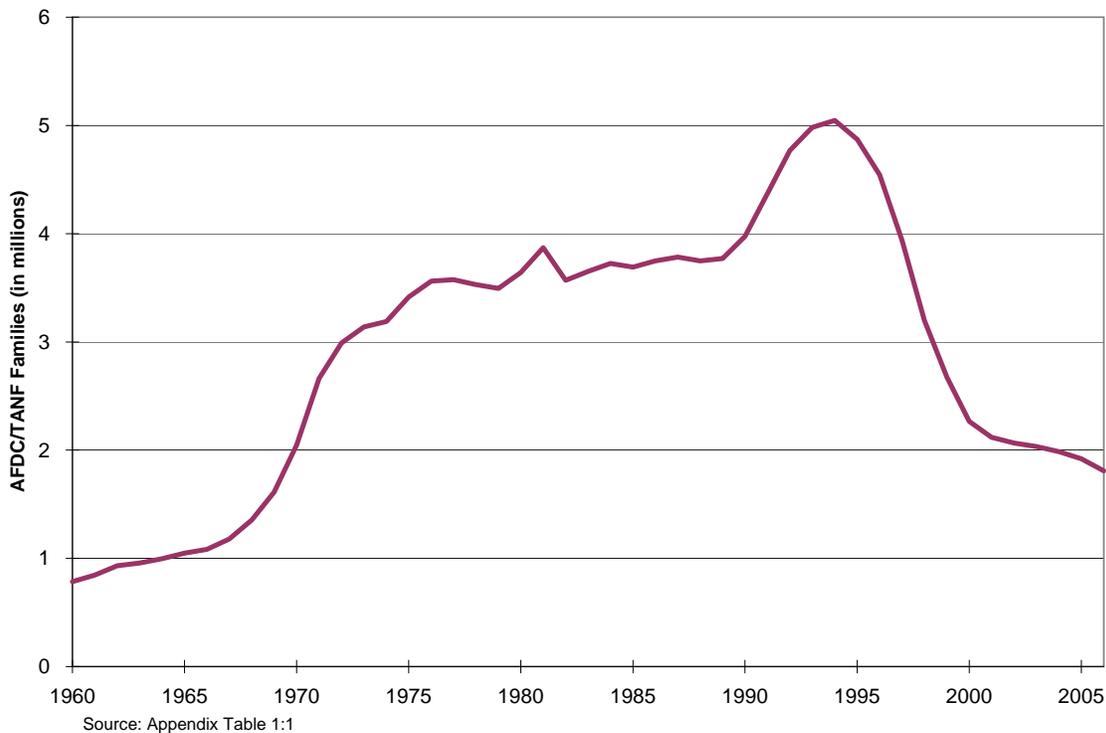


I. CASELOAD

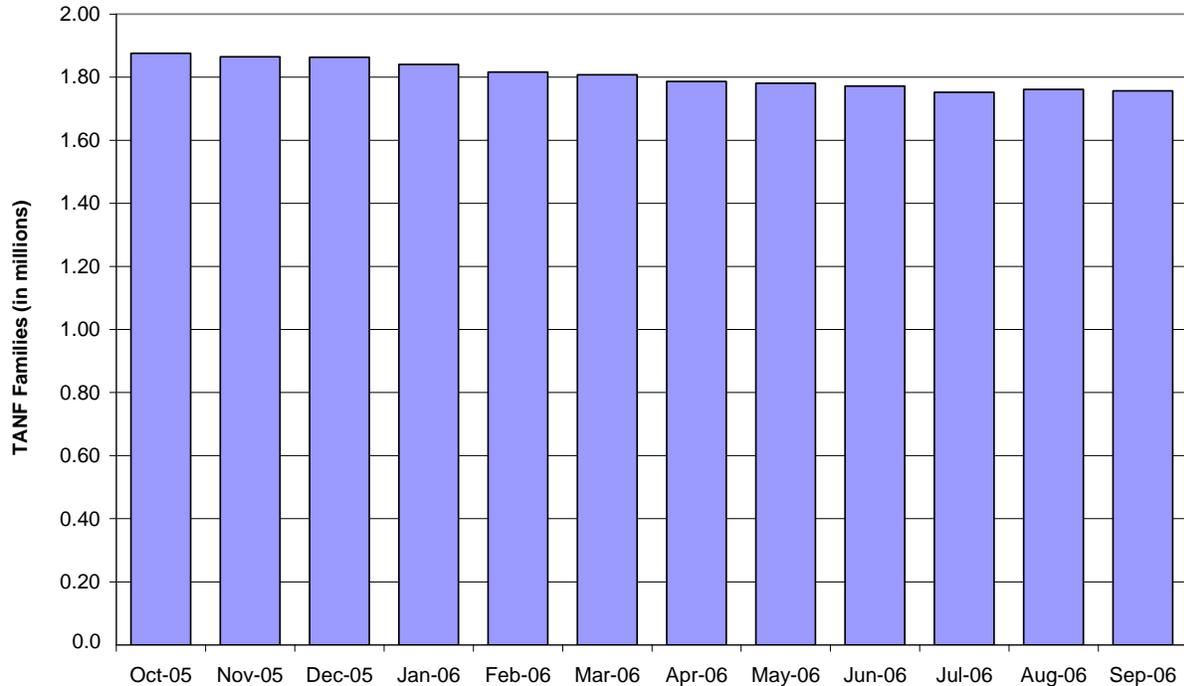
The national Temporary Assistance for Needy Families (TANF) caseload declined through FY 2006, continuing its long-term decline since the program's creation. Figure A shows the average monthly number of families and recipients receiving Aid to Families with Dependent Children (AFDC) benefits or TANF assistance from 1936 through 2006, and that the reduction that began in 1994 continues today. This chapter reviews these national caseload trends, changes in the composition of the caseload, and key factors affecting these developments.

Figure A
AFDC/TANF Families
FY 1960 - FY 2006



Compared with the years immediately following the enactment of TANF, the caseload decline during FY 2006 was relatively modest. A total of 1,756,750 families were aided in September 2006, the last month of the fiscal year. This was 122,929 fewer families that received assistance than at the end of FY 2005, representing a 6.5 percent decline in TANF cases. Figure B shows the monthly number of families that received assistance in FY 2006.

Figure B
Average Monthly TANF Families
FY 2006



Source: Appendix Table 1:2

TANF caseload figures can be misleading because they ignore assistance funded through State Maintenance of Effort (MOE) funds in Separate State Programs (SSPs). Families receiving assistance through SSPs are not subject to Federal participation requirements, the Federal five-year time limit, and various other rules (although the Deficit Reduction Act of 2005 included work participation requirements for adults in SSPs beginning in FY 2007). The funds must be spent on families that include a child living with a parent or adult caretaker relative and are financially eligible according to State-set income/resource standards. It should be kept in mind that TANF is also used to provide services to many families not receiving assistance (e.g., transportation and child care for employed families) but for whom States do not report case counts.

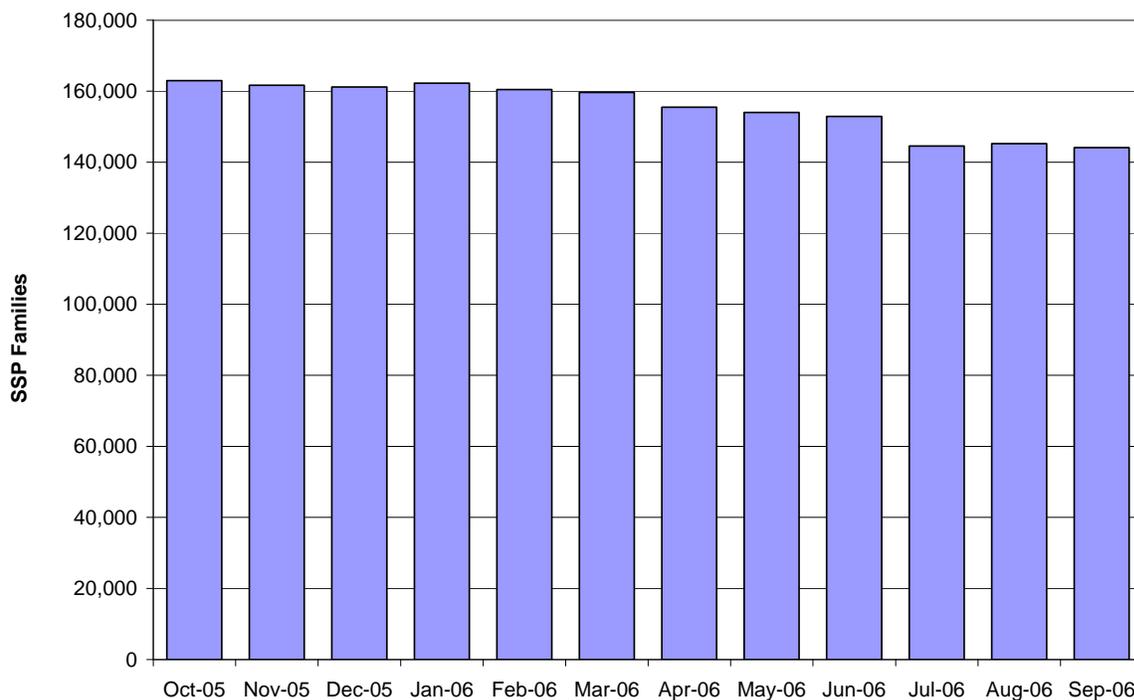
In FY 2006, 32 States¹ had established SSPs. Most State SSP programs are targeted to certain populations, the most common being two-parent families. In FY 2006, each State with an SSP program but Wyoming used their SSPs to aid some or all two-parent families who were then not subject to the TANF two-parent work participation requirements. Other groups include families with physical, mental health, substance abuse, or domestic violence issues; families in which the

¹ The term “State” in this report includes the District of Columbia, which is included whenever the term is used unless specifically noted.

parent or caretaker is receiving or has applied for Supplemental Security Income; families in which the caretaker relative is not the parent; families in which a parent is attending postsecondary school; and families in which the minor parent is a student.

Figure C shows the monthly number of families that received assistance in an SSP for FY 2006. As of September 2006, 144,110 families received assistance through an SSP, less than eight percent of the total TANF/SSP caseload. Most State programs are relatively small, and three States account for 71 percent of the families in SSPs nationwide: California (eight percent of combined caseload, primarily two-parent families), New York (24 percent of combined caseload, primarily families that have reached the Federal five-year time limit), and Virginia (75 percent of combined caseload, primarily families that had been exempt from work requirements).

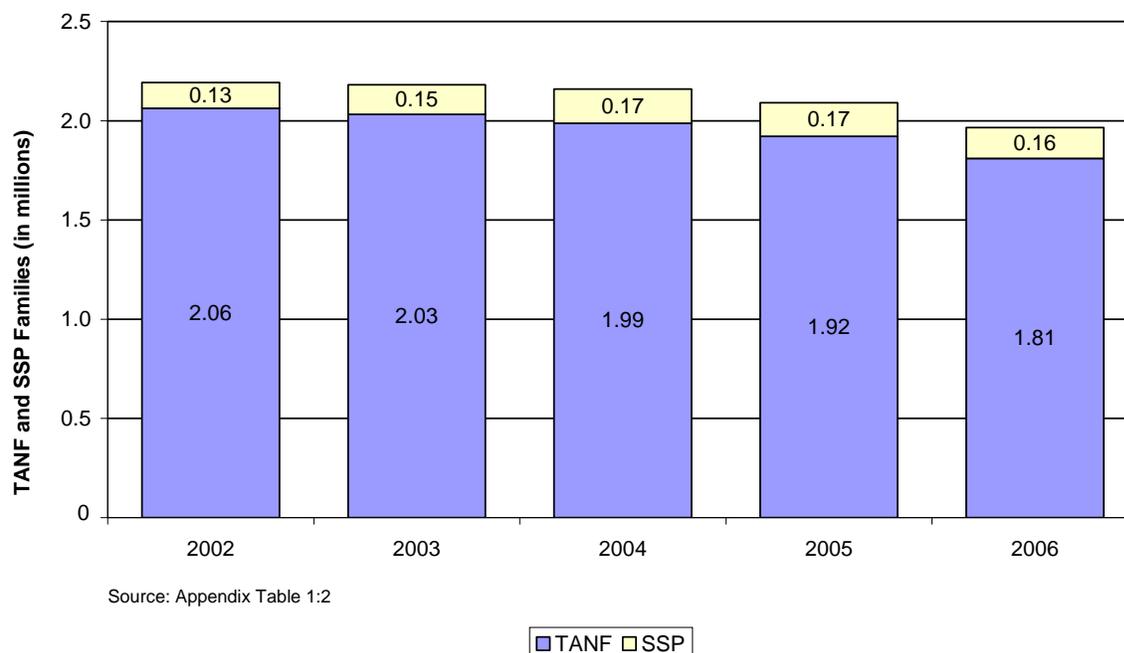
Figure C
Separate State Program Families by Month
FY 2006



Source: Appendix Table 1:2

Figure D shows the combined TANF and SSP caseload from FY 2002 to FY 2006. Despite the slight growth in the SSP caseload, the combined average monthly TANF/SSP caseload declined during this period.

Figure D
Average Monthly TANF and SSP Families
FY 2002 - FY 2006



TANF caseloads in all States and Territories remain substantially below their August 1996 caseload level. Thirty-seven States have reduced caseloads by more than 50 percent and 27 by more than 60 percent. While the number of people receiving cash assistance has dropped significantly, expenditures for people receiving employment-related services have grown considerably, reflecting the redirection of public assistance under TANF to a focus on work (see Chapter 2 for more detail).

Despite the steady national trend, there was considerable variation in TANF caseload changes among the States in FY 2006. Tables A and B show the number of families and recipients, respectively, by State as of September 2006, along with each State's percentage of the national caseload. These tables also compare and rank their change in caseload from both September 2005 and since the enactment of TANF in August 1996. During FY 2006, all but three States and Territories saw continuing caseload declines. One-year TANF caseload changes ranged from a 36 percent decline in Georgia to an 11 percent increase in Michigan, while the caseloads of 12 States remained quite stable with less than a five percent change. Understanding the significant variation across States is difficult, but we discuss some causal factors below. In addition, we present State-by-State profiles of TANF programs for FY 2006 in Chapter XIV.

Table A
Families - September 2006 TANF and SSP Caseload
Compared to September 2005 and August 1996

Families at end of FY 2006			Change Over FY 2006				Change Since TANF Enactment		
September 2006			September 2005 to September 2006				August 1996 to September 2006		
Rank ¹		% of U.S.	Rank ²	Change		Rank ²	Change		
	TANF	1,756,068		TANF	(123,611) -6.6%		TANF	(2,652,440) -60.2%	
	SSP-MOE	147,663		SSP-MOE	(14,110) -8.7%		SSP-MOE	147,663 -	
	U.S. Total	1,903,731		U.S. Total	(137,721) -6.7%		U.S. Total	(2,504,777) -56.8%	
Families by State			Change in Families by State				Change in Families by State³		
24	Alabama	19,385 1.0%	32	Alabama	(1,172) -5.7%	28	Alabama	(21,647) -52.8%	
48	Alaska	3,348 0.2%	36	Alaska	(178) -5.0%	10	Alaska	(8,811) -72.5%	
14	Arizona	38,086 2.0%	13	Arizona	(4,453) -10.5%	46	Arizona	(24,318) -39.0%	
41	Arkansas	8,596 0.5%	52	Arkansas	109 1.3%	21	Arkansas	(13,473) -61.0%	
1	California	477,436 25.1%	39	California	(21,638) -4.3%	37	California	(402,942) -45.8%	
32	Colorado	12,972 0.7%	8	Colorado	(2,242) -14.7%	18	Colorado	(21,514) -62.4%	
22	Connecticut	21,667 1.1%	27	Connecticut	(1,529) -6.6%	19	Connecticut	(35,659) -62.2%	
45	Delaware	5,462 0.3%	29	Delaware	(357) -6.1%	34	Delaware	(5,123) -48.4%	
30	Dist. of Col.	15,871 0.8%	30	Dist. of Col.	(1,036) -6.1%	47	Dist. of Col.	(9,479) -37.4%	
9	Florida	50,308 2.6%	9	Florida	(7,340) -12.7%	6	Florida	(150,614) -75.0%	
20	Georgia	27,553 1.4%	2	Georgia	(10,500) -27.6%	5	Georgia	(95,776) -77.7%	
49	Guam ³	3,072 0.2%	50	Guam ³	0 0.0%	54	Guam ³	829 37.0%	
40	Hawaii	9,336 0.5%	31	Hawaii	(590) -5.9%	25	Hawaii	(12,558) -57.4%	
52	Idaho	1,767 0.1%	45	Idaho	(48) -2.6%	4	Idaho	(6,840) -79.5%	
15	Illinois	34,376 1.8%	11	Illinois	(4,446) -11.5%	2	Illinois	(185,921) -84.4%	
12	Indiana	42,833 2.2%	26	Indiana	(3,315) -7.2%	52	Indiana	(8,604) -16.7%	
23	Iowa	20,450 1.1%	21	Iowa	(1,698) -7.7%	48	Iowa	(11,129) -35.2%	
28	Kansas	16,974 0.9%	28	Kansas	(1,152) -6.4%	51	Kansas	(6,816) -28.7%	
17	Kentucky	32,436 1.7%	38	Kentucky	(1,646) -4.8%	27	Kentucky	(38,828) -54.5%	
36	Louisiana	11,183 0.6%	3	Louisiana	(4,154) -27.1%	3	Louisiana	(56,284) -83.4%	
38	Maine	11,000 0.6%	48	Maine	(64) -0.6%	42	Maine	(9,007) -45.0%	
21	Maryland	21,784 1.1%	10	Maryland	(3,056) -12.3%	14	Maryland	(48,881) -69.2%	
10	Massachusetts	49,034 2.6%	51	Massachusetts	64 0.1%	44	Massachusetts	(35,666) -42.1%	
4	Michigan	89,806 4.7%	54	Michigan	9,277 11.5%	36	Michigan	(80,191) -47.2%	
18	Minnesota	30,176 1.6%	46	Minnesota	(548) -1.8%	35	Minnesota	(27,565) -47.7%	
34	Mississippi	12,594 0.7%	7	Mississippi	(2,234) -15.1%	9	Mississippi	(33,834) -72.9%	
11	Missouri	43,520 2.3%	42	Missouri	(1,555) -3.4%	38	Missouri	(36,603) -45.7%	
47	Montana	3,487 0.2%	16	Montana	(355) -9.2%	16	Montana	(6,627) -65.5%	
33	Nebraska	12,653 0.7%	44	Nebraska	(401) -3.1%	53	Nebraska	(1,782) -12.3%	
42	Nevada	6,548 0.3%	12	Nevada	(804) -10.9%	29	Nevada	(7,164) -52.2%	
43	New Hampshire	6,251 0.3%	47	New Hampshire	(91) -1.4%	49	New Hampshire	(2,849) -31.3%	
13	New Jersey	41,363 2.2%	22	New Jersey	(3,402) -7.6%	24	New Jersey	(60,341) -59.3%	
29	New Mexico	16,175 0.8%	18	New Mexico	(1,516) -8.6%	31	New Mexico	(17,178) -51.5%	
2	New York	169,727 8.9%	19	New York	(15,608) -8.4%	22	New York	(248,611) -59.4%	
19	North Carolina	28,514 1.5%	15	North Carolina	(3,210) -10.1%	7	North Carolina	(81,546) -74.1%	
51	North Dakota	2,409 0.1%	5	North Dakota	(446) -15.6%	33	North Dakota	(2,364) -49.5%	
5	Ohio	77,746 4.1%	40	Ohio	(3,415) -4.2%	20	Ohio	(126,494) -61.9%	
39	Oklahoma	9,534 0.5%	6	Oklahoma	(1,704) -15.2%	8	Oklahoma	(26,452) -73.5%	
25	Oregon	18,045 0.9%	33	Oregon	(1,015) -5.3%	45	Oregon	(11,872) -39.7%	
3	Pennsylvania	89,967 4.7%	17	Pennsylvania	(8,481) -8.6%	30	Pennsylvania	(96,375) -51.7%	
31	Puerto Rico	13,917 0.7%	41	Puerto Rico	(533) -3.7%	11	Puerto Rico	(35,954) -72.1%	
35	Rhode Island	11,813 0.6%	20	Rhode Island	(1,032) -8.0%	43	Rhode Island	(8,857) -42.8%	
27	South Carolina	17,889 0.9%	34	South Carolina	(991) -5.2%	23	South Carolina	(26,171) -59.4%	
50	South Dakota	2,840 0.1%	49	South Dakota	(13) -0.5%	32	South Dakota	(2,989) -51.3%	
7	Tennessee	67,487 3.5%	37	Tennessee	(3,549) -5.0%	50	Tennessee	(29,700) -30.6%	
6	Texas	68,408 3.6%	4	Texas	(13,843) -16.8%	12	Texas	(175,096) -71.9%	
44	Utah	6,247 0.3%	1	Utah	(2,383) -27.6%	26	Utah	(7,974) -56.1%	
46	Vermont	4,792 0.3%	43	Vermont	(167) -3.4%	40	Vermont	(3,973) -45.3%	
53	Virgin Islands	453 0.0%	53	Virgin Islands	14 3.2%	15	Virgin Islands	(918) -67.0%	
16	Virginia	33,908 1.8%	25	Virginia	(2,676) -7.3%	41	Virginia	(27,997) -45.2%	
8	Washington	53,267 2.8%	24	Washington	(4,350) -7.5%	39	Washington	(44,225) -45.4%	
37	West Virginia	11,051 0.6%	14	West Virginia	(1,265) -10.3%	13	West Virginia	(25,993) -70.2%	
26	Wisconsin	17,910 0.9%	35	Wisconsin	(959) -5.1%	17	Wisconsin	(34,014) -65.5%	
54	Wyoming	305 0.0%	23	Wyoming	(25) -7.6%	1	Wyoming	(4,007) -92.9%	
	Total	1,903,731		Total	(137,721)		Total	(2,504,777)	

¹ Ranked by largest number of State and Territory TANF and SSP families.

² Ranked by largest percentage decline in caseload.

³ Guam caseload data is estimated based on the first quarter of FY 2002.

Sources: Statistical Report on Recipients Under Public Assistance, TANF Data Report, SSP-MOE Data Report, Tribal TANF Data Report.

Table B
Recipients - September 2006 TANF and SSP Caseload
Compared to September 2005 and August 1996

Recipients at end of FY 2006			Change Over FY 2006			Change Since TANF Enactment		
September 2006			September 2005 to September 2006			August 1996 to September 2006		
Rank ¹		% of U.S.	Rank ²	Net Change		Rank ²	Net Change	
	TANF	4,095,452		TANF	(337,389) -7.6%		TANF	(8,146,673) -66.5%
	SSP-MOE	490,259		SSP-MOE	(47,067) -8.8%		SSP-MOE	490,259 -
	U.S. Total	4,585,711		U.S. Total	(384,456) -7.7%		U.S. Total	(7,656,414) -62.5%
Recipients by State			Change in Recipients by State			Change in Recipients by State		
24	Alabama	45,722 1.0%	25	Alabama	(3,435) -7.0%	30	Alabama	(54,940) -54.6%
49	Alaska	8,921 0.2%	7	Alaska	(607) -6.4%	19	Alaska	(26,623) -74.9%
14	Arizona	83,434 1.8%	53	Arizona	(12,647) -13.2%	51	Arizona	(86,008) -50.8%
41	Arkansas	19,260 0.4%	11	Arkansas	721 3.9%	28	Arkansas	(37,083) -65.8%
1	California	1,168,908 25.5%	25	California	(57,787) -4.7%	26	California	(1,413,040) -54.7%
32	Colorado	33,201 0.7%	51	Colorado	(6,369) -16.1%	21	Colorado	(62,587) -65.3%
23	Connecticut	47,047 1.0%	8	Connecticut	(4,025) -7.9%	7	Connecticut	(112,199) -70.5%
45	Delaware	12,295 0.3%	36	Delaware	(1,033) -7.8%	40	Delaware	(11,359) -48.0%
30	Dist. of Col.	38,803 0.8%	40	Dist. of Col.	(3,271) -7.8%	46	Dist. of Col.	(30,489) -44.0%
15	Florida	82,511 1.8%	30	Florida	(17,013) -17.1%	5	Florida	(451,290) -84.5%
20	Georgia	51,653 1.1%	38	Georgia	(28,656) -35.7%	23	Georgia	(278,649) -84.4%
47	Guam ³	10,783 0.2%	27	Guam ³	0 0.0%	54	Guam ³	2,469 29.7%
36	Hawaii	26,240 0.6%	9	Hawaii	(1,799) -6.4%	16	Hawaii	(40,242) -60.5%
52	Idaho	2,881 0.1%	54	Idaho	(314) -9.8%	3	Idaho	(18,899) -86.8%
13	Illinois	84,244 1.8%	3	Illinois	(12,702) -13.1%	2	Illinois	(558,400) -86.9%
9	Indiana	124,631 2.7%	12	Indiana	(9,062) -6.8%	53	Indiana	(17,973) -12.6%
22	Iowa	47,279 1.0%	28	Iowa	(4,559) -8.8%	44	Iowa	(38,867) -45.1%
25	Kansas	44,290 1.0%	46	Kansas	(3,320) -7.0%	47	Kansas	(19,493) -30.6%
18	Kentucky	67,790 1.5%	35	Kentucky	(5,345) -7.3%	29	Kentucky	(104,403) -60.6%
38	Louisiana	25,200 0.5%	26	Louisiana	(10,343) -29.1%	6	Louisiana	(202,915) -89.0%
34	Maine	31,628 0.7%	52	Maine	257 0.8%	38	Maine	(22,245) -41.3%
21	Maryland	51,062 1.1%	33	Maryland	(9,115) -15.1%	10	Maryland	(143,065) -73.7%
12	Massachusetts	100,047 2.2%	24	Massachusetts	(4,130) -4.0%	35	Massachusetts	(125,983) -55.7%
3	Michigan	238,766 5.2%	50	Michigan	24,410 11.4%	25	Michigan	(263,588) -52.5%
17	Minnesota	78,884 1.7%	22	Minnesota	(2,764) -3.4%	41	Minnesota	(90,860) -53.5%
37	Mississippi	25,966 0.6%	34	Mississippi	(5,459) -17.4%	15	Mississippi	(97,862) -79.0%
10	Missouri	110,618 2.4%	10	Missouri	(4,189) -3.6%	31	Missouri	(112,202) -50.4%
48	Montana	8,978 0.2%	13	Montana	(1,157) -11.4%	37	Montana	(20,152) -69.2%
33	Nebraska	33,026 0.7%	42	Nebraska	(1,441) -4.2%	50	Nebraska	(6,202) -15.8%
42	Nevada	15,814 0.3%	4	Nevada	(2,224) -12.3%	49	Nevada	(18,447) -53.8%
44	New Hampshire	14,219 0.3%	20	New Hampshire	(520) -3.5%	45	New Hampshire	(8,718) -38.0%
11	New Jersey	105,527 2.3%	41	New Jersey	(7,016) -6.2%	18	New Jersey	(170,110) -61.7%
27	New Mexico	41,073 0.9%	39	New Mexico	(4,523) -9.9%	32	New Mexico	(58,588) -58.8%
2	New York	431,995 9.4%	19	New York	(43,905) -9.2%	8	New York	(711,967) -62.2%
19	North Carolina	55,095 1.2%	17	North Carolina	(7,693) -12.3%	9	North Carolina	(212,231) -79.4%
51	North Dakota	6,056 0.1%	37	North Dakota	(1,243) -17.0%	48	North Dakota	(7,090) -53.9%
6	Ohio	165,068 3.6%	29	Ohio	(9,893) -5.7%	12	Ohio	(384,244) -70.0%
40	Oklahoma	20,738 0.5%	23	Oklahoma	(4,732) -18.6%	20	Oklahoma	(75,463) -78.4%
28	Oregon	40,582 0.9%	32	Oregon	(2,465) -5.7%	39	Oregon	(37,837) -48.2%
4	Pennsylvania	230,646 5.0%	44	Pennsylvania	(26,437) -10.3%	24	Pennsylvania	(300,413) -56.6%
31	Puerto Rico	37,372 0.8%	21	Puerto Rico	(1,870) -4.8%	13	Puerto Rico	(113,651) -75.3%
35	Rhode Island	30,028 0.7%	15	Rhode Island	(3,210) -9.7%	43	Rhode Island	(26,532) -46.9%
26	South Carolina	41,900 0.9%	6	South Carolina	(2,751) -6.2%	22	South Carolina	(72,373) -63.3%
50	South Dakota	6,099 0.1%	14	South Dakota	(157) -2.5%	17	South Dakota	(9,797) -61.6%
5	Tennessee	179,319 3.9%	48	Tennessee	(10,000) -5.3%	52	Tennessee	(75,499) -29.6%
7	Texas	159,256 3.5%	5	Texas	(35,095) -18.1%	27	Texas	(489,762) -75.5%
43	Utah	14,910 0.3%	49	Utah	(6,752) -31.2%	42	Utah	(24,163) -61.8%
46	Vermont	11,882 0.3%	18	Vermont	(525) -4.2%	36	Vermont	(12,449) -51.2%
53	Virgin Islands	1,305 0.0%	2	Virgin Islands	(8) -0.6%	11	Virgin Islands	(3,593) -73.4%
16	Virginia	79,550 1.7%	1	Virginia	(7,487) -8.6%	4	Virginia	(73,295) -48.0%
8	Washington	128,595 2.8%	31	Washington	(13,095) -9.2%	34	Washington	(140,332) -52.2%
39	West Virginia	24,696 0.5%	43	West Virginia	(3,762) -13.2%	33	West Virginia	(64,343) -72.3%
29	Wisconsin	39,353 0.9%	47	Wisconsin	(3,897) -9.0%	14	Wisconsin	(109,535) -73.6%
54	Wyoming	565 0.0%	16	Wyoming	(42) -6.9%	1	Wyoming	(10,833) -95.0%
	Total	4,585,711		Total	(384,456)		Total	(7,656,414)

¹ Ranked by largest number of State and Territory TANF recipients.

² Ranked by largest percentage decline in caseload.

³ Guam caseload data is estimated based on the first quarter of FY 2002.

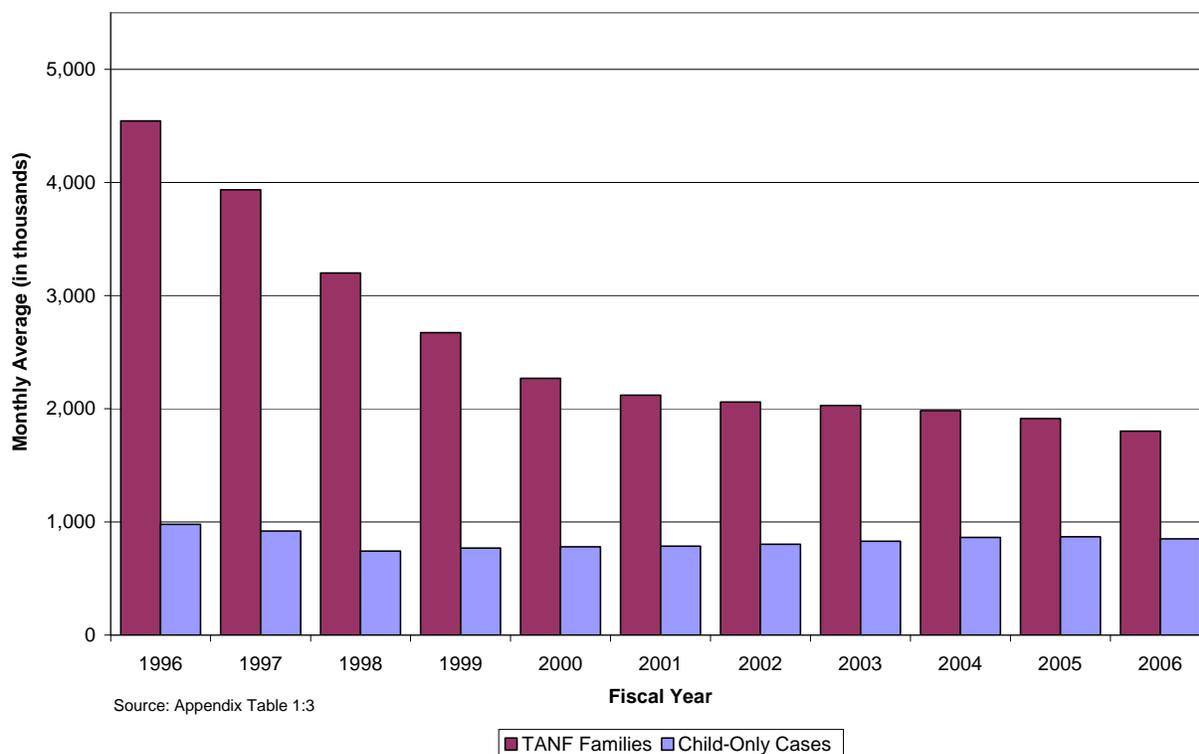
Sources: Statistical Report on Recipients Under Public Assistance, TANF Data Report, SSP-MOE Data Report, Tribal TANF Data Report.

Child-Only Cases

Although the overall TANF caseload continued to decline in FY 2006, a large and growing proportion of cases have been designated "child-only" cases. At the end of FY 2006, there were 850,881 cases receiving assistance that were families where no adult was included in the benefit calculation and only children were aided (Appendix Table 10:12). Such child-only cases are exempted from Federal work requirements and time limits (although the Deficit Reduction Act of 2005 applied work participation requirements to many adults in "child-only" cases beginning in FY 2007). About 50,000 of these cases with no adults included parents who did not receive assistance because of a sanction.

As reflected in Figure E, the proportion of child-only cases in the caseload has been increasing over the last decade, growing from 21.5 percent in FY 1996 to 47.2 percent in FY 2006. The increase in the proportion of these cases is due to the decline in adult-headed cases.

Figure E
Trend in TANF Families and Child-Only Cases
FY 1996 - FY 2006



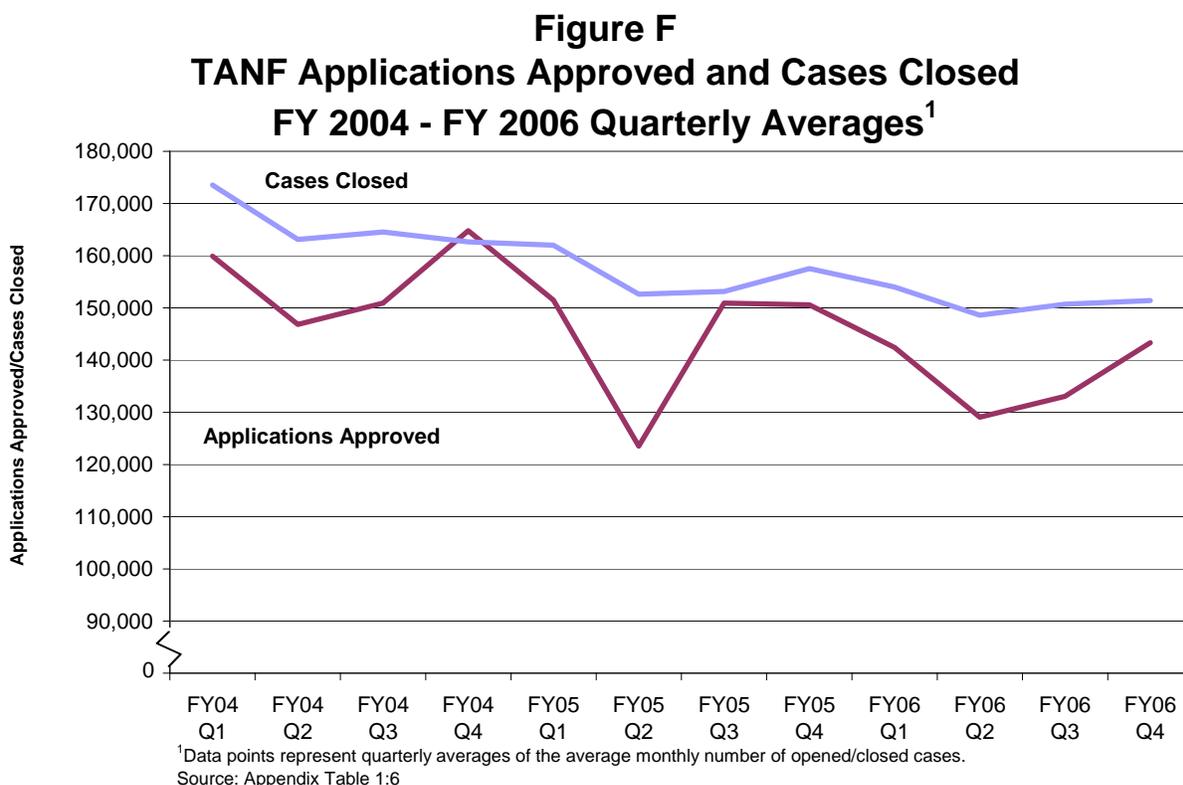
State Policies and Management

State and local policy decisions and program management can greatly affect caseload levels and dynamics. States, and often counties, have great discretion over eligibility and benefit levels, work requirements, sanction procedures, time limits, diversion activities, post-employment

supports, and case management techniques (many of these provisions are described in greater detail in Chapter XII). All of these, along with the effectiveness of their implementation, can have a greater effect on caseload trends than general economic factors. However, the interrelationships of these variables make it nearly impossible to disaggregate the effects of each on the caseload. Below, we provide data reported by States on some of these variables.

Case Flow

Critical to understanding the TANF program and the tremendous achievement of States is the dynamic nature of the caseload. Figure F shows the quarterly averages of the average monthly number of new cases opened (applications approved) and cases closed during FY 2004 through FY 2006.



During this three-year period, States approved between 115,092 and 177,248 applications each month and a total of 1,643,582 in FY 2006. States also closed between 145,053 and 180,412 cases each month and a total of 1,814,286 in FY 2006. (See Appendix Table 1:9 for the detailed State information.)

The average length of TANF assistance received by families in FY 2006 was 35.4 months, up from 33.5 months in FY 2005 and 31.2 months in FY 2004. Again, there is considerable State variation, ranging from an average of eight months in Idaho to an average of 57 months in the District of Columbia. Appendix Table 10:43 shows this breakdown by State. These data show how rapidly many families go on and off assistance, and illustrate the amount of work involved

by line staff to establish eligibility, provide benefits, assess family needs, and schedule and monitor services and activities leading to independence.

Time Limits

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) established a five-year lifetime limit on receipt of Federal TANF assistance for adult-headed families, but allowed States to exempt from this limit for hardship reasons up to 20 percent of their total caseload. The time limit was central to establishing the temporary nature of aid and communicating the program's goal to move recipients quickly into work and off of welfare. The time limit was controversial at the time, with some critics predicting massive escalations in hunger and homelessness for these families, and arguing that the 20 percent hardship exception would be inadequate to address the number of families needing exceptions or extensions.

Federal time limit clocks began once States had established their new TANF programs, the first beginning in September 1996 and the last States beginning in July 1997. Thus, FY 2002 was the first year in which the Federal five-year lifetime limit may have been reached by a TANF family in every State if they had received assistance continuously since the State implemented the TANF program. FY 2006 case closure data for 35 States show that less than one half of one percent of their cases were closed due to the five-year limitation during the year (see Appendix Table 10:48). The remaining States reported closing 22,000 cases that had reached the Federal lifetime limit. Seventy-six percent of these cases were in two States and one Territory – New York, Missouri, and Puerto Rico. New York closed almost 13,000 cases, 59 percent of the national total. However, while these cases were closed from the TANF program, most were reopened under New York's "Safety Net Assistance" program funded through MOE funds spent in a SSP. Missouri closed over 2,300 cases, and Puerto Rico closed over 1,400.

In FY 2006, 6.6 percent of families nationally with a head of household that has received assistance are receiving Federal assistance beyond the five-year limitation, far below the 20 percent allowed (See Appendix Table 1:11). Thirty-three States report that less than one percent of families receiving assistance beyond 60 months are the result of the family receiving a hardship exemption. Only four States had more than 10 percent of cases receiving assistance beyond 60 months as being in hardship status (See Appendix Table 1:10). This means that States have substantial leeway to continue to provide assistance to families facing hardships once they reach the lifetime limit, if a State so chooses.

There are three major reasons why so few families have been affected by Federal time limits. The first, and by far most important, is that welfare reforms have been tremendously effective at helping families move off of welfare long before most reach their time limit. Note that States have reported only 1.2 percent of the over 1.8 million case closings in FY 2006 were due to families meeting Federal time limits.

Second, over 47 percent of cases are exempt from the accrual of months for a variety of reasons: the case does not contain a countable head-of-household, assistance is State-funded, the family is exempt under an approved welfare waiver, or the family lives in Indian country or an Alaska native village with high unemployment. Finally, most families do not receive assistance

continuously. Thirty-eight percent of cases on assistance in FY 2006 that were subject to the Federal time limit are in the first year of assistance, 21 percent in the second year, 14 percent in the third year, and 9 percent in the fourth year (See Appendix Table 10:17). States may also establish shorter time limits than five years, and many States do so (See Appendix Table 12:10). During FY 2006, States reported closing nearly 14,700 cases due to State time limits, in addition to those closed due to the Federal time limit.

Time limits have proven to be a crucial part of TANF's effectiveness. The message that assistance is temporary is an important part of how States help parents take advantage of the opportunities for work and independence. Perhaps more importantly, time limit policies have spurred welfare agencies and their staff to focus case management on families who are spending long periods of time on TANF, just as these policies intended.

Sanctions

Reducing financial benefits for those who do not comply with program requirements is crucial to making the requirements of welfare to work programs meaningful and effective. States vary considerably in their sanction policies and implementation practices and these differences can have significant effects on caseload dynamics. Sanction policies can apply to a range of program requirements including: eligibility rules, job search, work or other participation requirements, cooperation with child support enforcement, teen school attendance, and other requirements.

Sanctions can impact caseloads in different ways. Many States impose "full-check" sanctions (either for initial or after repeated non-compliance) making a family's full assistance grant contingent upon program compliance, and effectively closing a case when a sanction is imposed (See Appendix Table 12:11 for a specific listing of States with this policy). In other States where only a portion of an assistance check is reduced if a family is sanctioned, such a case would remain open. Finally, many States require participation in job search and job preparation activities during the application process and failure to comply can result in not opening a case. While the latter situation is usually not referred to as a sanction, it operates like a full-check sanction and can significantly impact caseload dynamics.

