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# The Five Year TANF Time Limit: Who is Leaving Work First?

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## The Five Year TANF Time Limit: Who is Leaving Work First?

The purpose of this paper is to examine how the five-year lifetime limit on the receipt of Temporary Assistance for Needy Families (TANF) benefits has affected the caseload of North Carolina's Work First program. This paper describes the number of adults that have reached that 60-month time limit. It describes those adults in terms of their age, gender, racial classification, and education. It also provides a preliminary assessment of the supports they are receiving after leaving cash assistance.

One of the major changes in public assistance programs resulting from the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) was the imposition of a five-year lifetime limit on the receipt of assistance for most adults. PRWORA replaced the Aid to Families with Dependent Children (AFDC) program with TANF. The 60-month provision of PRWORA was implemented in North Carolina in January 1997.<sup>1</sup> North Carolina's Work First program, which was started under a federal waiver prior to the passage of PRWORA, includes a 24-month limit on the receipt of cash assistance for adults receiving employment services. Not every adult was subject to the 24-month time limit. Some were not receiving employment services. Others may have been temporarily incapacitated or caring for an infant. As a result, there are a number of adults that did not exhaust their benefits on the 24-month clock before being subject to the 60-month time limit.<sup>2</sup> In December 2001, the first large group of individuals accumulated 60 months on assistance.<sup>3</sup>

Not every adult that accumulates 60 months on Work First must leave. Under PRWORA, states may develop procedures for granting hardship exemptions to certain individuals. The North Carolina Division of Social Services (DSS) has developed policy guidance for counties to use in granting exemptions to the 60-month policy. Some of the adults that reached the 60-month time limit in December were granted hardship exemptions.

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<sup>1</sup> A few states elected to implement the five year limit before January 1997.

<sup>2</sup> North Carolina's 24-month time limit applies to cash assistance where the PRWORA 60-month time limit applies to aid that meets the federal definition of assistance. For example, certain forms of non-cash assistance, such as payments for housing costs, does not count under the 24-month time limit but may count as assistance under the PRWORA definitions.

<sup>3</sup> A very small number of individuals that moved into North Carolina after receiving assistance in states that implemented the five year time limit prior to January 1997 accumulated 60 months prior to December. Under PRWORA, the five year limit applies to cash assistance received in any state.

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This report provides information on the individuals that accumulated 60 months on assistance between December 2001 and May 2002. It is based on the analysis of a set of longitudinal analysis files that track the experiences of all families and individuals that have received cash assistance in North Carolina since 1995. The longitudinal files are based on extracts from an array of computer systems used by the state in the administration of Work First.

The longitudinal files are based primarily on extracts from the Eligibility Information System (EIS). Caseworkers in local departments of social services across the state use EIS to generate Work First payments to families as well as to record an individual's eligibility for Medicaid benefits. The longitudinal files contain information on more than 380,000 families and 883,000 individuals. The files track such things as which case, or family, an individual is associated with in a given month and whether that family received Work First benefits.

The files also contain information on individuals, such as their date of birth, racial classification, and gender. On many individuals in the database, information also is available on their level of education.<sup>4</sup> Level of education is recorded as the number of years of education through high school, whether the individual has a high school diploma or general education diploma (GED), or whether the individual has any post secondary education or training.

#### How Many Adults Reach the Time Limit

Figure One illustrates the number of adults in North Carolina that have reached the five-year lifetime limit on the receipt of TANF benefits since December 2001. As the figure indicates, 539 adults have reached the time limit. The largest group—213, or about 40% of the individuals to reach the time limit—accumulated their 60<sup>th</sup> month in December 2001. The number reaching the five-year limit dropped by more than half in January 2002 to 102. The number reaching the five-year limit has continued to fall, dropping from 68 in February to 42 in May. The decline in the number of individuals reaching the time limit over time is not surprising for several reasons. First, analysis of participation in the AFDC and Work First programs indicates that the average length of

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<sup>4</sup> Information on education is drawn from the Employment Programs Information System (EPIS). This information is available only for adults who receive employment services.

stay on the program is between seven and eight months. Also, in exploring the patterns of participation for all families that have received AFDC or Work First in North Carolina at any time since January 1995, it appears that most families that receive assistance are on the program for a relatively short period of time. In counting the total number of months a family receives assistance at any time over the last seven and a half years—either as part of their initial entry into the program or as a reentry—more than one third of the families received benefits for a total of six months or less. In addition, more than half of the families that participated over this time period received benefits for twelve months or less. Overall, more than 90 percent of all families that received benefits during this time period participated for 48 months or less.<sup>5</sup> This suggests that only a small percentage of the adults that participate in the programs receive benefits for five years or longer.

**Figure One: The Number of Adults Reaching The 60-Month Time Limit**

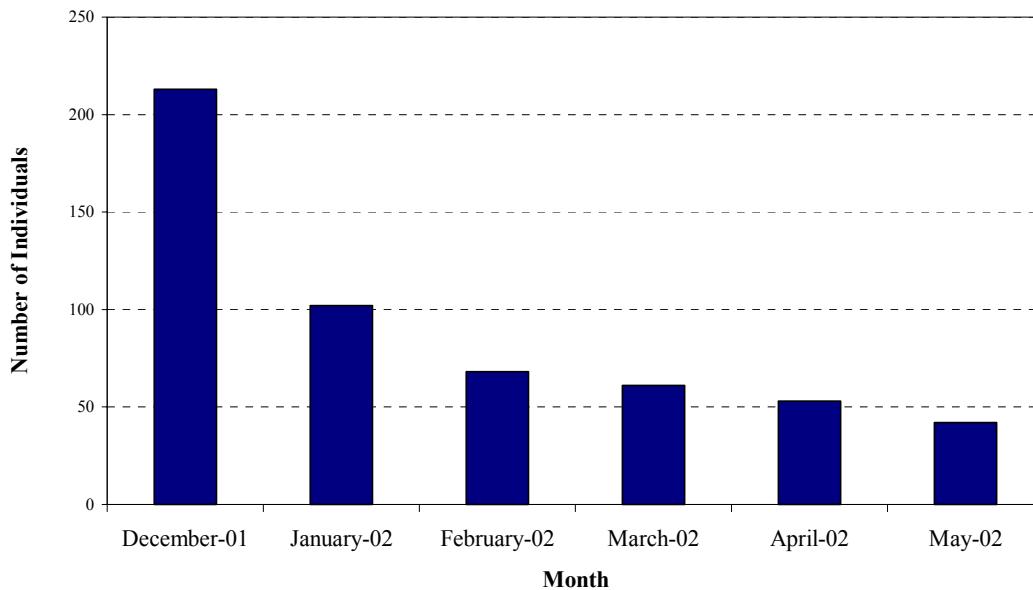
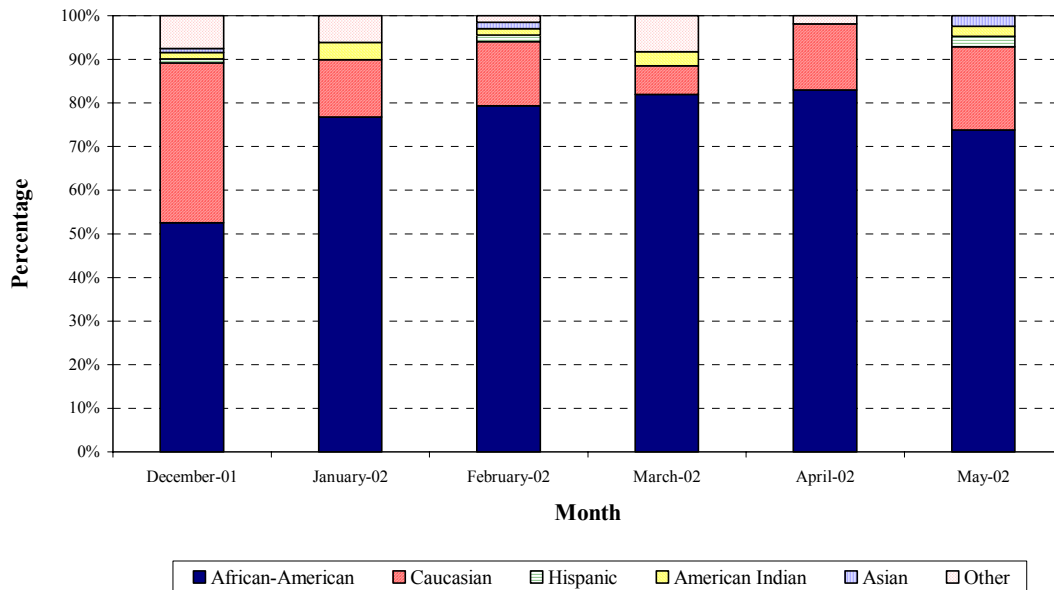


Figure Two shows the racial classification of adults that have reached the five-year time limit. According to the figure, slightly more than 50% of the individuals

<sup>5</sup> These percentages are based on all cases that have received benefits through AFDC or Work First, including child-only cases. Child-only cases are generally families where the children do not live with their mother or father. They tend to remain on assistance for a longer period of time than cases where one or both parents are receiving assistance. Child-only cases are not subject to the five-year lifetime on assistance.

reaching the time limit in December were African-American. That percentage increased in January to more than 75%. It continued to increase in February. By March, more than 80% of the adults reaching the time limit were African-American. The percentage of individuals reaching the time limit who were classified as African-American increased slightly in April. In May, the percentage classified as African-American fell to about 73%. There tended to be a corresponding decrease in the percentage of the individuals classified as Caucasian over time. About 36% of the adults reaching the time limit in December were classified as Caucasian. That percentage dropped by more than one-half to 13% in January. The percentage Caucasian in February was relatively unchanged at 14%, but dropped sharply in March to 6%. By April, the percentage Caucasian increased to 15%. By May, the percentage Caucasian increased to 19%.

**Figure Two: Racial Classification of Adults Reaching the 60-Month Time Limit**



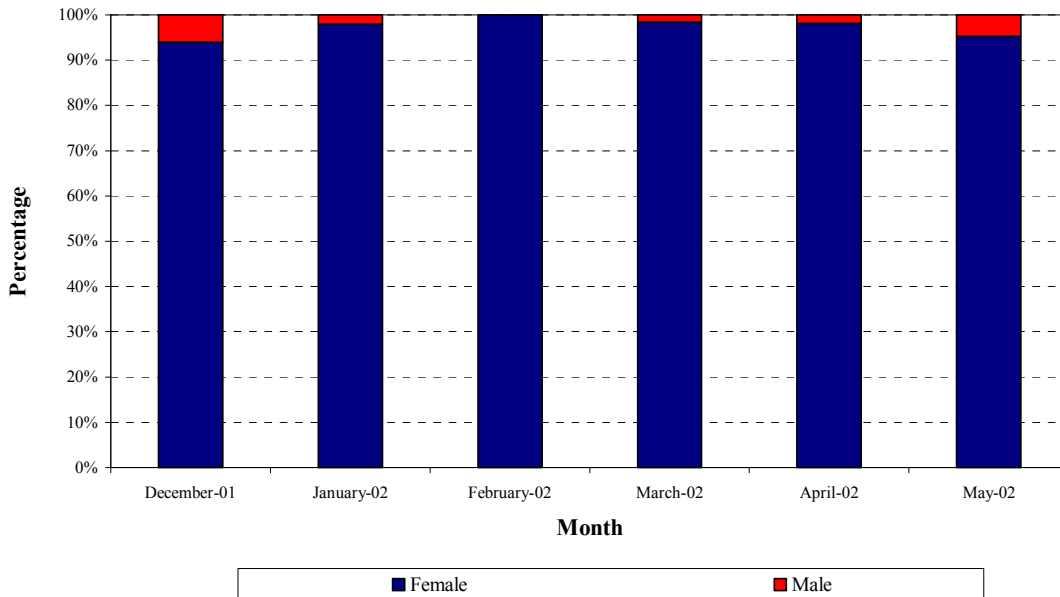
The reason for the variation in racial classification of the adults reaching the 60-month time limit across months is not clear. The composition of the group—or cohort—that reached the five-year limit in December is mainly individuals that have been on assistance without a break since January 1997. The composition of the December group appears to be different from that for subsequent groups. There is a higher percentage of Caucasians among this group and a corresponding decrease in the percentage of African-

Americans. In subsequent months, the percentage African-American ranges between 70% and 80%, while the percentage Caucasian tends to range between 10% and 20%.

The composition of the first cohort to reach the time limit also does not correspond to the racial breakdown of the Work First caseload in January 1997 or December 2001. In January 1997, 59.72% of the adults participating in Work First were classified as African-American, and 34.70% were classified as Caucasian. In December 2001, the percentage of adults classified as African-American increased to 65.59% and the percentage of adults classified as Caucasian dropped to 27.89. While cross-section data on caseload composition would not necessarily reflect the breakdown of families or adults that are entering the program, the change in the percentage of African-American families indicates the number of African-American families on Work First has decreased at a slightly lower rate than that for the entire caseload.

Figure Three illustrates the gender classification of adults reaching the 60-month time limit. As the figure indicates, almost all of the adults that have reached the time limit

**Figure Three: Gender of Adults Reaching the 60-Month Time Limit**



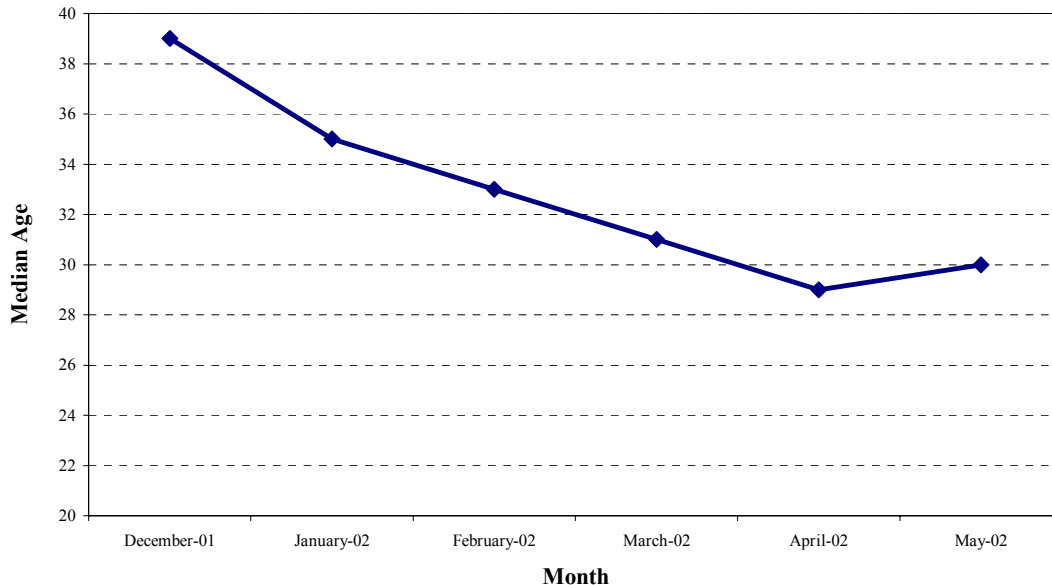
are female. In December, 6% of the adults were male and 94% were female. In January, the percentage male fell to 2%. In February, none of the adults reaching the five year time

limit were male. In both March and April, only one of the adults that reached the time limit each month was male. In May, the percentage male increased to 4.7%.

### The Age of Adults Reaching the Time Limits

Figure Four shows the median age of adults reaching the 60-month time limit. As the figure indicates, the median age has fallen over time, at least through April. There was a slight rise in the median age in May. In December, the median age of adults leaving as the result of the five year time limit was 39. In January, the median age fell to 35. By February the median age had fallen by two years to 33. It also fell by two years in March to 31 and then to 29 in April. In May, the median age rose to 30. This suggests that the first group of adults to leave as the result of the time limit may have been older because they had been on assistance for a fairly long period of time. The adults that left in December had, generally, been on assistance without a break since January 1997.<sup>6</sup> The adults that accumulated 60 months in January likely had at least one month off the

**Figure Four: Median Age of Adults Reaching the 60-Month Time Limit**



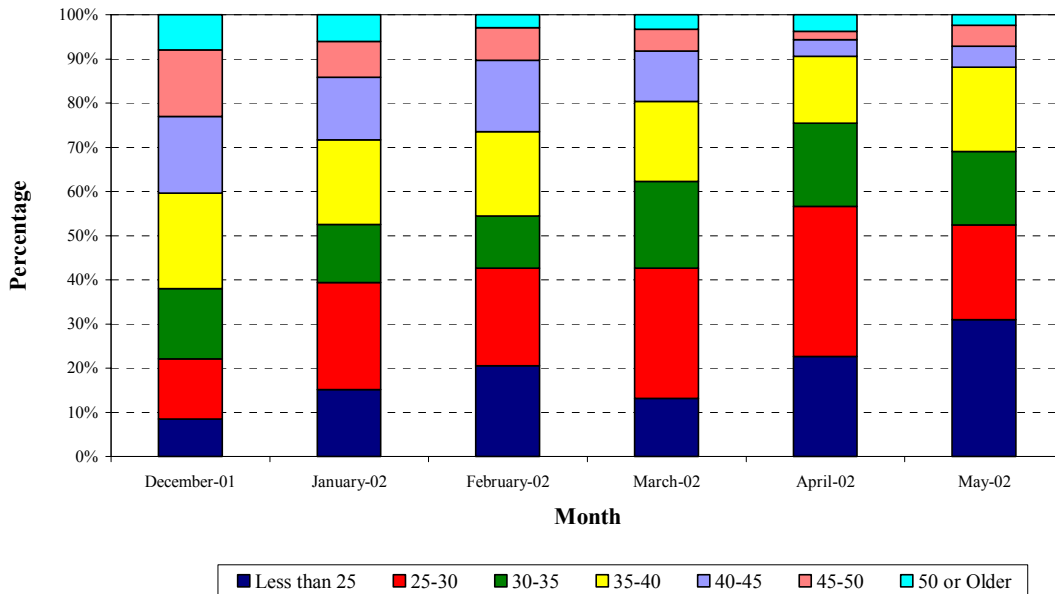
March to 31 and then to 29 in April. In May, the median age rose to 30. This suggests that the first group of adults to leave as the result of the time limit may have been older because they had been on assistance for a fairly long period of time. The adults that left in December had, generally, been on assistance without a break since January 1997.<sup>6</sup> The adults that accumulated 60 months in January likely had at least one month off the

<sup>6</sup> Some of these individuals accumulated months in other states. If they participated in a state that implemented the five year time limit before January 1997, it is possible that they may have had a break of one or more months, but still reached the five year limit in December 2001.

program. The adults that exhausted their benefits in December may have been on the program for more than five years.

Figure Five presents additional information on the ages of the adults reaching the five year limits. As the figure indicates, over 40% of the adults reaching the time limit in December were over 40. This is not surprising since, according to Figure Four, the median age was 39. Less than 25% of the adults reaching the time limit in December were under 30. By January, close to 40% of the adults were 30 or younger, while less than 30% were 40 or older. By March, slightly more than 40% of the adults were 30 or

**Figure Five: Age Classification of Adults Reaching the 60-Month Time Limit**



younger, while only about 20% were 40 or older. As the figure indicates, over 55% of the adults reaching the time limit in April were age 30 or younger, and less than 10% were 40 or older. While the median age of the adults, as illustrated in Figure Four, for the group of adults reaching the time limit in May rose slightly to 30, more than 30% of those adults were 25 or younger.

The percentage of adults age 50 or older reaching the 60-month time limit has dropped over time as well. In December, adults 50 or older accounted for 7.9% of the individuals reaching the time limit. That percentage dropped to 6% in January. It fell in February to 2.9%. It has stayed in that range through May. By the same token, the

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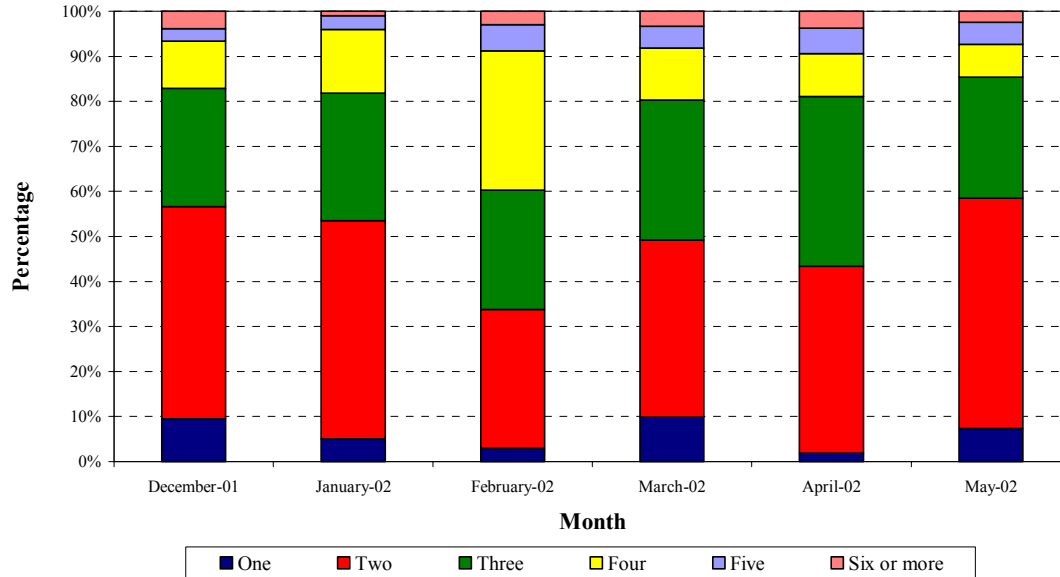
percentage of adults age 45 to 50 fell from 15% in December to 8% in January. It fell slightly in February to 7.3%. It dropped in March to less than 5%, before falling to 1.8% in April. In May, the percentage of adults age 45 to 50 reaching the time limit rose to 4.7%.

In January 1997, the median age of all adults on Work First was 28. Twenty-five percent were 34 or older. Only 10% of the adults were 40 or older. In December 2001, the median age of adults was 26. Twenty-five percent were 33 or older and again only 10 percent were 40 or older. This indicates that the adults leaving as the result of the five year time limit are older than the average Work First population. The median age for adults leaving as the result of the 60-month time limit in December was 13 years higher than the median age of all adults on Work First. While only 10 % of the adults on Work First in December were 40 or older, 40% of the adults leaving as the result of the five year limit were in that age category.

#### Family Size

There is also a slight difference in family size between the six cohorts as Figure Six indicates. According to the figure, almost 10% of the December 2001 cohort had only one person on the Work First grant. An adult is considered a one person family if he or she meets the income and resource requirements and his or her child (or children) receives Supplemental Security Income (SSI). Children as well as adults that receive SSI are ineligible for TANF. Only 5% of the January 2002 cohort consisted of one person families and only 2.9% of the February cohort was comprised of one person families. One person families accounted for almost 10% of the March cohort. There was only a single one person family in April. By May, one person families comprised for 7.1% of the cohort.

**Figure Six: Family Size for Adults Reaching the 60-Month Time Limit**



As the figure indicates, the December and January cohorts had about the same percentage of two person families—47% compared with 48%. Only 30.9% of the February cohort was classified as two person families. About 39% of the March cohort was comprised of two person families. A similar percentage—41.5%--of the April families consisted of two persons. Half of the families from May were composed of two persons. Slightly more than one of every four families in each of the first three cohorts was composed of three persons. Slightly more than 31% of the March cohort consisted of three person families. In April, about 37% of the families consisted of three persons. By May, the incidence of three person families had fallen to about one in four.

The February cohort had a substantially higher percentage of four person families—30.8%--than the other five cohorts. Only 10.4 % of the December cohort was composed of four person families while they accounted for 14% of the January cohort. Only 11.4% of the March cohort was comprised of four person families. Less than 10% of the April cohort consisted of four person families. By May, only 7.1 percent of the families consisted of four persons.

### Food Stamp Benefits

Figure Seven shows the number of adults that received food stamps the month they reached the 60-month time limit. It also shows the number of adults that received food stamps the following month. The figure suggests that most of the adults continued to receive food stamps after reaching the time limit. For example, there were 201 adults that reached the time limit in December that received food stamps. In January, 196 of the adults that reached the time limit in December received food stamps. Similarly, there were 94 adults that accumulated 60-months on assistance in January. Of those, 91 received food stamps in February. The primary reason for the drop between months is that the food stamp certification period ended. In order to continue to receive food stamp benefits, the family needs to have their eligibility for food stamps redetermined.

**Figure Seven: Food Stamp Participation by Adults Reaching the 60-Month Time Limit**

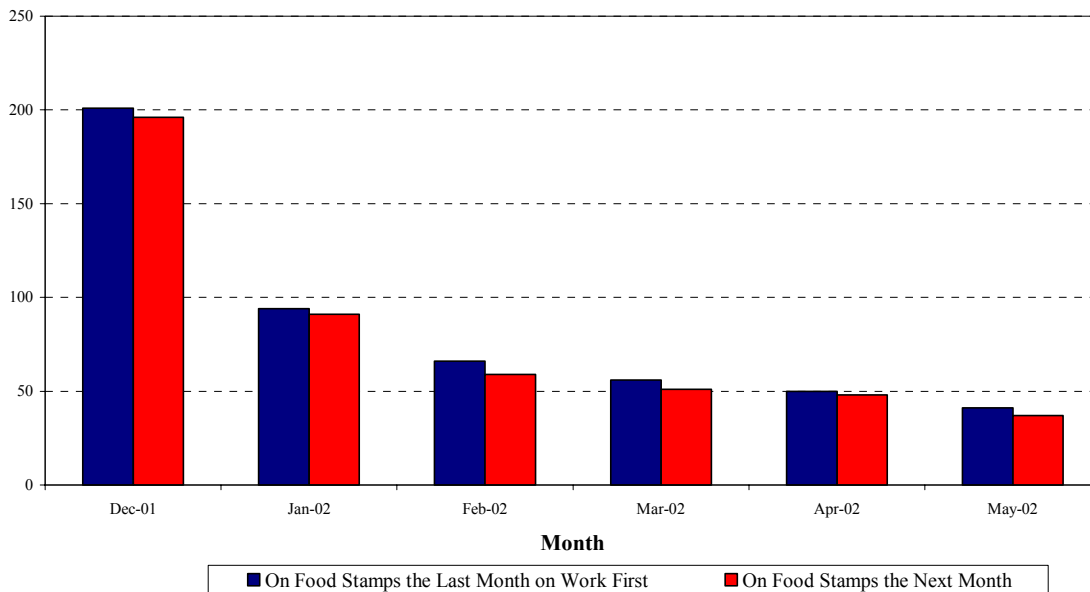
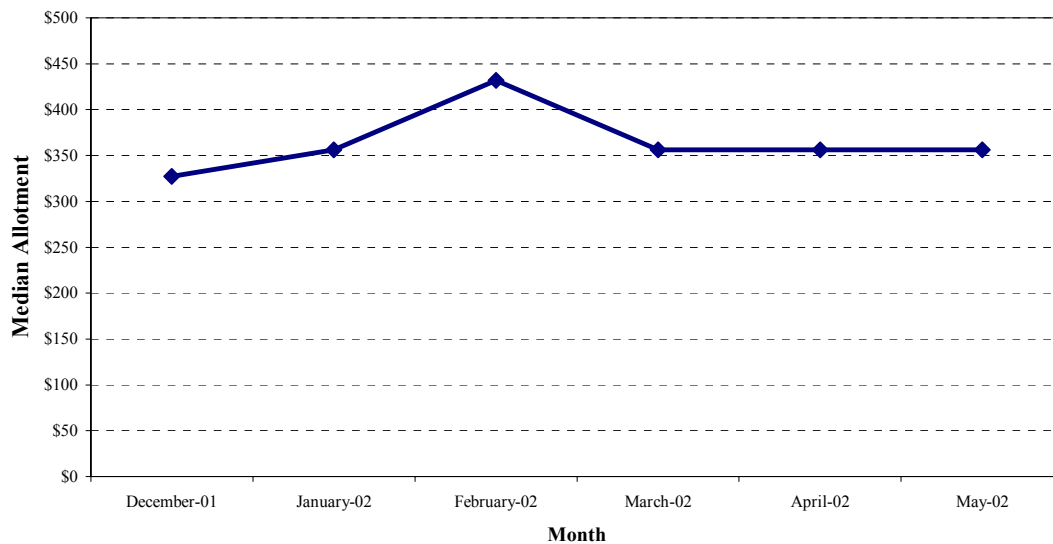


Figure Eight illustrates the median food stamp allotment received by households that have reached the five-year time limit. As the figure indicates, the median allotment has risen from \$327 for the December cohort to \$356 for the January cohort. There was a sharp rise associated with the February cohort—to \$432—before falling back. The size of the allotment, or the amount of food stamps a household receives, is a function of the

number of individuals living together and the amount of income they receive. The increase in the percentage of families in February that contained four persons shown earlier in Figure Six is likely responsible for the corresponding rise in the median food stamp allotment for that month.

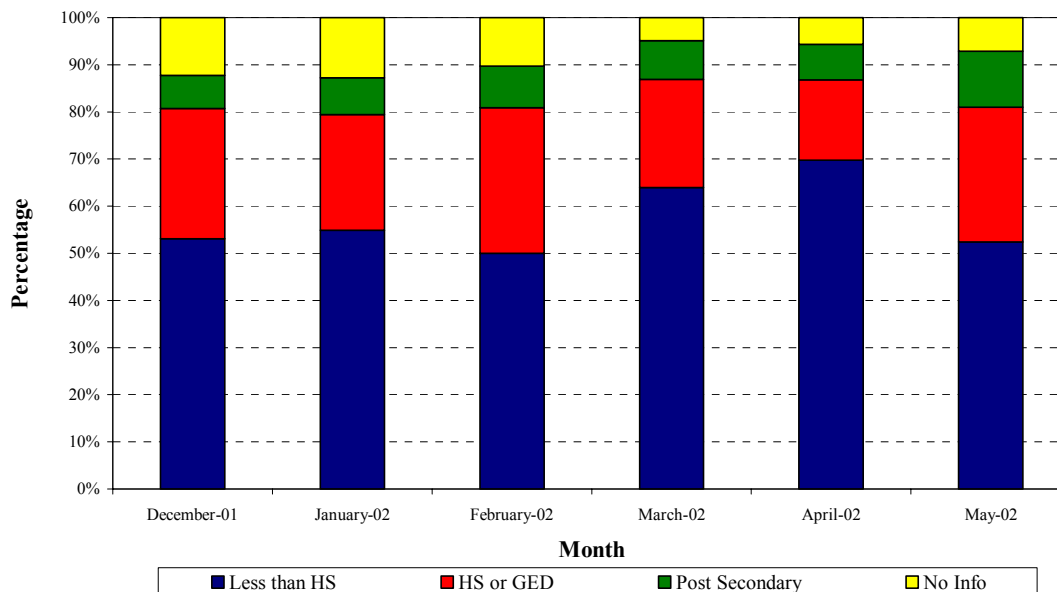
**Figure Eight: Median Food Stamp Allotment For Households of Adults Reaching the 60-Month Time Limit**



### Educational Attainment

Figure Nine reports the level of educational attainment of adults reaching the five-year time limit. As the figure indicates, more than half of the adults that reach the time limit each month have less than a high school education. Between twenty and thirty percent of the adults have a high school diploma or a GED. Around one out of ten has some post secondary education. The figure indicates that information on educational attainment is lacking for between six and twelve percent of the adults reaching the limit each month.

**Figure Nine: Educational Attainment of Adults Reaching the 60-Month Time Limit**

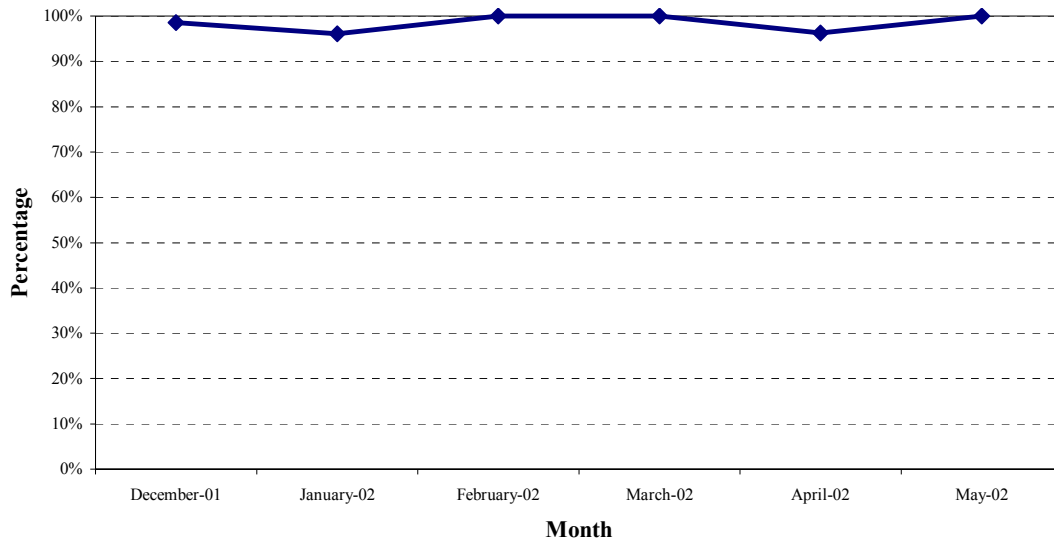


### Medicaid Coverage

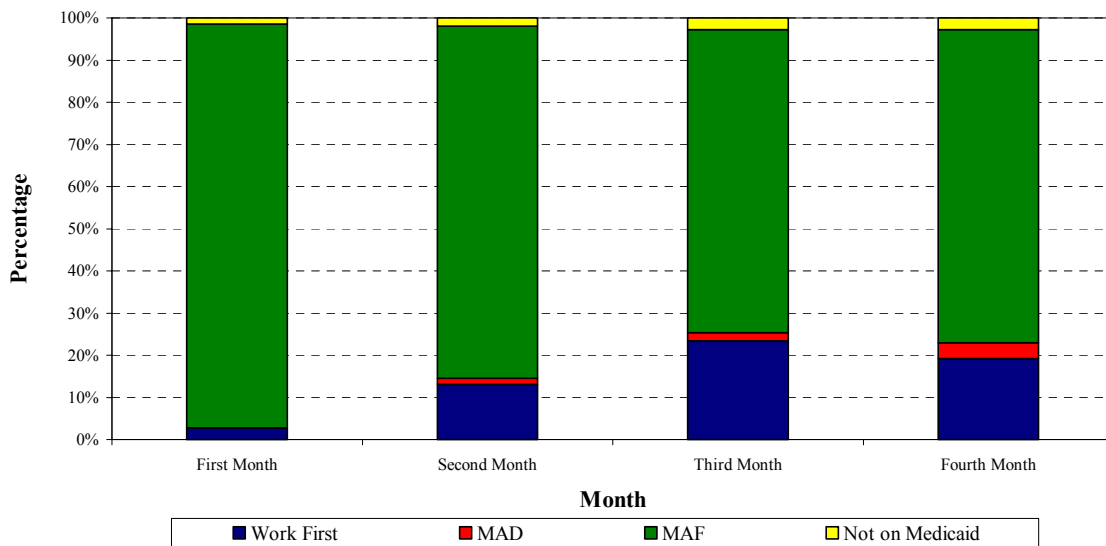
As Figure Ten reports, almost all of the adults are covered by Medicaid the month after they reach the five-year time limit. According to the figure, 99% of the adults that reached the time limit in December were covered by Medicaid in January. Similarly, about 96% of the adults that reached the time limit in January were covered by Medicaid in February. As the figure indicates, all of the adults that reached the time limit in February, March, and May were covered by Medicaid the next month. In April, only 96% of the adults were covered by Medicaid in May.

There was some variation across cohorts in the Medicaid program providing coverage. Figure Eleven shows the percentage of adults from the December cohort covered by Medicaid and the program type in the months after accumulating 60 months on the program. As the figure indicates, most of the adults—95.7%—were covered by the Medical Assistance for Needy Families (MAF) program in January 2002. About 2.8% of the cohort—six of the 213 adults—appear to have participated in Work First in January. Only 1.3%—three adults—did not appear to be covered by Medicaid. One of the three adults requested in writing that her Medicaid case be closed. The other two died.

**Figure Ten: Medicaid Participation for Adults in the Month After Reaching the 60-Month Time Limit**



**Figure Eleven: Medicaid Participation In the Months After Reaching 60 Months For Adults in the December 2001 Cohort**



By February—the second month after reaching the 60-month limit—about 13.4% of the December cohort (28 adults) were on Work First. Three adults—1.4% of the

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cohort—were covered by Medical Assistance for the Disabled (MAD). Most of the adults—83.5%—continued to be covered by MAF. Four of the 213 adults were not covered by any Medicaid program, as Figure Eleven indicates. In March 2002—the third month after reaching the 60-month time limit—23% or 50 of the adults were covered by Work First. One additional adult—for a total of four—was covered by MAD. Close to 75% were covered by MAF. The number of adults not covered by Medicaid in March rose to 6.

The number of adults from the December cohort that were participating in Work First in April—the fourth month after reaching the 60-month time limit—dropped to 41 or 19% as the figure indicates. The number covered by MAD doubled to eight. Again, close to 75% were covered by MAF. Six adults from the December cohort were not covered by Medicaid in April.

Figure Twelve shows a similar pattern of coverage in the first month after reaching the 60-month limit for adults in the January cohort. According to the figure, 91% of the January cohort was covered by MAF in February 2002. One adult continued on Work First, and four adults were covered by MAD. Only one adult—less than one percent of the cohort—did not appear to be covered by Medicaid in February.

The percentage of adults from the January cohort that appear to have participated in Work First in March rose to 8.8%—9 individuals. This increase is smaller than that for the December cohort. Slightly more than 82% of the adults from the January cohort were covered by MAF in February. Only one adult from the January cohort was not covered by Medicaid in March. The figure also presents Medicaid coverage information for April and May. By April, 16 adults from the January cohort had returned to Work First. Almost 70% of the January cohort was covered by MAF in April. Six adults from the January cohort were covered by MAD. Also, six adults from that cohort were not covered by Medicaid in April. By May, the number of adults from the January cohort that were receiving Work First dropped to 12. The number of adults from that cohort participating in Medicaid through the MAF program increased by one to 70.5%. The number of adults from the January cohort not covered by Medicaid in May rose to eight.

**Figure Twelve: Medicaid Participation In the Months After Reaching 60 Months For Adults in the January 2002 Cohort**

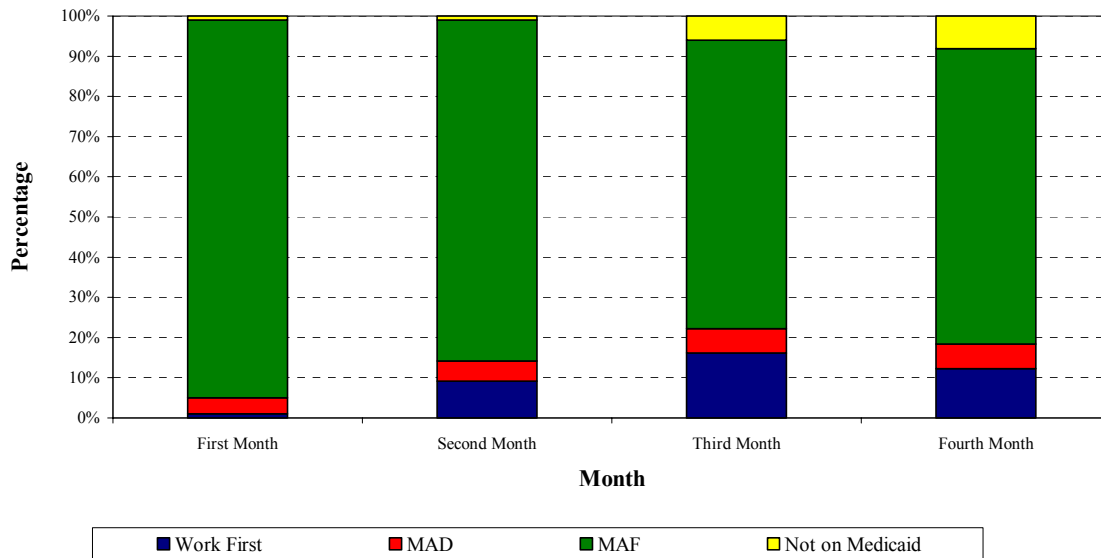


Figure Thirteen presents coverage information for the February cohort. According to the figure, all of the adults that reached the 60-month limit in February were covered by MAF in March. The percentage dropped to 94 in April. By May, only 91% of the adults were covered by MAF. The number covered fell to 83.8% in June. Two adults from the February cohort returned to Work First in April and appear to have remained on the program in May. One adult from the February cohort received Medicaid benefits through the MAD program in April, May, and June. In April, one of the adults from the February cohort was not covered by Medicaid benefits. That number increased to three in May. By June, 10 adults appear to have needed to have their eligibility for Medicaid redetermined.<sup>7</sup>

<sup>7</sup> This analysis is based on an extract from EIS in early June. It is possible that some of the adults that did not appear to be covered by Medicaid at that time could have had applications pending and were subsequently determined to be eligible for benefits. If that were the case, the number of individuals covered will increase.

**Figure Thirteen: Medicaid Participation In the Months After Reaching 60 Months For Adults in the February 2002 Cohort**

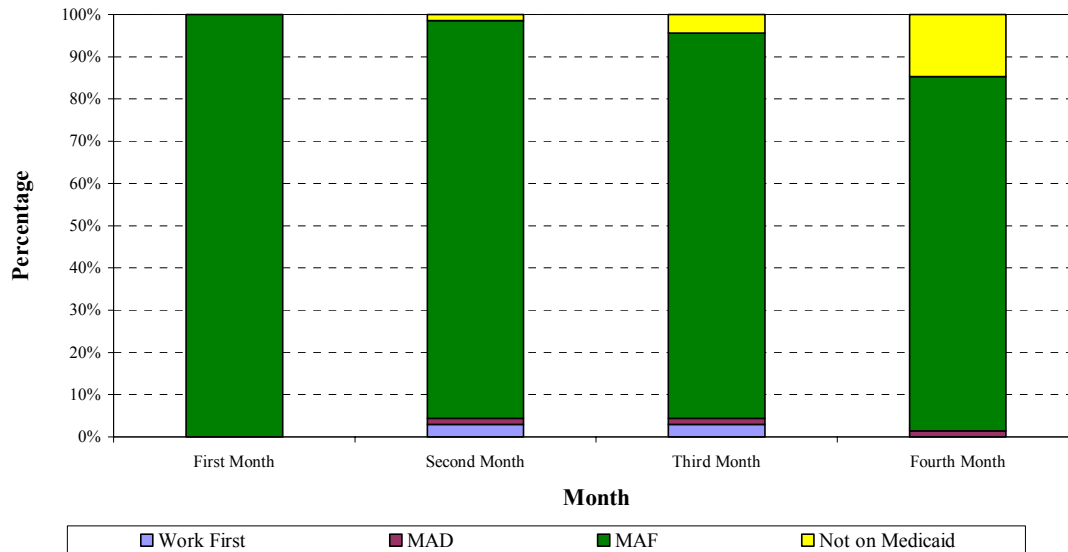
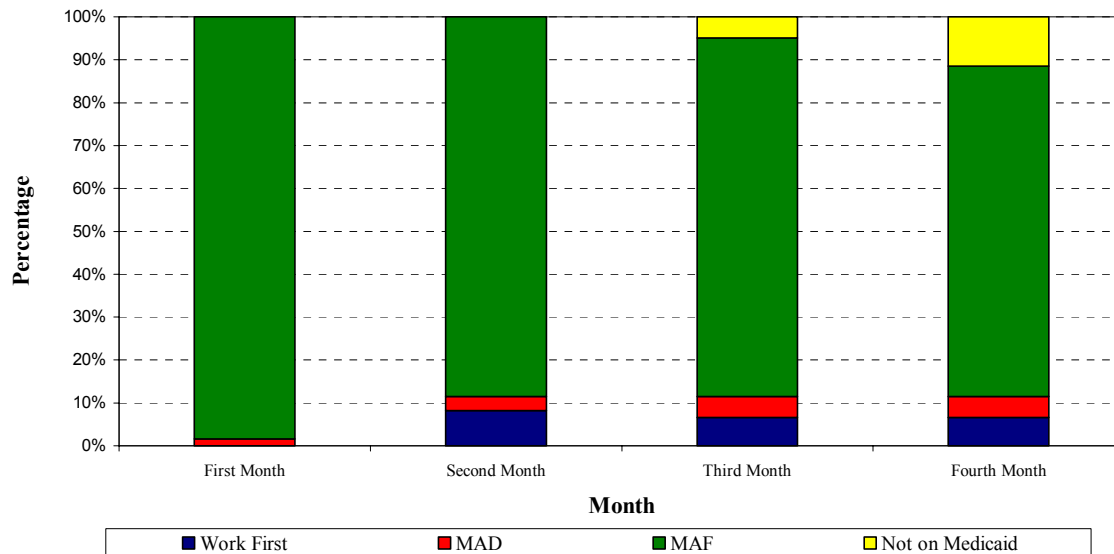


Figure Fourteen presents the status of Medicaid coverage for adults from the March cohort. As the figure indicates, all but one of the adults that reached the 60 month time limit in March received benefits through the MAF program in April. The one adult that was not covered by that program received benefits through the MAD program. By May, the number of adults covered by the MAF program had fallen to 54—88.5% of the cohort. Two adults were covered through the MAD program in May, and five adults had returned to Work First. By June, the number of adults on Work First dropped to three. Three adults received Medicaid coverage through the MAD program. Almost 84% was covered through MAF. It appears that three adults needed to have their eligibility for Medicaid redetermined by June. By July, the number of adults needing their eligibility redetermined grew to 7—11.4% of the cohort.

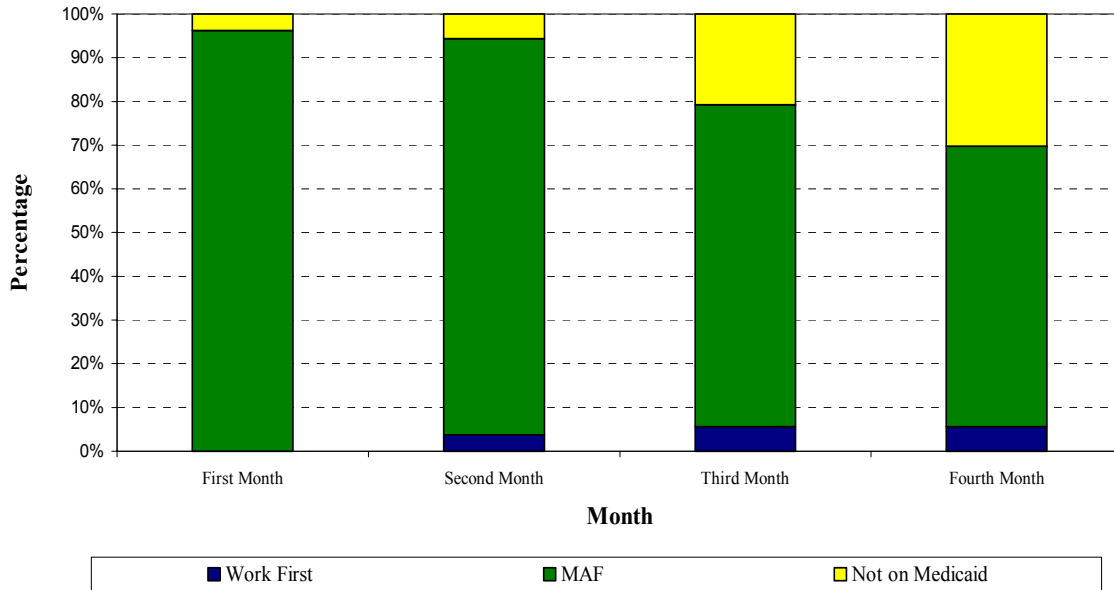
**Figure Fourteen: Medicaid Participation In the Months After Reaching 60 Months For Adults in the March 2002 Cohort**



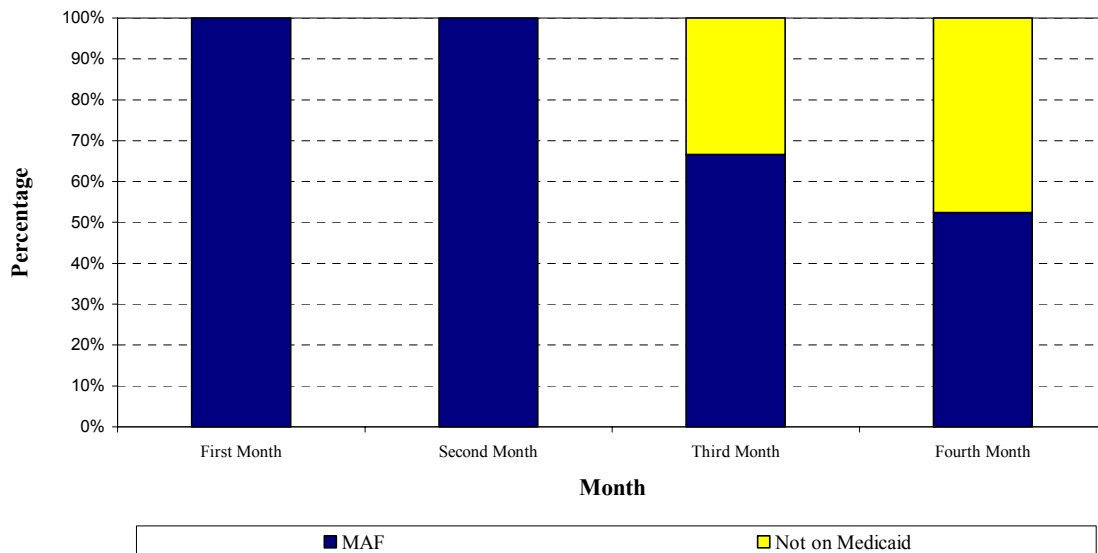
The status of Medicaid coverage for adults from the April cohort is presented in Figure Fifteen. As the figure indicates, 96% of the adults that reached the 60-month time limit in April received Medicaid coverage through the MAF program in May. Two adults from the April cohort were not covered by Medicaid. By June, two of the adults from that cohort returned to Work First while three needed to have their eligibility for Medicaid redetermined. The rest—90.5% of the April cohort—were covered through the MAF program. By July, the data indicate that one additional adult returned to Work First. Also by July, 11 adults—almost 21% of the cohort—needed to have their eligibility redetermined. The rest—39 adults or almost 74% of the cohort—were covered through MAF. It appears that 16 adults needed to have their eligibility for Medicaid redetermined.

Figure Sixteen shows the status of Medicaid coverage for adults that reached the 60-month time limit in May. As the figure illustrates, all of the adults were covered by Medicaid through the MAF program in June 2002 and July 2002. The number of adults covered by Medicaid drops in August 2002 and September 2002. By August 2002, 14 of the adults need to have their benefits redetermined. That number increases to 20 in

**Figure Fifteen: Medicaid Participation In the Months After Reaching 60 Months For Adults in the April 2002 Cohort**



**Figure Sixteen: Medicaid Participation In the Months After Reaching 60 Months For Adults in the May 2002 Cohort**



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September 2002. Based on currently available data, it appears that none of the adults from the May cohort have returned to Work First. Also, none receives Medicaid through any program other than MAF. Also, all individuals—adults as well as children—that participate in the Medicaid program need to have their eligibility for benefits redetermined periodically.

### Two Parent Cases

Very few of the adults reaching the five-year time limit are from two parent cases. This is due in part to the fact that two-parent cases generally remain on Work First for a fairly short period of time. Only four of the adults reaching the 60-month time limit lived in a two-parent Work First case. A two-parent case is one in which both parents live with the children. These four adults represent three Work First cases. Two of the adults reaching the time limit lived in the same Work First family. The other two adults that reached the time limit lived with individuals who had not accumulated 60 months on the time clock.

The time limit applies to adults and not families. It is possible for two parents that live together to have different amounts of time on the 60-month clock. The Work First family that contained the two adults that both accumulated 60-months on the clock reached the five year time limit in December 2001. Those individuals were granted an extension and received benefits through June 2002.

A second adult from a two-parent Work First family also reached the 60-month time limit in December 2001. The other adult in that case had been added to the case in November 2001. That individual had accumulated only two months on the 60-month time clock. In May 2002, another adult from a two-parent case reached the five-year time limit. The other adult in that case had accumulated only five months on the 60-month time limit by May.

### Summary

Between December 2001 and May 2002, 539 adults accumulated 60-months on the five-year PRWORA time clock in North Carolina. Most of those individuals—213—reached the 60-month limit in December. The adults in the December cohort are different in many respects from the adults in the two later cohorts. About half are African-American and more than one-third are Caucasian. In the January and February cohorts,

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more than three out of four of the adults are African-American while only one out of seven Caucasian. In March and April, the proportion of adults that are African-American rises to eight out of ten. In May, the proportion fell back to nearly three out of four.

The adults from the December cohort tend to be older than those from the two subsequent cohorts. The median age of the December cohort was 39, and only 22% of the adults were 30 or younger. Almost one out of four was 45 or older. In the February 2002 cohort, 42% of the adults were 30 or younger and about one out of ten was 45 or older. By May, the median age seems to have stabilized around 30.

The adults from the December cohort also tended to have smaller families. About 10% were receiving Work First as a one person family while their child (or children) received SSI. Slightly more than 47% of the adults from the December cohort were members of two person families. Only 2.9% of the adults from the February cohort were from one person families, and about 30% were from two person families. While only 10.4% of the adults from the December cohort were from four person families, 30.8% of the adults from the February cohort were from four person families. One person families accounted for 10.9% of the March cohort and 7.1% of the May cohort.

Most of the adults that reach the time limit continue to receive Medicaid benefits after leaving. For the group reaching the time limit in December, 99% were covered by Medicaid in January. The percentage from the January cohort covered by Medicaid in February dropped to 96. For the February, March, and May cohorts, all the adults were covered by Medicaid in the month after reaching the time limit. Two adults from the April cohort were not covered by Medicaid in the month after reaching the time limit.

The impact of the 60-month time limit on the well being of these adults and their children is unknown. Subsequent reports will track the experiences of these individuals through available state administrative data sources.