the Department of Health and Human Services and CRS.

TABLE 7-14.—AFDC MAXIMUM BENEFIT FOR A THREE-PERSON FAMILY BY STATE, SELECTED YEARS 1970-97

State	Year										Percent change in real value, 1970-97 ³	
	July 1970 ¹	July 1975	July 1980	July 1985	January 1990 ²	January 1992 ²	January 1994 ²	January 1995 ²	January 1996 ²	January 1997 ²		
Alabama	\$65	\$108	\$118	\$118	\$118	\$149	\$164	\$164	\$164	\$164	\$164	-38
Alaska	328	350	457	719	846	924	923	923	923	923	923	-31
Arizona	138	163	202	233	293	334	347	347	347	347	347	-38
Arkansas	89	125	161	192	204	204	204	204	204	204	204	-44
California	186	293	473	587	694	663	607	607	607	607	607	-26
Colorado	193	217	290	346	356	356	356	356	356	356	356	-55
Connecticut	283	346	475	569	649	680	680	680	680	680	680	-45
Delaware	160	221	266	287	333	338	338	338	338	338	338	-48
District of Columbia	195	243	286	327	409	409	420	420	420	420	420	-50
Florida	114	144	195	240	294	303	303	303	303	303	303	-35
Georgia	107	123	164	223	273	280	280	280	280	280	280	-36
Guam	NA	NA	261	265	330	330	330	330	330	330	330	NA
Hawaii	226	428	468	468	602	666	712	712	712	712	712	-23
Idaho	211	300	323	304	317	315	317	317	317	317	317	-63
Illinois	232	261	288	341	367	367	367	377	377	377	377	-60
Indiana	120	200	255	256	288	288	288	288	288	288	288	-41
Iowa	201	294	360	360	410	426	426	426	426	426	426	-48
Kansas	222	321	345	391	409	422	429	429	429	429	429	-53
Kentucky	147	185	188	197	228	228	228	228	228	228	228	-56
Louisiana	88	128	152	190	190	190	190	190	190	190	190	-47
Maine	135	176	280	370	453	453	418	418	418	418	418	-24
Maryland	162	200	270	329	396	377	366	373	373	377	377	-43
Massachusetts	268	259	379	432	539	539	579	579	565	565	565	-48

TABLE 7-14.—AFDC MAXIMUM BENEFIT FOR A THREE-PERSON FAMILY BY STATE, SELECTED YEARS 1970-97—Continued

State	Year										Percent change in real value, 1970-97 ³	
	July 1970 ¹	July 1975	July 1980	July 1985	January 1990 ²	January 1992 ²	January 1994 ²	January 1995 ²	January 1996 ²	January 1997 ²		
Michigan:												
Washtenaw County	NA	NA	NA	447	546	489	489	489	489	489	489	NA
Wayne County	219	333	425	417	516	459	459	459	459	459	459	-49
Minnesota	256	330	417	528	532	532	532	532	532	532	532	-49
Mississippi	56	48	96	96	120	120	120	120	120	120	120	-47
Missouri	104	120	248	274	289	292	292	292	292	292	292	-31
Montana	202	201	259	354	359	390	401	416	425	438	438	-47
Nebraska	171	210	310	350	364	364	364	364	364	364	364	-48
Nevada	121	195	262	285	330	372	348	348	348	348	348	-30
New Hampshire	262	308	346	389	506	516	550	550	550	550	550	-49
New Jersey	302	310	360	404	424	424	424	424	424	424	424	-66
New Mexico	149	169	220	258	264	324	357	381	389	389	389	-36
New York:												
New York City	279	332	394	474	577	577	577	577	577	577	577	-49
Suffolk County	NA	NA	NA	579	703	703	703	703	703	703	703	NA
North Carolina	145	183	192	246	272	272	272	272	272	272	272	-54
North Dakota	213	283	334	371	386	401	409	431	431	431	431	-50
Ohio	161	204	263	290	334	334	341	341	341	341	341	-48
Oklahoma	152	217	282	282	325	341	324	324	307	307	307	-50
Oregon	184	337	282	386	432	460	460	460	460	460	460	-39
Pennsylvania	265	296	332	364	421	421	421	421	421	421	421	-61
Puerto Rico	43	43	44	90	90	180	180	180	180	180	180	3
Rhode Island	229	278	340	409	543	554	554	554	554	554	554	-41
South Carolina	85	96	129	187	206	210	200	200	200	200	200	-42

South Dakota	264	289	321	329	377	404	417	430	430	430	430	430	430	— 60
Tennessee	112	115	122	153	184	185	185	185	185	185	185	185	185	— 60
Texas	148	116	116	167	184	184	184	188	188	188	188	188	188	— 69
Utah	175	252	360	376	387	402	414	426	426	426	426	426	426	— 40
Vermont	267	322	492	583	662	673	638	650	656	656	639	639	639	— 41
Virgin Islands	NA	131	209	171	240	240	240	240	240	240	240	240	240	NA
Virginia	225	268	310	354	354	354	354	354	354	354	354	354	354	— 61
Washington	258	315	458	476	501	531	546	546	546	546	546	546	546	— 48
West Virginia	114	206	206	249	249	249	249	253	253	253	253	253	253	— 46
Wisconsin	184	342	444	533	517	517	517	517	517	517	517	517	517	— 31
Wyoming	213	235	315	360	360	360	360	360	360	360	360	360	360	— 59
Median State ⁴	184	235	288	332	364	372	366	377	389	377	389	377	377	— 50

¹ Data on three-person families were not published or reported before 1975. Thus, the 1970 data were derived by reducing the reported four-person maximum benefit amount by the proportional difference between three- and four-person AFDC maximum benefit as shown in the July 1975 DHEW reports.

² CRS survey data.

³ Real percentage change, calculated assuming a January 1997 CPI-U value of 159.1 relative to the July 1970 value of 39.0.

⁴ Among 50 States and the District of Columbia.

NA—Not available.

Source: Table compiled by Congressional Research Service (CRS) on the basis of data from the U.S. Department of Health and Human Services and CRS.

TABLE 7-15.—TOTAL AFDC BENEFIT EXPENDITURES BY STATE, FISCAL YEARS 1990-96

[In millions of dollars]

State	Fiscal year						
	1990	1991	1992	1993	1994	1995	1996
Alabama	\$61.5	\$67.5	\$85.1	\$95.5	\$91.9	\$82.6	\$75.1
Alaska	59.5	76.8	96.3	110.6	112.5	107.3	107.4
Arizona	138.4	177.8	242.6	268.7	265.9	251.2	228.3
Arkansas	57.0	60.0	61.1	59.8	57.4	48.8	51.6
California	4,954.9	5,519.8	5,828.3	5,855.0	6,088.3	6,125.4	5,907.5
Colorado	136.7	149.9	162.5	164.0	158.2	142.8	129.2
Connecticut	295.2	347.2	376.9	386.3	397.0	383.1	322.9
Delaware	28.7	32.6	37.3	39.7	39.7	36.4	34.7
District of Columbia	84.0	97.5	102.4	112.6	126.3	124.1	120.8
Florida	417.5	515.1	733.1	804.7	806.2	763.8	679.7
Georgia	320.7	376.4	420.3	432.1	427.9	414.4	384.8
Guam	5.0	7.1	7.8	9.2	12.1	13.7	14.1
Hawaii	98.8	107.9	125.3	143.4	163.0	172.8	173.3
Idaho	19.5	22.2	24.0	28.5	30.3	31.6	30.1
Illinois	838.7	892.2	882.6	882.9	913.5	882.1	832.9
Indiana	169.9	193.2	218.2	224.8	228.2	196.6	153.5
Iowa	152.4	160.2	164.3	163.3	169.2	149.4	131.1
Kansas	105.1	108.7	119.2	125.9	123.1	113.6	97.9
Kentucky	179.1	204.1	213.1	210.0	198.3	182.6	191.4
Louisiana	188.0	188.1	181.8	176.9	168.4	151.1	130.1
Maine	101.3	113.2	118.3	117.1	107.5	101.1	98.6

Maryland	295.8	330.4	333.3	316.5	313.8	307.9	285.2
Massachusetts	630.3	665.6	750.9	749.9	729.7	646.1	559.9
Michigan	1,211.3	1,184.1	1,162.0	1,190.1	1,132.2	999.8	778.8
Minnesota	355.0	370.7	387.0	384.0	379.4	356.0	332.6
Mississippi	86.3	87.9	88.8	86.9	81.7	75.1	67.8
Missouri	228.0	250.6	273.9	283.8	286.9	275.6	254.0
Montana	40.4	42.0	45.7	49.1	48.9	48.3	45.5
Nebraska	58.6	61.2	65.3	65.6	61.6	56.7	53.5
Nevada	27.2	32.1	41.0	44.0	48.1	51.6	48.4
New Hampshire	31.8	45.3	54.4	56.0	61.9	56.9	49.8
New Jersey	451.4	488.7	527.2	538.2	531.3	509.8	462.5
New Mexico	60.6	86.2	105.9	119.1	143.9	154.1	152.7
New York	2,254.4	2,480.9	2,944.3	2,658.4	2,913.1	3,042.3	2,929.3
North Carolina	246.7	303.6	335.3	353.4	352.5	334.4	299.6
North Dakota	24.3	25.0	27.5	28.1	25.6	22.6	21.0
Ohio	877.2	935.1	984.0	980.5	1,015.8	849.1	762.8
Oklahoma	132.1	152.2	169.2	172.0	165.2	152.0	121.9
Oregon	145.2	177.2	200.1	202.4	196.7	180.8	154.5
Pennsylvania	798.3	827.3	906.1	917.7	934.8	904.7	821.9
Puerto Rico	71.5	75.2	75.3	76.8	73.9	68.3	63.4
Rhode Island	99.0	117.2	128.4	134.2	136.0	133.6	125.3
South Carolina	95.7	107.4	119.2	118.0	115.1	107.1	100.9
South Dakota	21.7	23.6	25.2	25.0	24.6	22.7	21.6
Tennessee	167.9	196.6	205.8	219.8	215.1	198.7	189.8
Texas	415.9	473.3	516.5	532.3	544.3	519.8	496.0
Utah	64.1	70.7	75.5	78.0	77.3	69.7	64.2
Vermont	48.1	54.6	67.0	65.7	64.9	61.9	55.6

TABLE 7-15.—TOTAL AFDC BENEFIT EXPENDITURES BY STATE, FISCAL YEARS 1990-96—Continued
 [In millions of dollars]

State	Fiscal year						
	1990	1991	1992	1993	1994	1995	1996
Virgin Islands	2.9	3.3	3.5	3.5	3.5	4.3	4.2
Virginia	177.4	199.6	224.8	231.2	253.0	222.4	199.2
Washington	437.9	485.8	605.9	605.5	609.9	605.7	584.8
West Virginia	110.0	113.6	120.1	121.6	125.9	108.9	101.5
Wisconsin	440.4	447.1	453.3	441.2	424.7	389.4	291.0
Wyoming	19.3	24.9	27.2	26.5	21.4	20.8	16.7
U.S. total	18,538.5	20,356.2	22,250.5	22,286.0	22,797.4	22,031.6	20,411.1

Source: Administration for Children and Families, U.S. Department of Health and Human Services.

For the outlying areas—Guam, Puerto Rico and the Virgin Islands—75 percent Federal matching was provided for AFDC benefits, but the law imposed a ceiling on total Federal funds for AFDC and several other programs, including Aid for Aged, Blind, or Disabled Adults. The ceilings were as follows in fiscal year 1996: Puerto Rico, \$82 million; Guam, \$3.8 million; and the Virgin Islands, \$2.8 million (see section 12 for additional information on the territories).

The Federal Government paid 50 percent of the costs of administering the AFDC Program in all jurisdictions.

Non-Federal funding

As shown in tables 7–17 and 7–18, some States required their localities to finance a portion of the non-Federal share of AFDC benefit payments and/or administrative costs.

NATIONAL DATA: CHARACTERISTICS OF AFDC RECIPIENTS

This section and the next section on characteristics of AFDC families by State use two main sources of data. For years 1967–79, the sources were individual sample surveys of similar design conducted to gather information from agency case files. For 1983 and later years, data were derived from the National Integrated Quality Control System's (NIQCS) monthly sample of cases. The five subsections of text that explain selected aspects of AFDC recipients as revealed in national data are followed by the five tables (7–19 through 7–23), that contain the detailed data summarized by the text.

Characteristics of AFDC families, selected years

The nature and size of AFDC families changed sharply over the years. Table 7–19 shows that the average AFDC family shrank from 4 to 3 persons from 1969 to 1979, and declined even further, to 2.8 persons in 1994–95. In 1969, one-half the AFDC families had more than two children; in 1995, only one-fourth. In 1969, 27 percent of the children had unwed parents, 94 percent had two living parents, but only 16 percent lived with both parents. By 1995, the share of children with unwed parents had more than doubled, to 57 percent (no marriage tie replaced divorce or separation as the primary cause of a parent's absence), and although 98 percent of the children had two living parents, only 12 percent lived with both parents. The share of AFDC mothers with a high school degree increased from 20 percent of those whose educational status was known to 45 percent over the 27-year period; the share with some college increased from 3 percent of those whose educational status was known to 15 percent. The table shows a continued increase in the share of AFDC households that include a nonrecipient (48 percent in fiscal year 1995 compared with 33 percent in 1969).

TABLE 7-16.—FEDERAL MEDICAID MATCHING RATES, SELECTED FISCAL YEARS 1984-98

State	Fiscal year									
	1984-85	1988	1990	1992	1994	1996	1997	1998		
Alabama	72.14	73.29	73.21	72.93	71.22	69.85	69.54	69.32		
Alaska	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00		
Arizona	61.21	62.12	60.99	62.61	65.90	66.85	65.53	65.33		
Arkansas	73.65	74.21	74.58	75.66	74.46	73.61	73.29	72.84		
California	50.00	50.00	50.00	50.00	50.00	50.00	50.23	51.23		
Colorado	50.00	50.00	52.11	54.79	54.30	52.44	52.32	51.97		
Connecticut	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00		
Delaware	50.00	51.90	50.00	50.12	50.00	50.33	50.00	50.00		
District of Columbia	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00		
Florida	58.41	55.39	54.70	54.69	54.78	55.76	55.79	55.65		
Georgia	67.43	63.84	62.09	61.78	62.47	61.90	61.52	60.84		
Guam ¹	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00		
Hawaii	50.00	53.71	54.50	52.57	50.00	50.00	50.00	50.00		
Idaho	67.28	70.47	73.32	73.24	70.92	68.78	67.97	69.59		
Illinois	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00		
Indiana	59.93	63.71	63.76	63.85	63.49	62.57	61.58	61.41		
Iowa	55.24	62.75	62.52	65.04	63.33	64.22	62.94	63.75		
Kansas	50.67	55.20	56.07	59.23	59.52	59.04	58.87	59.71		
Kentucky	70.72	72.27	72.95	72.82	70.91	70.30	70.09	70.37		
Louisiana	64.65	68.26	73.12	75.44	73.49	71.89	71.36	70.03		
Maine	70.63	67.08	65.20	62.40	61.96	63.32	63.72	66.04		
Maryland	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00		
Massachusetts	50.13	50.00	50.00	50.00	50.00	50.00	50.00	50.00		
Michigan	50.70	56.48	54.54	55.41	56.37	56.77	55.20	53.58		
Minnesota	52.67	53.98	52.74	54.43	54.65	53.84	53.60	52.14		
Mississippi	77.63	79.65	80.18	79.99	78.85	78.07	77.22	77.09		

Missouri	61.40	59.27	59.18	60.84	60.64	60.06	60.04	60.68
Montana	64.41	69.40	71.35	71.70	71.05	69.38	69.01	70.56
Nebraska	57.13	59.73	61.12	64.50	61.98	59.49	59.13	61.17
Nevada	50.00	50.25	50.00	50.00	50.31	50.00	50.00	50.00
New Hampshire	59.45	50.00	50.00	50.00	50.00	50.00	50.00	50.00
New Jersey	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
New Mexico	69.39	71.52	72.25	74.33	74.17	72.87	72.66	72.61
New York	50.88	50.00	50.00	50.00	50.00	50.00	50.00	50.00
North Carolina	69.54	68.68	67.46	66.52	65.14	64.59	63.89	63.09
North Dakota	61.32	64.87	67.52	72.75	71.13	69.06	67.73	70.43
Ohio	55.44	59.10	59.57	60.63	60.83	60.17	59.28	58.14
Oklahoma	58.47	63.33	68.29	70.74	70.39	69.89	70.01	70.51
Oregon	57.12	62.11	62.95	63.55	62.12	61.01	60.52	61.46
Pennsylvania	56.04	57.35	56.86	56.84	54.61	52.93	52.85	53.39
Puerto Rico ¹	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00
Rhode Island	58.17	54.85	55.15	53.29	53.87	53.84	53.90	53.17
South Carolina	73.51	73.49	73.07	72.66	71.08	70.77	70.43	70.23
South Dakota	68.31	70.43	70.90	72.59	69.50	66.66	64.89	67.75
Tennessee	70.66	70.64	69.64	68.41	67.15	65.64	64.58	63.36
Texas	54.37	56.91	61.23	64.18	64.18	62.30	62.56	62.28
Utah	70.84	73.73	74.70	75.11	74.35	73.21	72.33	72.58
Vermont	69.37	66.23	62.77	61.37	59.55	60.87	61.05	62.18
Virgin Islands ¹	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00
Virginia	56.53	51.34	50.00	50.00	50.00	51.37	51.45	51.49
Washington	50.00	53.21	53.88	54.98	54.24	50.19	50.52	52.15
West Virginia	70.57	74.84	76.61	77.68	75.72	73.26	72.60	73.67
Wisconsin	56.87	58.98	59.28	60.38	60.47	59.67	59.00	58.84
Wyoming	50.00	57.96	65.95	69.10	65.63	59.69	59.88	63.02

¹ Federal funds limited.
Source: Federal Register.

TABLE 7-17.—FINANCING OF NON-FEDERAL SHARE OF AFDC BENEFIT PAYMENTS FOR STATES USING STATE AND LOCAL FUNDS, AUGUST 1996

State	Percent State funds	Percent local funds
California ¹	95.00	5.0
Colorado	57.30	42.7
Indiana	60.00	40.0
Minnesota ²	85.00	15.0
Montana ³	66.60	33.3
New Jersey	75.00	25.0
New York ⁴	50.00	50.0
North Carolina ⁵	50.00	50.0
North Dakota ⁵	75.00	25.0
Ohio ⁶	36.07	4.0
Wisconsin ⁷	100.00	.....

¹ Counties pay up to 100 percent of some types of emergency assistance costs.

² Counties finance 90 percent of the non-Federal costs of the Emergency Assistance Program.

³ For all cases in State-administered counties and Indian cases in State-supervised counties, State funds only.

⁴ For persons with State residence. For persons without State residence, for persons eligible for public assistance and care under AFDC and who are released from a State mental hygiene facility after a stay of 5 or more years, and for Indians living on reservations, State pays 100 percent of assistance.

⁵ State pays 100 percent for Indians living on reservations.

⁶ Percentage of total costs before deduction of Federal share.

⁷ State pays State costs and up to 100 percent of local costs. Localities pay foster care and institutional costs in excess of State appropriations.

Source: Administration for Children and Families, U.S. Department of Health and Human Services.

The share of families reporting some earnings was 10 percent in 1995, the highest since the 1981 law repealed a financial incentive for work, but well below the January 1973 rate of 16 percent. Nine percent of the mothers reported having a job (5 percent said they had part-time jobs); compared with 14 percent in 1979. Of AFDC families, 77 percent said they had no income other than AFDC. Some studies suggest that the actual percentage of AFDC mothers with other income is higher than table 7-19 shows. The Institute for Women's Policy Research (IWPR) studied data for mothers from four panels of the Survey of Income and Program Participation (SIPP), those for 1984, 1986, 1987, and 1988. The data set comprised women who were single mothers for at least 12 out of 24 survey months and who received AFDC benefits for at least 2 of the 24 months. On average, women in the sample received AFDC for 18 months. The study found that 43 percent of the mothers worked at least 300 hours during the 2 years: 20 percent combined work with welfare part of the time; the remaining 23 percent "cycled" between work and welfare. In all, 57 percent did not work: 26 percent were totally dependent on means-tested benefits and 31 percent "packaged" AFDC with income from other family members (Spalter-Roth et al., 1995). Other research has found that many welfare mothers make ends meet by supplementing AFDC with unreported earnings and contributions. In a study of single AFDC mothers in four sites (Chicago, Boston, San Antonio, and Charleston), Edin (1995) found that 46 percent engaged in covert work to meet their expenses. Further, 86 percent received covert contribu-

tions from family or friends, boyfriends, absent fathers, or from other sources. The mothers obtained covert earnings by working for cash or under a false identity in the informal economy (39 percent of the sample) or by selling sex, drugs, or stolen goods (8 percent).

TABLE 7-18.—FINANCING OF NON-FEDERAL SHARE OF COSTS OF AFDC ADMINISTRATION FOR STATES USING STATE AND LOCAL FUNDS, AUGUST 1996

State	Percent State funds	Percent local funds
Alabama	100 percent	Small unspecified portions for goods and facilities.
Arkansas	100 percent in 50 counties; lesser proportion in 25 counties.	25 counties participate in maintenance costs.
California ¹	100 percent of State costs; 70 percent of local costs.	30 percent of local costs.
Colorado	60 percent	40 percent.
Indiana	100 percent of State costs, plus up to 50 percent of specified local costs.	50 percent or more of specified local costs.
Iowa	100 percent of State and district costs.	100 percent of local costs.
Maryland	100 percent of State budgeted positions.	100 percent of local and non-budgeted positions.
Minnesota	Varies with State appropriations	100 percent.
Mississippi	Varies according to county population.	Varies according to county population.
Missouri	100 percent	Varies on basis of voluntary contributions.
Montana ²	66.66 percent	33.33 percent.
Nebraska	Varies	Local funds used for some travel, rent, and equipment.
New Jersey	100 percent of State costs	100 percent of local costs.
New York	50 percent (or 100 percent for Indians living on reservations).	50 percent.
North Carolina ..	100 percent of State costs and varying proportion of local costs, based on prior actual expenditures.	Portion of local costs not covered by State appropriation.
North Dakota	100 percent of State costs	100 percent of local costs if able.
Ohio	45.5 percent ³	4.5 percent.
South Dakota ...	100 percent of State costs	100 percent of local costs.
Virginia	60 percent	40 percent.
Wisconsin	100 percent of State costs and up to 100 percent of local costs.	Any costs in excess of State appropriation.

¹ Counties pay 100 percent of non-Federal share of costs for emergency assistance cases involving removal of a child from the home.

² State pays all administrative costs in State-administered counties.

³ Percentage of total cost before deduction of Federal share (50.0 percent).

Source: Administration for Children and Families, U.S. Department of Health and Human Services.

TABLE 7-19.—AFDC CHARACTERISTICS, SELECTED YEARS 1969-95

Characteristic	May 1969	January 1973	May 1975	March 1979	1983 ¹	1986 ¹	1988 ¹	1990 ¹	1992 ¹	1994 ¹	1995 ¹
Average family size (persons)	4.0	3.6	3.2	3.0	3.0	3.0	3.0	2.9	2.9	2.8	2.8
Number of child recipients (percent of AFDC cases):											
One	26.6	NA	37.9	42.3	43.4	42.7	42.5	42.2	42.5	42.6	42.4
Two	23.0	NA	26.0	28.1	29.8	30.8	30.2	30.3	30.2	30.0	30.4
Three	17.7	NA	16.1	15.6	15.2	15.9	15.8	15.8	15.5	15.6	15.5
Four or more	32.5	NA	20.0	13.9	10.1	9.8	9.9	9.9	10.1	9.6	9.6
Unknown .....	.....	NA	.....	.....	1.5	0.8	1.7	1.4	0.7	2.1	2.2
Basis for eligibility (percent of children):											
Parents present:											
Incapacitated	² 11.7	10.2	7.7	5.3	3.4	3.2	3.7	3.6	4.1	3.9	4.3
Unemployed	² 4.6	4.1	3.7	4.1	8.7	7.4	6.5	6.4	8.2	8.7	7.8
Parents absent:											
Death	² 5.5	5.0	3.7	2.2	1.8	1.9	1.8	1.6	1.6	1.7	1.8
Divorce or separation	² 43.3	46.5	48.3	44.7	38.5	36.3	34.6	32.9	30.0	26.5	25.4
No marriage tie	² 27.9	31.5	31.0	37.8	44.3	48.9	51.9	54.0	53.1	55.7	57.4
Other reason	² 3.5	3.6	4.0	5.9	1.4	2.4	1.6	1.9	2.0	2.0	2.1
Unknown .....	.....	.....	.....	.....	1.7	.....	.....	.....	0.9	1.4	1.2
Education of mother (percent of mothers): ³											
8th grade or less	29.4	NA	16.7	9.5	NA	4.8	5.5	5.8	4.9	4.0	5.7
1-3 years of high school	30.7	NA	31.7	20.8	NA	14.3	14.7	16.5	18.8	17.6	16.5
High school degree	16.0	NA	23.7	18.8	NA	17.3	17.5	19.3	22.4	24.1	25.9
Some college	2.0	NA	3.9	2.7	NA	3.4	3.9	5.7	6.8	7.7	8.3
College graduate	0.2	NA	0.7	0.4	NA	0.5	0.6	0.4	0.5	0.5	0.6
Unknown	21.6	NA	23.3	47.8	NA	59.7	58.3	52.3	46.6	46.0	43.0

TABLE 7-19.—AFDC CHARACTERISTICS, SELECTED YEARS 1969-95—Continued

Characteristic	May 1969	January 1973	May 1975	March 1979	1983 ¹	1986 ¹	1988 ¹	1990 ¹	1992 ¹	1994 ¹	1995 ¹
Participating in food stamp or donated food program	52.9	68.4	75.1	75.1	83.0	80.7	84.6	85.6	87.3	88.6	89.0
Including nonrecipient members ..	33.1	34.9	34.8	NA	36.9	36.7	36.8	37.7	38.9	46.4	48.3
Father's relationship to youngest child (percent):											
No father	NA	NA	NA	84.7	89.8	91.2	91.6	92.0	89.4	89.4	90.2
Natural father	NA	NA	NA	9.6	NA	NA	NA	NA	NA	NA	NA
Adoptive father	NA	NA	NA	0.0	NA	NA	NA	NA	NA	NA	NA
Stepfather	NA	NA	NA	5.6	NA	NA	NA	NA	NA	NA	NA

¹ Data are for the Federal fiscal year October-September. All percentages are based on the average monthly caseload during the year. Hawaii and the territories are not included in 1983. Data for 1986 include Hawaii, but not the territories. Data after 1986 include the territories and Hawaii.

² Calculated on the basis of total number of families.

³ For years after 1983, data are for adult female recipients.

⁴ Under age 19.

⁵ The percentage for 20-29 year olds was 43.1.

⁶ The ages were 19-24 in 1979, 1983 and 1990.

⁷ In 1986 and 1988 this age group was 19-25.

⁸ In 1986 and 1988 this age group was 26-29.

⁹ State collected child support directly beginning in 1975, removing one source of non-AFDC income.

¹⁰ For 1983, 12.6 percentage points where race was unknown were allocated proportionately across all categories.

NA—Not available.

Note.—In 1995, 1.8 percent of AFDC cases had zero children (they were expectant mothers).

Source: Administration for Children and Families, U.S. Department of Health and Human Services.

TABLE 7-20.—EMPLOYMENT STATUS OF AFDC MOTHERS AND TENURE OF AFDC FAMILIES, ¹ SELECTED YEARS 1979-95

Employment status	Percent of total caseload									
	March 1979 ²	May 1982	1983 ³	1986 ³	1988 ³	1990 ³	1991 ³	1992 ³	1994 ³	1995 ³
Employment status of mother (or other caretaker): ⁴										
No mother (caretaker)	8.3	12.2	8.7	.....	.....	.....	.....	.....	.....	.....
Full-time work, 30 or more hours per week	⁵ 8.0	⁵ 1.3	1.5	1.6	2.1	2.5	2.2	2.2	3.2	3.7
Part-time work, fewer than 30 hours per week	⁵ 5.0	⁵ 4.3	3.4	4.2	4.2	4.2	4.2	4.2	4.5	5.1
Incapacitated	6.0	NA	4.1	3.4	3.8	.....	.....	.....	4.1	4.7
At school or training	2.6	NA	2.0	1.9	2.2	11.5	12.5	16.1	13.8	13.9
On layoff	0.5	NA	0.8	0.2	0.2	0.2	0.1	0.2	0.2	0.2
Seeking work	9.1	NA	NA	27.3	27.6	⁶ 10.5	⁶ 11.2	⁶ 11.8	1.7	1.7
Other—needed at home or not actively seeking work	60.5	82.2	64.8	58.3	55.5	⁷ 68.6	⁷ 68.8	⁷ 65.1	71.7	70.2
Unknown .....	.....	.....	.....	.....	.....	2.6	0.8	0.6	0.7	0.4
Number of months on AFDC since most recent opening:										
Zero months .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
1-6 months	16.4	20.0	18.9	17.2	18.2	19.8	20.4	.....	2.8	2.6
7-12 months	12.5	12.4	13.1	12.6	13.2	14.4	14.8	19.0	19.5	18.6
13-24 months	16.7	16.2	16.6	17.2	17.3	18.4	19.2	15.2	13.8	12.9
25-36 months	11.4	12.6	12.0	11.8	11.2	11.9	12.2	19.3	18.0	17.2
37-60 months	15.3	14.2	15.4	14.9	15.0	13.7	12.8	12.8	11.8	12.4
61+ months	26.9	23.5	23.7	25.9	24.9	21.7	20.5	14.1	15.4	15.9
Unknown	0.8	1.1	0.3	0.4	0.2	(⁸)	0.1	19.6	18.6	20.3

¹ See text about difference in data sources for 1979 and 1983 and later years. Note.—1982 data are from interim study.
² Source: Committee staff tabulation of March 1979 AFDC recipients' data base.
³ Fiscal year average monthly; 1983 data does not include Hawaii or the territories; 1986 data does not include the territories; 1988-95 data includes the territories and Hawaii.
⁴ Since 1986, the data are percent of female adult recipients.
⁵ Full-time work, 35 hours or more per week; part-time work, fewer than 35 hours per week.
⁶ For 1990-92, unemployed, not on layoff or strike.
⁷ For 1990-92, not employed, not participating in any educational or training activities.
⁸ Less than 0.05 percent.

NA—Not available.

Source: Based on National Integrated Quality Control System's monthly sample of cases surveyed by the U.S. Department of Health and Human Services.

TABLE 7-21.—PERCENTAGE OF AFDC FAMILIES WITH VARIOUS SOURCES OF NON-AFDC INCOME,¹ SELECTED YEARS 1979-95

Income source	Percentage of caseload with income type					Average monthly amount for those with income type														
	March 1979 ²	May 1982	Fiscal year			March 1979	May 1982	Fiscal year												
			1986 ³	1990 ³	1992 ³			1986 ³	1990 ³	1992 ³	1994 ³	1995 ³								
Earned income:																				
Mother (or caretaker relative)	12.0	5.3	6.2	6.9	6.1	7.0	7.9	\$382	\$261	\$264	\$318	\$330	\$379	\$412						
Father (or spouse of caretaker relative)	0.6	0.4	1.0	1.1	1.1	1.6	1.6	323	244	271	332	325	434	473						
Children (14 or older)	0.1	(⁴)	0.3	0.3	0.2	0.4	0.3	206	398	323	301	358	300	438						
Other adults	0.1	NA	0.2	0.1	0.1	0.1	0.1	265	NA	420	285	252	392	300						
Public service	0.1	NA	NA	NA	NA	NA	NA	246	NA	NA	NA	NA	NA	NA						
OASDI	3.1	2.5	2.0	2.4	2.1	2.3	2.6	134	145	207	235	226	248	235						
Veterans' benefits	0.4	NA	0.2	0.2	0.1	0.1	0.1	128	NA	139	135	182	352	332						
Other government income	0.4	0.4	0.3	0.3	0.7	0.9	0.8	143	134	131	105	96	129	295						
Unemployment compensation	0.7	1.0	0.7	0.6	0.9	1.0	0.6	238	255	289	310	354	349	387						
Workers' compensation	0.1	(⁴)	0.1	0.1	0.1	1.0	0.6	237	200	299	396	348	360	389						
Deemed income	0.2	0.3	0.1	0.1	0.2	1.0	0.6	63	159	153	132	186	349	387						
Contributions from other persons	0.6	0.9	NA	1.5	1.6	1.0	0.6	72	79	NA	105	109	349	387						
Other cash income:	1.9	2.5	5.2	5.0	5.4	9.6	9.7	81	251	128	105	162	410	417						
SSI (Federal)	NA	NA	3.0	1.1	1.3	1.3	1.3	NA	NA	334	442	436	742	707						
Other public assistance or State SSI	NA	NA	1.1	0.6	0.3	8.5	8.5	NA	NA	374	299	315	352	368						
In-kind income	0.4	NA	NA	6.0	NA	NA	NA	71	NA	NA	6.125	NA	NA	NA						
U.S. total	19.4	NA	18.7	19.9	21.1	22.5	22.7	299	NA	228	239	246	282	304						

¹ See text about differences in data sources for 1979, 1983, and later years. Data for 1982 are from interim study. ² Source: Committee staff tabulation of March 1979 AFDC recipients' data base. ³ Fiscal year average monthly. Data for 1986 does not include the territories. The 1988-95 data include both Hawaii and the territories. ⁴ Less than 0.05 percent. ⁵ Includes Federal SSI, State SSI, general assistance, income from assets and property and other unearned income. ⁶ EIC.

NA—Not available.

Source: Based on National Integrated Quality Control System's monthly sample of cases surveyed by the U.S. Department of Health and Human Services.

TABLE 7-22.—DISREGARDED INCOME FOR AFDC FAMILIES, ¹ SELECTED YEARS 1979–95

Disregards	Percent of caseload with disregard					Average amount for those with disregard								
	March 1979 ²	May 1982	Fiscal year			March 1979	May 1982	Fiscal year						
			1986 ³	1989 ³	1990 ³			1992 ³	1994 ³	1995 ³				
Optional \$5 disregard	1.1	(⁴)	(⁴)	(⁴)	(⁴)	\$6	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)	(⁴)		
\$30 and one-third of earned income ⁵	12.5	2.5	3.8	4.0	4.0	3.8	3.8	4.0	4.0	3.8	4.0	3.8	\$172	
Child care	3.9	1.3	1.5	1.7	1.2	1.4	1.5	1.6	1.6	1.5	1.6	1.5	137	
Other work expenses	8.4	5.2	6.2	6.9	6.7	6.3	7.1	7.8	9.5	54	77	89	92	
Cases with child care and other work expenses ⁶	3.0	NA	NA	NA	NA	NA	NA	NA	100	NA	NA	NA	NA	
Child support	0.1	(⁷)	3.0	5.1	4.9	4.7	5.1	4.8	93	NA	848	848	48	
Other	1.6	0.4	NA	NA	NA	NA	NA	NA	77	100	NA	NA	NA	
U.S. total	13.8	NA	6.3	7.0	6.8	6.4	7.7	8.5	250	NA	146	153	171	211

¹ See text about differences in data sources for March 1979, 1983 and later years. Note.—1982 data are from interim study.

² Source: Committee staff tabulation of March 1979 AFDC recipients' data base.

³ Average monthly for fiscal years.

⁴ Repealed by 1981 law.

⁵ Limited to 4 months' duration by 1981 law; 1984 law extended \$30 disregard to 12 months.

⁶ In these cases, there was insufficient information in the data file to distinguish between child care and other work expenses.

⁷ Less than 0.05 percent.

⁸ Average amount of \$50 child support passthrough.

NA—Not available.

Note.—The child support passthrough is not included in the total amount disregarded. It is part of unearned income rather than earned income.

Source: Based on National Integrated Quality Control System's monthly sample of cases surveyed by the U.S. Department of Health and Human Services.

TABLE 7-23.—1995 AFDC CHARACTERISTICS BY UNIT TYPE¹

Characteristic	One adult				Two adults			
	Total	No adult	Not married	Divorced or legally separated	Not legally separated or divorced	Other reasons	Unemployed parent	Other
Number of units (in thousands)	4,873	923	2,196	578	485	336	249	106
Percent of total	100.0	18.9	45.1	11.9	10.0	6.9	5.1	2.2
Average monthly payment	\$371	\$272	\$373	\$383	\$401	\$367	\$583	\$490
Percent of total dollars paid out	100.0	13.9	45.3	12.3	10.8	6.8	8.0	2.9
Average number in assistance unit	3.0	2.0	3.0	3.0	3.0	3.0	5.0	4.0
Food stamps:								
Percent participating	89.3	72.3	93.2	93.7	93.4	90.2	96.7	90.9
Percentage Distribution								
Number of recipients:								
One	11.8	52.0	(²)	0.0	0.0	28.0	0.0	0.0
Two	36.5	29.3	49.1	32.4	29.4	27.3	(²)	6.1
Three	26.6	11.7	29.7	36.6	33.3	22.0	23.7	27.3
Four	14.9	4.4	13.7	20.9	23.6	12.3	33.3	24.7
Five	6.3	1.6	5.1	7.2	9.8	5.8	20.4	21.0
Six	2.4	0.6	1.6	1.8	2.8	2.5	11.4	13.3
Seven or more	1.6	0.5	0.8	1.1	1.6	2.1	11.1	7.6
Number of nonrecipients:								
Zero	51.2	2.1	63.6	65.9	67.6	26.9	80.6	77.2
One	23.9	42.5	18.2	18.8	16.5	43.0	10.7	11.7
Two	12.0	24.8	9.0	8.7	9.1	15.5	3.2	6.2
Three	6.0	13.6	4.3	3.8	3.2	7.7	2.5	2.8
Four or more	6.9	17.1	5.1	2.7	3.6	6.9	3.0	2.1

TABLE 7-23.—1995 AFDC CHARACTERISTICS BY UNIT TYPE 1—Continued

Characteristic	Total	One adult				Two adults		
		No adult	Not married	Divorced or legally separated	Not legally separated or divorced	Other reasons	Unemployed parent	Other
13-18	9.4	9.6	9.2	9.2	10.6	7.2	11.4	10.0
19-24	7.8	8.3	7.7	9.0	7.1	7.6	6.3	7.5
25-36	12.4	13.0	12.6	12.0	11.6	10.8	12.8	10.5
37-48	8.7	8.8	9.1	9.5	7.2	7.7	8.5	5.9
49-60	7.1	7.0	7.6	7.4	6.4	5.6	6.7	6.0
61-120	14.5	16.0	15.5	13.4	12.2	14.3	8.5	14.1
121-180	0.9	1.1	0.9	1.1	0.7	0.8	0.6	1.4
181 and up	1.7	1.9	2.0	1.1	1.1	1.9	0.6	1.6
Unknown	3.2	3.6	3.4	2.6	2.3	4.0	3.4	1.0
Age of female adult recipient:								
11-18	2.3	.....	3.3	0.2	0.6	3.6	1.4	0.9
19-21	12.4	.....	16.6	2.6	5.9	12.8	8.6	11.5
22-25	20.0	.....	24.2	12.3	17.6	12.7	17.0	9.9
26-29	17.2	.....	18.1	16.6	19.2	11.9	16.7	8.1
30-34	19.6	.....	17.7	27.9	22.7	16.2	19.1	13.5
35-39	14.9	.....	11.1	22.7	17.6	17.3	19.5	23.2
40 and up	13.6	.....	8.9	17.6	16.4	25.5	17.8	32.6
Unknown	(2)	.....	(2)	0.1	0.0	0.0	.....	.....
AFDC female adult employment status:								
Employed full time	3.7	.....	3.6	4.9	4.5	2.5	3.5	1.5
Employed part time	3.9	.....	3.7	6.0	3.2	3.1	5.2	1.9
Employed other	1.2	.....	1.0	2.0	1.7	1.0	0.7	1.7
Not employed	80.2	.....	81.1	74.2	81.2	84.1	78.0	85.1
Unemployed	10.4	.....	10.3	12.6	9.2	8.6	11.9	9.0

Percent with non-AFDC income	23	3.9	23.2	40.0	25.5	27.0	41.3	25.2
Average monthly amount of income	\$311	\$171	\$287	\$248	\$317	\$350	\$524	\$525
Percent with earned income	9.7	0.4	9.6	14.8	11.3	9.0	29.3	12.8
Average monthly earned income	\$431	\$309	\$431	\$346	\$415	\$408	\$543	\$510
Percent of earned income disregarded	28.3	39.3	31.6	26.6	30.8	15.9	28.8	14.5
Percent with unearned income	14.9	3.5	14.9	28.9	16.1	19.1	16.0	16.4
Average amount of unearned income	\$199	\$153	\$169	\$165	\$208	\$301	\$349	\$401
Percent with countable assets	17.4	6.9	14.3	30.1	19.6	24.4	37.2	26.2
Income of persons not in assistance unit:								
Percent with income	41.1	56.0	26.3	31.3	28.8	48.3	31.9	33.0
Average monthly amount	\$499	\$482	\$514	\$572	\$622	\$511	\$531	\$404
Percent with earned income	10.7	10.3	11.3	11.3	14.5	7.8	8.5	3.0
Percent with public assistance income	29.2	47.0	11.8	14.8	10.0	39.6	21.2	27.3
Percent with other unearned income	8.1	11.1	5.0	8.4	6.8	8.0	3.1	3.3

¹ Characteristics information was not always available for 100 percent of cases. The number of missing cases, to the extent there were any with respect to a particular characteristic, was small as a percent of the AFDC family caseload (usually below 3 percent).

² Less than 0.05 percent.

³ The family composition of recipients in group quarters is unknown in 5.7 percent of cases.

Source: Administration for Children and Families, Department of Health and Human Services.

Employment status of AFDC mothers and duration of enrollment, selected years

Table 7–20 provides more detail about the reported work/non-work status of mothers (or other caretakers) of AFDC children. The share of mothers needed at home or not actively seeking work was 70 percent in fiscal year 1995, compared to a recent low of 56 percent in 1988. After passage of the Family Support Act in 1988, which established the JOBS education, work, and training program, there was a sharp increase in the percentage of mothers at school or training from 2 percent in fiscal year 1988 to 14 percent in fiscal year 1995.

Table 7–20 also reports that 36 percent of AFDC families in fiscal year 1995 had been enrolled in the program for more than 3 years, and 20 percent for more than 5 years, since the most recent opening of their case.

Families with non-AFDC income, selected years

In fiscal year 1995, 22.7 percent of AFDC families reported receiving non-AFDC income averaging \$304 monthly from various sources (table 7–21). In 1979, 19.4 percent of AFDC families reported receiving specified forms of non-AFDC income averaging \$299 per month (\$649 in fiscal year 1995 dollars). The share of families reporting other public assistance or State-funded SSI benefits climbed from 1.1 percent in 1986 to 8.5 percent in fiscal years 1994–95. For those families with the following kinds of income, reported monthly amounts in fiscal year 1995 averaged \$438 in children's earnings, \$412 in earnings of mothers or other caretaker relatives, and \$707 in Federal SSI payments.

Disregarded income for AFDC families, selected years

Table 7–22 shows disregarded income of AFDC families by type. Among families that received the following kinds of income disregards, their fiscal year 1995 monthly value averaged: for child care expenses, \$137; for other work expenses, \$102; and for work incentive (disregard of \$30 and one-third, time-limited), \$172. In addition, an average of \$48 monthly was disregarded in child support collections distributed to the family. It should be noted that after 1979, less than 10 percent of AFDC families had disregard income from any of these sources in any year.

Characteristics of various kinds of AFDC units

Table 7–23 divides the 1995 AFDC caseload into seven mutually exclusive groups. Column 1 contains data on the entire caseload. Column 2 describes AFDC units with no adult recipient. They represented 18.9 percent of the AFDC units and 13.9 percent of total payments. The average payment per case was \$272 per month. These children-only cases comprise needy children with nonneedy or otherwise ineligible adult caretakers (usually relatives).

Columns 3–6 present characteristics of more typical AFDC units—one adult with children. The one-adult caseload is split into four groups based on the reason for deprivation of the youngest child. Column 3 shows the most numerous group, unwed parents (usually mothers) with children. They account for 45 percent of all

AFDC units and expenditures. Column 4 shows cases of a divorced or legally separated parent, 12 percent of the total.

Columns 7 and 8 present characteristics of cases with two adult recipients. Column 7 provides data about the unemployed parent (AFDC-UP) caseload; column 8 contains other two-parent cases, most of which have an incapacitated parent. In fiscal year 1995, AFDC-UP cases represented 5 percent of the total caseload and received 8 percent of total payments. The cases in which one parent is incapacitated tend to be older, as demonstrated by both the age of the mother and the age of the youngest child. The table indicates that the racial composition of the AFDC-UP caseload differs from that of the overall AFDC caseload. White parents represented 36 percent of all AFDC families in fiscal year 1995, but 55 percent of AFDC-UP families; black parents represented 37 percent of all families, but 8 percent of AFDC-UP families and 50 percent of unwed AFDC families. Hispanic families accounted for 21 percent of all families and AFDC-UP families and for 18 percent of unwed AFDC families. Of the overall caseload, 3 percent of parents were Asian and 1.3 percent were Native American.

STATE DATA: CHARACTERISTICS OF AFDC RECIPIENTS

The four subsections of text below contain discussions of selected aspects of AFDC recipients as revealed in State-by-State data. The four subsections are followed by the four tables (7-24 through 7-27) that contain the detailed data summarized by the text.

Demographic characteristics of AFDC families, by State, fiscal year 1995

Table 7-24 presents selected demographic characteristics, by State. For some characteristics, there is marked variation among the States. For example, the percentage of cases living in households with nonrecipients ranged from 15 percent in Hawaii to above 65 percent in Arizona, Arkansas, Louisiana, Mississippi, and Virginia. The percentage of Native American cases, 1 percent for the United States as whole, exceeded 50 percent in South Dakota and was 40 percent in North Dakota. The percentage of families with a Hispanic parent, 21 percent for the Nation, was 40 percent or more in Arizona, California, New Mexico, Texas, and (with 99.9 percent) Puerto Rico.

Income characteristics of AFDC families, by State, fiscal year 1995

Table 7-25 presents selected income characteristics, including the percent of units with earned income, unearned income, the disregard of child care costs, and the \$30 and one-third earnings disregard (time-limited). This table also provides the average monthly amount of these sources of income as well as information on the percent of units participating in the Food Stamp Program. Nationally, 9.5 percent of all AFDC families reported earned income, but the percentage exceeded 20 percent in Iowa and Michigan. Nationally, monthly earnings averaged \$431 for families reporting earnings; average earnings exceeded \$500 in California, Connecticut, the District of Columbia, Guam, and Illinois.

TABLE 7-24.—SELECTED DEMOGRAPHIC CHARACTERISTICS OF AFDC UNITS BY STATE, FISCAL YEAR 1995

State	Average number in unit	Average number in household of unit	Percent of units			Percentage distribution by age of youngest child ¹			Percentage distribution by race of natural or adoptive parent ^{1,2}				
			With household members not in unit	With no adult recipient	With one adult recipient	0-2 yrs.	3-5 yrs.	6 or more yrs.	White	Black	Hispanic	Asian	Native American
Alabama	2.5	3.8	63.4	35.8	63.5	40.8	21.6	36.4	23.8	75.6	0.1	0.4	0.0
Alaska	3.1	3.5	28.3	6.5	78.8	33.8	25.2	39.9	47.7	9.3	3.6	3.9	35.2
Arizona	2.8	4.4	67.5	27.0	69.7	40.3	25.8	31.7	35.1	8.1	40.8	0.7	14.8
Arkansas	2.7	4.2	66.0	27.8	70.6	38.1	23.9	36.5	44.1	55.2	0.3	0.1	0.0
California	3.0	4.3	59.0	21.2	65.5	37.9	22.1	36.5	25.6	17.7	40.0	8.8	0.9
Colorado	2.8	3.2	28.9	15.8	80.4	36.5	25.4	34.0	43.4	15.7	37.8	1.2	1.1
Connecticut	2.8	3.4	35.7	11.8	83.1	36.9	22.0	38.8	30.6	31.2	36.0	1.1	0.1
Delaware	2.6	3.1	35.2	25.0	74.7	39.2	23.8	36.1	27.8	64.8	7.1	0.0	0.0
District of Columbia	2.8	3.6	41.9	16.1	82.4	43.2	22.2	32.3	1.3	96.7	1.8	0.2	0.0
Florida	2.7	3.9	55.3	19.9	77.4	36.6	22.3	36.4	33.0	48.7	17.6	0.4	0.0
Georgia	2.7	3.6	49.1	22.1	76.5	36.6	23.0	38.7	24.4	73.4	1.3	0.8	0.0
Guam	3.5	5.5	52.4	4.5	83.6	53.3	19.1	25.2	3.0	0.6	0.0	96.4	0.0
Hawaii	3.1	3.3	15.1	10.6	78.0	41.4	20.9	36.1	21.7	1.3	1.4	72.8	0.0
Idaho	2.7	3.2	34.4	17.0	75.2	39.0	22.0	37.1	80.5	1.2	12.1	0.9	5.0
Illinois	3.0	3.9	47.5	14.4	80.4	43.9	22.7	31.1	30.3	56.6	11.9	1.0	0.1
Indiana	2.8	3.8	53.1	18.0	76.9	34.7	23.4	37.7	55.8	39.2	3.4	0.3	0.0
Iowa	2.7	3.2	27.3	13.7	76.2	36.0	24.0	38.6	83.3	13.4	1.8	1.2	0.3
Kansas	2.8	3.7	45.7	17.8	73.9	41.5	21.2	34.6	62.4	27.9	6.6	1.9	1.3
Kentucky	2.5	3.6	55.5	22.7	70.7	32.2	21.0	44.8	80.5	18.9	0.2	0.3	0.0
Louisiana	2.8	4.5	70.4	26.1	72.7	39.3	20.6	37.3	16.5	82.8	0.2	0.5	0.0
Maine	2.8	3.3	36.4	8.2	82.3	27.6	25.5	44.8	97.3	1.0	0.4	0.8	0.6
Maryland	2.7	3.5	44.6	16.0	82.4	29.9	27.6	36.5	25.7	70.4	0.8	0.8	0.1

Massachusetts	2.7	3.3	35.3	16.7	79.1	33.4	26.4	38.1	43.3	17.9	29.8	4.9	0.2
Michigan	2.9	3.4	31.0	12.2	79.0	37.4	25.4	32.5	42.8	52.1	3.0	0.6	0.7
Minnesota	3.0	3.6	36.1	10.7	82.2	36.0	23.4	38.6	58.1	22.4	4.9	7.1	7.2
Mississippi	2.9	4.5	68.9	25.0	74.9	39.4	22.0	37.5	17.8	81.8	0.0	0.0	0.4
Missouri	2.8	3.7	47.3	17.7	78.5	38.2	21.4	39.3	54.5	44.0	0.8	0.6	0.1
Montana	3.0	3.3	22.0	10.1	77.7	37.6	21.2	39.8	66.3	0.3	1.9	0.5	30.8
Nebraska	2.6	3.7	53.5	28.8	66.8	41.1	20.5	32.5	62.4	24.0	6.8	1.7	4.5
Nevada	2.5	2.9	34.3	31.6	66.2	38.8	19.9	38.1	54.7	27.6	12.9	2.0	2.5
New Hampshire	2.6	2.8	25.1	18.4	76.5	34.3	24.4	39.7	86.7	1.3	1.9	0.0	0.0
New Jersey	2.7	3.0	28.6	16.5	79.1	30.1	27.7	40.6	19.7	51.5	27.0	1.6	0.2
New Mexico	2.8	3.2	23.7	15.6	76.8	40.5	21.0	35.6	20.9	4.2	58.2	0.2	16.2
New York	2.8	3.4	33.9	14.5	74.5	35.0	22.8	35.6	21.5	35.4	36.3	0.9	0.2
North Carolina	2.5	3.8	61.0	23.7	74.2	37.6	21.8	38.0	31.7	63.8	0.9	0.3	1.7
North Dakota	2.7	3.1	24.7	12.5	83.5	35.5	26.0	35.8	56.6	0.7	2.0	0.7	40.1
Ohio	2.7	3.6	49.8	21.0	72.8	35.9	21.8	36.0	52.8	44.1	2.5	0.4	0.1
Oklahoma	2.8	3.7	48.2	17.9	80.9	33.6	23.8	41.7	56.9	28.0	3.5	0.2	11.4
Oregon	2.7	4.0	59.1	22.9	69.1	38.7	22.7	36.8	79.3	7.8	7.7	2.9	2.0
Pennsylvania	2.9	3.3	27.5	11.8	79.3	36.5	22.7	37.5	43.7	43.7	11.1	1.1	0.1
Puerto Rico	3.2	4.1	44.6	11.3	77.6	19.0	22.6	58.4	0.0	0.1	99.9	0.0	0.0
Rhode Island	2.8	3.3	30.8	11.8	83.9	40.7	24.0	33.5	57.0	13.9	17.4	10.9	0.4
South Carolina	2.7	4.0	60.4	32.5	66.1	38.2	24.1	36.1	22.6	76.8	0.4	0.1	0.1
South Dakota	2.7	3.7	52.0	23.5	75.5	37.0	21.9	39.2	41.2	0.7	0.7	0.0	57.5
Tennessee	2.7	3.8	54.4	20.4	77.4	35.2	21.6	40.8	48.5	50.6	0.4	0.2	0.0
Texas	2.7	4.1	61.8	25.8	71.0	39.8	22.0	37.7	20.9	33.7	44.5	0.8	0.0
Utah	2.7	3.3	33.9	16.0	79.3	33.2	26.0	36.3	75.0	2.8	14.6	2.2	5.0
Vermont	2.9	3.3	27.0	5.9	77.0	31.9	23.0	41.4	96.4	2.6	1.0	0.0	0.0
Virgin Islands	3.7	4.1	25.2	8.9	90.1	43.2	23.6	33.2	1.3	55.8	21.6	0.0	0.0
Virginia	2.5	4.0	65.5	24.5	74.0	34.7	23.5	40.0	31.8	64.4	2.3	0.8	0.2
Washington	2.9	3.8	47.3	14.8	69.4	36.4	23.7	38.1	69.4	10.8	8.5	6.4	4.1

TABLE 7-24.—SELECTED DEMOGRAPHIC CHARACTERISTICS OF AFDC UNITS BY STATE, FISCAL YEAR 1995—Continued

State	Average number in unit	Average number in household of unit	Percent of units			Percentage distribution by age of youngest child ¹			Percentage distribution by race of natural or adoptive parent ²				
			With household members not in unit	With no adult recipient	With one adult recipient	0-2 yrs.	3-5 yrs.	6 or more yrs.	White	Black	Hispanic	Asian	Native American
West Virginia	2.7	3.5	43.7	17.4	67.1	31.0	24.8	42.7	90.4	8.3	0.1	0.1	0.1
Wisconsin	3.0	3.7	46.6	21.2	71.5	42.0	20.8	32.2	42.8	40.4	8.5	4.2	2.7
Wyoming	2.7	3.4	44.1	20.7	77.1	37.9	22.1	39.0	74.7	1.4	10.6	0.0	13.4
U.S. total	2.8	3.8	48.3	18.9	73.8	38.9	23.1	37.4	35.6	37.2	20.7	3.0	1.3

¹ Percentages will not add to total as "unknown" and "other" are not included.

² All race categories are mutually exclusive.

Source: Administration for Children and Families, U.S. Department of Health and Human Services.

TABLE 7-25.—INCOME CHARACTERISTICS OF AFDC UNITS BY STATE, FISCAL YEAR 1995

State	Units with earned income		Units with unearned income		Units with child care disregard		Units with \$30 + one-third disregard		Percent of food stamp participation
	Percent of all units	Average ¹ dollars	Percent of all units	Average ¹ dollars	Percent of all units	Average ¹ dollars	Percent of all units	Average ¹ dollars	
Alabama	3.6	\$175.89	12.3	\$140.28	0.6	(²)	1.7	(²)	88.8
Alaska	16.8	488.20	16.4	358.45	0.6	(²)	10.7	\$144.35	71.6
Arizona	5.8	251.00	5.5	160.69	0.5	(²)	3.4	78.14	92.1
Arkansas	4.4	248.64	18.4	166.17	1.3	(²)	2.9	82.00	86.4
California	15.3	555.81	15.3	340.74	2.8	\$204.88	12.9	116.23	89.6
Colorado	9.2	400.14	13.3	138.24	2.0	(²)	3.3	106.10	90.2
Connecticut	11.5	530.13	20.9	172.60	0.2	(²)	9.7	175.65	88.7
Delaware	6.5	238.52	19.1	105.19	0.6	(²)	4.9	(²)	83.6
District of Columbia	1.0	568.33	5.7	277.55	0.2	(²)	0.3	(²)	90.5
Florida	6.9	367.17	13.1	190.56	1.6	(²)	5.3	107.50	93.6
Georgia	8.2	357.73	22.3	125.10	2.7	147.12	4.9	81.19	86.3
Guam	3.6	500.08	12.1	182.62	0.3	(²)	1.8	(²)	80.3
Hawaii	9.6	453.43	7.3	256.63	0.6	(²)	5.1	119.65	92.7
Idaho	11.1	334.72	18.0	152.19	1.9	(²)	9.0	130.83	81.4
Illinois	10.4	570.81	10.9	200.89	0.0	(³)	9.4	370.64	93.7
Indiana	7.6	279.57	20.3	128.61	0.6	(²)	4.4	79.29	92.6
Iowa	27.5	483.66	19.8	131.77	6.2	127.38	20.2	177.26	88.3
Kansas	8.6	242.30	10.8	148.74	0.6	(²)	4.4	80.28	90.1
Kentucky	11.5	372.45	26.0	91.63	2.4	176.60	5.5	99.14	90.0
Louisiana	1.9	180.57	12.0	105.81	0.0	(³)	0.6	(²)	94.9
Maine	16.1	385.75	79.0	265.00	3.9	(²)	6.8	122.86	93.8
Maryland	4.2	366.77	30.4	51.05	1.1	(²)	3.0	90.32	91.8
Massachusetts	7.0	354.59	20.9	150.25	1.2	(²)	3.4	102.76	78.6
Michigan	23.0	425.16	15.9	214.84	6.1	152.79	14.8	221.34	94.4
Minnesota	13.3	338.14	25.3	127.30	3.4	142.94	5.9	107.89	90.2

TABLE 7-25.—INCOME CHARACTERISTICS OF AFDC UNITS BY STATE, FISCAL YEAR 1995—Continued

State	Units with earned income		Units with unearned income		Units with child care disregard		Units with \$30 + one-third disregard		Percent of food stamp participation
	Percent of all units	Average ¹ dollars	Percent of all units	Average ¹ dollars	Percent of all units	Average ¹ dollars	Percent of all units	Average ¹ dollars	
Mississippi	8.8	304.08	24.3	92.50	1.2	(²)	5.0	87.82	93.5
Missouri	4.9	340.85	16.4	72.75	1.0	(²)	2.5	92.84	89.9
Montana	16.2	335.18	39.0	113.79	4.5	(²)	9.0	103.62	90.7
Nebraska	12.8	294.48	8.2	219.81	1.1	(²)	8.2	89.89	86.4
Nevada	3.7	284.20	20.4	92.93	0.2	(²)	3.2	(²)	81.6
New Hampshire	7.9	361.40	22.5	120.48	0.3	(²)	4.1	(²)	84.8
New Jersey	3.6	364.86	7.5	208.97	0.6	(²)	2.4	145.21	90.5
New Mexico	7.6	304.42	7.6	502.66	0.7	(²)	3.9	90.12	89.9
New York	4.9	413.86	9.2	168.01	0.5	(²)	2.7	86.56	95.3
North Carolina	11.4	326.56	21.7	186.18	1.2	(²)	5.2	123.33	77.7
North Dakota	15.1	257.87	20.4	66.73	4.3	(²)	8.9	76.85	86.2
Ohio	5.7	299.63	23.6	97.41	0.8	(²)	3.4	84.03	91.3
Oklahoma	5.9	278.96	7.2	203.92	0.0	(²)	2.9	97.92	91.4
Oregon	14.4	318.05	15.8	112.66	0.1	(²)	7.7	91.87	91.1
Pennsylvania	5.0	328.25	4.6	185.50	1.0	(²)	2.7	83.02	92.8
Puerto Rico	0.7	159.10	2.4	67.78	0.0	(³)	0.1	(²)	0.0
Rhode Island	7.7	339.17	21.2	208.27	2.3	(²)	4.1	(²)	95.7
South Carolina	7.0	366.38	16.5	182.91	1.6	(²)	4.7	101.71	90.2
South Dakota	14.7	320.33	42.2	140.90	3.9	(²)	7.5	(²)	83.7
Tennessee	12.6	400.34	16.6	193.33	1.4	(²)	4.9	97.77	95.0
Texas	4.4	168.76	5.5	78.83	0.1	(²)	2.5	48.39	94.7
Utah	17.6	380.16	17.7	112.40	1.2	(²)	11.0	115.19	85.9
Vermont	18.8	403.58	24.3	156.77	0.0	(³)	12.8	162.79	97.7
Virgin Islands	3.3	358.30	6.7	(²)	1.3	(²)	2.7	(²)	94.7
Virginia	6.6	290.25	13.8	132.21	0.4	(²)	4.0	95.25	86.6

Washington	8.0	307.17	12.8	243.94	0.1	(²)	4.5	96.75	88.0
West Virginia	1.3	123.71	16.1	136.10	0.0	(³)	0.4	(²)	92.7
Wisconsin	16.4	386.76	12.8	188.77	5.2	155.70	9.4	92.98	85.5
Wyoming	17.2	454.79	13.3	140.10	0.3	(²)	9.8	144.97	90.2
U.S. total	9.5	431.46	14.7	189.95	1.6	172.10	6.5	137.89	89.8

¹ Average per unit with this item.

² Fewer than 25 sample cases.

³ No sample cases.

Source: Administration for Children and Families, U.S. Department of Health and Human Services.

Shelter arrangements of AFDC families, by State, fiscal year 1995

Table 7-26 gives a detailed percentage distribution of AFDC units by shelter arrangement. Notable variations among States: In 8 States, more than 1 out of 5 AFDC families lived rent free: Alabama, Arkansas, Guam, Louisiana, Mississippi, Nevada, South Carolina, and Texas. In another 8 States, more than 1 out of 10 AFDC families owned or were buying their home: Alaska, Kentucky, Maine, Minnesota, New Mexico, Puerto Rico, West Virginia, and Wyoming. Nationally, 8 percent of AFDC families lived in public housing; and another 12.1 percent received a rent subsidy from the U.S. Department of Housing and Urban Development (HUD). Use of public housing was more than double the national AFDC average in Alabama, Alaska, the District of Columbia, Puerto Rico, and Tennessee. Nationwide, almost two-thirds of AFDC families were in unsubsidized private housing. Except in Arkansas, Guam, and Mississippi, where rent-free housing dominated, most AFDC families in all States lived in unsubsidized private housing.

Reason for lack of parental support for AFDC child, by State, fiscal year 1995

Table 7-27 provides a detailed percentage distribution of AFDC units by the reason for parental deprivation of the youngest child. The share of families with unwed parents (determined by adding those for whom paternity either was or was not established) exceeded 80 percent in the District of Columbia and the Virgin Islands, but was below 35 percent in Vermont. Nationally, paternity was established for only 42 percent of nonmarital children, but many jurisdictions identified fathers of most of the children. These jurisdictions included Alaska, Connecticut, Delaware, Georgia, Guam, Iowa, Maine, Massachusetts, Minnesota, New Hampshire, New York, North Dakota, Oregon, Puerto Rico, Rhode Island, Vermont, the Virgin Islands, and Washington. A parent's incapacity was the reason why 3.6 percent of U.S. AFDC children needed aid, but in three jurisdictions (Kentucky, Puerto Rico, and West Virginia) it accounted for at least 10 percent of the cases. Similarly, a parent's unemployment was the reason why 6.5 percent of U.S. AFDC children needed aid, but in four States (Alaska, California, Washington, and West Virginia) it accounted for more than double this proportion.

WAIVERS FROM FEDERAL AFDC LAW SECTION 1115
DEMONSTRATION PROJECTS

Since 1962, section 1115 of the Social Security Act has authorized the Secretary of DHHS (and the predecessor Secretary of Health, Education, and Welfare) to waive specified requirements of the act in order to enable a State to carry out any experimental, pilot, or demonstration project that the Secretary judges likely to assist in promoting the objectives of AFDC. The Reagan, Bush, and Clinton administrations all adopted a liberal policy of granting waivers for State reforms. President Reagan created an interagency group (the Low Income Opportunity Advisory Board) to facilitate

TABLE 7-26.—AFDC FAMILIES BY TYPE OF SHELTER ARRANGEMENT BY STATE, FISCAL YEAR 1995

[In percent except total families]

State	Total families	Type of shelter arrangement										Un-known
		Home-less	Owns or is buying	Public housing	HUD rent subsidy	Other rent subsidy	Private housing with no subsidy	Shares group quarters	Rents free			
Alabama	46,030	0.0	4.4	20.2	12.7	0.5	34.8	1.0	26.4	0.0		
Alaska	12,426	0.6	15.0	18.9	9.5	5.6	42.0	0.0	8.5	0.0		
Arizona	69,609	0.1	2.2	6.5	8.6	1.3	71.1	0.2	10.0	0.0		
Arkansas	24,296	0.0	8.1	12.3	20.3	1.0	26.6	2.7	29.0	0.0		
California	919,471	0.2	1.5	1.9	5.8	1.6	87.6	0.8	0.6	0.0		
Colorado	38,557	0.3	2.5	6.9	16.6	8.0	59.3	5.1	1.0	0.2		
Connecticut	60,985	0.2	1.0	11.4	21.6	1.1	57.5	4.4	2.9	0.0		
Delaware	10,775	1.2	4.0	15.1	21.3	0.6	52.8	4.3	0.6	0.0		
District of Columbia	26,789	0.8	0.0	19.3	20.4	2.2	51.3	2.2	2.7	1.1		
Florida	230,807	0.1	2.3	3.9	11.5	0.4	77.0	0.3	4.0	0.6		
Georgia	139,135	0.2	4.6	15.8	9.5	0.4	51.6	5.9	11.2	0.8		
Guam	2,099	0.3	4.8	1.2	30.0	3.9	10.3	9.7	39.7	0.0		
Hawaii	21,674	0.9	2.3	9.0	15.8	2.7	48.8	9.5	11.0	0.0		
Idaho	9,071	0.3	4.0	1.5	27.2	3.4	45.2	5.9	11.1	1.2		
Illinois	236,205	0.3	1.7	10.0	9.5	1.9	69.5	1.1	6.1	0.0		
Indiana	65,556	0.1	6.9	6.4	11.1	5.2	54.7	0.0	14.9	0.6		
Iowa	36,435	0.1	9.5	4.5	22.3	1.2	54.8	3.3	4.3	0.0		
Kansas	28,206	0.4	4.6	7.2	11.1	1.0	65.6	1.2	9.0	0.0		
Kentucky	75,384	0.2	10.5	9.6	18.4	0.1	42.0	0.2	19.2	0.0		
Louisiana	79,825	0.1	4.5	11.5	13.8	3.2	36.7	3.4	26.8	0.0		
Maine	21,694	0.4	19.1	7.4	13.2	10.7	45.7	1.0	2.5	0.0		
Maryland	77,677	0.0	1.9	8.9	19.8	0.7	68.6	0.0	0.1	0.0		

TABLE 7-26.—AFDC FAMILIES BY TYPE OF SHELTER ARRANGEMENT BY STATE, FISCAL YEAR 1995—Continued

[In percent except total families]

State	Total families	Type of shelter arrangement										Un-known
		Home-less	Owns or is buying	Public housing	HUD rent subsidy	Other rent subsidy	Private housing with no subsidy	Shares group quarters	Rents free			
Massachusetts	100,852	1.0	0.9	13.1	20.6	9.5	52.5	2.4	0.2	0.0		
Michigan	201,696	0.6	7.1	1.8	8.7	0.7	74.1	0.1	4.7	2.2		
Minnesota	57,061	0.5	11.8	12.6	19.3	6.3	44.4	1.4	3.1	0.6		
Mississippi	52,528	0.1	8.3	5.7	16.8	0.5	26.3	0.4	41.9	0.0		
Missouri	89,298	0.4	5.9	5.4	19.9	1.5	55.4	1.8	9.7	0.0		
Montana	11,508	0.3	6.4	13.0	27.3	3.4	45.9	2.4	1.3	0.0		
Nebraska	14,828	0.5	5.4	10.7	25.9	1.4	48.4	3.1	4.5	0.0		
Nevada	15,708	0.5	0.5	0.0	21.4	0.2	45.0	2.2	30.1	0.0		
New Hampshire	10,800	0.0	1.0	9.8	9.8	1.9	68.3	7.9	0.3	1.0		
New Jersey	118,883	0.6	1.2	7.6	9.4	3.7	70.4	6.7	0.3	0.1		
New Mexico	34,444	0.1	11.9	9.6	16.6	2.7	43.9	6.3	8.6	0.2		
New York	456,929	0.7	0.7	14.0	12.4	6.0	64.3	0.6	1.3	0.0		
North Carolina	125,503	0.0	1.1	12.1	11.6	1.6	68.1	1.4	4.1	0.0		
North Dakota	5,215	0.7	9.5	5.9	47.4	2.6	20.4	4.9	8.6	0.0		
Ohio	228,171	0.3	3.8	7.5	17.8	3.5	59.4	0.6	7.1	0.0		
Oklahoma	44,790	0.0	4.6	2.4	25.1	6.8	38.3	4.2	18.7	0.0		
Oregon	39,264	0.8	4.0	1.6	15.9	2.0	68.5	3.9	3.4	0.0		
Pennsylvania	204,771	0.2	3.4	12.7	6.2	0.5	71.9	3.9	1.1	0.1		
Puerto Rico	54,799	0.1	33.4	21.7	6.1	2.7	20.4	1.8	13.7	0.2		
Rhode Island	22,194	0.0	2.4	9.6	20.6	0.8	58.7	6.0	1.9	0.0		
South Carolina	48,981	0.2	9.7	8.5	18.6	1.7	37.5	0.1	23.7	0.1		
South Dakota	6,286	0.0	4.6	0.0	27.5	12.4	49.0	0.3	6.2	0.0		

Tennessee	104,009	0.0	5.1	17.9	10.5	1.1	60.3	0.8	4.4	0.0
Texas	274,505	0.3	7.4	6.3	13.5	1.4	42.4	0.4	28.3	0.0
Utah	16,648	0.3	1.7	2.4	23.2	2.2	62.3	4.8	2.8	0.2
Vermont	9,648	0.0	7.9	7.9	13.8	1.0	60.2	6.3	3.0	0.0
Virgin Islands	1,308	1.0	2.0	59.1	1.3	1.7	15.0	0.3	19.3	0.3
Virginia	72,147	0.0	0.6	14.4	14.5	1.3	49.7	0.7	8.7	10.2
Washington	101,949	0.6	3.7	5.9	14.6	2.5	71.0	0.6	0.8	0.3
West Virginia	38,404	0.5	15.5	4.4	19.5	0.5	43.6	0.8	14.8	0.4
Wisconsin	72,366	0.5	4.1	3.8	11.3	2.4	68.7	5.7	3.4	0.0
Wyoming	5,200	0.0	11.4	6.0	12.3	5.4	55.6	5.7	3.5	0.0
U.S. total	4,873,398	0.3	4.0	8.0	12.1	2.4	64.2	1.6	6.9	0.3

Source: Administration for Children and Families, U.S. Department of Health and Human Services.

TABLE 7-27.—AFDC FAMILIES BY REASON FOR DEPRIVATION OF THE YOUNGEST CHILD, BY STATE, FISCAL YEAR 1995

[In percent except total families]

State	Total families	Deceased	Parent incapacitated	Parent unemployed	Divorced or legally separated	Separated, but not legally	Parent absent			Unknown
							Paternity established		Other absence	
							Yes	No		
Alabama	46,030	0.7	1.9	0.1	13.1	8.6	23.3	48.5	2.2	1.7
Alaska	12,426	1.2	3.8	13.9	20.1	13.3	25.6	18.7	3.0	0.6
Arizona	69,609	1.3	4.0	1.3	12.3	16.8	21.4	39.3	2.1	1.5
Arkansas	24,296	1.7	4.5	1.1	14.8	10.4	27.8	34.3	2.8	2.5
California	919,471	2.1	4.7	16.1	9.6	10.8	15.0	36.1	4.6	0.9
Colorado	38,557	0.8	5.6	1.8	16.6	11.8	20.5	37.0	4.5	1.5
Connecticut	60,985	1.8	1.5	7.9	9.4	8.1	41.7	24.6	3.5	1.5
Delaware	10,775	1.9	1.9	0.0	14.5	5.9	45.1	26.2	3.4	1.2
District of Columbia	26,789	2.4	1.4	1.0	3.5	4.0	13.1	70.7	3.0	1.0
Florida	230,807	1.1	2.7	2.3	11.4	13.1	22.6	40.1	3.8	3.0
Georgia	139,135	1.7	2.6	0.8	11.1	11.7	62.2	7.4	1.3	1.3
Guam	2,099	0.6	3.0	7.9	10.6	4.2	34.5	32.7	5.1	1.2
Hawaii	21,674	2.3	5.1	6.7	11.8	15.8	18.8	36.0	3.0	0.5
Idaho	9,071	0.6	4.3	6.8	27.9	13.9	21.1	21.4	2.7	1.2
Illinois	236,205	1.0	1.1	5.0	7.4	11.2	16.9	53.5	2.6	1.3
Indiana	65,556	1.1	2.9	3.4	15.7	10.6	23.2	31.4	2.8	8.7
Iowa	36,435	0.7	2.9	9.1	23.8	7.9	30.7	22.5	1.4	1.2
Kansas	28,206	1.4	4.6	6.0	21.0	9.7	21.1	30.9	3.1	2.2
Kentucky	75,384	1.2	10.9	6.9	17.2	9.6	19.1	31.5	1.0	2.6
Louisiana	79,825	1.0	3.3	0.9	7.6	10.5	18.8	53.3	1.1	3.5
Maine	21,694	1.0	4.9	8.9	26.1	10.9	29.0	16.1	1.8	1.4
Maryland	77,677	1.1	1.0	0.8	5.6	6.9	29.9	33.4	11.1	10.2

Massachusetts	100,852	1.9	3.5	3.6	9.9	11.6	33.7	32.8	2.0	1.0
Michigan	201,696	1.4	1.9	8.0	11.7	7.0	28.7	31.1	4.0	6.3
Minnesota	57,061	1.3	3.7	6.9	18.4	7.9	32.3	26.5	1.6	1.6
Mississippi	52,528	1.2	3.6	0.0	6.4	16.2	25.7	44.4	1.5	1.1
Missouri	89,298	1.6	3.3	3.0	15.9	11.1	31.0	31.2	1.5	1.5
Montana	11,508	1.9	6.1	6.9	22.3	11.4	22.3	24.7	3.7	0.8
Nebraska	14,828	0.3	1.6	4.0	15.2	10.5	18.4	41.8	5.8	2.4
Nevada	15,708	1.0	0.7	3.0	14.2	18.2	18.7	39.6	4.5	0.2
New Hampshire	10,800	0.6	4.4	3.2	22.2	12.7	29.2	23.8	2.5	1.3
New Jersey	118,883	2.9	0.9	4.1	6.7	9.3	31.2	41.8	1.7	1.4
New Mexico	34,444	1.7	4.7	5.2	14.1	13.9	18.7	37.6	2.7	1.4
New York	456,929	1.6	2.9	5.1	7.2	14.2	38.6	20.6	4.1	5.7
North Carolina	125,503	1.2	2.3	1.8	10.5	10.8	29.5	38.3	3.0	2.6
North Dakota	5,215	2.0	3.6	1.6	22.7	3.3	43.4	18.4	3.2	1.6
Ohio	228,171	1.3	3.1	6.7	13.0	10.4	20.7	36.7	5.4	2.6
Oklahoma	44,790	0.9	3.8	0.1	23.6	15.5	17.0	36.7	1.4	0.9
Oregon	39,264	1.3	2.9	7.5	17.0	15.8	26.7	25.8	1.5	1.7
Pennsylvania	204,771	2.1	4.0	4.0	10.2	7.5	26.7	41.2	2.1	2.3
Puerto Rico	54,799	3.7	11.4	0.1	10.1	18.0	47.1	6.7	2.6	0.4
Rhode Island	22,194	1.7	3.0	3.4	12.8	19.9	29.8	27.2	0.6	1.7
South Carolina	48,981	1.1	3.1	0.6	8.2	18.0	27.6	38.9	0.1	2.6
South Dakota	6,286	2.0	3.9	0.7	19.3	7.2	31.0	31.7	2.3	2.0
Tennessee	104,009	1.9	4.4	2.1	16.1	11.9	23.2	35.4	3.3	1.9
Texas	274,505	2.4	3.7	2.0	10.8	19.1	11.3	47.7	2.3	0.8
Utah	16,648	0.7	6.5	0.9	25.0	15.7	16.0	28.6	5.1	1.5
Vermont	9,648	0.7	8.2	11.5	32.9	5.3	20.1	14.8	3.6	3.0
Virgin Islands	1,308	0.7	1.0	0.7	3.3	2.0	65.8	24.6	0.3	1.7
Virginia	72,147	1.0	2.8	0.4	9.7	14.9	25.6	41.8	2.2	1.8
Washington	101,949	1.6	4.3	14.3	15.2	12.0	24.2	23.4	3.6	1.5
West Virginia	38,404	0.7	10.8	14.5	19.4	15.9	14.8	21.2	1.4	1.4
Wisconsin	72,366	1.4	3.1	6.7	11.1	5.8	31.2	31.3	7.5	1.9

TABLE 7-27.—AFDC FAMILIES BY REASON FOR DEPRIVATION OF THE YOUNGEST CHILD, BY STATE, FISCAL YEAR 1995—Continued

[In percent except total families]

State	Total families	Deceased	Parent incapacitated	Parent unemployed	Divorced or legally separated	Parent absent			Unknown	
						Separated, but not legally	Paternity established	Other absence		
						Yes	No			
Wyoming	5,200	2.5	2.7	0.5	33.8	8.4	18.3	31.1	2.1	0.5
U.S. total	4,873,398	1.6	3.6	6.5	11.2	11.7	24.9	34.6	3.4	2.4

Source: Administration for Children and Families, U.S. Department of Health and Human Services.

action on waiver requests; President Bush stressed State innovations in his welfare reform strategy and required that demonstrations not increase annual Federal costs and that they provide for rigorous evaluation. President Clinton accelerated the waiver process and relaxed the cost neutrality rule by applying it over the life of the demonstration instead of each year. By mid-August 1996, shortly before passage of the Personal Responsibility and Work Opportunity Reconciliation Act, the Clinton administration had approved more than 70 waivers for more than 40 States, many of which were for statewide reforms. The 1996 law permits States to continue terms of existing waivers until their expiration, and many States have incorporated provisions of their AFDC waiver projects into their initial plans for TANF.

AFDC waiver projects can be classified broadly as restricting or liberalizing some elements of the program. As of late February 1996, all but 10 States had received some waivers, summarized as follows:

Restrictive changes

- Place time limit on benefit duration (24 States);
- Tighten work requirements (31 States);
- Link benefits to school attendance or performance (26 States);
- Limit benefits for additional children (14 States);
- Reduce benefits based on relocation (2 States);
- Require fingerprinting as a condition of eligibility (1 State).

Liberalizing changes

- Treat earnings more generously (30 States);
- Expand eligibility for 2-parent (unemployed) families (25 States);
- Increase resource limit (28 States);
- Increase vehicle asset limit (25 States);
- Expand transitional medical and child care benefits (21 States).

AFDC QUALITY CONTROL

The AFDC quality control system had two goals: correcting faults in program administration that contribute to erroneous payments and reducing the extent of misspent benefit dollars. To these ends, it attempted to: (1) measure the extent and dollar value of “errors” in administration; (2) identify the types and causes of error; and (3) specify and monitor corrective actions taken to eliminate or reduce errors. Sanctions were imposed on States that had error rates above the national average.

The “errors” identified and measured in the quality control system ranged from simple arithmetical mistakes to incomplete or inaccurate reporting of income to recipient fraud. “Agency-caused” errors made up nearly half the errors typically identified in quality control surveys, and “recipient-caused” errors sometimes were simple mistakes in understanding what was required or failure to provide correct information on a timely basis. Thus, the quality control system revealed fairly low levels of fraud.

The core of the quality control system was the quality control case survey. The system annually compiled the results of a statistically valid sample of cases. Each selected case was subjected to a thorough review by quality control personnel, including a full field investigation. This review identified payments to ineligible, overpayments, underpayments, the type of error made, the responsibility (recipient versus administering agency) for the error, and, to a limited degree, incorrect denials of aid. The sample of cases was then extrapolated into error "rates" for that review period for each State.

Table 7-28 summarizes national overpayment dollar error rates for AFDC from October 1979 through fiscal year 1994. It shows that the lowest national overpayment error rate achieved was 5 percent, in fiscal year 1991.

TABLE 7-28.—SUMMARY OF NATIONAL OVERPAYMENT DOLLAR ERROR RATES UNDER THE AFDC PROGRAM, 1979-94

Period	Error rate
October 1979 to March 1980	8.3
April 1980 to September 1980	7.3
October 1980 to March 1981	8.3
April 1981 to September 1981	7.0
October 1981 to March 1982	7.2
April 1982 to September 1982	6.6
October 1982 to March 1983	6.2
April 1983 to September 1983	6.8
October 1983 to March 1984	6.2
April 1984 to September 1984	5.7
Fiscal year 1985	6.1
Fiscal year 1986	7.1
Fiscal year 1987	6.3
Fiscal year 1988	6.8
Fiscal year 1989	5.7
Fiscal year 1990	6.0
Fiscal year 1991	5.0
Fiscal year 1992	5.7
Fiscal year 1993	6.1
Fiscal year 1994	6.1

Note.—Overpayment errors include payments made to ineligible families but do not include underpayments.

Source: U.S. Department of Health and Human Services.

Table 7-29 provides a State-by-State comparison for fiscal years 1993-94 of overpayment error rates (including payments to ineligible persons). The table also ranks the States by overpayment error rate (number 1 signifying the lowest rate) and provides an estimate of erroneous AFDC payments in fiscal year 1994. Fiscal year 1994 overpayment error rates ranged from a low of 2.52 percent of benefit payments made in Hawaii to a peak of 14.41 percent in Florida. Half the States achieved a rate below 5.74 percent, but the average was 6.11 percent, compared with 6.08 the previous

year. Erroneous AFDC expenditures, not including underpayments, were reported to total \$1.382 billion (out of \$22.8 billion).

TABLE 7-29.—AFDC OVERPAYMENT ERROR RATES IN FISCAL YEARS 1993-94, 1994 RANK AND AMOUNT OF ERRONEOUS EXPENDITURES

State	Fiscal year 1993 rate	Fiscal year 1994 rate	1994 rank	Federal and State amount of erroneous expenditures in fiscal year 1994
Alabama	4.55	4.93	17	\$4,535,010
Alaska	2.39	3.75	7	4,215,234
Arizona	7.50	8.12	45	21,459,292
Arkansas	6.05	4.59	15	2,632,240
California	5.05	4.95	18	301,104,742
Colorado	6.30	6.94	38	10,850,922
Connecticut	5.39	4.32	11	17,064,790
Delaware	8.95	9.91	50	3,924,487
District of Columbia	6.75	8.34	46	10,469,998
Florida	13.95	14.41	54	116,149,872
Georgia	5.91	6.73	35	28,788,860
Guam	8.10	11.27	52	1,259,536
Hawaii	2.41	2.52	1	4,115,017
Idaho	4.19	6.94	37	2,099,497
Illinois	5.43	5.30	23	48,389,732
Indiana	9.59	11.89	53	27,125,837
Iowa	6.25	7.46	42	12,570,664
Kansas	5.43	5.41	24	6,623,194
Kentucky	4.25	4.59	14	9,092,492
Louisiana	7.70	5.92	31	9,942,873
Maine	4.52	6.82	36	7,326,926
Maryland	8.82	10.28	51	32,116,351
Massachusetts	2.89	2.95	3	21,509,892
Michigan	4.74	4.57	13	51,730,598
Minnesota	2.89	4.12	10	15,567,334
Mississippi	6.75	7.53	43	6,157,571
Missouri	7.53	7.27	41	20,721,554
Montana	4.27	4.55	12	2,224,286
Nebraska	5.71	5.85	29	3,559,521
Nevada	5.90	9.14	48	4,395,580
New Hampshire	6.85	7.07	39	4,377,268
New Jersey	4.68	5.61	26	29,808,372
New Mexico	5.26	3.97	8	5,624,548
New York	6.95	7.20	40	199,406,924
North Carolina	6.26	5.14	20	18,116,404
North Dakota	3.91	5.46	25	1,383,609
Ohio	8.55	9.06	47	91,642,826
Oklahoma	4.19	5.27	21	8,675,441
Oregon	4.44	5.77	28	11,351,455
Pennsylvania	5.85	5.28	22	49,302,561
Puerto Rico	5.92	5.87	30	4,342,406
Rhode Island	1.62	4.03	9	5,477,241
South Carolina	6.03	6.28	33	7,233,436
South Dakota	0.65	2.99	4	731,485

TABLE 7-29.—AFDC OVERPAYMENT ERROR RATES IN FISCAL YEARS 1993-94, 1994 RANK AND AMOUNT OF ERRONEOUS EXPENDITURES—Continued

State	Fiscal year 1993 rate	Fiscal year 1994 rate	1994 rank	Federal and State amount of erroneous expenditures in fiscal year 1994
Tennessee	10.52	7.84	44	16,871,311
Texas	10.57	6.55	34	35,672,176
Utah	3.51	2.83	2	2,171,394
Vermont	1.92	3.30	6	2,140,546
Virgin Islands	2.63	3.00	5	103,640
Virginia	6.37	6.16	32	15,521,900
Washington	6.21	5.09	19	31,024,870
West Virginia	8.48	9.55	49	12,015,731
Wisconsin	4.17	4.84	16	20,417,922
Wyoming	3.14	5.74	27	1,223,422
U.S. total ¹	6.08	6.11	.....	\$1,382,460,790

¹ Weighted average.

Source: Administration for Children and Families, U.S. Department of Health and Human Services.

In fiscal year 1994, AFDC families were underpaid by an estimated \$260 million (1.14 percent of actual payments) compared with underpayments of \$207 million (0.93 percent of actual payments) in fiscal year 1993 (table 7-30). In fiscal year 1994 underpayment rates ranged from a low of 0.11 percent in Hawaii to a peak of 2.97 percent in New York. Table 7-31 depicts estimated sanction amounts and DHHS' projected schedule for collecting them. The Department estimates that fiscal year 1991-96 sanctions total \$290.9 million; thus far, it has actually collected \$17.2 million (in fiscal year 1994).

TABLE 7-30.—AFDC UNDERPAYMENT ERROR RATES IN FISCAL YEARS 1992-94

State	Fiscal year—		
	1992 rate	1993 rate	1994 rate
Alabama	0.51	0.68	0.67
Alaska	0.50	0.11	0.86
Arizona	0.96	1.20	1.26
Arkansas	1.08	0.48	1.09
California	0.65	1.11	1.26
Colorado	0.44	0.20	0.52
Connecticut	0.31	0.46	0.42
Delaware	0.89	0.55	0.93
District of Columbia	0.75	0.58	0.49
Florida	1.33	1.31	1.55
Georgia	2.14	1.05	1.43
Guam	1.97	2.29	2.17
Hawaii	0.26	0.36	0.11
Idaho	1.05	1.06	0.86
Illinois	0.63	0.47	0.42

TABLE 7-30.—AFDC UNDERPAYMENT ERROR RATES IN FISCAL YEARS 1992-94—
Continued

State	Fiscal year—		
	1992 rate	1993 rate	1994 rate
Indiana	0.59	0.84	0.46
Iowa	0.71	0.60	0.68
Kansas	0.40	0.66	0.48
Kentucky	0.57	0.69	0.92
Louisiana	0.91	1.01	0.80
Maine	0.47	0.37	0.78
Maryland	0.32	0.95	0.72
Massachusetts	0.37	0.39	0.27
Michigan	0.43	0.79	0.58
Minnesota	0.43	0.45	0.21
Mississippi	0.79	0.64	0.72
Missouri	0.10	0.66	0.85
Montana	0.52	0.27	0.39
Nebraska	0.56	0.68	0.93
Nevada	0.33	0.57	0.77
New Hampshire	0.36	1.00	0.78
New Jersey	0.32	0.51	0.43
New Mexico	0.81	1.09	0.54
New York	1.91	1.80	2.97
North Carolina	0.71	0.94	0.59
North Dakota	0.44	0.12	0.51
Ohio	0.65	0.55	0.70
Oklahoma	0.45	0.97	0.77
Oregon	0.40	0.46	0.27
Pennsylvania	0.62	0.41	1.00
Puerto Rico	1.09	0.81	0.75
Rhode Island	0.09	0.12	0.38
South Carolina	0.82	1.33	1.71
South Dakota	0.72	0.44	1.72
Tennessee	1.28	1.02	0.59
Texas	1.56	1.16	1.17
Utah	0.45	0.38	0.96
Vermont	0.36	0.18	0.16
Virgin Islands	0.32	0.25	1.38
Virginia	0.70	0.44	0.60
Washington	0.62	0.20	0.28
West Virginia	0.55	0.72	1.03
Wisconsin	0.61	1.35	0.96
Wyoming	0.72	0.94	1.05
U.S. total ¹	0.83	0.93	1.14

¹ Weighted average.

Source: Administration for Children and Families, U.S. Department of Health and Human Services.

TABLE 7-31.—ESTIMATED AFDC QUALITY CONTROL SANCTION AMOUNTS AND COLLECTION SCHEDULE, 1991-2002 ¹

Fiscal year	DHHS estimated error rate (percent)	DHHS estimated sanction amounts (in millions)	DHHS projected schedule for collecting sanctions (in millions)
1991	5.0	\$32.4	0.0
1992	5.7	48.0	0.0
1993	6.1	54.0	0.0
1994	6.1	55.2	² \$17.2
1995	6.1	52.7	0.0
1996	6.0	48.6	0.0
1997 .....	.....	.....	.....
1998 .....	.....	.....	15.3
1999 .....	.....	.....	25.4
2000 .....	.....	.....	51.2
2001 .....	.....	.....	54.6
2002 .....	.....	.....	53.9

¹The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 repealed the AFDC Program as of July 1, 1997. AFDC error rates will not be calculated after fiscal year 1996.

²Actual amount collected.

Source: Administration for Children and Families, U.S. Department of Health and Human Services.

In fiscal year 1994, an estimated 70,549 families were incorrectly denied aid as ineligible, and 85,409 families were improperly dropped from the AFDC rolls, in violation of due process notice and hearing requirements (table 7-32). (These estimates are based on

TABLE 7-32.—DATA ON AFDC QUALITY CONTROL NEGATIVE CASE ACTIONS, FISCAL YEAR 1994

State	Total number of case actions	Case error rates		Total number of incorrect actions	
		Eligibility requirements	Advance notice/hearing requirements only	Eligibility requirements	Advance notice/hearing requirements only
Alabama	49,674	0.60	0.00	296	0
Alaska	14,399	0.55	0.55	79	79
Arizona	114,376	1.32	1.32	1,505	1,505
Arkansas	42,818	1.40	1.05	601	451
California	955,090	1.36	1.59	13,024	15,195
Colorado	70,280	0.81	0.81	567	567
Connecticut	36,276	0.00	0.00	0	0
Delaware	11,156	0.00	0.54	0	60
District of Columbia ..	9,866	0.00	8.46	0	834
Florida	516,877	0.73	4.68	3,765	24,203
Georgia	128,078	2.42	1.06	3,100	1,356
Guam	1,160	1.92	2.88	22	33
Hawaii	15,645	1.46	3.40	228	532
Idaho	21,588	1.56	2.08	337	450

TABLE 7-32.—DATA ON AFDC QUALITY CONTROL NEGATIVE CASE ACTIONS, FISCAL YEAR 1994—Continued

State	Total number of case actions	Case error rates		Total number of incorrect actions	
		Eligibility requirements	Advance notice/hearing requirements only	Eligibility requirements	Advance notice/hearing requirements only
Illinois	175,583	1.18	0.17	2,076	297
Indiana	90,420	0.34	4.09	308	3,697
Iowa	23,984	2.89	0.00	694	0
Kansas	24,407	1.10	1.10	268	268
Kentucky	54,543	1.03	2.76	564	1,505
Louisiana	76,994	0.71	0.71	546	546
Maine	17,614	2.34	0.00	412	0
Maryland	39,588	0.00	2.81	0	1,113
Massachusetts	66,399	0.24	0.47	157	314
Michigan	202,075	2.76	1.04	5,584	2,094
Minnesota	73,737	0.00	2.25	0	1,660
Mississippi	35,066	3.27	1.09	1,148	383
Missouri	71,981	3.04	0.76	2,187	547
Montana	19,468	0.43	3.02	84	587
Nebraska	6,387	0.00	0.00	0	0
Nevada	22,808	0.84	0.00	191	0
New Hampshire	14,156	0.57	0.00	80	0
New Jersey	72,000	0.24	0.98	176	702
New Mexico	47,173	6.36	0.42	2,998	200
New York	259,237	0.92	0.23	2,376	594
North Carolina	99,483	0.43	0.22	433	216
North Dakota	9,858	0.00	0.00	0	0
Ohio	329,460	0.97	0.00	3,195	0
Oklahoma	56,168	0.00	0.00	0	0
Oregon	40,769	1.79	2.51	731	1,023
Pennsylvania	136,205	2.00	4.41	2,730	6,005
Puerto Rico	26,140	1.17	3.13	306	817
Rhode Island	13,854	0.00	1.65	0	228
South Carolina	60,370	4.39	6.73	2,648	4,060
South Dakota	8,310	1.09	0.54	90	45
Tennessee	358,691	0.60	0.00	2,167	0
Texas	442,806	1.71	1.95	7,560	8,640
Utah	25,264	4.95	0.45	1,252	114
Vermont	12,701	0.56	1.12	71	142
Virgin Islands	612	0.00	0.00	0	0
Virginia	83,642	3.84	1.92	3,209	1,605
Washington	114,277	1.70	1.70	1,943	1,943
West Virginia	29,565	0.45	2.70	133	799
Wisconsin	84,431	0.84	0.00	708	0
Wyoming	9,741	0.00	0.00	0	0
United States ¹	5,323,250	1.33	1.60	70,549	85,409

¹ Weighted average.

Source: Administration for Children and Families, U.S. Department of Health and Human Services.

the percentage of errors made in taking “negative case actions”; and, since more than one action may apply to a single family, may overstate somewhat the total number of families affected.)

THE JOB OPPORTUNITIES AND BASIC SKILLS TRAINING PROGRAM (JOBS)

The Family Support Act of 1988 established a new employment, education and training program for recipients of AFDC. Called the Job Opportunities and Basic Skills (JOBS) Training Program, this program replaced the Work Incentive (WIN) Program. The law required most able-bodied AFDC parents whose youngest child was at least 3 years old to participate in JOBS. The WIN Program had exempted parents of preschoolers. (As noted earlier, JOBS was repealed by Public Law 104–193, which established TANF.)

PURPOSE AND ADMINISTRATION

The purpose of JOBS was to assure that needy families with children obtained education, training and employment that would help them avoid long-term welfare dependence. Each State was required to operate JOBS in every subdivision where it was feasible to do so. According to the U.S. Department of Health and Human Services (1995a), 12 States found it infeasible to operate JOBS in all political subdivisions. Nine of these States (Alaska, Colorado, Florida, Kansas, Kentucky, Louisiana, Montana, Nevada, and West Virginia) met a regulatory standard by offering a complete JOBS Program (see below for definition) in all metropolitan statistical areas and in political subdivisions with 75 percent of AFDC adults and a minimal program in areas where 95 percent of adults lived. The other three States without a statewide program were Idaho, New Mexico, and Texas, which made JOBS available in certain counties and political subdivisions. JOBS was administered at the Federal level by the Assistant Secretary for Children and Families in DHHS, and at the State level by the State welfare agency. The State welfare agency could offer services and activities through its own staff and facilities, through Job Training Partnership Act (JTPA) administrative entities, through State and local educational agencies, and through other public agencies or private organizations (including community-based organizations). For a summary of JOBS Programs from State plans for fiscal years 1995–96, see the 1996 Green Book.

EMPLOYABILITY PLAN AND CASE MANAGEMENT

JOBS required States to develop an employability plan for each participant, based upon an assessment of the person’s needs, skills, past work experience, and employability. The agency could require the participant to enter into an agreement specifying her obligations and the activities and services to be provided by the State. As of August 1996, six States required this kind of agreement. Further, all but two States—Iowa and Oklahoma—assigned a case manager to each participant to assist the family in obtaining needed services.

JOBS ACTIVITIES

States were required to offer supportive services and these four “mandatory” activities: (1) education activities, including high school or equivalent education, basic and remedial education to achieve a basic literacy level, and education for individuals with limited English proficiency; (2) job skills training; (3) job readiness activities; and (4) job development and job placement. In addition, States were required to offer two of the following four optional activities: (1) group and individual job search; (2) on-the-job training; (3) work supplementation; and (4) community work experience (CWEP) or any other work experience program approved by the Secretary. Further, States were allowed to offer postsecondary education to JOBS participants and other State-determined education, employment and training activities approved by the Secretary. All jurisdictions but three (Michigan, Nevada, and Oregon) offered postsecondary education under JOBS.

A complete JOBS Program contained the four mandatory components above and at least two of the four optional activities. A minimal program included high school or equivalent education and information and referral to available non-JOBS employment services. Some details about the JOBS rules for job search, CWEP, and work supplementation programs follow.

Nondisplacement

JOBS law contained nondisplacement rules; a JOBS assignment could not displace a worker or position, or infringe upon promotional opportunities of a worker; a JOBS participant could not fill a position from which a worker had been laid off.

Job search

States could require up to 8 weeks of job search for applicants and up to 8 weeks of job search for AFDC recipients each year. However, States could not require a person to engage in more than 3 weeks of job search before assessing the person’s employability.

Community work experience

JOBS law required that CWEP Programs be designed to improve the employability of participants through actual work experience and training and restricted them to projects serving a useful public purpose in fields such as health, social service, environmental protection, education, urban and rural development and redevelopment, welfare, recreation, public facilities, public safety or day care. Maximum hours of required CWEP activity during the first 9 months were determined by dividing the participant’s AFDC benefit (less any AFDC amount for which the State received reimbursement through child support collection) by the Federal minimum wage (or, if greater, the State minimum wage). After 9 months in a CWEP position, a participant’s required weekly hours were to be recalculated on the basis of the rate of pay for individuals employed in the same or similar occupations by the same employer at the same site. The law specified that it was not to be construed as authorizing payment of AFDC as “compensation for work per-

formed” and said that CWEP participation was not to entitle a person to “a salary or any other work or training expense.”

Work supplementation

JOBS law permitted a State to “divert” all or part of a family’s AFDC grant to an employer for use as a wage subsidy. The State welfare agency could itself be the employer who provided a “supplemented” job. To carry out a work program, States could adjust the level of their AFDC standard of need, vary benefit amounts paid to different categories of participants, and reduce or eliminate the amount of their earned income disregards. On the other hand, States could treat participants’ earnings more liberally (extending duration of the earned income disregard), and the law made work supplementation wages eligible for the earned income credit. Federal funding under the program was limited for each participant to the aggregate of 9 months’ worth of the maximum AFDC grant that the family would have received if it had no income. JOBS law was explicit about the “worker” status of persons in supplemented jobs: those whose job was provided by the welfare agency were not to be given “employee” status; nor, for the first 13 weeks of a job provided by any other entity was employee status to be required.

EXEMPTIONS, CHILD CARE, AND PARTICIPATION REQUIREMENTS

Exemptions

To the extent resources were available, States were obliged to require nonexempt AFDC recipients to participate in JOBS. Exempt applicants and recipients could participate as volunteers. Exempt were persons who were: (1) ill, incapacitated, or of advanced age; (2) needed at home because of the illness or incapacity of another family member; (3) the parent or other caretaker relative of a child under age 3 (or, at State option) any age less than 3 but not less than 1; (4) employed 30 or more hours a week; (5) a child under age 16 or attending, full time, an elementary, secondary or vocational school; (6) a pregnant woman (in at least the second trimester); or (7) residing where JOBS was not available. As of August 1996, 37 jurisdictions exempted the parents of a child under 3; 3 lowered the age threshold to age 2 (Connecticut, New Jersey, and the Virgin Islands); and 14 lowered the threshold to age 1 (Arizona, Arkansas, Colorado, Indiana, Louisiana, Michigan, Montana, Nebraska, Oklahoma, Oregon, South Carolina, South Dakota, Wisconsin, and Wyoming).

Child care for welfare parents

JOBS law required States to “guarantee” child care (by direct provision, reimbursement, vouchers, etc.) for JOBS participants who needed it, and for other AFDC parents already in school, training, or work. States were required to continue child care benefits for 1 year to families who left AFDC for work (transitional care), charging them an income-related fee. In general, the parent of a child under age 6 could be required to participate no more than 20 hours weekly and, then, only if child care were “guaranteed.” In the case of an AFDC-UP family, the exemption relating

to age of child applied to only one parent, unless child care were guaranteed. (For more information on child care, see section 9).

Minimum participation standards

JOBS law set minimum participation standards for fiscal years 1990–95 for the overall AFDC caseload (and for fiscal years 1994–98 for the unemployed-parent caseload). The minimum participation rates for the overall caseload rose from 7 percent (of the non-exempt caseload, not the entire caseload) in fiscal years 1990–91 to 20 percent in fiscal year 1995 (none thereafter). Special participation rules applied to the unemployed-parent caseload. One parent in these families was required to participate at least 16 hours a week in one of these work activities: work supplementation, community work experience or other work experience program, on-the-job training, or a State-designed work program approved by the Secretary. However, in low-benefit States, fewer than 16 hours of weekly CWEP participation were required since work hours calculated at the minimum wage could not exceed the number needed to yield the family's AFDC benefit. The percentage of nonexempt AFDC–UP families required to meet this work rule rose from 40 percent in fiscal year 1994 to 75 percent in fiscal year 1997.

The prescribed penalty for failing to meet the general participation rate was a reduction in the Federal matching rate, but the penalty always was waived, as allowed under certain conditions.

Definition of JOBS participant

The law did not define “participant,” but Federal regulations required that JOBS participation rates be measured by a 20-hour-per-week standard. Welfare agencies were directed to count as participants the largest number of persons whose combined and averaged hours in specified JOBS activities equaled or exceeded 20 per week. Creditable activities included any component of the State's JOBS plan except job development and job placement. Persons who entered a job were counted as participants only if they engaged in a JOBS activity or received job development and placement services during the month of job entry or the preceding month.

TARGETING OF JOBS FUNDS

The JOBS Program included a financial penalty—a reduced Federal matching rate—for failure to spend at least 55 percent of JOBS funds on certain populations, namely: (1) families in which the custodial parent was under age 24 and had not completed high school or had little or no work experience in the preceding year; (2) families in which the youngest child was within 2 years of being ineligible for assistance because of age; (3) families that had received assistance for 36 or more months during the preceding 60-month period; and (4) applicants who had received AFDC for any 36 of the 60 months immediately preceding application.

FUNDING OF JOBS AND SUPPORTIVE SERVICES

Federal matching for JOBS was available as a capped entitlement, limited to \$1 billion annually in fiscal year 1996. The Federal matching rate was 90 percent for expenditures up to the

amount allotted to the States for the WIN Program in fiscal year 1987. Of additional amounts, the Federal match was at the Medicaid rate (between 50 and about 78 percent), but with a minimum Federal match of 60 percent for nonadministrative costs and for full-time JOBS personnel costs. The match for other administrative costs was 50 percent. However, the law provided for a reduction in the JOBS Federal matching rate to 50 percent unless: (1) 55 percent of funds were spent on target populations listed above; and (2) the States met participation rate requirements.

The entitlement cap for JOBS was allocated as follows: States received an amount equal to their WIN allotment for fiscal year 1987 (\$126 million across all States) and the remainder was allocated on the basis of each State's relative number of adult AFDC recipients. Federal program funds could not be used to supplant non-Federal funds for existing services and activities, and States were required to spend on JOBS, from State/local funds, at least as much as they did for comparable activities in fiscal year 1986.

AFDC/JOBS child care and transitional child care were reimbursed as a separate, open-ended entitlement at the Medicaid matching rate. Transportation and other work-related expenses were reimbursed at a rate of 50 percent and were among expenditures subject to the JOBS entitlement cap.

Table 7-33 provides information on fiscal year 1996 Federal allocations to the States for JOBS, along with information on the amount of these funds States had expended and obligated. Authorized for JOBS was \$1 billion; the Federal share of JOBS expenditures claimed by States as of April 2, 1997, however, was only \$870.4 million. The table also includes information on federally reimbursed expenditures for child care. For AFDC/JOBS and transitional child care, States claimed Federal reimbursement of \$1.189 billion in fiscal year 1996, compared with \$893 million in fiscal year 1995.

Table 7-34 displays the percentage of JOBS allocations, after Indian set-asides, used by each jurisdiction in fiscal years 1990-96. The number of States that used their full allocation rose to 22 in fiscal year 1996. Four States spent 100 percent of their JOBS allocation in each year since 1990: Alaska, North Dakota, Oregon, and Wisconsin.

Table 7-35 shows the average monthly number of JOBS participants reported by States during fiscal year 1995 (data not reported by Alaska, the District of Columbia, Virgin Islands, and Guam) and their percentage distribution by program component. In the 50 reporting jurisdictions a monthly average of 632,054 persons were active JOBS participants, up 9 percent from the previous year. However, more than 20 percent of these participants were not "countable" for purposes of calculating official participation rates (see table 7-37). More than 40 percent of JOBS participants were in five States: California, New York, Ohio, Michigan, and Pennsylvania.

TABLE 7-33.—FEDERAL ALLOCATIONS AND EXPENDITURES FOR THE JOBS PROGRAM, BY STATE, FISCAL YEAR 1996
 [In millions of dollars]

States	JOBS total authoriz. ¹	Indian set- aside ²	Awarded to States ³	Total obligated ⁴	Total expended ⁵	Title IV-A child care ⁶
Alabama	\$7.3	0.0	\$7.3	\$7.3	\$7.3	\$16.6
Alaska	3.1	\$1.1	2.0	3.1	2.0	3.4
American Samoa	0.1	0.0	0.0	0.0	0.0	0.00
Arizona	12.9	1.8	11.2	12.9	11.2	22.7
Arkansas	4.3	0.0	4.3	4.3	3.7	3.9
California	186.2	0.7	121.9	122.6	28.3	83.3
Colorado	9.3	0.0	9.2	9.2	9.3	10.2
Connecticut	13.1	0.0	9.2	9.2	11.4	25.1
Delaware	2.0	0.0	2.0	2.0	2.0	5.2
District of Columbia	5.6	0.0	5.6	5.6	4.9	4.5
Florida	39.8	0.0	25.4	25.4	14.1	47.1
Georgia	24.8	0.0	24.8	24.8	24.4	46.1
Guam	0.6	0.0	0.4	0.4	0.4	0.0
Hawaii	5.2	0.0	5.2	5.2	5.2	4.5
Idaho	2.6	(⁷)	2.6	2.6	2.6	2.1
Illinois	49.8	0.0	42.0	42.0	36.9	78.6
Indiana	13.5	0.0	13.5	13.5	10.3	27.9
Iowa	8.3	0.0	8.3	8.3	8.3	6.9
Kansas	5.9	(⁷)	5.9	5.9	5.9	10.7
Kentucky	13.6	0.0	13.6	13.6	7.8	16.9
Louisiana	16.5	0.0	16.5	16.5	16.5	13.2
Maine	5.2	(⁷)	5.1	5.2	5.1	3.5
Maryland	16.6	0.0	13.1	13.1	8.8	21.3
Massachusetts	23.6	0.0	23.0	23.0	22.8	50.0
Michigan	49.0	0.6	48.4	49.0	48.4	30.3
Minnesota	13.5	1.0	12.5	13.5	12.5	24.0

TABLE 7-33.—FEDERAL ALLOCATIONS AND EXPENDITURES FOR THE JOBS PROGRAM, BY STATE, FISCAL YEAR 1996—Continued
 [In millions of dollars]

States	JOB total authoriz. ¹	Indian set- aside ²	Awarded to States ³	Total obligated ⁴	Total expended ⁵	Title IV-A child care ⁶
Mississippi	8.6	(7)	8.6	8.6	8.6	6.2
Missouri	17.5	0.0	16.1	16.1	15.1	26.1
Montana	2.9	0.4	2.5	2.9	1.9	3.3
Nebraska	3.0	0.1	2.9	3.0	2.9	8.6
Nevada	2.8	(7)	2.1	2.1	1.5	2.9
New Hampshire	2.2	0.0	2.2	2.2	1.3	4.3
New Jersey	25.3	0.0	25.3	25.3	24.6	40.9
New Mexico	7.8	0.1	2.2	2.3	2.1	8.7
New York	99.5	(7)	99.5	99.5	70.2	52.2
North Carolina	22.2	0.1	22.1	22.2	22.1	61.2
North Dakota	1.4	0.4	1.0	1.4	0.5	1.9
Ohio	46.3	0.0	46.3	46.3	38.4	65.0
Oklahoma	8.4	0.2	8.1	8.4	8.1	25.7
Oregon	10.2	0.1	10.1	10.2	10.1	25.7
Pennsylvania	44.3	0.0	44.3	44.3	36.2	55.8
Puerto Rico	11.6	0.0	11.6	11.6	11.1	0.0
Rhode Island	4.8	0.0	4.8	4.8	4.1	6.5
South Carolina	7.5	0.0	7.5	7.5	7.3	12.1
South Dakota	1.5	0.5	0.9	1.4	0.9	1.7
Tennessee	18.5	0.0	6.8	6.8	5.9	41.0
Texas	47.2	0.0	40.7	40.7	33.1	66.7
Utah	4.1	0.0	4.0	4.0	4.0	13.2
Vermont	3.0	0.0	3.0	3.0	2.7	3.6
Virgin Islands	0.4	0.0	0.3	0.3	0.3	0.0
Virginia	13.0	0.0	13.0	13.0	13.0	18.7
Washington	25.5	0.8	24.7	25.5	22.3	39.9

West Virginia	9.3	0.0	8.4	8.4	8.4	8.5	8.7
Wisconsin	17.5	0.4	17.1	17.5	17.1	17.1	27.8
Wyoming	1.2	0.1	1.1	1.2	0.8	0.8	2.2
U.S. total	1,000.0	8.5	870.4	878.9	684.7	684.7	1,188.7

¹ JOBS total authorization: Total Federal funds available for the JOBS Program for fiscal year 1996.
² Indian set-aside: Ratio of adult recipients in a tribal service area to the State's total of adult recipients multiplied by the State's total allocation.
³ Excludes the Indian set-aside.
⁴ Total obligated: The amount of funds obligated by the State by September 30, 1996, 1995 and 1994. For example, if a contract is signed by the State to provide services based on a set fee, the amount owed for those services is an obligation. That obligation becomes an expenditure only when the invoice for the service is actually paid.
⁵ Federal share of expenditures claimed by States for the JOBS Program. Preliminary data.
⁶ Federal share of expenditures claimed by States for AFDC and transitional child care. Does not include child care administrative costs.
⁷ Less than \$50,000.

Note.—Data as of April 2, 1997, and based on best available data reported by States.
 Source: Administration for Children and Families, U.S. Department of Health and Human Services.

TABLE 7-34.—FEDERAL SHARE OF JOBS EXPENDITURES AS A PERCENT OF JOBS ALLOCATION, FISCAL YEARS 1990-96

State	1990	1991	1992	1993	1994	1995	1996
Alabama	9.3	42.9	64.9	96.3	100.0	85.1	100.0
Alaska	0.0	100.0	100.0	100.0	100.0	100.0	100.0
Arizona	0.0	35.2	41.9	53.8	55.2	74.2	94.3
Arkansas	97.6	100.0	99.1	100.0	67.5	78.4	87.2
California	77.0	67.5	61.2	63.5	66.3	91.6	23.3
Colorado	25.2	51.7	65.3	77.3	83.0	86.3	100.0
Connecticut	99.0	83.8	62.9	50.5	71.9	61.9	87.1
Delaware	76.1	71.8	82.9	76.3	99.0	100.0	100.0
District of Columbia	49.1	69.0	75.5	100.0	93.4	76.8	86.8
Florida	64.3	50.0	46.8	41.2	33.3	32.9	93.4
Georgia	36.4	35.4	42.0	60.6	62.1	75.8	98.6
Guam	0.0	60.5	73.5	95.1	43.6	32.8	69.2
Hawaii	0.0	40.7	100.0	100.0	100.0	100.0	100.0
Idaho	0.0	100.0	100.0	100.0	100.0	97.0	100.0
Illinois	19.0	35.8	40.0	49.5	61.9	59.2	77.8
Indiana	0.0	29.3	47.1	61.6	64.5	62.5	76.1
Iowa	63.1	58.4	65.6	70.7	100.0	100.0	100.0
Kansas	72.7	67.1	88.9	100.0	96.2	100.0	100.0
Kentucky	0.0	55.4	66.0	78.0	84.4	70.3	97.0
Louisiana	0.0	38.9	85.0	100.0	100.0	100.0	100.0
Maine	0.0	65.3	58.2	64.2	60.2	85.7	100.0
Maryland	99.2	84.2	86.9	80.5	87.6	64.0	53.2
Massachusetts	67.9	80.6	76.3	86.7	77.5	72.1	99.5
Michigan	41.6	33.6	50.2	63.6	71.0	75.7	100.0
Minnesota	67.8	58.6	75.3	77.9	87.1	89.8	100.0
Mississippi	0.0	11.4	81.4	91.7	94.0	100.0	100.0
Missouri	4.7	16.8	34.3	51.9	55.3	63.9	86.4
Montana	10.0	67.2	100.0	100.0	93.5	100.0	74.6
Nebraska	56.5	63.0	90.2	78.0	75.2	69.5	100.0
Nevada	30.9	36.6	49.4	50.2	43.5	42.0	53.0
New Hampshire	75.3	100.0	97.9	100.0	100.0	100.0	59.9
New Jersey	99.0	93.6	90.5	100.0	100.0	100.0	97.1
New Mexico	17.6	27.9	22.7	25.5	29.1	24.3	29.8
New York	0.0	60.2	100.0	94.7	92.6	94.8	75.9
North Carolina	0.0	42.9	71.8	79.2	81.9	93.6	100.0
North Dakota	49.1	100.0	100.0	100.0	100.0	100.0	100.0
Ohio	48.7	75.6	85.4	100.0	100.0	85.8	83.1
Oklahoma	68.3	63.8	85.6	78.1	97.9	83.3	100.0
Oregon	0.0	100.0	100.0	100.0	100.0	100.0	100.0
Pennsylvania	70.0	61.7	67.5	64.9	91.5	95.3	95.3
Puerto Rico	0.0	11.5	51.1	73.3	53.1	74.2	95.9
Rhode Island	92.4	80.7	89.7	100.0	99.0	79.5	85.2
South Carolina	50.1	46.3	53.2	54.7	64.8	66.6	96.9
South Dakota	87.0	76.1	99.5	100.0	100.0	100.0	100.0
Tennessee	0.0	15.0	30.0	32.6	46.1	79.7	96.9
Texas	0.0	49.6	69.5	77.8	68.9	57.7	70.0
Utah	89.0	83.5	100.0	98.7	99.8	100.0	100.0
Vermont	0.0	69.6	80.6	93.1	99.9	95.3	90.2
Virgin Islands	11.7	100.0	NA	100.0	84.4	80.7	68.6

TABLE 7-34.—FEDERAL SHARE OF JOBS EXPENDITURES AS A PERCENT OF JOBS ALLOCATION, FISCAL YEARS 1990-96—Continued

State	1990	1991	1992	1993	1994	1995	1996
Virginia	0.0	46.5	55.4	72.1	72.4	64.8	100.0
Washington	0.0	51.0	85.7	86.3	76.9	88.7	96.4
West Virginia	35.3	40.5	78.0	88.3	78.2	69.1	91.0
Wisconsin	98.9	100.0	100.0	100.0	100.0	100.0	100.0
Wyoming	1.4	72.0	95.7	90.1	94.3	86.4	68.9
Number of States at maximum allocation	0	8	9	17	13	15	22

NA—Not available.

Source: Table prepared by the Congressional Research Service (CRS) based on data from the U.S. Department of Health and Human Services (DHHS). JOBS expenditure data are as of August 20, 1997.

The U.S. distribution of JOBS participants by activity:

- Educational activities—39.4 percent of participants (22.7 percent in high school, GED, remedial education, or English as a second language; 16.7 percent in higher education).
- Training—16.2 percent (8.0 percent in job skills training, 7.8 percent in vocational training; and 0.4 percent in on-the-job training).
- Job entry (in survey month or preceding month)—12.3 percent.
- Assessment and employability plan—11.1 percent.
- Job readiness—6.2 percent.
- Job search—6.1 percent.
- Community Work Experience Program (CWEP) and work supplementation—4.1 percent.
- Job development—0.8 percent.
- Other—3.9 percent.

State variations were large. For instance, the share of participants in higher education ranged from 0.3 percent in Florida to 38.0 percent in Oklahoma. Among reporting States, JOBS participants in job entry ranged from zero percent in Kentucky to above 30 percent in Iowa, Montana, Oregon, and Utah. Although 21 States placed no one in CWEP, more than 15 percent of JOBS participants in Missouri and West Virginia were in CWEP.

Table 7-36 summarizes State JOBS participation rates for fiscal year 1995. The table shows that nationwide 1.9 million persons, 43 percent of AFDC adult recipients, were classified as required to participate in JOBS (nonexempt from JOBS). Among the States the percentage of mandatory participants ranged from 15 percent in Indiana and 18 percent in Florida to 77 percent in Utah. As noted above, the 1995 minimum JOBS participation standard was 20 percent of nonexempt adults (roughly equivalent to 8 percent of all adults that year). Column 6 of the table gives a rough approximation of “countable” participation rates achieved by States in 1995; official calculations are more exacting. The table indicates a U.S. participation rate of 26.8 percent, with variations among States.

TABLE 7-35.—AVERAGE MONTHLY PERCENTAGE OF JOBS PARTICIPANTS BY STATE AND COMPONENT, FISCAL YEAR 1995

State	Total participants	Job entry	High school and other ²	Assigned higher ed.	Self init. higher ed.	Vocational training	Job skills training	Job readiness	Job development	Assess emp. plan	Job search	OJT	Work supp.	CWEP	Other
Alabama	6,183	14.1	39.5	8.8	7.2	0.0	9.7	1.3	0.5	5.7	8.6	0.1	0.0	0.0	4.3
Alaska	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Arizona	5,222	13.4	23.7	8.5	3.2	0.2	8.2	4.9	0.1	20.9	9.2	0.1	0.0	7.4	0.3
Arkansas	6,591	7.7	13.2	1.5	0.8	1.4	2.2	14.7	0.4	44.2	8.0	0.3	0.0	0.1	5.6
California	80,070	15.4	30.4	5.0	4.7	5.2	1.9	10.0	0.7	15.8	4.3	0.2	0.1	4.8	1.4
Colorado	5,680	10.3	21.2	9.9	9.7	0.0	11.5	4.8	0.1	13.8	8.5	0.2	2.7	7.2	0.2
Connecticut	6,997	8.4	28.0	18.5	6.9	13.5	4.0	3.9	2.0	2.2	7.4	2.0	0.0	3.2	0.0
Delaware	944	9.2	16.5	1.1	13.8	1.8	7.7	0.2	0.5	27.3	12.1	0.2	0.0	5.1	4.6
District of Columbia	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Florida	27,630	19.5	29.6	0.3	0.0	32.1	1.8	15.7	0.0	0.0	0.2	0.7	0.0	0.0	0.0
Georgia	17,306	27.1	26.3	11.1	10.0	1.3	1.9	4.0	0.1	7.1	0.9	4.5	0.0	0.0	5.9
Guam	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Hawaii	1,449	11.5	16.0	26.8	4.1	0.0	3.1	6.7	0.1	1.2	14.4	0.0	0.0	14.4	1.6
Idaho	1,014	13.0	18.5	3.6	10.6	8.5	11.3	5.2	0.0	7.8	7.0	0.1	0.0	14.2	0.2
Illinois	31,096	3.7	18.9	18.5	0.2	0.2	12.2	5.9	0.0	5.1	8.5	0.0	0.0	1.0	25.8
Indiana	9,245	12.0	42.7	15.5	0.8	0.0	12.0	7.8	0.0	0.3	8.9	0.0	0.0	0.0	0.0
Iowa	12,782	36.7	12.4	7.4	2.5	1.3	7.8	2.6	0.0	20.6	5.4	0.0	0.0	0.0	3.4
Kansas	4,928	19.0	15.0	15.3	7.5	1.6	6.6	5.0	0.5	3.7	9.5	0.1	0.0	10.5	5.8
Kentucky	9,478	0.0	30.0	13.7	16.6	4.4	7.7	1.7	0.0	0.5	1.5	0.0	0.0	1.5	22.4
Louisiana	8,650	12.6	37.7	1.4	3.0	9.3	13.3	4.8	0.0	9.5	4.0	0.1	0.0	4.3	0.0
Maine	3,477	19.4	13.4	10.6	3.9	1.2	8.1	8.1	0.2	5.8	15.6	1.0	0.0	0.3	12.5
Maryland	7,432	8.9	14.4	4.9	8.7	2.4	11.9	11.8	3.9	12.5	6.5	0.3	0.7	0.0	13.1
Massachusetts	18,524	16.0	19.8	5.4	3.0	25.8	17.0	1.6	0.0	0.6	7.7	0.0	0.2	0.0	3.0
Michigan	41,986	14.7	16.5	0.3	20.0	2.1	6.5	8.3	1.6	17.8	10.6	0.4	0.0	1.2	0.2
Minnesota	6,227	13.4	14.6	15.4	0.0	0.0	32.0	5.6	0.1	1.6	8.1	0.4	0.4	8.4	0.0
Mississippi	5,887	1.9	33.5	15.3	1.7	0.6	9.3	4.4	0.5	18.0	2.9	0.1	0.0	0.0	11.8
Missouri	7,194	2.7	18.6	6.4	19.3	0.0	14.8	0.0	0.4	13.8	3.1	0.2	0.9	16.0	3.7
Montana	1,648	32.4	11.7	16.3	0.2	0.0	5.6	10.5	0.0	1.1	9.6	0.3	0.0	0.0	12.3
Nebraska	5,778	0.4	26.0	18.9	0.0	0.0	6.7	9.0	0.0	10.1	21.5	0.2	0.0	0.9	6.2

Nevada	742	14.3	13.8	0.8	10.4	0.8	10.5	1.8	0.8	25.7	13.1	0.3	0.0	7.8	0.0
New Hampshire	1,991	2.2	24.5	33.1	1.2	0.6	6.0	17.0	0.0	1.0	7.9	0.1	0.0	1.1	5.4
New Jersey	15,401	10.2	36.8	13.8	0.0	20.8	7.7	6.0	0.1	0.1	4.4	0.0	0.0	0.0	0.0
New Mexico	8,251	7.5	25.8	30.9	5.4	3.5	0.0	0.1	0.0	6.6	10.0	0.0	0.0	0.2	10.0
New York	52,332	3.0	23.6	3.5	14.9	30.8	3.9	5.9	2.4	0.5	3.7	0.0	1.2	6.4	0.0
North Carolina	12,789	9.1	21.5	0.0	17.5	0.0	23.2	8.5	0.0	15.8	2.1	0.3	0.0	2.1	0.0
North Dakota	1,398	21.1	8.3	8.4	14.5	9.4	11.7	14.6	0.0	6.1	2.9	0.2	0.1	1.7	0.9
Ohio	45,288	10.1	17.1	17.8	5.1	0.1	2.0	0.2	1.3	26.0	3.1	0.0	0.1	14.9	2.1
Oklahoma	6,577	10.4	22.0	17.2	20.8	4.8	0.0	3.0	0.7	0.0	10.7	0.0	0.0	0.0	10.5
Oregon	2,725	37.5	11.5	0.0	3.3	0.0	5.3	5.9	0.0	9.8	21.7	0.0	0.7	0.0	4.3
Pennsylvania	35,119	6.5	12.9	3.0	9.1	11.5	39.8	6.7	0.0	0.8	3.3	0.1	0.0	5.8	0.6
Puerto Rico	6,326	13.8	19.1	14.3	8.1	3.3	20.6	2.2	0.1	8.8	7.1	0.0	0.1	0.0	2.5
Rhode Island	4,051	13.0	17.2	2.9	11.4	0.1	13.5	3.8	0.0	2.7	7.3	0.0	4.8	4.8	18.7
South Carolina	7,013	15.5	23.2	7.8	2.7	0.4	8.6	1.8	3.7	11.3	16.6	0.1	0.0	0.0	8.4
South Dakota	1,453	20.7	10.6	3.9	32.5	0.0	1.1	0.8	0.0	10.5	12.0	1.9	0.0	0.0	5.9
Tennessee	11,163	2.2	24.5	16.7	5.9	0.8	3.7	3.6	0.9	37.2	0.5	0.1	0.0	0.0	3.8
Texas	23,148	15.2	22.5	7.0	6.6	7.1	1.8	5.9	0.0	25.7	7.4	0.8	0.0	0.0	0.0
Utah	6,377	41.1	7.7	8.5	0.9	0.0	9.0	1.6	0.0	15.1	11.9	0.0	0.0	0.0	4.2
Vermont	2,175	9.7	12.9	27.3	0.5	0.0	6.1	5.1	0.0	7.7	21.3	0.1	0.1	9.1	0.0
Virgin Islands	(¹)	(¹)	(¹)	(¹)	(¹)	(¹)	(¹)	(¹)	(¹)	(¹)	(¹)	(¹)	(¹)	(¹)	(¹)
Virginia	6,994	8.7	18.0	17.9	2.2	1.6	9.8	5.1	5.4	7.8	13.0	0.3	0.5	0.0	9.7
Washington	22,229	5.2	27.3	25.8	11.8	0.0	0.0	9.9	0.4	17.8	1.6	0.2	0.0	0.0	0.0
West Virginia	9,377	23.1	33.0	11.0	1.0	11.8	0.0	2.2	0.2	2.3	0.2	0.1	0.0	15.1	0.0
Wisconsin	14,731	21.2	12.2	5.6	11.1	0.0	0.0	3.6	1.3	6.7	22.6	0.3	1.6	5.2	8.7
Wyoming	986	7.0	22.5	4.4	0.0	4.6	3.2	12.0	0.1	0.0	0.0	46.3	0.0	0.0	0.0
U.S. total	632,054	12.3	22.7	9.2	7.5	7.8	8.0	6.2	0.8	11.1	6.1	0.4	0.3	3.8	3.9

¹ Data not reported.

² Includes high school, GED, remedial education, and English as a second language.

Source: U.S. Department of Health and Human Services, Administration for Children and Families.

TABLE 7-36.—JOBS PARTICIPATION BY STATE, AVERAGE MONTHLY DATA, FISCAL YEAR 1995

State	Total adult recipients		Total JOBS participants		Percent of AFDC adults mandatory for JOBS (5)	Countable JOBS participants, as a percent of mandatory mandatories (6)
	AFDC (1)	JOBS mandatories (2)	Active ¹ (3)	Countable ² (4)		
Alabama	30,782	9,251	6,184	5,429	30.1	58.7
Alaska	13,326	3,520	0	1,390	26.4	39.5
Arizona	60,370	12,406	5,222	3,678	20.5	29.6
Arkansas	17,809	4,298	6,590	864	24.1	20.1
California	846,450	359,182	80,073	83,480	42.4	23.2
Colorado	34,776	23,396	5,681	4,826	67.3	20.6
Connecticut	56,511	26,840	6,997	7,399	47.5	27.6
Delaware	8,021	3,068	947	693	38.2	22.6
District of Columbia	22,272	8,702	0	1,309	39.1	15.0
Florida	189,872	34,103	27,632	16,258	18.0	47.7
Georgia	114,012	45,658	17,307	15,849	40.0	34.7
Guam	2,273	797	0	22	35.1	2.8
Hawaii	22,210	9,356	1,450	1,828	42.1	19.5
Idaho	7,643	1,627	1,013	780	21.3	47.9
Illinois	218,495	125,058	31,095	31,192	57.2	24.9
Indiana	59,551	8,642	9,242	1,542	14.5	17.8
Iowa	34,523	16,403	12,782	5,101	47.5	31.1
Kansas	24,905	14,717	4,930	5,515	59.1	37.5
Kentucky	61,809	32,401	9,478	8,200	52.4	25.3
Louisiana	77,825	26,187	8,652	7,277	33.6	27.8
Maine	22,343	12,764	3,496	4,028	57.1	31.6
Maryland	71,196	27,563	7,431	5,724	38.7	20.8
Massachusetts	97,191	47,286	18,526	12,685	48.7	26.8
Michigan	200,112	121,797	41,986	26,802	60.9	22.0
Minnesota	59,380	21,230	6,227	4,493	35.8	21.2

Mississippi	38,313	13,642	5,888	2,790	35.6	20.5
Missouri	78,685	31,076	7,192	8,369	39.5	26.9
Montana	11,685	5,476	1,646	1,701	46.9	31.1
Nebraska	12,778	5,532	5,777	3,979	43.3	71.9
Nevada	12,071	4,288	745	888	35.5	20.7
New Hampshire	9,898	3,937	1,991	2,042	39.8	51.9
New Jersey	102,858	66,115	15,400	15,062	64.3	22.8
New Mexico	36,597	11,369	8,250	3,534	31.1	31.1
New York	444,093	200,167	52,327	46,375	45.1	23.2
North Carolina	102,151	43,955	12,848	11,161	43.0	25.4
North Dakota	4,796	1,678	1,399	465	35.0	27.7
Ohio	196,557	97,040	45,290	32,795	49.4	33.8
Oklahoma	38,101	15,742	6,581	3,579	41.3	22.7
Oregon	33,470	19,335	2,724	8,906	57.8	46.1
Pennsylvania	193,502	93,900	35,119	21,861	48.5	23.3
Puerto Rico	54,009	19,796	6,324	3,933	36.7	19.9
Rhode Island	20,644	14,216	4,052	3,062	68.9	21.5
South Carolina	33,231	9,150	7,013	3,012	27.5	32.9
South Dakota	4,719	2,262	1,451	1,500	47.9	66.3
Tennessee	86,374	21,333	11,164	6,527	24.7	30.6
Texas	223,589	57,816	23,149	13,833	25.9	23.9
Utah	15,081	11,580	6,376	5,187	76.8	44.8
Vermont	10,408	5,368	2,178	1,102	51.6	20.5
Virgin Islands	1,195	738	0	183	61.8	24.8
Virginia	56,106	20,296	6,993	4,859	36.2	23.9
Washington	102,255	36,849	22,229	17,185	36.0	46.6
West Virginia	37,859	17,237	9,377	5,177	45.5	30.0
Wisconsin	62,922	35,580	14,843	12,617	56.5	35.5
Wyoming	4,530	2,879	986	1,340	63.6	46.5

TABLE 7-36.—JOBS PARTICIPATION BY STATE, AVERAGE MONTHLY DATA, FISCAL YEAR 1995—Continued

State	Total adult recipients		Total JOBS participants		Percent of AFDC adults mandatory for JOBS (5)	Countable JOBS participants, as a percent of mandates (6)
	AFDC (1)	JOBS mandates (2)	Active ¹ (3)	Countable ² (4)		
U.S. total	4,382,134	1,864,602	632,253	499,388	42.6	26.8

¹ The number of active participants is based on monthly reports.

² The number of countable participants is based on quarterly reports.

Source: U.S. Department of Health and Human Services, Administration for Children and Families.

Table 7-37 gives comparable data for the AFDC-UP caseload, for which the 1995 minimum JOBS participation rate was 50 percent. Column 4 shows that "countable" participation rates among the 50 States ranged from 6 percent in Hawaii to 80 percent in Kentucky.

Although some States in some years failed to meet participation standards, none has been penalized by a reduced matching rate. The DHHS Secretary has waived this penalty, as permitted by law, if a State has made a good faith effort to meet the standard and has submitted a plan for improvement.

TABLE 7-37.—PARTICIPATION OF AFDC-UP ADULTS IN JOBS, BY STATE, AVERAGE MONTHLY DATA, FISCAL YEAR 1995

State	Total AFDC-UP adult recipients (1)	No. required to participate in JOBS (2)	No. meeting participation rules (3)	Participation rate ¹ (in percent) (4)
Alabama	243	116	37	32
Alaska	3,788	791	384	49
Arizona	2,282	512	274	54
Arkansas	514	277	50	18
California	257,171	143,160	49,705	35
Colorado	915	292	86	29
Connecticut	5,632	2,555	1,518	59
Delaware	131	50	9	18
District of Columbia	391	207	6	3
Florida	6,657	1,384	475	34
Georgia	988	541	308	57
Guam	378	198	3	2
Hawaii	2,819	1,410	85	6
Idaho	1,117	355	136	38
Illinois	21,021	9,706	5,436	56
Indiana	4,134	2,206	272	12
Iowa	6,259	3,325	2,059	62
Kansas	2,919	1,665	585	35
Kentucky	6,912	3,027	2,429	80
Louisiana	1,366	582	224	38
Maine	3,667	1,905	1,143	60
Maryland	1,311	533	205	38
Massachusetts	6,503	3,070	2,012	66
Michigan	40,729	19,251	9,641	50
Minnesota	8,749	4,209	973	23
Mississippi	79	41	3	7
Missouri	3,971	1,392	642	46
Montana	1,793	588	370	63
Nebraska	1,417	292	125	43
Nevada	652	254	131	52
New Hampshire	550	247	28	11
New Jersey	6,908	3,321	949	29
New Mexico	2,699	697	376	54
New York	38,245	15,646	6,114	39
North Carolina	4,783	2,696	251	9
North Dakota	263	72	44	61
Ohio	28,031	15,423	5,177	34

TABLE 7-37.—PARTICIPATION OF AFDC-UP ADULTS IN JOBS, BY STATE, AVERAGE MONTHLY DATA, FISCAL YEAR 1995—Continued

State	Total AFDC-UP adult recipients (1)	No. required to participate in JOBS (2)	No. meeting participation rules (3)	Participation rate ¹ (in percent) (4)
Oklahoma	638	157	97	62
Oregon	5,065	2,224	611	27
Pennsylvania	16,051	7,122	4,281	60
Puerto Rico	0	0	0	0
Rhode Island	1,164	611	348	57
South Carolina	625	214	107	50
South Dakota	41	12	8	67
Tennessee	3,263	1,462	879	60
Texas	14,735	4,056	1,035	26
Utah	179	76	60	79
Vermont	2,642	1,026	550	54
Virgin Is.	0	0	0	0
Virginia	835	292	59	20
Washington	28,662	14,630	3,601	25
West Virginia	9,920	5,747	1,872	33
Wisconsin	9,917	4,980	2,788	56
Wyoming	135	41	19	46
Total U.S.	569,859	284,646	108,580	38

¹ Participation rate calculated by dividing number of adults meeting participation rules (3) by the number of required participants (2).

Source: DHHS Office of Family Assistance. Table prepared by the Congressional Research Service.

INDIAN TRIBES AND JOBS

More than 80 Indian tribes and Alaska Native Organizations in 24 States conducted their own JOBS Programs. These programs, which were 100 percent federally funded, did not have to meet participation rules of the regular JOBS Program. Allocation of JOBS funds for Indian tribes and Alaska Native Organizations was based on the percentage of AFDC adult recipients within the State who lived in their service area, and their grants were subtracted from the State's allocation. In fiscal year 1996, \$8.5 million (0.85 percent of total authorized JOBS funds) was set aside for them. (The 1996 welfare reform law appropriates \$7.6 million for each of six fiscal years to Indian tribes that were JOBS grantees; this is in addition to any TANF funds they may receive for operating tribal family assistance programs.)

WELFARE-TO-WORK EFFORTS: SOME ASSESSMENTS

JOBS Programs differed across States. The Manpower Demonstration Research Corporation (MDRC) has identified and analyzed two basic approaches taken by States: the labor force attachment approach and the human capital development (HCD) approach. The labor force approach used job search, short-term education or training and other services to move parents quickly into

jobs; the human capital approach encouraged people to postpone work so as to build skills. Among 2-year findings of impacts at three sites: The labor force approach increased the number employed by 24 percent, reduced the number still on AFDC by 16 percent, and increased earnings by 26 percent. Even so, 57 percent of the labor force treatment group remained on AFDC, and the group's earnings averaged only \$285 monthly. Of the labor force attachment control group, 68 percent remained on AFDC, and the group's earnings averaged \$226. MDRC said the human capital approach failed to produce consistent gains in earnings or employment, but achieved AFDC savings of 14 percent (Freedman & Friedlander, 1995). However, MDRC also said that the 2-year followup period was not long enough to capture full effects of lengthy basic education or training activities.

A mid-1994 survey made by the General Accounting Office (GAO) concluded that county JOBS Programs nationwide lacked a strong employment focus. GAO surveyed a nationally representative random sample of 453 county JOBS administrators and visited programs in four States. Most of the administrators reported that fewer than one-half of their job-ready participants had become employed and that little use was made of subsidized jobs or work experience programs (U.S. General Accounting Office, 1995a).

Another GAO study found that most adult AFDC recipients did not participate in JOBS because of the law's allowable exemptions and minimum participation standards. Noting that the program reached only about 13 percent of single female-headed households receiving AFDC each month in 1992, GAO questioned whether a program serving relatively few persons could bring about a widespread transformation of the culture of welfare (U.S. General Accounting Office, 1995b.).

Another study of JOBS implementation concluded that the program held promise for further development of "meaningful welfare employment programs" across the country and that it would best be served by incremental changes, not dramatic reform. The study urged more funding for services, including child care (Hagen and Lurie, 1994).

A Congressional Research Service (CRS) report examined the types of jobs likely to be available to welfare recipients and concluded that some AFDC recipients who found work might still be poor (especially if the job were part time), even with supplementation by the earned income credit. For AFDC recipients to be able to compete for higher paying jobs, their productivity would have to be raised. However, experience with the Job Training Partnership Act Title II-A Training Program suggests that training alone might not be sufficient to enable recipients to earn their way out of poverty (Levine, 1994).

EMERGENCY ASSISTANCE

Before enactment of TANF, the Social Security Act (title IV-A) offered States 50 percent Federal matching funds for emergency assistance (EA) to families with children if the aid were needed to avoid destitution of a child or to provide living arrangements in a home for him. The law made unlimited EA funds available, but only for aid furnished for a period not in excess of 30 days in any

12-month period. From the program's beginning in fiscal year 1969, regulations interpreted the statute to allow funding for EA that is authorized by the State during one period of 30 consecutive days in any 12 consecutive months. The rules explicitly allowed funding to meet needs that arose before the 30-day authorization period, such as past-due rent, or needs that extend beyond it. In effect, this controversial interpretation of the statute meant that there was no 30-day limit on benefits.

State EA plans were required to specify eligibility conditions, which might be more liberal than those for AFDC, and to specify what emergencies they would meet and what services they would provide. The law allowed EA for migrant families and for those excluded from AFDC because they lived with both parents and neither was disabled or unemployed. In the mid-1970s, court suits challenged States' rights to restrict the kinds of emergencies for which EA could be paid, and some States dropped the program; but on June 6, 1978, the U.S. Supreme Court (*Quern v. Mandley*, 436 U.S. 725) held that States could limit EA eligibility more narrowly than the outer bounds set in the Social Security Act.

Before 1980, fewer than half the States operated EA Programs and total expenditures averaged only about \$50 million annually. In the 1980s the number of State programs rose to 27, and expenditures averaged \$170 million yearly. By 1990, 32 jurisdictions offered EA; by 1995, the total was 51 (all but Alaska, which dropped the program in 1975, and Mississippi and Guam, which never offered it). In the 1990s EA spending exploded, soaring from \$378 million in fiscal year 1990 to \$1.6 billion in fiscal year 1994 and \$3.2 billion in both fiscal year 1995 and 1996. In 1996, as shown in table 7-38, more than one-half of all EA expenditures were made by three States: New York, 32 percent of the total; Pennsylvania, 15 percent, and California, 9 percent. Table 7-39 presents the growth in total State and Federal EA expenditures for selected fiscal years 1970-96.

EA funds were used to aid families affected by natural disasters, such as floods, fires, and storms, and other crises threatening family or living arrangements. Other qualifying causes for EA specified by various States include: eviction, potential eviction, or foreclosure; homelessness; utility shutoff or loss of heating energy supply or equipment; civil disorders or crimes of violence; child or spousal abuse; loss of employment or strike; health hazards/risks to health and safety; emergency medical needs; and illness, accident, or injury. Beginning around 1993, some States began expanding the types of activities supported by EA funds; the new activities included child protection, family preservation, juvenile justice, mental health, counseling and referral, parenting education, case management, in-home family services, homemaker support, legal referrals, crisis intervention, and employment counseling (Solomon-Fears, 1995). As a result, EA spending exploded.

TABLE 7-38.—CASELOAD AND TOTAL EXPENDITURES IN THE EMERGENCY ASSISTANCE PROGRAM, BY STATE, FISCAL YEARS 1994-96

State	Caseload			Total fiscal year expenditures ² (dollars in thousands)			Average monthly expenditure/family		
	1994	1995	1996 ¹	1994	1995	1996	1994	1995	1996
Alabama	0	0	0	\$7,525	\$14,871	\$18,327	0	0	0
Alaska	0	0	0	0	0	0	0	0	0
Arizona	114	150	184	13,541	23,396	23,696	\$9,870	\$12,998	\$10,732
Arkansas	0	0	0	3,103	6,167	10,896	0	0	0
California	9,116	13,898	8,548	292,035	486,231	270,958	2,670	2,915	2,642
Colorado	0	1,505	2,772	25,799	65,500	101,158	0	3,627	3,041
Connecticut	0	0	0	19,076	117,689	64,296	0	0	0
Delaware	141	134	138	555	21,602	9,308	328	13,434	5,621
District of Columbia	805	358	191	16,085	8,912	1,145	1,665	2,074	500
Florida	1,860	2,967	2,489	11,300	58,329	101,180	506	1,638	3,388
Georgia	1,436	732	1,018	14,784	17,195	21,835	858	1,958	1,787
Guam	0	0	0	0	0	0	0	0	0
Hawaii	0	0	0	723	6,446	3,560	0	0	0
Idaho	0	0	0	4,647	7,695	7,857	0	0	0
Illinois	1,263	4,380	7,928	23,378	111,147	157,022	1,543	2,115	1,651
Indiana	0	0	0	60,115	33,021	4,243	0	0	0
Iowa	421	415	405	1,758	16,506	42,918	348	3,314	8,831
Kansas	177	331	342	12,122	23,782	22,595	5,713	5,987	5,506
Kentucky	0	0	0	0	2,231	14,461	0	0	0
Louisiana	0	0	0	0	6,260	10,278	0	0	0
Maine	326	344	390	738	1,689	5,030	188	409	1,075
Maryland	2,141	2,063	1,841	10,194	17,425	23,076	397	704	1,045
Massachusetts	2,025	1,765	1,676	48,524	44,464	46,906	1,997	2,099	2,332
Michigan	1,135	1,100	936	18,313	22,697	22,083	1,344	1,719	1,966
Minnesota	1,883	1,927	1,853	15,229	25,037	35,844	674	1,083	1,612

TABLE 7-38.—CASELOAD AND TOTAL EXPENDITURES IN THE EMERGENCY ASSISTANCE PROGRAM, BY STATE, FISCAL YEARS 1994-96—Continued

State	Caseload			Total fiscal year expenditures ² (dollars in thousands)			Average monthly expenditure/family		
	1994	1995	1996 ¹	1994	1995	1996	1994	1995	1996
	Mississippi	0	0	0	0	0	0	0	0	0
Missouri	0	1,687	1,834	15,085	31,634	57,364	0	1,563	2,607
Montana	33	19	19	386	3,331	3,911	980	14,610	17,154
Nebraska	151	154	1,009	912	20,203	21,526	505	10,932	1,778
Nevada	174	1,597	1,582	675	16,060	17,191	323	838	906
New Hampshire	389	189	316	1,568	2,247	5,919	336	991	1,561
New Jersey	7,909	6,225	4,897	41,230	66,242	60,058	434	887	1,022
New Mexico	0	0	0	2	1,386	14,004	0	0	0
New York	15,911	12,526	11,521	837,710	1,232,551	1,008,984	4,387	8,200	7,298
North Carolina	3,211	5,407	3,111	7,977	79,481	130,997	207	1,225	3,509
North Dakota	549	1,028	1,074	3,004	9,906	12,961	456	803	1,006
Ohio	3,641	2,715	2,857	7,709	16,174	19,194	176	496	560
Oklahoma	574	2	0	1,027	4,729	18,671	149	197,042	0
Oregon	1,583	1,527	867	9,007	19,340	32,705	474	1,055	3,144
Pennsylvania	801	622	650	5,749	390,088	492,332	598	52,263	63,119
Puerto Rico	491	190	468	171	246	413	29	108	74
Rhode Island	0	269	568	2,011	15,763	10,861	0	4,883	1,593
South Carolina	0	0	0	774	9,204	9,074	0	0	0
South Dakota	227	199	208	1,803	2,965	4,815	662	1,242	1,929
Tennessee	0	0	0	1,913	43,850	45,592	0	0	0
Texas	0	10,937	3,947	3,529	17,170	94,288	0	131	1,991
Utah	120	182	2,481	506	13,541	12,633	351	6,200	424
Vermont	267	184	168	963	3,828	4,978	301	1,734	2,469
Virgin Islands	0	0	0	0	0	0	0	0	0
Virginia	39	34	35	72	56	64	155	137	152

Washington	594	533	459	5,816	34,998	70,393	815	5,472	12,780
West Virginia	1,160	1,079	1,028	5,545	4,607	6,380	398	356	517
Wisconsin	778	418	666	3,356	3,366	8,783	359	671	1,099
Wyoming	231	242	144	5,216	4,249	2,112	1,886	1,463	1,222
U.S. total	61,675	80,034	70,620	\$1,563,262	\$3,185,507	\$3,184,875	\$2,112	\$3,317	\$3,758

¹ Preliminary data.

² Represents total expenditures claimed by States and may include prior year claims and amounts deferred.

Note.—Based on best available data reported by States.

Source: Administration for Children and Families, U.S. Department of Health and Human Services.

TABLE 7-39.—TOTAL FEDERAL AND STATE EXPENDITURES UNDER THE EMERGENCY ASSISTANCE PROGRAM, SELECTED FISCAL YEARS 1970-96¹

[In millions of dollars]

Fiscal year	Amount
1970	\$14
1975	70
1980	109
1985	157
1986	175
1987	203
1988	256
1989	310
1990	378
1991	306
1992	627
1993	789
1994	1,563
1995	3,186
1996	3,185

¹ Represents total expenditures claimed by States and may include prior year claims. May also include amounts deferred or under review by the Administration for Children and Families.

Source: Administration of Children and Families, U.S. Department of Health and Human Services.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)

Temporary Assistance for Needy Families (TANF) is a block grant, administered by the Department of Health and Human Services, for State-designed programs of time-limited and work-conditioned aid to families with children. Enacted on August 22, 1996, the Personal Responsibility and Work Opportunity Reconciliation Act (Public Law 104-193) repealed Aid to Families with Dependent Children (AFDC), Emergency Assistance for Needy Families, and the Job Opportunities and Basic Skills Training (JOBS) Program, replacing them with TANF. The TANF law combines recent Federal funding levels for AFDC, EA, and JOBS into a single grant (\$16.5 billion annually through fiscal year 2002). It entitles each State to the sum it received in a recent year for the replaced programs. Outlying areas also are entitled to TANF grants. Further, Indian tribes, defined to include Alaska Native Organizations, may apply to operate their own tribal family assistance plans. The 1996 welfare law also provides an average of \$2.3 billion annually in a new child care block grant (about double the recent Federal funding level for AFDC-related child care; see section 9).

TANF has greatly enlarged State discretion in operating family welfare and ended the entitlement of individual families to benefits. Under TANF, States decide what categories of needy families to help (AFDC law defined eligible classes and required States to aid families in these classes if their income were below State-set limits). Under TANF, States decide whether to adopt financial rewards or penalties to induce work and other desired behavior. They set asset limits (AFDC law imposed an outer limit). Moreover, States continue to set benefit levels. TANF explicitly permits

States to administer benefits and provide services through contracts with charitable, religious, or private organizations.

Attached to the TANF Block Grant are some Federal conditions. For instance, to receive full grants, States must achieve minimum work participation rates and spend a certain sum of their own funds on behalf of eligible families. The latter is known as the maintenance-of-effort (MOE) rule. Moreover, States must impose a general 5-year time limit on TANF-funded benefits and cannot use TANF funds to assist unwed mothers under 18 unless they live in an adult-supervised setting.

States were required to commence TANF by July 1, 1997, but most did so earlier. The block grant offered most States more funds than the expiring programs would have because the TANF grant is based on funding during years with larger caseloads.

For full State grants, TANF requires participation in specified "work activities" by 25 percent of all beneficiary families with an adult parent or caretaker or a teen parent in fiscal year 1997; this all-family participation rate rises to 50 percent by fiscal year 2002. (States may exempt a single parent with a child under the age of 1 from the work requirement and from the calculation of work participation rates for up to 12 months.) However, the law directs DHHS to lower the required rate if a State's caseload is smaller than in fiscal year 1995 (which is the case in most States). For two-parent families, higher participation minimums apply; the minimums start at 75 percent and climb to 90 percent in fiscal year 1999. Work activities that count toward a State's participation requirement exclude education, except for high school dropouts and a limited amount of vocational educational training.

In 1997, Congress enacted a program of welfare-to-work grants for the benefit of TANF recipients, administered by the Department of Labor, and revised some provisions of the original TANF law. The description below applies to the program, as amended by the Balanced Budget Act of 1997 (Public Law 105-33).

BASIC OUTLINE OF PROGRAM

Purpose

The purpose of TANF is to increase State flexibility in operating programs designed to: (1) aid needy families so that children may be cared for in their homes or those of relatives; (2) end dependence of needy parents upon government benefits by promoting job preparation, work, and marriage; (3) prevent and reduce out-of-wedlock pregnancies and establish goals for preventing and reducing their incidence; and (4) encourage formation and maintenance of two-parent families.

Eligible families

A State may give cash TANF benefits to a family it finds needy if it includes:

- a minor child (under 18 or under age 19 if a full-time student in a secondary school or the equivalent level of vocational or technical training) who lives with his/her parent or other caretaker relative;
- a pregnant person.

Ineligible persons

A State may not use Federal dollars to provide benefits for:

- Unwed mothers under 18 (and their children) unless they live in the home of an adult relative or in another adult-supervised living arrangement;
- Unwed mothers under 18 without a high school diploma unless they attend school;
- Aliens who enter the United States after August 22, 1996; they are barred from TANF for 5 years, after which TANF eligibility is a State option. TANF benefits for aliens legally in the United States on August 22, 1996 are a State option;
- A child who has been (or is expected to be) absent from home for 45 consecutive days, or, at State option, for 30–180 days. States may make “good cause” exceptions to this rule;
- Persons convicted after August 22, 1996 of a drug-related felony (unless State opts out by State law);
- For 10 years, persons who fraudulently misrepresented residence to obtain food stamps, TANF, SSI, or Medicaid in two or more States.

Conditions for eligibility

TANF may not be paid to a person who fails to assign to the State child support or spousal support rights. If a parent fails to cooperate with the State in establishing paternity and in establishing, modifying, or enforcing a child support order, her benefit must be ended or reduced, unless she qualifies for a good cause or other exception established by the State.

Time limit: benefit cutoff

Federal TANF funds may not be used for aid to a family that includes an adult who has received 60 months of TANF benefits while an adult, a minor household head, or a minor married to a household head. States must disregard months during which the adult lived in Indian country or in an Alaska Native village with 50 percent of adults unemployed. A State may exempt up to 20 percent of its caseload from the 5-year time limit on grounds of hardship or the family’s inclusion of a battered woman. State funds used to aid persons ineligible for TANF because of the 5-year time limit or new alien rules may be counted toward the maintenance-of-effort requirement. Also, States may use TANF funds transferred to title XX social services for aid to the ex-TANF family.

The above rules apply to TANF Programs funded by Federal grants or by commingled State funds and Federal grants. According to a January 31, 1997 guidance from DHHS, if States operate TANF Programs in which Federal grant and State funds are segregated, the 5-year time limit and the requirements for teen school attendance and teen parent living arrangements do not apply to families aided with State funds only. Nor do they apply to a wholly separate State program.

Time limit: work trigger

States must require parents and other caretakers to engage in “work” after 24 months of aid and, unless the State opts out, to participate in community service after 2 months of aid.

Work requirements

After a maximum of 2 years of TANF benefits, parents and other caretakers must be required to engage in “work,” as defined by the State. Not later than August 22, 1997, unless they opt out by notice to the Secretary, States must require a parent who has received TANF for 2 months to participate in community service employment, with hours and tasks set by the State (not applicable to a single parent of a child under 6 who is unable to obtain needed child care for a specified reason). In their TANF plans, almost 20 States said they planned to opt out of this requirement; some said they were deferring a decision, and Massachusetts noted that it requires work, which can include community service, after 60 days of benefits. The law imposes no exemptions from the work requirement on States, but permits States to exempt a single parent caring for a child under age 1 and provides that if these parents are exempted, they will not be counted in calculating a State’s work participation rate. If a State has chosen to certify that it will “screen for and identify domestic violence,” it may waive work requirements, time limits, and other TANF rules for victims of domestic violence, although such States remain obligated to meet overall work participation and time limit requirements.

Creditable work activities

The law defines “work activities” that count toward a State’s participation rate as: unsubsidized employment, subsidized private or public sector employment, work experience, on-the-job training, job search and job readiness assistance for a maximum of 6 weeks, including only 4 consecutive weeks (the maximum rises to 12 weeks under any of the following conditions: if the State unemployment rate is 50 percent above average, if the State’s seasonally adjusted unemployment rate for the most recent 3 months is at least 6.5 percent and at least 10 percent above the comparable rate in either of the past 2 years, or if its food stamp caseload over the most recent 3-month period is at least 10 percent higher than the food stamp caseload would have been in the corresponding period of fiscal year 1994 or fiscal year 1995, if Public Law 104–193 had been in effect throughout those fiscal years), community service programs, vocational educational training (12 months maximum), job skills training directly related to employment, education directly related to employment for recipients without a high school diploma or equivalent), satisfactory attendance at secondary school, and provision of child care services to a TANF recipient who is participating in a community service program. Not more than 30 percent of all families and of two-parent families may be credited with work activity by reason of vocational educational training or, only in fiscal year 2000 or later (if teen household heads or married teens without high school diploma) by reason of secondary school attendance or education directly related to employment. For fiscal year 1998 or fiscal year 1999, no limit applies to the number of teen high school dropouts who can be counted as participating in a work activity through education.

A study by GAO (1997) of three States’ experience under waivers found that they succeeded, through policy changes, in increasing the percentage of their AFDC recipients who participated in work

activities. However, State officials told GAO that as employable recipients found jobs, the remaining caseload would consist of persons with substantial barriers to employment, "making the higher future target rates difficult to achieve."

Required weekly hours of work activity

To be counted as a work participant, a person must be engaged in a work activity for at least a weekly minimum average of 20 hours in fiscal years 1997–98, 25 hours in fiscal year 1999, and 30 hours in fiscal year 2000 and thereafter. For a single parent or caretaker relative of a child under 6, weekly hours remain at 20. Of required hours, at least 20 generally must be spent in these specified "priority" activities: employment, work experience, on-the-job training, job search and job readiness, community service, vocational educational training, or provision of child care to a participant in community service. However, a single teen household head or married teen without diploma is credited with work if she maintains satisfactory high school attendance or, for an average of at least 20 hours weekly, engages in schooling directly related to work. Special rules apply to two-parent families: (1) they must work at least 35 hours weekly with at least 30 hours in the priority activities specified above (the two parents may share the work hours); (2) if the family receives federally-funded child care aid and an adult in the family is not disabled or caring for a severely disabled child, the shared work requirement rises to 55 hours, of which 50 hours must be in a priority activity. If the second parent in a family is disabled, the State must treat it as a single-parent family.

Nondisplacement

A TANF recipient may fill a vacant position, but may not be assigned to a position from which a worker has been laid off.

Minimum work participation rates

To receive their full TANF Block Grant, States must achieve minimum work participation rates. The share of all families that must participate in a work activity (except single-parent families with an infant, if States exempt them) begins at 25 percent in fiscal year 1997 and rises by 5 percentage points a year, reaching 50 percent in fiscal year 2002 and thereafter. Included within the all-family group are two-parent families, for whom higher participation rates are required, namely, 75 percent in fiscal years 1997–98 and 90 percent in fiscal year 1999 and thereafter. However, the DHHS Secretary is to issue regulations for reducing required participation rates each fiscal year by the number of percentage points by which a State's caseload in the preceding fiscal year is smaller than in fiscal year 1995 unless she finds that the decrease was required by Federal law or results from changes in State eligibility criteria, a relationship to be proved by the Secretary. Because caseloads generally have been shrinking, the actual required participation rates in the near future, at least for most States, will be smaller than the statutory ones. During the first 9 months of fiscal year 1997, the national average monthly AFDC/TANF caseload (4.056 million families) was 16.9 percent smaller than its fiscal year 1995

counterpart (4.881 million) (see table 7–48). These statistics on caseload declines suggest that the average State could fulfill its 30 percent all-family work requirement in 1998 by having 13.1 percent of its caseload in work activities (30 percent minus 16.9 percent). However, actual caseload reductions varied widely among the States, and two jurisdictions had caseload increases rather than declines. The law does not state whether adjustments in minimum participation rates are to be calculated separately for all families and two-parent families.

A State's monthly participation rate, expressed as a percentage, equals: (1) the number of all recipient families in which an adult or minor head of household is engaged in work activity for the month, divided by (2) the number of recipient families with a recipient adult or teen household head (but excluding families subject that month to a penalty for refusal to work, provided they have not been penalized for more than 3 months, whether or not consecutive, in the preceding 12; and excluding families with children under 1, if the State exempts them from work). The same method is used to calculate participation rates of two-parent families.

Penalties against States for failing participation rates

If a State falls short of the required participation rate for a fiscal year, its TANF Block Grant for the next year is to be reduced by 5 percent (first failure to meet the standard). For subsequent years of failure, annual penalties rise by 2 percentage points (thus, 7 percent in second year, 9 percent in third, etc.) with a maximum penalty of 21 percent in any one year. However, the law says that grant reductions shall be based "on the degree of noncompliance," and the Secretary may reduce the penalty if noncompliance is due to "extraordinary circumstances, such as a natural disaster or regional recession." In the latter case, the Secretary must justify the penalty reduction to Congress in writing.

Penalties against individuals for refusing work

If an adult recipient refuses to engage in required work, the State must reduce aid to the family "pro rata" (or more, at State option) with respect to the period of work refusal, or shall discontinue aid, subject to good cause and other exceptions that the State may establish. However, a State may not penalize a single parent caring for a child under age 6 for refusal to work if the parent has a demonstrated inability to obtain needed child care for a reason listed in the law. The law does not define "pro rata" reduction. It could be interpreted to require that the benefit reduction expressed as a percentage, equal the percentage of required hours that are not worked.

Treatment of income

TANF has no provision about treatment of earned or unearned income (except one requiring States to disregard interest accruing to a recipient in an individual development account). States set their own income limits and make their own rules governing treatment of earnings and other income.

Treatment of resources

TANF has no provision about resource limits. However, it permits States to subsidize individual development accounts (IDAs) established by TANF recipients to save funds for specified purposes (postsecondary educational expenses, first home purchase, or business capitalization).

Client contracts/agreements

States must assess the skills, work experience, and employability of each adult recipient (at least age 18) who has not completed high school and is not attending school. In consultation with the recipient and on the basis of the assessment, the State may develop an individual responsibility plan (IRP) that sets forth obligations of the recipient and describes services to be provided by the State. The law explicitly allows the IRP to require a recipient to undergo appropriate treatment for substance abuse and provides that States cannot be prohibited by the Federal Government from testing welfare recipients for use of controlled substances and sanctioning those who test positive.

Child care for TANF families

TANF ended the requirement that States “guarantee” child care for welfare recipients needing it to work or study, but entitles States to an average of \$2.3 billion annually for child care under title IV–A for 6 years (fiscal years 1997–2002 total: \$13.9 billion). This total consists of \$1.2 billion per year in 100 percent Federal grants and an average of about \$1.1 billion yearly in matching grants. The 1996 law entitles individual States to what they received for AFDC work-related child care, transitional child care, and at-risk child care in a recent year. States that maintain the higher of their 1994 or 1995 spending on these programs are entitled also to extra funds at the fiscal year 1995 Medicaid matching rate. The law earmarks 70 percent of entitlement child care funds for recipients or ex-recipients of TANF or persons at risk of TANF eligibility and states that a substantial portion of the remaining entitlement funds should be used for low-income working families not on welfare. It also transfers these IV–A child care funds to the lead agency under the Child Care and Development Block Grant (CCDBG) and makes them subject to rules of CCDBG (see section 9).

Privatization of administration

The 1996 welfare law authorizes States to administer and provide TANF services (and those under Supplemental Security Income) through contracts with charitable, religious, or private organizations. States are authorized to pay recipients by means of certificates, vouchers, or other disbursement forms redeemable with these organizations. Any religious organization with a contract to provide welfare services must retain independence from all units of government. However, States must ensure an alternative provider for a beneficiary who objects to the religious character of the designated organization.

Penalties against States

Penalties against a State for any quarter must not exceed 25 percent of the basic grant; unrecovered penalties are to be carried forward. In the case of all penalties, States must replace Federal funds with their own so that the amount of TANF funds spent for the benefit of recipients is not diminished by penalties.

Other than the penalty for failing to meet the work participation rates discussed previously, States are subject to 13 penalties. In the case of five of these penalties, the Secretary has no discretion and must, in most cases, impose the full penalty each year the States are out of compliance. In the case of the remaining eight penalties, the Secretary may not impose penalties if the State corrects the violation or if the Secretary finds reasonable cause for the violation. The five penalties that the Secretary must impose are:

- Failure to maintain 100 percent of historic State spending under the State TANF Program during a year in which the State received contingency funds. The Secretary must reduce the next year's TANF grant by the total amount of contingency funds paid to the State;
- Failure to maintain a certain level of historic State spending—generally, the sum equal to 75 percent of spending from State funds on replaced programs (including AFDC-related child care) in fiscal year 1994. The Secretary must reduce the following year's TANF grant by the shortfall in MOE spending. In addition, if the State received welfare-to-work grant funds for the year, the Secretary must reduce the following year's TANF grant by the amount of those welfare-to-work funds;
- Failure to timely repay a loan from the Federal loan fund for State welfare programs. The Secretary must reduce the TANF grant for the next quarter by the outstanding loan amount, plus the interest owed;
- Failure to comply substantially with child support enforcement requirements (see section 8), including performance measures and data reporting. The Secretary must reduce the TANF grant for each quarter of noncompliance as follows: first finding of noncompliance, by 1–2 percent; second consecutive finding, 2–3 percent; and third and later findings, 5 percent;
- Failure to replace Federal penalty funds (TANF grant reductions) with State funds. The Secretary must reduce the next year's TANF grant by the sum of 2 percent of the grant and the amount of State funds equal to the earlier grant reduction.

The penalties for which the Secretary may allow States to enter into corrective compliance plans or for which the Secretary may find reasonable cause are:

- Failure to comply with the 5-year TANF benefit limit; reduction of 5 percent in the TANF grant for the next fiscal year;
- Failure to enforce penalties required by the child support agency against TANF recipients who fail to cooperate in establishing paternity or in establishing, modifying, or enforcing a child support order (good cause exceptions allowed); re-

- duction of up to 5 percent in TANF grant for the next fiscal year;
- Failure to submit a required report; reduction of 4 percent in TANF grant for the next year, to be rescinded if the State submits the report before the end of the next fiscal quarter;
- Failure to participate in the income and eligibility verification system; reduction of up to 2 percent in TANF grant for the next fiscal year;
- Use of TANF funds in violation of the law; reduction of the next year's TANF grant by the amount of funds wrongfully used; if the violation is found to be intentional, the Secretary must reduce the next year's TANF grant by 5 percent;
- Misuse of competitive welfare-to-work funds; the State must pay the Secretary of the Department of Labor an amount equal to the misused funds;
- Failure to maintain aid for a single parent who cannot obtain care (for specified reasons) for a child under 6; reduction of up to 5 percent in the TANF grant for the next fiscal year;
- Failure to reduce TANF aid for recipients who refuse without good cause to work; reduction of not less than 1 percent nor more than 5 percent in the next year's TANF grant.

Interaction of TANF with other major benefit programs

Medicaid.—Although the 1996 law ended AFDC, it retained AFDC eligibility limits for Medicaid use. States must provide Medicaid coverage and benefits to children and family members who would be eligible for AFDC cash aid (under terms of July 16, 1996) if that program still existed. For this purpose, States are allowed to lower AFDC income and resource standards to those in effect on May 1, 1988 and to increase them by the percentage rise since July 16, 1996 in the Consumer Price Index for all Urban Consumers (CPI-U). The law permits States to end Medicaid for adults who refuse TANF work requirements, but requires continued Medicaid for their children. State plans must ensure Medicaid for children receiving foster care or adoption assistance, provide 12 months of medical assistance to those who lose eligibility for cash aid (TANF) because of increased earnings, and provide 4 months of extended medical benefits to those who lose eligibility because of receiving payments of child or spousal support. Public Law 105-33, enacted in August 1997, authorizes a new program called the State Children's Health Insurance Program. This law provides Federal matching funds, starting in fiscal year 1998, to enable States to expand health care to targeted, uninsured, low-income children, generally, those with family income below 200 percent of the Federal poverty income guidelines.

Food stamps.—TANF recipients not living with others automatically are eligible for food stamps, but States can opt to operate a "simplified Food Stamp Program" under which they may apply many of their TANF rules to determination of food stamp benefits for TANF families, so long as the program does not increase Federal costs. TANF recipients disqualified for noncompliance with TANF rules may be disqualified also for food stamps; persons whose TANF benefits are lowered for noncompliance or fraud will not receive an increase in food stamps. Food stamps can be merged

with TANF cash benefits in work supplementation programs (jobs subsidized with welfare benefits) and in workfare programs, where a person may receive food stamps as compensation for certain hours and cash welfare for other hours of employment (and where total compensation must equal or exceed the minimum wage for each hour worked).

Child nutrition.—TANF children automatically are eligible for free school meals and other child nutrition programs. Women, infants, and children enrolled in TANF automatically are income-eligible for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).

Earned income credit (EIC).—The TANF law has no provision about treatment of EIC payments. Thus, States decide whether to count or disregard EIC payments as income and/or a resource.

Public or assisted housing.—If a TANF family living in public or assisted housing is penalized with a cash benefit reduction for an act of fraud under TANF, its rent may not be decreased in response to the loss of income.

Foster care and adoption assistance.—Although the 1996 law ended AFDC, it retains AFDC eligibility limits for foster care and adoption assistance. Foster care and adoption assistance matching funds are available for children who would have been eligible for AFDC cash aid under the income and resource limits that were in effect in the respective States on July 16, 1996.

TANF FUNDING

Capping of Federal payments

The 1996 welfare law severed the link between State and Federal spending on cash benefits and work-related services for needy families with children. Before TANF, the Federal Government reimbursed States for a share of expenditures in their AFDC, EA, and JOBS Programs. Federal payments rose with increased caseloads and declined with falling ones. In contrast, TANF provides a fixed basic grant, \$16.5 billion yearly through fiscal year 2002 (plus expanded child care funding in a new block grant).

The TANF Program provides all States with a basic block grant based on past Federal expenditures on the programs it replaces. It also entitles qualifying States to five additional grants: a supplemental fund for certain States with low TANF grants relative to poverty and high population growth; a bonus fund for States that reduce out-of-wedlock birth rates without increasing abortion rates; a bonus fund for “high performance” States; a contingency fund for States that experience high unemployment and/or increased food stamp caseloads; and welfare-to-work grants. The basic grants and the five additional grants all are capped.

The basic block grant: the State Family Assistance Grant—\$99 billion (fiscal years 1997–2002)

TANF’s basic block grant entitles the 50 States and the District of Columbia to a total of \$16.5 billion annually through fiscal year 2002. Each State’s basic grant equals Federal payments received for AFDC, EA and JOBS in recent years. States are given the most favorable base: Average fiscal years 1992–94 payments; fiscal year

1994 payments (increased by 85 percent of the fiscal year 1995 increase over fiscal year 1994 in EA payments if the State amended its EA plan in fiscal years 1994 or 1995); or fiscal year 1995 payments.

Table 7-40 shows the annual State family assistance grant for each of the 50 States and the District of Columbia, through fiscal year 2002. Puerto Rico, Guam, and the Virgin Islands also are eligible to operate TANF and receive a family assistance grant, but they are not shown in the table, as special funding rules apply to them (see section 12 for information on the territories). The amounts shown in table 7-40 are "gross" amounts; as under AFDC law, States are to pay the Federal Government for its share of child support collections made on behalf of TANF families.

TABLE 7-40.—ANNUAL STATE FAMILY ASSISTANCE GRANTS THROUGH FISCAL YEAR 2002

[In thousands of dollars]

State	Family assistance grant
Alabama	\$93,315
Alaska	63,609
Arizona	222,420
Arkansas	56,733
California	3,733,818
Colorado	136,057
Connecticut	266,788
Delaware	32,291
District of Columbia	92,610
Florida	562,340
Georgia	330,742
Hawaii	98,905
Idaho	31,938
Illinois	585,057
Indiana	206,799
Iowa	131,525
Kansas	101,931
Kentucky	181,288
Louisiana	163,972
Maine	78,121
Maryland	229,098
Massachusetts	459,371
Michigan	775,353
Minnesota	267,985
Mississippi	86,768
Missouri	217,052
Montana	45,534
Nebraska	58,029
Nevada	43,977
New Hampshire	38,521
New Jersey	404,035
New Mexico	126,103
New York	2,442,931

TABLE 7-40.—ANNUAL STATE FAMILY ASSISTANCE GRANTS THROUGH FISCAL YEAR 2002—Continued

[In thousands of dollars]

State	Family assist- ance grant
North Carolina	302,240
North Dakota	26,400
Ohio	727,968
Oklahoma	148,014
Oregon	167,925
Pennsylvania	719,499
Rhode Island	95,022
South Carolina	99,968
South Dakota	21,894
Tennessee	191,524
Texas	486,257
Utah	76,829
Vermont	47,353
Virginia	158,285
Washington	404,332
West Virginia	110,176
Wisconsin	318,188
Wyoming	21,781
U.S. total	16,488,667

Source: Table prepared by the Congressional Research Service (CRS) based on allocations from DHHS. Allocations are revised as of January 7, 1997. DHHS revised its allocations to account for corrections in the AFDC and related program expenditure data available as of the dates specified in law.

Table 7-41 shows that total family assistance grants under TANF exceed grants made in fiscal year 1996 for the replaced programs of AFDC, EA, and JOBS by \$1.6 billion, or 10 percent. TANF grants in several jurisdictions exceeded comparable fiscal year 1996 funding by 30 percent or more: Indiana, Louisiana, Massachusetts, Ohio, Tennessee, Virginia, Wyoming, and the District of Columbia. However, in some States family assistance grants were smaller than fiscal year 1996 Federal funding for the pre-TANF Programs: Colorado, Delaware, Illinois, New Mexico, North Carolina, Pennsylvania, and Washington.

Supplemental grants to States with high population growth and/or low Federal grants per poor person—\$800 million (fiscal years 1998-2001)

For 4 years, certain States will qualify for supplemental funds based on their population growth and/or low fiscal year 1994 grant amounts per poor person (with poverty counts based on the 1990 census). Some States will qualify automatically for each year from fiscal year 1998 to fiscal year 2001. The law makes a State eligible for a supplemental grant if:

(1) fiscal year 1994 Federal expenditures for AFDC and related programs per poor person in the State were 35 percent below na-

tional average Federal spending on these programs per poor person; or

(2) the State's population grew by more than 10 percent from April 1, 1990 to July 1, 1994.

Based on Congressional Research Service (CRS) calculations, 11 States automatically qualify for supplemental funds: Alabama, Arkansas, Louisiana, Mississippi, and Texas met the criterion of low Federal welfare spending per poor person criteria; Alaska, Arizona, Colorado, Idaho, Nevada, and Utah met the criterion of high population growth.

TABLE 7-41.—COMPARISON OF FISCAL YEAR 1996 FUNDING FOR AFDC AND RELATED PROGRAMS AND ANNUAL FAMILY ASSISTANCE GRANTS

State	Fiscal year 1996 grants for AFDC, EA and JOBS ¹	Annual State Family Assistance Grant	Increase from fiscal year 1996 level
Alabama	\$75,908,850	\$93,315,207	\$17,406,357
Alaska	58,664,824	63,609,072	4,944,248
Arizona	197,753,945	222,419,988	24,666,043
Arkansas	51,853,908	56,732,858	4,878,950
California	3,622,756,184	3,733,817,784	111,061,600
Colorado	158,311,240	136,056,690	(22,254,550)
Connecticut	215,259,386	266,788,107	51,528,721
Delaware	35,190,385	32,290,981	(2,899,404)
District of Columbia ...	70,813,403	92,609,815	21,796,412
Florida	497,539,038	562,340,120	64,801,082
Georgia	288,409,702	330,741,739	42,332,037
Hawaii	97,907,577	98,904,788	997,211
Idaho	31,296,914	31,938,052	641,138
Illinois	601,058,735	585,056,960	(16,001,775)
Indiana	133,118,506	206,799,109	73,680,603
Iowa	128,852,537	131,524,959	2,672,422
Kansas	89,752,672	101,931,061	12,178,389
Kentucky	157,237,976	181,287,669	24,049,693
Louisiana	114,252,276	163,971,985	49,719,709
Maine	74,785,593	78,120,889	3,335,296
Maryland	214,291,797	229,098,032	14,806,235
Massachusetts	353,059,715	459,371,116	106,311,401
Michigan	632,231,649	775,352,858	143,121,209
Minnesota	220,838,750	267,984,886	47,146,136
Mississippi	70,340,945	86,767,578	16,426,633
Missouri	195,387,537	217,051,740	21,664,203
Montana	40,390,953	45,534,006	5,143,053
Nebraska	56,014,025	58,028,579	2,014,554
Nevada	41,357,154	43,976,750	2,619,596
New Hampshire	34,677,119	38,521,261	3,844,142
New Jersey	383,177,479	404,034,823	20,857,344
New Mexico	132,128,581	126,103,156	(6,025,425)
New York	2,160,652,011	2,442,930,602	282,278,591
North Carolina	312,629,857	302,239,599	(10,390,258)
North Dakota	25,659,754	26,399,809	740,055
Ohio	543,665,551	727,968,260	184,302,709
Oklahoma	118,234,490	148,013,558	29,779,068

TABLE 7-41.—COMPARISON OF FISCAL YEAR 1996 FUNDING FOR AFDC AND RELATED PROGRAMS AND ANNUAL FAMILY ASSISTANCE GRANTS—Continued

State	Fiscal year 1996 grants for AFDC, EA and JOBS ¹	Annual State Family Assistance Grant	Increase from fiscal year 1996 level
Oregon	142,045,360	167,924,513	25,879,153
Pennsylvania	770,098,137	719,499,305	(50,598,832)
Rhode Island	89,478,850	95,021,587	5,542,737
South Carolina	94,400,660	99,967,824	5,567,164
South Dakota	20,241,648	21,893,519	1,651,871
Tennessee	137,444,809	191,523,797	54,078,988
Texas	419,020,833	486,256,752	67,235,919
Utah	64,694,728	76,829,219	12,134,491
Vermont	42,378,331	47,353,181	4,974,850
Virginia	121,386,081	158,285,172	36,899,091
Washington	415,384,424	404,331,754	(11,052,670)
West Virginia	87,683,489	110,176,310	22,492,821
Wisconsin	276,357,058	318,188,410	41,831,352
Wyoming	14,968,548	21,781,446	6,812,898
U.S. total	\$14,931,043,974	\$16,488,667,235	\$1,557,623,261

¹ Excludes IV-A child care. AFDC benefits include the Federal share of child support collections in order to be comparable to the Family Assistance Grant.

Source: Administration for Children and Families, U.S. Department of Health and Human Services.

To qualify otherwise, States must meet each of two conditions:

(1) fiscal year 1994 Federal spending per poor person on AFDC and related programs below the fiscal year 1994 national average, and

(2) the State's population growth rate for the most recent fiscal year greater than that of the Nation.

In order to qualify for supplemental funds on these dual grounds, States must meet the qualification criteria in fiscal year 1998. CRS calculates that six additional States will qualify on these grounds: Florida, Georgia, Montana, New Mexico, North Carolina, and Tennessee.

For a qualifying State, the supplemental funds provide approximately an annual 2.5 percent addition to TANF funding. For fiscal year 1998, the supplemental grant is computed as 2.5 percent of Federal payments to the State for AFDC and related programs in fiscal year 1994. In subsequent years, the grant is computed as 2.5 percent of the prior year's supplemented grant (basic grant plus supplement) plus the prior year's supplemental grant.

If the \$800 million appropriation is insufficient to pay the full supplemental amounts, grants are to be proportionately reduced. CRS estimates that \$800 million will be sufficient to pay the full supplemental grant for the first 3 years only.

Table 7-42 shows CRS estimates of supplemental grants. Seventeen States are estimated to receive supplemental funds. Florida and Texas account for 34 percent of the total; Georgia and North Carolina, for another 22 percent.

TABLE 7-42.—ESTIMATED SUPPLEMENTAL GRANTS TO STATES WITH HIGH POPULATION GROWTH AND/OR LOW FEDERAL WELFARE SPENDING PER POOR PERSON, FISCAL YEARS 1998–2001

[In thousands of dollars]

State	1998	1999	2000	2001
Alabama	\$2,671	\$5,410	\$8,216	\$10,603
Alaska	1,659	3,359	5,102	6,583
Arizona	5,762	11,667	17,720	22,867
Arkansas	1,497	3,032	4,606	5,943
California	0	0	0	0
Colorado	3,268	6,617	10,051	12,970
Connecticut	0	0	0	0
Delaware	0	0	0	0
District of Columbia	0	0	0	0
Florida	14,547	29,457	44,740	57,735
Georgia	8,978	18,181	27,614	35,635
Hawaii	0	0	0	0
Idaho	842	1,706	2,591	3,343
Illinois	0	0	0	0
Indiana	0	0	0	0
Iowa	0	0	0	0
Kansas	0	0	0	0
Kentucky	0	0	0	0
Louisiana	4,100	8,303	12,611	16,274
Maine	0	0	0	0
Maryland	0	0	0	0
Massachusetts	0	0	0	0
Michigan	0	0	0	0
Minnesota	0	0	0	0
Mississippi	2,176	4,406	6,692	8,636
Missouri	0	0	0	0
Montana	1,133	2,294	3,484	4,496
Nebraska	0	0	0	0
Nevada	899	1,821	2,765	3,568
New Hampshire	0	0	0	0
New Jersey	0	0	0	0
New Mexico	3,236	6,553	9,953	12,844
New York	0	0	0	0
North Carolina	8,696	17,609	26,745	34,514
North Dakota	0	0	0	0
Ohio	0	0	0	0
Oklahoma	0	0	0	0
Oregon	0	0	0	0
Pennsylvania	0	0	0	0
Rhode Island	0	0	0	0
South Carolina	0	0	0	0
South Dakota	0	0	0	0
Tennessee	5,193	10,516	15,973	20,612
Texas	12,693	25,703	39,039	50,378
Utah	2,096	4,245	6,447	8,320
Vermont	0	0	0	0
Virginia	0	0	0	0

TABLE 7-42.—ESTIMATED SUPPLEMENTAL GRANTS TO STATES WITH HIGH POPULATION GROWTH AND/OR LOW FEDERAL WELFARE SPENDING PER POOR PERSON, FISCAL YEARS 1998–2001—Continued

[In thousands of dollars]

State	1998	1999	2000	2001
Washington	0	0	0	0
West Virginia	0	0	0	0
Wisconsin	0	0	0	0
Wyoming	0	0	0	0
Annual total	79,447	160,881	244,350	315,322
Cumulative total	79,447	240,328	484,678	800,000

Source: Table prepared by CRS based on data from DHHS and the Bureau of the Census. Population growth that qualifies the State is based on information consistent with the July 1, 1995 and July 1, 1996 Census estimates of State population issued in Department of Commerce Press Release CB96-224, December 30, 1996. CRS obtained this data from the Census Bureau internet site (www.census.gov). For fiscal years 1999–2001, estimates assume that States that qualify in fiscal year 1998 also qualify in subsequent years.

Grants to States that reduce out-of-wedlock birth rates—\$400 million (fiscal years 1999–2002)

The 1996 welfare reform law provides up to \$400 million over 4 years for bonuses to States that reduce their out-of-wedlock birth rates and abortion rates below fiscal year 1995 levels. The five States with the greatest annual decline in out-of-wedlock birth rates are to receive a bonus of \$20 million, provided they also reduce the abortion rate. If fewer than five States qualify for these funds, the bonus would increase to \$25 million per State.

Bonus to reward “high performance” States—\$1 billion (fiscal years 1999–2003)

The 1996 legislation contains additional funds for States that are successful in meeting the goals of the TANF Program. The law directed the Secretary of DHHS, in consultation with the National Governors’ Association (NGA) and the American Public Welfare Association (APWA), to develop a formula by August 22, 1997, for measuring State performance under the program. The Secretary is required to set a performance threshold that States must meet in order to receive a payment on grounds of being a “high performance” State. Total bonuses for the 5 years are set at \$1 billion. In July 1997, DHHS indicated that it was considering four performance measures: employment, job retention, earnings progression, and birth rates of females aged 15–17.

Contingency fund—\$2 billion (fiscal years 1997–2001)

TANF provides matching grants for States that experience high and increasing unemployment rates or increased food stamp case-loads. To qualify for contingency funds, a State must spend from its own funds on TANF an amount equal to at least 100 percent of the amount it spent on AFDC, EA, and JOBS in fiscal year 1994. It must also meet one of two criteria of need:

- its seasonally adjusted unemployment rate averaged over the most recent 3-month period must be at least 6.5 percent and at least 10 percent higher than the rate in the corresponding period in either of the previous 2 years; or
- its food stamp caseload over the most recent 3-month period must be at least 10 percent higher than the food stamp caseload would have been in the corresponding period of fiscal year 1994 or fiscal year 1995 if Public Law 104–193 had been in effect throughout those fiscal years, as determined by the Secretary of Agriculture.

Qualifying States are entitled to advance payments from the contingency fund. They may request up to one-twelfth of 20 percent of the State family assistance grant for each month that they qualify as a needy State (and for 1 month after they cease being “needy”). A State’s full year entitlement to contingency funds cannot be determined until after the close of the fiscal year because it is based on its expenditures, the number of months it qualified, and its matching rate during the fiscal year. An annual reconciliation is performed in this way: Countable expenditures are computed as those made under the State TANF Program on TANF-eligible families, including spending from contingency fund advances, but excluding spending on child care. “Historic” State expenditures are subtracted from countable expenditures. For contingency fund purposes, “historic State spending” is fiscal year 1994 State spending on AFDC, JOBS, and EA. The result of the subtraction is a measure called “reimbursable expenditures.” The amount to which a State is entitled under the contingency fund equals reimbursable expenditures multiplied by its Medicaid matching rate times the number of months during which the State was eligible. The State must remit to the Secretary any contingency funds that exceed its share of reimbursable expenditures. Further, if a State that received contingency funds is determined to have failed to meet the maintenance of effort requirement for those funds, its next year’s family assistance grant must be reduced by any contingency funds that it received.

Welfare-to-work grants (\$3 billion, fiscal years 1998–99)

Added to TANF in 1997 were special welfare-to-work grants to help States achieve work participation rates. Most grants must focus on long-term recipients with specified barriers to work (for details, see below).

Maintenance of effort (required State spending)

The 1996 welfare reform bill established block grant programs to replace the Federal-State cost-sharing that existed under AFDC, EA, JOBS, and AFDC-related child care programs. Before TANF, the Federal Government reimbursed States for about 55 percent and the States paid the other 45 percent of total expenditures on these activities. In fiscal year 1994, the State share of expenditures for them totaled about \$13.9 billion. The 1996 law converted the Federal share of expenditures for these programs into the TANF grants and a child care block grant. It also established some requirements and incentives for States to maintain some fiscal effort in assisting families with children.

TANF penalizes a State that does not spend a specified amount of its own funds on families eligible for TANF and those who would be eligible but for the program's 60-month time limit or prohibitions for aiding immigrants. The specified level is 75 percent of "historic State expenditures" for States that meet TANF work requirements, 80 percent of historic expenditures for States that fail to meet the work requirements. The required State spending levels are known as maintenance-of-effort (MOE) thresholds. Historic State expenditures are the State share of fiscal year 1994 AFDC, EA, JOBS, and AFDC-related child care expenditures. Table 7-43 provides historic State expenditures and the State maintenance-of-effort thresholds (75 percent and 80 percent). As noted earlier, the penalty for failing to meet the MOE requirement is reduction of the next year's family assistance grant by the amount of the State spending shortfall; further, if the State received welfare-to-work formula grant funds in the year of the MOE shortfall, the next year's TANF grant is to be further reduced, by the amount of those welfare-to-work funds.

TABLE 7-43.—TANF MAINTENANCE-OF-EFFORT LEVELS

[In thousands of dollars]

State	Historic State expenditures ¹	75 percent of historic State expenditures	80 percent of historic State expenditures
Alabama	\$52,285	\$39,214	\$41,828
Alaska	65,257	48,942	52,205
Arizona	126,704	95,028	101,363
Arkansas	27,785	20,839	22,228
California	3,643,208	2,732,406	2,914,566
Colorado	110,495	82,871	88,396
Connecticut	244,561	183,421	195,649
Delaware	29,028	21,771	23,222
District of Columbia	93,932	70,449	75,146
Florida	494,559	370,919	395,647
Georgia	231,158	173,369	184,926
Hawaii	97,309	72,981	77,847
Idaho	18,238	13,679	14,591
Illinois	572,027	429,021	457,622
Indiana	151,367	113,525	121,093
Iowa	82,618	61,963	66,094
Kansas	82,333	61,750	65,866
Kentucky	89,891	67,418	71,913
Louisiana	73,887	55,415	59,109
Maine	50,370	37,778	40,296
Maryland	235,954	176,965	188,763
Massachusetts	478,597	358,948	382,877
Michigan	624,691	468,518	499,753
Minnesota	239,660	179,745	191,728
Mississippi	28,966	21,724	23,173
Missouri	160,161	120,121	128,129
Montana	20,919	15,689	16,735
Nebraska	38,629	28,971	30,903

TABLE 7-43.—TANF MAINTENANCE-OF-EFFORT LEVELS—Continued

[In thousands of dollars]

State	Historic State expenditures ¹	75 percent of historic State expenditures	80 percent of historic State expenditures
Nevada	33,985	25,489	27,188
New Hampshire	42,820	32,115	34,256
New Jersey	405,274	303,956	324,219
New Mexico	49,934	37,450	39,947
New York	2,281,060	1,710,795	1,824,848
North Carolina	205,568	154,176	164,454
North Dakota	12,092	9,069	9,674
Ohio	520,734	390,551	416,588
Oklahoma	81,667	61,250	65,334
Oregon	123,006	92,255	98,405
Pennsylvania	542,834	407,126	434,267
Rhode Island	80,489	60,367	64,392
South Carolina	47,786	35,839	38,229
South Dakota	11,699	8,774	9,359
Tennessee	110,413	82,810	88,331
Texas	314,300	235,725	251,440
Utah	33,721	25,291	26,977
Vermont	34,205	25,653	27,364
Virginia	170,898	128,173	136,718
Washington	362,748	272,061	290,198
West Virginia	43,601	32,701	34,881
Wisconsin	225,638	169,229	180,511
Wyoming	14,220	10,665	11,376
U.S. total	13,913,282	10,434,961	11,130,625

¹ Historic State expenditures: 100 percent of fiscal year 1994 State expenditures on all IV-A programs and IV-F.

Source: Table prepared by the Congressional Research Service (CRS) based on data from the U.S. Department of Health and Human Services (DHHS). State expenditure data are as reported by the States to DHHS and are as of May 1995.

Countable toward the TANF maintenance of effort requirement are expenditures on behalf of TANF-eligible families (including those who have reached TANF's 5-year time limit but have income within TANF limits) for these activities: cash aid, including child support collected for TANF recipients and distributed to the family without reducing their benefit; child care assistance; education, job training, and employment services; administrative costs; and other activities that a State is authorized to use TANF grants to finance. Administrative costs are capped at 15 percent of the total expenditures counted toward meeting the spending requirement. Expenditures for educational activities exclude public education for services or assistance available to the general public.

State expenditures for these families made under any State program are countable toward the TANF-MOE rule. A State could use its own funds to supplement Federal grants within the TANF Program, or use them in a separate State program of assistance. Expenditures that qualify for MOE must be made from State funds

and cannot be used to obtain Federal matching funds from another program. A special limitation also applies to child care spending. According to DHHS guidelines issued January 31, 1997, a State may not count toward the MOE requirement spending that exceeds the amount it spent on AFDC-related child care programs in either fiscal year 1994 or fiscal year 1995.

Also, a special condition restricts MOE-countable State spending for activities other than those the State was authorized to provide under its AFDC, EA, JOBS, or AFDC-related child care programs as of August 21, 1996. For these other activities, States can count only spending above fiscal year 1994 levels toward the TANF-MOE requirement.

Loan fund

TANF provides a \$1.7 billion revolving loan fund. States may receive loans for up to 3 years, which must be repaid with interest. The interest rate for the loans is the current average market yield on outstanding marketable obligations of the Federal Government. Any State that is not subject to a penalty for misspending TANF funds is eligible for a loan.

Transfer and reservation of TANF funds

States may transfer up to 30 percent of TANF grants (except contingency funds) to the Child Care and Development Block Grant (CCDBG) and the Title XX Social Services Block Grant (SSBG), but no more than 10 percent to the SSBG. Funds transferred to SSBG must be used to assist families with children that have incomes below 200 percent of the poverty income guidelines.

TANF FOR INDIANS

The welfare law gives federally recognized Indian tribes (defined to include certain Alaska Native organizations) the option to design and operate their own cash welfare programs for needy children with funds subtracted from their State's TANF Block Grant. The law also authorizes direct Federal funding to recognized Indian tribes for operation of Child Support Enforcement Programs, and it sets aside a share of new child care funds for them. The repealed program of AFDC made no provision for tribal design or administration of cash aid, although it did allow some tribes to operate JOBS. The Balanced Budget Act of 1997 (Public Law 105-33), which established a program of welfare-to-work (WTW) grants for TANF recipients, sets aside 1 percent of funding (\$30 million over 2 years) for Indian WTW programs. Unlike State WTW programs, Indian programs do not require any State matching funding.

Recognized tribes and tribal organizations may operate TANF family assistance programs in their service areas. A tribe's grant equals Federal AFDC payments to the State for fiscal year 1994 attributable to Indians in its service area, and tribal grant funds are subtracted from the grant of the State(s) containing the tribe's service areas. Tribal TANF plans are for 3 years (rather than 2, as for States) and contain many fewer required elements than State plans.

The Secretary of DHHS, with participation of the tribe, is to establish work participation rules, time limits for benefits, and pen-

alties for each tribal family assistance program. In general, Indian tribes in Alaska must operate plans in accordance with rules adopted by the State of Alaska for its TANF Program (but waivers are allowed). The State Governor, in submitting a TANF plan, must certify equitable access from the regular TANF Program to Indians not eligible for help from a tribal family assistance plan.

The law gives explicit permission for State TANF Programs to use money from a new loan fund for aid to Indian families that have moved out of the service area of a tribe with a tribal family assistance plan. The law also appropriates funds each year (\$7.6 million) to those tribes that operated JOBS in fiscal year 1994. The appropriation is in addition to any tribal assistance TANF grant made to them.

The law exempts from the 60-month TANF benefit time limit any month of aid during which the recipient lived in Indian country (or in an Alaska Native village) of at least 1,000 persons in which 50 percent of adults were unemployed.

As of early August 1997, 11 tribes had submitted plans to operate tribal family assistance programs: Red Cliff Band of Lake Superior Chippewas (WI), Osage Nation (OK), Forest County Potawatomi (WI), Citizen Potawatomi Nation (OK), Klamath Tribe (OR), Sokogon Chippewa (WI), Stockbridge-Munsee (WI), Sisseton-Wahpeton (SD), Pascua Yaqui (AZ), White Mountain Apache (AZ), and Confederated Tribes of Siletz Indians (OR).

STATE TANF PLANS

The law requires TANF plans to outline how the State intends to conduct a program that provides cash aid to needy families with (or expecting) children and that provides parents with job preparation, work, and support services. State plans must indicate whether the State intends to treat families who move into the State differently from others, and, if so, how; and whether it intends to give aid to noncitizens. State plans must certify that the State will operate programs of child support and foster care and adoption assistance, provide equitable access to Indians; and establish and enforce standards against fraud and abuse.

Table 7-44 summarizes selected major provisions of State TANF plans. These include the maximum time before mandatory work, the time limit on benefits, whether the State imposes a family cap, whether the State provides benefits for noncitizens, and whether the State has special rules for interstate migrants. Additional details concerning State plans are summarized and analyzed in a document written by Vee Burke and her colleagues (1997) at the Congressional Research Service.

TABLE 7-44.—TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT: SUMMARY OF SELECTED MAJOR PROVISIONS IN STATE PLANS

State	Maximum time before mandatory work	Time limit on benefits	Family cap?	Benefits for noncitizens?	Special rules for interstate migrants?
Alabama	24 months	60 months	Did not say	No	No
Alaska	24 months	60 months	Did not say	Yes	No
Arizona	24 months	24 months within a 60-month period for adult recipients.	Yes	Yes	No
Arkansas	Did not say	24 months	Yes	Yes	No
California	Immediate	60 months	Yes	Yes	Yes
Colorado	24 months	60 months for adults	No	Yes	No
Connecticut	Did not say	21 months	Yes	Yes	No
Delaware	Immediate	48 months	Yes	Yes	No
District of Columbia	24 months	60 months	Did not say	Yes	Yes
Florida	Immediate	24 months in a 60-month period. Lifetime total of 48 months as an adult.	Yes	Yes	Yes
Georgia	24 months	Did not say	Yes	Yes	Yes
Guam	24 months	60 months	Did not say	No	No
Hawaii	24 months	60 months	Did not say	Yes	No
Idaho	With few exceptions, adults will be expected to participate in work activities immediately, including a job search requirement for all adult applicants.	24 months	Did not say	Yes	No
Illinois	24 months	60 months	Yes	Yes	No
Indiana	24 months	24 months	Yes	Yes	No

TABLE 7-44.—TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT: SUMMARY OF SELECTED MAJOR PROVISIONS IN STATE PLANS—
Continued

State	Maximum time before mandatory work	Time limit on benefits	Family cap?	Benefits for noncitizens?	Special rules for interstate migrants?
Iowa	Did not say	Individualized. TANF funds will not be used for an adult beyond 60 months unless the family meets criteria for extending assistance.	Did not say	Yes	No
Kansas	24 months	60 months	Did not say	Yes	No
Kentucky	24 months	60 months	Did not say	Yes	No
Louisiana	Did not say	24 months within a 60-month period.	Did not say	Yes	No
Maine	24 months	60 months	Did not say	Yes	No
Maryland	Did not say	60 months	Yes	Yes	Yes
Massachusetts	60 days	24 months within a 60-month period.	Yes	Yes	No
Michigan	24 months	60 months	Did not say	Yes	No
Minnesota	6 months; counties have the option of requiring work sooner.	60 months	Did not say	Yes	Yes
Mississippi	24 months	60 months	Yes	No	No
Missouri	24 months	60 months generally. JOBS mandatory recipients subject to self-sufficiency limit of 48 months.	Did not say	Yes	No
Montana	24 months	60 months	Did not say	Yes	No
Nebraska	Immediate participation in Job Support Program; earned income required within 2 years.	60 months	Yes	Yes	No
Nevada	24 months	60 months	Did not say	Yes	No

New Hampshire ..	Immediate job search for 26 weeks followed by 26 weeks of community work experience (cycle repeated each year).	60 months	Did not say	Yes	No
New Jersey	24 months	60 months	Yes	Yes	Yes
New Mexico	60 days	36 months	Did not say	Yes	No
New York	24 months	60 months	Did not say	Yes	Yes
North Carolina ...	Did not say	24 months at a time; lifetime maximum of 60 months.	Yes	Yes	No
North Dakota	24 months	60 months	Yes	Yes	Yes
Ohio	24 months	36 months plus a possible renewal of 24 months after 24 months of ineligibility (60 months over an 84-month period).	Did not say	Yes	No
Oklahoma	24 months	60 months	Did not say	Yes	No
Oregon	Did not say	24 months within 84-month period	Did not say	Yes	No
Pennsylvania	24 months	60 months	Did not say	Yes	Yes
Puerto Rico	24 months for participants determined not ready to work (lack high school diploma or equivalent). Participants who are ready to work will be engaged in work within 6 months.	Did not say	Did not say	Yes	No
Rhode Island	Participate in work or work-readiness activities within 45 days; work within 2 years.	60 months	Did not say	Yes	Yes
South Carolina ...	24 months	24 months out of 120 months; no more than 60 months in a lifetime.	Yes	Yes	No
South Dakota	24 months	60 months	Did not say	Yes	No
Tennessee	Immediate	18 months in a 60-month period. 60-month lifetime time limit.	Yes	Yes	No

TABLE 7-44.—TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT: SUMMARY OF SELECTED MAJOR PROVISIONS IN STATE PLANS—
Continued

State	Maximum time before mandatory work	Time limit on benefits	Family cap?	Benefits for noncitizens?	Special rules for interstate migrants?
Texas	Did not say	Did not say	Did not say	Yes	No
Utah	Immediate	36 months	Did not say	Yes	No
Vermont	Did not say	Did not say	Did not say	Yes	No
Virgin Islands	Did not say	60 months (for adult)	Did not say	Yes	No
Virginia	90 days	24 months within a 60-month period.	Yes	Yes	No
Washington	Immediate job search required	60 months	Did not say	Yes	Yes
West Virginia	24 months	60 months	Did not say	Yes	No
Wisconsin	Immediate	60 months	Yes	Yes	Yes
Wyoming	Did not say	60 months	Did not say	Yes	No

Note.—Information is from TANF State plans submitted to DHHS, supplemented by provisions in new State statutes of Arizona, California, New York, and Ohio. Some provisions may not be fully phased in. Some, notably, family caps and differential rules for interstate migrants, have been challenged in State courts. The family cap provision either prevents a family receiving welfare from getting additional benefits or provides the family with reduced benefits if they have additional children. Table is from CRS Report 97-380.

Source: Congressional Research Service (CRS).

STATE TANF DATA

Caseloads under AFDC/TANF

Both 1996 and 1997 were transition years during which States moved from the AFDC Program to the new TANF Program. Four States (Massachusetts, Michigan, Vermont, and Wisconsin) replaced AFDC with TANF at the earliest possible time, in September 1996, and another 14 started TANF in October 1996. Only 12 jurisdictions waited until the mandatory July 1, 1997 deadline to make the change (Alaska, Arkansas, Colorado, Guam, Hawaii, Idaho, Illinois, Minnesota, New Mexico, North Dakota, Puerto Rico, and the Virgin Islands).

Table 7-45 shows that the total number of AFDC/TANF families declined throughout the fiscal year 1997 transition period, from 4.301 million in October 1996 to 3.546 million in September 1997. This reduction in the number of families receiving AFDC/TANF continued a decline underway since March 1994 when AFDC numbers peaked at 5.098 million. Compared with September levels in earlier years, the September 1997 caseload was down 19 percent from 1996, 25 percent from 1995, and 29 percent from 1994.

TABLE 7-45.—NUMBER OF AFDC/TANF FAMILIES BY STATE FOR SELECTED MONTHS, FISCAL YEAR 1997

[In thousands]

State	Month and Year				
	October 1996	December 1996	March 1997	June 1997	September 1997 (preliminary)
Alabama	40.5	38.0	36.1	32.0	27.2
Alaska	12.0	11.9	12.8	12.0	11.0
Arizona	60.6	58.3	55.0	52.5	50.0
Arkansas	22.0	21.6	21.5	20.7	16.7
California	861.0	846.5	829.6	789.9	757.0
Colorado	33.1	32.2	31.1	28.7	24.6
Connecticut	56.9	56.4	55.7	55.5	55.2
Delaware	10.3	10.2	10.0	9.5	9.2
District of Columbia	25.2	25.0	24.4	23.7	22.4
Florida	197.0	186.6	177.1	160.6	140.9
Georgia	120.2	116.6	112.5	98.2	90.7
Guam	2.3	2.3	2.4	2.2	2.6
Hawaii	21.8	21.5	23.0	23.4	23.5
Idaho	8.2	8.0	7.8	6.7	2.1
Illinois	213.1	209.6	201.2	191.6	189.2
Indiana	49.5	45.8	45.7	42.4	41.2
Iowa	30.4	29.7	29.1	28.4	27.3
Kansas	22.8	21.9	21.3	18.2	16.9
Kentucky	69.9	68.1	66.5	62.5	59.5
Louisiana	65.9	62.6	56.8	51.7	50.0
Maine	19.6	19.1	19.0	18.2	16.6
Maryland	67.4	63.4	59.9	55.0	53.4
Massachusetts	83.4	81.3	78.9	76.0	72.4

TABLE 7-45.—NUMBER OF AFDC/TANF FAMILIES BY STATE FOR SELECTED MONTHS, FISCAL YEAR 1997—Continued

[In thousands]

State	Month and Year				
	October 1996	December 1996	March 1997	June 1997	September 1997 (preliminary)
Michigan	166.2	159.6	152.0	145.8	140.9
Minnesota	56.2	55.3	54.1	52.3	48.8
Mississippi	43.9	42.1	40.3	36.4	31.1
Missouri	78.2	76.4	73.3	67.6	65.5
Montana	9.7	9.7	9.5	8.8	7.8
Nebraska	13.7	13.4	13.6	13.3	14.0
Nevada	12.9	12.6	12.2	11.7	11.2
New Hampshire	8.7	8.4	8.3	7.9	6.7
New Jersey	105.8	103.7	100.9	97.6	93.8
New Mexico	32.4	30.6	28.6	25.9	17.8
New York	411.1	399.2	387.2	371.0	359.7
North Carolina	107.8	104.5	101.0	95.6	89.0
North Dakota	4.6	4.4	4.3	4.0	3.7
Ohio	201.4	196.2	190.3	180.5	160.2
Oklahoma	34.9	33.5	31.0	28.3	26.9
Oregon	27.5	26.0	25.2	22.7	20.6
Pennsylvania	178.1	172.4	166.3	157.0	147.2
Puerto Rico	49.0	48.6	47.8	47.3	45.9
Rhode Island	20.4	20.0	19.8	19.5	19.6
South Carolina	43.7	38.1	33.8	30.3	28.4
South Dakota	5.5	5.3	5.3	5.0	4.4
Tennessee	87.5	79.0	70.1	64.4	60.4
Texas	237.5	228.3	221.6	204.0	166.9
Utah	13.7	13.1	12.5	11.6	11.3
Vermont	8.6	8.4	8.4	8.2	7.8
Virgin Islands	1.3	1.3	1.3	1.2	1.2
Virginia	59.5	57.2	54.8	50.9	47.5
Washington	95.9	95.1	95.4	91.4	86.8
West Virginia	37.6	36.2	34.4	28.7	28.1
Wisconsin	50.7	46.9	43.4	38.1	31.3
Wyoming	4.1	4.1	2.6	2.0	1.6
Totals	4,301.0	4,166.4	4,026.7	3,788.6	3,545.7

Source: Congressional Research Service based on data from the Department of Health and Human Services.

Benefit levels under TANF, July 1, 1997

Table 7-46 shows State-by-State trends in AFDC/TANF family numbers since fiscal year 1994 when national enrollment reached a historic peak of 5 million. The national caseload declined 3.3 percent in fiscal year 1995, 6.7 percent in fiscal year 1996, and another 13.3 percent in 1997. The cumulative result was that the average caseload in 1997 was down 21.8 percent from the 1994 average and down 16.9 percent from its fiscal year 1995 average level.

TABLE 7-46.—AID TO FAMILIES WITH DEPENDENT CHILDREN AND TANF FAMILIES: FISCAL YEARS 1994-97¹

State	1994	1995	1996	1997 (month-ly average, first 9 months)	Percentage change to fiscal year 1997 from		
					fiscal year 1994	fiscal year 1995	fiscal year 1996
Alabama	50.3	46.0	42.4	36.7	-27.1	-20.3	-13.4
Alaska	12.8	12.4	12.3	12.3	-3.5	-0.9	0.5
Arizona	72.0	69.6	63.4	56.0	-22.2	-19.5	-11.7
Arkansas	26.0	24.3	22.7	21.4	-17.8	-12.0	-6.0
California	909.0	919.5	896.0	832.2	-8.5	-9.5	-7.1
Colorado	41.6	38.6	35.4	31.2	-25.1	-19.2	-12.1
Connecticut	59.2	61.0	58.1	56.0	-5.4	-8.1	-3.6
Delaware	11.5	10.8	10.4	9.9	-13.7	-8.2	-4.8
District of Columbia	27.1	26.8	25.7	24.5	-9.6	-8.5	-4.7
Florida	247.1	230.8	212.0	179.2	-27.5	-22.4	-15.5
Georgia	141.5	139.1	130.4	111.8	-20.9	-19.6	-14.2
Guam	1.9	2.1	2.1	2.3	21.2	8.6	6.6
Hawaii	20.4	21.7	22.0	22.5	10.1	3.8	2.4
Idaho	8.7	9.1	9.0	7.8	-10.3	-14.2	-13.6
Illinois	240.3	236.2	224.1	202.0	-15.9	-14.5	-9.9
Indiana	73.8	65.6	52.9	45.7	-38.0	-30.3	-13.5
Iowa	39.6	36.5	32.8	29.3	-25.8	-19.6	-10.5
Kansas	30.1	28.2	25.1	21.1	-30.0	-25.4	-16.2
Kentucky	79.8	75.4	71.8	66.5	-16.7	-11.8	-7.4
Louisiana	86.9	79.8	70.6	58.7	-32.5	-26.5	-16.9
Maine	22.9	21.7	20.5	19.0	-17.3	-12.6	-7.3
Maryland	80.1	80.4	74.1	60.9	-23.9	-24.2	-17.8
Massachusetts	111.8	100.9	88.4	79.0	-29.3	-21.7	-10.6
Michigan	224.0	201.7	178.0	154.7	-30.9	-23.3	-13.1
Minnesota	63.0	61.3	58.3	54.2	-13.9	-11.6	-6.9

TABLE 7-46.—AID TO FAMILIES WITH DEPENDENT CHILDREN AND TANF FAMILIES: FISCAL YEARS 1994-97 1—Continued

State	1994	1995	1996	1997 (month-ly average, first 9 months)	Percentage change to fiscal year 1997 from		
					fiscal year 1994	fiscal year 1995	fiscal year 1996
Mississippi	56.8	52.5	48.0	40.6	-28.6	-22.8	-15.4
Missouri	92.1	89.3	82.7	73.6	-20.1	-17.6	-11.0
Montana	11.9	11.5	10.8	9.1	-23.7	-21.0	-16.1
Nebraska	15.9	14.8	14.2	13.5	-15.4	-9.1	-4.9
Nevada	14.2	15.7	14.8	12.1	-14.9	-23.2	-18.7
New Hampshire	11.5	10.8	9.5	8.3	-27.6	-23.1	-12.9
New Jersey	122.4	118.9	112.0	102.0	-16.7	-14.2	-8.9
New Mexico	33.6	34.4	33.9	29.3	-13.0	-15.1	-13.6
New York	455.0	456.9	433.3	391.0	-14.1	-14.4	-9.8
North Carolina	131.2	125.5	113.1	101.8	-22.4	-18.9	-10.0
North Dakota	5.9	5.2	4.9	4.3	-26.4	-17.0	-11.5
Ohio	250.2	228.2	206.7	191.4	-23.5	-16.1	-7.4
Oklahoma	47.0	44.8	38.8	31.7	-32.4	-29.1	-18.2
Oregon	42.1	39.3	33.4	25.3	-39.9	-35.5	-24.3
Pennsylvania	210.2	204.8	190.3	167.9	-20.1	-18.0	-11.8
Puerto Rico	58.8	54.8	50.9	48.1	-18.2	-12.1	-5.4
Rhode Island	22.7	22.2	21.2	19.9	-12.2	-10.4	-6.3
South Carolina	51.9	49.0	45.8	35.8	-31.1	-26.9	-21.8
South Dakota	6.9	6.3	6.0	5.3	-24.1	-16.3	-12.3
Tennessee	110.8	104.0	99.1	73.6	-33.5	-29.2	-25.7
Texas	283.7	274.5	255.0	222.0	-21.7	-19.1	-12.9
Utah	17.8	16.6	14.8	12.6	-29.2	-24.3	-14.6
Vermont	9.9	9.6	9.1	8.4	-15.1	-13.0	-7.3
Virgin Islands	1.1	1.3	1.4	1.3	18.2	-0.8	-7.2
Virginia	74.8	72.1	64.9	55.2	-26.2	-23.4	-14.9

Washington	103.0	101.9	98.9	94.6	-8.1	-7.2	-4.4
West Virginia	40.7	38.4	36.6	34.7	-14.7	-9.5	-5.0
Wisconsin	77.2	72.4	60.1	44.3	-42.6	-38.7	-26.2
Wyoming	5.7	5.2	4.7	3.1	-46.3	-40.7	-34.8
U.S. totals	5,046.3	4,880.5	4,553.3	4,055.8	-19.6	-16.9	-10.9

¹ Monthly averages in thousands; fiscal year 1997 data are monthly averages of the first 9 months of the fiscal year.

Source: Table prepared by the Congressional Research Service (CRS) based on data from the U.S. Department of Health and Human Services (DHHS). Fiscal years 1994-96 data are from quarterly reports (ACF Form 3637) filed by the States. October 1996 through March 1997 data are from quarterly reports. April through June 1997 data are from AFDC flash reports. These reflect data on October 17, 1997.

As noted earlier, caseload decreases from 1995 levels will lower required work participation rates of States. Caseloads fell below 1995 levels in all jurisdictions except Hawaii and Guam, where numbers rose. Declines ranged from 2 percent in Alaska to 47 percent in Wyoming.

Table 7-47 presents State maximum TANF benefits by family size on July 1, 1997. Benefits were unchanged from their year-earlier levels in most States. Six States reduced benefits for some recipients, and five States increased benefits for some.

TABLE 7-47.—MAXIMUM TANF BENEFITS BY FAMILY SIZE, JULY 1997

State	Maximum TANF benefit by size of filing unit					
	1	2	3	4	5	6
Alabama	\$111	\$137	\$164	\$194	\$225	\$252
Alaska	514	821	923	1025	1127	1229
Arizona	204	275	347	418	489	561
Arkansas	81	162	204	247	286	331
California ^{1 2}	279	456	565	673	767	861
Colorado	214	280	356	432	512	590
Connecticut ¹	402	513	636	741	835	935
Delaware	201	270	338	407	475	544
District of Columbia	239	298	379	463	533	627
Florida	180	241	303	364	426	487
Georgia	155	235	280	330	378	410
Guam	420	537	673	776	874	985
Hawaii ²	334	452	570	687	805	922
Idaho	276	276	276	276	276	276
Illinois ¹	212	278	377	414	485	545
Indiana	139	229	288	346	405	463
Iowa	183	361	426	495	548	610
Kansas ¹	267	352	429	497	558	619
Kentucky	186	225	262	328	383	432
Louisiana ¹	72	138	190	234	277	316
Maine	198	312	418	526	632	739
Maryland	167	295	377	455	527	579
Massachusetts ²	383	474	565	651	741	832
Michigan: ¹						
Wayne County	276	371	459	563	659	792
Washtenaw	305	401	489	593	689	822
Minnesota	187	437	532	621	697	773
Mississippi	60	96	120	144	168	192
Missouri	136	234	292	342	388	431
Montana	266	358	450	542	633	725
Nebraska	222	293	364	435	506	577
Nevada	229	289	348	408	468	528
New Hampshire	414	481	550	613	673	754
New Jersey	162	322	424	488	552	616
New Mexico	231	310	389	469	548	627
New York: ¹						
New York City	352	468	577	687	800	884
Suffolk County	446	576	703	824	949	1038
North Carolina	181	236	272	297	324	349

TABLE 7-47.—MAXIMUM TANF BENEFITS BY FAMILY SIZE, JULY 1997—Continued

State	Maximum TANF benefit by size of filing unit					
	1	2	3	4	5	6
North Dakota	228	340	490	528	604	667
Ohio	203	279	341	421	493	549
Oklahoma	190	238	307	380	445	509
Oregon	310	395	460	565	660	755
Pennsylvania ¹	215	330	421	514	607	687
Puerto Rico	132	156	180	204	228	252
Rhode Island	327	449	554	634	714	794
South Carolina	119	159	200	241	281	322
South Dakota	304	380	430	478	528	578
Tennessee	95	142	185	226	264	305
Texas	78	163	188	226	251	288
Utah	246	342	426	498	567	625
Vermont ¹	449	554	656	737	824	882
Virgin Islands	120	180	240	300	360	420
Virginia ¹	220	294	354	410	488	534
Washington	349	440	546	642	740	841
West Virginia	149	201	253	312	360	413
Wisconsin ^{1 3}	248	440	517	617	708	766
Wyoming	195	320	340	360	360	360
Median State ⁴	215	310	379	463	528	590

¹ These States (like Michigan and New York) have regional or urban/rural benefit schedules. Amounts shown are for highest benefit area.

² These States pay higher amounts than those shown above for persons exempt from work. See benefit schedule below.

State	Maximum TANF benefit by size of filing unit (exempt from work)					
	1	2	3	4	5	6
California	\$311	\$509	\$631	\$750	\$855	\$961
Hawaii	418	565	712	859	1,006	1,153
Massachusetts	392	486	579	668	760	854

³ Effective September 1, 1997, Wisconsin scheduled statewide implementation of its W-2 (TANF) plan, which pays \$555 monthly to all-size families in community service jobs and \$518 to all-size families in "transitional" activities. Each missed hour of required activity reduces benefits by \$4.25 per hour.

⁴ Median State among 50 States and the District of Columbia, ranked by benefit size.

Source: Table prepared by Congressional Research Service on the basis of a telephone survey.

Idaho adopted a flat benefit of \$276 for all-size families; and effective September 1, 1997, Wisconsin scheduled adoption of two flat benefits, \$555 monthly for persons in community service jobs and \$518 for those in "transitional" activities. California, Hawaii, and Massachusetts offered higher benefits to families exempt from work than to others: California, \$631; Hawaii, \$712; and Massachusetts, \$579, \$14 above the year-earlier maximum (amounts are for three-person families). South Carolina increased benefits for families of four or more persons.

WELFARE-TO-WORK GRANTS

The Balanced Budget Act of 1997 (Public Law 105-33) provides \$3 billion in grants to States and localities for welfare-to-work (WTW) activities over 2 years, fiscal years 1998-99, by adding welfare-to-work grants to the TANF Block Grant Program. Most WTW funds require State matching funds.

The law says funds are to be used "to move individuals into and keep individuals in lasting unsubsidized employment." Funds must be spent on work or work-readiness activities, including job creation through wage subsidies, postemployment and job retention services, and on-the-job training. The list of WTW-eligible activities includes many activities countable as TANF "work activities," but it excludes vocational educational training and secondary school attendance.

The Department of Labor (DOL) administers the welfare-to-work program at the Federal level, and, generally, private industry councils administer the program at the local level. The Department of Health and Human Services (DHHS) is responsible for evaluation of the program.

FUNDING OF WELFARE-TO-WORK GRANTS

The new law provides \$1.5 billion in each of fiscal years 1998 and 1999. From the \$3 billion total, \$100 million is set aside for bonuses to States achieving "successful performance." The law also sets aside 1 percent (\$30 million over 2 years) for Indian tribes, 0.6 percent (\$18 million) for evaluations of WTW programs, and 0.2 percent (\$6 million) for evaluation of abstinence education programs.

Funds remaining after set-asides are divided 75 percent for formula grants, which require State cost-sharing (at a one-third State matching rate), and 25 percent for competitive grants.

Formula grants

The law provides \$1.1 billion in fiscal year 1998 and \$1.0 billion in fiscal year 1999 for welfare-to-work formula grants, allotted among the States on the basis of their shares of the national TANF adult population and the national poverty population, equally weighted. A small State minimum (0.25 percent of the amount left after set-asides) applies to jurisdictions other than the Virgin Islands and Guam. To be eligible for formula grants, States must submit to DOL an addendum to their TANF State plan that describes how the State will use the funds and specifies the formula for distribution to sub-State entities. Other required elements of the WTW plan include: an agreement that the State will negotiate with the DHHS Secretary on evaluation of the program, an estimate of State funds to be spent on welfare-to-work activities, and a certification that the State will meet the TANF maintenance-of-effort requirement. Formula grants are capped entitlements, but require State cost-sharing. States receive \$2 in Federal funds for every dollar of their own funds spent (above the TANF maintenance-of-effort level) on welfare-to-work activities. Formula funds must be spent within 3 years, but unobligated fiscal year 1998 for-

mula funds (including 75 percent of funds set aside for Indians but not obligated) are to be added to fiscal year 1999 formula grants.

Table 7-48 shows Congressional Research Service (CRS) estimates of allotments to States for welfare-to-work formula grants for fiscal years 1998-99. Seven States benefit from the small State minimum: Alaska, Delaware, New Hampshire, North Dakota, South Dakota, Vermont, and Wyoming.

Within-State administration and distribution of funds

States are required to pass through 85 percent of formula funds to service delivery areas (SDA) set up under the Job Training Partnership Act (JTPA). The law requires that the State develop a formula for this allocation, and that half the formula be based on the incidence of "high" poverty (above 7.5 percent of the population) in each SDA, relative to the State as a whole. The other half of the formula may be based on the number of long-term welfare recipients and/or unemployed persons in the SDA.

TABLE 7-48.—ESTIMATED ALLOTMENTS TO THE STATES FOR WELFARE-TO-WORK GRANTS: FISCAL YEARS 1998-99

[In thousands of dollars]

State	1998	1999	Percent of total allocation
Alabama	\$13,978	\$13,029	1.3
Alaska	2,927	2,728	0.3
Arizona	17,418	16,235	1.6
Arkansas	8,490	7,914	0.8
California	190,417	177,490	17.2
Colorado	9,879	9,208	0.9
Connecticut	12,006	11,191	1.1
Delaware	2,762	2,574	0.3
District of Columbia	4,646	4,331	0.4
Florida	50,757	47,311	4.6
Georgia	28,409	26,481	2.6
Hawaii	5,086	4,740	0.5
Idaho	2,794	2,604	0.3
Illinois	48,663	45,359	4.4
Indiana	14,552	13,564	1.3
Iowa	8,332	7,766	0.8
Kansas	6,668	6,216	0.6
Kentucky	17,723	16,520	1.6
Louisiana	23,707	22,098	2.1
Maine	5,156	4,806	0.5
Maryland	14,941	13,926	1.4
Massachusetts	20,692	19,288	1.9
Michigan	42,226	39,360	3.8
Minnesota	14,503	13,519	1.3
Mississippi	12,991	12,109	1.2
Missouri	19,767	18,425	1.8
Montana	3,194	2,978	0.3
Nebraska	4,022	3,749	0.4

TABLE 7-48.—ESTIMATED ALLOTMENTS TO THE STATES FOR WELFARE-TO-WORK GRANTS: FISCAL YEARS 1998-99—Continued

[In thousands of dollars]

State	1998	1999	Percent of total allocation
Nevada	3,384	3,154	0.3
New Hampshire	2,762	2,574	0.3
New Jersey	23,257	21,678	2.1
New Mexico	9,716	9,056	0.9
New York	96,886	90,309	8.8
North Carolina	25,332	23,612	2.3
North Dakota	2,762	2,574	0.3
Ohio	44,608	41,580	4.0
Oklahoma	11,742	10,944	1.1
Oregon	8,637	8,051	0.8
Pennsylvania	44,296	41,289	4.0
Rhode Island	4,420	4,120	0.4
South Carolina	12,006	11,191	1.1
South Dakota	2,762	2,574	0.3
Tennessee	21,644	20,175	2.0
Texas	76,059	70,895	6.9
Utah	4,628	4,314	0.4
Vermont	2,762	2,574	0.3
Virginia	16,549	15,425	1.5
Washington	22,675	21,135	2.1
West Virginia	9,806	9,140	0.9
Wisconsin	12,886	12,011	1.2
Wyoming	2,762	2,574	0.3
Puerto Rico	34,566	32,219	3.1
Virgin Islands	554	516	0.1
Guam	585	546	0.1
U.S. totals	1,104,750	1,029,750	100.0

Source: Congressional Research Service (CRS). Estimated allotments for fiscal year 1998 are from the U.S. Department of Labor, and reflect their final estimated allotments released October 15, 1997. Estimated fiscal year 1999 allotments were computed by CRS assuming that States receive the same share of total allotments as they received in fiscal year 1998.

JTPA private industry councils (PICs) are to administer formula grants in the SDA and to have sole authority, in coordination with the chief elected official of the area, to spend the grant funds for the benefit of the SDA, unless the Governor receives a waiver from DOL to permit another agency designated by him to administer the funds. The addendum to the TANF State plan must include assurances that the PIC (or alternate agency designated by the Governor) will coordinate expenditure of WTW funds with that of TANF family assistance grants.

The remaining 15 percent of formula funds are to be made available to the Governor for distribution for projects to help long-term recipients enter unsubsidized employment.

Maintenance of effort

To qualify for WTW formula grants, States must meet TANF maintenance-of-effort requirements (MOE). That is, they must spend from their own funds on TANF-eligible families at least 75 percent of "historic expenditures" (80 percent if a State fails to meet TANF's work requirements). If a State that receives WTW funds fails to meet the TANF-MOE, the WTW funds are to be deducted from the next year's TANF grant. This penalty, added to the one imposed by TANF itself for MOE failure, enforces the requirement that States first meet the TANF-MOE and then spend additional funds on welfare-to-work activities in order to receive formula grant funds.

Targeting of funds

The law requires that 70 percent of Federal welfare-to-work funds (both formula grants and competitive grants) be spent on long-term TANF recipients, or noncustodial parents of minors of long-term TANF recipients, who have at least two out of the following three barriers to employment: (1) lack of a high school diploma or equivalent and low reading or math skills; (2) poor work history; and (3) substance abuse. These targeted recipients must have received assistance under AFDC/TANF for at least 30 months or be within 12 months of losing eligibility for benefits because of a durational time limit, without regard to a hardship exemption. States may spend the remaining 30 percent of Federal WTW funds for welfare-to-work activities by other TANF recipients, including the noncustodial parents of minors whose custodial parents are recipients, who have characteristics associated with long-term welfare receipt, such as school dropout, teen pregnancy, or poor work history.

Competitive grants

The welfare-to-work grant program provides \$368.25 million in fiscal year 1998 and \$343.25 million in fiscal year 1999 for "competitive" grants, to be awarded by the DOL Secretary. Eligible applicants are private industry councils, political subdivisions of States, and private entities applying in conjunction with the PIC or political subdivision. Their proposals must be developed in consultation with the Governor. In making awards, the DOL Secretary must take into account the needs of rural areas and cities with large concentrations of poor persons. Competitive grants are to be used for the same activities and targeted toward the same recipients as formula grant funds.

Successful performance bonuses

The WTW law sets aside \$100 million of fiscal year 1999 funds for performance bonuses, to be paid in fiscal year 2000. To be eligible for one of these bonuses, a State must qualify for welfare-to-work formula grants in fiscal years 1998 and 1999. The DOL Secretary, in consultation with the DHHS Secretary, the National Governors' Association (NGA), and the American Public Welfare Association (APWA), is required by August 5, 1997 to develop a formula for measuring successful performance. The performance formula must include: job placements, duration of job placements, in-

creases in earnings, and other factors deemed appropriate by the DOL Secretary. The formula may take into account general economic conditions on a State-by-State basis.

USE OF WELFARE-TO-WORK FUNDS

Allowable activities

The law says WTW funds must be used to move TANF recipients into lasting unsubsidized employment and to keep them there, by means of:

- The conduct and administration of community service or work experience programs;
- Job creation through public or private sector employment wage subsidies;
- On-the-job training;
- Contracts with public or private providers of readiness, placement, and post-employment services;
- Job vouchers for placement, readiness, and postemployment services; Contracts or vouchers for job placement services must require that at least one-half of the payment be withheld until a person had been in a job for 6 months;
- Job retention or support services if these services are not otherwise available.

TANF time limit “exemption”

Adults who lose TANF eligibility because of reaching the 60-month limit are permitted to receive assistance through the welfare-to-work program. Months in which a recipient receives only noncash aid from WTW funds are not counted toward the TANF time limit.

TANF requirements applicable to WTW programs

All TANF requirements other than the time limit apply to welfare-to-work recipients. For example, they must cooperate in paternity establishment and must assign support rights to the State. They are counted when determining work participation requirements. State WTW programs are subject to data reporting requirements.

Workplace rules

Participants in activities funded by WTW may fill a vacant employment position unless another person is on layoff from the same or a substantially equivalent job, the employer has caused an involuntary reduction in the work force with the intention of filling the vacancy with the welfare participant, or the employer has reduced to less than full time the hours of a worker in the same or a substantially equivalent job. A work activity that would violate an existing contract for services or a collective bargaining agreement cannot be undertaken without the written concurrence of the labor organization and employer concerned. Health and safety standards otherwise applicable to working conditions of employees apply to working conditions of participants in WTW work activities. The law forbids discrimination by reason of gender (adding this requirement to other antidiscrimination provisions already in TANF law). States

must establish and maintain a procedure for grievances or complaints, including opportunity for a hearing and appeal to an agency other than the agency administering the WTW program.

WELFARE DYNAMICS

DURATION ON WELFARE

The question of how long families receive cash welfare has more than one answer. The answer is affected by characteristics of the parent, whether repeat episodes of enrollment are taken into account, and whether annual or monthly data are examined. But some general answers are possible, based on studies of families' use of the repealed AFDC Program:

- New enrollees could be expected to spend an average of 6 years, including repeat spells, on AFDC (table 7-49).
- For families on AFDC at any given time, the average expected length of AFDC receipt, counting repeat spells, was 13 years (table 7-49).
- Almost half of the persons on the rolls at a given time had received benefits, counting repeat spells, for more than 5 years (table 7-49).
- More than half of welfare spells associated with a first birth to a never-married mother lasted longer than 5 years (table 7-51).
- Most episodes of AFDC enrollment were found to end within 12 months (table 7-52), but most families who exited AFDC came back within 24 months (table 7-53).

TABLE 7-49.—DISTRIBUTION OF TIME ON AFDC FOR A BEGINNING COHORT OF RECIPIENTS AND FOR THE CASELOAD AT A POINT IN TIME

Time on AFDC (months)	Beginning cohort— distribution of expected lifetime total	Current recipients	
		Distribution of expected lifetime total	Distribution of AFDC time to date
1-12	27.4	4.5	16.4
13-24	14.8	4.8	11.9
25-36	10.0	4.9	9.5
37-48	7.7	5.0	7.8
49-60	5.5	4.5	6.6
More than 60	34.8	76.2	47.8
Total	100.0	100.0	100.0
Average duration (years)	6.1	12.98	6.49

Source: Pavetti (1995).

Table 7-49, based on monthly data and prepared by LaDonna Pavetti (1995), examines the distribution of expected lifetime total time on AFDC, including repeat spells. It shows that for a beginning cohort, 34.8 percent could be expected to spend more than 60 months on the program. The picture was different for persons who

already were enrolled: 76.2 percent of them were expected to spend more than 60 months on AFDC, and 47.8 percent of them already had done so. The expected duration of welfare for the point-in-time caseload is much longer than for a beginning group of recipients because the probability of being on welfare at a given time is necessarily higher for long-term recipients than for those who have short welfare spells. The large number of persons who use welfare for a short time come and go, but the long-term users remain on the rolls. The estimates in table 7-49 are based on behavior of recipients under the AFDC system. Policy changes, such as the 5-year time limit on TANF-funded aid in the 1996 welfare reform law, might alter the length of time spent on cash assistance.

Expected duration on AFDC varied with personal characteristics and with the event that appeared to precipitate the use of welfare. As was seen in table 7-49, 57.8 percent of first-time recipients could be expected to spend more than 24 months on AFDC, counting repeat spells, over their lifetimes. But, as table 7-50 shows, the comparable percentages were 66 percent and above for groups with one of the following characteristics at time of AFDC entry: no high school diploma, no recent work experience, black or Hispanic; never married; and more than three children.

Boisjoly et al. (1996) examined events associated with initial welfare spells and duration of those spells. As shown in table 7-51, Boisjoly and her colleagues found that 27 percent of first welfare spells beginning in 1973-82 and 21 percent beginning in 1983-91 were associated with a first birth to a never-married woman. Of these spells, 71 percent lasted at least 2 years and 51 percent at least 5 years. Initial AFDC spells associated with divorce or separation were shorter; 48 percent lasted at least 2 years and 26 percent at least 5 years. Of initial spells associated with a fall in the mother's work hours, 65 percent lasted at least 2 years, and 30 percent at least 5 years.

EXITS AND RETURNS TO WELFARE

Movement on and off the AFDC rolls was frequent. Exits are portrayed in table 7-52 and returns in table 7-53. Both tables are based on monthly caseload data. Table 7-52 shows that 56 percent of episodes of AFDC ended within 12 months, 70 percent within 24 months, and almost 85 percent within 4 years. The table also shows that work exits from AFDC generally accounted for slightly less than half of all exits within a 5-year period.

Table 7-53 shows that many who left AFDC returned to the rolls very quickly. Within 1 year of their exit, 45 percent of ex-recipients returned to the program; within 2 years, 58 percent; within 4 years, 69 percent. Those who left AFDC because of employment remained off the program somewhat longer than those who left for other reasons.

A study based on 168 months (14 years) of data about AFDC receipt from the National Longitudinal Study of Youth (NLSY) examined both a parent's first AFDC experience and any subsequent reentry to the rolls after an exit (Cao, 1996). The study found that among females under the age of 21 as of January 1979, having a newborn was the most important reason for first entering welfare

and also for recidivism, other things being equal. Other notable findings were that:

—The most common cause for first entering AFDC was having a baby within the last 6 months (74 percent).

—Giving birth again appeared to be a major cause for reentering AFDC after leaving the program (54 percent among persons making a first return to AFDC; 45 percent and 40 percent among those returning a second and third time, respectively).

TABLE 7-50.—TIME ON WELFARE AND SELECTED CHARACTERISTICS FOR A BEGINNING COHORT OF RECIPIENTS

Characteristics at beginning of first AFDC spell	Percent of all first-time recipients	Percent expected to spend longer than 24 months on AFDC	Percent expected to spend longer than 60 months on AFDC
Education:			
<9 years	13.0	75.3	63.4
9-11 years	34.0	66.2	40.0
12+ years	53.0	48.2	24.3
Work experience:			
No recent	38.7	67.1	44.9
Recent	61.3	52.0	28.3
Age:			
Under 24	52.7	64.5	41.9
25-30	24.9	51.9	25.6
31-40	19.3	48.4	28.3
Over 40	3.1	51.1	25.2
Race:			
White/other	55.6	50.9	26.7
Black	28.4	66.4	41.4
Hispanic	16.0	66.9	50.7
Marital status:			
Never married	58.2	65.5	43.1
Ever married	41.8	47.2	23.0
Age of youngest child:			
<12 months	52.1	64.8	39.2
13-36 months	16.6	55.5	37.9
37-60 months	10.9	54.3	29.5
61-120 months	11.2	49.7	29.9
121+ months	9.3	37.1	15.2
Number of children:			
1	57.2	57.0	35.8
2	33.2	58.2	31.9
3	7.5	58.7	35.9
Over 3	2.2	71.0	43.1
All recipients	100.0	57.8	34.8

Source: Pavetti (1995).

TABLE 7-51.—EVENTS ASSOCIATED WITH WELFARE SPELL BEGINNINGS—TRENDS AND DURATIONS OF RECEIPT

Event associated with beginnings of first spell of AFDC	Percentage of all beginnings associated with the event		Percentage of spells lasting at least:	
	1973-82	1983-91	2 years	5 years
First birth to never-married mother	27	21	71	51
First birth under other circumstances	14	14	53	28
Second or later birth	18	17	60	39
Divorce/separation	23	23	48	26
Mother left parental nest	5	7	68	NA
Fall in mother's work hours	26	23	65	30
Fall of work hours of others in family	32	24	52	33

Data are from the Panel Study of Income Dynamics.

NA—Not available.

Source: Boisjoly (table appears in article, Welfare Dynamics, by G.H. Duncan and G. Caspary, Notre Dame Journal of Law, Ethics, and Public Policy, 1997).

TABLE 7-52.—CUMULATIVE PERCENTAGE OF WOMEN LEAVING WELFARE BY DURATION OF TIME ON WELFARE AND TYPE OF EXIT

Duration (months)	Work exits	Other exits	All exits
1-12	25.4	30.4	55.8
13-24	31.7	38.3	70.0
25-36	35.9	42.3	78.2
37-48	39.0	43.6	82.6
49-60	40.9	45.4	86.3

Source: Pavetti (1993, p. 46).

TABLE 7-53.—CUMULATIVE PERCENTAGE OF WOMEN RETURNING TO AFDC BY DURATION OF TIME OFF AFDC AND TYPE OF EXIT

Duration (months)	Work exits	Other exits	All exits
1-12	39.4	49.5	44.9
13-24	52.5	61.8	57.6
25-36	57.8	69.3	64.2
37-48	62.5	74.3	69.1
49-60	65.0	76.6	71.5

Source: Pavetti (1995).

—A decline in earnings counted for only about 4 percent of cases first entering AFDC and between 8 and 10 percent of those returning to the program after an exit.

—“Becoming unmarried” accounted for less than 2 percent of first spells of AFDC and for less than 4 percent of first returns to AFDC after an exit. The study noted that these low percentages might reflect the relative youth of recipients in

the sample, many of whom became mothers as teens and never married.

Meyer and Cancian (1996), in another study based on 14 years of NLSY data, analyzed the poverty status of women in the 5 years after their first observed exit from AFDC. They found that more than half (55 percent) of former recipients were poor 1 year after first departing from AFDC, and about 40 percent after 5 years. Almost one in five (18 percent) was poor in each of the 5 years; more than one-fifth (22 percent) were never poor in the first 5 years. The researchers said that in each of the 5 years, about 60 percent of the women had earnings, and 40 percent income from a spouse or partner. The other major income sources were AFDC, received by 30–40 percent of the women each year (60 percent of the women returned to AFDC), and food stamps, received by 40–50 percent. Child support or alimony was received by 17–19 percent.

INTERGENERATIONAL PATTERNS OF WELFARE USE

Several researchers have examined the question of intergenerational transmission of receipt of AFDC. In general, using panel data, they have measured AFDC income in parental families and then examined its correlation with later behavior of their daughters, either through simple cross-tabulations or multivariate statistical analyses. A 1990 review of seven studies made between 1986 and 1990 (Moffitt, 1990) concluded that their results provide consistent evidence of strong correlations between parental welfare receipt and later behavior of the daughters. Moffitt concluded that the research showed that daughters from welfare families are much more likely to participate in the welfare system themselves at a later date, and are more likely to have births in general and premarital births in particular. Evidence was weaker for the one study that examined the effect of parental welfare receipt on later work effort by sons.

The studies do not answer the question of whether growing up in a family that receives AFDC “causes” a daughter to later become an AFDC mother. Many omitted variables, such as the human capital characteristics of the parental family, could be responsible for the observed correlation. Children from AFDC-dependent homes generally have fewer parental resources available to them, live in worse neighborhoods, and go to lower quality schools. All of these factors could have an independent effect on the probability of their receiving AFDC in adulthood. Further, transmission of AFDC receipt from one generation to the next could operate in a number of ways: for example, by lowering the stigma of welfare, by acquainting the AFDC child with rules of the system or by affecting the work effort of the AFDC family or its investments in human capital (Moffitt, 1990).

Table 7–54 summarizes findings from a 1988 study that surveyed a sample of daughters whose economic status was observed when the daughters were between the ages of 13 and 15 and later when they were between the ages of 21 and 23. For each of the periods, AFDC dependence was defined as: no dependence—no AFDC income reported; moderate dependence—AFDC reported in 1 or 2 years; high dependence—AFDC in all 3 years. Daughters from highly dependent homes were several times more likely to become

highly dependent themselves (20 percent) than were daughters from nonrecipient homes (3 percent). At the same time, 64 percent of the daughters from highly dependent homes received no AFDC as young adults.

Another study (Gottschalk, 1992) distinguished between parents who were eligible for AFDC and those who were not, noting that some of the positive correlation found between mothers' and daughters' AFDC use might reflect the low probability that adult daughters of high-income parents would meet the AFDC income test. Gottschalk also controlled for differences between parents who, though AFDC-eligible, did not participate, and those who did. Finally, he used event history analysis to lengthen the observation period (since a short period is likely to miss many mothers and daughters who at some point receive AFDC).

TABLE 7-54.—INTERGENERATIONAL PATTERNS OF AFDC RECEIPT

Dependence of parents	Dependence of daughters (percent)			Unweighted number of cases
	No	Moderate	High	
No	91	6	3	811
Moderate	62	22	16	127
High	64	16	20	147

Source: Duncan, Hill, & Hoffman (1988).

The Gottschalk study showed that daughters raised in AFDC households had different economic and demographic characteristics from those raised in nonrecipient households. More specifically, they were disproportionately nonwhite and came from more disadvantaged backgrounds, as measured by family income, mother's education, or the proportion of disadvantaged students in their school. Households eligible for AFDC that did not enroll in the program also were more disadvantaged than recipient households. This study reached three broad conclusions: (1) parental enrollment in AFDC was correlated with daughters' later participation in AFDC; (2) the parents' participation did not seem to be capturing solely the effects of low income; the intergenerational correlation seemed to reflect more than a simple statistical artifact; and (3) the loss of income if the parent did not receive AFDC, even though eligible, raised the probability that the daughter would receive AFDC.

Daughters who grew up on AFDC had a higher overall probability of giving birth by the end of the survey than daughters of eligible parents who did not participate in AFDC (53 percent versus 33.4 percent). Further, more than half (55.8 percent) of the young mothers who were raised in AFDC families also received AFDC for their children. In comparison, the probability of a daughter's receiving AFDC for her own child was less than one-third (32.9 percent) if her eligible parent had not participated in AFDC.

A recent review of the research (Duncan and Caspary, 1997) concluded that the evidence on the question of intergenerational linkage of welfare use, although not definitive, "does indeed suggest" such a linkage, even after adjusting for the conditions associated with welfare-recipient families.

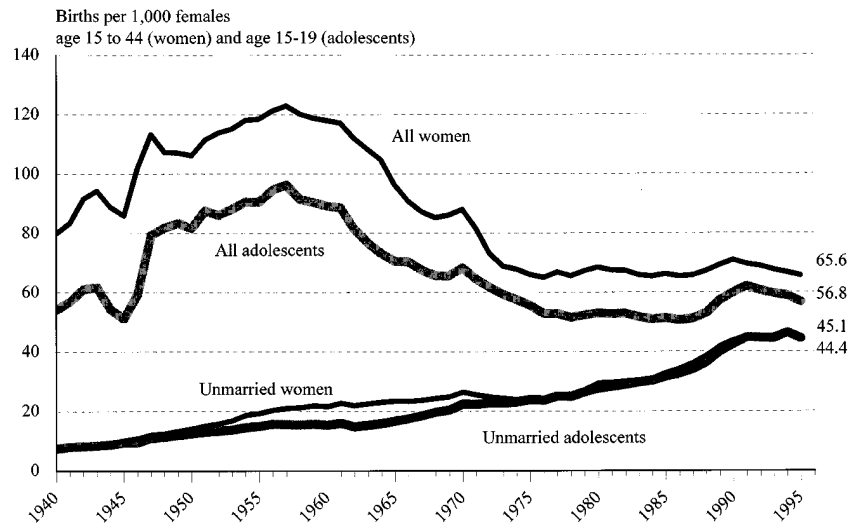
ADOLESCENT AND OUT-OF-WEDLOCK CHILDBEARING AND USE OF AFDC

TRENDS OVER TIME

Adolescent pregnancy, declining marriage rates, and increased childbearing among unmarried women have contributed to the rising share of children being born to unwed mothers. Out-of-wedlock birth rates, slowly but steadily moving upward since at least the 1940s, took a sharp upward turn in the mid-1980s. The diminishing fertility of married women coincident with the growing fertility of unmarried women has increased the likelihood that children born today will be born outside marriage. These trends have placed children at increased risk of being poor and have placed increased demands on the Nation's welfare programs. Among children whose mother has never married, 59 percent were poor in 1996. About one-third of never-married mothers reported receiving AFDC (34 percent) in 1996.

The rate of childbearing by unmarried women age 15–44 increased by 54 percent from 1980–91, but has remained stable at about 45.3 births per 1,000 unmarried women for several years. It dropped slightly to 45.1 births per 1,000 unmarried women in 1995. As chart 7–2 depicts, the birth rate of unmarried adolescent women closely tracks that of all unmarried women of childbearing age. Almost one-third (32.2 percent) of all births in 1995 were out of wedlock (and preliminary data for 1996 indicate that 32.4 percent of births were to unmarried women).

CHART 7–2. BIRTH RATES FOR ALL WOMEN, ADOLESCENTS, UNMARRIED WOMEN, AND UNMARRIED ADOLESCENTS, 1940–95



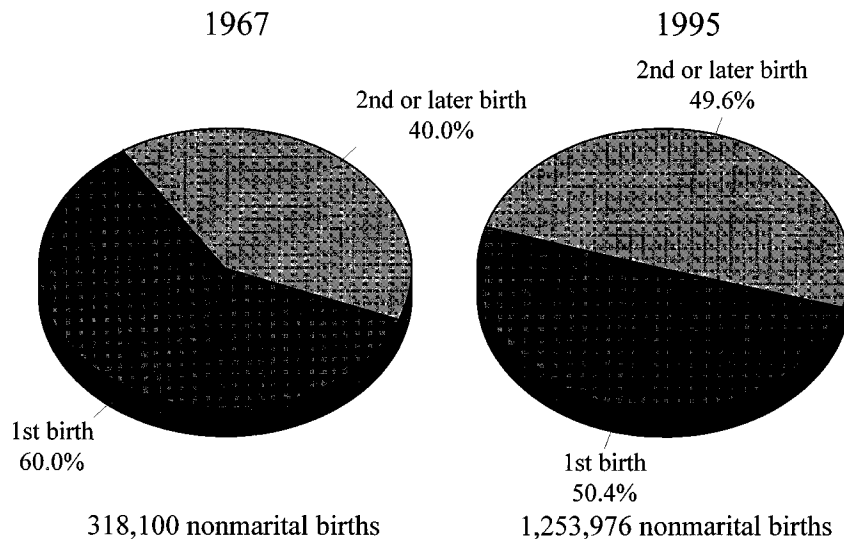
Source: Congressional Research Service analysis of National Center for Health Statistics natality data, 1997.

Most teen births were out of wedlock. Specifically, 69.8 percent of the 512,115 births to adolescents in 1995 were out of wedlock (Wasem, 1995). On the other hand, the age group that comprises the largest portion of out-of-wedlock births in 1993 was women in their early twenties (34.5 percent). While these two statistics imply that adolescent childbearing is only an overlapping portion of non-marital births, the following analysis of the birth order patterns (e.g., how many previous births the mother has had) reveals a more complex relationship. Although adolescent childbearing should not be viewed as synonymous with out-of-wedlock births, adolescence appears to be the time in life that most unmarried women who bear children have their first child.

FIRST BIRTHS TO UNMARRIED WOMEN

Not only has the sheer number of births to unmarried women increased sharply over the past few decades, but the birth order patterns of unmarried women have changed as well. As chart 7-3 depicts, 60 percent of the 318,100 births to unmarried women in 1967 were their first child. By 1995, just over half (50.1 percent) of the 1.3 million births to unmarried women were their first child. In other words, almost half of the unmarried women who had a baby in 1995 had given birth previously. Some of these unmarried women, however, may have been previously married.

CHART 7-3. BIRTHS TO UNMARRIED WOMEN IN 1967 AND 1995: FIRST BIRTHS AND PREVIOUS BIRTHS

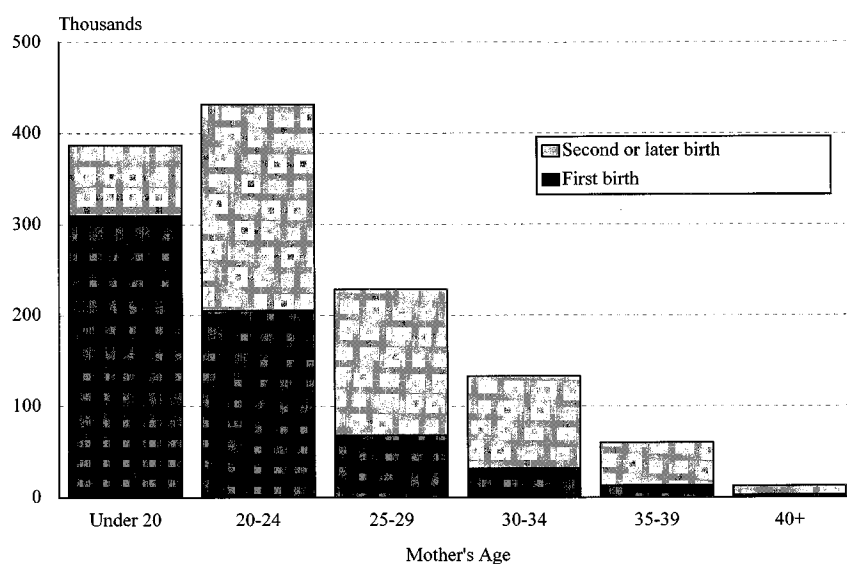


Source: Congressional Research Service analysis of National Center for Health Statistics natality data, 1997.

When the birth order patterns of unmarried women are broken down by age in chart 7-4, it becomes clear that many of the young women in the largest category (20-24 age group) had previously

given birth before they had this child out of wedlock. Only 50.4 percent of these births are the first births these young women have had, suggesting that many of these unmarried mothers began their families as adolescents. Although births to adolescents are only 31 percent of the 1.3 million births to unmarried women, they make up almost half of all first births to unmarried women (49.1 percent).

CHART 7-4. BIRTHS TO UNMARRIED WOMEN IN 1995: LIVE BIRTHS BY AGE OF MOTHER AND PREVIOUS BIRTHS



Source: Congressional Research Service analysis of National Center for Health Statistics natality data, 1997.

LINKS TO AFDC USE

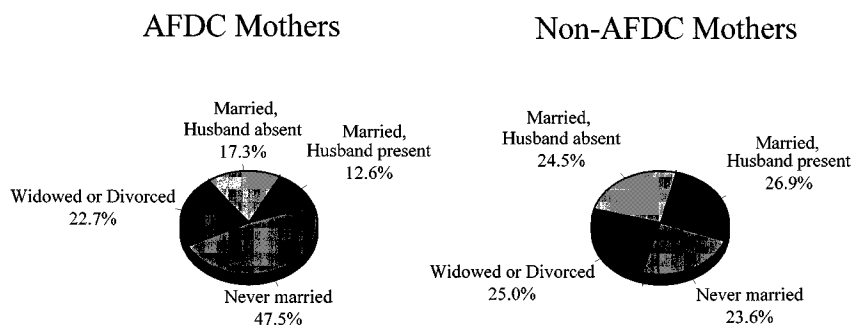
The Congressional Budget Office (Adams & Williams, 1990) analyzed data from the National Longitudinal Survey of Youth and found that almost half of all adolescent mothers began receiving AFDC within 5 years of the birth of their first child. Over three-fourths of unmarried adolescent mothers began receiving AFDC within 5 years of the birth of their first child. Moreover, CBO found that observed differences in receipt of AFDC by age and race were largely explained by the marital status of the adolescent mother.

In addition to the role of adolescent childbearing, the links between out-of-wedlock childbearing and AFDC use are also being documented. Analysis of Current Population Survey data by the Congressional Research Service found that perhaps as much as half of caseload growth in recent years could be attributed to the increased number of mother-only families (Gabe, 1992).

Similarly, an analysis of data from the Survey of Income and Program Participation (SIPP) done by Amara Bachu and Martin O'Connell (1995) of the Bureau of the Census found that nearly

half (47.5 percent) of AFDC mothers have never been married. As shown in chart 7-5, this study, which compares the demographic traits of AFDC mothers with non-AFDC mothers as of 1993, found further that the percent of AFDC mothers who had never been married was double the percent of non-AFDC mothers who had never been married (23.6 percent).

CHART 7-5. MARITAL STATUS OF AFDC MOTHERS AND NON-AFDC MOTHERS, 1993

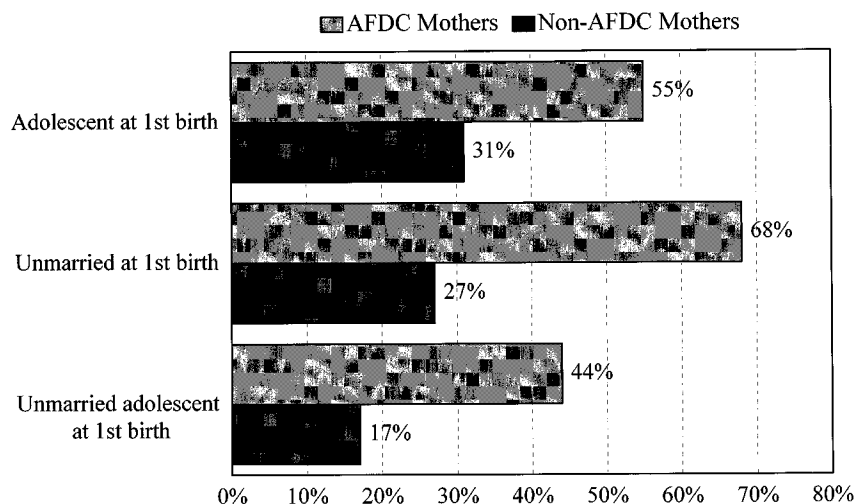


Source: March 1995 Survey of Income and Program Participation (SIPP).

As chart 7-6 depicts, an analysis of the SIPP by Nicholas Zill of Westat (1996) revealed that 68 percent of AFDC mothers were unmarried at the time their first child was born, while only 27 percent of non-AFDC mothers were. Over half (55 percent) of AFDC mothers were adolescents at the time of their first birth in comparison with just under one-third (31 percent) of non-AFDC mothers. Zill also found that 44 percent of AFDC mothers were unmarried adolescents at the time of their first birth while only 17 percent of non-AFDC mothers were unmarried adolescents at the time of their first birth.

The differences in the welfare reciprocity patterns of adolescent mothers of different ages could be due to a number of factors. In particular, they are likely to be partially due to marital status differences between the two groups—the younger mothers in this sample were much less likely to be married than were older mothers. Other factors that might play a role include differences in living arrangements and in the likelihood of having a subsequent birth.

CHART 7-6. MARITAL STATUS OF AFDC MOTHERS AND NON-AFDC MOTHERS AT THE TIME OF THEIR FIRST CHILDBIRTH, 1993



Source: Zill (1996).

LEGISLATIVE HISTORY

For detailed legislative history of AFDC from 1980 to 1994, see the 1996 Green Book.

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