Key Features of Colorado Works in Comparison to Other State TANF Programs

Final Report

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I. Introduction

The 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) dramatically changed the nature of cash assistance, placing limits on lifetime cash assistance provided by federal funds and imposing stricter work participation requirements on states. PRWORA also increased states' flexibility to design their TANF programs, allowing for a great deal of variation in state programs.

Colorado's TANF program, Colorado Works, is administered by the Colorado Works Division, Office of Self-Sufficiency, within the Colorado Department of Human Services (CDHS). The state has a long tradition of local control of programs and, as a result, its 64 counties have considerable autonomy in the design and implementation of their Colorado Works programs.

CDHS has funded The Lewin Group and its partners—the University of Colorado's Health Sciences Center (UCHSC), the Johns Hopkins University's Institute for Policy Studies (JHU), and Capital Research Corporation (CRC)—to perform an in-depth study of the Colorado Works program. This study is aimed at providing Colorado Works administrators with analyses of program policies/structure, participation, participant outcomes, funding/expenditures, and other program features to enhance long-term program operations and performance. The study's design was developed by the Lewin team in consultation with DHS officials and an Advisory Committee consisting of representatives of the counties and Colorado's advocacy community.

A. Purpose of the Report

This report—one of a series of "special topic" reports produced as part of the broader study of the TANF/Colorado Works program—places the state's TANF program into a national context, comparing Colorado Works with other states after a decade of welfare reform. This report examines how Colorado compares with other states on the following dimensions:

- Eligibility requirements, including income eligibility, asset limits, family caps, (Section II);
- TANF benefits (Section III)
- Time limits (Section IV)
- Work requirements, financial incentives to work, sanctions, and work participation rates (Section V);
- Diversion policies (Section VI); and
- TANF Caseload Trends (Section VII).

B. Data Sources

This report relies upon existing data and documentation, primarily gathered from two data sources:

- **The Urban Institute's *Welfare Rules Databook*** is funded by the Administration for Children and Families (ACF) and the Assistant Secretary for Planning and Evaluation (ASPE), of the U.S. Department of Heath and Human Services (DHHS)). At the time this report was prepared, the most recent version of the *Welfare Rules Databook* was published in September 2007 and provided information on state TANF policies through July 2006.

- **Administration for Children and Families (ACF) Data and Statistics** are available online at http://www.acf.hhs.gov/programs/ofa/tanfindex.htm. Each state TANF program must submit data and detailed reporting to ACF regarding many facets of their state TANF program. The most recent data available at the time this report was prepared was made available by ACF in February of 2008 and, for most topics, covered the period from October 1997 through September 2007.[1]

C. Study Limitations

There were a number of important constraints and limitations on conducting this comparative study. First, and most important, the features on which Colorado's TANF program could be compared with other state TANF programs were limited to what was readily available in existing data sources/documents (i.e., no new survey of Colorado and other states was undertaken to support analyses in this report). These included constraints on the general topics that could be explored, as well as the detailed ways in which program policies/requirements and other topics could be explored. In some instances, more detailed statistical data or information about Colorado's TANF program was available, but comparable information was not available for all other states.

Second, while much of the comparative data included in this report are for 2006 or 2007, for some topics of interest the last available data across all states was collected prior to 2006. Thus, while there may have been more detailed or up-to-date information available for Colorado on a particular topic area, the comparisons of Colorado TANF program with other state programs in this report are based on the most recent and appropriate data available across 50 states and the District of Columbia.[2]

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[1] *The U.S. Department of Health and Human Services' (DHHS) TANF 2006 Annual Report to Congress*, compiled by ACF and submitted to Congress in December of 2006, was also a source for some of the analyses within this report. The 2006 *Annual Report* contained historical information dating back to AFDC through Federal Fiscal Year 2005.

[2] More specific and up-to-date information and analyses about the Colorado Works program appears or will appear in other Lewin publications under the broader evaluation of Colorado Works.

II. Income and Other Eligibility Requirements for Receipt of TANF

While states have traditionally had considerable authority in determining eligibility rules for welfare recipients, the passage of PRWORA (in 1996) further expanded the role of states in defining eligibility policies. In particular, by ending the entitlement nature of AFDC, states were afforded considerable flexibility in defining basic eligibility requirements, for example, concerning income and asset thresholds, as well as extent to which certain population subgroups were eligible (e.g., pregnant women and immigrants).[3] This section explores some of the choices Colorado and other states have made related to general eligibility requirements.

A. Income Eligibility Threshold

As a number of factors determine an applicant's financial eligibility for TANF (including income, assets, family size, and earnings disregards), it can be difficult to make broad comparisons across state TANF programs. One way to make such a comparison is to analyze the maximum monthly earnings an applicant with a specific family size can have and still receive assistance. ***Exhibit II.1*** compares the initial income eligibility threshold for a family of three by state in FFY 2006. Colorado's maximum earnings for eligibility was $511, which was higher than the maximum monthly earnings for eligibility in 11 states.

Colorado's threshold was $170 under the median state threshold of $681. To put the national median into context, an applicant earning the federal minimum wage of $5.85 an hour with monthly earnings at the national median threshold of $672 could be working 115 hours per month, or roughly 27 hours per week, and still be eligible for TANF. By contrast, in Colorado, where the minimum wage is higher at $7.02 per hour, a worker earning the state minimum wage with monthly earnings at the Colorado Works income threshold for a family of three, $511, could be working a maximum of 73 hours per month, or roughly 17 hours per week to be eligible for TANF.

[3] Further, prohibitions against the use of federal funds for some groups, such as certain immigrants entering the United States after 1996, left states with the choice of whether to offer TANF to these populations using state funding.

Exhibit II.1: Initial Income Eligibility Threshold for a Family of Three as of July 2006[1]

State	Maximum earnings an applicant can receive and still be eligible for assistance	Rank	State	Maximum earnings an applicant can receive and still be eligible for assistance	Rank
US Median	**$681**	**--**	North Carolina	$681	26
Hawaii	$1,641 [2]	1	South Carolina	$670	27
Alaska	$1,401	2	Idaho	$648	28
Virginia	$1,341	3	New Jersey	$636	29
Rhode Island	$1,278	4	Oregon	$616	30
North Dakota	$1,252	5	Maryland	$613	31
Nevada	$1,230	6	Arizona	$586	32
Tennessee	$1,112	7	Utah	$573	33
Washington	$1,090	8	D.C.	$567	34
Minnesota	$1,076	9	West Virginia	$565	35
Iowa	$1,061	10	Missouri	$558	36
New Mexico	$1,056 [3]	11	Wyoming	$540	37
Maine	$1,023	12	Kansas	$519	38
Vermont	$1,003	13	Georgia	$514	39
California	$981	14	***Colorado***	**$511**	**40**
Ohio	$980	15	Pennsylvania	$493	41
Kentucky	$909	16	Illinois	$486	42
Connecticut	$835	17	Mississippi	$458	43
Michigan	$811	18	Delaware	$428	44
Nebraska	$802	19	Texas	$401	45
New Hampshire	$781	20	Florida	$393	46
New York	$781	20	Indiana	$378	47
South Dakota	$724	22	Louisiana	$360	48
Massachusetts	$708	23	Arkansas	$279	49
Oklahoma	$704	24	Alabama	$269	50
Montana	$700	25	Wisconsin	$0 [4]	51

Source: The Urban Institute's Welfare Rules Databook 2007, funded by DHHS/ACF and DHHS/ASPE.
Note: Initial eligibility is calculated assuming that the unit is employed at application, has only earned income, has no child care expenses, contains one adult and no children subject to a family cap, has no special needs, pays for shelter, and lives in the most populated area of the state.

[1] The values in this table represent the maximum amount of earnings an applicant can have and still be "technically" eligible for assistance in each state. Technical eligibility does not mean that the unit will necessarily receive a cash benefit, but they will have passed all of the eligibility tests and are eligible for some positive benefit. Most states only distribute a cash benefit equaling $10 or more.

[2] Applies to units that have received assistance for no more than two months in a lifetime. For units applying for their third and subsequent months of benefits, the eligibility threshold for a family of three is $1,363.

[3] For purposes of the state's earned income disregard, the adult head is assumed to be working 40 hours a week.

[4] Units with earnings at application will not receive a cash benefit in the state. However, applicants may earn up to $1,542 and still be eligible for nonfinancial assistance.

B. Asset Limits

Another important factor in determining eligibility for TANF is the maximum amount of assets a family is allowed to retain and still be TANF eligible. ***Exhibit II.2*** presents a distribution of the number of states at various asset limits, ranging from $1,000 to no asset limit as of July 2006 (see Appendix Exhibit A.I for specific asset limits by state, as well as vehicle exemption limitations). At $2,000, Colorado's asset limit was the most common limit as of July 2006, with nearly half of all states choosing this maximum. Sixteen states had higher asset limits, with two of these states having no asset limit (both Ohio and Virginia at one time had asset limits but revoked them).

Exhibit II.2: Asset Limit, as of July 2006

Asset Limit	Number of States	Percentage of States
No asset test	2	3.9%
$5,000	1	2.0%
$4,000	1	2.0%
$3,500	1	2.0%
$3,000	6	11.8%
$2,500	5	9.8%
$2,000*	**24**	**47.1%**
$1,000	11	21.6%

Source: The Urban Institute's Welfare Rules Databook 2007, funded by DHHS/ACF and DHHS/ASPE.
Notes: Values rounded and may vary due to family size and age of client.
* Colorado in this category

While Colorado's asset limit was strictly $2,000 per family as of July 2006, many states had developed multiple asset limits that depended on the composition of the family or client characteristics (see ***Appendix Exhibit A.I*** for a detailed list). Some examples of these varying asset limits included:

- In Alabama, Alaska, California, the District of Columbia, and New York, families typically faced an asset limit of $2,000. However, if there was one or more elderly individual(s) living with the family, then the asset limit increased to $3,000.

- North Dakotan families could exempt $3,000 from the asset test if there was one adult in the family, $6,000 if there were two adults, and $50 more for each additional adult beyond the second. This structure of asset limits was also found in Nebraska and Illinois.

The asset limits states create do not include vehicles. Each state establishes a separate vehicle asset policy covering how many vehicles a family receiving TANF may have. ***Exhibit II.3*** displays the various vehicle asset limits states had implemented as of July 2006. State policies on vehicle asset limits were fairly evenly distributed between three policy choices: (1) setting a specific maximum dollar value for vehicles over which the difference of the maximum and the vehicle's value is counted as an asset, (2) exempting all vehicles from the asset test, and (3) exempting one vehicle per household, with each additional vehicle counting as an asset (as is the policy in Colorado). A fourth choice, elected by only a small number of states, was to allow one vehicle per adult or one vehicle for each driver.

Exhibit II.3: Vehicle Asset Limits, as of July 2006

Number of Vehicles per Household	Number of States	Percentage of States
All vehicles	15	29.4%
One vehicle*	**13**	**25.5%**
Set dollar value[1]	18	35.3%
One vehicle per adult / driver	5	9.8%

Source: The Urban Institute's Welfare Rules Databook 2007, funded by DHHS/ACF and DHHS/ASPE.
* Colorado in this category
[1] Indicates that the state set a maximum value for vehicle exemption. If a vehicle is worth over this value, then the difference of the maximum value and the vehicle value is counted as an asset.

C. Family Caps

Following PRWORA, several states chose to implement family cap policies.[4] Under a family cap, recipient parents who have additional children while on TANF either do not receive an increase in their TANF benefit for the additional child or they receive a smaller benefit amount for the additional child. For instance, if adding an eligible child to the family's eligibility unit would typically increase the monthly TANF benefit by $80, a state with a family cap may elect only to increase the benefit by $50 if the additional child is born while on TANF, or the benefit may not be increased at all.

Exhibit II.4 shows the percentage of states that had family cap policies as of June 2006. The majority of states (30 states), including Colorado, had no family cap policy. The next most common family cap choice, used by 12 states, was to provide no benefit increase for additional children born to families on TANF. The remaining nine states had highly specialized and varied family cap policies. Some examples of the family cap policies include:

- Arizona and Massachusetts provided no benefit increases for additional children, but increased the income disregard for the family by an amount equal to what the benefit increase for the additional child would have been. For instance, if an additional child would typically increase a family's monthly benefit amount by $100 and the income disregard was generally $200 for the family, the family would receive no additional benefit for the additional child, but the income disregard would rise to $300. Arizona also allowed a full pass through of collected Child Support for capped children, meaning that any Child Support paid by a non-custodial parent of a child on TANF subject to a family cap went directly to the family rather than to the TANF program.

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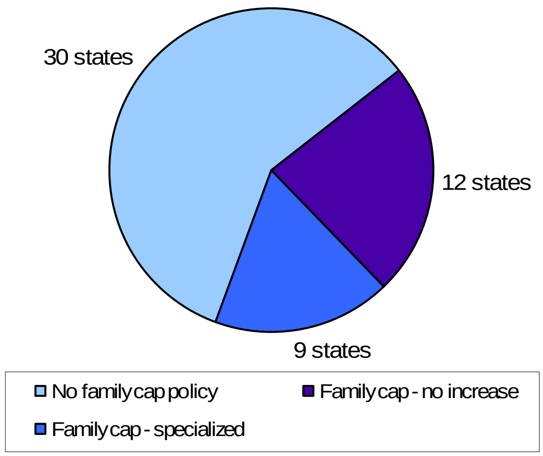
[4] Several states had such caps in effect under waivers prior to PRWORA.

Exhibit II.4: Number of States with and without Family Cap Policies, as of July 2006



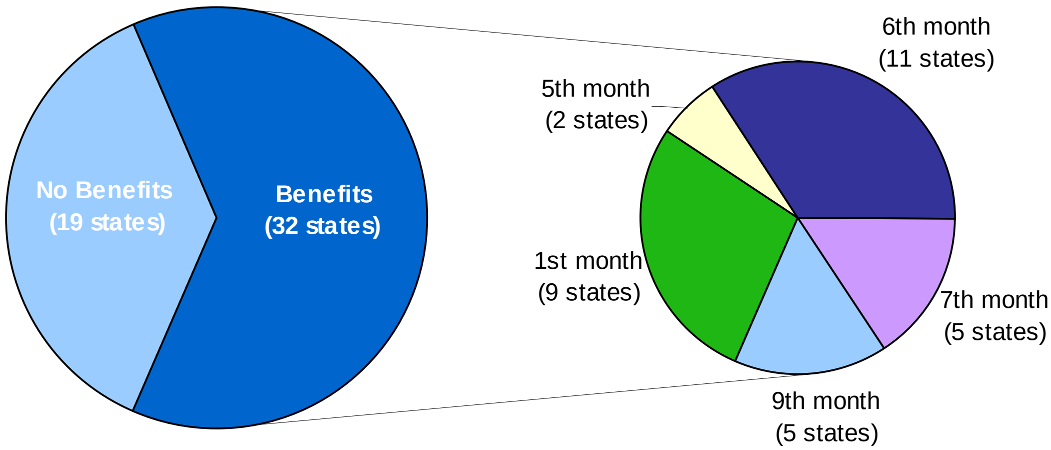
Source: The Urban Institute's Welfare Rules Databook 2007, funded by DHHS/ACF and DHHS/ASPE.

- Connecticut paid only $50 per child for additional children, which was less than an additional child would increase the benefit amount at initial eligibility.
- In Florida, families with one child subject to the family cap received a benefit increase of only half of what the capped child would otherwise add to the TANF grant amount. Additional children beyond the first capped child did not increase the TANF benefit at all.
- Three states (Maryland, Oklahoma, and South Carolina) did not increase the TANF benefit for families that had additional children while in the program, but instead gave a voucher to the family or a vendor payment to a third party equal to the amount of what the benefit increase would have been.

D. Eligibility of Pregnant Women

Another area of TANF eligibility in which states have considerable flexibility is in determining whether pregnant mothers who have no other children are eligible for cash benefits, and if so, at which month of pregnancy these benefits begin. ***Exhibit II.5*** shows the percentage of states offering TANF benefits to pregnant women with no other children as of July 2006. Nearly two-thirds of states (32 states), including Colorado, offered benefits to pregnant women. However, there was considerable variation among these states as to when pregnant women became eligible. The most common policy among those states (including Colorado) offering benefits to pregnant women was to deem women eligible during their sixth month of pregnancy. The next most common policy was to deem a woman eligible for benefits at the first month of pregnancy.

Exhibit II.5: Number of States Offering TANF Benefits to Pregnant Women with No Other Children by Month of Pregnancy, July 2006



Source: The Urban Institute's Welfare Rules Databook 2007, funded by DHHS/ACF and DHHS/ASPE.

Several states developed criteria that allowed special groups of expectant mothers to receive benefits before other mothers. Examples of this type of policy include:

- In California, most expectant mothers were eligible for benefits during the fifth month of pregnancy. Teens who were pregnant, however, were eligible for TANF as soon as their pregnancy was verified, well before the fifth month in some cases.

- In Florida, pregnant women were typically eligible for TANF during the final month of pregnancy. However, if an expectant mother was deemed unable to work, then she could begin receiving benefits during the seventh month of pregnancy.

- Oregon had a similar policy to Florida in that expectant mothers typically only received TANF during the final month of pregnancy. However, there was an exception for pregnant women at risk of domestic violence, who were eligible earlier.

- Vermont also had a policy that most women were only eligible during their final month of pregnancy. If the mother was a minor or if the pregnancy was medically documented as high risk, then the mother could receive benefits during her seventh month of pregnancy.

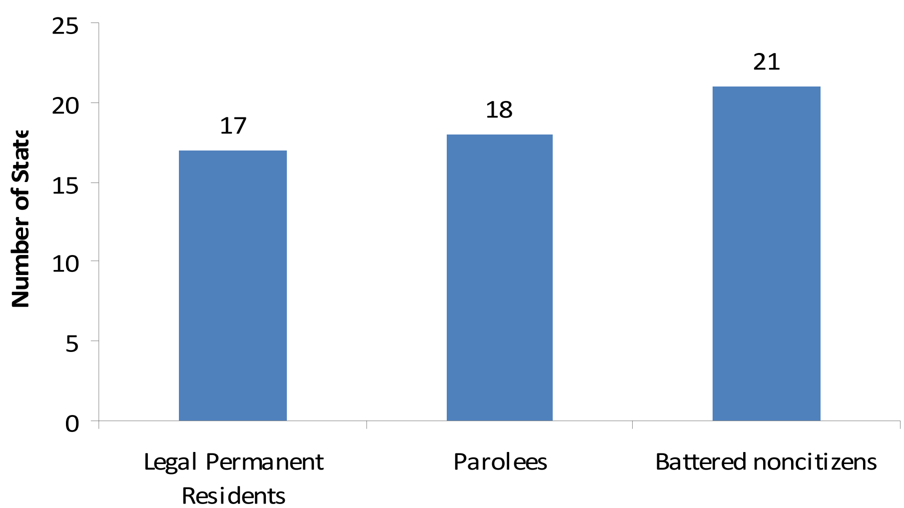
- Idaho had perhaps the strictest policy among the 32 states which offered benefits to pregnant mothers with no other children in 2006: only those mothers who were unable to work due to medical reasons could receive TANF benefits, and these benefits could not begin before the seventh of pregnancy.

E. Immigrant Eligibility

Following the passage of PRWORA, many immigrants who would previously have been eligible for AFDC no longer qualified to receive federal funding through the TANF program. Furthermore, some otherwise qualified immigrants, such as Legal Permanent Residents, parolees, and battered noncitizens who arrived to the United States after August 22, 1996 were deemed ineligible for federally-funded TANF assistance during their first five years in the United States, though states had the option to use state funding to assist these immigrants.[5]

Exhibit II.6 shows, as of July 2006, the number of states that used state funding to offer assistance to specific groups of immigrants during their first five years in the United States (who would otherwise have been ineligible for federally-funded TANF assistance). The majority of states (28 states) did not use state funding to provide TANF coverage for any of these populations. In Colorado, counties have the authority to decide whether or not to fund participants that would be considered qualified aliens. Among states providing funds to cover special immigrant populations, 21 used state funds to provide TANF assistance for battered noncitizens, 18 states to provide assistance for parolees, and 17 states to provide assistance for Legal Permanent Residents.

Exhibit II.6: Number of States Using State Funding for Otherwise Qualified Immigrants Entering the United States after August 1996 and Subject to the Five Year Federal Ban, as of July 2006



Source: The Urban Institute's Welfare Rules Databook 2007, funded by DHHS/ACF and DHHS/ASPE.
Note: Colorado is not counted in these figures for using state funding for otherwise qualified immigrants entering the United States after August 1996, however some counties may elect to do so.

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[5] Most legal immigrants who were in the United States prior to August 22, 2006 remained eligible for federally-funded assistance during their first five years in the United States, as did certain other populations arriving after August 22, 2006, such as refugees and asylees.

III. TANF Benefits

Under PRWORA, states have considerable flexibility with regard to setting benefit levels and determining whether benefit levels increase over time to take into account inflation (and resulting changes in the cost of living). This section describes how states have structured their maximum benefit amounts and how, over time, maximum benefit levels have changed.

A. Maximum Benefit Amounts

Exhibit III.1 shows maximum monthly benefit amounts by state for a one-parent case with two children as of July 2006. As of July 2006, there was considerable variation between the low end of the range ($170 in Mississippi) and the high end of the range ($923 in Alaska); the majority of states offered maximum benefits of between $300 and $500. At $356, Colorado was slightly below the national median of $407 and ranked 30th among states.

B. Trends in Maximum Benefit Levels

Between March of 1998 and July 2006, 26 states (including Colorado) made no changes to the maximum benefit amounts for one-parent families of three. During this same period, only one state (Montana) decreased its benefit amounts from its initial post-PRWORA amounts and 24 states increased benefit levels.[6] The increases ranged in magnitude from a 4 percent in South Carolina to 78 percent in New Mexico. The average increase among the two dozen states that increased their benefits was 19 percent.

When benefit amounts are adjusted for inflation, maximum benefit levels declined in all but seven states during this time period.[7] The average inflation-adjusted change in benefit amounts nationwide was equal to a 15 percent decrease. In the 44 states, including Colorado, whose benefit amounts decrease when adjusted for inflation, the effective decrease in benefit amounts due to inflation was equal to 20 percent on average.[8] In Colorado, the effective decrease in benefit amounts (for a one-parent family with two children) due to inflation was 24 percent. Two states, New Hampshire and Texas, experienced less than a one percent increase in benefit amounts when adjusted for inflation. The remaining seven states that experienced increases in benefit amounts even when adjusted for inflation were, in descending order of increase: West Virginia (66 percent), Mississippi (29 percent), Alabama (18 percent), Louisiana (13 percent), Maryland (9 percent), California (7 percent), and Maine (3 percent). However, three of these states (Mississippi, Alabama, and Louisiana) remained in the bottom six states in terms of benefit levels despite these increases.

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[6] Sources: *2006 TANF Annual Report to Congress*, December 2006; *Welfare Rules Databook 2007*. This figure assumes a one-parent family with two children and no income.

[7] Inflation calculation performed using the Bureau of Labor Statistics Consumer Price Index Inflation Calculator. See http://data.bls.gov/cgi-bin/cpicalc.pl

[8] Median decrease in benefit value due to inflation in these 44 states (which includes the District of Columbia) was equal to 24 percent.

Exhibit III.1: Maximum TANF Benefit Amounts for a One-Parent Case with Two Children, July 2006

	TANF benefit	Rank			TANF benefit	Rank
U.S. Median	**$407**	**--**		District of Columbia	$407	26
Alaska	$923	1		Pennsylvania	$403	27
California	$704	2		Illinois	$396	28
New Mexico	$691	3		Nebraska	$364	29
Wisconsin	$673	4		***Colorado***	**$356**	**30**
Vermont	$640	5		Nevada	$348	31
Massachusetts	$633	6		Arizona	$347	32
New Hampshire	$625	7		West Virginia	$340	33
New York	$577	8		Wyoming	$340	33
Hawaii	$570	9		Delaware	$338	35
Rhode Island	$554	10		Virginia	$320	36
Washington	$546	11		Idaho	$309	37
Connecticut	$543	12		Florida	$303	38
Minnesota	$532	13		Missouri	$292	39
Oregon	$514	14		Oklahoma	$292	39
South Dakota	$508	15		Indiana	$288	41
Maryland	$490	16		Georgia	$280	42
Michigan	$489	17		North Carolina	$272	43
Maine	$485	18		Kentucky	$262	44
North Dakota	$477	19		Louisiana	$240	45
Utah	$474	20		South Carolina	$240	45
Montana	$442	21		Texas	$223	47
Kansas	$429	22		Alabama	$215	48
Iowa	$426	23		Arkansas	$204	49
New Jersey	$424	24		Tennessee	$185	50
Ohio	$410	25		Mississippi	$170	51

Source: The Urban Institute's Welfare Rules Databook 2007, funded by DHHS/ACF and DHHS/ASPE.
Notes: When multiple maximum benefit levels exist, benefits have been standardized using the most commonly used benefit amount. The figures presented in this exhibit assume that the family has no countable income for TANF eligibility determination.

IV. Time Limits

One of the most important changes ushered in by the 1996 welfare reform legislation was the placement of time limits on the receipt of federally-funded cash assistance. The incorporation of time limits into federal welfare policy is illustrative of the shift in emphasis from providing ongoing cash assistance to a system designed to provide temporary relief and encourage work and long-term self-sufficiency. PRWORA prohibited states from using federal TANF funds to provide assistance to families with an adult recipient for more than 60 cumulative months. For recipients in each state, months of assistance began counting toward the time limit when that state implemented the TANF program (between September 1996 and July 1997). In addition, the federal policy on time limits mandated that:

- The federal time limit did not apply to child-only cases (i.e., TANF cases in which no adult is included in the grant).
- The federal time limit only applied to recipients of TANF assistance, defined as "cash, payments, vouchers, and other forms of benefits designed to meet a family's ongoing basic needs."[9] Other services not considered assistance (and therefore not subject to the time limit) included: diversion payments, work subsidies, and child care and transportation for working families.
- States could use federal TANF dollars to continue assistance beyond the 60-month time limit for up to 20 percent of the caseload based on "hardship," as defined by the state.
- Families receiving assistance through state-only funding were not subject to the federal time limit (although a state could count months of state-only assistance toward the state time limit).

A. Colorado's Time Limit Policy in a National Context

While PRWORA lays out several federal guidelines for time limits, states are given broad flexibility in designing their own time limit policies. There are four main ways in which state time limit policies may be compared: (1) the duration of the time limit, (2) whether there is a periodic time limit, (3) the consequences of reaching the time limit, and (4) who is subject to the time limit.

While states must follow the federally-defined time limit policy, they have the option to set a state time limit shorter than 60 months. As **Exhibit *IV.1*** shows, as of 2007, 43 states (including Colorado) had a 60-month lifetime limit on TANF assistance. The other eight states had a shorter lifetime time limit, ranging from 24 months in Arkansas, Idaho and Indiana to 48 months in Florida, Georgia, and Michigan.

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[9] Federal Register. Vol. 64, No. 69, Monday, April 12, 1999, Rules and Regulations.

Exhibit IV.1: State Time Limit Policies, as of 2007

State	Periodic Time Limit (Months)	Lifetime limit (Months)	Date Families First Exceed(ed) Limit(s)[a]	Consequences of Reaching Limit(s) if Extension is not Granted
Alabama	–	60	11/2001	Closes TANF Case
Alaska	–	60	7/2002	Closes TANF Case
Arizona	–	60	11/1997	Closes TANF Case
Arkansas	–	24	7/2002	Closes TANF Case
California	–	60	1/2003	Removes Adult
Colorado	**–**	**60**	**7/2002**	**Closes TANF Case**
Connecticut	21	60	11/1997	Closes TANF case; may be eligible for safety net services
Delaware	–	36	10/1999	Closes TANF case
D.C.	–	60	3/2002	Removes non-compliant adult from assistance unit
Florida	24 in 60 or 36 in 72 [b]	48	10/1998	Closes TANF Case
Georgia	–	48	1/2001	Closes TANF Case
Hawaii	–	60	12/2001	Closes TANF case; subsidy provided for full-time employment
Idaho	–	24	7/1999	Closes TANF Case
Illinois	–	60	7/2002	Closes TANF Case
Indiana	–	24	8/1997	Removes Adult
Iowa	–	60	1/2002	Closes TANF Case
Kansas	–	60	10/2001	Closes TANF Case
Kentucky	–	60	11/2001	Closes TANF Case
Louisiana	24 in 60	60	12/1998	Closes TANF Case
Maine	–	60	11/2001	Continues benefits to compliant families; if non-compliant, removes adult or closes case (depending on number of sanctions)
Maryland	–	60	1/2002	Continues family's benefits to compliant families
Massachusetts	24 in 60	—	12/1998	Closes TANF Case
Michigan	–	48	—	Closes TANF Case
Minnesota	–	60	7/2002	Closes TANF Case
Mississippi	–	60	10/2001	Closes TANF Case
Missouri	–	60	7/2002	Closes TANF Case
Montana	–	60	2/2002	Closes TANF Case
Nebraska	24 in 48	–	12/1998	Closes TANF Case
Nevada	24 ineligible for 12	60	1/2000	Closes TANF Case
New Hampshire	–	60	10/2001	Closes TANF Case
New Jersey	–	60	4/2002	Provides up to 24 months in safety net program
New Mexico	–	60	7/2002	Closes TANF Case

Exhibit IV.1 (Cont'd): State Time Limit Policies

State	Periodic Time Limit (Months)	Lifetime limit (Months)	Date Families First Exceed(ed) Limit(s)[a]	Consequences of Reaching Limit(s) if Extension is not Granted
New York	–	60	12/2001	Closes TANF case; families eligible for safety net program
North Carolina	24 ineligible for 36	60	8/1998	Closes TANF Case
North Dakota	–	60	7/2002	Closes TANF Case
Ohio	36 ineligible for 24	60	10/2000	Closes TANF Case
Oklahoma	–	60	10/2001	Closes TANF Case
Oregon	28 in 84	—-	7/1998	Time limit only applies to noncompliant cases
Pennsylvania	–	60	3/2002	Continues benefits to individuals who agree to work 30 hours per week (or combine education/training and work)
Rhode Island	–	60	5/2002	Removes Adult
South Carolina	24 in 120	60	10/1998	Closes TANF Case
South Dakota	–	60	12/2001	Closes TANF Case
Tennessee	18 ineligible for 3	60	4/1998	Terminates for 3 months
Texas	12, 24, or 36 [b]	60	1/1998	Removes adult after shorter limit; closes TANF case after 60 months [c]
Utah	–	36	1/2000	Closes TANF Case
Vermont	–	—-	—-	State does not have a time limit
Virginia	24 ineligible for 24	60	10/1999	Closes TANF Case
Washington	–	60	8/2002	Removes adult if he/she refuses to participate in the WorkFirst program
West Virginia	–	60	12/2001	Closes TANF Case
Wisconsin	24	60	4/1999	Closes TANF Case
Wyoming	–	60	2/1999	Closes TANF Case

Source: Farrell, Mary, Sarah Rich, Lesley Turner, David Seith, and Dan Bloom. "Welfare Time Limits: An Update on State Policies, Implementation, and Effects on Families". Prepared for the US Department of Health and Human Services. Forthcoming.

[a] Denotes the month following the date families could potentially accumulate the maximum number of months of TANF assistance.

[b] Depends on educational background and work experience.

[c] Applies to families living in areas that operate a state education and training program. In areas where no such program exists, families face a 60-month time limit only.

States can also include a periodic time limit in addition to setting a lifetime limit on assistance. That is, states can limit the number of months for which TANF cases may receive assistance during a specified period of time (e.g., 12 months of assistance in a 24-month period). As of 2007, 11 states had implemented a periodic time limit in addition to a state lifetime limit (Connecticut, Florida, Louisiana, Nevada, North Carolina, Ohio, South Carolina, Tennessee, Texas, Virginia, and Wisconsin) and three states had a periodic time limit and no state lifetime limit (Massachusetts, Nebraska, and Oregon).

The consequence of reaching the state time limit also varies from state to state. In Colorado, the TANF case is closed once it reaches the 60 month lifetime limit (unless granted an extension). Nationwide, case closures are also the most common consequence of reaching the time limit—as of 2007, 38 states closed TANF cases when the time limit was reached, although families in some states were still eligible for other state safety net programs. Alternatively, in some states, only the adult was removed from the case after the time limit was reached, but children could still continue to receive assistance, while in other states the adult was removed from the case only if they were noncompliant with work requirements. Finally, some states continued to provide assistance to compliant families after the state time limit was reached.

States also have broad flexibility in determining exemption and extension criteria for state time limits, which allow states to provide some exceptions to their time limits. Generally, "exemptions" refer to policies that prevent months of assistance from counting toward the time limit, while "extensions" refer to policies that allow for additional months of assistance after the time limit has been reached.

As ***Exhibit IV.2*** shows, 44 states allowed for some categories of extensions and 45 states had exemption criteria as of July 2005. In Colorado, extensions were allowed for TANF recipients who: (1) were ill or incapacitated; (2) were caring for an ill or incapacitated person; (3) were victims of domestic violence; (4) were unemployed due to high local unemployment or lack of transportation, child care, or housing, or family instability, and (5) had a family member involved in the judicial system. Such categories of extensions were the most common nationwide. As of July 2005, a total of 32 states allowed extensions for TANF recipients who were ill or incapacitated; 30 states allow extensions for those caring for an ill or incapacitated person; and 35 states allow extensions for victims of domestic violence.

Exhibit IV.2: State Time Limit Extensions and Exemptions, as of July 2005

Criteria	Colorado Extensions	Number of States providing Extensions (including Colorado)	Colorado Exemptions	Number of States Providing Exemptions (including Colorado)
Any	Yes	44	Yes	45
Working a minimum number of hours per week or with earnings at a minimum amount	No	11	No	7
Cooperating but unable to find employment	No	20	No	4
Ill or incapacitated	Yes	32	No	12
Caring for an ill or incapacitated person	Yes	30	No	10
Caring for child under state-specified age	No	8	No	6
Pregnant	No	5	No	2
Minor Parent	No	4	No	16
Age (ranges from 55 or older to 65 or older)	No	9	No	8
Victim of domestic violence	Yes	35	No	14
Receiving diversion payments	No	—	Yes	30
Other Policy	Yes	36	No	27

Source: The Urban Institute's Welfare Rules Databook 2007, funded by DHHS/ACF and DHHS/ASPE.

B. Families Reaching Time Limits

The proportion of cases closed due to time limits is extremely low nationwide. About 2 percent of closed cases in FFY 2006 across the U.S. were closed due to state or federal time limits (see ***Exhibit IV. 3***). According to ACF data, zero percent of the average monthly case closures in Colorado in FFY 2006 were due to either federal or state time limits.[10] **Exhibit IV.3** also illustrates that states with more stringent time limits have a slightly higher proportion of their closed cases due to federal or state time limits. In states with a lifetime limit shorter than 60 months, about 2.4 percent of closed cases are closed due to the state time limit, compared to about 1.8 percent in states with a 60 month time limit.[11]

[10] While ACF data show case closures due to time limits in Colorado to be zero percent, data from the Colorado Works Benefits Management System (CBMS) show this figure to be around one percent for a similar time period. For CBMS data on this topic, see "Colorado Works Evaluation 2007 Annual Report."

[11] See ***Appendix Exhibit A.II*** for a state-by-state list of time limit closures as a percent of all case closures in FFY 2006.

Exhibit IV.3: Percent of Average Monthly Case Closures Due to Time Limits, FFY 2006

	Federal or State Time Limited Cases as a Percent of Total Closures
US Total	2.00
Colorado	0.00
States with 60 month state lifetime time limit and no periodic limit (28 States)	1.77
States with less than 60 month state lifetime time limit and/or a periodic time limit (21 states/territories)	2.41
No state time limit (1 state)	0.00

Source: ACF

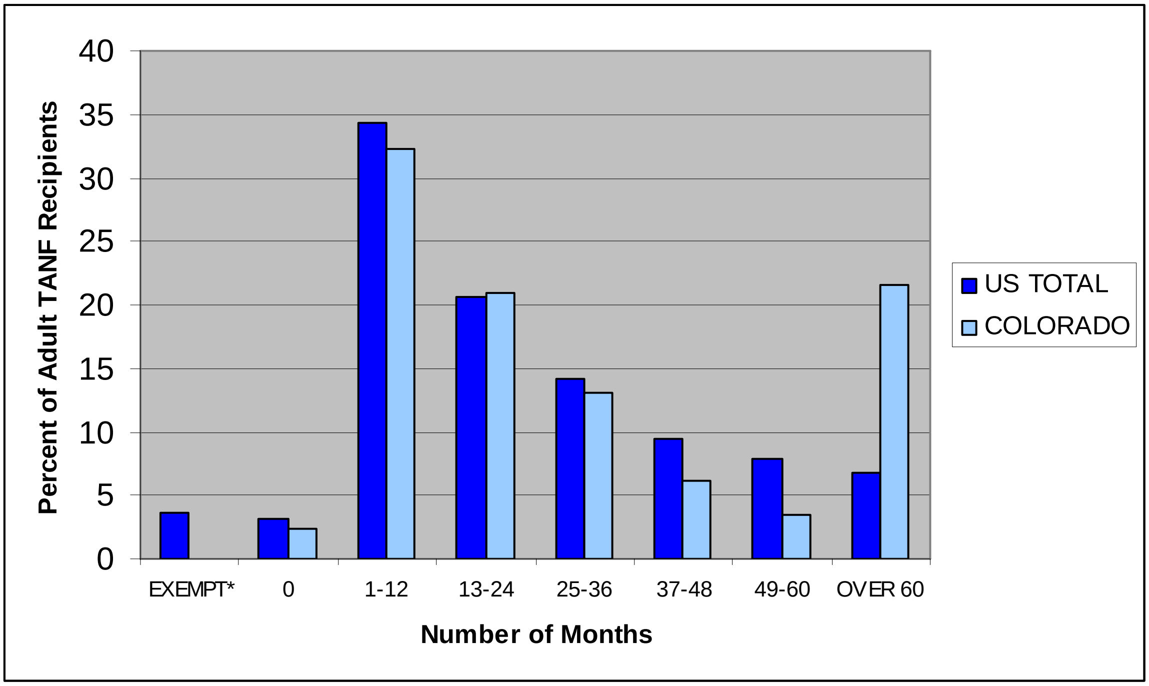
Exhibit IV.4 presents the average number of months countable toward the time limit for Colorado and across the US in FFY 2006. Across the US in FFY 2006, the majority of TANF recipients (excluding child-only cases) had between one and 36 months countable toward the federal time limit (69 percent), and very few were exempt (4 percent) or had over 60 months (7 percent).[12]

As the table shows, the majority of cases in Colorado had between one and 24 months of assistance (53 percent) countable toward the federal time limit. However, a relatively large proportion of Colorado heads of household (22 percent) had accumulated over 60 months toward the federal time limit. This was much higher than the 7 percent of adult recipients across the US who had accumulated over 60 months, as of FFY 2006.[13]

[12] See ***Appendix Exhibit A.III*** for a FFY 2006 state-by-state list of the percent of TANF adults receiving assistance by the number of months countable toward the Federal time limit.

[13] It is important to note that this figure for Colorado is considerably different than the two previous years. In FFY 2005, 0.7 percent of adult recipients had over 60 months countable toward the federal limit, and in FFY 2004, 0.8 percent had over 60 months. Furthermore, analysis of Colorado administrative data suggests that only about 0.7 percent of the caseload had accumulated over 60 months in FFY 2006. Given that the most recent year of data available from ACF is so different from the prior two years, and is inconsistent from Colorado administrative data, it is possible that the ACF data for Colorado for this year is inaccurate. However, this is the only readily available data source for all 50 states that can be used for comparison.

Exhibit IV.4: Average Number of Months Countable toward the Federal Time Limit, FFY 2006



Source: ACF

V. Work Requirements, Incentives to Work, Sanctions, and Work Participation Rates

This section of the report examines exemptions from work requirements, a range of financial incentives to work, sanctions against not complying with work and other program requirements, and work participation rates.

A. Exemptions from Work Requirements

There are five main categories of exemptions from work participation requirements that some states have chosen to implement for one-parent families. These exemptions include being ill or incapacitated, caring for an ill relative, being over a specified age, being pregnant and at or beyond a specific month of pregnancy determined by the state, and caring for one or more very young children., ***Exhibit V.1*** shows the number of states that had elected to exempt one-parent head of households from the work participation requirement for these five reasons (as of July 2006).

The most common exemption from work requirements among states was for parents caring for a young child, with four-fifths of states (40 states, including Colorado) electing to exempt these families[14]. The maximum age of the youngest child for purposes of this exemption varied by state, with a majority of the states with exemptions (21 of 40 states) exempting parents from work requirements whose youngest child was up to one year old.

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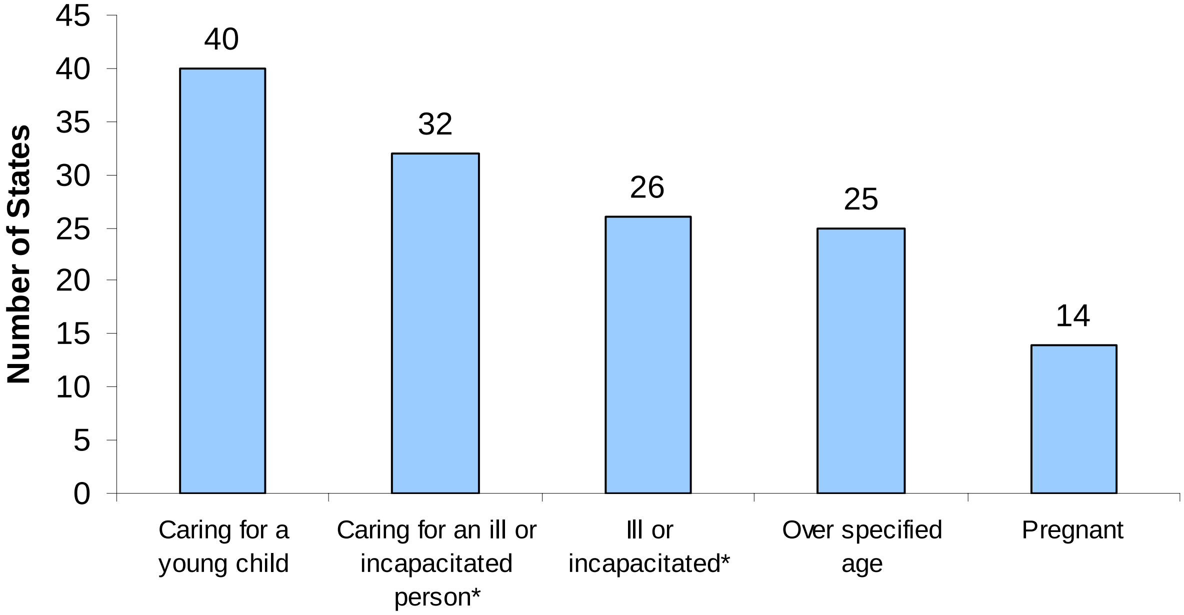
[14] Colorado is included in the count of 40 states who exempt individuals caring for a young child; however, counties determine the age cut off for exempting the individual from work participation requirements.

Exhibit V.1: Number of States Electing Reason to Exempt Individuals from the Work Participation Requirement, as of July 2006



Note: * Indicates that Colorado exempts the category of individual. While the graph shows that statewide Colorado does not exempt individuals caring for a young child, some counties provide exemptions for this.
Source: The Urban Institute's Welfare Rules Databook 2007, funded by DHHS/ACF and DHHS/ASPE.

Exemptions from work based on the age of the youngest child varied from three months to two years in the other 19 states: three months (13 states), four months (2 states), six months (one state), eight months (one state), and 24 months (2 states). In Colorado, exemptions from work requirements based on the age of the youngest child vary by county.[15]

Two of the next three most common exemptions dealt with either a participant caring for an ill or incapacitated family member (32 states) or a participant who was ill or incapacitated (26 states). Colorado's policies allowed for both of these exemptions. Colorado did not establish exemptions from work participation requirements for older family members, though nearly half of the states (25 states) had instituted an age limit after which older adults were not required to meet work participation requirements. Most states (21 of 25 states with age-related exemptions) exempted older individuals from meeting work participation requirements at age 60, while three states used an age of 65 and one state used 55.

Colorado also does not exempt pregnant mothers from work requirements. As of July 2006, 14 states had policies exempting pregnant mothers from work participation requirements: four states exempted mothers at the fourth month of pregnancy, one at the sixth month of

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[15] For more information on this, please see Elkin, Sam, Farrell, Mary, Gardiner, Karen, and Turner, Lesley, "*Colorado Works Program Evaluation: Findings from County Survey.*" Prepared for State of Colorado Department of Human Services. October 20, 2005.

pregnancy, seven states at the seventh month of pregnancy, and two at the ninth month of pregnancy.

B. Financial Incentives to Work

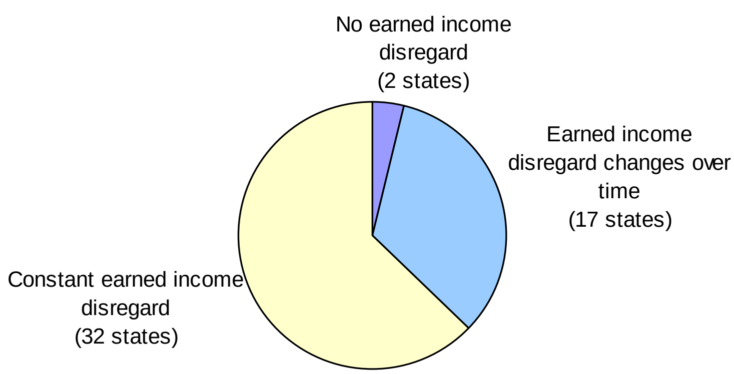
The wages TANF participants receive if and when they transition from welfare to unsubsidized work, as well as taxation policies, affect decisions around leaving welfare, upgrading skills, seeking and retaining work, and achieving long-term self-sufficiency. Below, we briefly compare state laws with respect to TANF earned income disregards, minimum wages, and earned income tax credits.

1. *Earned Income Disregards for Benefit Computation*

As TANF participants move into the workforce but continue to receive TANF benefits, the earned income that they receive from employment generally counts as income for benefit determination, and as a result, working TANF participants usually experience some form of benefit reduction as their earnings increase. To address the possibility that this could be seen as a disincentive to employment, most states (49 states) disregard all or some earnings from a participant's income in determining ongoing benefit amounts. Under these policies, known as earned income disregards, only a portion of earnings are counted as income in benefit calculation, with the result being that TANF participants who are working in a state with an earned income disregard can generally have more total take-home income (earnings plus TANF benefits) than TANF participants who are not working.

There are two basic ways of describing earned income disregards. First, there is variation in whether states have an earned income disregard that changes as TANF participants spend more time on the caseload, or a disregard that is constant over the lifetime of a TANF case. As shown in ***Exhibit V.2***, the majority of states have implemented earned income disregards that change over the lifetime of the TANF case.

Exhibit V.2: Percentage of States with Earned Income Disregards by Type



Source: The Urban Institute's Welfare Rules Databook 2007, funded by DHHS/ACF and DHHS/ASPE.

The second way in which earned income disregards vary is how the disregarded portion of earnings is calculated. There are six basic methods of monthly earned income disregard calculations that states have implemented:

- A dollar amount is subtracted from a participant's earned income.
- A percentage of a participant's earnings is subtracted from earned income.
- A specified dollar amount is subtracted from a participant's earned income, and then a percentage of the remaining earned income is also subtracted.
- A percentage of a participant 's earnings is subtracted from earned income, and then a percentage of the remaining earned income is also subtracted.
- A percentage of a participant's earnings OR a specified dollar amount, whichever is greater, is subtracted from a participant's earned income.
- A participant's earnings is subtracted from earned income until the participant's income reaches the federal poverty line; all income above the federal poverty line is countable.

Appendix Exhibit A.IV presents detailed earned income disregard policies by state. Direct comparisons of earned income disregards between states are complicated for several reasons. First, as discussed in the next section, many states have state minimum wages, which affect participants' earned income. Second, there is considerable variation as to when states with earned income disregards that change over the lifetime of a TANF case move from one policy type to another. For instance, some states change earned income disregard policies in a specific month of benefit receipt after the case opens, while other states change policies after a participant has been working for a given number of months.

While direct comparisons are difficult, one general trend among states with earned income disregards that change over the course of a TANF case does emerge: over the lifetime of a case, the earned income disregard becomes smaller. Colorado's earned income disregard policy follows this trend and contains three of the most common policy choices listed above: during the first twelve months of a Colorado Works case, 66.7 percent of income is disregarded; during months thirteen through sixteen, $120 is disregarded from earned income, as is 33.3 percent of the remaining income; between months seventeen and twenty-four, $120 is disregarded; and after the twenty-fourth month only $90 is disregarded.

2. State Minimum Wage

While the federal government has established a minimum wage of $5.85, nearly two-thirds of states (33 states) have set the state minimum wage in excess of this amount. ***Exhibit V.3*** shows the distribution of state minimum wages in 2007. At $7.02, Colorado' state-mandated minimum wage was over one dollar above the federal minimum wage and over fifty cents above the national median of $6.50. Colorado also had a higher minimum wage than all of its neighboring states, each of which has a minimum wage of $6.50 or less, with the exception of Arizona (which was set at $6.90 per hour).

Exhibit V.3: State Minimum Wages, 2007

Minimum wage	Number of States
$5.85 or less[1]	18
$6.00 - $6.49	6
$6.50 - $6.99	7
$7.00 - $7.49*	**13**
$7.50 - $7.99	4
$8.00 and up	3

Source: U.S. Department of Labor http://www.dol.gov/esa/minwage/america.htm
[1] Includes states with no state-mandated minimum wage. * Colorado in this category

3. State Earned Income Tax Credit

In addition to wages, taxation policies can also enhance incentives to secure and keep work for lower-wage workers. Perhaps the most important type of tax policy affecting work incentives for low-income workers is the earned income tax credit, which provides a credit on a portion of taxes paid by low-wage earners. The United States government first established the federal Earned Income Tax Credit (EITC) in 1975, and since then several states have developed additional state level earned income tax credits. These state tax credits are generally set as a percentage of the federal credit. For example, if an individual lives in a state with a state earned income tax credit that is 20 percent of the federal Earned Income Tax Credit, and expected to receive $1,000 from the federal EITC, the individual could expect to receive a state earned income tax credit of $200. ***Exhibit V.4*** shows the various state earned income tax credits in effect for 2007.

Colorado does not currently offer a state EITC.[16] Among the 23 states offering a state earned income tax credit in 2007, there was considerable variation in the value of the credit, ranging from 35 percent (in the District of Columbia) to 3.5 percent (in Louisiana and North Carolina). In all but four states, the credit was fully refundable, meaning that earners who received the credit could get back more in a tax refund check than they paid in taxes for the year, which could substantially boost real incomes. Of the four states that had tax credits that were not fully refundable in 2007, three had no refund policy while one, Rhode Island, was partially refundable.

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[16] While Colorado does not currently have a state EITC, the state previously offered a 10 percent refundable EITC during the period from 1999 to 2001. However, the Colorado EITC ended in 2002 and then was suspended in 2005 when a statewide referendum placed a five-year hold on the statute that contained the EITC funding. Technically, Colorado could begin to have a state EITC again in 2011 when the suspension lifts, but recent income tax cuts also rely on the rebate funding stream, so there may be no funds left with which to finance the state EITC when it reactivates.

Exhibit V.4: State Earned Income Tax Credits, 2007

State	State EITC as % of Federal EITC	Refundable?	Workers Without Qualifying Children Eligible?
District of Columbia	35%	Yes	Yes
Minnesota[1]	33%	Yes	Yes
Vermont	32%	Yes	Yes
New York	30%	Yes	Yes
Rhode Island	25%	Partially[2]	Yes
Delaware	20%	No	Yes
Maryland[3]	20%	Yes	No
New Jersey	20%	Yes	Yes
Virginia	20%	No	Yes
Kansas	17%	Yes	Yes
Massachusetts	15%	Yes	Yes
Wisconsin[4]	14%	Yes	No
Michigan[5]	10%	Yes	Yes
Nebraska	8%	Yes	Yes
New Mexico	8%	Yes	Yes
Iowa	7%	Yes	Yes
Indiana	6%	Yes	Yes
Illinois	5%	Yes	Yes
Maine	5%	No	Yes
Oklahoma	5%	Yes	Yes
Oregon	5%	Yes	Yes
Louisiana[5]	3.5%	Yes	Yes
North Carolina[5]	3.5%	Yes	Yes

Source: Center on Budget and Policy Priorities, http://www.cbpp.org/10-5-07sfp.htm. Except where noted, exhibit refers to tax year 2007.

[1] Minnesota's credit for families with children, unlike the credit in other states, is not expressly structured as a percentage of the federal credit. Depending on income level, the credit for families with children may range from 25 percent to 45 percent of the federal credit; taxpayers without children may receive a 25 percent credit. The average credit received is around 33%.

[2] A very small portion of the Rhode Island EITC is refundable: 15 percent of the nonrefundable credit (i.e., 3.75 percent of the federal EITC).

[3] Maryland also offers a non-refundable EITC set at 50 percent of the federal credit. Taxpayers in effect may claim either the refundable credit or the non-refundable credit, but not both.

[4] Wisconsin's EITC varies based on the number of children; the credit for two children is shown (14%). For one child, the credit is 4% and for three children, the benefit is 43%.

[5] New state EITC; becomes effective in 2008

C. Sanctions

Under PRWORA, each state has substantial flexibility in the design and implementation of sanction policies and procedures.[17] States have used sanctions in an attempt to encourage program compliance and as a means to increase work participation rates. This section examines Colorado Works' sanction policy in relation to the policies enacted in other states. It also examines the relative use of sanctioning in Colorado, compared to other states.

1. *Colorado's Sanction Policy in Context*

There are several dimensions which together constitute the structure and severity of states' sanction policies. These include:

- The effect sanctions have on the TANF grant amount;
- The minimum length of the sanction;
- How recipients may cure their sanction;[18]
- What happens to recipients for repeated acts of non-compliance , and
- The effect sanctions have on receipt of other benefits (i.e., Medicaid and food stamps).[19]

There are four basic ways in which sanctions can affect a client's grant amount. In the first method, known as a ***partial-family sanction***, a sanctioned family's benefit is reduced by only the adult's portion of the grant. Under the second method, called a ***gradual full-family sanction***, the family's grant is reduced by a specified amount. When the client comes into compliance, the benefit is restored to its full amount. If, however, the family does not come into compliance, then the case is eventually closed. Colorado Works operates under a gradual full-family sanction model. The third way that a sanction can affect a family's TANF grant is called a ***full-family immediate sanction***, and entails a loss of all cash assistance immediately or soon after a client becomes non-compliant. Under the final type of policy, known as a ***pay-for-performance model*** and currently used in only one state (Wisconsin), a family only receives cash assistance for hours in which they participate in required work activities. In this model, families who do not participate in work activities receive no cash assistance and families who work fewer than the required number of hours received a reduced benefit.

In recent years, there has been a trend among several states of moving towards more stringent sanction policies in terms of the effect that the sanction has on the family's grant amount. ***Exhibit V.5*** shows how state policies have changed between 2003 and 2007, the last two points

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[17] Note that throughout this section, unless otherwise specified, the term "sanctions" refers specifically to financial penalties imposed for failure to meet program requirements for work activities.
[18] Comprehensive information on this topic is not available.
[19] Comprehensive information on this topic is not available.

in time during which complete data were collected for national evaluations.[20] While the majority of states maintained the same policy in 2007 that was in place in 2003, nine states moved to a more stringent model, and no states moved to a less stringent model. By 2007, only six states still operated under a partial-family sanction, with the remaining states split nearly evenly between gradual full-family sanctions and immediate full-family sanctions.

Exhibit V.5: State Sanction Policy Change between 2003 and 2007

Sanction Policy in 2003 and 2007	States
Partial-Family Sanction in 2003	
Partial-Family Sanction in 2007	CA, DC, ME, MO, NY, VT (6)
Gradual Full-Family Sanction in 2007	IN, MN, NH, RI, WA (5)
Immediate Full-Family Sanction in 2007	TX (1)
Gradual Full-Family Sanction in 2003	
Gradual Full-Family Sanction in 2007*	AK, AL, AR, AZ, ***CO***, CT, DE GA, IL, MA, MT, NJ, NM, ND, OR, SD, UT, WV (18)
Immediate Full-Family Sanction in 2007	LA, NC, NV (3)
Immediate Full-Family Sanction in 2003	
Immediate Full-Family Sanction in 2007	FL, HI, IA, ID, KS, KY, MD, MI, MS, NE, OH, OK, PA, SC, TN, VA, WY (17)

Source: Kauff, Jacqueline, Michelle K. Derr, LaDonna Pavetti, Emily Sama Martin. "Using Work-Oriented Sanctions to Increase TANF Program Participation". Prepared for the US Department of Health and Human Services. 2007.
Note: Wisconsin, which operates under a pay-for-performance model, is not shown. *Colorado is in this group

2. *Initial and Most Severe Sanction*

Comparisons between states' benefit reductions for a family's first receipt of a sanction can be difficult to interpret, as the policy differences between partial-family sanctions, gradual full-family sanctions, and immediate full-family sanctions largely determine the level of benefit reduction (e.g., in states with an immediate full-family sanction, the benefit reduction will always be the entire grant amount). This section, therefore, compares Colorado to other states with a gradual-full family sanction. For a complete listing of all states (including those with partial-family sanctions and those with immediate full-family sanctions), please see ***Appendix Exhibit A.V***.

Exhibit V.6 shows the initial benefit reduction incurred by a sanctioned family among those states with a gradual full-family sanction. As there is policy variation among Colorado's counties, Denver County's policy (as the largest county) has been chosen as a place holder for the state, though nearly all counties (94 percent) in Colorado have implemented the same initial reduction as Denver County. Similarly, in other state-supervised, county-administered TANF programs with program variation, the policy from the largest county in the state is displayed.

[20] Kauff, Jacqueline, Michelle K. Derr, LaDonna Pavetti, Emily Sama Martin. "Using Work-Oriented Sanctions to Increase TANF Program Participation". Prepared for the US Department of Health and Human Services. 2007.

Exhibit V.6: Initial Sanction Benefit Reduction Among Gradual, Full-Family Sanction States, 2006

Reduction Amount	Number of States
25%[1]	6
33%	2
40%	1
50%	1
$50	1
$100	1
Adult portion of benefit	2
Pro-rata amount[2]	1
No reduction in benefit	2

Source: Welfare Rules Databook 2007, funded by DHHS/ACF and DHHS/ASPE.
[1] In Colorado, 94 percent of counties have an initial grant reduction of 25 percent.
[2]Client grant amount is reduced for each day for non-compliance.

At 25 percent, Colorado's initial benefit reduction was the most common level of reduction among states with gradual full-family sanctions in 2006. While the majority of states reduced the grant amount using a percentage of the benefit that would have otherwise been received, two states had a fixed dollar amount for benefit reduction regardless of case size and other considerations; two states reduced the benefit by the adult portion of the grant; and one state reduced the grant amount by a specific amount for each day that a client was non-compliant. Two states did not reduce benefits during the initial sanction. Like all gradual full-family sanction states, Colorado terminated benefits for families who repeatedly failed to cure their sanctions and closed the family's case.

3. Sanctioned Cases

In 2006, the level of sanctioning in Colorado was low when compared to other states. Colorado had the 11th lowest overall sanction rate in the United States, as shown in ***Exhibit V.7*** and had a significantly lower rate of sanctioning than that of the US as a whole, both in terms of all sanctions (1.7 percent in Colorado versus 10.2 percent nationally) and work-related sanctions (0.6 percent in Colorado versus 6.2 percent nationally). However, in terms of work-related sanctions, Colorado was ranked 21st, much higher than for the overall sanction rate. This may partially be due to data reporting inconsistencies among states, but it could also reflect an emphasis in Colorado on implementing and enforcing work-related sanctions rather than other, more administrative sanctions.

Exhibit V.7: Sanctioned Adult-Headed Cases, FFY 2006

	Adult-Headed Cases	Percent of Adult-Headed Cases Sanctioned	Percent of Adult-Headed Cases Sanctioned due to Work Requirement	Rank Percent Sanctioned	Rank Percent Sanctioned for Work Requirement
United States	**985,920**	**10.2**	**6.2**	**--**	**--**
Connecticut	10,224	0.0	0.0	1	1
Hawaii	4,775	0.0	0.0	1	1
Kansas	12,632	0.0	0.0	1	1
Louisiana	3,615	0.0	0.0	1	1
Nevada	2,021	0.0	0.0	1	1
Ohio	36,437	0.0	0.0	1	1
Tennessee	50,302	0.0	0.0	1	1
Texas	25,724	0.0	0.0	1	1
Michigan	55,852	0.4	0.0	9	1
Idaho	394	0.9	0.0	10	1
Colorado	**9,337**	**1.7**	**0.6**	**11**	**21**
Georgia	8,034	2.6	2.3	12	27
Arizona	20,826	2.6	1.5	13	24
North Carolina	11,074	2.7	0.5	14	20
Florida	13,004	2.8	2.4	15	28
Mississippi	6,364	3.4	0.0	16	1
Montana	2,483	3.4	2.9	17	29
Nebraska	6,555	3.4	0.0	18	1
Virginia	9,148	3.6	0.0	19	1
North Dakota	1,985	3.9	3.9	20	33
South Carolina	8,018	4.5	0.8	21	22
Pennsylvania	66,061	4.6	1.7	22	25
Illinois	17,627	5.0	3.7	23	32
South Dakota	989	5.1	3.4	24	31
Oregon	9,949	5.4	0.0	25	1
Massachusetts	29,819	5.8	5.3	26	36
Utah	4,499	6.3	0.0	27	1
Delaware	2,932	6.4	3.2	28	30
Indiana	24,121	6.9	1.2	29	23
West Virginia	5,558	7.0	4.7	30	35
New Jersey	28,685	7.1	0.0	31	1
Kentucky	15,947	7.5	4.6	32	34
Minnesota	17,718	7.6	1.9	33	26
Iowa	11,403	8.0	0.0	34	1
Rhode Island	6,923	9.1	9.1	35	41
Missouri	27,775	9.9	8.0	36	39
Maine	6,818	10.2	8.4	37	40
New Mexico	11,061	10.7	9.6	38	43

Exhibit V.7 (Cont'd): Sanctioned Adult-Headed Cases, FFY 2006

	Adult-Headed Cases	Percent of Adult-Headed Cases Sanctioned	Percent of Adult-Headed Cases Sanctioned due to Work Requirement	Rank Percent Sanctioned	Rank Percent Sanctioned for Work Requirement
Alaska	2,589	11.7	6.6	39	37
Oklahoma	3,998	12.0	0.0	40	1
Vermont	3,346	12.7	9.3	41	42
New York	73,237	15.5	14.7	42	48
Washington	33,296	16.3	10.9	43	46
Maryland	11,793	17.4	0.0	44	1
Alabama	10,093	17.8	7.6	45	38
California	225,749	19.7	12.7	46	47
Wisconsin	6,481	21.9	21.9	47	50
Wyoming	52	25.7	17.9	48	49
District of Columbia	8,924	35.6	34.3	49	51
Arkansas	4,027	37.8	10.2	50	44
New Hampshire	4,074	95.5	10.3	51	45

Source: ACF

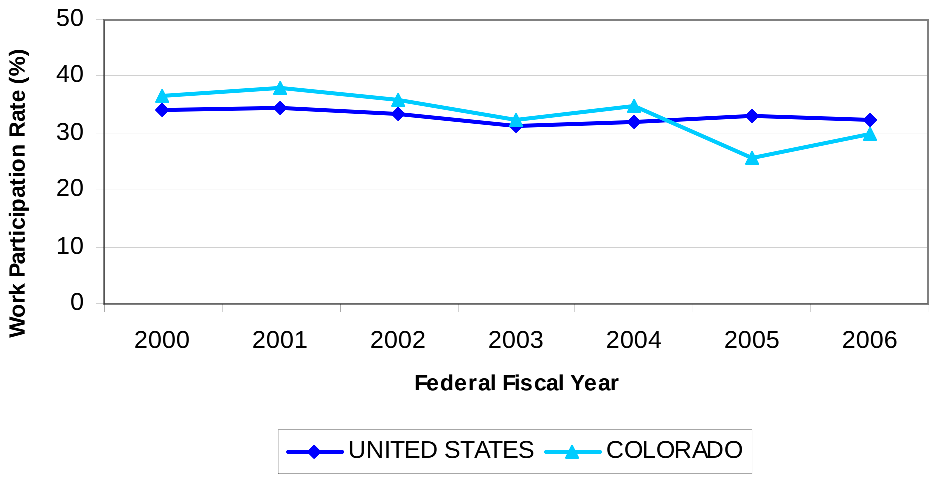
D. Work Participation Rates

As previously mentioned, PRWORA established work participation requirements for state TANF agencies. The law required states to meet a work participation rate of 50 percent for all families and a rate of 90 percent for two-parent families. However, states can lower their required work participation rates by using the caseload reduction credit. Under the caseload reduction credit, the work participation rate required is reduced by the same number of percentage points that the caseload has declined since 2005.[21] A state, for example, who had reduced its caseload by 10 percentage points since 2005 would only have to meet a 40 percent all-families work participation rate, rather than the rate of 50 percent. If a state fails to meet its target work participation rate, it receives a financial penalty (a 5 percent reduction in the TANF block grant during the first year of penalty). If the state continues to not meet the rate, each consecutive year the penalty increases by 2 percent, yet there is a maximum penalty of 21 percent.

[21] The Deficit Reduction Act (DRA) of 2005 changed the base year of calculating the caseload reduction credit to FFY 2005. Prior to October 2006, the baseline year which states used to calculate their caseload reduction credit was FFY 1995. The recalculation of the caseload reduction credit enacted in the DRA (which uses FFY 2005 as the base year rather than FFY 1995), will likely make it more difficult for Colorado, as well as other states, to meet their work participation requirements after FFY 2006.

Taking into account the caseload reduction credit, Colorado met both the adjusted all-families and two-parent work participation rate targets every year between FFY 2000 and 2006 (see ***Exhibits V.8 and V.9***).

Exhibit V.8: All-Families Work Participation Rates, FFY 2000-2006

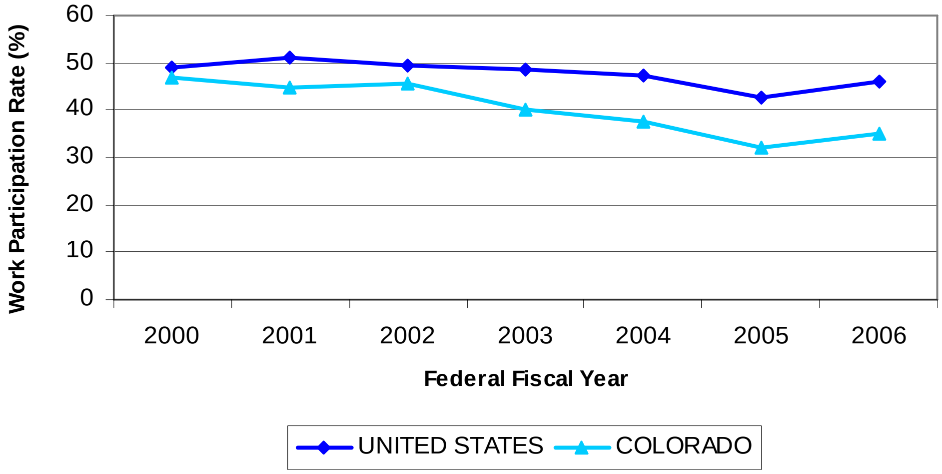


Source: ACF

Between FFY 2000 and 2006, Colorado's all-families rate was highest in FFY 2001, at about 38 percent. The rate remained relatively stable between 2000 and 2004 but decreased sharply between FFY 2004 and FFY 2005. However, the all-families rate climbed back up to 30 percent in FFY 2006. Colorado's all-families work participation rate was similar to the rest of the country. Between FFY 2000 and 2004, Colorado's rate was slightly higher than the US rate; however, after the decline in Colorado's all-families rate in 2005, the work participation rate became slightly higher across the US than in Colorado. In addition, very few states failed to meet the all-families rate, with only one state failing to meet the rate in 2000 and three states not meeting the rate in 2006 (see ***Appendix Exhibit A.VI***).

Between FFY 2000 and 2006, Colorado's two-parent work participation rate declined and was consistently below the US two-parent work participation rate (see ***Exhibit V.9***). In FFY 2000, Colorado had a two-parent work participation rate of 47 percent, but by FFY 2006 the rate had dropped to 35 percent. In FFY 2006, only eight states had lower two-parent work participation rates than Colorado, and three of those states failed to meet their adjusted target rate (see ***Appendix Exhibit A.VII***). However, in 2006, it is important to note that 30 states did not have two-parent families in their TANF programs, instead electing to place two-parent families in solely state-funded programs.

Exhibit V.9: Two-Parent Work Participation Rates, FFY 2000-2006



Source: ACF

VI. Diversion

Diversions are payments designed to prevent reliance on long-term cash assistance and thus encourage self-sufficiency. Historically, diversions have been defined as nonrecurring, short-term benefits to families who have a temporary need for assistance, but do not require on-going assistance. Clients who receive diversion payments are often precluded from applying for TANF benefits for a specified number of months. PRWORA made no mention of diversion; however, the ambiguity of the term "assistance" in PRWORA allowed for the creation of diversion by facilitating the later Administration for Children and Families (ACF) distinction between assistance and "non-assistance." This distinction, published by ACF in its 1999 TANF Final Rules, designated "nonrecurrent, short-term benefits" as non-assistance, provided that these benefits:[22]

- Are designed to deal with a specific crises situation or episode of need,
- Are not intended to meet recurrent or ongoing needs, and
- Do not extend beyond four months.[23]

This definition provided states that chose to implement diversion programs with a great deal of flexibility in designing them. Below, the evolution of and key features of diversion in Colorado are briefly discussed.

In June of 1997, Colorado statute authorized the use of two different types of diversions: state and county diversions.[24] The statute affirms that state diversion may be given to an applicant if he or she:

- Meets Colorado Works income requirements and is eligible for basic cash assistance (BCA);
- Does not need long-term cash assistance or a basic assistance grant;
- Has a proven need for a specific item of assistance for which a lump-sum cash payment can be provided to meet that need; and
- Signs an Individual Responsibility Contract (IRC) which will describe the expectations for the recipient and the terms of the grant.

Diversion payments may not be received simultaneously with a BCA grant. When a diversion payment is received, no time is counted toward the federal time limit, and recipients are not

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[22] The other types of non-assistance defined by ACF include work subsidies, supportive services provided to families who are employed (e.g., child care and transportation), refundable earned income tax credits, Individuals Development Accounts, transportation services provided by the Job Access and Reverse Commute program, and services such as counseling, case management, peer support, child care referral, transitional services, job retention and advancement services, and other employment-related services that do not involve basic income support.

[23] Federal Register/Vol. 64, No. 69/ Monday, April 12, 1999/Rules and Regulations.

[24] Colorado Statute 26-2-707. Accessible online at: http://www2.michie.com/colorado/lpext.dll?f=templates&fn=fs-main.htm&2.0

required to assign child support rights to the state as are recipients of BCA. The Colorado statute allows counties to establish a separate diversion program referred to as county diversion for those applicants not eligible for BCA but meeting all other state diversion grant criteria described above. In Colorado, counties have broad authority in designing other features of both their state and county diversion programs. Counties determine additional policies including:

- The amount of the diversion grant that is given to applicants;
- Whether there is a lifetime limit on the number of diversion payments that a client can receive;
- The time period for which clients are ineligible for further assistance after diversion; and
- Whether to allow exemptions for recipients from this waiting time period if it is determined that the recipient is in need of assistance for reasons beyond his or her control.

In the next two sections, we compare Colorado to other states in terms of: (1) whether diversion is offered and key features of diversion programs (such as maximum payment amount and periods of ineligibility), and (2) expenditures on diversion payments.

A. Key Features of Diversion Programs

As shown in ***Exhibit VI.1***, as of July 2006, nearly two-thirds of states (32 of 51 states) had formal diversion programs.[25] Under such diversion programs, families received a lump-sum cash payment instead of receiving a monthly TANF benefit. Across most states, families applying for diversion must still be eligible for assistance using the state's eligibility rules—generally, rules were the same for families that apply for diversion and those that applied for monthly assistance.[26]

Exhibit VI.1 also provides additional details of key features of states' diversion programs. It is important to note that with regard to Colorado—because of the extensive cross-county variation within the state—that The Urban Institute collected data on key features of the diversion program as implemented in Colorado's largest county (Denver County).[27] As shown in the exhibit, as of July 2006, the maximum amount of diversion payments varied considerably across states. In 11 states (including two states with variable lump-sum payments) families received a flat lump-sum amount of diversion, regardless of family size. Diversion payments in these states ranged from $1,000 to $4,000. As shown in the exhibit, Colorado (Denver County) had a maximum diversion payment of $1,000.[28] The majority of states with diversion programs

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[25] For purposes of the table, The Urban Institute defines a formal diversion program as diverting "eligible applicants or recipients from ongoing TANF receipt by providing a one-time cash payment paid directly to the family or to a vendor for expenses incurred by the family."
[26] G. Rowe, M. Murphy, and M. Williamson, *The Welfare Rules Databook: State Polices as of July 2006*, The Urban Institute, September 2007, p. 32.
[27] When there was variation within a state by county, The Urban Institute collected data on the largest county in the state.
[28] In Denver County, if assistance greater than $1,000 is requested, it must be approved by a designated staffing team. If an individual is seeking employment and training services through the Mayor's Office of Workforce Development, there will be no limit to the amount of money issued.

determined the lump-sum diversion payment amount based on a multiple of the benefit the family would have received if it were eligible and had received monthly TANF benefits. The maximum diversion payments ranged from two to eight months' worth of monthly TANF benefits across these states. The most frequently used limit was two or three months (used in 14 states) of the maximum benefit the family would have received if receiving TANF assistance. The maximum diversion amount in these states was also affected by the variation in the states' maximum monthly benefit amount and family size.

This exhibit also shows how diversion payments were made to recipients and how often recipients could receive the maximum diversion payment amount. The most frequent method of payment across states was cash payments to participants (in 15 states). In seven states (including Colorado), either cash payments to participants or vendors were made. Five states limited diversion to direct payments to vendors. Other states with diversion programs made payments in the form of cash loans (two states) and cash payment or provision of direct services (one state).

Exhibit VI.1: Cross-State Comparison of Diversion Programs, as of July 2006

Diversion Policy		States
Have a Diversion Program*		AK, AZ, AR, CA, *<u>**CO**</u>*, CT, DC, DE, FL, GA, HI, ID, IL, IA, KY, ME, MD, MN, NJ, NM, NY, NC, OK, PA, RI, SD, TX, UT, VA, WA, WV, WI **(32)**
Maximum Diversion Payment		
	$1000 to $1550*	***CO***, DE, KY, NJ, NM, TX, WA **(7)**
	$1600 to $2000	IA, WI **(2)**
	2 to 3 Months	AK, AZ, AR, CT, DC, ID, ME, MD, NC, OK, PA, RI, SD, UT, WV **(15)**
	4 Months	GA, VA **(2)**
	8 Months	HI **(1)**
	Varies	CA, FL, IL, MN, NY **(5)**
Form of Payment		
	Vendor Payment	DE, IA, KY, ME, OK **(5)**
	Cash Payment	AZ, AR, CT, FL, GA, HI, ID, IL, MD, NJ, NM, NC, PA, RI, TX, UT, WA, WV, WI **(19)**
	Cash or Vendor Payment*	AK, CA, ***CO***, DC, MN, NY, SD, VA **(8)**
Frequency of Diversion Receipt		
	Once in a Lifetime	AR, GA, ID, IL, ME, NY, OK, RI, WV **(9)**
	Twice in a Lifetime*	***CO***, KY, NM **(3)**
	3 to 4 Times in a Lifetime	AK, CT **(2)**
	Once every 12 months	AR, DC, DE, IA, MN, NC, PA, TX, WA **(9)**
	Once every 60 Months	HI, VA **(2)**
	Varies	FL **(1)**
	As Often as needed	CA, MD, NJ, SD, UT, WI **(6)**
Period of TANF Ineligibility		
	Immediately Eligible	CA, NJ, NY, NC, PA, WI **(6)**
	3 to 4 Months	AK, AR, AR, CT, ME, MN, SD, UT, WV **(9)**
	6 Months	RI, VA **(2)**
	12 Months	GA, KY, NM, OK, TX, WA **(6)**
	Varies by Diversion/ Benefit Amount*	***CO***, DC, DE, FL, HI, ID, IL, IA, MD **(9)**
Payment Counts Toward Time Limit		
	Yes	CT, ID, UT **(3)**
	No*	AK, AZ, AR, ***CO***, DC, DE, GA, HI, IL, IA, KY, ME, MD, MN, NJ, NM, NY, NC, OK, PA, RI, SD, TX, VA, WA, WV, WI **(27)**
	Varies	CA, FL **(2)**

Source: The Urban Institute's Welfare Rules Databook 2007, funded by DHHS/ACF and DHHS/ASPE.

There was substantial variation in terms of how often recipients could receive the maximum diversion payment. The most frequent limit in this respect was once every 12 months (in eight states), but it ranged from as often as needed (in six states) to once in a lifetime (in seven states), and a variety of permutations between these extremes. As shown in the exhibit, the limit in Colorado (for Denver County) at the time was twice in a lifetime (which was also the case in New Mexico and Kentucky).[29]

In July 2006, most states had an established period of TANF ineligibility without penalty after receipt of a diversion payment. In Colorado (Denver County), the period was determined by the caseworker and the client (the only state where this was the case). In 15 states, as of July 2006, this period of ineligibility was set for a specific number of days or months (ranging from three months to one year). In five states, diversion recipients were immediately eligible; and in the remaining states the period of ineligibility varied (three states); was based on the diversion payment divided by the daily or monthly benefit the unit would have received (two states); or was based on the number of months or days included in the diversion payment. Finally, 25 states (including Colorado) did not count the diversion payment toward the 60-month time limit; three states did count receipt of such payments toward the time limit; and in two states whether the diversion payment counted toward lifetime time limits varied depending on the individual circumstances of the request.

B. State Spending on Diversion

The states reporting spending on diversion from FFY 2000 through 2006 are shown in ***Exhibit VI.2***[30] Based on expenditure reporting, in FFY 2000, 23 states had diversion programs. The number of states with expenditures on diversion increased to 29 states by 2003, and by FFY 2006 the number had grown to 33 states. Of those states that reported diversion expenditures, most states (including Colorado) have maintained a diversion program over the six-year period. However, two states created diversion programs in earlier years and later eliminated the programs (Georgia and Missouri), while other states have periodically stopped offering diversions only to resume in later years (California and New Jersey). An increased national focus on diversion in recent years can be seen by the fact that several states have added diversion programs in the last couple of years (Alabama, Arizona, Arkansas, Delaware, Illinois, Mississippi, and North Dakota).

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[29] It is noted in a footnote to the table that in Denver County if an individual is seeking employment and training services through the Mayor's Office of Workforce Development, there is no limit to the number of diversion applications approved.

[30] Figures based on the number of states reporting expenditures in the non-recurring short-term benefits category (Line 6g) of the ACF-196 form (*http://www.acf.dhhs.gov/programs/ofs/data/index.html*).

Exhibit VI.2: States with Diversion Expenditures in FFY 2000-2006

State	FFY 2000	FFY 2001	FFY 2002	FFY 2003	FFY 2004	FFY 2005	FFY 2006
Alabama							X
Alaska	X	X	X	X	X	X	X
Arizona							X
Arkansas						X	X
California	X	X	X	X	X		X
Colorado	**X**	**X**	**X**	**X**	**X**	**X**	**X**
Connecticut	X	X	X	X	X	X	X
Delaware							X
Florida	X	X	X	X	X	X	X
Georgia	X		X	X			
Idaho	X	X	X	X	X	X	X
Illinois						X	
Iowa	X	X	X	X	X	X	X
Louisiana			X	X			
Maine	X	X	X	X	X	X	X
Maryland				X	X	X	X
Massachusetts	X	X	X	X	X	X	X
Michigan				X	X	X	X
Minnesota	X	X	X	X	X	X	X
Mississippi*							X
Missouri	X	X	X				
Montana		X	X	X	X	X	X
Nevada	X	X	X	X	X	X	X
New Jersey	X	X	X	X		X	X
New York		X	X	X	X	X	X
North Carolina	X	X	X	X	X	X	X
North Dakota							X
Ohio	X	X	X	X	X	X	X
Oklahoma		X	X	X	X	X	X
Pennsylvania	X	X	X	X	X	X	X
Texas	X	X	X	X	X	X	X
Utah	X	X	X	X	X	X	X
Vermont	X	X	X	X	X	X	X
Virginia	X	X	X	X	X	X	X
Washington	X	X	X	X	X	X	X
West Virginia		X	X	X	X	X	X
Wisconsin	X	X	X	X	X	X	X
Number of States	**23**	**26**	**28**	**29**	**26**	**28**	**33**

* Less than $500 in expenditures reported by state
Source: ACF Data/Statistics, http://www.acf.dhhs.gov/programs/ofs/data/index.html

Exhibit VI.3: Colorado's Trends in Diversion Spending Compared to National Spending

	Colorado		Total U.S.*	
Federal Fiscal Year	Amount Spent on Diversions ($)	% of Total BCA and Diversion Spending	Amount Spent on Diversions ($)	% of Total BCA and Diversion Spending
2000	5,529,874	13.2	141,621,017	3.1
2001	7,652,035	16.3	228,639,548	3.5
2002	11,076,658	17.9	226,914,317	3.9
2003	6,819,474	13.9	254,355,827	4.0
2004	4,321,334	7.8	266,990,664	5.5
2005	3,085,415	4.9	264,200,692	4.1
2006	3,177,689	5.8	290,511,899	5.4

* This figure includes only those states that have diversion payments.
Source: ACF Data/Statistics, http://www.acf.dhhs.gov/programs/ofs/data/index.html

While figures on the number of families receiving diversion by state were unavailable, expenditure data can provide useful information for the comparison of usage trends nationally and in the state of Colorado. ***Exhibit VI.3*** illustrates trends in Colorado's overall spending on diversion compared to national spending on diversion.[31] The exhibit also shows diversion expenditures as a proportion of total spending on basic cash assistance and diversion combined. Spending on diversion as a proportion of total BCA and diversion has historically been substantially higher in Colorado compared to the average of other states that have diversion programs (13 percent in Colorado in FFY 2000 compared to 3 percent nationwide). However, between 2003 and 2004, the proportion of spending on diversions in Colorado nearly halved. Comparatively, national diversion spending has increased steadily over time. As of 2006, the proportion of spending on diversions in Colorado was only slightly higher than the rest of the U.S.

[31] National spending and proportions of national spending on diversion include only those states offering diversion payments.

VII. TANF Caseload Trends

Through the caseload reduction credit enacted under PRWORA[32], welfare reform rewarded states for reducing their TANF caseloads. The years directly following the passage of PRWORA saw sharp declines in state caseloads almost nationwide. However, in recent years, caseload changes have been more varied across states due to a variety of factors including economic conditions, population shifts, and both state and federal policies regarding TANF and other income supports. With the passage of the Deficit Reduction Act (DRA) in 2005, caseload reduction once again became a key agenda item for some TANF policymakers' and practitioners'. This section analyzes Colorado's caseload in both the long-term and the short-term, making comparisons to the national TANF caseload and caseloads of other states and the District of Columbia.

A. Caseload Changes over Time

Exhibit VII.1 shows trends in Colorado's caseload by calendar year using data from ACF.[33] The average monthly number of families receiving welfare assistance declined from 42,543 families receiving AFDC in 1993, to 10,639 families in 2001, a 75 percent decline, outpacing the national decline of 57 percent. As the figure shows, the rate of decline accelerated immediately in Colorado and nationally following implementation of TANF in 1997.

Between 2001 and 2005, the caseload in Colorado increased by close to 10 percent each year on average, reaching an average monthly caseload of 15,268 in 2005.[34] Beginning in 2005 and continuing into 2007, the state experienced a considerable decrease in monthly caseloads. By 2007, the average monthly caseload had decreased to 10,979, representing a 28 percent decrease since 2005, compared to a national decrease of only 12 percent during this same time period.

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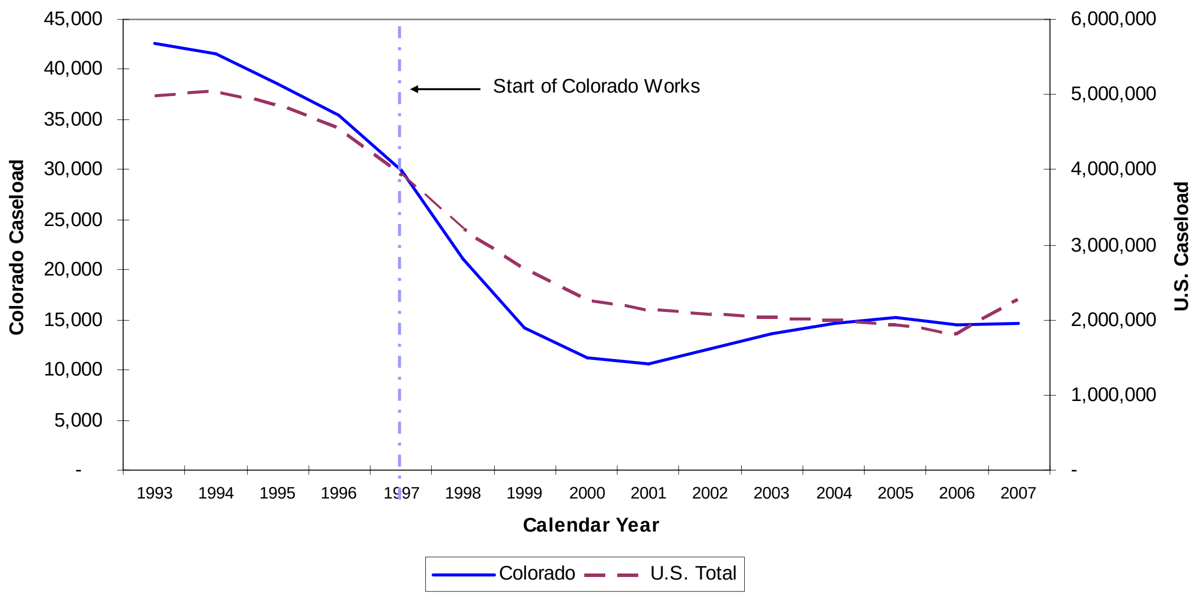
[32] The caseload reduction credit rewards reductions in state TANF caseloads by lowering the work participation rate from the standard rate by a number of percentage points equal to the percentage by which the overall caseload declined since FFY 2005 (although prior to the 2005 DRA, the benchmark year was FFY 1995). For instance, if Colorado reduced its TANF caseload in FFY 2006 by 5 percentage points relative to FFY 2005, then the required work participation rate for the state would decrease from 50 percent to 45 percent.

[33] Office of Family Assistance. At the time of this report, monthly caseload data from ACF data was available through September of 2007. See http://www.acf.hhs.gov/programs/ofa/caseload/caseloadindex.htm.

Exhibit VII.1: Average Monthly Welfare Caseloads Nationally and in Colorado



Source: ACF
Note: Data covers through September of 2007.

Exhibit VII.2 shows changes in Colorado's average monthly caseload relative to other states by providing both long-term (nine-year) and short-term (two-year) perspectives.[35] As the exhibit shows, Colorado has experienced an overall caseload decline of around 48 percent over the past nine years, which is nearly equivalent to both the average US total decline (47 percent) and the median decline of the fifty states and the District of Columbia (44 percent). Colorado's decrease in caseload over this nine-year period ranks as the 23rd largest caseload decline in the US.

While Colorado has experienced caseload reductions that were similar to the average across the US over the nine-year period, it has experienced greater caseload declines than the US average over the previous two federal fiscal years. Between 2005 and 2007, Colorado experienced a 28 percent caseload decline (almost double the median state decline), ranking 9th among all states during this period.

[35] Caseload figures include all family types. In order to account for states with Separate State Programs (SSPs), analysis was conducted combining TANF caseloads. Results of these analyses were similar to those presented in this section. For more detailed tables on caseload and caseload change for Colorado and other states, see Appendix Exhibits VII.A-C.

Exhibit VII.2: Two-year and Nine-year Changes in Average Monthly Total TANF Caseloads

	9-Year Change (FFY 1998-2007)	Rank			2-Year Change (FFY 2005-2007)	Rank
U.S. Total	-46.9%			**U.S. Total**	-11.9%	
State Median	-44.1%			**State Median**	-16.3%	
Illinois	-82.1%	1		District of Columbia	-66.9%	1
Wyoming	-78.4%	2		Utah	-42.0%	2
Louisiana	-77.2%	3		Georgia	-40.5%	3
District of Columbia	-73.6%	4		Pennsylvania	-33.8%	4
Alaska	-68.0%	5		Nebraska	-33.5%	5
Georgia	-66.8%	6		Louisiana	-31.8%	6
North Carolina	-66.8%	7		Montana	-30.8%	7
New York	-66.6%	8		Texas	-29.4%	8
Connecticut	-63.8%	9		***Colorado***	**-28.1%**	**9**
Hawaii	-63.3%	10		Mississippi	-27.8%	10
Oklahoma	-63.0%	11		North Dakota	-27.6%	11
Maryland	-60.9%	12		Delaware	-26.6%	12
Texas	-57.8%	13		Alaska	-25.9%	13
Rhode Island	-55.9%	14		Oklahoma	-25.0%	14
Florida	-55.7%	15		New Jersey	-23.7%	15
New Jersey	-54.4%	16		North Carolina	-23.4%	16
Pennsylvania	-52.6%	17		Hawaii	-22.7%	17
Utah	-51.1%	18		Illinois	-20.8%	18
Mississippi	-51.0%	19		Rhode Island	-20.7%	19
West Virginia	-50.0%	20		Florida	-20.6%	20
Montana	-49.8%	21		Maryland	-19.8%	21
Nebraska	-48.6%	22		West Virginia	-18.1%	22
Colorado	**-48.1%**	**23**		New Mexico	-18.0%	23
Maine	-46.3%	24		Arizona	-17.2%	24
Minnesota	-45.1%	25		New Hampshire	-16.9%	25
Ohio	-44.1%	26		Kansas	-16.3%	26
Kentucky	-43.2%	27		Wisconsin	-15.0%	27
Delaware	-42.8%	28		Indiana	-14.8%	28
Michigan	-40.8%	29		New York	-13.5%	29
Vermont	-39.5%	30		Kentucky	-13.4%	30
South Carolina	-38.6%	31		Maine	-13.2%	31
Arkansas	-37.9%	32		Wyoming	-13.1%	32
North Dakota	-37.2%	33		Idaho	-13.0%	33
Missouri	-36.9%	34		Tennessee	-12.7%	34
Washington	-36.1%	35		Connecticut	-12.1%	35
Nevada	-35.4%	36		Washington	-10.7%	36
New Mexico	-34.7%	37		Michigan	-9.1%	37
Iowa	-33.6%	38		Alabama	-8.9%	38
California	-33.3%	39		Minnesota	-8.6%	39
Massachusetts	-32.2%	40		Massachusetts	-7.7%	40
Virginia	-30.2%	41		Iowa	-5.5%	41
New Hampshire	-25.3%	42		Missouri	-5.5%	42
South Dakota	-25.0%	43		Oregon	-5.4%	43
Alabama	-20.8%	44		Ohio	-5.1%	44
Idaho	-15.6%	45		Vermont	-2.8%	45
Arizona	-8.4%	46		South Carolina	-2.1%	46
Oregon	1.9%	47		Nevada	-1.2%	47
Indiana	3.5%	48		Arkansas	-0.5%	48
Kansas	4.3%	49		California	1.8%	49
Tennessee	7.4%	50		South Dakota	3.9%	50
Wisconsin	34.4%	51		Virginia	204.7%	51

Source: ACF

B. Federal Fiscal Year 2007 Caseload Composition

In FFY 2007, Colorado's caseload ranked 32nd among the 50 states and the District of Columbia in terms of average monthly total families (see ***Appendix Exhibit A.VIII***). The FFY 2007 caseload composition of Colorado and the total US is compared in ***Exhibit VII.3***. While the percentage of caseloads that were one-parent and child only cases was similar in both Colorado and the US, a slightly larger percentage of Colorado's caseload was made up of two-parent families (4.9 percent in Colorado versus 3.5 percent nationwide). When comparing two-parent cases as a percentage of state-caseload, Colorado ranked 12th in the country in FFY 2007. This relatively high share of two-parent cases is partly due to the fact that twenty-two states had an average monthly two-parent caseload of zero in FFY 2007. The states with a larger percentage of two-parent cases than Colorado were: Alaska (12 percent), Vermont (12 percent), Montana (10 percent), California (8 percent), Washington (8 percent), Iowa (7 percent), West Virginia (7 percent), Kansas (6 percent), Nevada (5 percent), Massachusetts (5 percent), and Indiana (5 percent).

Exhibit VII.3: TANF Caseload Composition in Colorado and the U.S., FFY2007

	Percent of Colorado Caseload	Percent of Total US Caseload	Median of State Percentages of Caseload	Colorado Rank by Descending Percent
Two-Parent Cases	4.9	3.5	0.5	12th
Child Only Cases	51.9	50.1	51.9	26th
One-Parent Cases	43.2	46.5	45.4	31st

Source: ACF

Notes: The values in the "Median of State Percentages of Caseload" will not sum to 100%, as each median percentage of caseload type has been calculated independently. Adjusted median of two-parent cases as a percentage of total caseload (i.e., not including values of zero for states that have no two-parent cases) equal to 3.4%.

C. Caseloads as a Percentage of Families with Children in Poverty

While meaningful comparisons of state TANF caseloads can be difficult to interpret due to broad economic, demographic, and geographic variation, one rough method available for comparing state caseloads is to examine TANF caseloads as a percentage of families with children who live under the poverty line. The advantage of this basis of comparison is that it standardizes TANF caseloads between states of varying sizes by comparing caseloads as a percentage of the population under the poverty line with children.

Exhibit VII.4 shows calendar year (CY) 2006 caseloads by state as a percentage of family with children who live in poverty. At 13 percent, Colorado had the 17th lowest percentage of families with children living in poverty, and was under the nationwide average of 15 percent in 2006. When TANF caseloads are viewed as a percentage of families under the poverty line, the Colorado Works caseload represented nearly 18 percent of impoverished families. When states are ranked in ascending order based in terms of TANF caseload as a percentage of families with children in poverty, Colorado ranked 16th.

Exhibit VII.4: TANF Caseloads as a Percentage of Families with Children in Poverty, CY2006

State	Families in Poverty with Children[1]	Percent of Total Families with Children in Poverty	Total TANF Families[2]	TANF Caseload as a Percent of Families with Children in Poverty	Rank by Ascending Percent of Families in Poverty on TANF
U.S. Totals	5,727,000	15.0%	1,806,756	31.5%	--
Wyoming	7,000	11.0%	290	4.1%	1
Idaho	27,000	14.0%	1,818	6.7%	2
Virginia	101,000	10.0%	9,148	9.1%	3
Louisiana	121,000	22.0%	11,915	9.8%	4
Arkansas	78,000	21.0%	8,204	10.5%	5
Oklahoma	93,000	20.0%	10,208	11.0%	6
Texas	617,000	19.0%	70,798	11.5%	7
Mississippi	101,000	25.0%	13,417	13.3%	8
Nevada	36,000	11.0%	5,399	15.0%	9
South Carolina	104,000	19.0%	15,678	15.1%	10
North Carolina	193,000	17.0%	30,172	15.6%	11
Alabama	121,000	20.0%	19,162	15.8%	12
Illinois	229,000	14.0%	36,330	15.9%	13
Georgia	200,000	16.0%	31,781	15.9%	14
Florida	298,000	14.0%	52,470	17.6%	15
Colorado	**82,000**	**13.0%**	**14,468**	**17.6%**	**16**
Utah	38,000	11.0%	7,463	19.6%	17
Wisconsin	88,000	12.0%	17,951	20.4%	18
South Dakota	13,000	13.0%	2,823	21.7%	19
West Virginia	47,000	21.0%	10,865	23.1%	20
Montana	16,000	14.0%	3,812	23.8%	21
Oregon	66,000	15.0%	18,524	28.1%	22
North Dakota	9,000	11.0%	2,686	29.8%	23
Kentucky	108,000	20.0%	33,092	30.6%	24
New Mexico	53,000	22.0%	16,895	31.9%	25
Missouri	118,000	16.0%	38,748	32.8%	26
Alaska	11,000	12.0%	3,614	32.9%	27
Arizona	117,000	16.0%	39,551	33.8%	28
Ohio	231,000	16.0%	79,485	34.4%	29
Kansas	50,000	14.0%	17,232	34.5%	30
Nebraska	29,000	13.0%	10,097	34.8%	31
New York	385,000	16.0%	134,903	35.0%	32
Indiana	121,000	15.0%	42,534	35.2%	33

Exhibit VII.4 (Continued): TANF Caseloads as a Percentage of Families with Children in Poverty, CY2006

State	Families in Poverty with Children1	Percent of Total Families with Children in Poverty	Total TANF Families2	TANF Caseload as a Percent of Families with Children in Poverty	Rank by Ascending Percent of Families in Poverty on TANF
Iowa	46,000	12.0%	16,675	36.3%	34
Maryland	56,000	8.0%	20,364	36.4%	35
New Jersey	107,000	9.0%	40,832	38.2%	36
Maine	24,000	15.0%	9,304	38.8%	37
Delaware	14,000	13.0%	5,504	39.3%	38
Minnesota	69,000	10.0%	27,479	39.8%	39
Michigan	194,000	15.0%	82,953	42.8%	40
Connecticut	42,000	9.0%	18,490	44.0%	41
Tennessee	152,000	19.0%	68,129	44.8%	42
Pennsylvania	202,000	14.0%	94,696	46.9%	43
New Hampshire	13,000	8.0%	6,105	47.0%	44
Vermont	9,000	11.0%	4,429	49.2%	45
Hawaii	14,000	10.0%	6,953	49.7%	46
Washington	101,000	13.0%	54,168	53.6%	47
Massachusetts	84,000	11.0%	46,582	55.5%	48
Rhode Island	16,000	13.0%	9,689	60.6%	49
California	662,000	14.0%	449,325	67.9%	50
District of Columbia	14,000	26.0%	15,717	112.3%	51

Sources: ACF, Annie E. Casey Kids Count Data. The calendar year is used here, as opposed to the Federal Fiscal Year, because the poverty data provided by the Anne E. Casey Foundation is available for the calendar year.
Note: [1] Includes only those families with related children in poverty
[2] Average monthly total TANF caseload in calendar year 2006.

VIII. Conclusions

The enactment PRWORA in 1996 drastically changed the structure of state welfare programs. Replacing the Aid to Families with Dependent Children (AFDC) and Job Opportunities and Basic Skills Training (JOBS) Programs with the Temporary Assistance to Needy Families (TANF) block grant, PRWORA provided states with considerable flexibility to design their own welfare programs. The result was an increase in the variation across states in how TANF programs/policies were structured and implemented. This report was intended to place Colorado's TANF program into a national context, comparing key features of the Colorado Works program with programs operating in other states. The overall picture that emerges from this comparative study is that Colorado's TANF program operates within the mainstream of TANF programs across the country (and thus, is not an outlier on most of the program features/dimensions explored in this report).

Although not alone among states, perhaps one of the most distinguishing features of the TANF/Colorado Works program—and one that allows for significant tailoring of program services to meet the unique needs of the low-income population within each locality within the state—is that responsibility for administration of the TANF program rests at the local (county) level. Colorado is one of 15 states that have elected to shift responsibility for the administration of their TANF programs to the local level (see ***Exhibit VIII.1***). However, the shifting of responsibilities from the state to the local level varies in degree. For example, in some states with county-administered programs (Alabama, Montana, Georgia, North Dakota, and South Carolina), the counties function largely as administrative bodies and have little control over program implementation.[36]

Exhibit VIII.1: Program Administration of State TANF Programs

Type of Administration	States
County Administered Program (15 States)	Alabama, California, **Colorado**, Georgia, Maryland, Minnesota, Montana, New Jersey, New York, North Carolina, North Dakota, Ohio, South Carolina, Tennessee, Wisconsin
State Administered Program (35 States)	Alaska, Arizona, Arkansas, Connecticut, Delaware, Florida, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Massachusetts, Michigan, Mississippi, Missouri, Nebraska, Nevada, New Hampshire, New Mexico, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Dakota, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wyoming

Source: Gainsborough, Juliet F. "To Devolve or not to Devolve? Welfare Reform in the States". Policy Studies Journal. November 1, 2003. Watson, Keith, Steven G. Gold, "The Other Side of Devolution: Shifting Relationships Between State and Local Governments." 1997.

[36] Gainsborough, Juliet F. "To Devolve or not to Devolve? Welfare Reform in the States". *Policy Studies Journal*. November 1, 2003.

Other states with county-administered programs provide counties with significantly more control over local program implementation. Colorado's TANF program falls into this category of providing localities with significant authority, along with just seven other states (California, Maryland, Minnesota, New York, North Carolina, Ohio, and Wisconsin). In Colorado, for example, the state sets general rules for some program criteria including basic eligibility requirements, minimum benefit amounts, and income disregards, but counties have a great deal of flexibility in determining other aspects of the program such as work-requirements, diversion payments, and services offered. Hence, Colorado is part of a relatively small group of states (8 states in all) that have empowered counties to structure overarching strategies and key programmatic features to flexibly meet unique needs and challenges within the communities they serve. Counties in Colorado—unlike most counties across the nation—have substantial autonomy to also make changes as needed in TANF program structure/policies to meet new challenges as they emerge. While not explored in detail in this report, other reports produced under the broader evaluation of Colorado Works have documented the extensive variability and experimentation in program features and operations across Colorado's counties.[37]

While overall, when compared on key program dimensions/policies, the Colorado Works program fits within the mainstream of TANF programs across the country. However, this report identified some ways in which the Colorado Works program qualitatively and quantitatively varies from other state programs. **Exhibit VIII.2** highlights some of the ways in which the Colorado Works program is similar to and different from other state TANF programs on key program dimensions explored in this report.

[37] See for example, M. Farrell, D. Nightingale, B. Barden, B. Barnow, S. Elkin, K. Gardiner, J. Trutko, L. Turner, Colorado Works Program Evaluation: 2006 Annual Report, The Lewin Group, prepared for the Colorado Works Program Evaluation, 2006.

Exhibit VIII.2: Overview of Comparative Study Findings on Key Programmatic Areas

Policy Area	Key Study Findings on Program Feature/Dimension for Colorado Works Compared with Other State TANF Programs
Eligibility Requirements	Colorado's eligibility rules regarding assets, family caps, immigration status, and pregnant women with no other children were similar to the majority of states, but the state was distinguished by its relatively low maximum earnings limit for TANF eligibility, roughly 25 percent less than the national median. Colorado's maximum earnings threshold for a family of three was $511 in July 2006, below the state median of $681 and ranked 40th among states (and the District of Columbia).
Benefit Levels	When comparing monthly benefit amounts for a one-parent family with two children, $356 as of July 2006, the Colorado Works grant was $51, or 13 percent, below the national median (of $407). Along with 25 other states, Colorado did not change its maximum benefit level for a one-parent family with two children between March 1998 and July 2006—resulting in an effective decrease in benefit amount due to inflation of 24 percent. Colorado was by no means alone in this respect. In over four-fifths of states (44 states, including Colorado), maximum benefit amounts (for this size family) decreased in inflation-adjusted terms over the nearly eight-year interval.
Time Limits	Colorado, along with the majority of states, has a 60-month lifetime limit on cash assistance and has not implemented periodic time limits. In general, the proportion of cases closed due to time limits has been low nationwide (in FFY 2006, 2 percent) and in Colorado (in FFY 2006, less than one percent). In FFY 2006, similar to trends across the US, the majority of cases in Colorado had between one and 24 months of assistance countable toward the federal time limit. However, in FFY 2006, a relatively large proportion of Colorado heads of household (22 percent) had accumulated over 60 months toward the federal time limit. If this is not the result of reporting error (as noted earlier), this figure (for Colorado) was much higher than the 7 percent of adult recipients across the US who had accumulated over 60 months.
Work Requirements and Sanctions	Like the majority of states, Colorado exempts from the work participation requirements those TANF recipients who are ill or incapacitated or who are caring for an ill or incapacitated family member. However, unlike 40 other states, Colorado does not exempt parents caring for a young child. In 2007, Colorado Works, along with 22 other states, operated under a gradual full-family sanction model; 21 states had immediate full-family sanctions (more stringent than Colorado Works); and six states had partial family sanctions (less stringent than Colorado Works). The level of sanctioning in Colorado has been very low when compared to other states. In FFY 2006, Colorado had the 11th lowest overall sanction rate in the United States and had a significantly lower rate of sanction than the overall country both in terms of all sanctions (1.7 percent in Colorado versus 10.2 percent nationally) and work-related sanctions (0.6 percent in Colorado versus 6.2 percent nationally).
Work Participation Rate	Colorado's all-families work participation rate has been similar to the rest of the country in recent years. Between FFY 2000 and 2004, Colorado's rate was slightly higher than the US rate. However, after the decline in Colorado's all-families rate in 2005, the work participation rate became slightly higher across the US than in Colorado. During that same period, Colorado's two-parent work participation rate declined and was consistently slightly below the US two-parent work participation rate.

Policy Area	Key Study Findings on Program Feature/Dimension for Colorado Works Compared with Other State TANF Programs
Diversion	Colorado and 29 other states had formal diversion programs. Across these 30 states, there was substantial variation in terms of how often recipients could receive the maximum diversion payment. The most frequent limit in this respect was once every 12 months (in eight states), but it ranged from as often as needed (in six states) to once in a lifetime (in seven states), and a variety of permutations between these extremes. The limit in Colorado (for Denver County) at the time was twice in a lifetime. Most states (25 of 30 states), including Colorado, did not count the diversion payment toward the 60-month time limit. In FFY 2006, the proportion of spending on diversions in Colorado was about the same as that for US (about 6 percent as a proportion of total BCA and diversion spending in Colorado compared to about five and a half percent across the US).
TANF Caseload Change	Colorado Works has experienced an overall caseload decline of around 48 percent over the past nine years (FFY 1998-2007), which is nearly equivalent to both the average U.S. total decline (47 percent) and the median decline of the fifty states and the District of Columbia (44 percent). Colorado's decrease in caseload over this nine-year period ranks near the middle among states (with the 23rd largest caseload decline in the United States). While Colorado has experienced caseload reductions that were similar to the average across the US over the nine-year period, it has experienced greater caseload declines than the US average over the previous two federal fiscal years. Between 2005 and 2007, Colorado experienced a 28 percent caseload decline (almost double the median state decline) and ranked 9th among all states during this period on caseload decline.

IX. Appendix A: Additional Detailed Exhibits Comparing Colorado Works and Other State TANF Programs

Appendix Exhibit A.I: Asset Limits as of July 2006

State	Asset limit	Vehicle exemption
Ohio	No limit25	All vehicles owned by household
Virginia	No limit[25]	All vehicles owned by household
Hawaii	$5,000	All vehicles owned by household
Nebraska	$4,000/$6,000[18]	One vehicle per household [19]
New Mexico	$3,500 [21]	All vehicles owned by household [22]
North Dakota	$3,000/$6,000/+$25[24]	One vehicle per household
Arkansas	$3,000	One vehicle per household
Connecticut	$3,000	$9,500[5E]
Michigan	$3,000	All vehicles owned by household
Montana	$3,000	One vehicle per household [17]
North Carolina	$3,000	One vehicle per adult
Massachusetts	$2,500	$10,000[E]/$5,000[13F]
Oregon	$2,500 [26]	$10,000[E]
South Carolina	$2,500	One vehicle per licensed driver[28]
Wisconsin	$2,500	$10,000[E]
Wyoming	$2,500	$15,000[32F]
Illinois	$2,000/$3,000/+$50[8]	One vehicle per household [9]
Alabama	$2,000/$3,000[1]	All vehicles owned by household
Alaska	$2,000/$3,000[1]	All vehicles owned by household [2]
California	$2,000/$3,000[1]	$4,650[F]/One vehicle per licensed driver[4E]
D.C.	$2,000/$3,000[1]	All vehicles owned by household
New York	$2,000/$3,000[1]	$4,650 [23F]
Arizona	$2,000	All vehicles owned by household [3]
Colorado	**$2,000**	**One vehicle per household**
Florida	$2,000	$8,500[E]
Idaho	$2,000	$4,650 [7F]
Iowa	$2,000	One vehicle per household [10]
Kansas	$2,000	All vehicles owned by household [11]
Kentucky	$2,000 [12]	All vehicles owned by household
Louisiana	$2,000	All vehicles owned by household
Maine	$2,000	One vehicle per household
Maryland	$2,000	All vehicles owned by household
Minnesota	$2,000	$7,500[14E]
Mississippi	$2,000	All vehicles owned by household [15]
Nevada	$2,000	One vehicle per household
New Jersey	$2,000	$9,500 [20F]
South Dakota	$2,000	One vehicle per household [29]

Appendix Exhibit A.I (Cont'd): Asset Limits as of July 2006

State	Asset limit	Vehicle exemption
Tennessee	$2,000	$4,600[E]
Utah	$2,000	$8,000[31E]
West Virginia	$2,000	One vehicle per household
Delaware	$1,000	$4,650[E]
Georgia	$1,000	$1,500/$4,650[6E]
Indiana	$1,000	$5,000[E]
Missouri	$1,000	One vehicle per household [16]
New Hampshire	$1,000	One vehicle per licensed driver
Oklahoma	$1,000	$5,000[E]
Pennsylvania	$1,000	One vehicle per household
Rhode Island	$1,000	One vehicle per adult [27]
Texas	$1,000	$4,650[30F]
Vermont	$1,000	One vehicle per adult
Washington	$1,000	$5,000 [31E]

E Equity value of the vehicle.
F Fair market value of the vehicle.
1 Units including an elderly person may exempt $3,000; all other units exempt $2,000.
2 Vehicle are exempt if used for one of the following: (1) to meet the family's basic needs, such as getting food and medical care or other essentials; (2) to go to and from work, school, training or work activity (such as job search or community service); (3) as the family's house; (4) to produce self-employment income; or (5) to transport a disabled family member, whether or not they are a part of the assistance unit. If the vehicle does not meet one of these requirements, the equity value of the vehicle is counted in the determination of resources.
3 Recreational vehicles are not exempt.
4 Each vehicle must be evaluated for both its equity and fair market value; the higher of the two values counts again the family's asset limit. Before this calculation, all of the following vehicles are completely excluded: (1) used primarily for income producing purposes; (2) produces annual income that is consistent with its fair market value; (3) is necessary for long distance travel that is essential for employment; (4) used as the family's residence; (5) is necessary to transport a physically disabled household member; (6) would be exempt under previously stated exemptions but the vehicle is not in use because of temporary unemployment; (7) used to carry fuel or water to the home and is the primary method of obtaining fuel or water; and (8) the equity value of the vehicle is $1,501 or less. To determine the countable fair market value of each remaining vehicle, exclude $4,650 from the vehicle's fair market value. To determine the countable equity value of each remaining vehicle, exclude one additional vehicle per adult and one additional vehicle per licensed child who uses the vehicle to travel to school, employment, or job search. The full equity value of each remaining vehicle is counted. For each vehicle not completely excluded, the higher of the fair market value or the equity value counts against the family's asset limit.
5 The unit may exempt $9,500 of the equity value of a vehicle or the entire value of one vehicle used to transport a handicapped person.
6 $4,650 of the value of vehicles used to look for work, or to travel to work or education and training is excluded. $1,500 of the equity value will be excluded for vehicles not used for these purposes. Vehicles used over 50 percent of the time to produce income or as a dwelling are excluded.
7 The value of one specially equipped vehicle used to transport a disabled family member is exempt. Also, all vehicles with a fair market value under $1,500 are exempt.
8 The asset limit is based on unit size: one person receives $2,000, two people receive $3,000, and three or more people receive another $50 for every additional person.
9 When there is more than one vehicle, the equity value of the vehicle of greater value is exempt. If a vehicle has special equipment for the disabled, the added value of the special equipment is exempt and does not increase the vehicle's value.

10 Additionally, $4,164 of the equity value of an additional vehicle is exempt for each adult and working teenager whose resources must be considered in determining eligibility.
11 Campers and trailers are also considered excludable vehicles.
12 Only liquid resources are considered for eligibility determinations. Liquid resources include cash, checking and savings accounts, CDs, stocks and bonds, and money market accounts.
13 The state compares the value of the vehicle to two standards: $10,000 of the fair market value and $5,000 of the equity value. If the value of the vehicle exceeds either limit, the excess counts towards the asset limit; however, if the value of the vehicle exceeds both limits, only the excess of the greater amount counts toward the asset limit.
14 Note that Minnesota uses the loan value of the vehicle as listed in the current NADA Used Car Guide, Midwest edition instead of the fair market value. The loan value is generally slightly less than the estimated fair market value.
15 Recreational vehicles (unless used as a home), all terrain vehicles, and other off-road vehicles are not exempt. Additionally, industrial vehicles (i.e., heavy haulers, pulpwood trucks, etc.) are exempt as long as they are used for income-producing purposes over 50 percent of the time, or as long as they annually produce income consistent with their fair market value.
16 $1,500 of the equity value of the unit's second vehicle is exempt.
17 All income-producing vehicles are also exempt.
18 The asset limit is based on unit size: one person receives $4,000; two or more people receive $6,000.
19 The entire vehicle is exempt only if used for employment, training, or medical transportation; any motor vehicle used as a home is also exempt. If a unit has more than one vehicle that meets the exemption criteria, only the vehicle with the greatest equity value will be exempt.
20 Units with two adults or one adult and a minor child at least 17 years old may exempt up to $4,650 of the fair market value of a second vehicle if it is essential for work, training, or transporting a handicapped individual.
21 The total limit is $3,500; however, only $1,500 of that amount can be in liquid resources and only $2,000 can be in nonliquid resources. Liquid resources include the (convertible) cash value of life insurance policies, cash, stocks, bonds, negotiable notes, purchase contracts, and other similar assets. Nonliquid resources include non-exempt vehicles, equipment, tools, livestock (with the exception of nonsalable domestic pets), one-time sale asset conversion, and lump-sum payments.
22 The entire vehicle is exempt only if used for transportation to work, work activities, or daily living requirements.
23 If the vehicle is needed to seek or retain employment, $9,300 of the vehicle is exempt.
24 The asset limit is based on unit size: one person receives $3,000, two people receive $6,000, and another $25 is allowed for each additional person thereafter.
25 The asset test has been eliminated.
26 There is more than one phase of the application process in Oregon. The asset limit for applicants first applying for TANF is $2,500. If the applicant makes it through the first stage of application, he or she must participate in the "Assessment Program" in which he or she is assessed and given a case plan to follow. If the applicant does not follow the case plan, he or she maintains the $2,500 asset limit as long as he or she is in the Assessment Program. If the applicant complies with the case plan, he or she is allowed a $10,000 asset limit.
27 Exemptions for adult drivers cannot exceed two vehicles per household. Additionally, the entire value of a vehicle used primarily for income-producing purposes, that is used as a family home, or that is used to provide transportation for a disabled family member is exempt.
28 Vehicles owned by or used to transport disabled individuals, essential to self-employment, income-producing vehicles, and vehicles used as a home are also exempt.
29 In addition to one primary vehicle, an assistance unit may totally exclude a vehicle used to transport water or fuel to the home when it is not piped in, a vehicle used to transport a disabled member or SSI recipient in household, or a vehicle used in producing income or as a home; an assistance unit may also exclude $4,650 of the fair market value of a vehicle used to transport members of the unit for education or employment.
30 $4,650 is exempt for each vehicle owned by a TANF-certified or disqualified household member. All licensed vehicles used for income-producing purposes are exempt. Leased vehicles are exempt as long as the title is in the leasing company's name.
31 The entire equity value of a vehicle used to transport a disabled household member is also exempt.
32 The $15,000 exemption applies to one vehicle for a one-parent unit. A married couple may split the exemption between two cars.

Appendix Exhibit A.II: Percent of Case Closures Due to Time Limits, FFY 2006

State	Total Closed Case Families	Federal and State Time Limited Cases as a Percent of Total Closures		Total Closed Case Families	Federal and State Time Limited Cases as a Percent of Total Closures
U.S. Total	**1,835,217**	**2**	Nebraska	11,708	1.1
Alabama	20,570	1.3	Nevada	8,238	3.1
Alaska	4,284	0	New Hampshire	6,487	2.8
Arizona	35,887	1	New Jersey	42,419	0
Arkansas	7,209	6.4	New Mexico	32,075	0.9
California	418,649	0.1	New York	108,395	11.9
Colorado	**17,205**	**0**	North Carolina	34,501	3.6
Connecticut	14,063	21.3	North Dakota	4,108	0.7
Delaware	6,660	1.2	Ohio	84,293	1
Dist. of Col.	6,992	0	Oklahoma	20,981	0
Florida	85,972	1.7	Oregon	22,860	0
Georgia	28,361	0	Pennsylvania	70,032	0
Hawaii	5,803	5.5	Puerto Rico	8,074	17.6
Idaho	2,207	1.2	Rhode Island	9,334	0
Illinois	30,610	0	South Carolina	17,315	7.4
Indiana	58,095	3.4	South Dakota	3,599	0
Iowa	18,493	2.4	Tennessee	51,860	4.3
Kansas	20,822	0.2	Texas	112,688	0
Kentucky	36,627	2.2	Utah	11,514	4.6
Louisiana	13,662	0.8	Vermont	6,203	0
Maine	13,033	0.5	Virgin Islands	304	9.2
Maryland	32,526	0	Virginia	11,848	20.5
Massachusetts	29,963	0	Washington	60,871	0
Michigan	71,040	1.1	West Virginia	12,184	2.1
Mississippi	13,254	0.8	Wisconsin	14,089	0
Missouri	36,801	6.4	Wyoming	317	0
Montana	7,920	1			

Source: ACF

Appendix Exhibit A.III: Percent of TANF Adults Receiving Assistance by Number of Months Countable toward the Federal Time Limit, FFY 2006

State	Head of Household or Spouse (Number)	Percent of TANF Adults Receiving Assistance by Number of Months Countable Toward The Federal Time Limit							
		Exempt from federal limit	0	1-12	13-24	25-36	37-48	49-60	Over 60
US Total	**971,867**	**3.6**	**3.2**	**34.3**	**20.6**	**14.1**	**9.4**	**7.9**	**6.8**
Alabama	9,799	0	0.1	46.1	26.1	13.5	8.2	5.2	0.9
Alaska	2,822	5.5	13.6	31.7	19.4	11.5	7.8	6.2	4.2
Arizona	20,989	2.3	3	39.6	22.7	18.8	13.6	0	0
Arkansas	4,131	0	3.8	50.8	31	10	3.4	0.9	0.1
California	187,098	0	2	29.5	19	15.7	11.7	16.6	5.6
Colorado	**10,115**	**0**	**2.3**	**32.3**	**20.9**	**13.1**	**6.2**	**3.5**	**21.6**
Connecticut	9,862	0.2	0.6	39	28	19	9.1	3.1	0.9
Delaware	2,945	0	7.1	55.5	18.2	10.3	6.9	1.9	0
Dist. Of Col.	9,300	0	1	20.3	15.7	11.6	10.5	27.6	13.3
Florida	15,558	6.4	0	52.6	19.7	14.3	4.4	1.6	1
Georgia	7,421	0	0.1	47.2	23.9	18.5	8.9	0.6	0.8
Hawaii	4,749	38.8	5.2	16.9	13.1	10.1	8.7	7.2	0
Idaho	433	0	0.1	80.4	19.4	0.2	0	0	0
Illinois	18,409	8.3	2	41.8	22.5	13.9	7.2	4.4	0
Indiana	23,852	0	0.4	53.7	28.5	11.7	5.2	0.6	0
Iowa	11,544	0	0.6	36.3	23.7	16.9	12.2	7.2	2.9
Kansas	13,377	0	0.1	39.5	23.9	14.9	10.1	5.9	5.6
Kentucky	17,128	0	0.6	37.8	23.5	17.3	12	8.3	0.5
Louisiana	3,584	0	0	51.2	27.1	10.3	8.2	2.9	0.4
Maine	6,871	0	0.3	28.2	18.5	15.2	11.1	8.7	18
Maryland	10,374	6.3	0	31.6	17.7	12.1	9.7	7.5	15.1
Massachusetts	28,465	30.4	33.5	17.1	8.6	5.8	3.5	1.1	0
Michigan	58,536	0	4	30.1	17.3	14.7	9.9	7.1	16.9
Minnesota	17,928	4	7.5	29.2	16.8	12.4	9.2	7.6	13.4
Mississippi	6,536	0	0	50.5	23	15.2	8.1	3	0.2
Missouri	27,510	0	0	35.6	22.3	17.8	12.8	10.1	1.5
Montana	2,848	9.1	20.8	33.5	15.8	10.3	6.3	3.3	0.7
Nebraska	6,555	0	0	5.2	5.8	4.4	3.7	7	73.8
Nevada	2,138	0	0.1	55.1	22	10.6	7.9	4	0.3
New Hampshire	4,197	0	1.7	41.7	22.7	14.9	8.6	6.3	4.2
New Jersey	29,203	0	1.4	34.3	20.5	13.5	9	6.5	14.7
New Mexico	12,352	0	0.2	45	23.1	14.4	10.8	6.6	0
New York	76,364	0	2.2	25.9	18	17.8	15.8	10.5	9.9
North Carolina	11,482	0	0.3	48.7	24.1	13.8	8.1	4.8	0.2
North Dakota	2,004	17.4	18	31.3	16.2	8.8	6	2.1	0.2
Ohio	38,098	0	0.1	44.9	28.2	18.7	4.8	2.5	0.8
Oklahoma	3,944	0	0	48	21.4	14.4	9.1	5.5	1.6
Oregon	10,408	0	0	51.4	24.7	22.6	1.3	0	0

Appendix Exhibit A.III (Cont'd): Percent of TANF Adults Receiving Assistance by Number of Months Countable toward the Federal Time Limit, FFY 2006

State	Head of Household or Spouse (Number)	Percent of TANF Adults Receiving Assistance by Number of Months Countable Toward The Federal Time Limit							
		Exempt from federal limit	0	1-12	13-24	25-36	37-48	49-60	Over 60
Pennsylvania	68,883	3.3	1.2	26.5	20	12.9	10.6	8.8	16.8
Puerto Rico	11,736	0	0.8	33	22.5	17.4	17.2	8.9	0.2
Rhode Island	7,245	4.5	1	24	17.7	13.3	11.6	9.5	18.4
South Carolina	7,612	0	0.4	65.9	29.9	3.3	0.3	0.3	0
South Dakota	994	0.2	59.5	24.1	9.9	3.3	1.6	0.8	0.6
Tennessee	51,088	31.1	12.2	29.9	21.6	3.8	1.2	0.1	0
Texas	26,021	0	0	53.1	21.2	13.1	7.1	5.5	0
Utah	4,900	0	0.4	46	28.7	16.1	4.5	2.2	2.1
Vermont	3,566	0	0.7	36.2	25.3	17.4	12.4	8	0
Virgin Islands	302	0	3.7	27.9	19.6	22.1	14.5	9.5	2.6
Virginia	9,242	0	1.1	47	30.3	11.6	7.4	2.6	0
Washington	38,691	2.5	1	34.5	20.7	14	9.1	6.6	11.7
West Virginia	5,836	0	0	36.3	24.9	17.8	12.7	8.2	0
Wisconsin	6,771	0	0.6	34.5	21.1	16.6	10.3	8.3	8.6
Wyoming	53	0	81.6	18.4	0	0	0	0	0

Source: ACF

Appendix Exhibit A.IV: Earned Income Disregards for Benefit Computation, FFY 2006

State		Earned income disregards
Alabama		100% in first 3 consecutive months, 20% thereafter[1]
Alaska		$150 and 33% of remainder in first 12 months, $150 and 25% of remainder in months 13-24, $150 and 20% of remainder in months 25-36, $150 and 15% of remainder in months 37-48, $150 and 10% of remainder in months 49-60, $150 thereafter
Arizona	All, except JOBSTART	$90 and 30% of remainder
	JOBSTART	100% of subsidized wages[2]
Arkansas		No disregards--flat grant amount
California		$225 and 50% of remainder
Colorado		66.7% in first 12 months, $120 and 33.3% of remainder in next 4 months, $120 in next 8 months, $90 thereafter
Connecticut		100% up to the Federal Poverty Level
Delaware		$120 and 33.3% of remainder in first 4 months, $120 in next 8 months, $90 thereafter
D.C.		$160 and 66.7% of remainder
Florida		$200 and 50% of remainder
Georgia		$120 and 33.3% of remainder in first 4 months, $120 in next 8 months, $90 thereafter
Hawaii		20%, $200, and 36% of remainder
Idaho		40%
Illinois		66.70%
Indiana		75%
Iowa		20% and 50% of remainder
Kansas		$90 and 40% of remainder
Kentucky		100% in first 2 months,[3] $120 and 33.3% of remainder in next 4 months, $120 in next 8 months, $90 thereafter
Louisiana		$1,020 in first 6 months[4], $120 thereafter
Maine		$108 and 50% of remainder
Maryland		40%
Massachusetts	Exempt	$120 and 33.3% of remainder
	Nonexempt	$120 and 50% of remainder
Michigan		$200 and 20% of remainder
Minnesota		37% [5]
Mississippi		100% in first 6 months, $90 thereafter[6]
Missouri		66.7% and $90 of remainder in first 12 months, $90 thereafter[7]
Montana		$200 and 25% of remainder
Nebraska		20%
Nevada		100% in first 3 months, 50% in months 4-12, $90 or 20% (whichever is greater) thereafter
New Hampshire		50%
New Jersey		100% in first month[8], 50% thereafter
New Mexico		All earnings in excess of 34 hours a week, $125, and 50% of remainder in first 24 months; $125 and 50% of remainder thereafter[9]
New York		$90 and 43% of remainder
North Carolina		100% in first 3 months of employment,[10] 27.5% thereafter

Appendix Exhibit A.IV (Continued): Earned Income Disregards for Benefit Computation, FFY 2006

State	Earned income disregards
North Dakota	$180 or 27% (whichever is greater) and 50% of remainder in first 6 months, $180 or 27% (whichever is greater) and 35% of remainder in months 7-9, $180 or 27% (whichever is greater) and 25% of remainder in months 10-13, and $180 or 27% (whichever is greater) thereafter[11]
Ohio	$250 and 50% of remainder
Oklahoma	$120 and 50% of remainder
Oregon	50%
Pennsylvania	50%
Rhode Island	$170 and 50% of remainder
South Carolina	50% in first 4 months[12], $100 thereafter
South Dakota	$90 and 20% of remainder
Tennessee	$150 [13]
Texas	$120 and 90% of remainder (up to $1,400) for 4 out of 12 months, $120 thereafter[14]
Utah	$100 and 50% of remainder[15]
Vermont	$150 and 25% of remainder
Virginia	$134 [16] and 20% of remainder
Washington	50%
West Virginia	40%
Wisconsin	No disregards--flat grant amount
Wyoming	$200 [17]

Source: The Urban Institute's Welfare Rules Database 2007, funded by DHHS/ACF and DHHS/ASPE.
Notes: Only earned income disregards are described in the table. Child care disregards and other special disregards, such as deductions for units subject to time limits and family caps, are not included.
The table describes the earned income disregards used to compute a recipient's benefit. If different disregards are used to compute an applicant's benefit in the first month, they are footnoted.
When no duration is specified for the disregards, they remain for the entire period of receipt.

[1] The earned income disregard is not applied to earnings of an individual receiving assistance after 60 months under an exemption or extension.

[2] In addition to the 100% disregard of all subsidized JOBSTART wages, recipients can also disregard the standard $90 and 30 percent of the remainder for any non-JOBSTART earned income.

[3] Recipients are eligible for the one-time 100 percent disregard if they become newly employed or report increased wages after approval.

[4] The six months in which the extra $900 is disregarded need not be consecutive; however, the recipient may use this extra disregard in no more than six months over the course of his or her lifetime.

[5] The disregard applies to TANF recipients with earned income. Different disregards apply during the four-month mandatory diversion program.

[6] Recipients are eligible for the one-time 100 percent disregard if they find employment of 35 hours per week within 30 days of either their initial approval for TANF or the beginning of job readiness training. If work is not found, the recipient will never be eligible to receive the disregard again. An additional 100 percent disregard is available to units for three months when the unit's case is subject to closure due to increased earnings and the individual is employed for at least 25 hours a week at the federal minimum wage or higher. The recipient may not have already received the six-month disregard, unless there has been at least a 12-month break in receipt of TANF benefits. The three-month disregard may be received more than once during the 60-month TANF benefit period, provided that there is a period of at least 12 consecutive months in which a family does not receive TANF benefits before the family reapplies for assistance. Two-parent units may disregard 100 percent of earnings for the first six months, $120 and 33.3 percent of remainder in the next 12 months, and $90 thereafter. If a recipient marries for the first time, his or her new spouse may receive a one-time, 100 percent disregard for six consecutive months.

[7] The disregards only apply to recipients who become employed while receiving TANF. Applicants and recipients who gained employment before receiving TANF may disregard $120 and 33.3 percent of remainder for first four months, $120 next eight months, and $90 thereafter.

[8] The 100 percent disregard is only applicable once every 12 months, even if employment is lost and then regained. Also, applicants are not eligible for the 100 percent disregard in the first month of benefit computation; they may disregard 50 percent of earnings only.
[9] Two-parent units may disregard all earnings in excess of 35 hours a week for one parent and 24 hours a week for the other parent and $225 and 50 percent in the first 24 months. Thereafter, they may disregard $225 and 50 percent of the remainder. The disregard for earnings in excess of the participation requirement only applies to recipients for the first 24 months of benefit receipt, for both single- and two-parent units.
[10] The 100 percent disregard is only available once in a lifetime and may be received only if the recipient is newly employed at a job that is expected to be permanent for more than 20 hours a week.
[11] If a parent marries while receiving assistance, the income of his or her new spouse is disregarded for the first six months. The disregard for the new spouse only applies if his or her needs were not previously included in the unit.
[12] The 50 percent disregard is only available once in a lifetime.
[13] If a parent marries while receiving assistance, and the new spouse's gross income (minus any court-ordered child support) is less than 185 percent of the Consolidated Need Standard for the entire assistance unit including the spouse, the unit may choose to include the new spouse in the unit. If the spouse is included, all of his or her income is excluded for eligibility purposes and benefit computation. If he or she is not in the unit, all of the spouse's income and resources are excluded for eligibility and benefit computation.
[14] Once the recipient has received four months (they need not be consecutive) of the 90 percent disregard, he or she is not eligible to receive the disregard again until the TANF case has been denied and remains denied for one full month, and 12 calendar months have passed since the denial. The 12-month ineligibility period begins with the first full month of denial after the client used the fourth month of the 90 percent disregard. The earnings of a TANF recipient's new spouse are disregarded for six months if the total gross income of the budget group does not exceed 200 percent of the Federal Poverty Level.
[15] To be eligible for the 50 percent disregards, the recipient must have received benefits in at least one of the previous four months.
[16] The disregard varies by family size; for one to four family members, the disregard is $134. For five members, the disregard is $153, and for six or more family members $175 may be disregarded.
[17] Married couples with a child in common may disregard $400.

Appendix Exhibit A.V: State Sanction Policies as of July 2006

State	Initial Sanction		Most Severe Sanction	
	Reduction in Benefit	Length of Sanction	Reduction in Benefit	Length of Sanction
Alabama	25%	3 months+	Entire benefit	6 months
Alaska	40%	4 months+	Case is closed	Must reapply
Arizona	25%	1 month	Entire benefit	1 month+ and must reapply
Arkansas	25%	Until in compliance for 2 weeks	Case is closed	Until in compliance for 2 weeks
California	Adult portion of benefit	Until compliance	Adult portion of benefit	6 months+
Colorado (Denver)	**25%**	**1 month**	**Entire benefit**	**3 months+**
Connecticut	25%	3 months+	Case is closed	3 months and must reapply
Delaware	33.30%	Until compliance or 2 months (whichever is shorter)	Entire benefit	Permanent
D.C.	Adult portion of benefit	Until compliance	Adult portion of benefit	6 months+
Florida	Entire benefit	10 days+	Entire benefit	3 months+
Georgia	25%	Until compliance or 3 months (whichever is shorter)	Entire benefit	Permanent
Hawaii	Entire benefit	Until compliance	Entire benefit	3 months+
Idaho	Entire benefit	1 month+	Entire benefit	Permanent
Illinois	50%[6]	Until compliance	Entire benefit	3 months+
Indiana	Adult portion of benefit	Until compliance or 2 months (whichever is shorter)	Case is closed	Until compliance
Iowa	Entire benefit	Until compliance	Entire benefit	6 months+
Kansas	Entire benefit	Until compliance	Entire benefit	2 months+
Kentucky	Pro rata portion of benefit	Until compliance	Entire benefit	Until compliance
Louisiana	Case is closed	1 month+	Case is closed	3 months+
Maine	Adult portion of benefit	Until compliance	Adult portion of benefit	6 months+
Maryland	Entire benefit	Until compliance	Entire benefit	Until in compliance for 30 days
Massachusetts - Exempt	-	-	-	-
Massachusetts - Nonexempt	None	None	Entire benefit	Until in compliance for 2 weeks
Michigan	Entire benefit	1 month+	Entire benefit	1 month+
Minnesota	10%	1 month+	Case is closed	1 month+
Mississippi	Entire benefit	2 months+	Entire benefit	Permanent
Missouri	25%	Until compliance	25%	3 months+
Montana	Adult portion of benefit	1 month	Case is closed	1 month

Appendix Exhibit A.V (Cont'd): State Sanction Policies as of July 2006

State	Initial Sanction		Most Severe Sanction	
	Reduction in Benefit	Length of Sanction	Reduction in Benefit	Length of Sanction
Nebraska	Entire benefit	1 month+	Entire benefit	12 months or the remainder of 48 months (whichever is shorter)
New Hampshire - New Hampshire Employment Program	Adult portion of benefit	1 payment period+	66% of Adjusted Payment Standard	1 payment period+
New Hampshire - Family Assistance Program	-	-	-	-
New Jersey	Pro rata portion of benefit	1 month+	Case is closed	3 months
New Mexico - New Mexico Works Program	25%	Until compliance	Case is closed	6 months+
New Mexico - Educational Works Program	None	None	Participation is terminated	*
New York	Pro rata portion of benefit	Until compliance	Pro rata portion of benefit	6 months+
North Carolina	25%	3 months	Case is closed	Must reapply
North Dakota	Adult portion of benefit	1 month	Case is closed	12 months
Ohio	Entire benefit	1 month+	Entire benefit	6 months+
Oklahoma	Entire benefit	Until compliance	Entire benefit	Until compliance
Oregon	$50	Until compliance or 2 months (whichever is shorter)	Entire benefit	Until compliance
Pennsylvania	Adult portion of benefit	30 days+	Entire benefit	Permanent
Rhode Island	Adult portion of benefit	Until in compliance for 2 weeks	Entire benefit	Until in compliance for 2 weeks
South Carolina - All except STAR	Case is closed	Must reapply and comply for 30 days	Case is closed	Must reapply and comply for 30 days
South Carolina - STAR (A)	Adult portion of benefit	Until compliance	Adult portion of benefit	Until compliance
South Carolina - STAR (B and C)	-	-	-	-
South Dakota	None	None	Case is closed	1 month and must reapply
Tennessee	Entire benefit	Until in compliance for 2 weeks	Entire benefit	3 months+
Texas	Entire benefit	1 month+	Case is closed	Must reapply and comply for 30 days
Utah	$100	Until compliance	Entire benefit	Until compliance

Appendix Exhibit A.V (Cont'd): State Sanction Policies as of July 2006

State	Initial Sanction		Most Severe Sanction	
	Reduction in Benefit	Length of Sanction	Reduction in Benefit	Length of Sanction
Vermont	$75	Until in compliance for 2 weeks	$225	Until in compliance for 2 weeks
Virginia - VIEW	Entire benefit	1 month+	Entire benefit	6 months+
Virginia - All, except VIEW[10]	-	-	-	-
West Virginia	33.30%	3 months	Entire benefit	3 months+
Wisconsin - W-2 Transition and Community Service Jobs	Minimum wage times the number of hours of nonparticipation	Until compliance	Entire benefit	Permanent[25]
Wisconsin - Unsubsidized Employment	-	-	-	-
Wisconsin - Trial Jobs	Decrease in wages	Until compliance	Entire earnings	Permanent
Wyoming	Entire benefit	Until compliance	Entire benefit	Until compliance

Source: Welfare Rules Databook 2007, funded by DHHS/ACF and DHHS/ASPE

Appendix Exhibit A.VI: All-Families Work Participation Rates, FFY 2000-2006 (Note: Shading indicates that the adjusted work participation target was not met.)

State	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
United States	**34.0**	**34.4**	**33.4**	**31.3**	**32.2**	**33**	**32.5**
Alabama	37.7	38.9	37.3	37.1	37.9	38.6	41.6
Alaska	42.1	43.4	39.6	41.1	43.6	45.7	45.6
Arizona	39.7	32.9	25.9	13.4	25.5	30.3	29.6
Arkansas	20.8	21.9	21.4	22.4	27.3	28.3	27.9
California	27.5	25.9	27.3	24	23.1	25.9	22.2
Colorado	**36.6**	**38.2**	**35.9**	**32.5**	**34.7**	**25.8**	**30**
Connecticut	43.0	40.6	26.6	30.6	24.3	33.8	30.8
Delaware	27.6	24.6	25.8	18.2	22.1	22.6	25.3
Dist. of Col.	24.4	20.3	16.4	23.1	18.2	23.5	17.1
Florida	33.0	29.9	30.4	33.1	40.4	38	41
Georgia	12.2	8.7	8.2	10.9	24.8	57.2	64.9
Hawaii	29.7	35.0	58.8	65.8	70.5	35.5	37.3
Idaho	47.7	46.9	40.7	43.7	41	39.9	44.2
Illinois	59.2	65.8	58.4	57.8	46.1	43	53
Indiana	72.3	76.0	62.6	40.3	36.3	30.9	26.7
Iowa	41.8	41.2	51.2	45.1	50	47.8	39
Kansas	77.4	80.7	84.8	87.9	88	86.7	77.2
Kentucky	25.6	34.0	32.4	32.8	38.1	39.7	44.6
Louisiana	33.5	37.4	38.7	34.6	35.4	34.6	38.4
Maine	40.0	45.9	44.5	27.7	32.1	28.3	26.6
Maryland	6.3	6.6	8.3	9.1	16	20.5	44.5
Massachusetts	69.2	76.5	60.9	61	60	59.9	13.6
Michigan	36.4	33.8	28.9	25.3	24.5	22	21.6
Minnesota	34.7	35.2	40.4	25	26.8	28.9	30.3
Mississippi	17.8	20.9	18.5	17.2	21	22.6	35.5
Missouri	34.0	33.1	25.4	28	19.5	20	18.7
Montana	68.2	44.4	84.2	85.9	92.7	83.1	79.2
Nebraska	22.6	18.1	28.1	33.4	34.5	31.8	32
Nevada	37.4	35.1	21.6	22.3	34.5	42.3	47.8
New Hampshire	53.1	50.2	41.8	28.2	30.2	24.6	24.1
New Jersey	37.8	39.0	36.4	35	34.6	29	29.2
New Mexico	36.9	46.4	42.7	42	46.2	41.6	42.3
New York	33.2	41.4	38.5	37.1	37.8	35.2	37.8
North Carolina	19.2	24.4	27.4	25.3	31.4	27.5	32.4
North Dakota	35.7	32.0	30.4	27	25.3	31.4	51.9
Ohio	52.9	53.2	56.3	62.3	65.2	58.3	54.9
Oklahoma	33.9	18.6	26.7	29.2	33.2	34	32.9
Oregon	64.0	72.0	61.1	60	32.1	14.9	15.2
Pennsylvania	11.2	10.8	10.4	9.9	7.1	15.2	26.1
Puerto Rico	20.0	6.6	5.6	6.1	7.5	13.1	13.1
Rhode Island	25.0	25.3	24.6	24.3	23.7	24.2	24.9
South Carolina	54.0	58.7	52.4	54.3	53.7	54.3	49.5
South Dakota	46.5	43.0	42.5	46.1	54.8	57.5	57.9
Tennessee	35.4	32.3	41.2	42.7	50.6	52.1	57.2
Texas	25.6	41.5	30.8	28.1	34.2	38.9	42
Utah	31.1	25.9	27.9	28.1	26.2	30.3	42.5
Vermont	*	12.9	21.4	24.3	24.9	22.4	22.2
Virginia	44.9	44.3	42.9	44.6	50.1	46.3	53.9

Appendix Exhibit A.VI (Continued): All-Families Work Participation Rates, FFY 2000-2006

State	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Washington	52.8	50.4	49.8	46.2	35.4	38.6	36.1
West Virginia	17.1	21.6	19.2	14.2	11.7	16.3	26.2
Wisconsin	73.4	75.0	69.4	67.2	61.3	44.3	36.2
Wyoming	59.0	71.8	82.9	83	77.8	82.1	77.2
Number of States Not Meeting the Rate	1	1	1	2	1	2	3

Source: ACF/OFA

Note: * State claims waiver inconsistencies exempt all cases from participation rates.

Appendix Exhibit A.VII: Two-Parent Work Participation Rates, FFY 2000-2006 (Note: Shading indicates that the adjusted work participation target was not met.)

State	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
United States	**48.9**	**51.1**	**49.4**	**48.4**	**47.4**	**42.6**	**45.9**
Colorado	46.9	44.8	45.6	40.1	37.5	32.1	35.2
Alabama	--	--	--	--	--	--	--
Alaska	46.4	51.0	44.5	44.6	52.8	54.7	54.2
Arizona	67.6	60.2	52.2	55.3	65.6	74.2	67.5
Arkansas	19.2	22.5	24.4	31.8	34.4	45.9	22.3
California	--	--	--	--	--	--	--
Colorado	**46.9**	**44.8**	**45.6**	**40.1**	**37.5**	**32.1**	**35.2**
Connecticut	--	--	--	--	--	--	--
Delaware	--	--	--	--	--	--	--
Dist. Of Col.	22.5	29.2	13.4	19.6	20.1	35.9	13.1
Florida	--	--	--	--	--	--	--
Georgia	--	--	--	--	--	--	--
Guam	0.0	0.0	0	0	0	0	0
Hawaii	--	--	--	--	--	--	--
Idaho	41.8	45.3	40.2	42.3	37.1	41.4	39.2
Illinois	92.1	88.5	--	--	--	--	--
Indiana	--	--	--	--	--	--	--
Iowa	54.2	50.5	41.6	39.2	--	--	--
Kansas	76.4	80.7	86.1	87.1	93.7	92.8	82.3
Kentucky	35.8	48.4	43.7	46.2	51.2	48.9	51.3
Louisiana	53.3	58.7	57.2	39	38	37	42.5
Maine	53.7	59.7	58.2	29.2	--	--	--
Maryland	--	--	--	--	--	--	--
Massachusetts	78.7	77.1	69.7	73.9	65.4	58.2	--
Michigan	61.7	53.5	46.5	36.2	35.7	30.4	26.2
Minnesota	43.4	43.3	--	--	--	--	--
Mississippi	12.5	13.6	--	--	--	--	--
Missouri	40.4	27.3	27.5	--	--	--	--
Montana	89.2	87.2	93.5	95.7	95.7	85.4	83.3
Nebraska	--	--	--	--	--	--	--
Nevada	60.5	69.3	--	--	--	--	--
New Hampshire	27.7	31.4	31	--	--	--	--
New Jersey	--	--	--	--	--	--	--
New Mexico	37.9	64.7	57.5	52	55.3	57.5	54.5
New York	53.0	53.8	56.3	52.2	48.3	43.4	48.9
North Carolina	34.7	47.6	46.7	49.2	47.2	44.7	54
North Dakota	--	--	--	--	--	--	--
Ohio	64.9	58.5	60	67.8	68.4	58.1	55.5
Oklahoma	--	--	--	50.5	--	--	--
Oregon	47.0	63.7	53.8	52.7	35.5	21.1	22.6
Pennsylvania	11.7	11.3	11	8.8	15	17.7	32.5
Puerto Rico	--	--	--	--	--	--	--
Rhode Island	95.8	94.8	93.8	94.9	94.9	95.1	94.3
South Carolina	78.4	76.5	54.7	50.6	55.9	63.7	64.7
South Dakota	--	--	--	--	--	--	--
Tennessee	--	--	--	--	--	--	--
Texas	49.0	61.9	--	--	--	--	--
Utah	--	--	--	--	--	--	--

Appendix Exhibit A.VII (Cont'd): Two-Parent Work Participation Rates, FFY 2000-2006

State	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Vermont	*	27.9	32.7	37.5	38.2	35.8	33.9
Virgin Islands	--	--	--	--	--	--	--
VIRGINIA	--	--	--	--	--	--	--
WASHINGTON	57.8	52.7	50.7	44.3	31.1	37.7	43.1
WEST VIRGINIA	20.9	32.6	26.5	25.2	--	--	--
WISCONSIN	35.0	39.3	39.3	40.3	33.1	25.5	17.1
WYOMING	56.7	91.6	93.8	91.5	87.5	65.2	75.9
Number of States Not Meeting the Rate	8	5	5	4	4	2	3

Source: ACF

Note: * State claims waiver inconsistencies exempt all cases from participation rates. (--) Indicates state does not have two-parent families in its TANF program.

Appendix Exhibit A.VIII: FFY 2007 Average Monthly Caseloads

	Total Families	Two-Parent Families	One-Parent Families	No Parent Families	Total Recipients	Adults	Children
U.S. Totals	**1,681,771**	**58,158**	**842,414**	**781,199**	**3,918,788**	**898,648**	**3,020,140**
Alabama	18,458	110	9,389	8,959	43,035	9,622	33,413
Alaska	3,248	390	1,846	1,011	8,589	2,645	5,944
Arizona	36,234	406	17,631	18,197	78,092	18,754	59,337
Arkansas	8,598	136	4,550	3,912	19,460	4,910	14,550
California	471,930	36,575	215,039	220,316	1,158,811	229,842	928,969
Colorado	**10,979**	**539**	**5,702**	**4,739**	**27,540**	**6,763**	**20,777**
Connecticut	17,430	0	9,512	7,918	34,519	9,631	24,888
Delaware	4,116	0	1,541	2,575	8,624	1,679	6,945
District of Columbia	5,585	0	3,280	2,305	12,257	2,122	10,135
Florida	47,843	609	9,296	37,939	76,633	10,953	65,679
Georgia	24,832	0	3,841	20,991	45,106	3,443	41,662
Hawaii	6,181	0	4,016	2,166	15,232	4,078	11,154
Idaho	1,619	0	199	1,420	2,511	199	2,312
Illinois	30,406	0	13,185	17,220	73,366	13,288	60,078
Indiana	41,488	2,042	30,123	9,323	120,177	28,312	91,865
Iowa	16,735	1,231	10,661	4,843	42,005	12,983	29,022
Kansas	14,746	924	9,704	4,118	37,914	11,920	25,994
Kentucky	30,061	389	12,385	17,288	61,171	13,364	47,808
Louisiana	10,988	0	3,090	7,898	24,374	3,160	21,214
Maine	8,281	0	6,041	2,240	21,783	6,054	15,729
Maryland	18,534	0	10,249	8,285	41,997	10,100	31,898
Massachusetts	45,068	2,242	25,723	17,103	91,292	28,160	63,132
Michigan	73,219	0	50,466	22,753	190,426	50,628	139,797
Minnesota	26,528	0	16,617	9,912	63,247	16,402	46,845
Mississippi	11,603	0	5,404	6,198	23,556	5,172	18,383
Missouri	37,871	0	28,270	9,601	91,393	27,965	63,428
Montana	3,192	302	1,496	1,394	8,043	2,311	5,732
Nebraska	6,667	0	3,379	3,288	15,218	3,295	11,923
Nevada	6,706	345	3,062	3,299	16,452	3,884	12,568
New Hampshire	5,120	93	2,940	2,087	10,977	3,068	7,909
New Jersey	35,063	0	24,167	10,896	83,044	24,021	59,023
New Mexico	14,410	492	8,464	5,454	36,240	9,630	26,610
New York	122,340	1,433	60,807	60,099	269,401	66,459	202,942
North Carolina	25,882	155	8,004	17,723	48,825	8,317	40,508
North Dakota	2,087	0	1,436	651	5,231	1,434	3,797
Ohio	78,373	3,058	32,624	42,691	167,017	38,674	128,343
Oklahoma	9,054	31	3,144	5,879	19,566	3,205	16,361
Oregon	18,581	737	9,812	8,032	42,031	10,807	31,225
Pennsylvania	63,965	290	35,983	27,692	153,476	36,910	116,566

Exhibit VII.A (Cont'd): FFY 2007 Average Monthly Caseloads

	Total Families	Two-Parent Families	One-Parent Families	No Parent Families	Total Recipients	Adults	Children
Rhode Island	8,518	158	5,729	2,631	20,324	5,945	14,379
South Carolina	15,528	312	7,750	7,466	35,316	8,029	27,287
South Dakota	2,880	0	968	1,912	6,066	956	5,110
Tennessee	61,613	0	44,388	17,225	159,688	44,827	114,862
Texas	61,263	0	20,677	40,586	137,695	21,198	116,496
Utah	5,238	0	2,455	2,783	12,679	3,482	9,197
Vermont	4,459	511	2,798	1,150	10,974	3,820	7,154
Virginia	30,216	0	18,857	11,360	67,496	18,509	48,987
Washington	50,763	3,901	26,446	20,416	119,224	34,520	84,703
West Virginia	9,833	659	4,211	4,963	23,743	7,508	16,235
Wisconsin	17,173	88	5,002	12,082	36,464	5,630	30,834
Wyoming	269	1	55	213	490	59	432

Source: ACF

Appendix Exhibit A.IX: TANF and Separate State Program Combined Caseloads in Colorado and the U.S., FFY 2007

	Percent of Colorado Caseload	Percent of Total US Caseload	Median of State Percentages of Caseload	Colorado Rank by Descending Percent
Two-Parent Cases	4.9	3.7	1.3	13
Child Only Cases	51.9	51.2	52.8	28
One-Parent Cases	43.2	45.1	43.3	29

Source: ACF

Appendix Exhibit A.X: Two-year and Nine-year Changes in Average Monthly Total TANF and Separate State Program Combined Caseloads

State	Nine-year Change (FFY 1998 - 2007)	Rank		State	Two-year Change (FFY 2005 - 2007)	Rank
U.S. Total	**-44.9%**			**U.S. Total**	**-16.1%**	
Illinois	-82.1%	1		District of Columbia	-67.6%	1
Wyoming	-78.4%	2		Utah	-42.2%	2
Louisiana	-77.2%	3		Georgia	-40.7%	3
District of Columbia	-73.6%	4		Nebraska	-38.1%	4
Alaska	-68.0%	5		Pennsylvania	-33.8%	5
North Carolina	-66.8%	6		Louisiana	-31.8%	6
Georgia	-66.8%	7		Montana	-30.8%	7
Oklahoma	-63.0%	8		Texas	-30.1%	8
Maryland	-58.7%	9		Delaware	-28.2%	9
Texas	-56.9%	10		***Colorado***	**-28.1%**	**10**
Connecticut	-56.6%	11		Mississippi	-27.8%	11
New York	-56.3%	12		Maryland	-27.1%	12
Florida	-55.7%	13		North Dakota	-26.9%	13
New Jersey	-54.4%	14		Rhode Island	-26.9%	14
Pennsylvania	-52.6%	15		Alaska	-25.9%	15
Mississippi	-51.0%	16		Oklahoma	-25.0%	16
Utah	-51.0%	17		West Virginia	-23.7%	17
West Virginia	-50.0%	18		North Carolina	-23.4%	18
Rhode Island	-49.9%	19		Illinois	-22.6%	19
Montana	-49.8%	20		New Jersey	-22.2%	20
Hawaii	-49.0%	21		Florida	-21.8%	21
Colorado	**-48.1%**	**22**		Hawaii	-21.3%	22
Minnesota	-45.1%	23		New Hampshire	-18.2%	23
Ohio	-44.1%	24		New Mexico	-18.0%	24
Kentucky	-43.2%	25		Minnesota	-17.8%	25
Delaware	-42.8%	26		Arizona	-17.2%	26
Nebraska	-41.1%	27		Kansas	-16.3%	27
Michigan	-40.8%	28		New York	-16.2%	28
Vermont	-39.5%	29		Wisconsin	-16.2%	29
South Carolina	-38.6%	30		Iowa	-15.6%	30
Arkansas	-37.9%	31		South Carolina	-15.6%	31
North Dakota	-37.2%	32		Nevada	-15.5%	32
Nevada	-35.4%	33		Missouri	-14.8%	33
Washington	-35.2%	34		Wyoming	-14.7%	34
New Mexico	-34.7%	35		Virginia	-13.7%	35
Missouri	-34.0%	36		Connecticut	-13.4%	36
Maine	-33.8%	37		Kentucky	-13.4%	37
California	-33.3%	38		Tennessee	-13.3%	38
Massachusetts	-32.2%	39		Idaho	-13.0%	39
Virginia	-26.8%	40		Washington	-12.3%	40
Iowa	-26.6%	41		Maine	-11.2%	41

Appendix Exhibit A.X (Continued): Two-year and Nine-year Changes in Average Monthly Total TANF and Separate State Program Combined Caseloads

State	Nine-year Change (FFY 1998 - 2007)	Rank		State	Two-year Change (FFY 2005 - 2007)	Rank
South Dakota	-25.0%	42		Indiana	-10.2%	42
New Hampshire	-24.9%	43		Vermont	-10.0%	43
Alabama	-20.8%	44		Michigan	-9.1%	44
Idaho	-15.6%	45		Alabama	-9.1%	45
Arizona	-8.4%	46		Massachusetts	-7.9%	46
Oregon	1.9%	47		California	-6.8%	47
Indiana	3.5%	48		Ohio	-5.1%	48
Kansas	4.3%	49		Oregon	-4.7%	49
Tennessee	8.6%	50		Arkansas	-0.5%	50
Wisconsin	35.9%	51		South Dakota	3.9%	51

Source: ACF