



State Welfare-to-Work Policies for People with Disabilities

Changes Since Welfare Reform

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Executive Summary

The focus of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) on work and temporary cash assistance is likely to have significant implications for welfare recipients with disabilities and individuals who care for recipients with disabilities (caregivers). Prior to welfare reform, disabled recipients and caregivers were generally exempt from participating in welfare-to-work programs and cash assistance was available for an unlimited period. The purpose of this study is to determine the extent to which states have used the flexibility provided under PRWORA to change their welfare-to-work policies as applied to individuals with disabilities and caregivers. States' decisions about policy changes must be balanced against two key challenges presented by welfare reform:

1. *States must consider the diverse needs of individuals with disabilities while meeting the work participation and other requirements established in federal law.* States now have the latitude to design their welfare-to-work programs in ways they believe will best meet the needs of their clients. States may also decide who among the welfare population will be required to participate in these programs. However, states are required to meet increasing work participation requirements or face financial penalties. PRWORA specifically requires that states must continue to comply with the Americans with Disabilities Act of 1990 (ADA), Section 504 of the Rehabilitation Act of 1973, and other civil rights statutes.
2. *The imposition of state and federal time limits increases the immediacy of welfare recipients' need for help in overcoming their barriers to work and self-sufficiency.* Welfare agencies have not historically been required to focus on the needs of many clients with serious barriers to employment or self-sufficiency—including individuals with disabilities—and now must develop service strategies that achieve this end within 60 months (or less in some states).

This study represents a first attempt to provide a nationwide overview of welfare-to-work policies for individuals with disabilities and caregivers.

The purpose of this study is to determine the extent to which states have used the flexibility provided under PRWORA to change their welfare-to-work policies as applied to individuals with disabilities and caregivers.

To obtain this overview of state policies, Temporary Assistance for Needy Families (TANF) plans and other relevant policy documents were reviewed and conversations were held with welfare agency staff in each of the 50 states and the District of Columbia. This report does not provide detail on local-level implementation or local pilot projects. Additional detail about policy implementation will be obtained through case studies of a small number of policy approaches to be conducted in the second phase of this project.

The major findings of this report are:

- ▣ **The majority of states have changed their work participation policies to require participation among some individuals with disabilities and caregivers who were previously exempt.**
- ▣ **States are in the early stages of making decisions about who should be required to participate in welfare-to-work services, who should be expected to move off welfare within 60 months, and what services will best help recipients achieve this objective.**

The summary below provides a more detailed overview of the policy context essential to the understanding of state policy decisions and findings related to state welfare-to-work policy decisions as of April-May 1998.

BACKGROUND POLICY CONTEXT:

- ▣ **There is no single definition of “disability” used by the welfare community.** Individuals considered “ill or incapacitated,” the definition used under the Job Opportunities and Basic Skills Training (JOBS) program, face issues ranging from short-term illnesses to permanent disabilities. However, many of the most severely disabled individuals have traditionally been, and continue to be, referred to the Supplemental Security Income (SSI) program.
- ▣ **Little is known about the prevalence of disabilities among the welfare population.** Separate estimates of work-related disabilities, mental health issues, and substance abuse range from less than 10 to almost 30 percent of all welfare recipients. Estimates of recipients with learning disabilities range from 25 to 40 percent.
- ▣ **Many early welfare-to-work strategies focus on moving the most job-ready clients into employment.** Under JOBS, recipients who were “ill or incapacitated,” caring for an “ill or incapacitated family member,” or faced other significant barriers to employment were not required to participate in employment and training programs. Because of categorical exemptions allowed under JOBS, states have less experience working with less job-ready recipients, commonly referred to as “hard-to-serve.”

- ▣ **States are early in the process of assessing their “hard-to-serve” clients—of which individuals with disabilities are commonly considered a subset—and establishing appropriate service strategies.** States are beginning to consider the extent to which individuals with multiple or severe barriers to employment comprise the welfare caseload. To the extent individuals with disabilities are considered a subset of the hard-to-serve, state welfare agencies know relatively little about their specific circumstances and needs, and are early in the process of designing services to assist them in moving from welfare to work.

KEY FINDINGS ON
WORK PARTICIPATION
AND TIME LIMIT POLICIES:

The majority of states are using the flexibility provided under PRWORA to increase participation in welfare-to-work programs among persons with disabilities. Overall, these changes reflect an increased emphasis on moving recipients with disabilities and caregivers toward work and self-sufficiency.

- ▣ Thirty states have changed their policies so as to increase participation in work and self-sufficiency activities among individuals with disabilities.
- ▣ Of these, 17 states have broadened their participation policies to require participation among some recipients who were previously exempt.
- ▣ Another 13 states have adopted a “universal participation” approach that requires all recipients to participate in some type of activity.

States that have “broadened” participation requirements but have stopped short of requiring “universal” participation have done so in a variety of ways. The following are common approaches used by states to broaden participation by individuals with disabilities over what was required under JOBS.

- ▣ One common way states have broadened participation requirements is by allowing for very few formal exemptions but still maintaining mechanisms (e.g., “deferrals,” “postponements”) to release some recipients with disabilities or other significant barriers to employment from their obligation to participate.
- ▣ Another approach entails having caseworkers “take a harder look” at cases that would have been exempt in the past in order to more fully assess if the individual is capable of participating in any work or self-sufficiency activity. Some states use staff more familiar with work program requirements to make participation decisions.

- ▣ Still another approach is the review of disabling conditions by medical review teams or other agencies in an attempt to apply more consistent standards when determining whether or not the individual should be required to participate.

States requiring universal participation among welfare clients use individualized service planning strategies that emphasize recipients' capabilities and acknowledge that the path to self-sufficiency may be long.

- ▣ The activities required are varied and in many cases are not limited to work or work-related activities that can be counted toward federally-mandated work participation rates.
- ▣ Examples of activities in some states include substance abuse treatment, vocational rehabilitation, or mental health counseling. Allowable activities may also include attending parenting classes, keeping scheduled appointments with doctors, or applying for SSI.

Eighteen states have chosen to retain JOBS participation policies and generally exempt individuals with disabilities. States in this category have not changed their processes for determining if individuals with disabilities are required to participate or are eligible for exemptions.

State policies vary with respect to whether individuals with disabilities are subject to time-limited benefits.

- ▣ Slightly less than half of the states (24) exempt persons with disabilities from time limits.
- ▣ Many states have not yet determined who will receive a hardship exemption to the time limit. For now, these states consider all recipients—including individuals with disabilities—subject to the time limit.

States are in the early stages of assessing who among those on welfare may need assistance beyond 60 months. Welfare caseload compositions are changing as job-ready clients find employment and less job-ready recipients remain on welfare. States must also decide who among those remaining on welfare may be eligible for inclusion in the 20 percent hardship exemption allowed under PRWORA or if they will use state funds to provide additional services.

The overwhelming majority of states have chosen to apply parallel policies to individuals with disabilities and caregivers. Although individuals with disabilities and caregivers likely face very different circumstances, both populations were categorically exempt from participating in the JOBS program and most states continue to apply similar policies to the two groups.

- ▣ Eleven states have broader participation requirements for caregivers. In some states, participation has been broadened by redefining who may be considered a caregiver.
- ▣ Fifteen states now require all caregivers to participate in some activity. This does not mean all caregivers are required to work or participate in work-related activities. Some states allow caregivers to fulfill their participation requirements by continuing to care for a disabled household member.
- ▣ All but one state have adopted the same time limit policies for caregivers as for individuals with disabilities.

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SECTION 1

Introduction

The primary objective of welfare reform is to reduce dependency and move people into jobs. There is also widespread interest in developing policies that remove employment barriers for persons with disabilities.¹ States are currently struggling with the challenge of how to structure their welfare programs to remove these barriers and meet this objective. This study represents a first attempt to look specifically at state welfare-to-work policies for recipients with disabilities (and those caring for persons with disabilities) and how policies have changed as a result of recent federal welfare reform legislation.

A number of studies have made estimates of the prevalence of disability nationwide among welfare recipients. The magnitude of these estimates shows that, despite the lack of an exact measure of the prevalence of disabilities among welfare recipients, welfare agencies will need to address the special needs of persons with disabilities if they are to achieve the objective of welfare reform. Separate estimates of work-related disabilities, mental health issues, and substance abuse range from less than 10 to almost 30 percent of all welfare recipients. Estimates of recipients with learning disabilities range from 25 to 40 percent.²

This study documents state welfare-to-work policies for persons with disabilities and those who care for persons with disabilities³ through 1) a review of the current status of states' welfare-to-work policies and 2) a small

States are struggling with the challenge of how to structure their welfare reform programs to remove employment barriers for persons with disabilities and caregivers.

¹ For example, the Presidential Task Force on the Employment of Adults with Disabilities and the President's Committee on the Employment of People with Disabilities were recently established to address various aspects of this issue.

² A review of study estimates in the areas of work-related disabilities, mental health problems, substance abuse, and learning disabilities is provided in Johnson and Meckstroth (1998). Note that estimates vary due to differences in definitions, populations, and data sources.

³ For the sake of brevity, persons who care for individuals with disabilities will henceforth be referred to simply as "caregivers." Additionally, for purposes of this study, these caregivers are members of the TANF grant, not members of child-only cases.

Work participation and time limit requirements are two key aspects of welfare reform that hold important ramifications for TANF recipients with disabilities and caregivers.

number of intensive local-level case studies. Findings from the 50 state review, the focus of this report, provide a national picture of state policy choices and approaches relevant to these special populations as of the Spring of 1998. This review does not capture innovative service delivery approaches that may exist at the local level. Case studies will be conducted in Fall-Winter 1998 in order to more fully explore some of the key approaches adopted by states and identify important issues related to their implementation.

The overview presented in this report focuses on state policy responses to two key aspects of the recent federal welfare reform law that hold important ramifications for recipients with disabilities and caregivers—work participation and time limit requirements—and state flexibility to exempt recipients from one or both of these requirements. Findings are based on two primary data sources—written policy documents and conversations with state welfare agency staff in each of the 50 states and the District of Columbia⁴—and reflect state policies at a single point in time (April-May 1998). Although this point in time review provides essential baseline information, it is important to note that states are likely to revisit these policies and may use the increased flexibility provided under federal welfare reform to change policies over time.

The report is organized as follows. Sections 2 and 3 provide a contextual framework for understanding and assessing state welfare reform policies that affect persons with disabilities and caregivers. Specifically, Section 2 provides essential background information on the key aspects of federal welfare reform that shape state policy choices relevant to this study. Section 3 discusses how individuals with disabilities are defined for the purposes of this study, the rationale for using this definition, and how this population fits within a larger group of welfare recipients commonly referred to as the “hard-to-serve.” Sections 4 and 5 present, the findings from our 50 state review of policies as applied to individuals with disabilities and to caregivers, respectively. The report concludes with a summary of the key themes and issues that emerged from this examination.

⁴ Available state TANF plans and policy manuals provided a useful, albeit incomplete, first look at state policies. Because the written policy documentation often did not provide enough detail to discern their specific application to individuals with disabilities and caregivers, we held conversations with welfare agency staff in each state to more fully understand their policies and ensure our review reflected the most current policies in effect. Discussions were generally limited to one welfare staff person per state but, where necessary, multiple persons were contacted to obtain needed information. We did not confirm what welfare agency staff reported beyond its consistency with what was available in policy documents.

SECTION 2

Background on Key Federal Reforms

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) dramatically changed the nation's welfare system. PRWORA eliminated the Aid to Families with Dependent Children (AFDC) cash entitlement program and the Job Opportunities and Basic Skills Training (JOBS) program, and replaced them with the Temporary Assistance for Needy Families (TANF) program. TANF differs from AFDC and JOBS in that it is a temporary cash assistance program with an emphasis on work as the primary route to self-sufficiency.

PRWORA provides states unprecedented flexibility in designing their cash assistance and welfare-to-work programs. States now determine 1) who is eligible to receive cash assistance, 2) who must participate in welfare-to-work programs and what they are required to do to receive this assistance, and 3) what mix of services will be provided to help recipients move off welfare.⁵ The most important dimension of state flexibility that may affect the ability of persons with disabilities and caregivers to move into employment and self-sufficiency is the decision about who should be required to participate in welfare-to-work activities.

Despite the new level of state flexibility provided under PRWORA, state decisions are still influenced by a series of federal mandates included in the law. In addition to programmatic requirements, states must also comply with the Americans with Disabilities Act of 1990 and other civil rights requirements

PRWORA provides states unprecedented flexibility in designing their cash assistance and welfare-to-work programs.

⁵Many states had already begun to restructure their cash assistance and welfare-to-work programs prior to PRWORA under federally approved waiver demonstration projects. Thirty states received waivers to change exemptions from JOBS participation, most commonly requiring parents of young children to participate. Thirty-two states received waivers to implement time limits, however most state time limit policies allowed exemptions or extensions to be granted to some recipients. For a more complete detailing of state waivers, see U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, *Setting the Baseline: A Report on State Welfare Waivers*, June 1997.

incorporated into PRWORA by reference.⁶ For the purposes of this report, we focus on new work participation rate requirements and the imposition of a lifetime limit on federally-funded assistance.

WORK PARTICIPATION REQUIREMENTS UNDER TANF

State discretion to determine who must participate in welfare-to-work services represents a major change from the participation requirements of JOBS, the federally mandated welfare-to-work program that preceded TANF. Under JOBS, welfare recipients who were “ill or incapacitated” or “caring for an ill or incapacitated household member” (i.e., caregivers) were categorically exempt from participation in welfare-to-work program activities.⁷ Due to these categorical exemptions, states were not required to consider the special needs of these populations when designing welfare-to-work program strategies. Under TANF, states are free to require any or all welfare recipients to participate in welfare-to-work activities, with minor exceptions.⁸ Thus, states may continue to exempt persons with disabilities and caregivers if they so choose, or they may broaden participation policies to include those who would have been exempt under the old rules.

In deciding whether exemptions from participation should be granted, states must take into consideration two work-related requirements set forth by PRWORA—the two year work requirement and the mandatory work participation rates. To support the increased emphasis on moving recipients off welfare and into jobs, PRWORA requires that adult recipients engage in “work” as soon as they are job-ready or have received assistance for 24 months, whichever happens first. States may opt to shorten this time frame and require participation in work activities sooner than 24 months.

⁶PRWORA specifically incorporates Title VI of the Civil Rights Act of 1964, as amended, Section 504 of the Rehabilitation Act of 1973, as amended, the Age Discrimination Act of 1975, and the Americans with Disabilities Act of 1990. Other civil rights laws also continue to apply to states operating TANF programs.

⁷Other major categorical exemptions included caregivers over age 20 with children age three or younger (age one, at state option) and persons living in remote areas. States were required to permit exempt individuals to participate in the JOBS program on a voluntary basis, as state resources permitted.

⁸States may also opt to exempt single custodial parents caring for a child under age one and exclude such families from federally mandated work participation rate calculations.

In order to help ensure that states actually do implement the work requirement, the law also requires that states meet participation rates that increase over time. The participation rate in Fiscal Year (FY) 1998 is 30 percent of the TANF caseload and gradually rises to 50 percent by FY 2002 and thereafter.⁹ The participation rate standard is very important to states because failure to meet these standards can result in financial penalties in the form of a reduction in their total TANF block grant allocation.¹⁰

PRWORA further defines what types of activities can be counted toward the participation rate. Allowable activities are generally work-related and include activities such as job search or job readiness activities, work experience, community service, and on-the-job training.¹¹ States may tailor their work requirement to permit or require clients to engage in other types of activities, such as counseling or substance abuse treatment, or decide to place more than the countable percent of their caseload in education or training. However, these activities do not count toward the federally mandated participation rate. Thus, the extent to which states permit recipients to engage in activities that cannot count toward the participation rate standard—even though they may be more appropriate or responsive to those individuals' circumstances—depends in part on whether they can allow this range of activities and still meet federal requirements.¹²

⁹The 30-50 percent participation rate is for all TANF families. Separate and higher rates are set for two-parent TANF families. Participation rates are also adjusted to account for recent caseload declines. However, final regulations pertaining to such adjustments have not been issued.

¹⁰The penalty for not meeting the state's work participation rate is initially five percent and may be as much as 21 percent of the state's block grant in the next fiscal year. This amount may be reduced based on the degree to which states fall short of the federal requirement.

¹¹The federal law places conditions on some activities. For example, job search may only count toward federal participation rates for a maximum of six weeks. Vocational education or training may not exceed 12 months for any individual, and no more than 30 percent of the adult caseload may participate in short-term education and training activities and qualify for participation rate calculation purposes. See Greenberg and Savner (1996) pp. 37-43 for a more detailed overview of work requirements under PRWORA.

¹²As noted in Greenberg and Savner (1996), "If State has a waiver in effect prior to the effective date of the legislation, the State may elect to continue its waiver (subject to TANF funding limitations) and the State will not be required to comply with the provisions of the Act that are inconsistent with the waiver." (p. 48) This provision allows states to use definitions of allowable activities and required hours of participation that are different from those specified in PRWORA if they were approved under waivers and are considered inconsistent with the law. However, because many states were beginning to require more work-related activities under waivers, we did not explore the extent to which states are using this inconsistency provision to allow different activities to count toward the achievement of work participation rates.

TIME-LIMITED ASSISTANCE

In addition to the work requirement and participation rate standard, PRWORA also imposes a limit on how long an individual may receive federally-funded assistance. The law sets a 60-month maximum lifetime limit on federal cash assistance but also allows states to impose time limits of a shorter duration. According to Gallagher *et al.* (1998), 23 states have chosen to impose shorter time limits than the federal 60-month time limit. Of these, 13 have set a shorter time limit that denies an adult or the entire family for a temporary period while still maintaining the 60-month maximum lifetime limit. The remaining nine have simply imposed a shorter lifetime limit on benefits.¹³

PRWORA allows states to exempt up to 20 percent of their average monthly caseload from the 60-month time limit by reason of “hardship.”

In recognition of the fact that there will be circumstances which prevent some recipients from moving off welfare before reaching the time limit, PRWORA allows states to exempt up to 20 percent of their average monthly caseload from the 60-month time limit by reason of “hardship.” The definition of what constitutes a hardship exemption, or under what circumstances a recipient might be granted a temporary extension to a shorter state-imposed time limit, is left up to the states. Additionally, there is nothing in the law that prohibits states from using state funds to provide services to individuals in need of support beyond 60 months. States may choose to use state funds to support these individuals and count that expenditure toward the maintenance of effort (MOE) requirement in PRWORA.¹⁴

¹³ See Appendix B for a listing of state time limit policies. See Gallagher *et al.* (1998) for additional detail on state time limit policies.

¹⁴ States are required to spend 80 percent of their “historic state expenditures” or face a dollar-for-dollar reduction in their TANF grant. Time during which individuals receive services funded by state MOE dollars do not count toward the 60-month lifetime limit on assistance.

SECTION 3

Individuals with Disabilities in the Context of Welfare Reform

The primary objective of this study is to provide information on state policies under TANF for people with disabilities. This is far from a straightforward exercise because, in reality, this term masks a heterogeneous group of individuals. These individuals have diverse impairments and conditions that vary in the extent to which they are disabling, particularly in connection with the ability to work. A further confounding factor is that the circumstances and conditions under which a person might be identified as disabled also vary depending upon who is making that determination and their purpose for doing so.

Although there are some definitions of disability that are well-known and commonly used among the disability community, welfare staff responsible for state welfare-to-work initiatives have typically not utilized these definitions in conjunction with policies and program strategies. Therefore, common definitions of disability—such as SSI program eligibility criteria or the definition delineated in the Americans with Disabilities Act of 1990 (ADA)—do not provide a meaningful basis for discussions with welfare staff about TANF policies as they apply to individuals with disabilities.¹⁵

People with disabilities have diverse impairments and conditions....the level of severity varies.

¹⁵To be considered disabled under the SSI program, an adult must be unable to engage in any substantial gainful activity by reasons of a medically determined physical or mental impairment expected to result in death or that has lasted, or can be expected to last, for a continuous period of at least 12 months (Committee on Ways and Means [1998], p 266.). For the purposes of this study, the SSI definition was too limiting because program rules do not allow anyone eligible for SSI to receive TANF cash assistance and welfare-to-work services, although an individual may qualify for TANF benefits while in the process of applying for SSI. Therefore, TANF recipients with disabilities—with the exception of small numbers receiving TANF while in the process of applying for SSI—are those whose disabling conditions are not severe enough to make them eligible for SSI. Alternatively, welfare staff are generally not familiar with the broader definition of disability used in the ADA.

There is no one common definition of disability used by the welfare community.

Further, state-based definitions of disability used in the context of welfare reform also defy simple categorization or comparability. Some states continue to use the extensive guidelines originally developed under JOBS to determine if a welfare recipient has a disability. Others do not have formal, written definitions of what constitutes a disability but rely instead on a process that determines if a disabling condition precludes participation in welfare-to-work program activities (e.g., use of a medical review team or reliance on doctors' statements). Still others have abandoned the concept of disability as a basis for exemption from welfare-to-work activities. In fact, many states do not consider "persons with disabilities" as a population that is separate and distinct from other types of welfare recipients. Instead, they are often viewed as part of a larger subset of welfare recipients that is collectively referred to as the "hard-to-serve." Just as there is neither a single definition of "persons with disabilities" nor one set of characteristics that easily identifies this population, there is no single definition of the "hard-to-serve" or their characteristics.

Although the intent of this study is to focus more narrowly on persons with disabilities, many states cannot easily disentangle or differentiate policies for this group. This is in some cases the result of the fact that many recipients with significant barriers to employment—those now considered "hard-to-serve"—were exempt from participating in JOBS. Further complicating the issue is the fact that many state management information systems do not capture sufficient detail to provide data about the previously exempt subpopulations within the "hard-to-serve." Thus many state officials' responses to our targeted questions were framed in the broader context of policies and services for *all* hard-to-serve clients.

The list of potential barriers to employment faced by the hard-to-serve is long and may include the following: having little or no work history, learning disabilities, physical impairments, living in a remote area where there are few job opportunities, being a victim of domestic abuse, experiencing substance abuse or mental health problems, or combinations of these barriers.¹⁶ Clearly, the hard-to-serve and persons with disabilities share many

¹⁶Several studies have considered alternative definitions of the hard-to-serve and potential service strategies that are responsive to the various needs of this group. See, for example, Kramer (1998), Olson and Pavetti (1996), and Pavetti *et al.* (1997).

characteristics. Again, the lack of definitional consistency across states imposes constraints on our ability to compare policies that may affect persons with disabilities.

For this study, we relied on the definition of disability used by states under the JOBS program as a reference point for determining if policies applied to people with disabilities and caregivers have changed. Specifically, we sought to determine whether those who previously would have been exempt from participation in the JOBS program due to illness or incapacity are now subject to new rules and requirements.¹⁷ Under JOBS, “disability” was categorized under the vague heading of those who were “ill or incapacitated.” The conditions faced by welfare recipients considered ill or incapacitated ranged from temporary illnesses to long-term incapacities not severe enough to allow the individual to qualify for SSI.

Using the JOBS definition provided a common language to discuss state policies with welfare staff and the best available means to assess whether a particular state has changed its policy since federal welfare reform—the primary goal of this study. However, this definitional strategy does not fully capture how one state’s policies compare with another’s because states implemented the JOBS disability exemption differently. As noted above, the conditions faced by recipients considered disabled under JOBS were not strictly defined. Some states may have applied the JOBS exemption only to individuals with physical disabilities while other states may have also considered individuals with significant substance abuse or mental health problems “ill or incapacitated.” Using the JOBS definition does, however, allow us to provide an overview of state policy trends in this area and provide a general picture of how many states are using the flexibility afforded by federal welfare reform to move away from traditional policies.

¹⁷As noted previously, some states with federally approved welfare reform waivers made changes to their JOBS program prior to the enactment of federal welfare reform legislation. In these cases, the current status of policies presented in Sections 4 and 5 may represent a change first initiated under their pre-TANF welfare reform waivers. See U.S. Department of Health and Human Services (June 1997) for details of state waivers.

SECTION 4

Individuals with Disabilities - Key Policy Approaches

This section provides an overview of state participation and time limit policies as applied to individuals with disabilities as of April-May 1998. Participation policies can be grouped into three approaches: 1) the same as JOBS; 2) different from JOBS—“broader participation;” and 3) different from JOBS—“universal participation.” Because the universal participation approach represents a dramatic change from traditional approaches, we provide a more in depth discussion of what this approach entails. This section concludes with an examination of state time limit policies and whether individuals with disabilities face time-limited benefits.

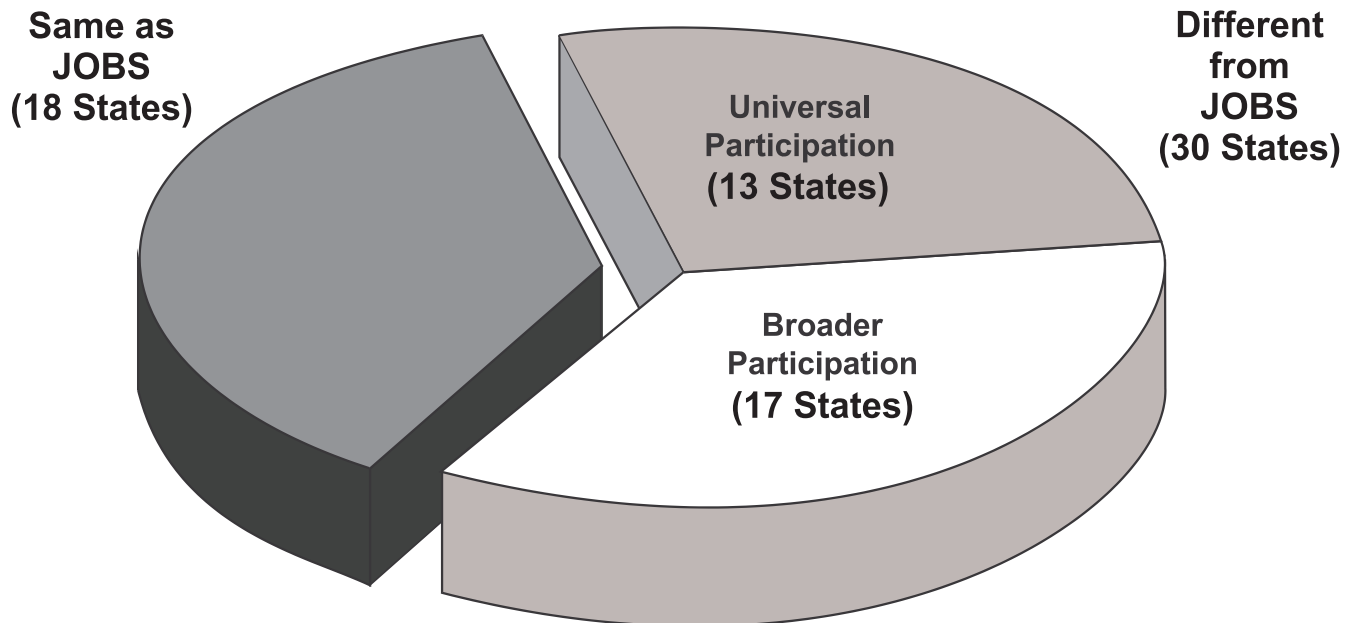
THREE STATE APPROACHES TO PARTICIPATION

The majority of states have adopted different participation policies than were in place under JOBS.¹⁸ As shown in Exhibit 1, 30 states have adopted policies under TANF that are different from those imposed under JOBS, and 18 states are continuing to use the same guidelines established under JOBS. Among the 30 states that have changed their participation policies for individuals with disabilities under TANF, the new approaches can be broadly categorized as “broader participation” and “universal participation.” Each of these approaches is discussed in more detail below.

¹⁸Participation policies for 48 states could be categorized. Welfare programs in Colorado, North Carolina, and Ohio are county administered and counties have the authority to set participation policy. Because participation policies are determined separately by each county, these states' approaches could not be categorized. For a comprehensive summary of the categorization of state participation policies as applied to individuals with disabilities, see Appendix A.

EXHIBIT 1

STATE PARTICIPATION POLICIES - INDIVIDUALS WITH DISABILITIES



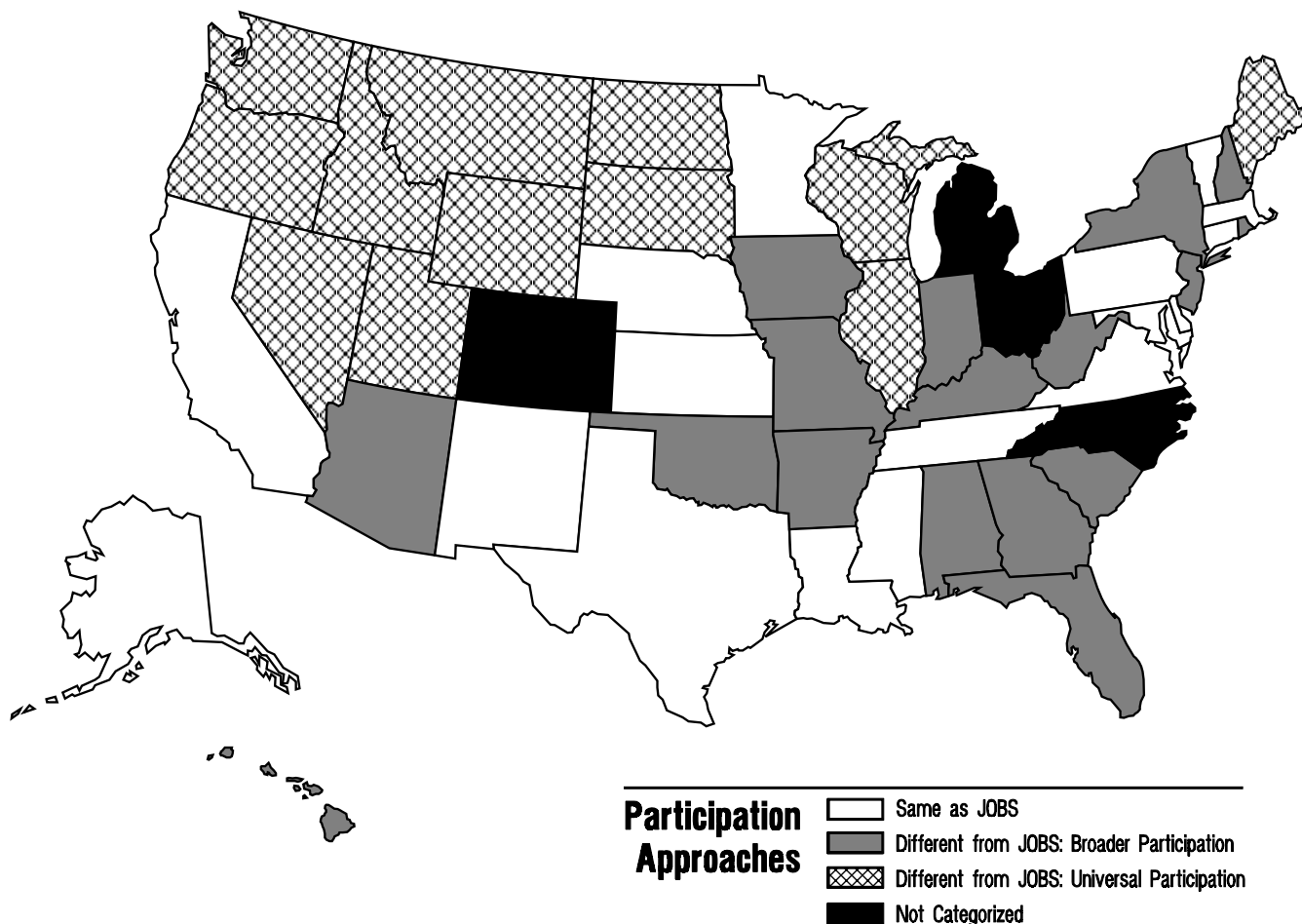
As of April - May 1998

Eighteen states have chosen to retain JOBS participation policies generally exempting individuals with disabilities.

Same Participation Policies as Under JOBS. Exhibit 2 shows the 18 states that have chosen to retain JOBS participation policies and generally exempt individuals with disabilities. States in this category have not changed their processes for determining if individuals with disabilities are required to participate or are eligible for exemptions. In these states, staff generally rely on local medical professionals to document a recipient's inability to participate. This documentation then provides the basis for granting an exemption due to a disability. Additional efforts to determine capabilities or require participation have not been instituted.

Regardless of their participation policy under TANF, states do allow individuals with disabilities and all other exempt recipients to volunteer to participate in welfare-to-work program activities. However, it is not uncommon for states to require participants who voluntarily enter the welfare-to-work program to become subject to time limits and participation rules (including penalties for non-compliance) just like all other mandatory recipients.

STATE PARTICIPATION POLICIES - INDIVIDUALS WITH DISABILITIES



Similarly, volunteers receive the same services—the range and intensity of which vary across states and localities—that are available to all other participants. Volunteering may not be a viable option for recipients with disabilities given the time limit on benefits, strict requirements on hours of participation, types of services offered, and financial sanctions for noncompliance.

According to respondents, the 18 states that have chosen to retain the participation and exemption criteria established by JOBS have done so for several reasons. Some states reported that they are holding off making a change in this exemption policy until they can obtain better data on the number and characteristics of individuals with disabilities (as well as other

Many states will likely revisit their participation policy decisions over time.

In 17 states, a “broader” participation approach requires some who would have been exempt under JOBS to participate.

recipients with barriers to employment) and what percentage of the caseload they may comprise. Still others believe they can meet federal work participation requirements while continuing to exempt individuals with disabilities. Further, some states believe this is a sound policy choice given that they currently do not have appropriate or sufficient employment-related services and supports in place to meet needs of recipients with disabilities. Several states reported they were currently in different stages of designing or considering services and delivery systems that will better meet the needs of individuals with disabilities.

Many states will likely revisit their participation policy decisions over time. Some states may shift away from the JOBS approach, at least partially in response to federal work participation rate requirements. Although some state policy staff noted that meeting the all-family work participation rate would not be problematic in the early days of TANF, they attributed this to the lower initial rate, the caseload reduction credit, and a strong economy. State welfare staff frequently noted that meeting work participation rates would become increasingly difficult as participation rates increase, job-ready welfare recipients move into employment and off welfare, and caseloads increasingly consist of a higher proportion of clients with multiple barriers to employment.

Different from JOBS: Broader Participation. Among the 30 states that have chosen to change their participation policies, 17 have broadened participation as compared to JOBS by requiring participation among some recipients who would have previously been granted an exemption from participation due to a disability (see Exhibit 2). Within this group, states have commonly broadened participation in one or more of four different ways.

1. One common way states have broadened participation is by allowing very few formal exemptions but still maintaining mechanisms to release some recipients with disabilities from their obligation to participate.

States adopting this approach no longer categorically exempt individuals with disabilities from participation but will grant “temporary exemptions,” “deferrals,” or “postponements” from participation, or grant “good cause”¹⁹

¹⁹Under JOBS, individuals required to participate who failed to do so could avoid penalties for non-compliance if they were granted “good cause.” Good cause was granted where individuals experienced circumstances generally beyond their control that resulted in their inability to participate. Examples of good cause included temporary illnesses or transportation failures; the lack of availability of child care; or other circumstances specified by the state.

to individuals with disabilities who cannot participate. As the new terminology suggests, states adopting this approach intend for most individuals—even those with disabilities—to participate and that periods of approved non-participation will be short-term.

In **Kentucky**, for example, recipients with disabilities are not exempt from participating in its welfare-to-work program, Kentucky Works. However, case workers may grant the recipient “good cause” for not participating if medical documentation indicates that the individual has a temporary condition that prevents participation. Conditions are reviewed on a schedule appropriate to the condition. For long-term conditions, the good cause determination may not require additional review. In **Arkansas**, only individuals eligible for SSI are exempt from participating,²⁰ but TANF recipients with disabilities may receive “deferrals” from participation, while individuals with disabilities in **Georgia** are not categorically exempt from participation, but may receive a “postponement” while they seek treatment.

2. Another approach to broadened participation among individuals with disabilities is through “taking a harder look” to determine whether or not the individual is able to participate.

For example, some states require that caseworkers review medical documentation more carefully to determine recipients’ capabilities before determining whether that recipient should be granted an exemption or temporary deferral. Previously in such states, a doctor’s statement that the individual could not participate would have been all that was required to grant an exemption. In this vein, some states have revised forms and/or request additional information from medical staff—such as the anticipated duration of the incapacity or more specific information about limitations and capabilities—so that caseworkers can identify activities individuals can undertake that accommodate the disability. For example, **New Jersey** has implemented the use of a new form that requires a physician to give detailed information about the characteristics of an individual’s disability, the degree of the limitation caused by the disability, and how the disability will affect an individual’s ability to work. This form replaces a more generic “excuse” note from the doctor.

²⁰As explained in more detail below, individuals may not simultaneously receive SSI and TANF benefits. Therefore, the majority of individuals eligible for SSI do not receive TANF and are therefore not subject to work requirements.

3. Still others have broadened participation by moving the point in the process where mandatory participation is determined so that staff more familiar with the requirements of the work program make participation decisions.

By placing the responsibility for the participation decision with a staff member more familiar with its welfare-to-work program activities, services, and supports, individuals facing situations that may not preclude participation are more likely to be required to participate. This strategy has been adopted by **Alabama**.

4. Finally, some states have medical review teams or other agencies review documentation of a disabling condition in an attempt to apply more consistent standards when determining whether or not the individual should be required to participate.

For example, in **Arizona**, the welfare agency has forged a formal relationship with the Rehabilitative Services Agency (RSA), the agency that administers the Vocational Rehabilitation (VR) program. This relationship was established in an effort to ensure participation by recipients capable of participating, but with a recognition that welfare office staff may not have the appropriate training to assess whether or not an individual with a disability should be required to participate in work-related activities. In Arizona, RSA staff, whose positions are funded by the welfare agency, review medical information about welfare clients who report a disability and recommend that the client 1) be referred to the SSI program, 2) be served by the VR program, 3) be required to participate in the state welfare-to-work program, or 4) receive an exemption from the welfare-to-work program.

*In 13 states,
a “universal”
participation approach
requires everyone to
participate up to the
level of their ability,
regardless of barriers
to employment,
personal situations,
or physical
characteristics.*

Different from JOBS: Universal Participation. Thirteen states in Exhibit 2 are labeled “universal participation” because they no longer exempt *any* recipients from participation, including individuals with disabilities. In fact, in some of these states, the concept and use of the term “exemption” no longer exists. Instead, the prevailing concepts guiding participation policies are those of universal participation and saturation that extend to even the hardest-to-serve welfare recipients. These concepts reflect a new approach to welfare, where everyone is required to participate up to the level of their ability, regardless of barriers to employment, personal situations, or physical characteristics.

The movement to a universal participation approach in many ways represents the philosophic change from welfare to work intended by PRWORA. States requiring universal participation emphasize participation in work and self-sufficiency activities as the path off welfare for all recipients. Some states in this category noted that federal welfare reform was the impetus for state policy changes. Others saw federal reform as an opportunity to implement changes that had been desired for some time. Many in this latter group of states believe that categorical exemptions, such as those in place under JOBS, are artificial and exclude individuals from services who could benefit from them.

In a few states, such as **Illinois** and **Michigan**, a universal participation approach is the result of adopting a stricter definition of who may be considered disabled than was used under JOBS. These states consider only individuals who meet the strict definition of disability required under SSI (or other similar programs) to be exempt from participation because of a disability. Since a person cannot receive SSI and TANF simultaneously, many of these individuals temporarily receive TANF until the lengthy SSI application process is completed. (At the point SSI benefit receipt begins, the individual is no longer eligible for TANF.) The adoption of this policy results essentially in welfare recipients who are eligible for SSI being removed from the TANF caseload, leaving all remaining TANF recipients subject to participation requirements. Although states have always referred very severely disabled clients to the SSI program, recipients with disabilities that were not severe enough to qualify for SSI were often exempt from participation under JOBS. Under the universal participation approach, such individuals are required to participate.

UNIVERSAL PARTICIPATION: WHAT IS REQUIRED OF INDIVIDUALS WITH DISABILITIES?

States that have implemented a universal participation approach require all TANF recipients—including individuals with disabilities—to participate in work or self-sufficiency activities. This approach is a drastic change from the JOBS participation requirements (where individuals with disabilities were categorically exempt from participating in education and

States recognize that individuals with disabilities face diverse barriers to employment.... activities for these recipients are also diverse.

training services) and is also quite different from states that have moved to broader participation (where there are few if any *categorical* exemptions but some individuals are not required to participate). An important dimension of this shift to a universal approach is the significant expansion of what types of activities recipients may be required to undertake, as well as a more intensive reliance on case management.

Despite PRWORA's emphasis on work, many welfare recipients with disabilities face barriers that make participation in employment or work-related activities difficult or impossible. Rather than exempt these recipients, universal participation states have chosen to redefine the activities required so as to take into consideration their capabilities, while still being guided by the need to move as many recipients to self-sufficiency as possible. In many cases, the activities that constitute participation may neither be work-related nor meet the definition of activities that count for purposes of federal participation rate requirements. However, states that have adopted this approach consider each activity a stepping stone to future activities that may meet federal definitions of participation or generally improve the individual's situation.

Among universal participation states, the predominant approach to determining what activities are required involves the development of individualized participation plans that take into consideration individuals' limitations and emphasize their capabilities. We were able to identify only one state, Maine (discussed below), that had adopted a somewhat different service strategy within the context of universal participation.

Individualized Service Planning. With the exception of Maine, states that require universal participation determine what types of activities are required through a process of caseworkers and recipients developing individualized participation plans. These plans are intended to move the individual toward self-sufficiency by emphasizing the individual's capabilities rather than incapacities. In developing these plans, the range of available resources is considered, including services provided by welfare-to-work contractors, referrals to other public and community-based services, and independent self-sufficiency activities.

Recognizing that many of the individuals now being required to participate have significant barriers to employment, the types of activities in which recipients are required to participate are diverse. Participation plans

for individuals with disabilities may not require immediate participation in work or work-related services if recipients are not job-ready. The goal of individualized participation plans is to identify steps the individual can take, but with a recognition that the path to self-sufficiency may be long and varied. Plans are also developed with the recognition that necessary steps may not meet the federal definitions of activities that are allowable for purposes of calculating participation rates. For example, required activities may include attending a substance abuse treatment program, attending parenting classes, or keeping appointments with the welfare caseworker. Services may be provided by the welfare agency, under contract to the welfare agency, or through referrals to other available providers.²¹

In **Idaho**, for example, individuals formulate a plan or “personal responsibility contract” by working with a Self-Reliance Specialist. The specialist, through negotiations with the individual, tailors activities incorporated into the plan to the needs and capabilities of the individual. Once the contract is signed by both the recipient and the specialist, there is frequent contact with the recipient—as often as once a week—to monitor and update the plan. **Utah** utilizes a similar approach, requiring all recipients to engage in an activity that will help them achieve a better way of life or increase family income even if such activities do not meet the definition of activities that count for purposes of calculating federal work participation rates.

The use of highly individualized participation plans with all recipients calls for a more comprehensive and flexible approach that may require expending additional resources for services that cannot be counted toward federal work participation requirements. Further, this approach requires that caseworkers be able to assess the needs and capabilities of recipients and be aware of the range of available resources and how to access them. In many states, this may require training of workers or the adoption of screening and assessment tools. Additionally, in states where caseworkers have large caseloads, frequent and individualized interaction with recipients may not be possible. However, this approach may become more viable for an increasing number of states as caseloads decline.

Maine has adopted a somewhat different service strategy than described above. In determining how best to achieve a universal participation program

²¹Our review of state policies did not attempt to document how widely or extensively welfare offices rely on contracted specialized services.

model, the state decided it should contract with specialized service providers that had experience and expertise working with individuals with hard-to-serve characteristics. Three contractors have recently been hired to help recipients identified as hard-to-serve prepare for, find, and maintain jobs. Maine views its investment in specialized service providers as a long-term strategy that will accomplish two objectives: 1) provide the hard-to-serve more holistic and coordinated case management services, and 2) help identify and better understand characteristics of this population.

Maine's hard-to-serve service strategy was in the very early stages of implementation at the time of our discussion. Welfare office caseworkers were receiving training on screening recipients for mental health, illiteracy, domestic violence, learning disability and substance abuse problems. Individuals identified with any of these problems will be referred to the hard-to-serve contract service provider for that location. Only one service provider contract had started and the others were scheduled to begin in the Summer of 1998. Although each contract provider may implement a slightly different service delivery approach, the overall strategy is to identify hard-to-serve recipients up-front and provide them with more intensive and directed services than those received by other TANF recipients. These services can include counseling, substance abuse treatment, and home visits.

APPLICATION OF TIME LIMITS

Time limits are another key aspect of welfare reform that may affect individuals with disabilities. As noted previously, because of the 60-month lifetime limit on federal assistance and state flexibility to implement shorter time limits, individuals with disabilities who were previously eligible for unlimited assistance may now face a limit on how long they can receive assistance.

States have adopted a wide range of time limit policies. Slightly more than half of the states (27) have adopted the 60-month federal lifetime limit, with the rest opting to impose a shorter limit ranging from 18 to 36 months.²² In this report, we focus on the time limit recipients will reach first—either a

²² See Gallagher *et al.* (1998).

state time limit less than 60 months or the federal 60-month limit—and whether it applies to individuals with disabilities.²³

Exhibit 3 provides an overview of state time limit policies as applied to individuals with disabilities as of April-May 1998. As shown, individuals with disabilities are subject to the time limit in 26 states. Another 16 states indicated individuals with disabilities are exempt from the time limit. An additional eight, that had adopted broader participation policies, noted that individuals with disabilities are subject to the time limit only if required to participate in welfare-to-work services. The application of time limits to individuals with disabilities and states' choices to exempt this population from the time limit are discussed further below.

Time Limit Exemption. Exhibit 4 shows states' policies to either exempt or subject individuals with disabilities to the first time limit recipients can reach. As shown, 16 states have chosen to exempt individuals with disabilities from the shortest applicable time limit. Of these, nine states have imposed state time limits shorter than the federal 60-month limit. Most state time limits shorter than the 60-month federal limit contain provisions to exempt certain recipients or extend time limits in certain circumstances. For example, some state time limits do not apply to individuals who are caring for young children or face personal barriers to employment. Others allow exemptions from state time limits to individuals who are unable to participate in welfare-to-work services, a category that usually includes individuals with disabilities.

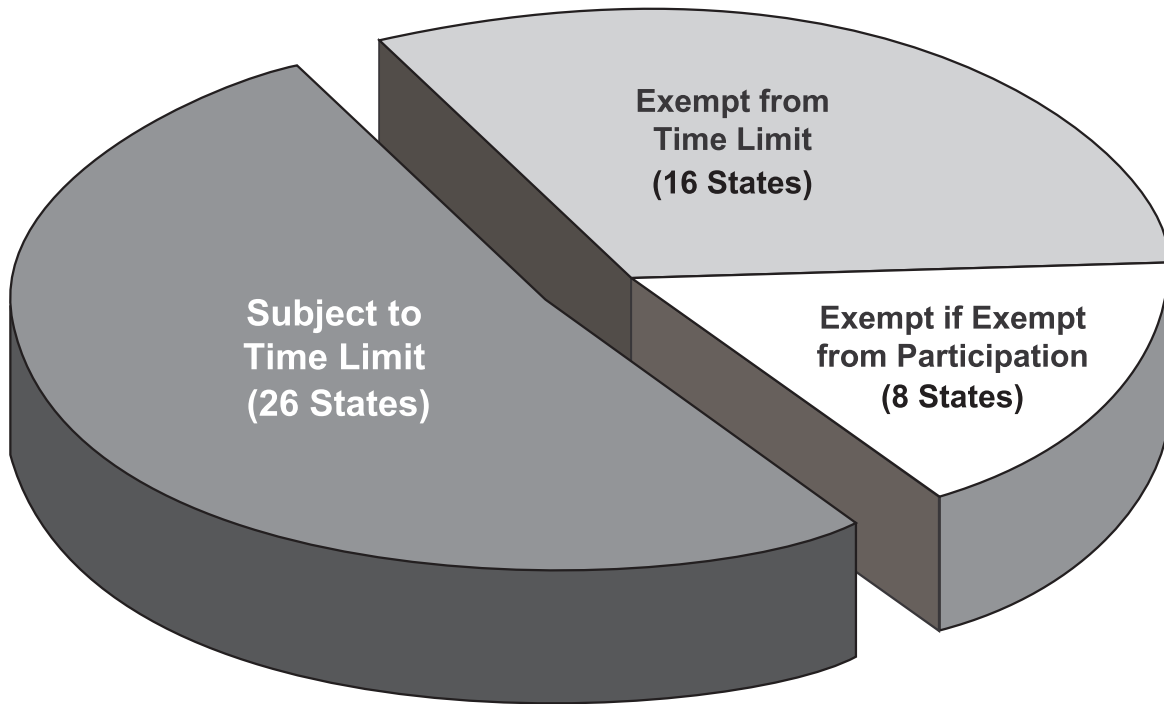
In some cases, a policy of exempting individuals with disabilities reflects the belief that the state will be successful in moving at least 80 percent of the caseload off welfare within 60 months and that those requiring additional support will comprise no more than 20 percent of the state's caseload. At least two states (**Michigan** and **Maine**) have made decisions to support recipients in need of assistance beyond 60 months with state funds, and other states are considering this option.

Individuals with disabilities are subject to the time limit in 26 states. In another 16 states, they are exempt, while in eight they are exempt from the time limit only if exempt from participating in the welfare-to-work program.

²³Time limit policies could be categorized for all but one state. Ohio has established a 36 month time limit. However, welfare in Ohio is county administered and time limit exemption policies are established by each county. Therefore, the state's time limit policy as applied to individuals with disabilities could not be categorized. See Appendix B for a comprehensive summary of state time limit policies as applied to individuals with disabilities.

EXHIBIT 3

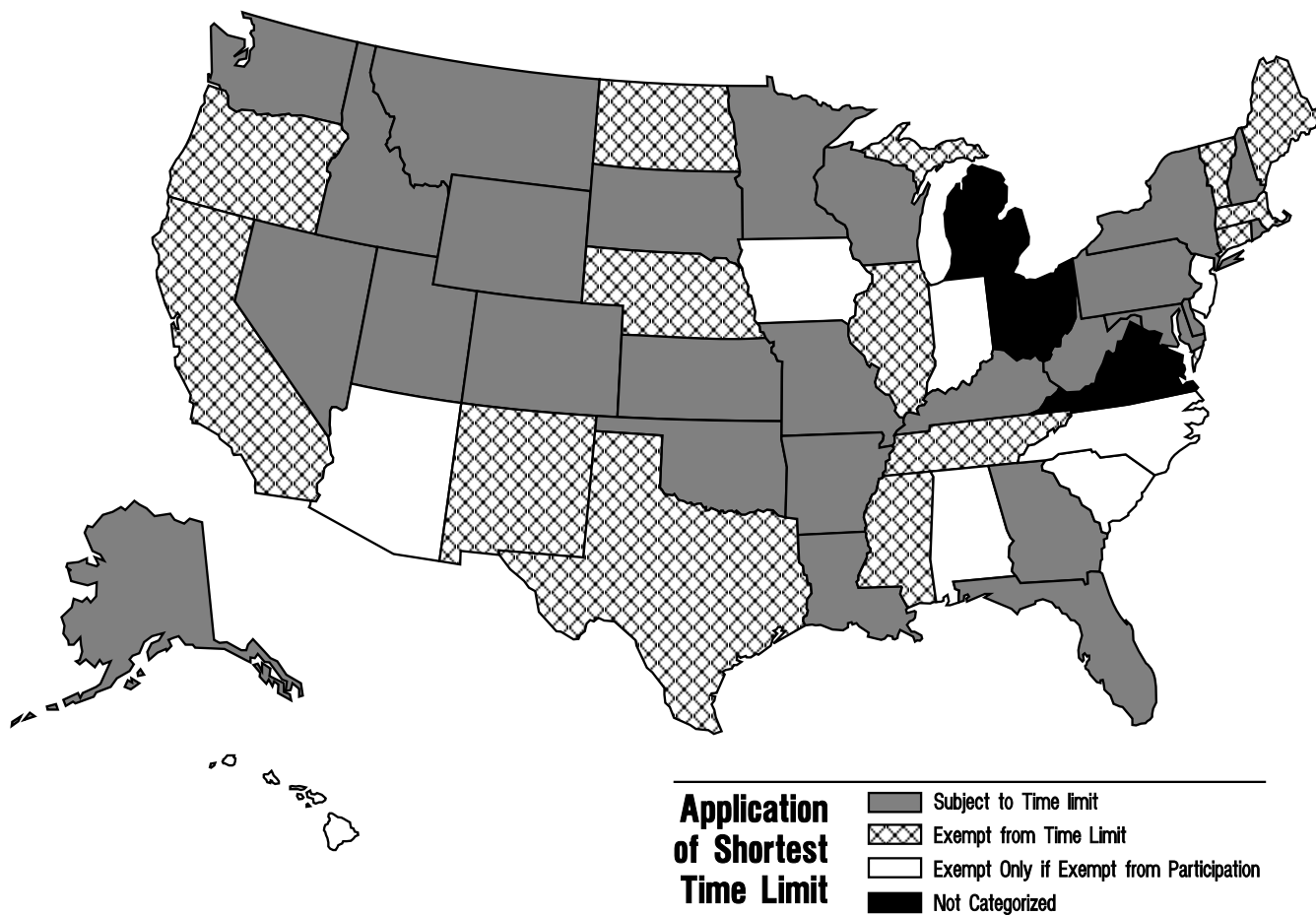
APPLICATION OF SHORTEST TIME LIMIT - INDIVIDUALS WITH DISABILITIES



As of April - May 1998

Subject to the Time Limit: What Does it Really Mean? It is important to note that although 26 states indicated individuals with disabilities are subject to the time limit, this does not *necessarily* indicate that states will discontinue assistance to disabled or other hard-to-serve recipients. There are several reasons why many states consider it too early to make decisions about who will receive hardship exemptions from the federal time limit. Some state welfare agency staff indicated that their caseloads have been declining rapidly and they are unsure of how many recipients will require assistance beyond 60 months. Additionally, caseload compositions are changing—as the more job-ready move off welfare and the caseload consists of more hard-to-serve recipients—and many state data systems do not collect information required to understand the characteristics and barriers faced by the hard-to-serve.

APPLICATION OF SHORTEST TIME LIMIT - INDIVIDUALS WITH DISABILITIES



Given the dramatic decline in caseloads, coupled with the lack of knowledge about the extent to which time limit policies motivate people to leave welfare, several states expressed the sentiment that decisions about who should be granted hardship exemptions are best addressed at a later date. In a few states, decisions about who will comprise the 20 percent of the caseload given an exemption to the federal time limit, or the possible use of state funds to provide assistance beyond 60 months, must be made by state legislatures that may only meet for part of the year or have long and diverse agendas. Thus, in this relatively early stage of welfare reform implementation, these states have adopted policies that subject persons with disabilities to time limits, but these policies warrant monitoring as they are likely to be revisited.

Time Limits and Participation Requirements. Time limit and participation requirements are related in both explicit and implicit ways. In eight states, where participation policies have been broadened to include some individuals who previously would have been exempt,²⁴ application of time limits is explicitly related to requirements to participate in welfare-to-work activities. Generally, individuals in these states who are not required to participate in welfare-to-work activities are exempt from the time limit. Conversely, if an individual with a disability is required to participate, he or she would be subject to the time limit.

For example, in **Indiana**, only individuals required to participate in the Indiana Manpower Placement and Comprehensive Training program (IMPACT) are subject to the state's 24-month time limit. Individuals with disabilities may or may not have to participate in IMPACT, according to Indiana's broader approach to participation. **Iowa** combines these policies differently. In Iowa, individuals with disabilities are exempt from time limits if they comply with the service plan (called the Family Investment Agreement or FIA). However, if the participant does not complete or comply with the FIA, or reaches the end of the FIA and fails to re-negotiate its terms, the household's benefits are time limited through the Limited Benefit Plan (LBP). The LBP involves a period of reduced benefits followed by a 6 month period of no benefits before the individual is re-eligible for assistance.

In some states, the decision to broaden participation or require universal participation is implicitly related to the imposition of a state or federal time limit. Welfare staff in some states noted that the change to a broader or universal participation approach was at least in part because of the existence of a time limit. These states noted a general concern that if they did not expand their participation policies, some segments of the welfare caseload would ultimately reach the time limit and be left with no support having never received employment or self-sufficiency services from the welfare system.

In these states, expanded participation policies represent an attempt to serve as many recipients as possible to ensure that those who can move off welfare are provided support in taking those steps. By requiring participation in some activity, however broadly defined, these states believe clients who are forced off welfare because of a time limit will have taken at least the first steps toward self-sufficiency with the support of the welfare

²⁴Alabama, Arizona, Hawaii, Iowa, Indiana, New Jersey, North Carolina, and South Carolina.

office. Further, by helping more recipients move off welfare, fewer will remain at risk of expending the time on their “clocks.”

In seven states,²⁵ individuals with disabilities are subject to time limits but are currently not required to participate in the welfare-to-work program (that is, participation requirements are the same as under JOBS). This combination of policies is a potential source of concern because persons with disabilities may not receive the employment-related services provided to other welfare recipients but they will face a limited duration of benefit receipt.²⁶ **Minnesota** is one of the states with this combination of policies that is working to develop a more consistent set of policies. Nonetheless, until there is a change in policy, these individuals face time-limited benefits.

²⁵Alaska, the District of Columbia, Kansas, Louisiana, Maryland, Minnesota, and Pennsylvania.

²⁶Again, it is important to note that many states that consider individuals with disabilities subject to the time limit have not yet made decisions about who will receive a hardship exemption and individuals do have the option to volunteer.

SECTION 5

CAREGIVERS - KEY POLICY APPROACHES

Recipients who care for individuals with disabilities are another segment of the welfare population that may be affected by welfare reform. Although many caregivers do not have personal limitations that affect their ability to work, their ability to work or participate in employment-related activities required by the welfare system is limited due to obligations to care for an ill or incapacitated family member. In some cases, caregivers have been out of the labor force for some time or face other personal barriers to employment in addition to the need to perform their caregiving role.

Like individuals with disabilities, under AFDC there was no limit set on how long caregivers were eligible to receive cash assistance (as long as they provided in-home care to a member of the household) while being exempt from work participation requirements under JOBS. Now, states must decide whether to require caregivers to participate in welfare-to-work programs or to continue to exempt this population. Caregivers are another segment of the hard-to-serve population that states are considering in terms of who may need assistance beyond 60 months and who will be eligible for hardship exemptions.

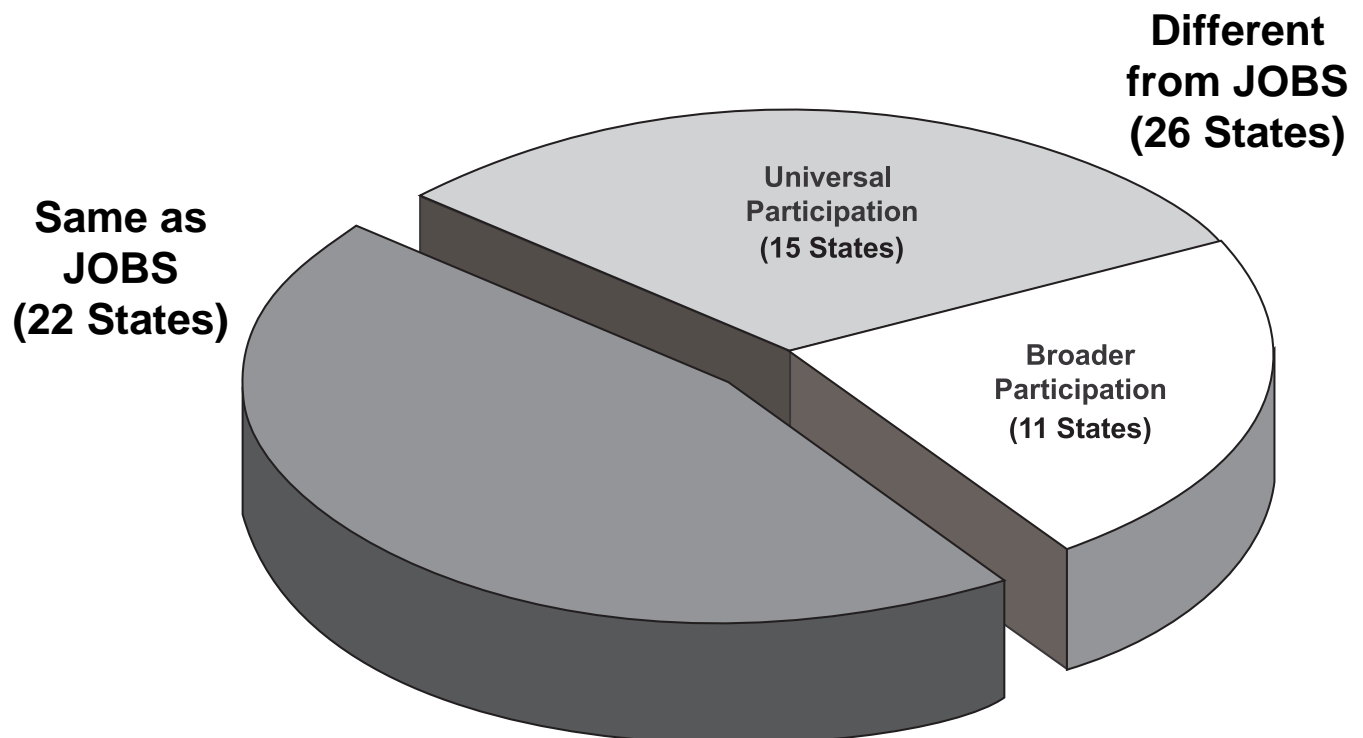
In this section we discuss states' participation and time limit policies as they apply to caregivers as of April-May 1998. Although the individual circumstances of persons with disabilities and caregivers differ, both populations were categorically exempt under JOBS, and therefore many state policies for these populations are parallel. For this reason, we present state policies for caregivers as they compare to policies for individuals with disabilities, with additional explanation where policies for the two groups differ.

State policies vary regarding caregiver's participation in welfare-to-work or self-sufficiency activities.

STATE APPROACHES TO PARTICIPATION

Overwhelmingly, states have adopted the same participation policies for caregivers and individuals with disabilities. (See Exhibit 5 for the distribution of state TANF participation policies as applied to caregivers. See Appendix C for a comprehensive summary of state participation policies as applied to caregivers.) In fact, 42 of the 48 states categorized apply the same participation policy to caregivers as is applied to individuals with disabilities.²⁷ For example, all states that have chosen to continue applying the JOBS exemption from participation to persons with disabilities apply this same policy to caregivers.

EXHIBIT 5 STATE PARTICIPATION POLICIES - CAREGIVERS



As of April - May 1998

²⁷As noted previously, participation policies for 48 states could be categorized. Welfare programs in Colorado, North Carolina, and Ohio are county administered and counties have the authority to set participation policy. Because participation policies are determined separately by each county, these states' policies could not be categorized.

Among the 17 states with broader participation policies for individuals with disabilities, the majority (11) also have broader standards for caregivers. In these 11 states, participation among caregivers may have broadened in several ways. As with individuals with disabilities, states in this category are generally taking a harder look at the situations of caregivers to determine their ability to participate. In many cases this means determining whether or not the disabled individual in the household is in need of full-time care or if alternative care arrangements can be made.

Some states have broadened participation among caregivers by changing the criteria used to define an individual as a caregiver. Whereas under JOBS, caregivers could care for *any* disabled household member, some states now restrict who an individual can care for and be exempt from participation. For example, **Hawaii** allowed exemptions from JOBS participation for caregivers caring for anyone living in the household. Under TANF, the individual being cared for must be a spouse or a child of the caregiver in order to qualify for an exemption.

In four of the 17 states requiring broader participation among individuals with disabilities (**Missouri, New Hampshire, New Jersey, and New York**), caregivers continue to be exempt. Conversely, two states (**Florida and Georgia**) that have broadened participation policies for individuals with disabilities require all caregivers to participate. States may choose to exempt caregivers because they comprise a small portion of the caseload and will not affect the state's ability to meet work participation rates, or because the state cannot provide services to meet the needs of these recipients (e.g., alternative specialized care arrangements). Alternatively, states may choose to require participation by caregivers because they generally do not have personal conditions that preclude participation and the states view this as an opportunity to expand services to another population in need. In states requiring both broader or universal participation of caregivers, it was reported that staff generally spend additional time exploring alternative care arrangements for the disabled individual in the household or consider in-home activities the caregiver may undertake. The activities required of caregivers who must participate under TANF are further discussed below.

Some states have broadened participation among caregivers by changing the definition of “caregiver.”

CAREGIVERS WHO PARTICIPATE: WHAT DO THEY HAVE TO DO?

In many states that have chosen to change participation policies for caregivers under TANF, the change is more of word than deed. Although many states have broadened their participation policies to include caregivers or moved to a universal participation approach, what has changed operationally is often not associated with who must participate, but what the person must do to be considered participating.

In many states, where policies are categorized as universal or broader participation, what caregivers must do is provide care. Recognizing that caregivers are subject to the 60-month time limit, some states indicated that they want staff to encourage caregivers to consider engaging in activities—such as in-home telemarketing or child care—that will help increase their chance of moving off welfare over time. However, the formal, written policy may allow caregiving to be the only activity. Operationally, this is no different from states that exempt a person who provides care because performing this function qualifies them as “caregivers.” Although this may appear to be only a semantic difference, according to state welfare staff the change represents a philosophic shift that embraces the concept that “everybody has to do something.”

APPLICATION OF TIME LIMITS

As with participation policies, states have overwhelmingly adopted the same time limit policies for caregivers as for individuals with disabilities. Only **New Jersey** applies a more liberal time limit policy to caregivers.²⁸ Caregivers are exempt from the 60-month lifetime limit on benefits while the policy for

²⁸Time limit policies could be categorized for all but one state. Ohio has established a 36 month time limit. However, welfare in Ohio is county administered and time limit exemption policies are established by each county. Therefore, the state’s time limit policy as applied to caregivers could not be categorized. See Appendix D for a comprehensive summary of state time limit policies as applied to caregivers.

exempting disabled individuals has become stricter due to more careful verification of an individual's disability and capabilities. Therefore, while caregivers are exempt from the time limit, only those individuals with disabilities who are exempt from participating in the welfare-to-work program are exempt from the 60-month time limit.

Again, it is important to note that although 26 states indicated that caregivers are subject to the time limit, many states have not yet determined who will receive hardship exemptions from the federal time limit. Until states are better able to determine the circumstances and characteristics of those who have exhausted 60 months of assistance or are likely to need assistance beyond 60 months, many have opted to consider all recipients subject to the time limit.

SECTION 6

Concluding Observations

The flexibility afforded states under PRWORA brings with it difficult policy choices. States must decide who will be required to participate in welfare-to-work activities and who will be exempt. States must further decide how to structure services for individuals with diverse needs while assessing the likelihood of being able to move the majority of recipients off welfare within 60 months. If this proves unlikely, states then also face difficult decisions about benefit termination or continued support using state resources. All of these decisions must be made while complying with applicable civil rights statutes.

Categorical exemptions from welfare-to-work programs and time limits raise legitimate concerns because they have in the past created a disincentive for states to work as aggressively with and develop services for recipients with disabilities. However, if current strategies, resources, services, and supports are limited or insufficient with respect to addressing the needs of persons with disabilities, then subjecting these individuals to work requirements and the associated penalties for noncompliance may ultimately harm, rather than help.

At the same time, time limits increase the immediacy of these recipients' need for help in overcoming their particular barriers to work. States that choose to serve individuals with disabilities may face circumstances where the total time it may take such an individual to become prepared for work may extend beyond legislated time limits. States must make difficult policy choices about whether to extend benefits past the federal time limit through the use of state funds and who, among those in need of additional services, will qualify for a hardship exemption.

If caseloads continue to decline, thereby causing hard-to-serve clients and persons with disabilities to comprise a greater share of remaining recipients, participation rate standards create an even greater incentive for states to work with individuals with disabilities of varying types and severity. States that seek to increase participation among individuals with disabilities must consider the possibility that the services required to help these recipients move to work may include activities that do not qualify under federal participation rate requirements.

Structuring appropriate services and service delivery systems for individuals with disabilities represents a challenge not previously faced by the welfare community.

Structuring appropriate services and service delivery systems for individuals with disabilities represents a challenge not previously faced by the welfare community. According to conversations with state welfare agency staff, states are aware of the balancing act they face and, as documented in this report, have already made hard policy choices. Additionally, welfare agencies are working with state legislatures to act on issues such as the use of state funds to provide assistance beyond 60 months and exemptions to state-imposed time limits.

States that choose to address the specific needs of individuals with disabilities will likely have to alter the infrastructure that supports the current approach to welfare provision, an investment that will likely require additional resources. For example, states may need to:

- Incorporate additional screening and assessment into their intake and service planning processes to assist with the identification of barriers that are frequently not obvious (such as substance abuse, mental health problems, and learning disabilities).
- Consider additional training for welfare caseworkers to provide the skills necessary to identify conditions that may slow or impede transitions to work and to determine what services will best help recipients with this transition.
- Modify administrative data systems to capture additional information about clients with disabilities so that they can revisit policies as necessary.
- Make staff aware of community resources and work to coordinate with other agencies and service providers with more experience serving individuals with disabilities.

States recognize that they are still in the early stages of establishing procedures for identifying barriers faced by recipients with disabilities and

designing effective strategies and supports to overcome them. States widely noted the need for additional information about their caseloads and many have increased efforts to coordinate with agencies with experience serving individuals with disabilities (i.e., Mental Health and VR). Regardless of the policy approaches currently in effect in a particular state, states as a whole reported strong interest in learning about and developing policies and effective program strategies for persons with disabilities (and the hard-to-serve in general) as they continue the struggle to reduce welfare dependency.

Monitoring states' approaches to serving individuals with disabilities will be an on-going challenge for the federal government, advocacy groups, and others interested in welfare policies and the general issues of employment for individuals with disabilities. States have already used the flexibility provided by PRWORA to change their TANF policies and will undoubtedly continue to develop and refine their policies, including ones affecting persons with disabilities and caregivers. Some have approved but not implemented changes to existing policies that are not represented in this report.

Compliance with civil rights requirements is another issue that warrants careful study and monitoring. The extent to which policies as operationalized comply with the Americans with Disabilities Act and Section 504 of the Vocational Rehabilitation Act of 1973 is a complex issue beyond the scope of this project. As states continue to develop and refine policies and approaches for serving individuals with disabilities under TANF, they will need to make sure that programs and policies do not discriminate against, or have the effect of discriminating against, individuals with disabilities.

States that have adopted a universal participation approach appear to offer recipients with disabilities the greatest potential to move into employment. However, determining how significant this particular approach, as well as others discussed in this report, really are in practice and their impact on persons with disabilities extends beyond the scope of this overview. The case studies conducted in the second phase of this study will contribute to a better understanding of how these policy changes are actually being implemented at the local level.

Monitoring states' approaches to serving individuals with disabilities will be an on-going challenge.

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APPENDIX A

Comprehensive Summary Table: TANF Participation Policies as Applied to Individuals with Disabilities by State as of April - May 1998

State	Same Participation Requirements as Under JOBS	Different Participation Requirements than Under JOBS		Notes About Changes in Participation Requirements
		Universal Participation	Broader Participation	
AK	X			
AL			X	Participation decision now made by JOBS case manager not eligibility staff in an attempt to broaden participation. Staff may grant deferrals from participation. Deferrals are intended to be temporary.
AR			X	Must be SSI eligible to be permanently exempt. Staff may grant deferrals from participation. Deferrals are intended to be temporary.
AZ			X	No longer categorically exempt. Participation determined by case manager with input from the Rehabilitative Services Agency .
CA	X			
CO		County Decision		
CT	X			
DC	X			
DE	X			
FL			X	Must be SSI eligible to be permanently exempt. Participation decision now made by work program staff in an attempt to broaden participation. Staff may grant deferral from participation. Deferrals are intended to be temporary.
GA			X	Not categorically exempt but can receive a postponement from participation while seek treatment for a disability.

State	Same Participation Requirements as Under JOBS	Different Participation Requirements than Under JOBS		Notes About Changes in Participation Requirements
		Universal Participation	Broader Participation	
HI			X	Not categorically exempt. Must comply with treatment or else they are not exempt.
IA			X	Must meet ADA definition of disabled to be exempt. May be temporarily excused from participation for less severe conditions.
ID		X		Participation is broadly defined and individualized. Allowable activities may not meet federal work participation requirements.
IL		X		Must be SSI eligible to be exempt. All others must participate. Participation is broadly defined and individualized. Allowable activities may not meet federal work participation requirements.
IN			X	Not categorically exempt. Use strength-based assessment to determine capability to participate.
KS	X			
KY			X	Not categorically exempt but may be granted good cause for not participating.
LA	X			
MA	X			
MD	X			
ME		X		Participation is broadly defined and individualized. Allowable activities may not meet federal work participation requirements.
MI		X		Only SSI/RSDI recipients are exempt. All TANF recipients are required to participate in activities specified on their Personal Responsibility Plan and Family Contract indicating how they intend to achieve self-sufficiency.
MN	X			
MO			X	No longer categorically exempt. Staff emphasize capabilities in an attempt to broaden participation.
MS	X			
MT		X		Participation is broadly defined and individualized. Allowable activities may not meet federal work participation requirements.

State	Same Participation Requirements as Under JOBS	Different Participation Requirements than Under JOBS		Notes About Changes in Participation Requirements
		Universal Participation	Broader Participation	
NC		Based on County Resources		Not exempt but can be allowed to not participate if resources are not available. Participation requirement is determined by county who is responsible for meeting federal work participation requirements.
ND		X		Participation is broadly defined and individualized. Allowable activities may not meet federal work participation requirements.
NE	X			
NH			X	Participation requirement based on assignment to separate programs for able-bodied or non-able bodied program component. Must receive SSI, SSDI or Veterans Disability to be considered non-able bodied and are then exempt from participation. Those who are able bodied are not exempt but may receive a temporary exemption.
NJ			X	Review more detailed information from doctors before granting a deferral.
NM	X			
NV		X		Participation is broadly defined and individualized. Allowable activities may not meet federal work participation requirements.
NY			X	Stricter review of medical evidence is conducted in an attempt to broaden participation. If granted an exemption from participation, expected to seek treatment.
OH		County Decision		No longer categorically exempt. Counties determine who must participate and are required to meet a participation rate 5% above federal requirement.
OK			X	Not categorically exempt but can be granted good cause exemption from participation for temporary conditions.
OR		X		Participation is broadly defined and individualized. Allowable activities may not meet federal work participation requirements.

State	Same Participation Requirements as Under JOBS	Different Participation Requirements than Under JOBS		Notes About Changes in Participation Requirements
		Universal Participation	Broader Participation	
PA	X			
RI			X	No longer categorically exempt. Staff emphasize capabilities in an attempt to broaden participation.
SC			X	Not categorically exempt but may be deferred from participating after closer review.
SD		X		Must receive SSDI or be a Veteran with 100% disability to be exempt. Allowable activities may not meet federal work participation requirements.
TN	X			
TX	X			
UT		X		Not exempt but must be engaged in activity that will help client achieve a better way of life or increase family income. Allowable activities may not meet federal work participation requirements.
VA	X			
VT	X			
WA		X		Participation is broadly defined and individualized. Allowable activities may not meet federal work participation requirements.
WI		X		Participation is broadly defined and individualized. Allowable activities may not meet federal work participation requirements.
WV			X	No TANF recipients considered permanently disabled. Temporary exemptions are granted.
WY		X		Participation is broadly defined and individualized. Allowable activities may not meet federal work participation requirements.

APPENDIX B

Comprehensive Summary Table: TANF Time Limit²⁹ Policies as Applied to Individuals with Disabilities by State as of April - May 1998

State	Shortest Applicable Time Limit (in months)	Subject	Exempt	Exempt only if Exempt from Participating
AK	60	X		
AL	60			X
AR	24	X ³⁰		
AZ	24 of 60			X
CA	60		X	
CO	60	X		
CT	21		X	
DC	60	X		
DE	48		X	
FL	24 of 60 ³¹	X		
GA	48	X		
HI	60			X
IA	individualized			X
ID	24	X ³²		
IL	24; re-eligible after 24 months		X	
IN	24			X

²⁹ See Gallagher *et al.*, "One Year After Federal Welfare Reform: A Description of State Temporary Assistance for Needy Families (TANF) Decisions as of October 1997," The Urban Institute, May 1998, for additional detail on state time limit policies.

³⁰ Extensions to the time limit can be granted on a case-by-case basis.

³¹ For long-term recipients with poor job skills and little experience the time limit is increased to 36 out of 72 months.

³² Extensions to the time limit can be granted on a case-by-case basis.

State	Shortest Applicable Time Limit (in months)	Subject	Exempt	Exempt only if Exempt from Participating
KS	60	X		
KY	60	X		
LA	24 of 60	X ³³		
MA	24 of 60		X	
MD	60	X		
ME	60		X ³⁴	
MI	60		X ³⁵	
MN	60	X		
MO	60	X		
MS	60		X ³⁶	
MT	60	X		
NC	24 of 60			X ³⁷
ND	60		X	
NE	24 of 48		X	
NH	60	X		
NJ	60			X
NM	36		X	
NV	24; re-eligible after 12 months	X		
NY	60	X ³⁸		
OH	36		County Decision ³⁹	
OK	60	X		

³³ May be granted an extension by regional specialist.

³⁴ Safety net legislation indicates the State will support with state funds anyone who has worked in good faith with the welfare agency but reaches time limit and is not self-supporting, even if these individuals comprise more than the federally allowable 20% of average monthly caseload.

³⁵ The State has stated that it will expend state funds to support families who are cooperating with the welfare program but who are unable to attain self-sufficiency within 60 months.

³⁶ Individuals with long-term or permanent incapacities are exempted from the time limit. However, those with a short-term incapacity may be subject to the time limit.

³⁷ Those who are not exempted may be given temporary extensions to the time limit.

³⁸ Although New York has not implemented legislation specifically stating that they will offer benefits for welfare recipients beyond the 60 month lifetime limit on federal benefits, there is general language in the New York State constitution that states that New York has an obligation to care for the needy. How this mandate will be invoked to aid those who need assistance beyond the 60 month time limit has not been determined.

³⁹ Counties may decide who to subject to the time limit and are held to the 20% hardship exemption criteria established under PRWORA.

State	Shortest Applicable Time Limit (in months)	Subject	Exempt	Exempt only if Exempt from Participating
OR	24 of 84		X ⁴⁰	
PA	60	X		
RI	60	X		
SC	24 of 120			X
SD	60	X		
TN	18; re-eligible after 3 months		X	
TX	varies with education and work experience		X	
UT	36	X ⁴¹		
VA	24		X	
VT	60		X	
WA	60	X		
WI	60	X		
WV	60	X		
WY	60	X		

⁴⁰Exempt as long as complying with service plan.

⁴¹May give extension to those medically unable to work.

APPENDIX C

Comprehensive Summary Table: TANF Participation Policies as Applied to Caregivers by State as of April-May 1998

State	Same Participation Requirements as Under JOBS	Different Participation Requirements than Under JOBS		Notes About Changes in Participation Requirements
		Universal Participation	Broader Participation	
AK	X			
AL			X	Must care for a child in the household to be exempt. May be deferred from participating if caring for someone in the household other than a child, but still subject to time limit.
AR			X	No longer categorically exempt. Can be deferred indefinitely while caring for a permanently disabled household member.
AZ			X	No longer categorically exempt. Participation determined by case manager with input from the Rehabilitative Services Agency .
CA	X			
CO		County Decision		
CT	X			
DC	X			
DE	X			
FL		X		Participation is required because caregivers are subject to the time limit. ⁴²
GA		X		Participation is broadly defined and individualized. Allowable activities may not meet federal work participation requirements. Caretaking can be considered a work activity only for those caring for a child

⁴²The Florida State Legislature passed a law that went into effect July 1, 1998 that exempts caregivers from the time limit.

State	Same Participation Requirements as Under JOBS	Different Participation Requirements than Under JOBS		Notes About Changes in Participation Requirements
		Universal Participation	Broader Participation	
HI			X	Must care for a spouse or a child to be exempt. May not receive exemption for caring for other household members.
IA			X	No longer categorically exempt. Must have medical evidence of need of full-time care.
ID		X		Participation is broadly defined and individualized. Allowable activities may not meet federal work participation requirements.
IL		X		No exemptions from participating, although participation is broadly defined (e.g., may be caring for incapacitated child).
IN			X	Not categorically exempt. Use strength-based assessment to determine capability to participate.
KS	X			
KY			X	Not exempt but caregiving is a reason to give good cause from participating.
LA	X			
MA	X			
MD	X			
ME		X		
MI		X		Only SSI/SSDI recipients are exempt. All TANF recipients are required to participate in activities specified on their Personal Responsibility Plan and Family Contract indicating how they intend to achieve self-sufficiency.
MN	X			
MO	X			
MS	X			
MT		X		Participation is broadly defined and individualized. Allowable activities may not meet federal work participation requirements.

State	Same Participation Requirements as Under JOBS	Different Participation Requirements than Under JOBS		Notes About Changes in Participation Requirements
		Universal Participation	Broader Participation	
NC		Based on County Resources		Not exempt but can be allowed to not participate if resources are not available. Participation requirement is determined by county who is responsible for meeting federal work participation requirements.
ND		X		Participation is broadly defined and individualized. Allowable activities may not meet federal work participation requirements.
NE	X			
NH	X			
NJ	X			
NM	X			
NV		X		Participation is broadly defined and individualized. Allowable activities may not meet federal work participation requirements.
NY	X			
OH		County Decision		Not categorically exempt. Counties determine who must participate and are required to meet a participation rate 5% above federal requirement.
OK			X	Not categorically exempt but can be granted good cause exemption from participation for temporary conditions.
OR		X		Participation is broadly defined and individualized. Allowable activities may not meet federal work participation requirements.
PA	X			
RI			X	Not categorically exempt. Staff emphasize capabilities in an attempt to broaden participation.
SC			X	Not categorically exempt but may be deferred from participating after closer review.
SD		X		Must receive SSDI or be a Veteran with 100% disability to be exempt. Allowable activities may not meet federal work participation requirements.
TN	X			

State	Same Participation Requirements as Under JOBS	Different Participation Requirements than Under JOBS		Notes About Changes in Participation Requirements
		Universal Participation	Broader Participation	
TX	X			
UT		X		Not exempt but must be engaged in activity that will help client achieve a better way of life or increase family income. Allowable activities may not meet federal work participation requirements.
VA	X			
VT	X			
WA		X		Participation is broadly defined and individualized. Allowable activities may not meet federal work participation requirements.
WI		X		Participation is broadly defined and individualized. Allowable activities may not meet federal work participation requirements.
WV			X	
WY		X		Participation is broadly defined and individualized. Allowable activities may not meet federal work participation requirements.

APPENDIX D

Comprehensive Summary Table: TANF Time Limit⁴³ Policies as Applied to Caregivers by State as of April - May 1998

State	Shortest Applicable Time Limit (in months)	Subject	Exempt	Exempt only if Exempt from Participating
AK	60	X		
AL	60			X
AR	24	X ⁴⁴		
AZ	24 of 60			X
CA	60		X	
CO	60	X		
CT	21		X	
DC	60	X		
DE	48		X	
FL	24 of 60 ⁴⁵	X ⁴⁶		
GA	48	X		
HI	60			X
IA	individualized			X
ID	24	X ⁴⁷		
IL	24; re-eligible after 24 months		X	
IN	24			X
KS	60	X		

⁴³See Gallagher *et al.*, "One Year After Federal Welfare Reform: A Description of State Temporary Assistance for Needy Families (TANF) Decisions as of October 1997," The Urban Institute, May 1998, for additional detail on state time limit policies.

⁴⁴Extensions to the time limit can be granted on a case-by-case basis.

⁴⁵For long-term recipients with poor job skills and little experience the time limit is increased to 36 out of 72 months.

⁴⁶The Florida State Legislature passed a law that went into effect July 1, 1998 that exempts caregivers from the time limit.

⁴⁷Extensions to the time limit can be granted on a case-by-case basis.

State	Shortest Applicable Time Limit (in months)	Subject	Exempt	Exempt only if Exempt from Participating
KY	60	X		
LA	24 of 60	X ⁴⁸		
MA	24 of 60		X	
MD	60	X		
ME	60		X ⁴⁹	
MI	60		X ⁵⁰	
MN	60	X		
MO	60	X		
MS	60		X ⁵¹	
MT	60	X		
NC	24 of 60			X
ND	60		X	
NE	24 of 48		X	
NH	60	X		
NJ	60		X	
NM	36		X	
NV	24; re-eligible after 12 months	X		
NY	60	X ⁵²		
OK	60	X		
OH	36		County Decision ⁵³	

⁴⁸ May be granted an extension by regional specialists. Time limits only apply to parents. If caregiver is not the parent of the individual being cared for s/he is not subject to the time limit.

⁴⁹ Safety net legislation indicates the State will support with state funds anyone who has worked in good faith with the welfare agency but reaches time limit and is not self-supporting, even if these individuals comprise more than the federally allowable 20% of average monthly caseload.

⁵⁰ The State has stated that it will expend state funds to support families who are cooperating with the welfare program but who are unable to attain self-sufficiency within 60 months.

⁵¹ Individuals with long-term or permanent incapacities are exempted from the time limit. However, those with a short-term incapacity may be subject to the time limit.

⁵² Although New York has not implemented legislation specifically stating that they will offer benefits for welfare recipients beyond the 60 month lifetime limit on federal benefits, there is general language in the New York State constitution that states that New York has an obligation to care for the needy. How this mandate will be invoked to aid those who need assistance beyond the 60 month time limit has not been determined.

⁵³ Counties may decide who to subject to the time limit and are held to the 20% hardship exemption criteria established under PRWORA.

State	Shortest Applicable Time Limit (in months)	Subject	Exempt	Exempt only if Exempt from Participating
OR	24 of 84		X ⁵⁴	
PA	60	X		
RI	60	X		
SC	24 of 120			X
SD	60	X		
TN	18; re-eligible after 3 months		X	
TX	varies with education and work experience		X	
UT	36	X		
VA	24		X	
VT	60		X	
WA	60	X		
WI	60	X		
WV	60	X		
WY	60	X		

⁵⁴Exempt as long as complying with service plan.

About the Study

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The Urban Institute is a nonprofit policy research organization established in Washington D.C. in 1968. Its objectives are to sharpen thinking about society's problems and efforts to solve them, improve government decisions and their implementation, and increase citizens' awareness about important public choices. Institute researchers identify and measure the extent of social problems, assess developing trends and solutions to those problems, evaluate existing social and economic programs and policy options, and offer conceptual clarification and technical assistance in the development of new strategies. In pursuit of broader research and educational goals, Institute staff present their analysis and research to members and staff of the executive and legislative branches, the media, and other interested groups.

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HOW TO GET THE REPORT

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