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Welfare Reform after Ten Years: A State-by-State Analysis

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1. Introduction

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On August 22, 1996, President Bill Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA). PRWORA fulfilled Clinton's campaign pledge to "end welfare as we know it," and the law enjoyed bipartisan support in Congress.[1]

Liberals welcomed the guaranteed levels of funding and additional resources for child care, while conservatives praised the time limits and state flexibility established by the measure. In the simplest of terms, PRWORA sought to promote work and marriage and discourage births to teenagers and unmarried women.

Most policy experts, liberal and conservative, agree welfare reform produced extraordinary results.[2] Welfare rolls dropped from 12.2 million in August 1996 to 4.1 million in December 2006, a national decline of 67 percent.[3] Studies show most former recipients left for work, proving wrong the predictions asserting homelessness would increase dramatically. Other key measures, such as employment of never-married mothers, grew by 50 percent. Employment changes of this magnitude over such a short period for an entire demographic group are unprecedented in Census Bureau records.

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[1] Michael D. Tanner, *The Poverty of Welfare: Helping Others in Civil Society*, Cato Institute, 2003, p. 3.

[2] For overviews of the literature and original analysis, see: Ron Haskins, *Work over Welfare: The Inside Story of the 1996 Welfare Reform Law* (Washington, DC: Brookings Institution Press, 2006); Hamning Fang and Michael P. Keane, "Assessing the Impact of Welfare Reform on Single Mothers," *Brookings Papers on Economic Activity*, 1: 2004, http://www.ssc.wisc.edu/~scholz/Teaching_742/Fang-Keane.pdf; Michael J. New, *Welfare Reform at 10: Analyzing Welfare Caseload Fluctuations, 1996–2002,* Heritage Foundation Center for Data Analysis Report #06-07, August 17, 2006; Rebecca M. Blank, "What We Know, What We Don't Know, and What We Need to Know about Welfare Reform," National Poverty Center Working Paper Series #07-19, University of Michigan, June, 2007, http://npc.umich.edu/publications/u/working_paper07-19.pdf.

[3] Health and Human Services, Administration for Children and Families, http://www.acf.hhs.gov/programs/ofa/caseload/caseloadindex.htm, accessed 12/17/07.

While the drop in welfare rolls and increase in workforce participation rates began before PRWORA's enactment, it is likely this was due at least in part to the enactment by states of many of the policies – including work requirements, time limits on benefits, sanctions for failure to meet job training and work requirements, and family caps – contained in the federal reform legislation.[4]

> In an age when "reform" seems a tired slogan that seldom delivers what it promises, why did welfare reform apparently work so well?

In an age when "reform" seems a tired slogan that seldom delivers what it promises, why did welfare reform apparently work so well? PRWORA replaced Aid to Families with Dependent Children (AFDC), a national entitlement program, with Temporary Assistance for Needy Families (TANF), a collection of block grants for the states. As a result, states gained greater flexibility in implementing reform: They could implement time limits, work requirements, and family cap restrictions to encourage self-sufficiency. The federal government established TANF goals, such as a five-year limit on eligibility for welfare benefits, but states acquired broad flexibility to accomplish the goals.

Some governors and legislatures seized the opportunities provided by the new law and developed thoughtful policies and integrated services needed to help recipients move into the workplace. Others were less ambitious, benefitting from the policy changes at the national level but not seizing the opportunities available to improve effectiveness at the state level.

The variation from state to state in policy changes makes a survey of welfare reform in all 50 states plus the District of Columbia, 10 years after PRWORA's enactment, revealing and valuable to policymakers at all levels of government. What follows are the results of such a survey.

First, we measured and report five variables that reflect states' success in fighting poverty: percentage decline in the number of TANF recipients, change in poverty rate, TANF work participation rate, change in unemployment rate, and change in teenage birth rate. Data on the overall decline of the number of welfare recipients cover 1996 through 2006, but the span of data on other measures varies depending upon availability.

We ranked all 50 states plus the District of Columbia on each variable, and then averaged the five results to give each state an overall average rank. For example, Alabama ranks 15th best in the country in terms of its overall anti-poverty efforts, and it ranks 4th best in reducing teenage birth rate and 36th best in percentage decline in the number of TANF recipients.

Then we studied and report seven welfare reform *policies* states can adopt: service integration, increased filing for the federal Earned Income Tax Credit (EITC), work requirements, cash diversion programs, family cap provisions, lifetime limits on aid, and sanctions.

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[4] Fang and Keane, supra note 2.

While some welfare reform policies can be quantified, most are less amenable to the kind of measurement and ranking that applies to results. We decided not to rank states by service integration or EITC utilization, and to assign grades to each state for the remaining five welfare reform policies, using the traditional A-for-excellent to F-for-failing scale. Those five grades are then averaged for a single overall grade. Alabama, for example, receives an overall grade of D-, while receiving an A for work requirements, a D for time limits, and Fs for cash diversion, family cap provisions, and sanctions.

The two grades – for anti-poverty success and welfare reform policies – were then averaged to produce a single overall score, which is then the basis for the overall ranking for each state and the District of Columbia.

This survey is the first we are aware of that ranks and grades states by the success of their anti-poverty efforts and by the reform policies they adopted. We did not set out to prove statistically which welfare reform policies work, and indeed we did not do so. While there is some correlation between results and policies reported here, it is not very strong.

> This study is closer to the first word, than the final word, in the national discussion over what works and what doesn’t in welfare reform.

We readily admit that not all authorities on welfare reform will agree with our choice of results or policy variables or how they are weighed. We relied on our best judgment, limited by what could be objectively measured. During the course of producing this report, we made many changes based on the feedback of experts, some of whom are identified in the acknowledgments reported on the inside front cover of this report.

2. Summary of Findings

The findings of this study are summarized in Table 1 on page 4, and then broken out in Part 3 and reported in the form of 51 one-page “report cards,” one for each state plus the District of Columbia, on pages 6-56.

The five states that scored highest overall are Maryland, Idaho, Illinois, Florida, and Virginia. The five lowest-scoring states overall are Rhode Island, New Hampshire, Kansas, Vermont, and Missouri.

The five states with the highest grades for anti-poverty success are Louisiana, Florida, Maryland, Virginia, and New York. The five lowest-scoring states are Iowa, Michigan, New Hampshire, Indiana, and Nebraska.

Finally, the five states with the highest grades for welfare reform policies are Idaho, Maryland, Illinois, Delaware, and Oklahoma. The five lowest-scoring states for policies are New York, Louisiana, Missouri, Rhode Island, and Vermont.

Table 1. Summary of Rankings and Grades

State	Overall			Anti-Poverty Success			Welfare Reform Policies		
	Points	Ranking	Grade	Points	Ranking	Grade	Points	Ranking	Grade
Maryland	83.0	1	A	79.0	3	A	87	2	A
Idaho	80.0	2	A	66.0	13	B	94	1	A
Illinois	79.6	3	A	74.2	8	A-	85	4	A
Florida	79.2	4	A	81.4	2	A	77	13	B
Virginia	78.2	5	A	76.4	4	A	80	8	A-
California	72.7	6	A	66.4	12	B	79	9	A-
Connecticut	71.4	7	A-	66.8	11	B+	76	14	B
Wyoming	70.1	8	A-	71.2	9	A-	69	17	B-
Arkansas	69.3	9	A-	52.6	24	C	86	3	A
Oklahoma	68.6	10	B+	52.2	25	C	85	4	A
Arizona	68.0	11	B+	57.0	20	C+	79	9	A-
New Jersey	67.0	12	B	55.0	23	C	79	9	A-
Texas	63.2	13	B	65.4	14	B	61	23	C
West Virginia	61.8	14	B	60.6	19	B-	63	22	C
Mississippi	61.2	15	B	51.4	26	C	71	15	B
Georgia	61.1	16	B	75.2	7	A-	47	36	D
North Carolina	60.9	17	B-	43.8	31	D+	78	12	B
District of Columbia	58.9	18	B-	56.8	21	C+	61	23	C
New Mexico	58.5	19	B-	63.0	18	B-	54	33	D
Delaware	57.5	20	C+	30.0	41	D-	85	4	A
Nevada	56.5	21	C+	64.0	16	B	49	34	D
Ohio	56.2	22	C	43.4	33	D	69	17	B-
Alaska	55.5	23	C	64.0	16	B	47	36	D
Wisconsin	55.1	24	C	29.2	43	F	81	7	A-
Montana	54.9	25	C	68.8	10	B+	41	39	D-
Washington	54.3	26	C	49.6	27	C-	59	26	C
Louisiana	53.7	27	C-	82.4	1	A	25	48	F
Utah	52.8	28	C-	44.6	29	C-	61	23	C
Alabama	52.6	29	C-	64.2	15	B	41	39	D-
Tennessee	52.3	30	C-	37.6	37	D-	67	19	B-
Hawaii	52.2	31	D+	75.4	6	A	29	45	F
South Dakota	52.2	31	D+	45.4	28	C-	59	26	C
New York	51.8	33	D	75.6	5	A	28	47	F
South Carolina	49.7	34	D	44.4	30	C-	55	31	D+
North Dakota	48.7	35	D	38.4	36	D	59	26	C
Kentucky	48.2	36	D	55.4	22	C	41	39	D-
Iowa	47.1	37	D-	27.2	47	F	67	19	B-
Maine	46.3	38	D-	33.6	39	D-	59	26	C
Indiana	43.8	39	D-	17.6	50	F	70	16	B
Oregon	43.3	40	D-	38.6	35	D	48	35	D
Minnesota	43.3	40	D-	27.6	46	F	59	26	C
Nebraska	41.8	42	F	16.6	51	F	67	19	B-
Michigan	40.0	43	F	25.0	48	F	55	31	D+
Pennsylvania	37.7	44	F	34.4	38	D-	41	39	D-
Colorado	37.1	45	F	29.2	43	F	45	38	D-
Massachusetts	34.9	46	F	28.8	45	F	41	39	D-
Rhode Island	31.0	47	F	41.0	34	D	21	49	F
New Hampshire	30.9	48	F	20.8	49	F	41	39	D-
Kansas	30.8	49	F	32.6	40	D-	29	45	F
Vermont	25.8	50	F	43.6	32	D+	8	51	F
Missouri	25.2	51	F	29.4	42	F	21	49	F

Six of the 10 states we ranked worst overall – including the five worst-ranked states – also appear among the 10 states with the worst scores for *policies*, a strong correlation between the two rankings. This is not surprising or evidence of causation, however, since the overall score includes the score for welfare reform policies in its calculation.

The grades for *policies* do not correlate as well with grades for *results.* Only three states – Maryland, Illinois, and Virginia – ranked as having the best policies and also appear in the list of 10 states with the best results (Table 2). And only two states – New Hampshire and Missouri – of the 10 with the worst policies also appear in the list of 10 states with the worst results (Table 3).

Three reasons explain the lack of a stronger correlation between the two sets of rankings. First, many states have changed their policies over the years since PRWORA was enacted, so their policies today aren't responsible for their results during the past 10 years. Second, many policies we identify as most effective work only in conjunction with other policies, a point we emphasize in the discussion of service integration. And third, no policy is effective if it is not actually implemented. The many exceptions and "clock stoppers" to lifetime limits on eligibility for benefits, for example, mean the real-world effect of this policy is often less strong than it could be.

The purpose of this survey was not to prove that some policies work better than other – that research has been done well by others. Our goal, instead, was to bring together in one document data addressing widely agreed-upon measures of anti-poverty success and the most important anti-poverty policies. Despite the absence of a closer correlation between results and policies, we are convinced states will see better results if they adopt the policies we recommend.

Table 2. Comparing Policies and Results for the Ten Best States

Rank	Policies	Results
1	Idaho	Louisiana
2	**Maryland**	Florida
3	Arkansas	**Maryland**
4	Delaware	**Virginia**
4	**Illinois**	New York
4	Oklahoma	Hawaii
7	Wisconsin	Georgia
8	**Virginia**	**Illinois**
9	Arizona	Wyoming
9	California	Montana

Table 3. Comparing Policies and Results for the Worst States

Rank	Policies	Results
39	Montana	**Missouri**
39	**New Hampshire**	Colorado
39	Pennsylvania	Wisconsin
45	Hawaii	Massachusetts
45	Kansas	Minnesota
47	New York	Iowa
48	Louisiana	Michigan
49	**Missouri**	**New Hampshire**
50	Rhode Island	Indiana
51	Vermont	Nebraska

Governor Bob Riley Took Office in 2003

Alabama

Earned Income Tax Credit
Percent Unclaimed: 59
Money Available: $1.4 Billion

State Rankings	
Anti-Poverty Success Rank	15
Welfare Reform Policies Rank	39
OVERALL RANK	**29**

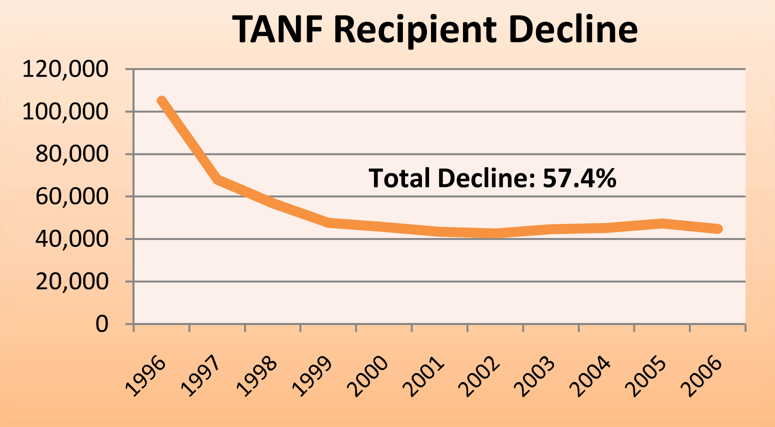
State Budget Information (2005)

MOE Spending:	$38,365,213
Federal Grant:	$136,365,027
$$ per Recipient:	$3,687
TANF Recipients (2005):	47,388
Welfare Employees:	4,360
Recipients per Employee:	10.9

Degree of Service Integration: Average

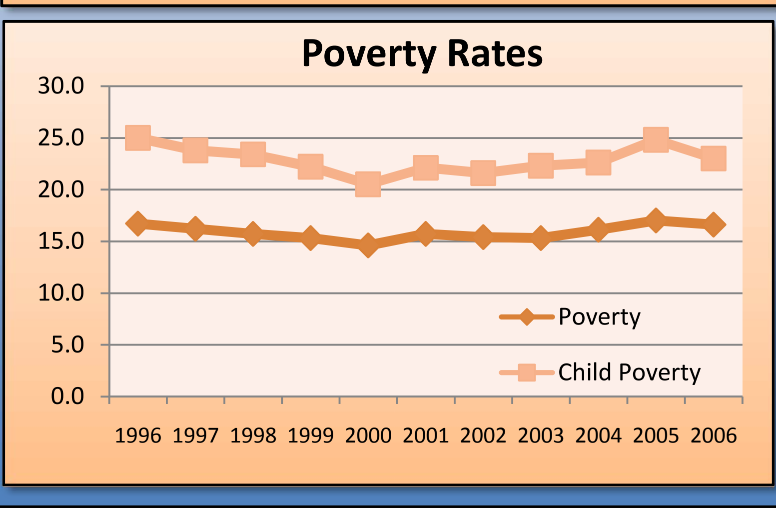
Welfare Reform Results

Rank: 15



TANF Recipient Decline

Total Decline: 57.4%



Poverty Rates

TANF Recipient Decline 30/100 **36**

Overall Poverty Rates 27/50 **24**

Work Participation Rate 62/100 **20**

Unemployment 76/100 **13**

Teen Birthrate 94/100 **4**

Results Rank **64.2/100** **15**

Welfare Reform Policies

Rank: 39

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	Policies Grade (curved)
A	**F**	**F**	**D**	**F**	**D-**
100/100	0/100	0/100	65/100	40/100	**41.0/1000**

Alaska

Governor Sarah Palin Took Office in 2006

Earned Income Tax Credit
Percent Unclaimed: 79
Money Available: $225,000,000

State Rankings	
Anti-Poverty Success Rank	16
Welfare Reform Policies Rank	36
OVERALL RANK	**23**

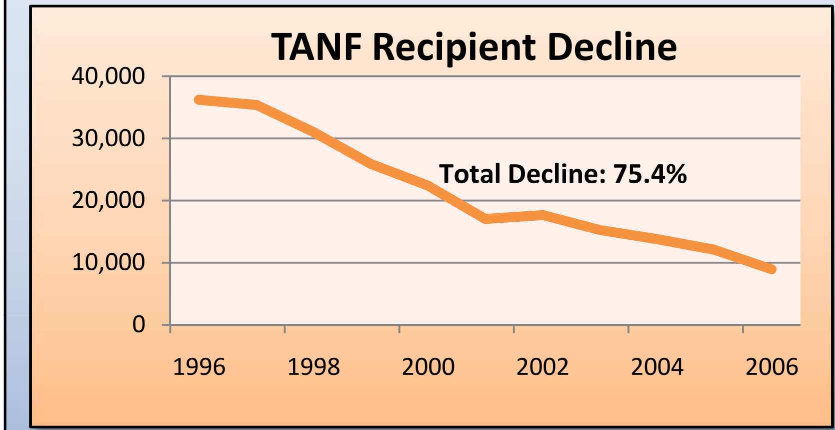
Degree of Service Integration: Poor

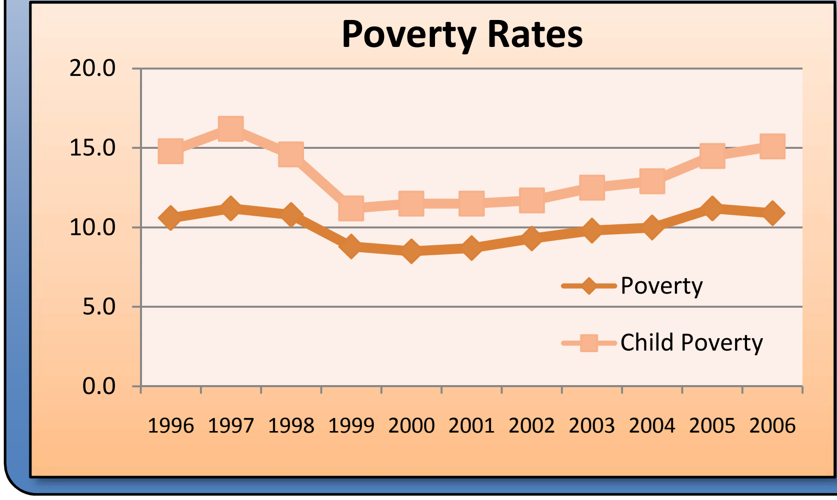
State Budget Information (2005)

MOE Spending:	$40,786,587
Federal Grant:	$82,509,636
$$ per Recipient:	$10,233
TANF Recipients (2005):	12,048
Welfare Employees:	1,771
Recipients per Employee:	6.8

Welfare Reform Results

Rank: 16





TANF Recipient Decline
70/100
16

Overall Poverty Rates
25/50
26

Work Participation Rate
76/100
13

Unemployment
60/100
21

Teen Birthrate
74/100
14

Results Rank
64.0/100
16

Welfare Reform Policies

Rank: 36

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
F	**A-**	**F**	**D**	**C**	**D**
0/100	90/100	0/100	65/100	80/100	**47.0/100**

Governor Janet Napolitano Took Office in 2003

Arizona

State Rankings	
Anti-Poverty Success Rank	20
Welfare Reform Policies Rank	9
OVERALL RANK	**11**

Degree of Service Integration: Average

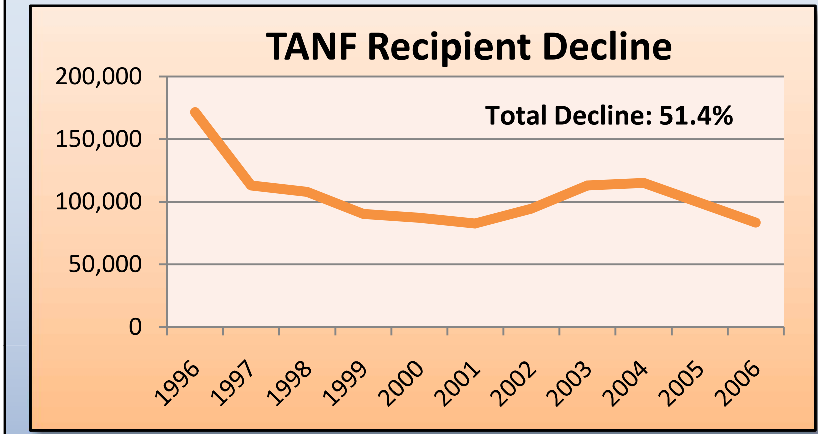
Earned Income Tax Credit
Percent Unclamied: 70
Money Available: $1.7 Billion

State Budget Information (2005)

MOE Spending:	$88,143,603
Federal Grant:	$251,509,489
$$ per Recipient:	$3,421
TANF Recipients (2005):	99,294
Welfare Employees:	7,503
Recipients per Employee:	13.2

Welfare Reform Results

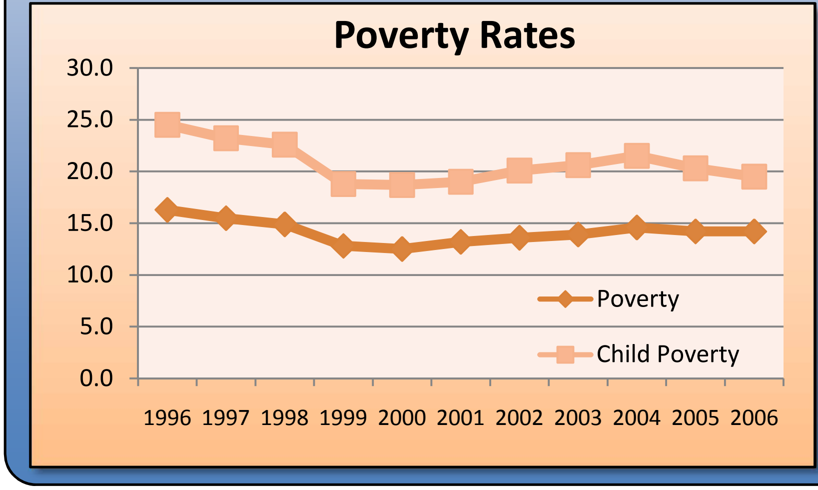
Rank: 20



TANF Recipient Decline
14/100
44

Overall Poverty Rates
46/50
5

Work Participation Rate
32/100
35



Unemployment
70/100
16

Teen Birthrate
76/100
13

Results Rank
57.0/100
20

Welfare Reform Policies

Rank: 9

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
A	**A**	**B**	**D**	**F**	**A-**
100/100	100/100	90/100	65/100	40/100	**79.0/100**

Governor Mike Beebe Took Office in 2007

Arkansas

State Rankings	
Anti-Poverty Success Rank	24
Welfare Reform Policies Rank	3
OVERALL RANK	**9**

Degree of Service Integration: Good

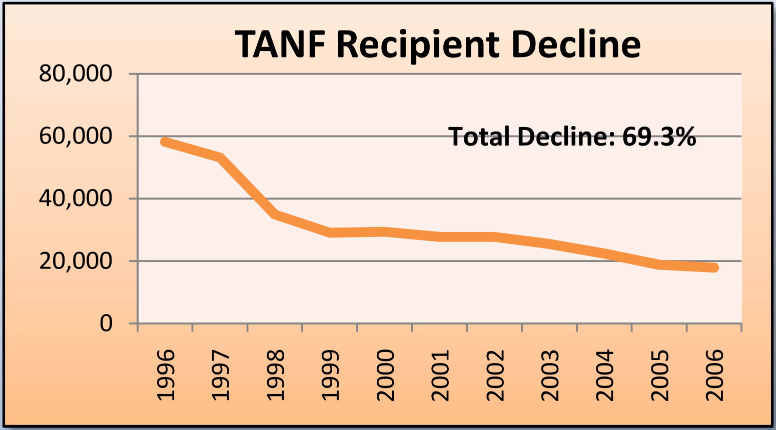
Earned Income Tax Credit
Percent Unclamied: 61
Money Available: $844,000,000

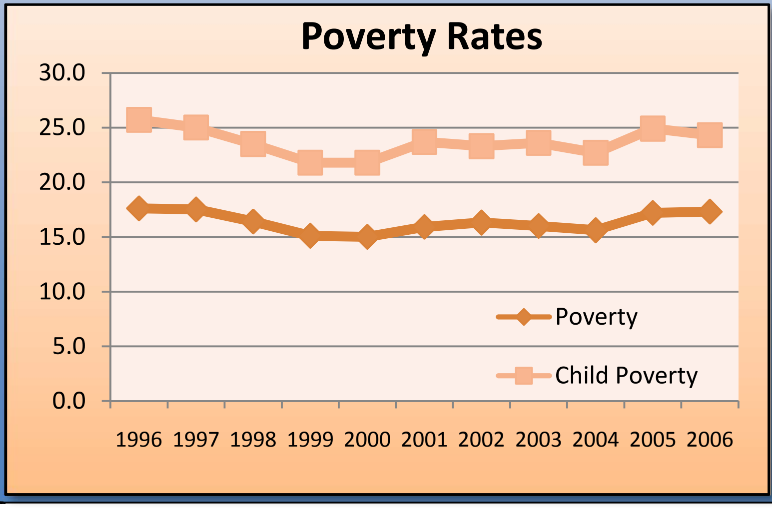
State Budget Information (2005)

MOE Spending:	$22,758,283
Federal Grant:	$151,812,026
$$ per Recipient:	$9,306
TANF Recipients (2005):	18,759
Welfare Employees:	3,671
Recipients per Employee:	5.1

Welfare Reform Results

Rank: 24





TANF Recipient Decline
58/100
22

Overall Poverty Rates
31/50
20

Work Participation Rate
28/100
37

Unemployment
34/100
34

Teen Birthrate
86/100
8

Results Rank
52.6/100
24

Welfare Reform Policies

Rank: 3

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
A	**A-**	**A**	**A**	**F**	**A**
100/100	90/100	100/100	100/100	40/100	**86.0/100**

California

Governor Arnold Schwarzenegger Took Office in 2003

State Rankings	
Anti-Poverty Success Rank	12
Welfare Reform Policies Rank	9
OVERALL RANK	**6**

Degree of Service Integration: Good

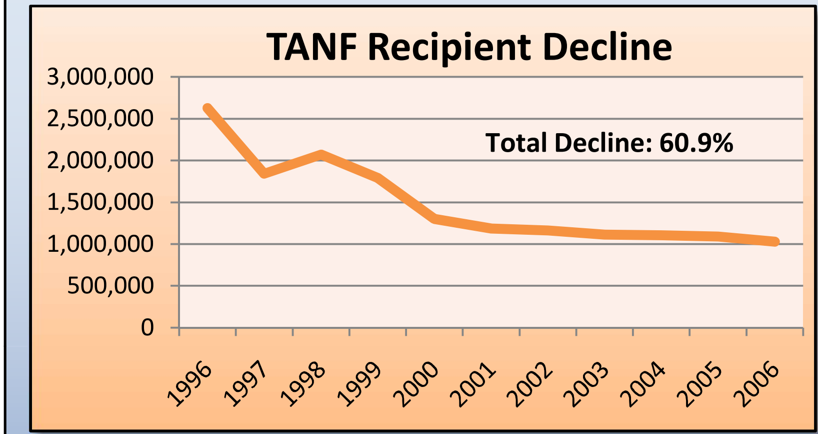
Earned Income Tax Credit
Percent Unclaimed: 70
Money Available: $10 Billion

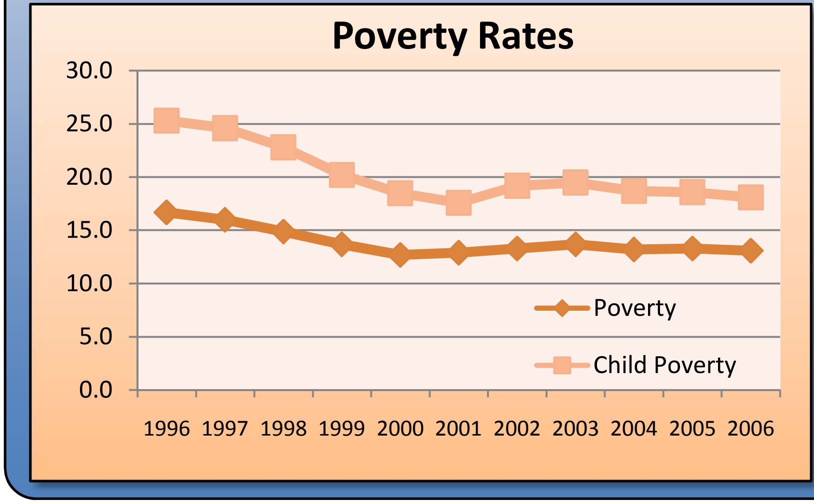
State Budget Information (2005)

MOE Spending:	$2,445,146,228
Federal Grant:	$3,943,027,748
$$ per Recipient:	$5,872
TANF Recipients (2005):	1,087,862
Welfare Employees:	3,836
Recipients per Employee:	283.6

Welfare Reform Results

Rank: 12





TANF Recipient Decline
40/100
31

Overall Poverty Rates
50/50
1

Work Participation Rate
12/100
45

Unemployment
80/100
11

Teen Birthrate
100/100
1

Results Rank
66.4/100
12

Welfare Reform Policies

Rank: 9

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
A	**A**	**B**	**D**	**F**	**A-**
100/100	100/100	90/100	65/100	40/100	**79.0/100**

Colorado

Governor Bill Ritter Took Office in 2007

State Rankings	
Anti-Poverty Success Rank	43
Welfare Reform Policies Rank	38
OVERALL RANK	**45**

Degree of Service Integration: Average

Earned Income Tax Credit

Percent Unclaimed: 76
Money Available: $135,000,000

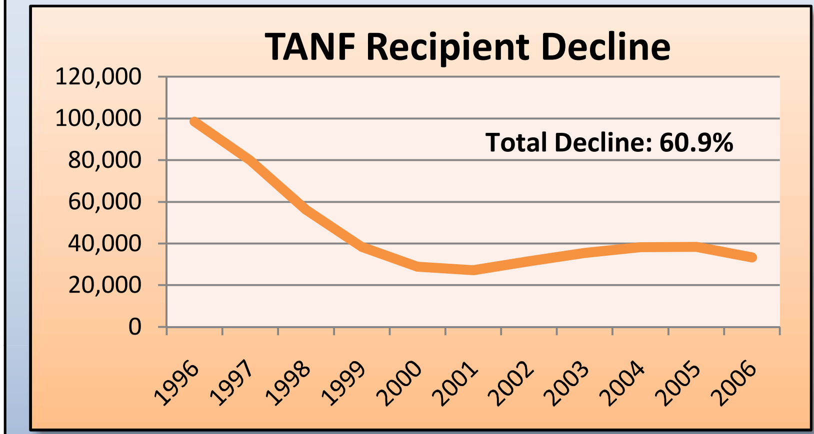
State Budget Information (2005)

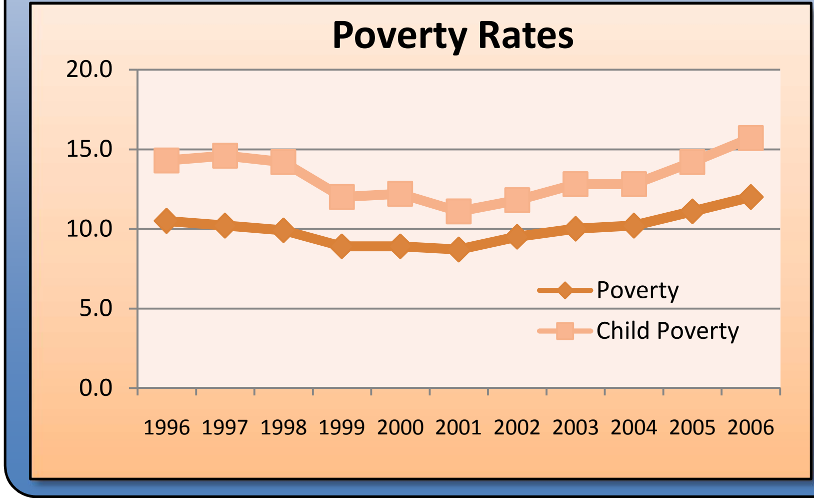
MOE Spending:	$93,090,529
Federal Grant:	$215,826,151
$$ per Recipient:	$8,063
TANF Recipients (2005):	38,313
Welfare Employees:	2,174
Recipients per Employee:	17.6

OVERALL
State Rank
45

Welfare Reform Results

Rank: 43





TANF Recipient Decline
54/100
24

Overall Poverty Rates
8/50
43

Work Participation Rate
34/100
34

Unemployment
14/100
44

Teen Birthrate
30/100
36

Results Rank
29.2/100
43

Welfare Reform Policies

Rank: 37

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
F	**A**	**F**	**D**	**D**	**D-**
0/100	100/100	0/100	65/100	60/100	**45.0/100**

Connecticut

Governor M. Jodi Rell Took Office in 2004

State Rankings	
Anti-Poverty Success Rank	11
Welfare Reform Policies Rank	14
OVERALL RANK	**7**

Degree of Service Integration: Good

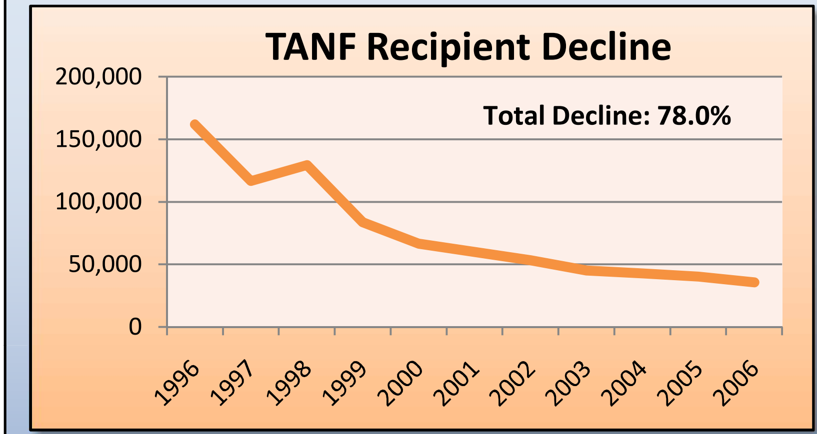
Earned Income Tax Credit
Percent Unclaimed: 79
Money Available: $1 Billion

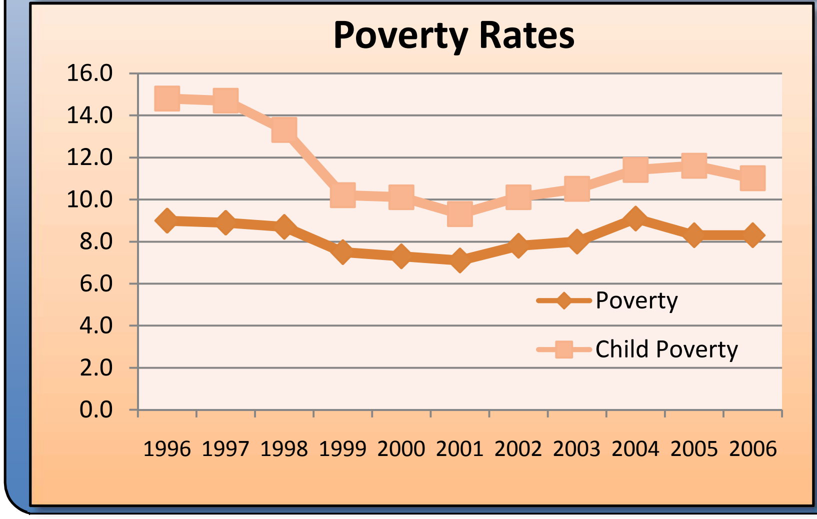
State Budget Information (2005)

MOE Spending:	$179,195,842
Federal Grant:	$266,788,107
$$ per Recipient:	$11,119
TANF Recipients (2005):	40,109
Welfare Employees:	4,547
Recipients per Employee:	8.8

Welfare Reform Results

Rank: 11





TANF Recipient Decline
78/100
12

Overall Poverty Rates
36/50
15

Work Participation Rate
38/100
32

Unemployment
70/100
16

Teen Birthrate
72/100
15

Results Rank
66.8/100
11

Welfare Reform Policies

Rank: 14

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
A	**A-**	**D**	**A**	**D**	**B**
100/100	90/100	30/100	100/100	60/100	**76.0/100**

Delaware

Governor Ruth Ann Minner Took Office in 2001

State Rankings	
Anti-Poverty Success Rank	41
Welfare Reform Policies Rank	4
OVERALL RANK	**20**

Degree of Service Integration: Average

Earned Income Tax Credit

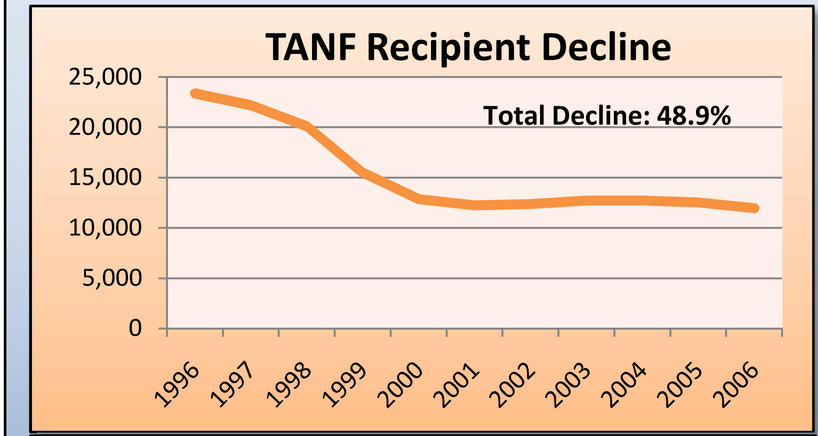
Percent Unclaimed: 72
Money Available: $256,000,000

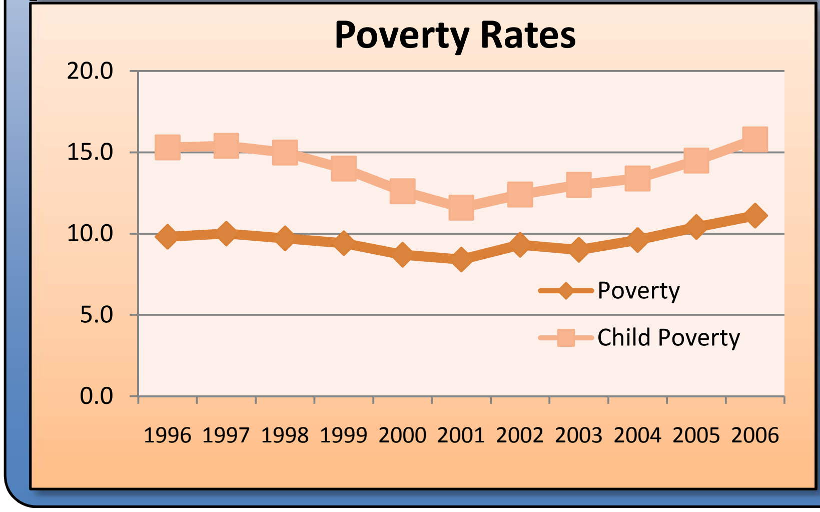
State Budget Information (2005)

MOE Spending:	$27,972,437
Federal Grant:	$38,478,063
$$ per Recipient:	$5,303
TANF Recipients (2005):	12,530
Welfare Employees:	1,603
Recipients per Employee:	7.8

Welfare Reform Results

Rank: 41





TANF Recipient Decline
12/100
45

Overall Poverty Rates
11/50
40

Work Participation Rate
18/100
42

Unemployment
54/100
24

Teen Birthrate
42/100
30

Results Rank
30/100
41

Welfare Reform Policies

Rank: 3

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
A	**A-**	**A**	**C**	**D**	**A**
100/100	90/100	100/100	75/100	60/100	**85.0/100**

D.C.

District of Columbia

State Rankings	
Anti-Poverty Success Rank	21
Welfare Reform Policies Rank	23
OVERALL RANK	**18**

Degree of Service Integration: Good

Mayor Adrian M. Fenty Took Office in 2007

Earned Income Tax Credit

Percent Unclaimed: 66
Money Available: $162,000,000

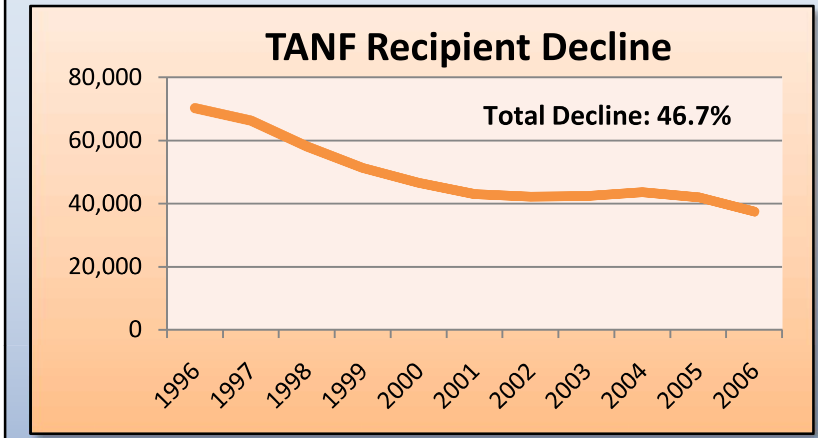
State Budget Information (2005)

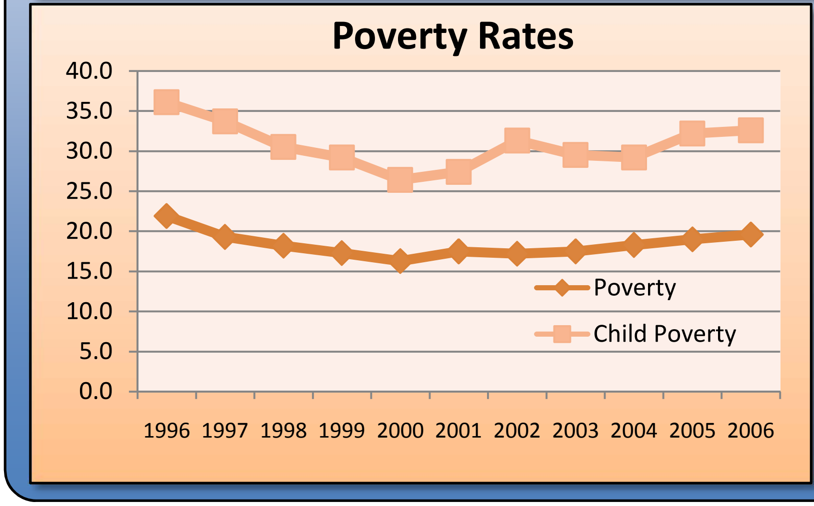
MOE Spending:	$73,405,358
Federal Grant:	$165,956,601
$$ per Recipient:	$5,702
TANF Recipients (2005):	41,980

OVERALL
State Rank
18

Welfare Reform Results

Rank: 21





TANF Recipient Decline
10/100
46

Overall Poverty Rates
47/50
4

Work Participation Rate
4/100
49

Unemployment
96/100
3

Teen Birthrate
88/100
7

Results Rank
56.8/100
21

Welfare Reform Policies

Rank: 23

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	Policies Grade (curved)
A	**A**	**F**	**D**	**F**	**C**
100/100	100/100	0/100	65/100	40/100	**61.0/100**

Governor Charlie Crist Took Office in 2007

Florida

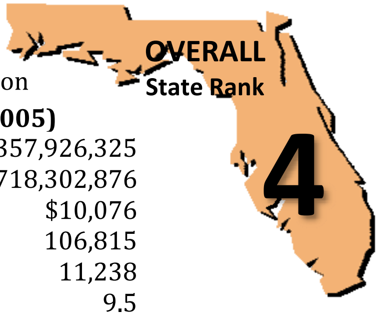
State Rankings	
Anti-Poverty Success Rank	2
Welfare Reform Policies Rank	13
OVERALL RANK	**4**

Degree of Service Integration: Poor

Earned Income Tax Credit
Percent Unclaimed: 67
Money Available: $5.8 Billion

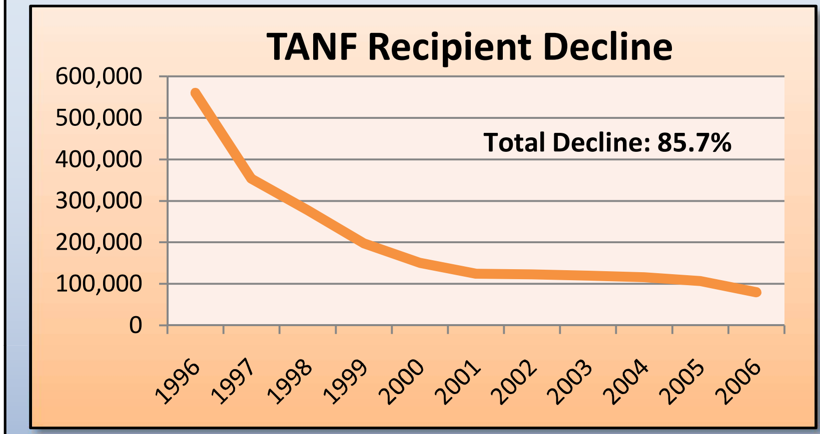
State Budget Information (2005)

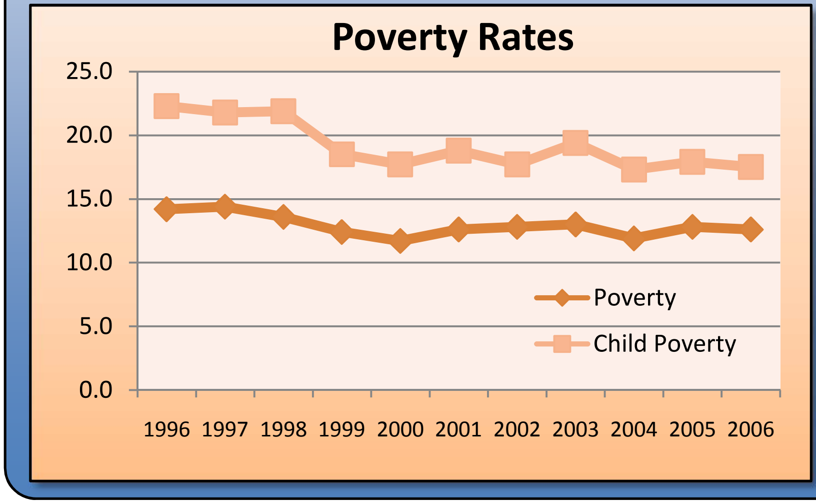
MOE Spending:	$357,926,325
Federal Grant:	$718,302,876
$$ per Recipient:	$10,076
TANF Recipients (2005):	106,815
Welfare Employees:	11,238
Recipients per Employee:	9.5



Welfare Reform Results

Rank: 2





TANF Recipient Decline	92/100	5
Overall Poverty Rates	39/50	12
Work Participation Rate	60/100	21
Unemployment	88/100	7
Teen Birthrate	82/100	10
Results Rank	**81.4/100**	**2**

Welfare Reform Policies

Rank: 13

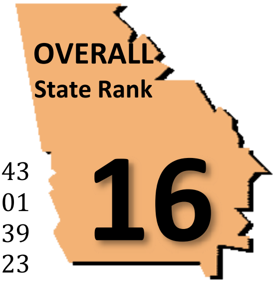
Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
A	A	D	C	C	B
100/100	100/100	30/100	75/100	80/100	**77.0/100**

Georgia

State Rankings	
Anti-Poverty Success Rank	7
Welfare Reform Policies Rank	36
OVERALL RANK	**16**

Degree of Service Integration: Good

Governor Sonny Perdue Took Office in 2003



Earned Income Tax Credit

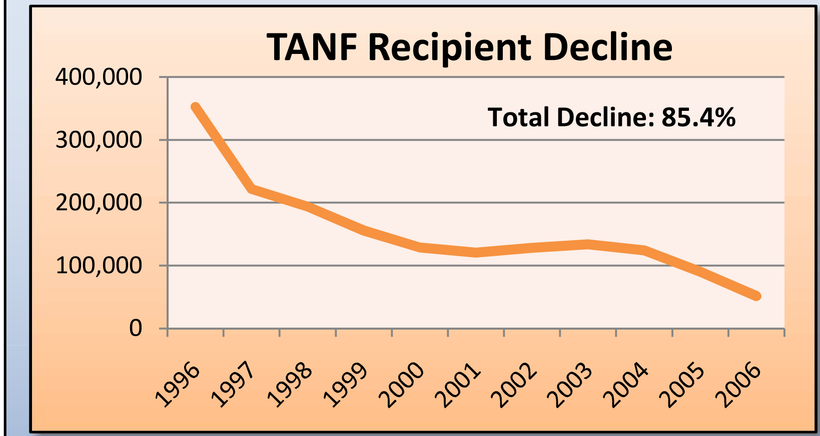
Percent Unclaimed: 61
Money Available: $2.7 Billion

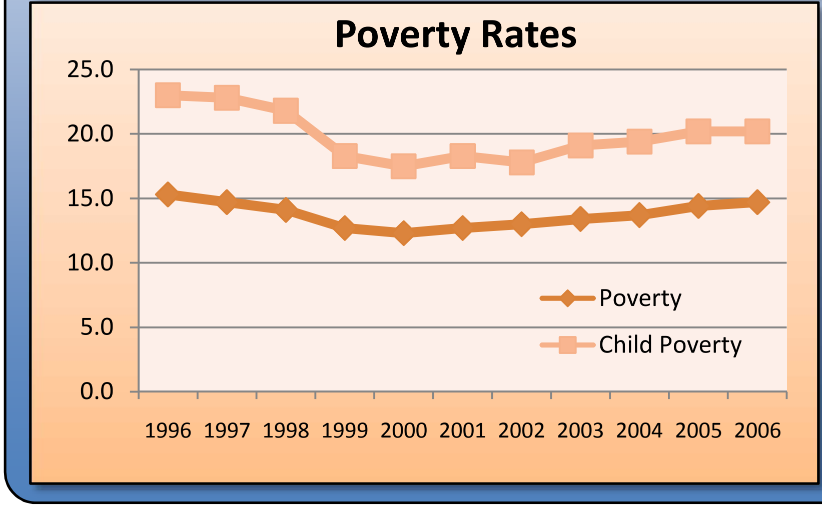
State Budget Information (2005)

MOE Spending:	$173,736,443
Federal Grant:	$550,751,601
$$ per Recipient:	$8,039
TANF Recipients (2005):	90,123
Welfare Employees:	8,696
Recipients per Employee:	10.4

Welfare Reform Results

Rank: 7


TANF Recipient Decline


Poverty Rates

TANF Recipient Decline	90/100	6
Overall Poverty Rates	34/50	17
Work Participation Rate	94/100	4
Unemployment	40/100	31
Teen Birthrate	80/100	11
Results Rank	**75.2/100**	**7**

Welfare Reform Policies

Rank: 36

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
F	F	A	C	D	D
0/100	0/100	100/100	75/100	60/100	**47.0/100**

Governor Linda Lingle Took Office in 2002

Hawaii

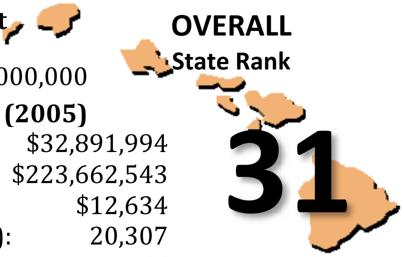
State Rankings	
Anti-Poverty Success Rank	6
Welfare Reform Policies Rank	45
OVERALL RANK	**31**

Degree of Service Integration: Poor

Earned Income Tax Credit
Percent Unclaimed: 75
Money Available: $412,000,000

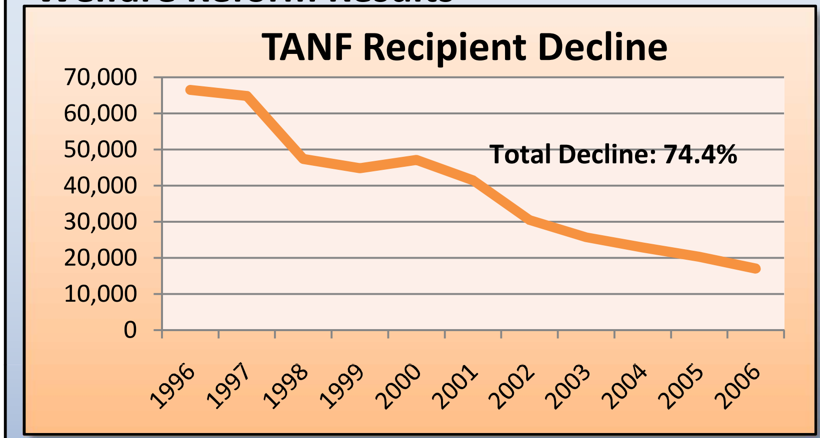
State Budget Information (2005)

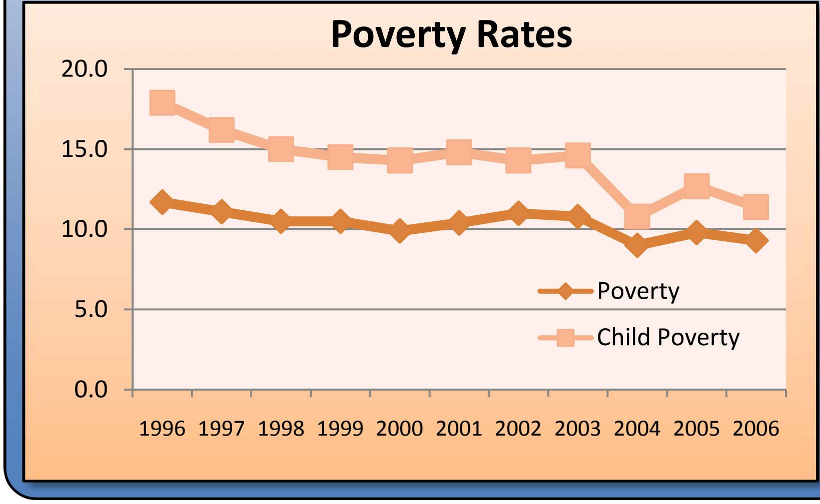
MOE Spending:	$32,891,994
Federal Grant:	$223,662,543
$$ per Recipient:	$12,634
TANF Recipients (2005):	20,307
Welfare Employees:	955
Recipients per Employee:	21.3



Welfare Reform Results

Rank: 6





TANF Recipient Decline
66/100
18

Overall Poverty Rates
48/50
3

Work Participation Rate
52/100
25

Unemployment
100/100
1

Teen Birthrate
62/100
20

Results Rank
75.4/100
6

Welfare Reform Policies

Rank: 45

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
F	**F**	**F**	**D**	**C**	**F**
0/100	0/100	0/100	65/100	80/100	**29.0/100**

Idaho

State Rankings	
Anti-Poverty Success Rank	13
Welfare Reform Policies Rank	1
OVERALL RANK	**2**

Degree of Service Integration: Good

Governor Butch Otter Took Office in 2007

Earned Income Tax Credit

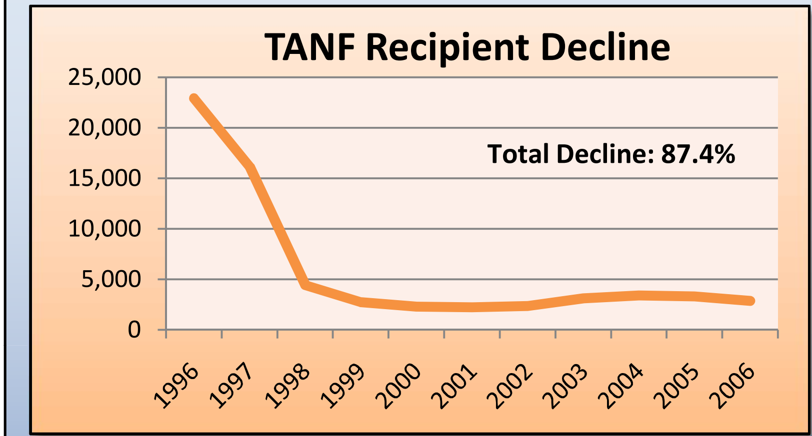
Percent Unclaimed: 71
Money Available: $427,00,000

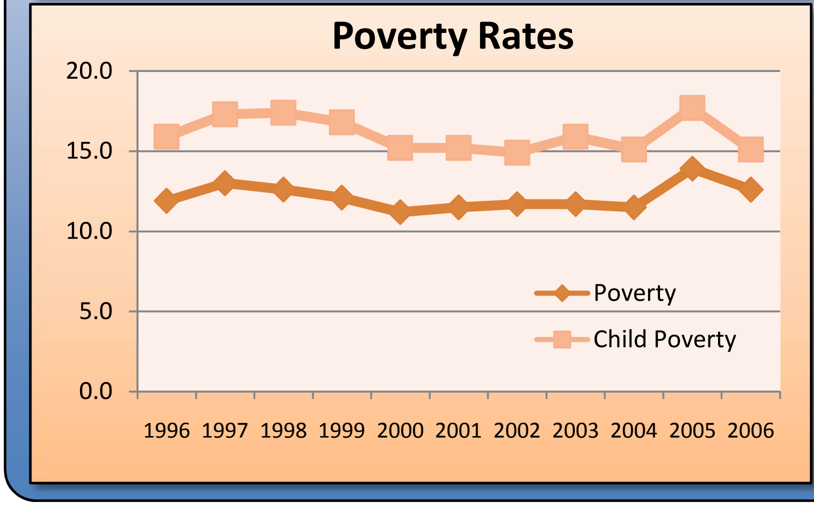
State Budget Information (2005)

MOE Spending:	$13,025,379
Federal Grant:	$43,724,518
$$ per Recipient:	$17,144
TANF Recipients (2005):	3,310
Welfare Employees:	1,803
Recipients per Employee:	1.8

Welfare Reform Results

Rank: 13





TANF Recipient Decline	96/100	3
Overall Poverty Rates	18/50	33
Work Participation Rate	70/100	16
Unemployment	84/100	9
Teen Birthrate	40/100	31
Results Rank	**66.0/100**	**13**

Welfare Reform Policies

Rank: 1

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
A	A	B	A	C	A
100/100	100/100	90/100	100/100	80/100	**94.0/100**

Illinois

State Rankings	
Anti-Poverty Success Rank	8
Welfare Reform Policies Rank	4
OVERALL RANK	**3**

Degree of Service Integration: Good

Governor Rod Blagojevich Took Office in 2003

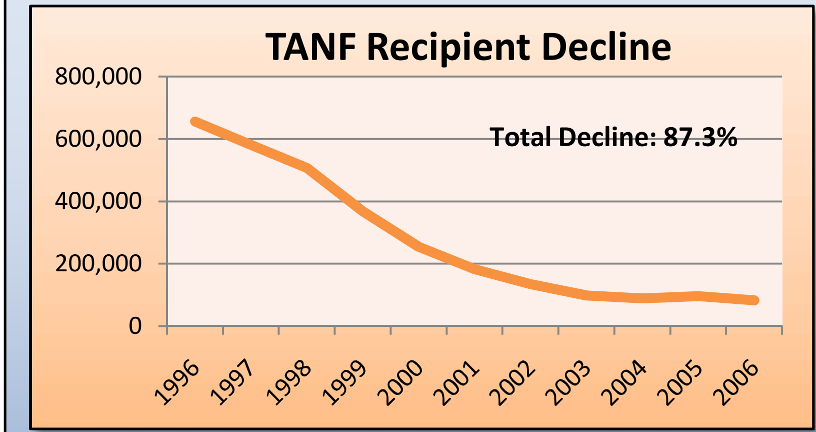
Earned Income Tax Credit
Percent Unclaimed: 72
Money Available: $4 Billion

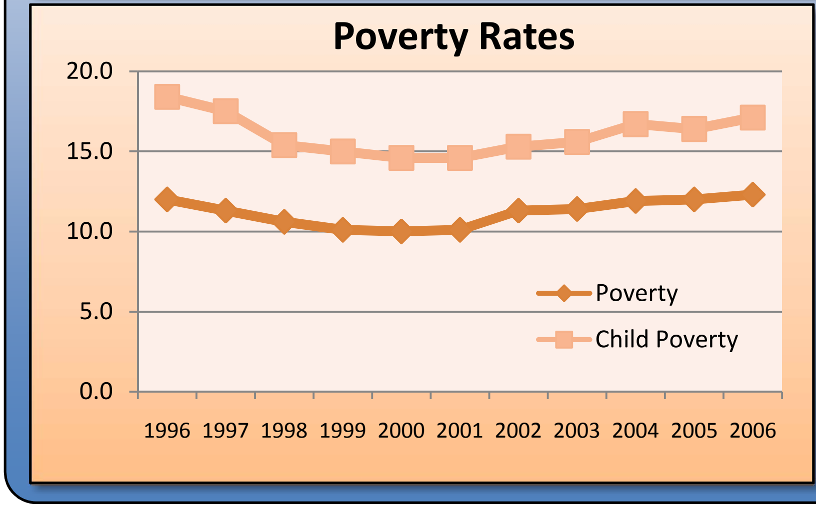
State Budget Information (2005)

MOE Spending:	$425,865,121
Federal Grant:	$585,809,178
$$ per Recipient:	$10,502
TANF Recipients (2005):	96,336
Welfare Employees:	10,070
Recipients per Employee:	9.6

Welfare Reform Results

Rank: 8





TANF Recipient Decline
94/100
4

Overall Poverty Rates
25/50
26

Work Participation Rate
84/100
9

Unemployment
54/100
24

Teen Birthrate
90/100
6

Results Rank
74.2/100
8

Welfare Reform Policies

Rank: 3

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
A	A-	B	D	C	A
100/100	90/100	90/100	65/100	80/100	**85.0/100**

Governor Mitch Daniels Took Office in 2005

Indiana

State Rankings	
Anti-Poverty Success Rank	50
Welfare Reform Policies Rank	16
OVERALL RANK	**39**

Degree of Service Integration: Average

Earned Income Tax Credit

Percent Unclaimed: 73
Money Available: $2 Billion

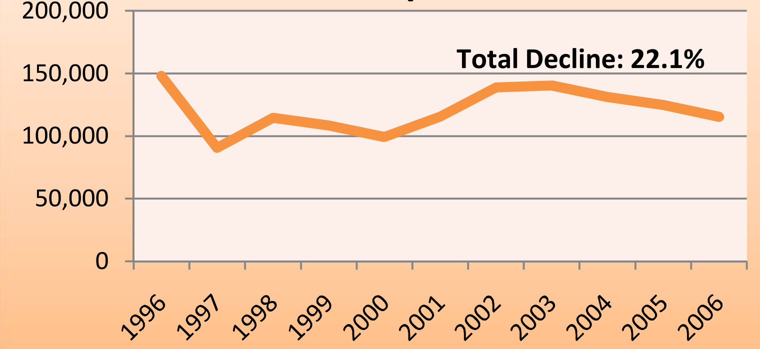
State Budget Information (2005)

MOE Spending:	$58,853,955
Federal Grant:	$258,061,910
$$ per Recipient:	$2,540
TANF Recipients (2005):	124,777
Welfare Employees:	5,736
Recipients per Employee:	21.8

Welfare Reform Results

Rank: 50

TANF Recipient Decline

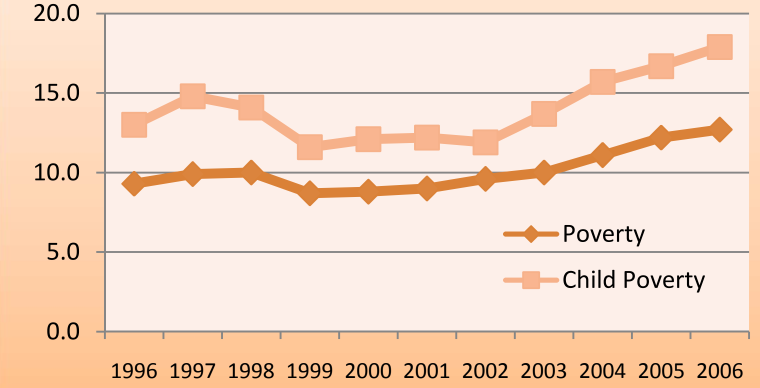


TANF Recipient Decline
0/50
51

Overall Poverty Rates
0/50
51

Work Participation Rate
26/100
38

Poverty Rates



Unemployment
4/100
49

Teen Birthrate
58/100
22

Results Rank
17.6/100
50

Welfare Reform Policies

Rank: 17

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
A	**F**	**A**	**B**	**D**	**B**
100/100	0/100	100/100	90/100	60/100	**70.0/100**

Governor Chet Culver Took Office in 2007

Iowa

State Rankings	
Anti-Poverty Success Rank	47
Welfare Reform Policies Rank	19
OVERALL RANK	**37**

Degree of Service Integration: Poor

Earned Income Tax Credit
Percent Unclaimed: 77
Money Available: $919,000,000

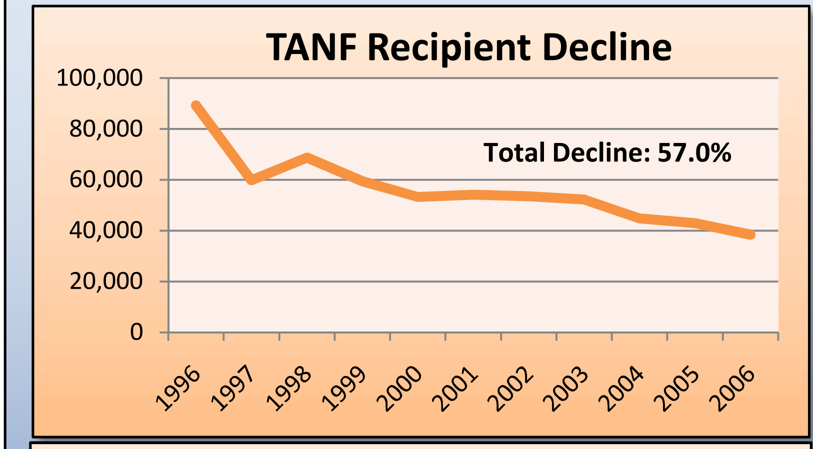
State Budget Information (2005)

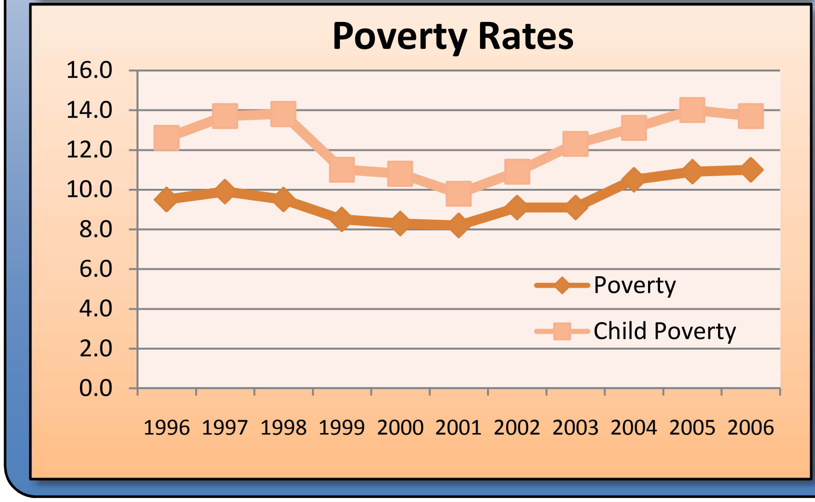
MOE Spending:	$44,623,368
Federal Grant:	$163,993,119
$$ per Recipient:	$4,865
TANF Recipients (2005):	42,884
Welfare Employees:	2,846
Recipients per Employee:	15.1

OVERALL
State Rank

Welfare Reform Results

Rank: 47


TANF Recipient Decline


Poverty Rates

TANF Recipient Decline	28/100	37
Overall Poverty Rates	8/50	43
Work Participation Rate	58/100	22
Unemployment	26/100	38
Teen Birthrate	8/100	47
Results Rank	**27.2/100**	**47**

Welfare Reform Policies

Rank: 18

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
A	A-	F	D	C	B-
100/100	90/100	0/100	65/100	80/100	**67.0/100**

Governor Kathleen Seblius Took Office in 2003

Kansas

State Rankings	
Anti-Poverty Success Rank	40
Welfare Reform Policies Rank	45
OVERALL RANK	**49**

Degree of Service Integration: Average

Earned Income Tax Credit
Percent Unclaimed: 75
Money Available: $900,000,000

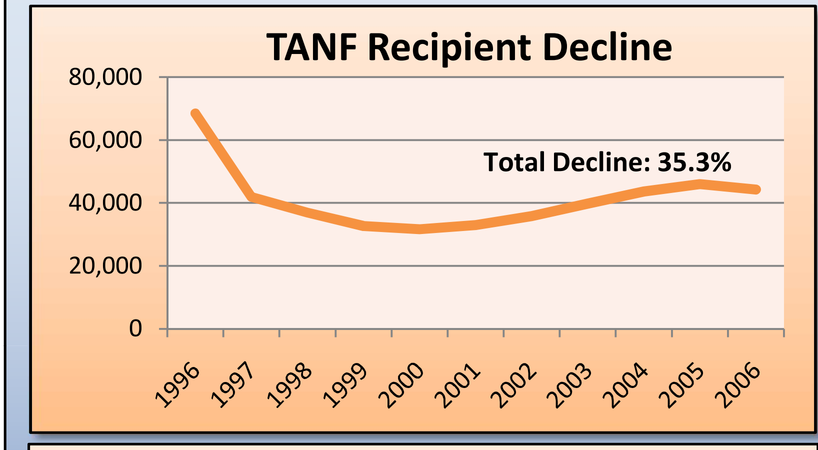
State Budget Information (2005)

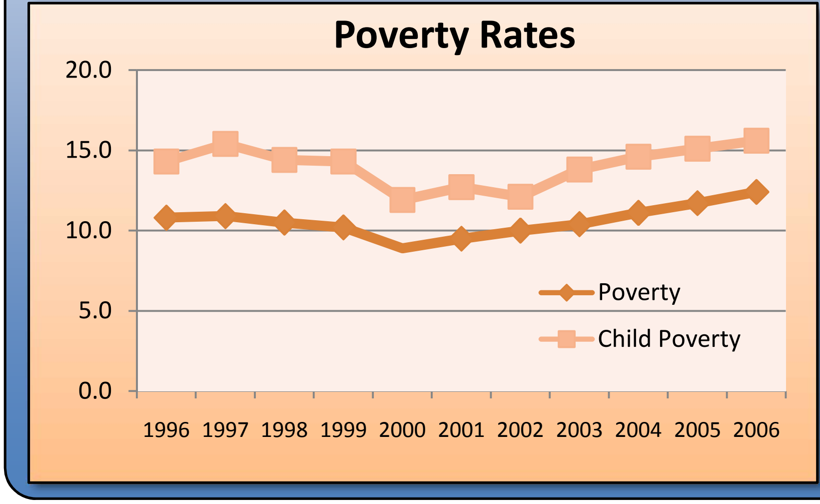
MOE Spending:	$73,582,933
Federal Grant:	$107,243,962
$$ per Recipient:	$3,929
TANF Recipients (2005):	46,026
Welfare Employees:	2,803
Recipients per Employee:	16.4

OVERALL
State Rank
49

Welfare Reform Results

Rank: 40





TANF Recipient Decline
4/100
49

Overall Poverty Rates
6/50
45

Work Participation Rate
98/100
2

Unemployment
22/100
40

Teen Birthrate
26/100
38

Results Rank
32.6/100
40

Welfare Reform Policies

Rank: 45

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
F	**F**	**F**	**D**	**C**	**F**
0/100	0/100	0/100	65/100	80/100	**29.0/100**

Governor Steve Beshear Took Office in 2007

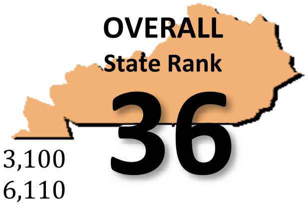
Kentucky

State Rankings	
Anti-Poverty Success Rank	22
Welfare Reform Policies Rank	39
OVERALL RANK	**36**

Earned Income Tax Credit
Percent Unclaimed: 68
Money Available: $1.3 Billion

State Budget Information (2005)

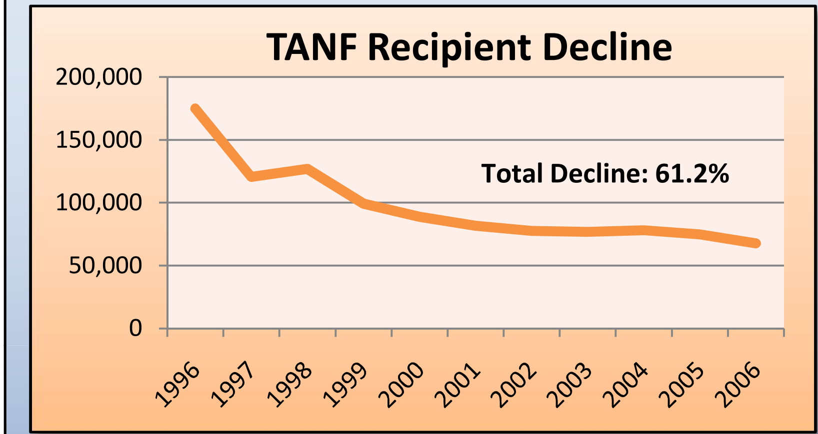
MOE Spending:	$71,913,100
Federal Grant:	$247,456,110
$$ per Recipient:	$4,258
TANF Recipients (2005):	75,005
Welfare Employees:	6,803
Recipients per Employee:	11.0

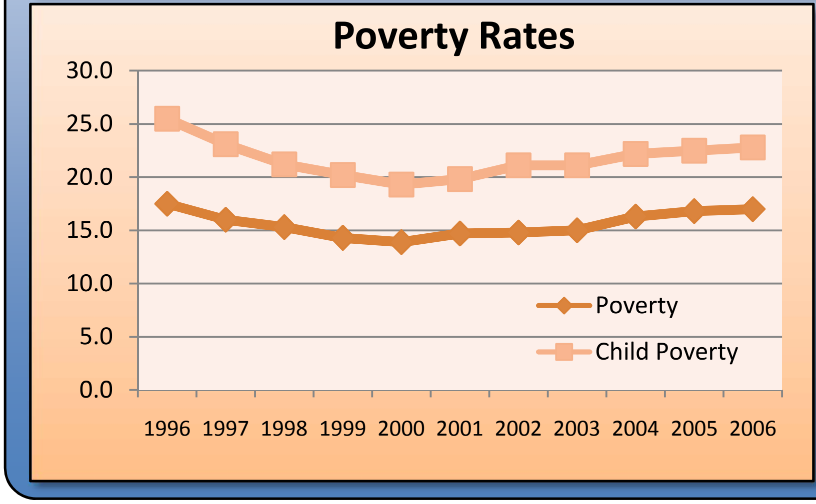


Degree of Service Integration: Average

Welfare Reform Results

Rank: 22





TANF Recipient Decline
42/100
30

Overall Poverty Rates
32/50
19

Work Participation Rate
74/100
14

Unemployment
32/100
35

Teen Birthrate
60/100
21

Results Rank
55.4/100
22

Welfare Reform Policies

Rank: 39

Work Requirements
F
0/100

Cash Diversion
A
100/100

Family Cap Provisions
F
0/100

Time Limits
D
65/100

Sanctions
F
40/100

Policies Grade
(curved)
D-
41.0/100

Governor Bobby Jindal Took Office in 2008

Louisiana

State Rankings	
Anti-Poverty Success Rank	1
Welfare Reform Policies Rank	48
OVERALL RANK	**27**

Degree of Service Integration: Poor

Earned Income Tax Credit

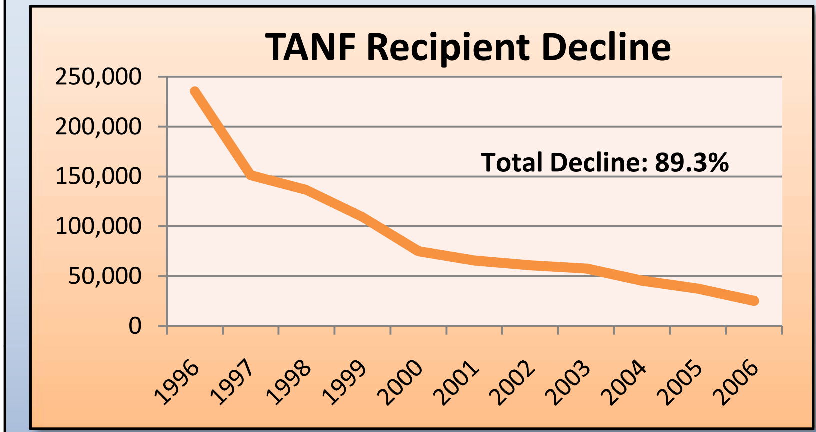
Percent Unclaimed: 55
Money Available: $1.35 Billion

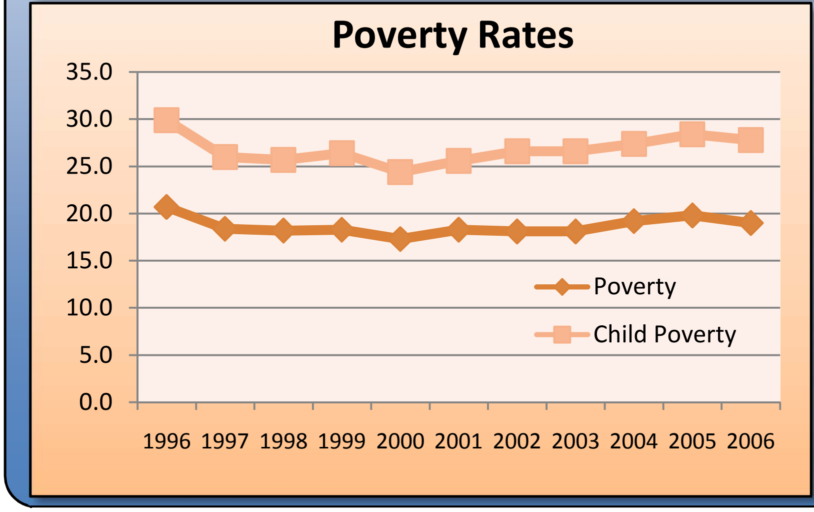
State Budget Information (2005)

MOE Spending:	$29,281,723
Federal Grant:	$202,394,625
$$ per Recipient:	$6,185
TANF Recipients (2005):	37,458
Welfare Employees:	5,162
Recipients per Employee:	7.3

Welfare Reform Results

Rank: 1





TANF Recipient Decline 98/100 **2**

Overall Poverty Rates 41/50 **10**

Work Participation Rate 56/100 **23**

Unemployment 88/100 **7**

Teen Birthrate 96/100 **3**

Results Rank 82.4/100 1

Welfare Reform Policies

Rank: 48

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
F	**F**	**F**	**D**	**D**	**F**
0/100	0/100	0/100	65/100	60/100	**25.0/100**

Maine

State Rankings	
Anti-Poverty Success Rank	39
Welfare Reform Policies Rank	26
OVERALL RANK	**38**

Degree of Service Integration: Good

Governor John Baldacci Took Office in 2003

Earned Income Tax Credit

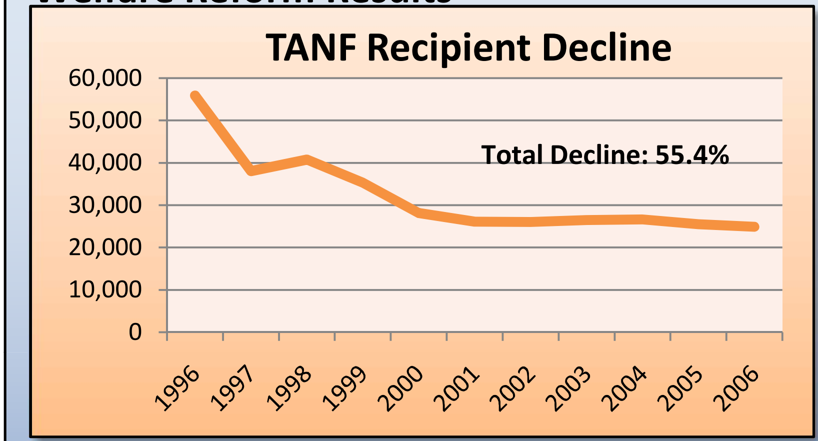
Percent Unclaimed: 76
Money Available: $430,000,000

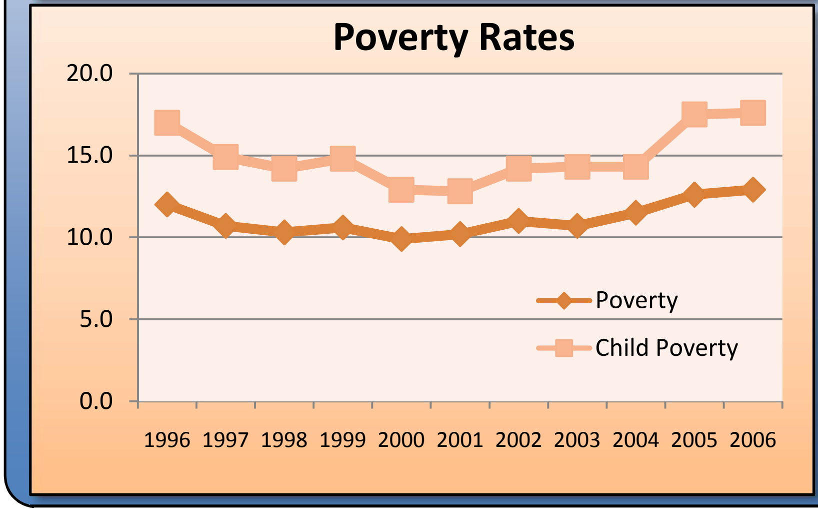
State Budget Information (2005)

MOE Spending:	$18,975,125
Federal Grant:	$108,733,740
$$ per Recipient:	$5,006
TANF Recipients (2005):	25,509
Welfare Employees:	2,061
Recipients per Employee:	12.4

Welfare Reform Results

Rank: 39





TANF Recipient Decline
22/100
40

Overall Poverty Rates
16/50
35

Work Participation Rate
24/100
39

Unemployment
70/100
16

Teen Birthrate
26/100
38

Results Rank
33.6/100
39

Welfare Reform Policies

Rank: 26

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	Policies Grade (curved)
A	**A-**	**F**	**D**	**F**	**C**
100/100	90/100	0/100	65/100	40/100	**59.0/100**

Governor Martin O'Malley Took Office in 2007

Maryland

State Rankings	
Anti-Poverty Success Rank	3
Welfare Reform Policies Rank	2
OVERALL RANK	**1**

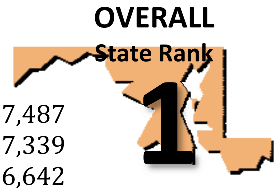
Degree of Service Integration: Average

Earned Income Tax Credit

Percent Unclaimed: 73
Money Available: $1.6 Billion

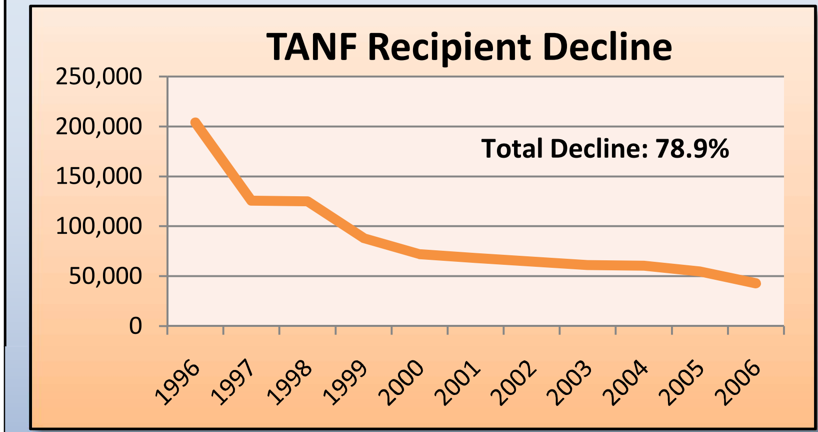
State Budget Information (2005)

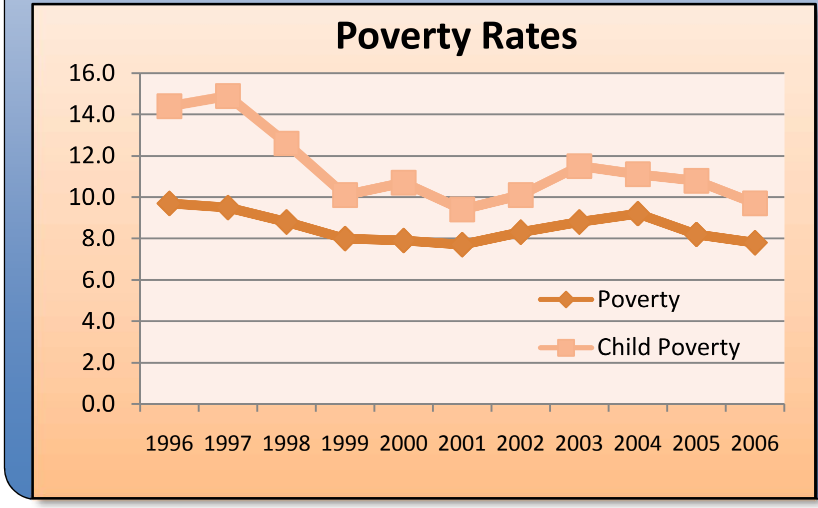
MOE Spending:	$61,597,487
Federal Grant:	$302,697,339
$$ per Recipient:	$6,642
TANF Recipients (2005):	54,851
Welfare Employees:	6,771
Recipients per Employee:	8.1



Welfare Reform Results

Rank: 3





TANF Recipient Decline
80/100
11

Overall Poverty Rates
42/50
9

Work Participation Rate
72/100
15

Unemployment
78/100
12

Teen Birthrate
78/100
12

Results Rank
79.0/100
3

Welfare Reform Policies

Rank: 2

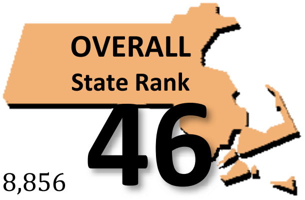
Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
A	**A**	**B**	**D**	**C**	**A**
100/100	100/100	90/100	65/100	80/100	**87.0/100**

Massachusetts

State Rankings	
Anti-Poverty Success Rank	45
Welfare Reform Policies Rank	39
OVERALL RANK	**46**

Degree of Service Integration: Average

Governor Deval Patrick Took Office in 2007



Earned Income Tax Credit

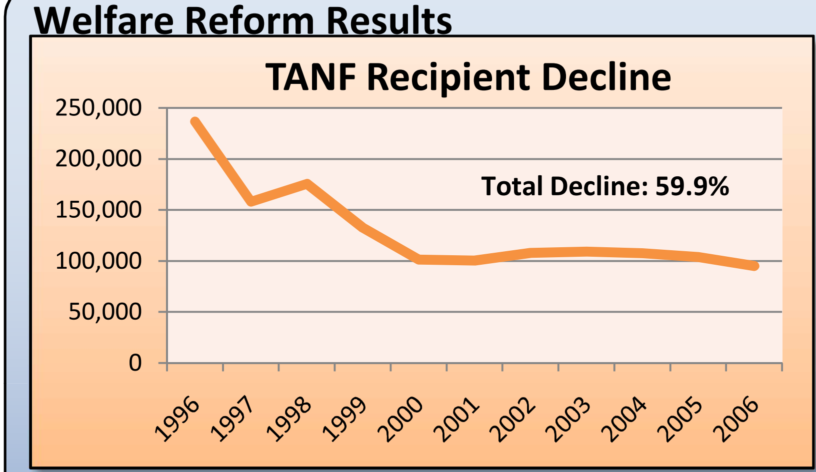
Percent Unclaimed: 80
Money Available: $1.9 Billion

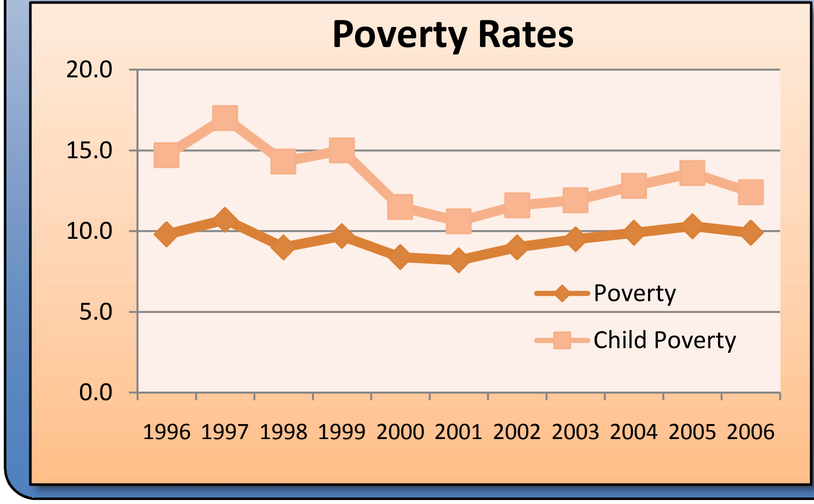
State Budget Information (2005)

MOE Spending:	$352,638,856
Federal Grant:	$475,130,108
$$ per Recipient:	$7,967
TANF Recipients (2005):	103,906
Welfare Employees:	7,807
Recipients per Employee:	13.3

Welfare Reform Results

Rank: 45





TANF Recipient Decline
36/100
33

Overall Poverty Rates
26/50
25

Work Participation Rate
0/100
51

Unemployment
10/100
46

Teen Birthrate
38/100
32

Results Rank
28.8/100
45

Welfare Reform Policies

Rank: 39

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
C	**F**	**B**	**F**	**F**	**D-**
75/100	0/100	90/100	0/100	40/100	**41.0/100**

Michigan

State Rankings	
Anti-Poverty Success Rank	48
Welfare Reform Policies Rank	31
OVERALL RANK	**43**

Degree of Service Integration: Average

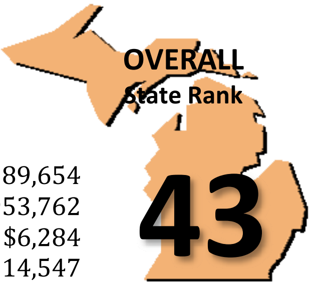
Governor Jennifer Granholm Took Office in 2003

Earned Income Tax Credit

Percent Unclaimed: 74
Money Available: $3.25 Billion

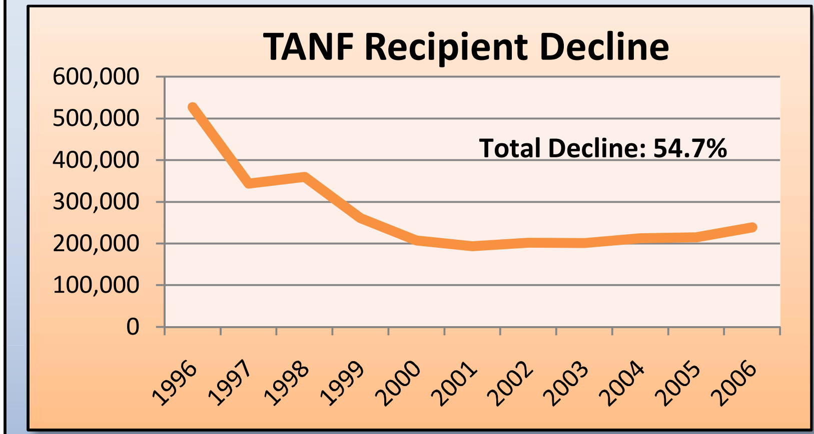
State Budget Information (2005)

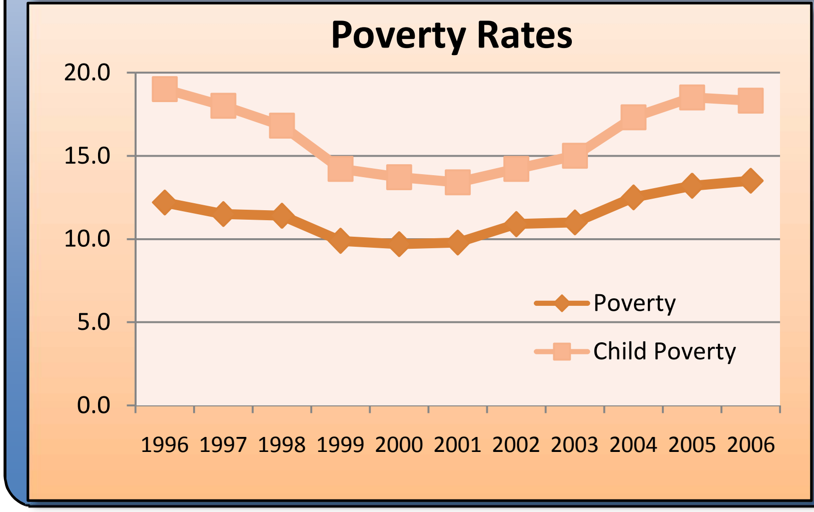
MOE Spending:	$456,289,654
Federal Grant:	$891,953,762
$$ per Recipient:	$6,284
TANF Recipients (2005):	214,547
Welfare Employees:	10,305
Recipients per Employee:	20.8



Welfare Reform Results

Rank:48





TANF Recipient Decline
18/100
42

Overall Poverty Rates
10/50
41

Work Participation Rate
8/100
47

Unemployment
0/100
51

Teen Birthrate
70/100
16

Results Rank
25.0/100
48

Welfare Reform Policies

Rank: 31

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
A	**F**	**F**	**C**	**A**	**D+**
100/100	0/100	0/100	75/100	100/100	**55.0/100**

Governor Tim Pawlenty Took Office in 2003

Minnesota

State Rankings	
Anti-Poverty Success Rank	46
Welfare Reform Policies Rank	26
OVERALL RANK	**40**

Degree of Service Integration: Average

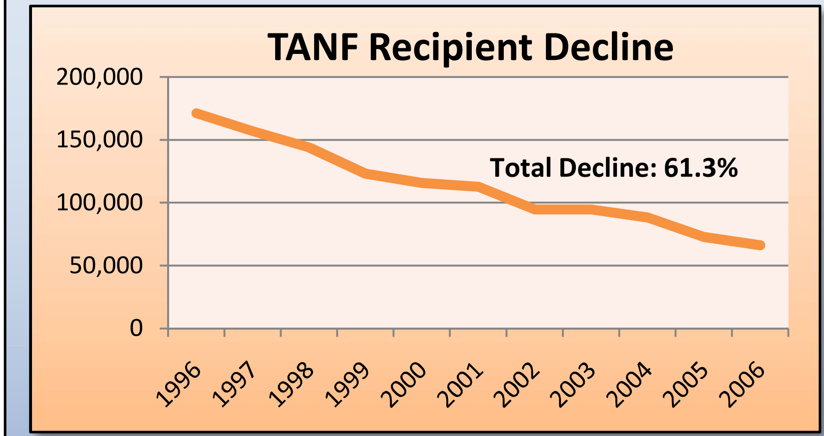
Earned Income Tax Credit
Percent Available: 79
Money Available: $1.52 Billion

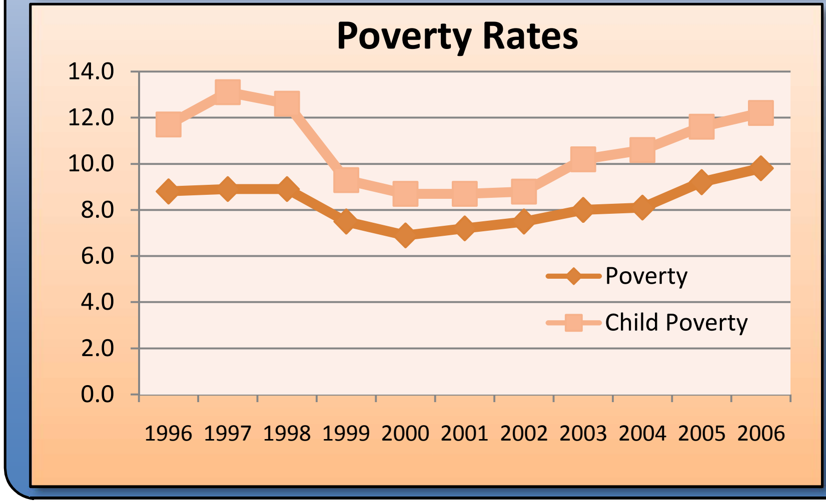
State Budget Information (2005)

MOE Spending:	$158,689,501
Federal Grant:	$348,309,034
$$ per Recipient:	$6,963
TANF Recipients (2005):	72,812
Welfare Employees:	2,795
Recipients per Employee:	26.1

Welfare Reform Results

Rank:46


TANF Recipient Decline


Poverty Rates

TANF Recipient Decline
44/100
29

Overall Poverty Rates
15/50
36

Work Participation Rate
36/100
33

Unemployment
18/100
42

Teen Birthrate
12/100
45

Results Rank
27.6/100
46

Welfare Reform Policies

Rank: 26

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
A	**A-**	**F**	**D**	**F**	**C**
100/100	90/100	0/100	65/100	40/100	**59.0/100**

Mississippi

State Rankings	
Anti-Poverty Success Rank	26
Welfare Reform Policies Rank	15
OVERALL RANK	**15**

Degree of Service Integration: Poor

Governor Haley Barbour Took Office in 2004

Earned Income Tax Credit

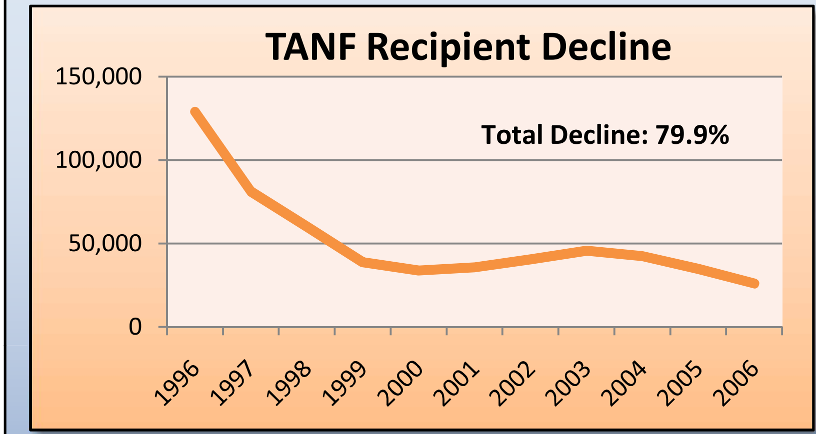
Percent Unclaimed: 52
Money Available: $854,000,000

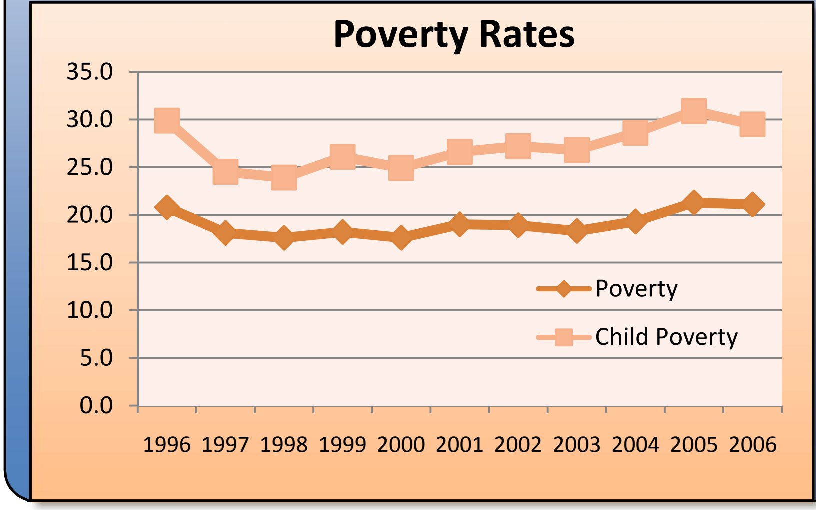
State Budget Information (2005)

MOE Spending:	$21,726,659
Federal Grant:	$105,922,993
$$ per Recipient:	$3,679
TANF Recipients (2005):	34,695
Welfare Employees:	2,536
Recipients per Employee:	13.7

Welfare Reform Results

Rank:26





TANF Recipient Decline 82/100 **10**

Overall Poverty Rates 25/50 **26**

Work Participation Rate 46/100 **28**

Unemployment 16/100 **43**

Teen Birthrate 70/100 **16**

Results Rank **51.4/100** **26**

Welfare Reform Policies

Rank: 15

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	Policies Grade (curved)
A	F	B	D	A	B
100/100	0/100	90/100	65/100	100/100	71.0/100

Missouri

State Rankings	
Anti-Poverty Success Rank	42
Welfare Reform Policies Rank	49
OVERALL RANK	**51**

Degree of Service Integration: Average

Governor Matt Blunt Took Office in 2005

Earned Income Tax Credit

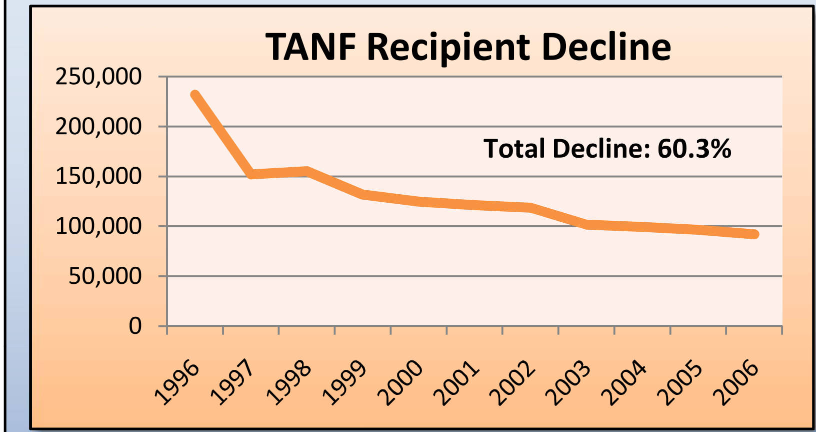
Percent Unclaimed: 71
Money Available: $1.9 Billion

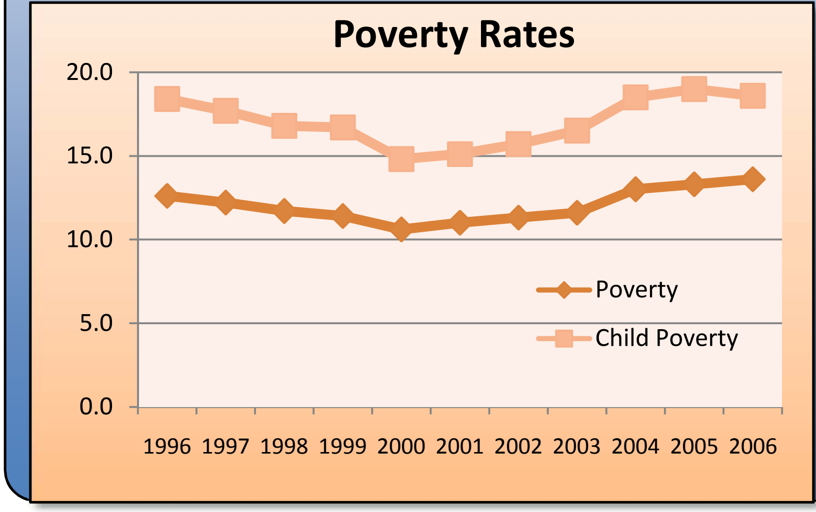
State Budget Information (2005)

MOE Spending:	$110,732,499
Federal Grant:	$258,587,528
$$ per Recipient:	$3,823
TANF Recipients (2005):	96,611
Welfare Employees:	8,698
Recipients per Employee:	11.1

Welfare Reform Results

Rank:42





TANF Recipient Decline	38/100	32
Overall Poverty Rates	15/50	36
Work Participation Rate	6/100	48
Unemployment	26/100	38
Teen Birthrate	46/100	28
Results Rank	**29.4/100**	**42**

Welfare Reform Policies

Rank: 49

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
F	F	F	D	F	F
0/100	0/100	0/100	65/100	40/100	**21.0/100**

Governor Brian Schweitzer Took Office in 2005

Montana

State Rankings	
Anti-Poverty Success Rank	10
Welfare Reform Policies Rank	39
OVERALL RANK	**25**

Degree of Service Integration: Poor

Earned Income Tax Credit

Percent Unclaimed: 74
Money Available: $356,000,000

State Budget Information (2005)

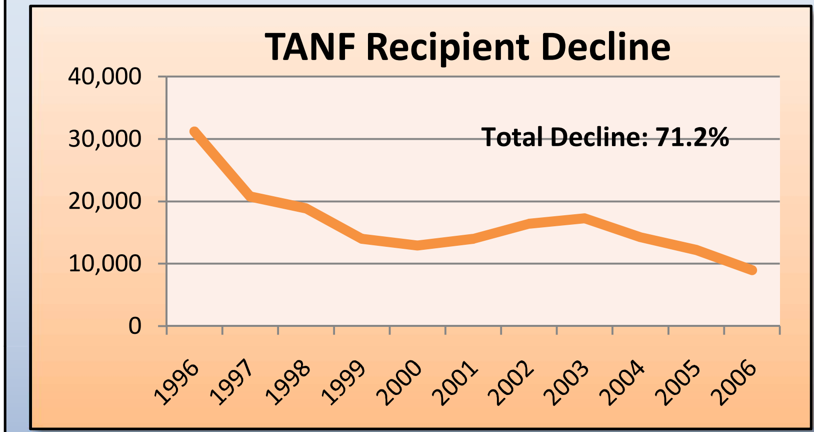
MOE Spending:	$15,641,045
Federal Grant:	$65,277,365
$$ per Recipient:	$6,619
TANF Recipients (2005):	12,224
Welfare Employees:	1,633
Recipients per Employee:	7.5

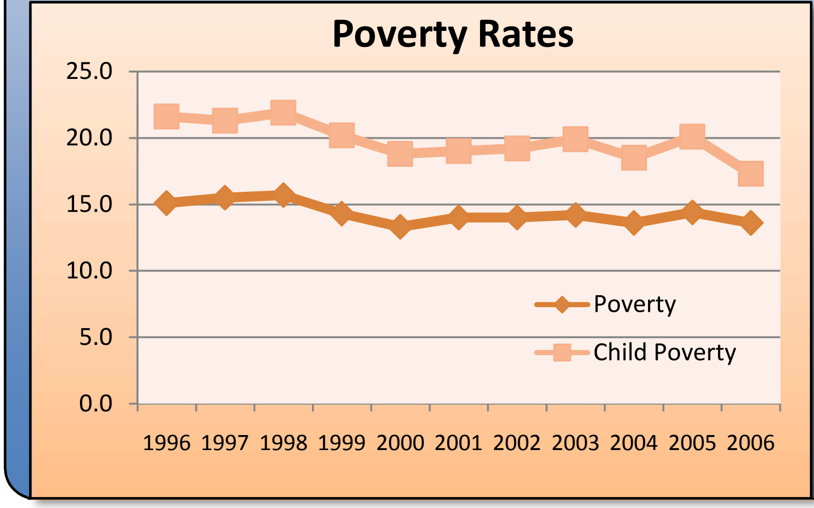
OVERALL
State Rank

25

Welfare Reform Results

Rank: 10





TANF Recipient Decline	64/100	19
Overall Poverty Rates	38/50	13
Work Participation Rate	100/100	1
Unemployment	94/100	4
Teen Birthrate	6/100	48
Results Rank	**68.8/100**	**10**

Welfare Reform Policies

Rank: 39

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
A	F	F	D	F	D-
100/100	0/100	0/100	65/100	40/100	**41.0/100**

Governor Dave Heineman Took Office in 2005

Nebraska

State Rankings	
Anti-Poverty Success Rank	51
Welfare Reform Policies Rank	19
OVERALL RANK	**42**

Degree of Service Integration: Poor

Earned Income Tax Credit

Percent Unclaimed: 77
Money Available: $619,000,000

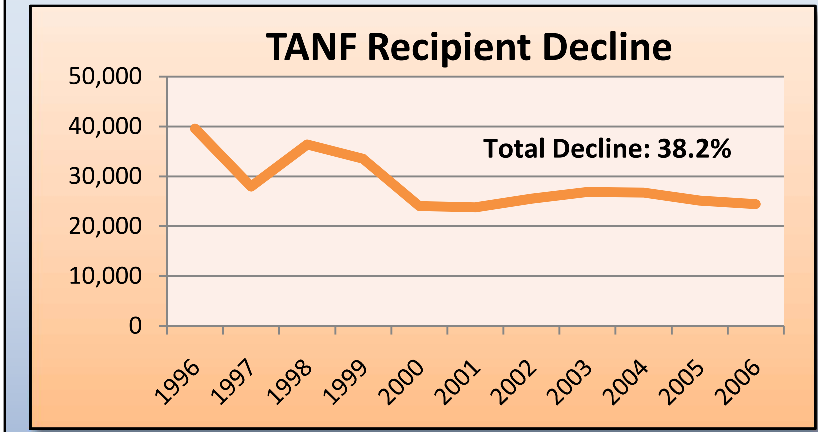
State Budget Information (2005)

MOE Spending:	$23,203,410
Federal Grant:	$65,262,056
$$ per Recipient:	$3,520
TANF Recipients (2005):	25,136
Welfare Employees:	2,512
Recipients per Employee:	10.0

OVERALL
State Rank
42

Welfare Reform Results

Rank: 51



TANF Recipient Decline
6/100
48

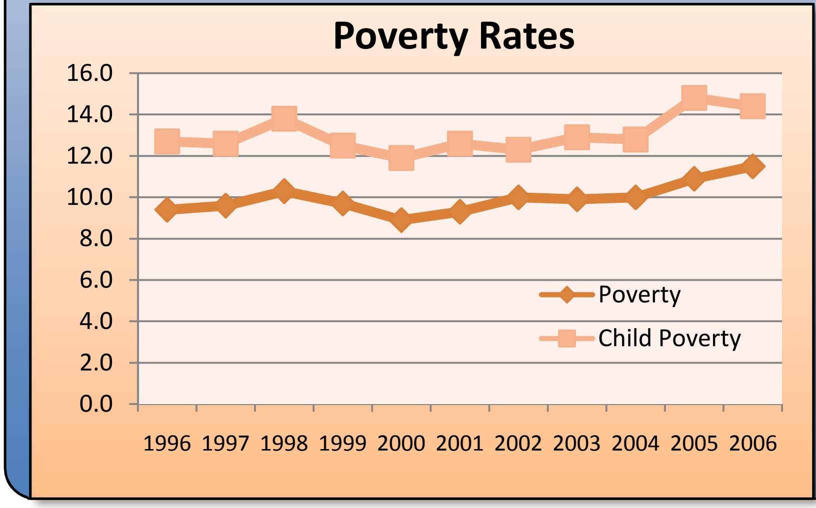
Overall Poverty Rates
2/50
49

Work Participation Rate
40/100
31

Unemployment
22/100
40

Teen Birthrate
10/100
46

Results Rank
16.6/100
51



Welfare Reform Policies

Rank: 18

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
A	**F**	**B**	**D**	**C**	**B-**
100/100	0/100	90/100	65/100	80/100	**67.0/100**

Governor Jim Gibbons Took Office in 2007

Nevada

State Rankings	
Anti-Poverty Success Rank	16
Welfare Reform Policies Rank	34
OVERALL RANK	**21**

Degree of Service Integration: Poor

Earned Income Tax Credit

Percent Unclaimed: 72
Money Available: $694,000,000

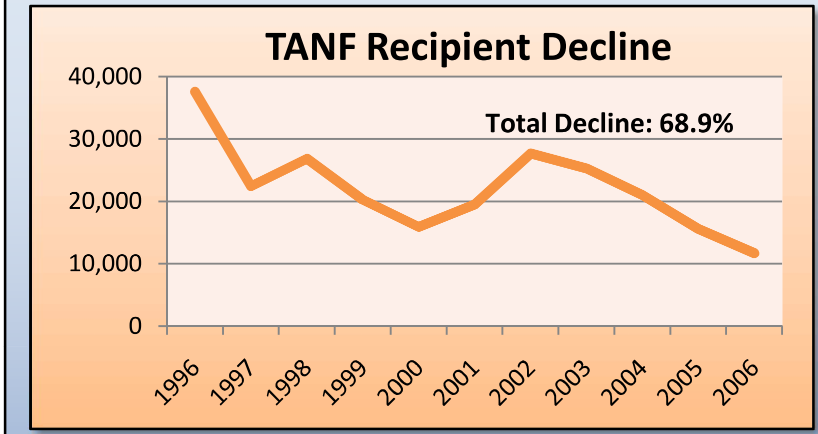
State Budget Information (2005)

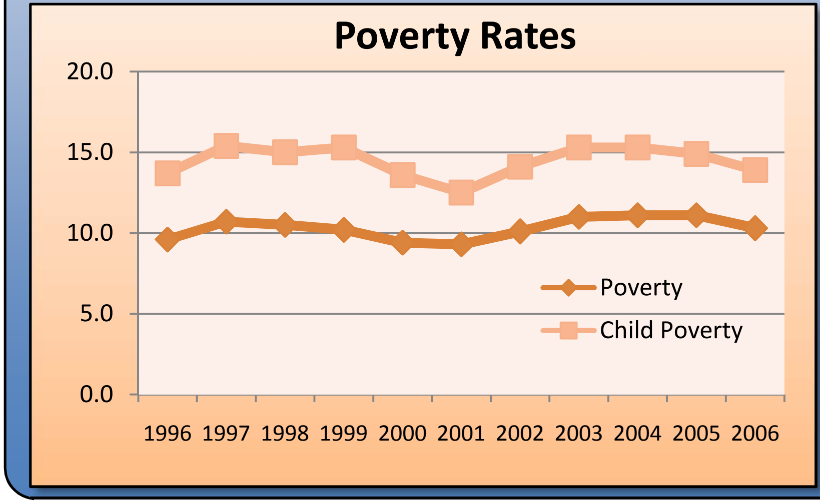
MOE Spending:	$22,397,831
Federal Grant:	$63,856,395
$$ per Recipient:	$5,529
TANF Recipients (2005):	15,601
Welfare Employees:	2,643
Recipients per Employee:	5.9

OVERALL
State Rank
21

Welfare Reform Results

Rank: 16





TANF Recipient Decline
56/100
23

Overall Poverty Rates
17/50
34

Work Participation Rate
78/100
12

Unemployment
54/100
24

Teen Birthrate
98/100
2

Results Rank
64.0/100
16

Welfare Reform Policies

Rank: 34

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
A	**F**	**F**	**D**	**C**	**D**
100/100	0/100	0/100	65/100	80/100	**49.0/100**

New Hampshire

State Rankings	
Anti-Poverty Success Rank	49
Welfare Reform Policies Rank	39
OVERALL RANK	**48**

Degree of Service Integration: Poor

Governor John Lynch Took Office in 2005

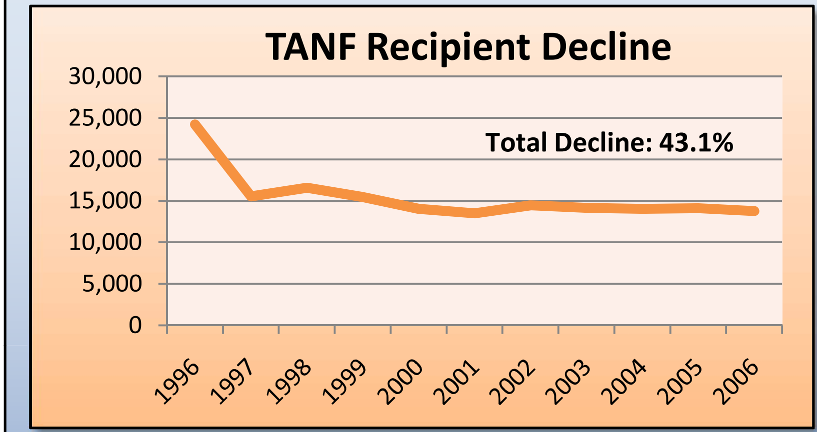
Earned Income Tax Credit
Percent Unclaimed: 81
Money Available: $407,000,000

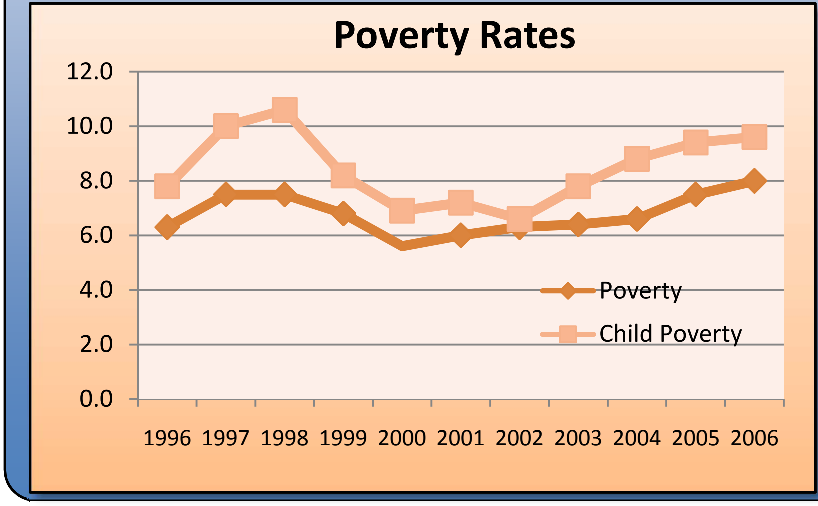
State Budget Information (2005)

MOE Spending:	$31,550,790
Federal Grant:	$88,005,201
$$ per Recipient:	$8,471
TANF Recipients (2005):	14,114
Welfare Employees:	1,506
Recipients per Employee:	9.4

Welfare Reform Results

Rank: 49





TANF Recipient Decline	8/100	47
Overall Poverty Rates	4/50	47
Work Participation Rate	14/100	44
Unemployment	32/100	35
Teen Birthrate	44/100	29
Results Rank	**20.8/100**	**49**

Welfare Reform Policies

Rank: 39

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
A	F	F	D	F	D-
100/100	0/100	0/100	65/100	40/100	**41.0/100**

Governor Jon Corzine Took Office in 2006

New Jersey

State Rankings	
Anti-Poverty Success Rank	23
Welfare Reform Policies Rank	9
OVERALL RANK	**12**

Degree of Service Integration: Poor

Earned Income Tax Credit

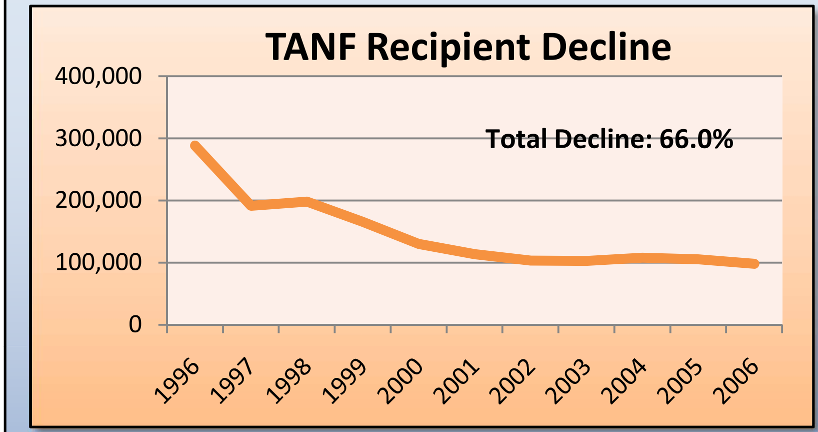
Percent Unclaimed: 75
Money Available: $2.52 Billion

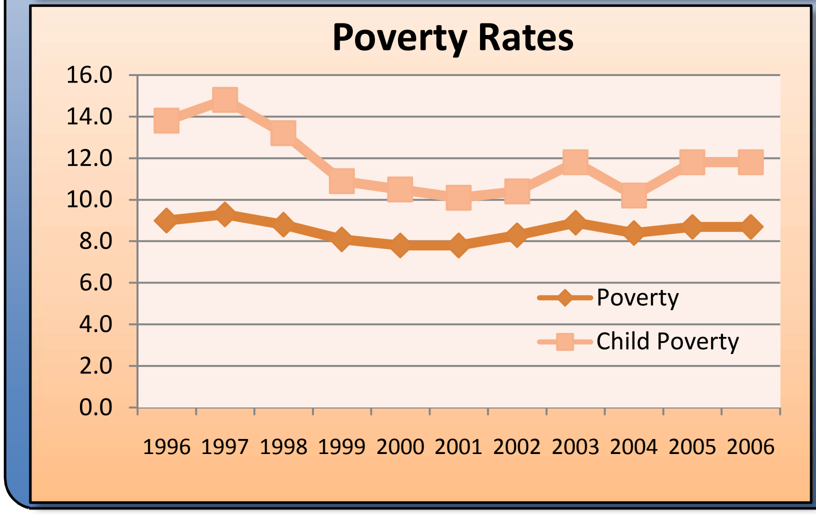
State Budget Information (2005)

MOE Spending:	$455,222,052
Federal Grant:	$544,842,365
$$ per Recipient:	$9,512
TANF Recipients (2005):	105,135
Welfare Employees:	7,565
Recipients per Employee:	13.9

Welfare Reform Results

Rank: 23





TANF Recipient Decline
52/100
25

Overall Poverty Rates
31/50
20

Work Participation Rate
30/100
36

Unemployment
74/100
14

Teen Birthrate
56/100
23

Results Rank
55.0/100
23

Welfare Reform Policies

Rank: 9

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
A	**A**	**B**	**D**	**F**	**A-**
100/100	100/100	90/100	65/100	40/100	**79.0/100**

Governor Bill Richardson Took Office in 2003

New Mexico

State Rankings	
Anti-Poverty Success Rank	18
Welfare Reform Policies Rank	33
OVERALL RANK	**19**

Degree of Service Integration: Poor

Earned Income Tax Credit
Percent Unclaimed: 62
Money Available: &586,000,000

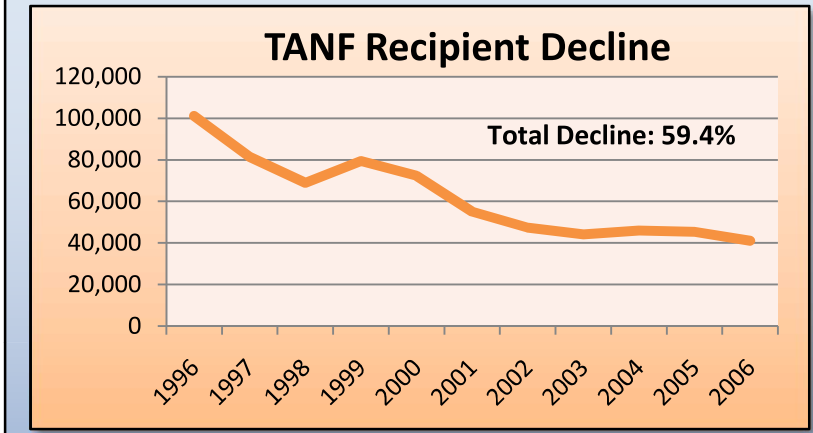
State Budget Information (2005)

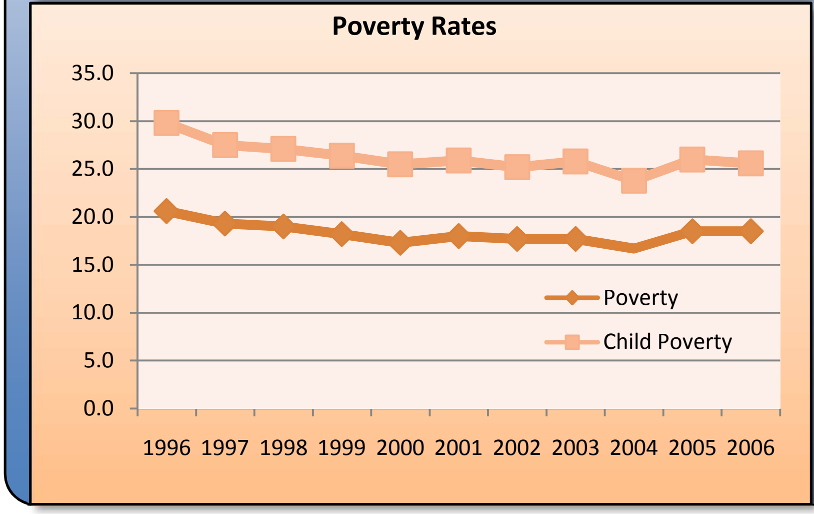
MOE Spending:	$34,931,522
Federal Grant:	$145,817,380
$$ per Recipient:	$3,989
TANF Recipients (2005):	45,314
Welfare Employees:	1,591
Recipients per Employee:	28.5

OVERALL
State Rank
19

Welfare Reform Results

Rank: 18





TANF Recipient Decline
34/100
34

Overall Poverty Rates
46/50
5

Work Participation Rate
66/100
18

Unemployment
98/100
2

Teen Birthrate
30/100
36

Results Rank
63.0/100
18

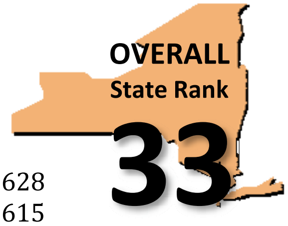
Welfare Reform Policies

Rank: 33

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
C	**A-**	**F**	**D**	**F**	**D**
75/100	90/100	0/100	65/100	40/100	**54.0/100**

New York

Governor David Paterson Took Office in 2008



State Rankings	
Anti-Poverty Success Rank	5
Welfare Reform Policies Rank	47
OVERALL RANK	**33**

Degree of Service Integration: Average

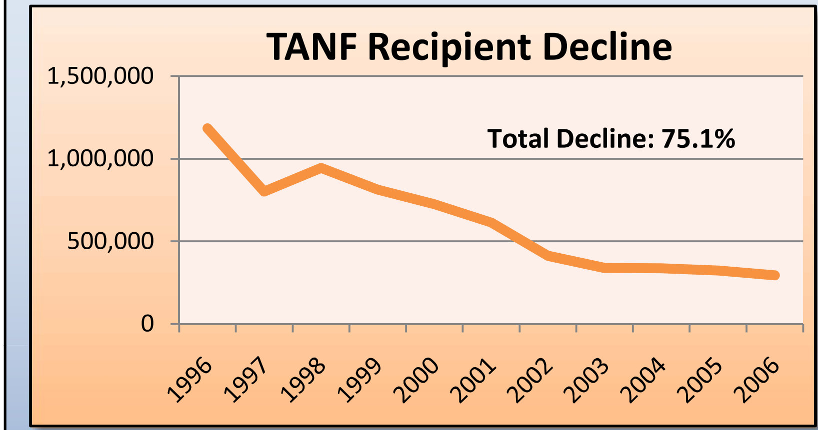
Earned Income Tax Credit:
Percent Unclaimed: 69
Money Available: $5.8 Billion

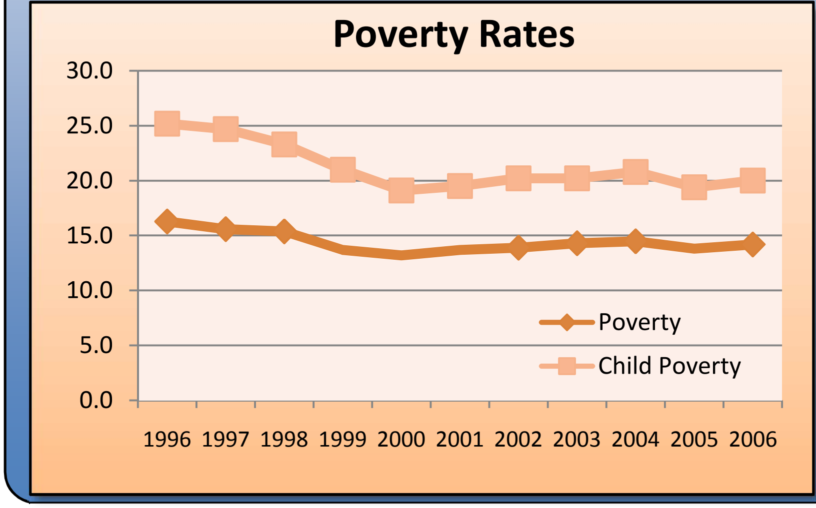
State Budget Information (2005)

MOE Spending:	$718,953,628
Federal Grant:	$2,920,888,615
$$ per Recipient:	$11,264
TANF Recipients (2005):	323,134
Welfare Employees:	6,511
Recipients per Employee:	49.6

Welfare Reform Results

Rank: 5





TANF Recipient Decline	68/100	17
Overall Poverty Rates	46/50	5
Work Participation Rate	54/100	24
Unemployment	92/100	5
Teen Birthrate	70/100	16
Results Rank	**75.6/100**	**5**

Welfare Reform Policies

Rank: 47

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
A	F	F	F	F	F
100/100	0/100	0/100	0/100	40/100	**28.0/100**

Governor Mike Easley Took Office in 2001

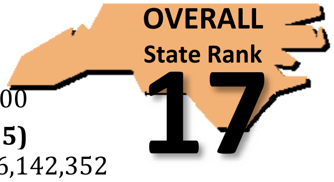
North Carolina

State Rankings	
Anti-Poverty Success Rank	31
Welfare Reform Policies Rank	12
OVERALL RANK	**17**

Degree of Service Integration: Poor

Earned Income Tax Credit

Percent Unclaimed: 66
Money Available: $162,000,000

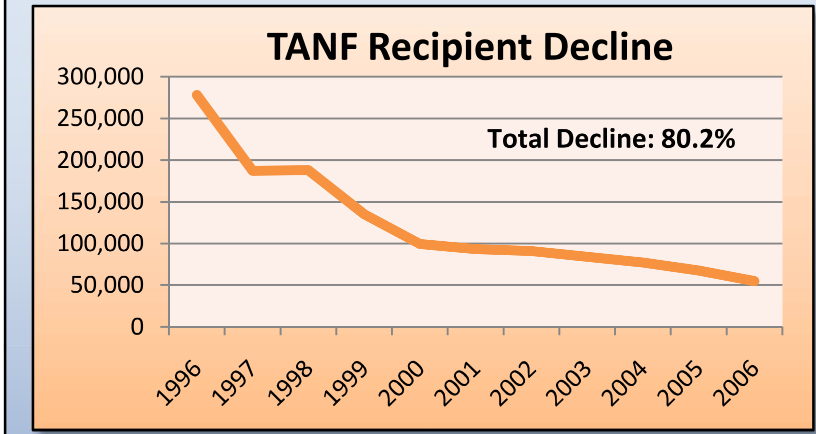


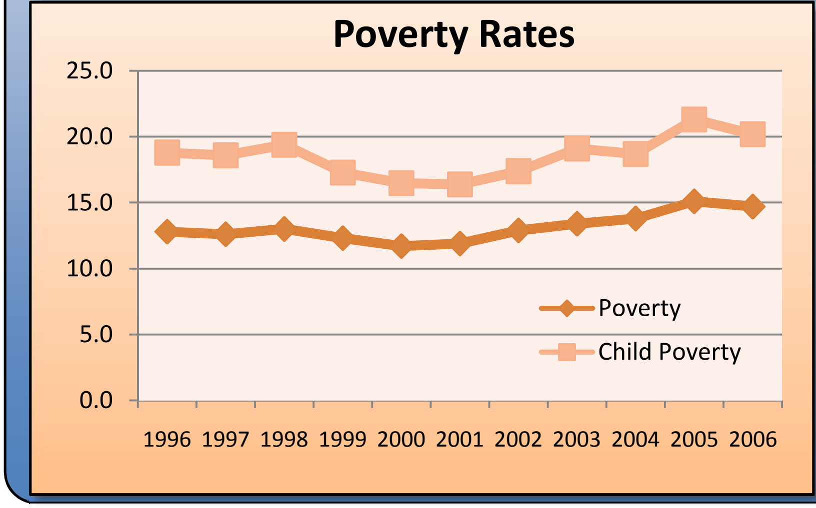
State Budget Information (2005)

MOE Spending:	$196,142,352
Federal Grant:	$400,963,235
$$ per Recipient:	$8,827
TANF Recipients (2005):	67,644
Welfare Employees:	1,992
Recipients per Employee:	34.0

Welfare Reform Results

Rank: 31





TANF Recipient Decline	84/100	9
Overall Poverty Rates	3/50	48
Work Participation Rate	42/100	30
Unemployment	14/100	44
Teen Birthrate	70/100	16
Results Rank	**43.8/100**	**31**

Welfare Reform Policies

Rank: 12

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
C	A	B	D	D	B
75/100	100/100	90/100	65/100	60/100	**78.0/100**

Governor John Hoeven Took Office in 2000

North Dakota

State Rankings	
Anti-Poverty Success Rank	36
Welfare Reform Policies Rank	26
OVERALL RANK	**35**

Degree of Service Integration: Average

Earned Income Tax Credit
Percent Unclaimed: 79
Money Available: $240,000,000

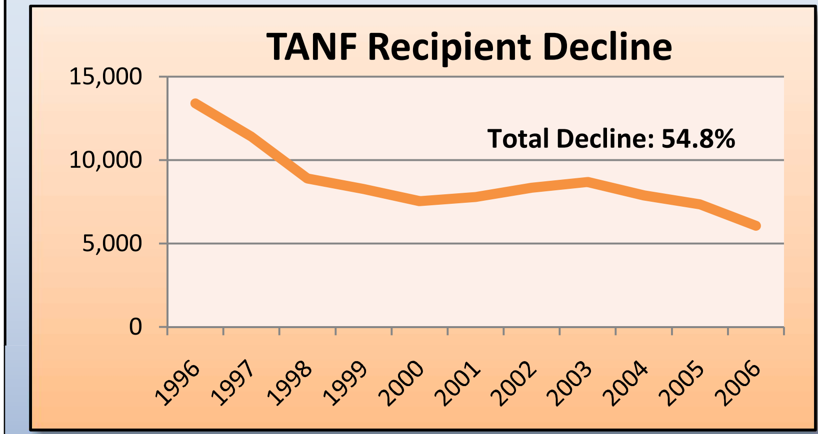
State Budget Information (2005)

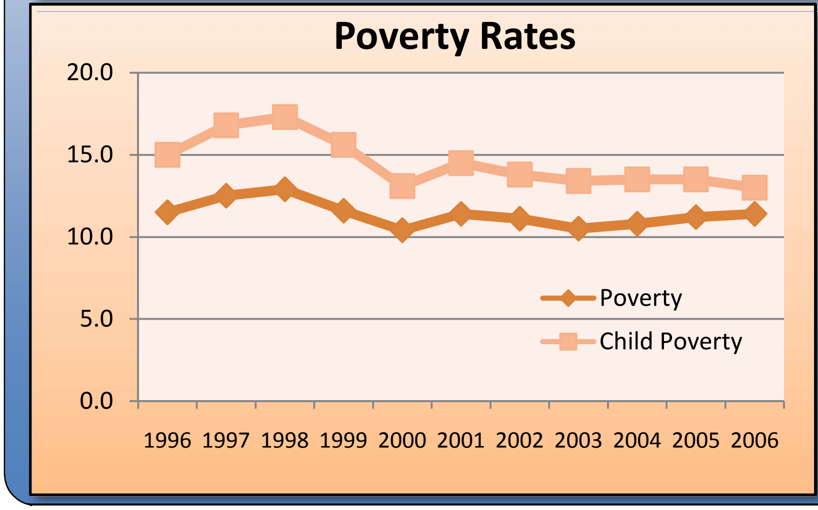
MOE Spending:	$9,069,360
Federal Grant:	$40,152,836
$$ per Recipient:	$6,712
TANF Recipients (2005):	7,334
Welfare Employees:	412
Recipients per Employee:	17.8

OVERALL
State Rank
35

Welfare Reform Results

Rank: 36





TANF Recipient Decline 20/100 **41**

Overall Poverty Rates 28/50 **23**

Work Participation Rate 82/100 **10**

Unemployment 28/100 **37**

Teen Birthrate 2/100 **50**

Results Rank **38.4/100** **36**

Welfare Reform Policies

Rank: 26

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
A	**F**	**B**	**D**	**F**	**C**
100/100	0/100	90/100	65/100	40/100	**59.0/100**

Ohio

Governor Ted Strickland Took Office in 2007

OVERALL
State Rank
22

State Rankings	
Anti-Poverty Success Rank	33
Welfare Reform Policies Rank	17
OVERALL RANK	22

Degree of Service Integration: Average

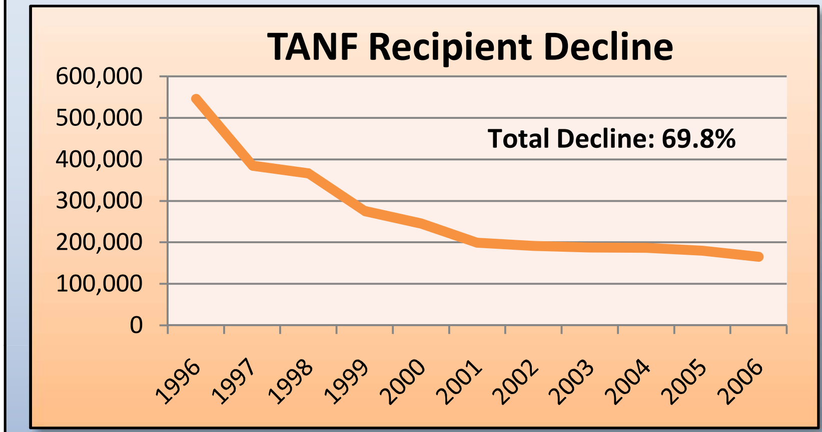
Earned Income Tax Credit
Percent Unclaimed: 75
Money Available: $4.14 Billion

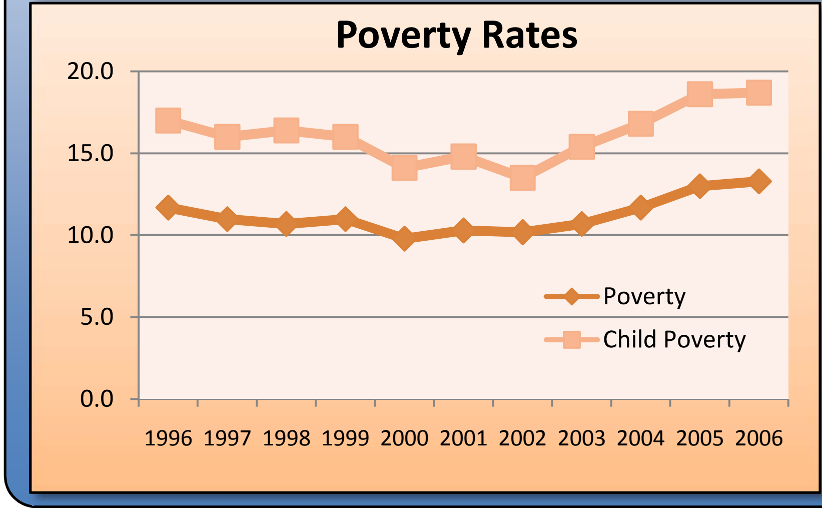
State Budget Information (2005)

MOE Spending:	$390,201,023
Federal Grant:	$1,563,637,119
$$ per Recipient:	$10,890
TANF Recipients (2005):	179,422
Welfare Employees:	3,105
Recipients per Employee:	57.8

Welfare Reform Results

Rank: 33





TANF Recipient Decline
60/100
21

Overall Poverty Rates
5/50
46

Work Participation Rate
88/100
7

Unemployment
10/100
46

Teen Birthrate
50/100
26

Results Rank
43.4/100
33

Welfare Reform Policies

Rank: 16

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
A	**A**	**F**	**D**	**C**	**B**
100/100	100/100	0/100	65/100	80/100	**69.0/100**

Oklahoma

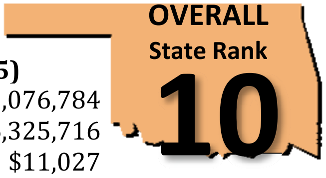
State Rankings	
Anti-Poverty Success Rank	25
Welfare Reform Policies Rank	4
OVERALL RANK	**10**

Degree of Service Integration: Poor

Governor Brad Henry Took Office in 2003

Earned Income Tax Credit

Percent Unclaimed: 66
Money Available: $1.1 Billion

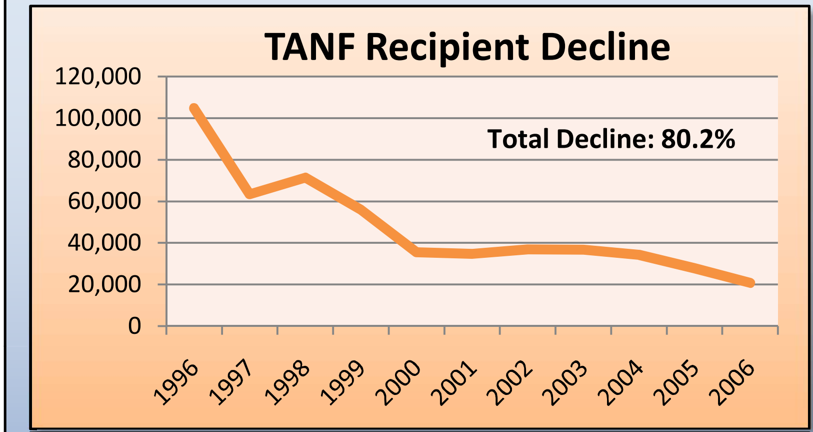


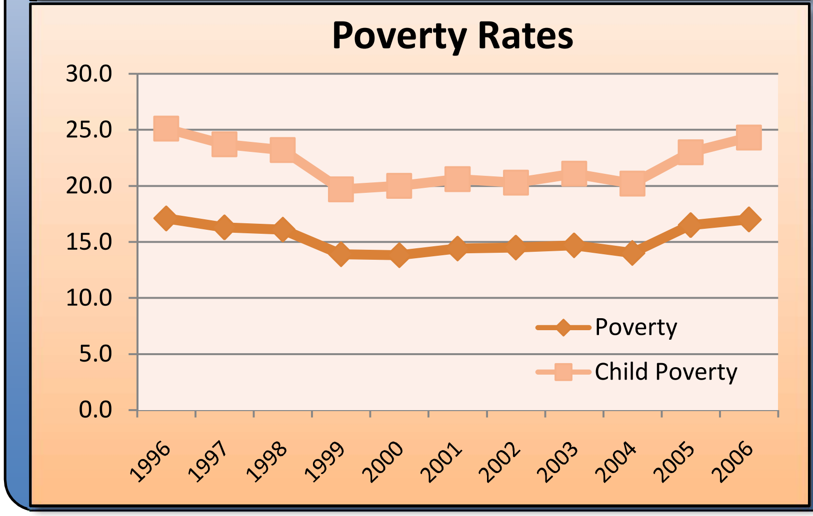
State Budget Information (2005)

MOE Spending:	$61,076,784
Federal Grant:	$246,325,716
$$ per Recipient:	$11,027
TANF Recipients (2005):	27,876
Welfare Employees:	5,949
Recipients per Employee:	4.7

Welfare Reform Results

Rank: 25





TANF Recipient Decline
86/100
8

Overall Poverty Rates
29/50
22

Work Participation Rate
44/100
29

Unemployment
48/100
27

Teen Birthrate
32/100
35

Results Rank
52.2/100
25

Welfare Reform Policies

Rank: 4

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
A	**A-**	**B**	**D**	**C**	**A**
100/100	90/100	90/100	65/100	80/100	**85.0/100**

Oregon

State Rankings	
Anti-Poverty Success Rank	35
Welfare Reform Policies Rank	35
OVERALL RANK	**40**

Degree of Service Integration: Good

Governor Ted Kulongoski Took Office in 2003

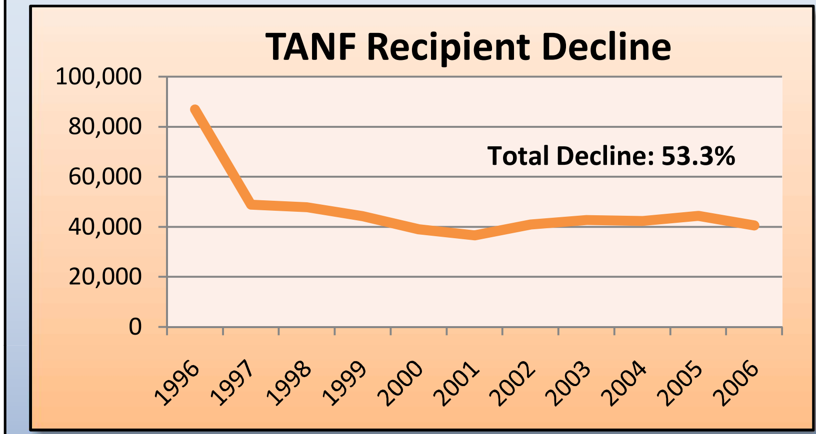
Earned Income Tax Credit
Percent Unclaimed: 75
Money Available: $1.1 Billion

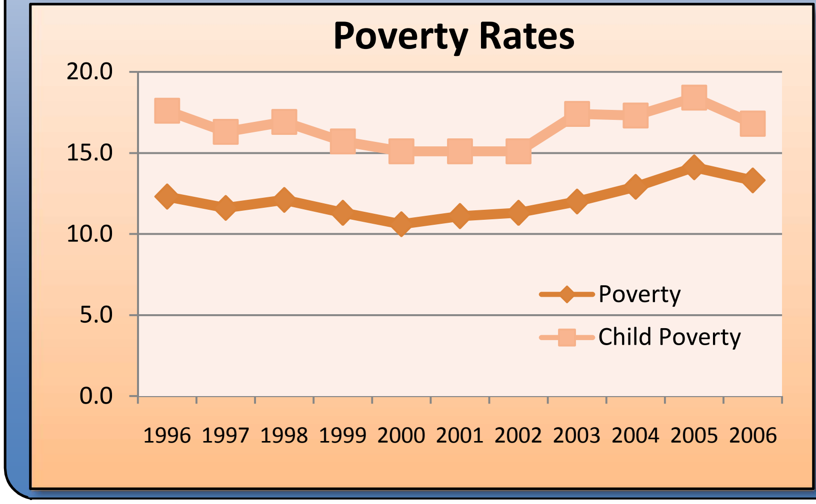
State Budget Information (2005)

MOE Spending:	$91,636,299
Federal Grant:	$214,013,628
$$ per Recipient:	$6,879
TANF Recipients (2005):	44,432
Welfare Employees:	6,022
Recipients per Employee:	7.4

Welfare Reform Results

Rank: 35





TANF Recipient Decline
16/100
43

Overall Poverty Rates
15/50
36

Work Participation Rate
2/100
50

Unemployment
46/100
28

Teen Birthrate
92/100
5

Results Rank
38.6/100
35

Welfare Reform Policies

Rank: 35

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	Policies Grade (curved)
A	**A**	**F**	**F**	**F**	**D**
100/100	100/100	0/100	0/100	40/100	**48.0/100**

Governor Ed Rendell Took Office in 2003

Pennsylvania

State Rankings	
Anti-Poverty Success Rank	38
Welfare Reform Policies Rank	39
OVERALL RANK	**44**

Degree of Service Integration: Poor

Earned Income Tax Credit
Percent Unclaimed: 76
Money Available: $4.1 Billion

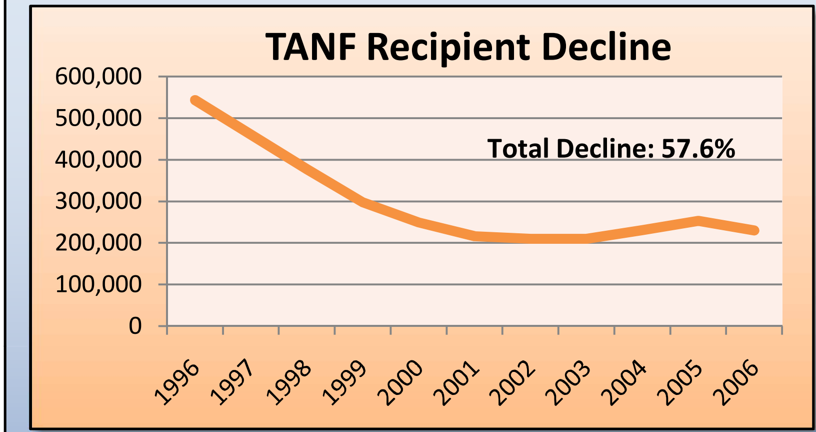
State Budget Information (2005)

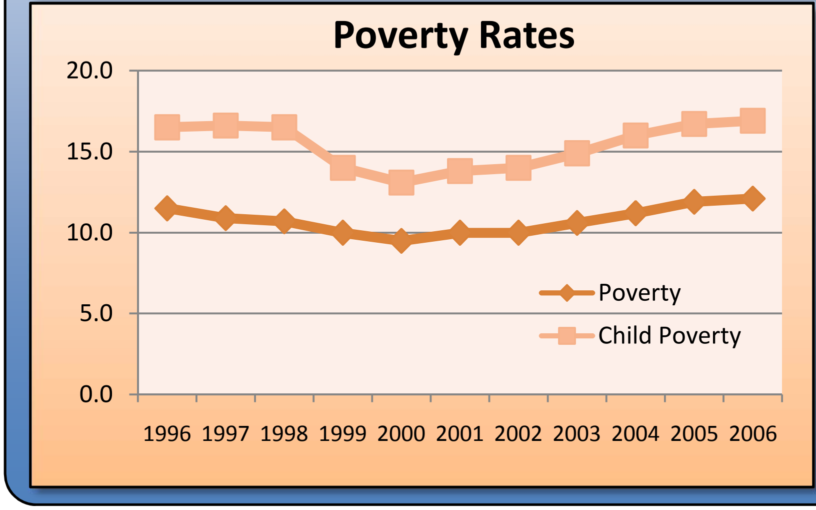
MOE Spending:	$407,125,600
Federal Grant:	$930,251,544
$$ per Recipient:	$5,279
TANF Recipients (2005):	253,352
Welfare Employees:	12,563
Recipients per Employee:	20.2

OVERALL
State Rank
44

Welfare Reform Results

Rank: 38


TANF Recipient Decline


Poverty Rates

TANF Recipient Decline
32/100
35

Overall Poverty Rates
20/50
31

Work Participation Rate
20/100
41

Unemployment
60/100
21

Teen Birthrate
26/100
38

Results Rank
34.4/100
38

Welfare Reform Policies

Rank: 39

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
A	**F**	**F**	**D**	**F**	**D-**
100/100	0/100	0/100	65/100	40/100	**41.0/100**

Governor Donald Carcieri Took Office in 2003

Rhode Island

State Rankings	
Anti-Poverty Success Rank	34
Welfare Reform Policies Rank	49
OVERALL RANK	**47**

Degree of Service Integration: Poor

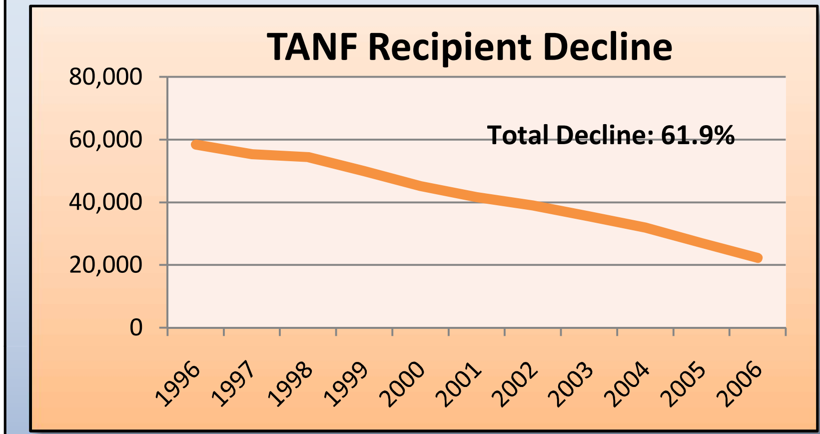
Earned Income Tax Credit
Percent Unclaimed: 76
Money Avaible: $351,000,000

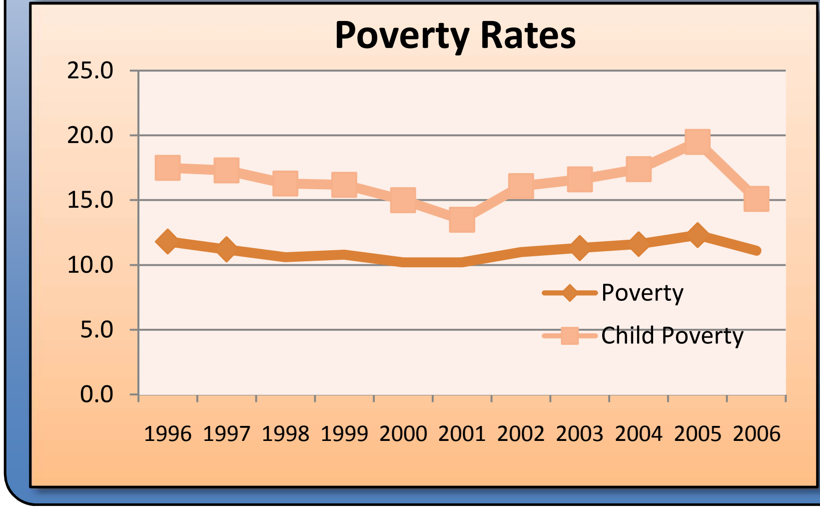
State Budget Information (2005)

MOE Spending:	$69,590,549
Federal Grant:	$97,882,652
$$ per Recipient:	$6,199
TANF Recipients (2005):	27,017
Welfare Employees:	1,506
Recipients per Employee:	17.9

Welfare Reform Results

Rank: 34





TANF Recipient Decline
46/100
28

Overall Poverty Rates
37/50
14

Work Participation Rate
16/100
43

Unemployment
44/100
29

Teen Birthrate
26/100
38

Results Rank
41.0/100
34

Welfare Reform Policies

Rank: 49

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
F	**F**	**F**	**D**	**F**	**F**
0/100	0/100	0/100	65/100	40/100	**21.0/100**

Governor Mark Sanford Took Office in 2003

South Carolina

State Rankings	
Anti-Poverty Success Rank	30
Welfare Reform Policies Rank	31
OVERALL RANK	**34**

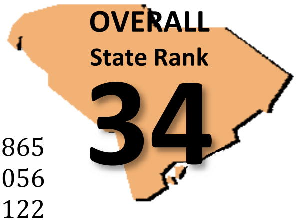
Degree of Service Integration: Good

Earned Income Tax Credit

Percent Unclaimed: 62
Money Available: $1.3 Billion

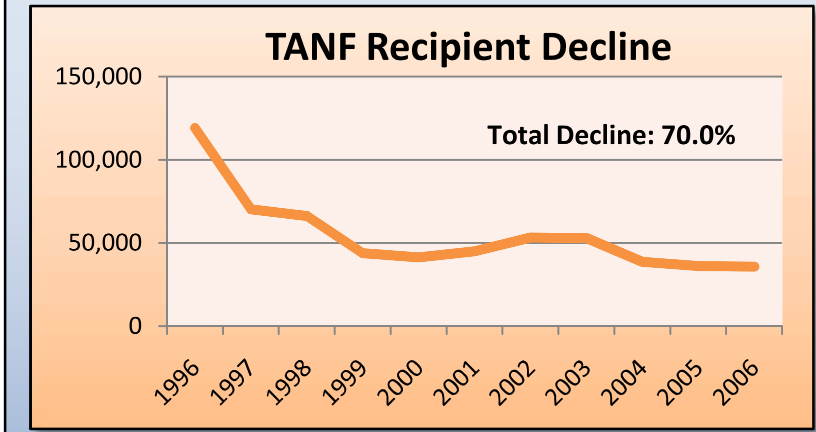
State Budget Information (2005)

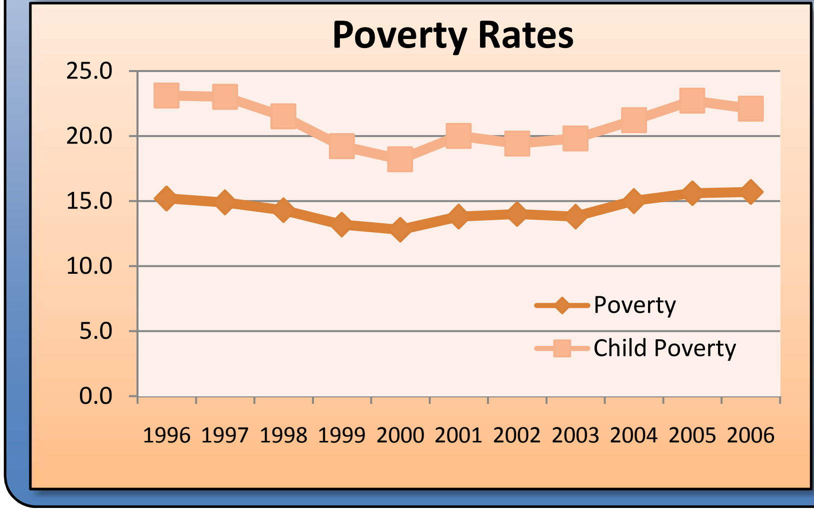
MOE Spending:	$58,243,865
Federal Grant:	$126,503,056
$$ per Recipient:	$5,122
TANF Recipients (2005):	36,069
Welfare Employees:	4,447
Recipients per Employee:	8.1



Welfare Reform Results

Rank: 30





TANF Recipient Decline 62/100 **20**

Overall Poverty Rates 21/50 **30**

Work Participation Rate 80/100 **11**

Unemployment 2/100 **50**

Teen Birthrate 34/100 **34**

Results Rank **44.4/100** **30**

Welfare Reform Policies

Rank: 31

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
A	**F**	**D**	**D**	**C**	**D+**
100/100	0/100	30/100	65/100	80/100	**55.0/100**

Governor Mike Rounds Took Office in 2003

South Dakota

State Rankings	
Anti-Poverty Success Rank	28
Welfare Reform Policies Rank	26
OVERALL RANK	**31**

Degree of Service Integration: Poor

Earned Income Tax Credit
Percent Unclaimed: 75
Money Available: $274,000,000

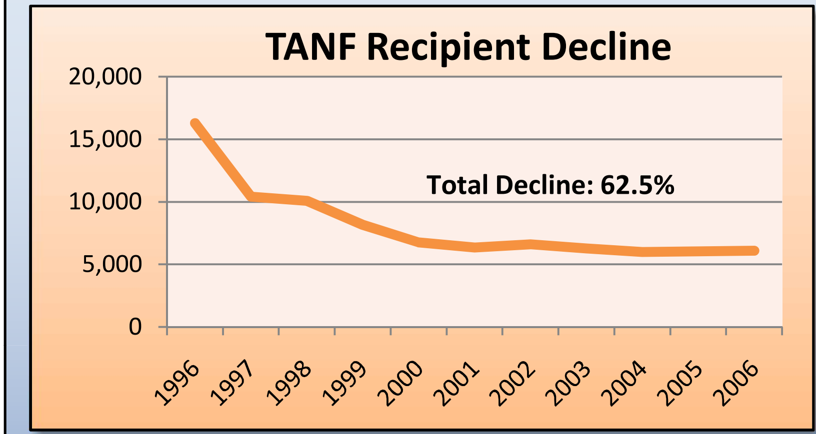
State Budget Information (2005)

MOE Spending:	$8,540,000
Federal Grant:	$44,600,725
$$ per Recipient:	$8,770
TANF Recipients (2005):	6,059
Welfare Employees:	1,081
Recipients per Employee:	5.6

OVERALL
State Rank

Welfare Reform Results

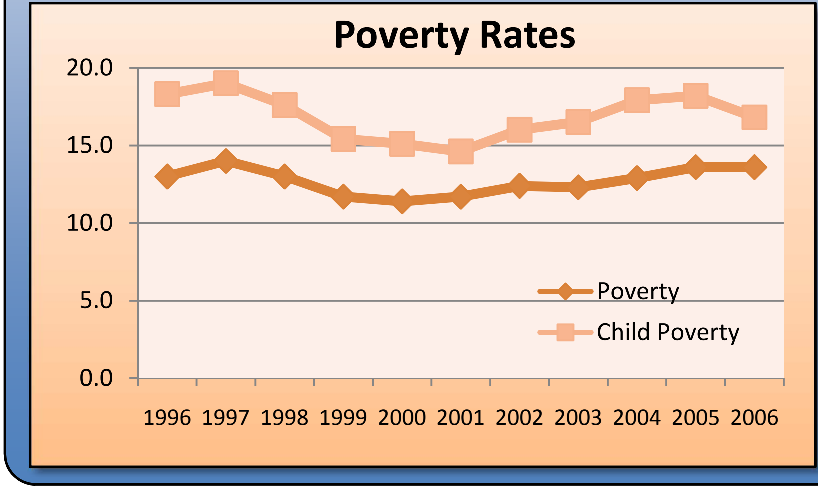
Rank: 28



TANF Recipient Decline
48/100
27

Overall Poverty Rates
20/50
31

Work Participation Rate
92/100
5



Unemployment
36/100
33

Teen Birthrate
4/100
49

Results Rank
45.4/100
28

Welfare Reform Policies

Rank: 26

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	Policies Grade (curved)
A	**A-**	**F**	**D**	**F**	**C**
100/100	90/100	0/100	65/100	40/100	**59.0/100**

Governor Phil Bredesen Took Office in 2003

Tennessee

State Rankings	
Anti-Poverty Success Rank	37
Welfare Reform Policies Rank	19
OVERALL RANK	**30**

Degree of Service Integration: Average

Earned Income Tax Credit
Percent Unclaimed: 65
Money Available: $1.9 Billion

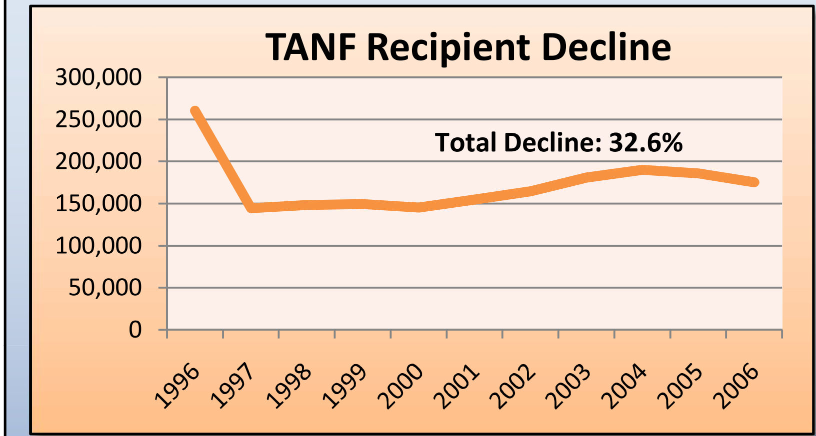
State Budget Information (2005)

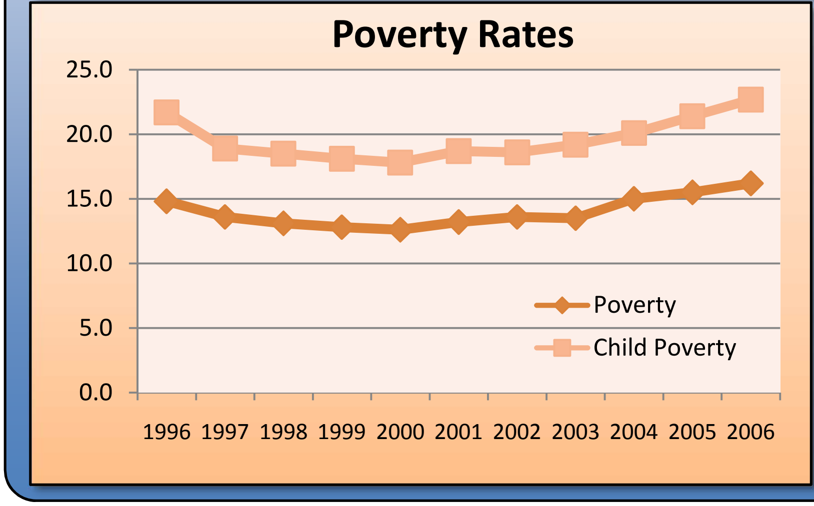
MOE Spending:	$134,329,382
Federal Grant:	$281,641,123
$$ per Recipient:	$2,236
TANF Recipients (2005):	186,025
Welfare Employees:	6,335
Recipients per Employee:	29.4

OVERALL

Welfare Reform Results

Rank: 37





TANF Recipient Decline	2/100	50
Overall Poverty Rates	9/50	42
Work Participation Rate	90/100	6
Unemployment	42/100	30
Teen Birthrate	36/100	33
Results Rank	**37.6/100**	**37**

Welfare Reform Policies

Rank: 18

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
A	F	B	D	C	B-
100/100	0/100	90/100	65/100	80/100	**67.0/100**

Texas

Governor Rick Perry Took Office in 2000

Earned Income Tax Credit
Percent Unclaimed: 61
Money Available: $7 Billion

State Rankings	
Anti-Poverty Success Rank	14
Welfare Reform Policies Rank	23
OVERALL RANK	**13**

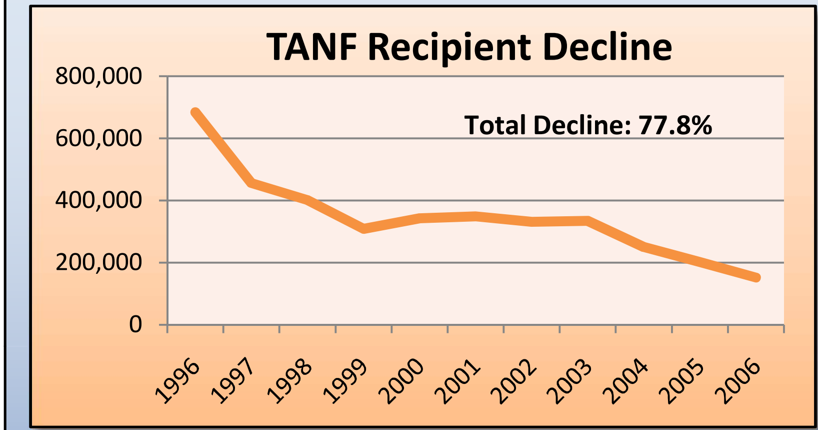
State Budget Information (2005)

MOE Spending:	$359,860,081
Federal Grant:	$724,374,478
$$ per Recipient:	$5,384
TANF Recipients (2005):	201,365
Welfare Employees:	19,227
Recipients per Employee:	10.5

Degree of Service Integration: Average

Welfare Reform Results

Rank: 14



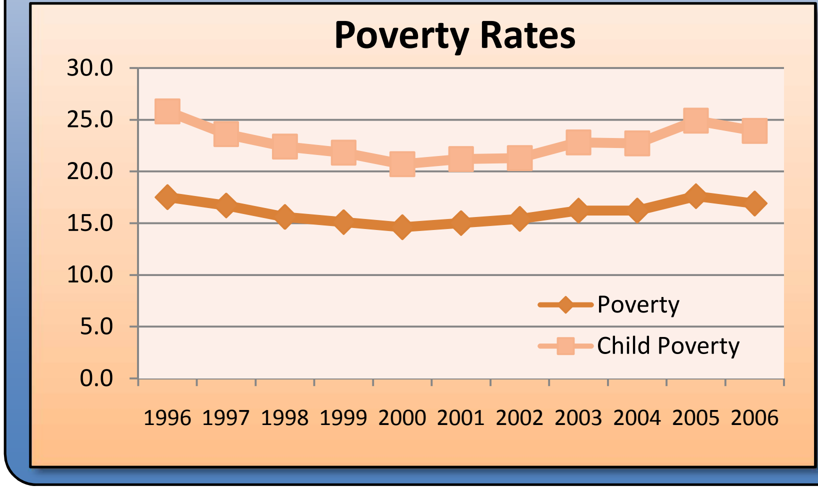
TANF Recipient Decline
76/100
13

Overall Poverty Rates
34/50
17

Work Participation Rate
64/100
19

Unemployment
70/100
16

Teen Birthrate
54/100
24



Results Rank
65.4/100
14

Welfare Reform Policies

Rank: 23

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
A	**A**	**F**	**D**	**F**	**C**
100/100	100/100	0/100	65/100	40/100	**61.0/100**

Utah

Governor Jon Huntsman, Jr. Took Office in 2005

State Rankings	
Anti-Poverty Success Rank	29
Welfare Reform Policies Rank	23
OVERALL RANK	**28**

Degree of Service Integration: Average

Earned Income Tax Credit

Percent Unclaimed: 75
Money Available: $726,000,000

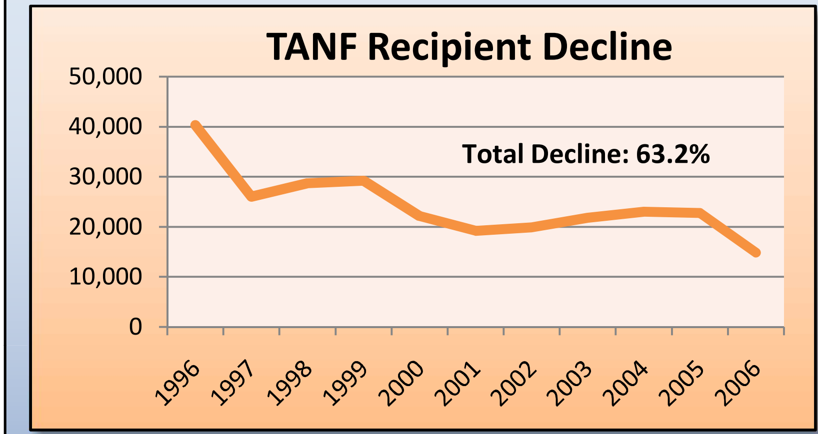
State Budget Information (2005)

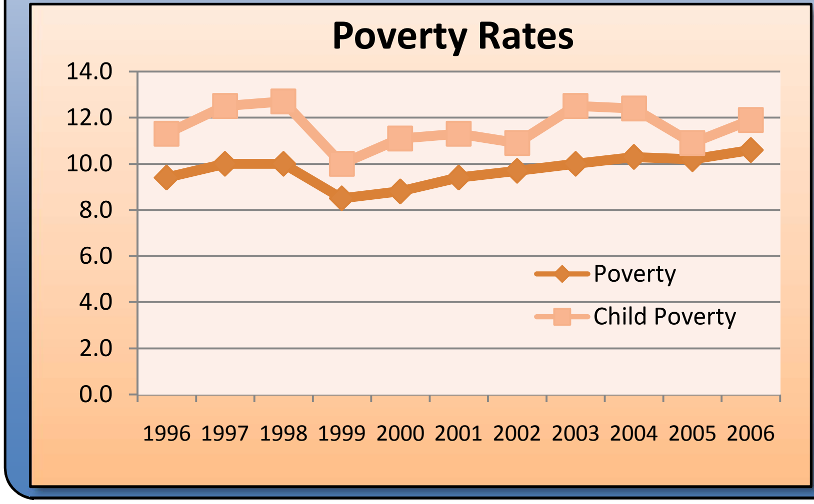
MOE Spending:	$24,371,824
Federal Grant:	$130,515,180
$$ per Recipient:	$6,806
TANF Recipients (2005):	22,758
Welfare Employees:	3,370
Recipients per Employee:	6.8

OVERALL
State Rank
28

Welfare Reform Results

Rank: 29





TANF Recipient Decline	50/100	26
Overall Poverty Rates	12/50	39
Work Participation Rate	68/100	17
Unemployment	56/100	23
Teen Birthrate	26/100	38
Results Rank	**44.6/100**	**29**

Welfare Reform Policies

Rank: 23

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
A	A-	F	C	F	C
100/100	90/100	0/100	75/100	40/100	**61.0/100**

Vermont

Governor Jim Douglas Took Office in 2003

State Rankings	
Anti-Poverty Success Rank	32
Welfare Reform Policies Rank	51
OVERALL RANK	**50**

Degree of Service Integration: Poor

Earned Income Tax Credit

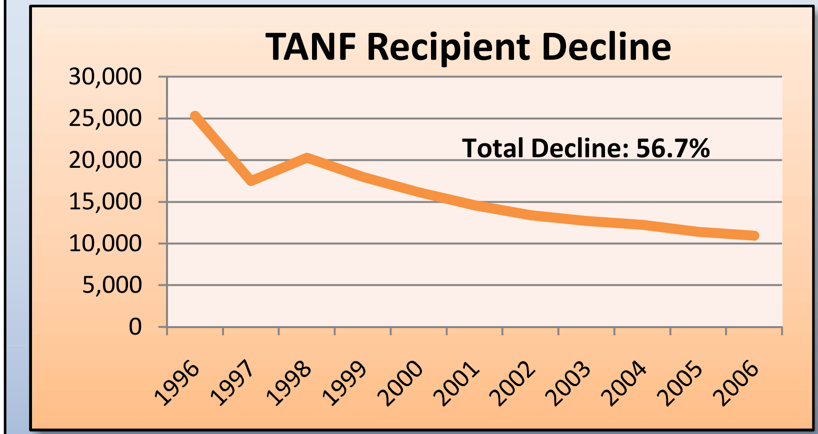
Percent Unclaimed: 79
Money Available: $213,000,000

State Budget Information (2005)

MOE Spending:	$21,712,323
Federal Grant:	$48,471,859
$$ per Recipient:	$6,150
TANF Recipients (2005):	11,412
Welfare Employees:	1,254
Recipients per Employee:	9.1

Welfare Reform Results

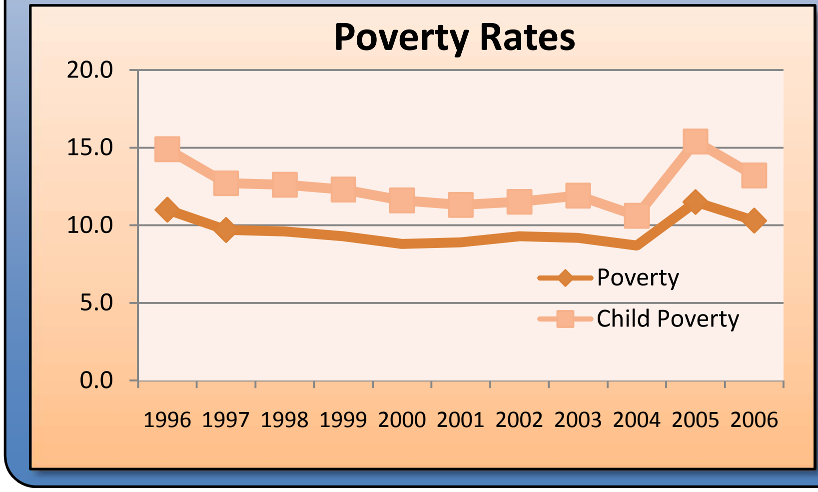
Rank: 32



TANF Recipient Decline
26/100
38

Overall Poverty Rates
36/50
15

Work Participation Rate
12/100
45



Unemployment
62/100
20

Teen Birthrate
54/100
24

Results Rank
43.6/100
32

Welfare Reform Policies

Rank: 51

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
F	**F**	**F**	**F**	**F**	**F**
0/100	0/100	0/100	0/100	40/100	**8.0/100**

Virginia

State Rankings	
Anti-Poverty Success Rank	4
Welfare Reform Policies Rank	8
OVERALL RANK	**5**

Degree of Service Integration: Average

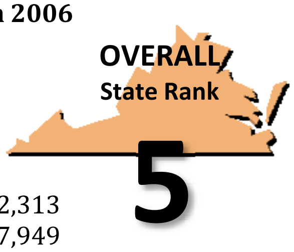
Governor Tim Kaine Took Office in 2006

Earned Income Tax Credit

Percent Unclaimed: 72
Money Available: $2.2 Billion

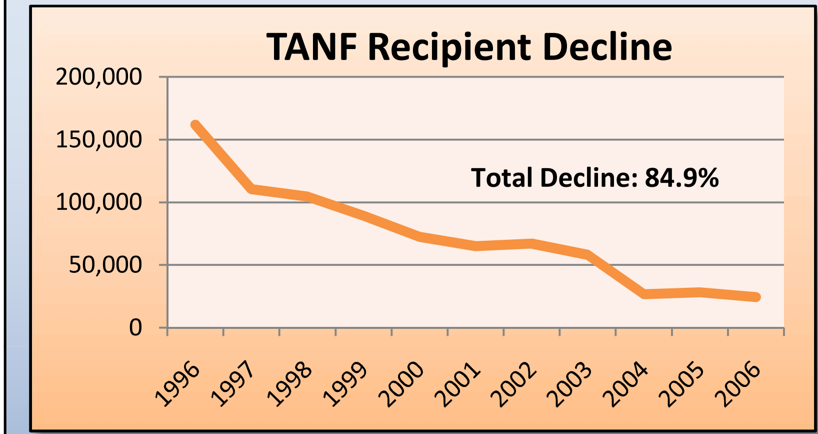
State Budget Information (2005)

MOE Spending:	$73,252,313
Federal Grant:	$180,187,949
$$ per Recipient:	$8,974
TANF Recipients (2005):	28,241
Welfare Employees:	2,433
Recipients per Employee:	11.6

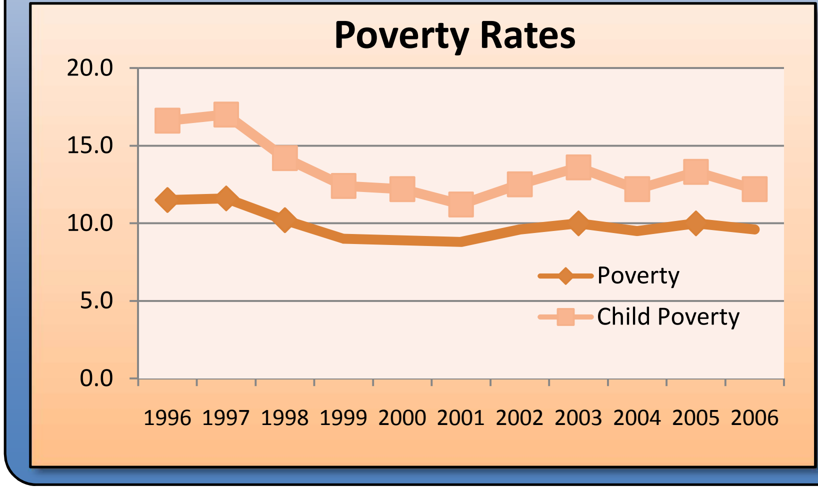


Welfare Reform Results

Rank: 4



TANF Recipient Decline	88/100	7
Overall Poverty Rates	43/50	8
Work Participation Rate	86/100	8
Unemployment	74/100	14
Teen Birthrate	48/100	27



Results Grade
(curved)
76.4/100
4

Welfare Reform Policies

Rank: 8

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
C	A-	B	D	C	A-
75/100	90/100	90/100	65/100	80/100	**80.0/100**

Governor Christine Gregoire Took Office in 2005

Washington

State Rankings	
Anti-Poverty Success Rank	27
Welfare Reform Policies Rank	26
OVERALL RANK	**26**

Degree of Service Integration: Average

Earned Income Tax Credit

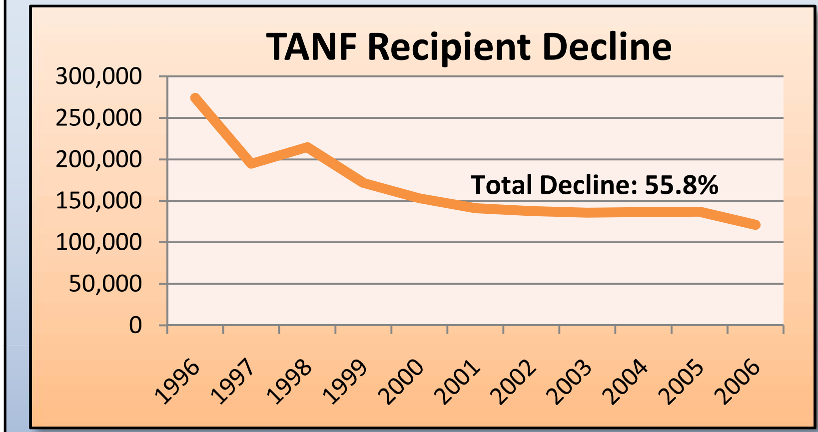
Percent Unclaimed: 76
Money Available: $1.9 Billion

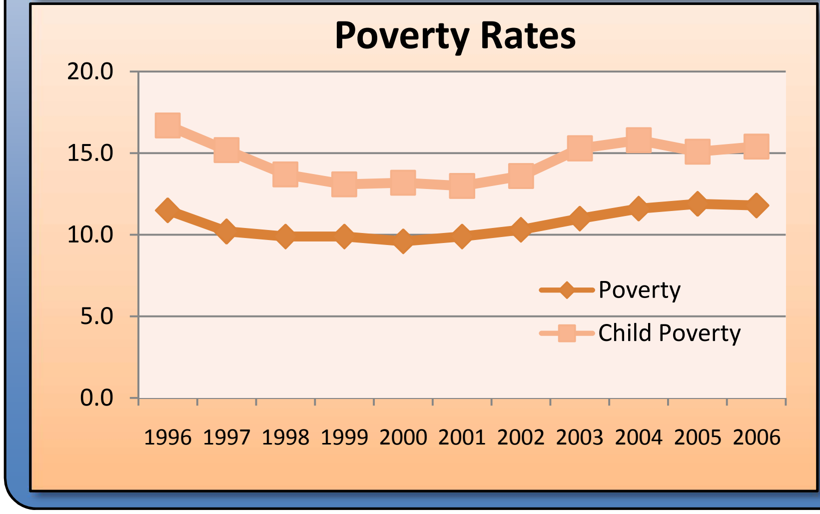
State Budget Information (2005)

MOE Spending:	$255,744,142
Federal Grant:	$396,141,293
$$ per Recipient:	$4,762
TANF Recipients (2005):	136,882
Welfare Employees:	10,589
Recipients per Employee:	12.9

Welfare Reform Results

Rank: 27





TANF Recipient Decline
24/100
39

Overall Poverty Rates
25/50
26

Work Participation Rate
48/100
27

Unemployment
40/100
31

Teen Birthrate
86/100
8

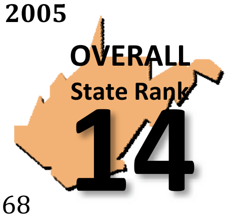
Results Rank
49.6/100
27

Welfare Reform Policies

Rank: 26

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
A	**A-**	**F**	**D**	**F**	**C**
100/100	90/100	0/100	65/100	40/100	**59.0/100**

Governor Joe Manchin Took Office in 2005



West Virginia

State Rankings	
Anti-Poverty Success Rank	19
Welfare Reform Policies Rank	22
OVERALL RANK	**14**

Earned Income Tax Credit

Percent Unclaimed: 69
Money Available: $550,000,000

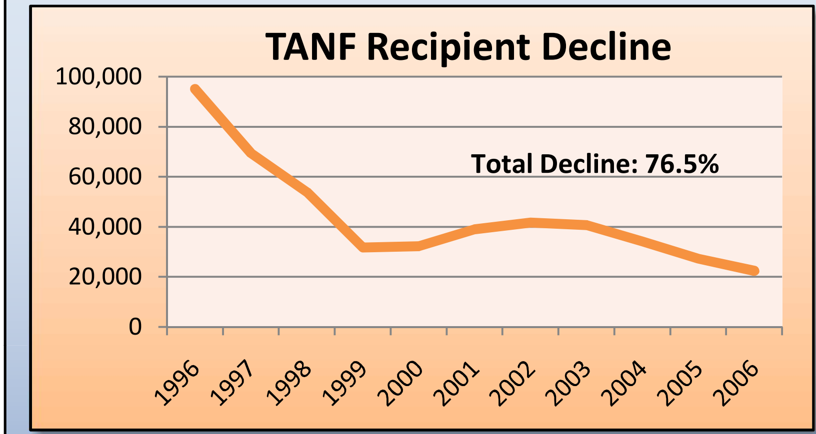
State Budget Information (2005)

MOE Spending:	$29,505,068
Federal Grant:	$114,141,440
$$ per Recipient:	$5,278
TANF Recipients (2005):	27,218
Welfare Employees:	3,330
Recipients per Employee:	8.2

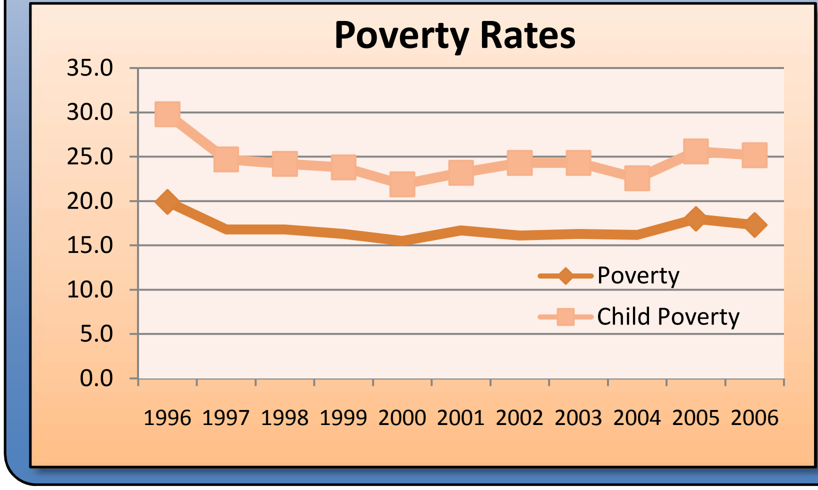
Degree of Service Integration: Good

Welfare Reform Results

Rank: 19



TANF Recipient Decline	72/100	15
Overall Poverty Rates	49/50	2
Work Participation Rate	22/100	40
Unemployment	90/100	6
Teen Birthrate	26/100	38
Results Rank	**60.6/100**	**19**



Welfare Reform Policies

Rank: 22

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
A	A-	F	D	D	C
100/100	90/100	0/100	65/100	60/100	**63.0/100**

Wisconsin

State Rankings	
Anti-Poverty Success Rank	43
Welfare Reform Policies Rank	7
OVERALL RANK	**24**

Degree of Service Integration: Good

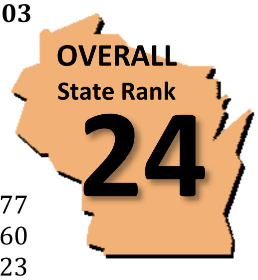
Governor Jim Doyle Took Office in 2003

Earned Income Tax Credit

Percent Unclaimed: 79
Money Available: $1.8 Billion

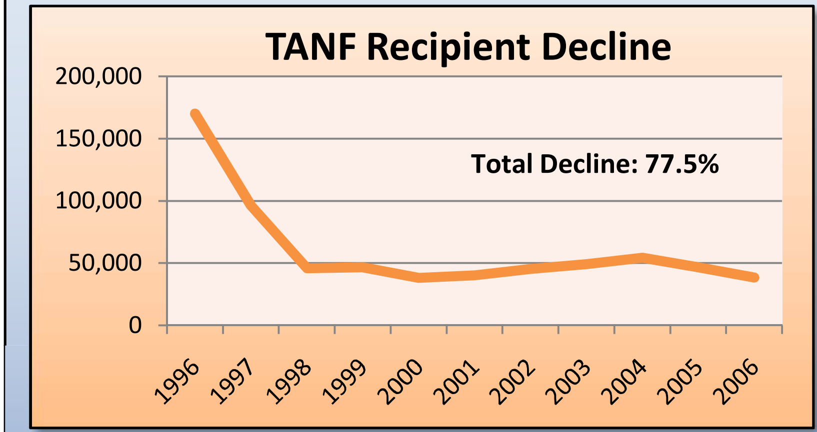
State Budget Information (2005)

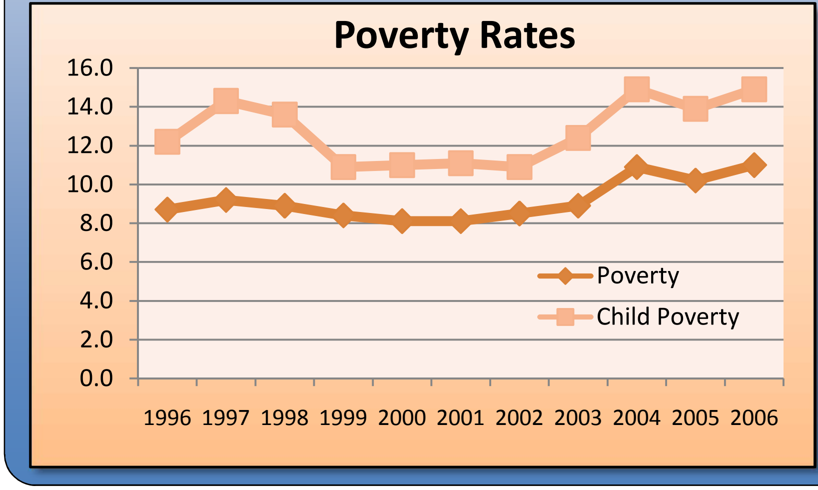
MOE Spending:	$174,913,877
Federal Grant:	$343,519,760
$$ per Recipient:	$11,123
TANF Recipients (2005):	46,609
Welfare Employees:	1,481
Recipients per Employee:	31.5



Welfare Reform Results

Rank:43





TANF Recipient Decline
74/100
14

Overall Poverty Rates
1/50
50

Work Participation Rate
50/100
26

Unemployment
6/100
48

Teen Birthrate
14/100
44

Results Rank
29.2/100
43

Welfare Reform Policies

Rank: 7

Work Requirements	Cash Diversion	Family Cap Provisions	Time Limits	Sanctions	**Policies Grade** (curved)
A	**A**	**A**	**D**	**F**	**A-**
100/100	100/100	100/100	65/100	40/100	**81.0/100**

Wyoming

Governor Dave Freudenthal Took Office in 2003

OVERALL
State Rank
8

State Rankings	
Anti-Poverty Success Rank	9
Welfare Reform Policies Rank	17
OVERALL RANK	**8**

Degree of Service Integration: Average

Earned Income Tax Credit

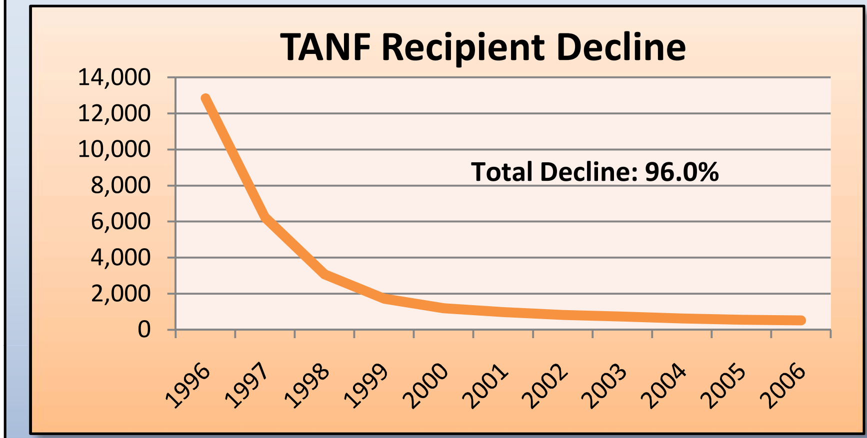
Percent Unclaimed: 75
Money Available: $161,000,000

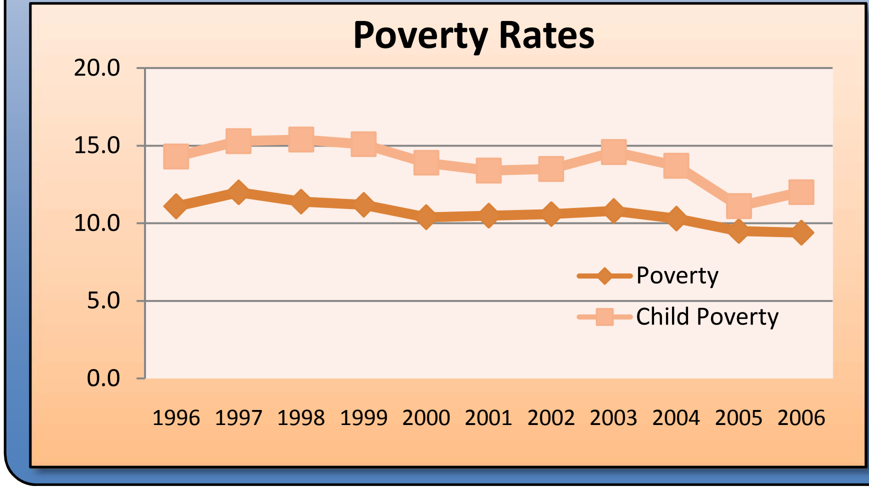
State Budget Information (2005)

MOE Spending:	$9,662,953
Federal Grant:	$73,321,617
$$ per Recipient:	$151,432
TANF Recipients (2005):	548
Welfare Employees:	807
Recipients per Employee:	0.7

Welfare Reform Results

Rank: 9





TANF Recipient Decline	100/100	1
Overall Poverty Rates	41/50	10
Work Participation Rate	98/100	2
Unemployment	82/100	10
Teen Birthrate	0/100	51
Results Rank	**71.2/100**	**9**

Welfare Reform Policies

Rank: 18

Work Requirements	A	100/100
Cash Diversion	F	0/100
Family Cap Provisions	B	90/100
Time Limits	D	65/100
Sanctions	C	80/100
Policies Grade (curved)	**B-**	**67.0/100**

4. Anti-Poverty Success

For each state, we evaluated the percentage decline in the number of people receiving TANF benefits, change in poverty rate, work participation rate for TANF recipients, change in unemployment rate, and change in teenage birth rate. Additional relevant indicators exist, but we believe these five are among the most important measures of success in the fight against poverty, and state government action can meaningfully affect each result.

The report card ranks performance on each measure on a scale of 1 to 51. After converting this scale into a 100-point score, the least-best state receives a zero and the best state receives 100. Each state earns two fewer points than the state that ranks above it. For example, Wyoming had the greatest reduction in the percentage of TANF recipients between 1996 and 2006, earning the first rank and a perfect score of 100 points. Indiana, the worst-performing state in TANF recipient decline, ranks 51st and receives zero points.

Averaging the scores from the five variables yields a final score for Anti-Poverty Success. No attempt was made to assign relative weights to each of the five outcomes. The rationale and methodology used to quantify each variable are described below.

Decline in the Number of TANF Recipients

The first measured result of anti-poverty success is the percentage change in the number of persons receiving benefits under TANF. If we weighted the variables we would consider this to be one of the most important, and also most immediately and directly affected by focused government efforts.

Data come from the U.S. Department of Health and Human Services Administration for Children and Families. Nationally, welfare rolls fell 67 percent from 1996 to 2006. As shown in Table 4, the six most successful states – Wyoming, Louisiana, Idaho, Illinois, Florida, and Georgia – reduced the number of TANF recipients by more than 85 percent. The national laggards include Nebraska, Kansas, and Tennessee, with reductions in the 30 percent range, and Indiana, with what should be an acutely embarrassing 22 percent.

Table 4. Percentage Reduction in Number of TANF Recipients

State	% Reduction (1996-2006)	Rank	Points
Wyoming	96.00%	1	100
Louisiana	89.30%	2	98
Idaho	87.40%	3	96
Illinois	87.30%	4	94
Florida	85.70%	5	92
Georgia	85.40%	6	90
Virginia	84.90%	7	88

State	% Reduction (1996-2006)	Rank	Points
Oklahoma	80.20%	8	86
North Carolina	80.20%	9	84
Mississippi	79.90%	10	82
Maryland	78.90%	11	80
Connecticut	78.00%	12	78
Texas	77.80%	13	76
Wisconsin	77.50%	14	74
West Virginia	76.50%	15	72
Alaska	75.40%	16	70
New York	75.10%	17	68
Hawaii	74.40%	18	66
Montana	71.20%	19	64
South Carolina	70.00%	20	62
Ohio	69.80%	21	60
Arkansas	69.30%	22	58
Nevada	68.90%	23	56
Colorado	66.30%	24	54
New Jersey	66.00%	25	52
Utah	63.20%	26	50
South Dakota	62.50%	27	48
Rhode Island	61.90%	28	46
Minnesota	61.30%	29	44
Kentucky	61.20%	30	42
California	60.90%	31	40
Missouri	60.30%	32	38
Massachusetts	59.90%	33	36
New Mexico	59.40%	34	34
Pennsylvania	57.60%	35	32
Alabama	57.40%	36	30
Iowa	57.00%	37	28
Vermont	56.70%	38	26
Washington	55.80%	39	24
Maine	55.40%	40	22
North Dakota	54.80%	41	20
Michigan	54.70%	42	18
Oregon	53.30%	43	16
Arizona	51.40%	44	14
Delaware	48.90%	45	12
District of Columbia	46.70%	46	10

State	% Reduction (1996-2006)	Rank	Points
New Hampshire	43.10%	47	8
Nebraska	38.20%	48	6
Kansas	35.30%	49	4
Tennessee	32.60%	50	2
Indiana	22.10%	51	0
United States	67.60%	-	-
Source: U.S. Department of Health and Human Services, Administration for Children and Families, “Caseload Data,” http://www.acf.hhs.gov/programs/ofa/caseload/caseloadindex.htm, accessed 4/19/07			

Change in Poverty Rate

In 1996, opponents of PRWORA predicted many women, children, and minorities would fall into greater poverty as a result of the reform.[5] That dire prediction proved incorrect, as the national poverty rate declined between 1996 and 2006. Despite an economic slowdown in 2001, the poverty rate today remains lower than the rate 10 years ago.

The U.S. Census Bureau provides comprehensive poverty data organized by state and year. This study uses the Bureau’s Small Area Income & Poverty Estimates (SAIPE) data, which approximates a poverty rate that includes both reported and unreported poverty.[6]

SAIPE data estimate the poverty rate at a higher level than the rate officially reported, and considerably higher than estimates that include in-kind benefits (e.g., food stamps, housing, earned income tax credit (EITC)) and unreported sources of income.[7] Using SAIPE data means there is little risk that we are failing to include people living near poverty and also allows comparisons over time.

Table 5 shows that the best-performing states on this measure are California, West Virginia, Hawaii, the District of Columbia, Arizona, New Mexico, and New York, each reporting reductions in the poverty rate of more than 2 percentage points. The worst states are Nebraska, Wisconsin, and Indiana, each reporting increases in poverty of 2 percentage points or more.

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[5] See, for example, Children’s Defense Fund, “How the Welfare Bill Profoundly Harms Children,” July 31, 1996; Center on Budget and Policy, “Urban Institute Study Confirms that Welfare Bills Would Increase Child Poverty,” *Priorities,* July 26, 1996.

[6] U.S. Census Bureau, Small Area Income & Poverty Estimates, http://www.census.gov/hhes/www/saipe/, accessed 4/22/07.

[7] See Robert Rector, “How ‘Poor’ Are America’s Poor?” *Backgrounder,* The Heritage Foundation, September 1990.

Table 5. Change in Poverty Rate			
State	**Percentage Point Change (1996-2006)**	**Rank**	**Points**
California	-3.6	1	50
West Virginia	-2.6	2	49
Hawaii	-2.4	3	48
District of Columbia	-2.3	4	47
Arizona	-2.1	5	46
New Mexico	-2.1	5	46
New York	-2.1	5	46
Virginia	-1.9	8	43
Maryland	-1.9	9	42
Louisiana	-1.7	10	41
Wyoming	-1.7	10	41
Florida	-1.6	12	39
Montana	-1.5	13	38
Rhode Island	-0.7	14	37
Connecticut	-0.7	15	36
Vermont	-0.7	15	36
Georgia	-0.6	17	34
Texas	-0.6	17	34
Kentucky	-0.5	19	32
Arkansas	-0.3	20	31
New Jersey	-0.3	20	31
Oklahoma	-0.1	22	29
North Dakota	-0.1	23	28
Alabama	-0.1	24	27
Massachusetts	0.1	25	26
Alaska	0.3	26	25
Illinois	0.3	26	25
Mississippi	0.3	26	25
Washington	0.3	26	25
South Carolina	0.5	30	21
Pennsylvania	0.6	31	20
South Dakota	0.6	31	20
Idaho	0.7	33	18
Nevada	0.7	34	17
Maine	0.9	35	16
Minnesota	1.0	36	15
Missouri	1.0	36	15

State	Percentage Point Change (1996-2006)	Rank	Points
Oregon	1.0	36	15
Utah	1.2	39	12
Delaware	1.3	40	11
Michigan	1.3	41	10
Tennessee	1.4	42	9
Colorado	1.5	43	8
Iowa	1.5	43	8
Kansas	1.6	45	6
Ohio	1.6	46	5
New Hampshire	1.7	47	4
North Carolina	1.9	48	3
Nebraska	2.1	49	2
Wisconsin	2.3	50	1
Indiana	3.4	51	0
United States	-0.4	-	-

Sources: U.S. Census Bureau, Small Area Income & Poverty Estimates, “Estimates for The United States, 1996" www.census.gov/cgi-bin/saipe/national.cgi?year=1996&ascii=, accessed 4/21/07; U.S. Census Bureau, Small Area Income & Poverty Estimates, “Estimates for The United States, 2004,” www.census.gov/cgi-bin/saipe/national.cgi, accessed 4/21/07; U.S. Census Bureau, Small Area Income & Poverty Estimates, http://www.census.gov/hhes/www/saipe/, accessed 4/22/07.

TANF Workforce Participation Rate

The TANF program generally requires work participation from every recipient, although the program allows many exceptions described later in this report. TANF recipients can qualify as “working” in several ways, including subsidized or unsubsidized employment, on-the-job training, community service, vocational training, or providing child care services for someone who does community service.

Workforce participation by recipients is an essential measure of anti-poverty success for two reasons. First, if TANF recipients are not working, they are not acquiring the skills and habits that will enable them to eventually leave the welfare program. A low workforce participation rate predicts a low rate of decline in the number of TANF recipients.

Second, working even in entry-level positions is the most reliable way for people to attain a better quality of life. Ron Haskins, a senior fellow with The Brookings Institution, reported in May 2007 that families with children whose income placed them in the bottom fifth of all families in the U.S. “enjoyed a larger percentage increase in income from 1991 to 2005 than all other groups except the top fifth ... because they worked longer and earned more money in 2005 than in 1991 – not because they received higher welfare payments. In fact, their earnings increased more in percentage terms than incomes of any of the other groups."[8]

Haskins goes on to write, "Low-income families with children increased their work effort, many of them in response to the 1996 welfare reform law that was designed to produce exactly this effect. These families not only increased their earnings but also slashed their dependency on cash welfare. In 1991, more than 30 percent of their income was from cash welfare payments; by 2005, it was 4 percent. Earnings up, welfare down – that's the definition of reducing welfare dependency in America."[9]

The numerous exceptions to the federal work requirement allow states generous leeway in putting welfare recipients to work, resulting in a wide range of work participation rates among the states. Recent changes to TANF have increased required work participation rates and narrowed the allowed alternatives to work.[10] The U.S. Department of Health and Human Services Office of Family Assistance provided the data on work participation rates, organized by state and year.[11]

As shown in Table 6, Montana, Kansas, Wyoming, Georgia, South Dakota, and Tennessee recorded the highest workforce participation rates for TANF recipients in 2006, each with rates greater than 55 percent. The poorest performing states were Missouri, the District of Columbia, Oregon, and Massachusetts, with rates below 20 percent.

Table 6. TANF Workforce Participation Rate

State	% Working in 2006	Rank	Points
Montana	79.20	1	100
Kansas	77.20	2	98
Wyoming	77.20	2	98
Georgia	64.90	4	94
South Dakota	57.90	5	92
Tennessee	57.20	6	90
Ohio	54.90	7	88
Virginia	53.90	8	86

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[8] Ron Haskins, "The Rise of the Bottom Fifth: How to Build on the Gains of Welfare Reform," *The Washington Post*, May 29, 2007.

[9] Ibid.

[10] Sheri Steisel and Jack Tweedie, "TANF Rules Tough on States," *State Legislatures*, March 2006.

[11] U.S. Department of Health and Human Services, Office of Family Assistance, "Temporary Assistance for Needy Families, Fiscal Year 2006," Table 1A, http://www.acf.hhs.gov/programs/ofa/particip/indexparticip.htm, accessed 5/1/08.

State	% Working in 2006	Rank	Points
Illinois	53.00	9	84
North Dakota	51.90	10	82
South Carolina	49.50	11	80
Nevada	47.80	12	78
Alaska	45.60	13	76
Kentucky	44.60	14	74
Maryland	44.50	15	72
Idaho	44.20	16	70
Utah	42.50	17	68
New Mexico	42.30	18	66
Texas	42.00	19	64
Alabama	41.60	20	62
Florida	41.00	21	60
Iowa	39.00	22	58
Louisiana	38.40	23	56
New York	37.80	24	54
Hawaii	37.30	25	52
Wisconsin	36.20	26	50
Washington	36.10	27	48
Mississippi	35.50	28	46
Oklahoma	32.90	29	44
North Carolina	32.40	30	42
Nebraska	32.00	31	40
Connecticut	30.80	32	38
Minnesota	30.30	33	36
Colorado	30.00	34	34
Arizona	29.60	35	32
New Jersey	29.20	36	30
Arkansas	27.90	37	28
Indiana	26.70	38	26
Maine	26.60	39	24
West Virginia	26.20	40	22
Pennsylvania	26.10	41	20
Delaware	25.30	42	18
Rhode Island	24.90	43	16
New Hampshire	24.10	44	14
California	22.20	45	12
Vermont	22.20	45	12
Michigan	21.60	47	8

State	% Working in 2006	Rank	Points
Missouri	18.70	48	6
District of Columbia	17.10	49	4
Oregon	15.20	50	2
Massachusetts	13.60	51	0
United States	32.50	-	-
Source: U.S. Department of Health and Human Services, Office of Family Assistance, “Temporary Assistance for Needy Families, 2004", http://www.acf.hhs.gov/programs/ofa/particip/indexparticip.htm, Accessed 4/21/07.			

Change in State Unemployment Rate

Finding employment in the private sector is the most reliable and common way for individuals to escape from poverty. Welfare recipients, for the most part and with coaching, qualify for entry-level jobs. The well-publicized demand by employers for immigrants, especially in the construction, restaurant, agriculture, and hotel industries, suggests jobs are available.

Entry-level jobs are more attractive than commonly believed. A $7 hourly wage produces $14,000 in annual income not subject to federal taxation and augmented, depending on family status, by $4,000 or more in EITC plus food stamps, free or subsidized child care, and free or subsidized housing. The poverty level for a family of four is $20,650 per year.[12]

We include change in unemployment rate as a measure of the success of anti-poverty efforts because state governments have significant influence over the unemployment rate. States with onerous taxation policies and burdensome employer regulations do not attract new businesses and can force existing businesses to scale back operations or even move out of state.[13] This, in turn, affects job availability in the state.

This report card uses the change in unemployment rate between 1997 and 2006. The Office of Family Assistance in the U.S. Department of Health and Human Services supplies unemployment data for each state.[14]

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[12] U.S. Department of Health and Human Services, “Prior HHS Poverty Guidelines and Federal Register References,” http://aspe.hhs.gov/poverty/figures-fed-reg.shtml.

[13] See J. Scott Moody, "Higher Taxes Lower Economic Performance," *Maine Issue Brief*, Maine Heritage Policy Center, September 19, 2006; Daniel J. Mitchell, "The Impact of Government Spending on Economic Growth," *Backgrounder*, The Heritage Foundation, March 31, 2005; and Richard K. Vedder, “The Impact of State and Local Taxes on Economic Growth: What the Research Shows,” Commonwealth Foundation for Public Policy Alternatives, May 1990.

[14] U.S. Department of Labor, Bureau of Labor Statistics, “Local Area Employment Statistics,” http://data.bls.gov/cgi-bin/surveymost?la, accessed 4/19/07.

Table 7 shows that Hawaii, New Mexico, the District of Columbia, Montana, and New York reduced their unemployment rates by 2 percentage points or more, while Wisconsin, Indiana, South Carolina, and Michigan each raised their rates by 1 percentage point or more. Not surprisingly, the American Legislative Exchange Council recently found Wisconsin and Michigan at the bottom of their competitiveness rankings.[15]

Table 7. Change in Unemployment Rates

State	Percentage Point Change (1997-2006)	Rank	Points
Hawaii	-3.4	1	100
New Mexico	-2.4	2	98
District of Columbia	-2.3	3	96
Montana	-2.1	4	94
New York	-2.0	5	92
West Virginia	-1.9	6	90
Florida	-1.7	7	88
Louisiana	-1.7	7	88
Idaho	-1.7	9	84
Wyoming	-1.6	10	82
California	-1.5	11	80
Maryland	-0.9	12	78
Alabama	-0.8	13	76
New Jersey	-0.7	14	74
Virginia	-0.7	14	74
Arizona	-0.5	16	70
Connecticut	-0.5	16	70
Maine	-0.5	16	70
Texas	-0.5	16	70
Vermont	-0.4	20	62
Alaska	-0.4	21	60
Pennsylvania	-0.4	21	60
Utah	-0.3	23	56
Delaware	-0.3	24	54
Illinois	-0.3	24	54
Nevada	-0.3	24	54
Oklahoma	-0.2	27	48
Oregon	-0.2	28	46

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[15] Arthur B. Laffer and Stephen Moore, *Rich States, Poor States: ALEC-Laffer State Economic Competitiveness Index,* American Legislative Exchange Council, 2007.

State	Percentage Point Change (1997-2006)	Rank	Points
Rhode Island	-0.1	29	44
Tennessee	-0.1	30	42
Georgia	0.1	31	40
Washington	0.1	31	40
South Dakota	0.1	33	36
Arkansas	0.2	34	34
Kentucky	0.3	35	32
New Hampshire	0.3	35	32
North Dakota	0.3	37	28
Iowa	0.5	38	26
Missouri	0.5	38	26
Kansas	0.6	40	22
Nebraska	0.6	40	22
Minnesota	0.7	42	18
Mississippi	0.8	43	16
Colorado	0.9	44	14
North Carolina	0.9	44	14
Massachusetts	0.9	46	10
Ohio	0.9	46	10
Wisconsin	1.2	48	6
Indiana	1.7	49	4
South Carolina	2.1	50	2
Michigan	2.6	51	0
United States	-0.9	-	-

Source: U.S. Department of Labor, Bureau of Labor Statistics, “Local Area Employment Statistics,” http://data.bls.gov/cgi-bin/surveymost?la, accessed 4/19/07; Labor Force Statistics from the Current Population Survey, Series ID LNS14000000, accessed 5/5/08.

Change in Teenage Birth Rate

A major step in promoting self-sufficiency in welfare recipients is reducing the teenage birth rate. Teenage motherhood and out-of-wedlock births are major factors in adding to welfare enrollment. The daughters of teenage mothers on welfare have a high likelihood of entering welfare themselves as pregnant teenagers. PRWORA gave states the option to use TANF funding for educational efforts and other steps to reduce teenage pregnancy.

Nationally, the overall teenage birth rate in the U.S. fell 12.5 percentage points between 1996 and 2005,[16] and teenage birth rates for young African-American women even more.[17] Data for the teenage birth rates by state come from the Guttmacher Institute[18] and the Centers for Disease Control.[19]

As shown by Table 8, the teenage birth rate fell most rapidly in California, Nevada, Louisiana, Alabama, and Oregon, and most slowly in Iowa, Montana, South Dakota, North Dakota, and Wyoming.

Table 8. Change in Teenage Birth Rate

State	**Percentage Point Change (1996-2005)**	**Rank**	**Points**
California	-22.20	1	100
Nevada	-18.90	2	98
Louisiana	-17.90	3	96
Alabama	-17.30	4	94
Oregon	-17.00	5	92
Illinois	-16.40	6	90
District of Columbia	-15.60	7	88
Arkansas	-14.90	8	86
Washington	-14.90	8	86
Florida	-14.60	10	82
Georgia	-14.30	11	80
Maryland	-14.20	12	78
Arizona	-13.80	13	76
Alaska	-13.70	14	74
Connecticut	-13.70	15	72
Michigan	-13.50	16	70
Mississippi	-13.50	16	70
North Carolina	-13.50	16	70
New York	-13.50	16	70

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[16] Guttmacher Institute, "U.S. Teenage Pregnancy Statistics National and State Trends by Race and Ethnicity," Table 3.3 Rates of pregnancy, birth and abortion among women aged 15–19, http://www.guttmacher.org/pubs/2006/09/12/USTPstats.pdf, updated September 2006, accessed 4/21/07.

[17] Centers for Disease Control, National Center for Health Statistics, “Births: Final Data for 2004,” *National Vital Statistics Reports*, Vol. 55, No. 1, September 29, 2006.

[18] Guttmacher Institute, supra note 16.

[19] Centers for Disease Control, “Births: Final Data for 2004,” *National Vital Statistics Report*, Volume 55, Number 1, Table 11. http://www.cdc.gov/nchs/data/nvsr/nvsr55/nvsr55_01.pdf, accessed 4/21/07.

State	Percentage Point Change (1996-2005)	Rank	Points
Hawaii	-12.80	20	62
Kentucky	-11.90	21	60
Indiana	-11.80	22	58
New Jersey	-11.60	23	56
Texas	-11.40	24	54
Vermont	-11.40	24	54
Ohio	-11.10	26	50
Virginia	-10.60	27	48
Missouri	-10.50	28	46
New Hampshire	-10.10	29	44
Delaware	-10.00	30	42
Idaho	-9.30	31	40
Massachusetts	-9.20	32	38
Tennessee	-9.10	33	36
South Carolina	-9.00	34	34
Oklahoma	-8.80	35	32
Colorado	-8.40	36	30
New Mexico	-8.40	36	30
Kansas	-7.60	38	26
Maine	-7.60	38	26
Rhode Island	-7.60	38	26
Pennsylvania	-7.60	38	26
West Virginia	-7.60	38	26
Utah	-7.60	38	26
Wisconsin	-6.70	44	14
Minnesota	-5.90	45	12
Nebraska	-4.80	46	10
Iowa	-4.40	47	8
Montana	-3.80	48	6
South Dakota	-2.50	49	4
North Dakota	-2.30	50	2
Wyoming	-1.80	51	0
United States	-12.50	-	-

Source: Guttmacher Institute, "U.S. Teenage Pregnancy Statistics National and State Trends by Race and Ethnicity," Table 3.3 Rates of pregnancy, birth and abortion among women aged 15–19, http://www.guttmacher.org/pubs/2006/09/12/USTPstats.pdf, Last updated September 2006, accessed 4/21/07.

5. Welfare Reform Policies

No “best” or “most-promising” uniform model of a welfare program exists for every state. Each state has its own set of obstacles, unique culture, and overall situation. As is true of most policy issues, one size does not fit all.

Nevertheless, *some* states have had considerably more success at helping families escape from poverty than others, and the methods and programs they use merit serious attention. The policies and programs selected for this study were service integration, Earned Income Tax Credit (EITC) utilization, work requirements, cash diversion programs, family cap provisions, lifetime limits on aid, and sanctions.

We opted not to assign letter grades for service integration and EITC utilization, for reasons presented below. The average of the remaining five variables produced an overall grade for Welfare Reform Policies.

Other policies are arguably important and could have been included, but based on the authors’ experience and research, these seven are most important to the success or failure of welfare reform efforts. As we said of the choice of variables showing the success of anti-poverty efforts, our choice reflects the advice of many other experts, and we are open to the reader’s suggestions.

The rationale for choosing the seven variables and how they were measured are presented below. Data came from the U.S. Department of Health and Human Services and the Internal Revenue Service, and from answers to questions posed to the relevant state aid departments.

Integration of Services

“Service integration” refers to programs that allow welfare and other social services to be delivered in a coordinated fashion, either physically under one roof or effectively connected in other ways.[20] Rather than making TANF-eligible persons go to three different offices for alcohol and substance abuse treatment, child care, and job training, for example, service integration would connect all three services organizationally, often with a single caseworker or “self-sufficiency coach” and ideally (as most welfare recipients don’t have cars) in the same location.

Service integration benefits welfare recipients by ensuring they receive the help they need, when they need it. People who are poor and without jobs face barriers to re-entering the workforce, often some combination of the lack of job experience, child care for their dependent children, and reliable transportation, and often problems due to alcohol and drugs or a criminal record.[21] If

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[20] The successful application of this welfare reform policy in Illinois is the main subject of Gary MacDougal’s *Make a Difference: A Spectacular Breakthrough in the Fight Against Policy* (New York: St. Martin’s Griffin, updated edition 2005).

[21] See Sharon Parrott et al., “Implementing the TANF Changes in the Deficit Reduction Act: ‘Win-Win’ Solutions for Families and States,” Center on Budget and Policy Priorities and Center for Law and Social Policy, Second Edition, February 2007. See also Andrea Wilkins, “Substance Abuse and TANF,” *State*

they are asked to climb a ladder of opportunity, that ladder cannot have missing rungs. This requires connecting welfare with transportation, alcohol and substance abuse treatment, job training and placement, child care, and other social services. If one rung of the ladder is missing, the transition is more likely to fail.

For example, alcohol and drug treatment without a job at the end is likely to result in a relapse, so the person completing drug treatment should be quickly enrolled in a job training or job search program. Likewise, putting people into entry-level jobs without first addressing their alcohol or drug abuse problem can lead to unexplained absences, disappointed employers, and return to the unemployment line.

Service integration benefits case workers by giving them access to all the records for one individual in one place, making for easier case-tracking and less wasted time. This also allows for better communication among service workers and between a case manager and a welfare recipient. As a report by the Annie E. Casey Foundation concluded, "Co-locating certified alcohol and drug professionals in the welfare office greatly facilitates the interface between the two systems and lets welfare offices stretch their limited case management resources."[22]

Service integration should be of keen interest to state policymakers. Federal government programs are notoriously fragmented and states must work hard to connect them effectively. Billions of public dollars pour into poor communities through so many different programs, run by so many different bureaucracies, that no one even knows exactly how much is being spent or who is receiving aid.[23] Service integration is a promising route to efficiency and accountability in a part of government that has long resisted both.

The authors tried various ways to measure the degree of service integration by states and met with only limited success. Few public aid directors admit the programs they administer are not effectively integrated, and most of those who see the problem say plans are in place to improve the situation. But public announcements of initiatives, diagrams and charts on Web sites, and good intentions often don't add up to service integration in the real world, where needy people too often cannot get the help that taxpayers are paying for.

In the end, the authors used a combination of direct inquiries to public aid directors in most states, reports of integration in the social services research literature, and knowledge based on consulting with many governments and state agencies during the past decade to assign the rough grades of "poor," "average," and "good" to the 50 states and the District of Columbia. The integration of basic TANF services with state substance abuse rehabilitation programs was taken to be the most important sign of service integration, even though it is only part of the streamlining and integration that should be undertaken.

Legislatures, April 2003.

[22] Ginger Parra, "Welfare Reform and Substance Abuse: Innovative State Strategies," *National Health Policy Forum*, No. 771, March 7, 2002.

[23] MacDougal, supra note 20, pp. 6-7.

Table 9 shows 12 states were considered “good,” 21 states were “average,” and 18 states were “poor.” This policy is reported separately in each state’s report card (under the box summarizing the state’s overall ranking) and was not included when calculating a state’s welfare reform policies grade. We hope this is an area of welfare reform that others will help us measure more precisely in the future.

Table 9. Integration of TANF and State Social Services

State	Integrated Services
Arkansas	Good
California	Good
Connecticut	Good
District of Columbia	Good
Georgia	Good
Idaho	Good
Illinois	Good
Maine	Good
Oregon	Good
South Carolina	Good
West Virginia	Good
Wisconsin	Good
Alabama	Average
Arizona	Average
Colorado	Average
Delaware	Average
Indiana	Average
Kansas	Average
Kentucky	Average
Maryland	Average
Massachusetts	Average
Michigan	Average
Minnesota	Average
Missouri	Average
New York	Average
North Dakota	Average
Ohio	Average
Tennessee	Average
Texas	Average
Utah	Average
Virginia	Average
Washington	Average

State	Integrated Services
Wyoming	Average
Alaska	Poor
Florida	Poor
Hawaii	Poor
Iowa	Poor
Louisiana	Poor
Mississippi	Poor
Montana	Poor
Nebraska	Poor
Nevada	Poor
New Hampshire	Poor
New Jersey	Poor
New Mexico	Poor
North Carolina	Poor
Oklahoma	Poor
Pennsylvania	Poor
Rhode Island	Poor
South Dakota	Poor
Vermont	Poor

Earned Income Tax Credit

One of the largest federal programs for low-income Americans is the Earned Income Tax Credit (EITC). In 2006, more than 22 million people received credits totaling $41 billion. The maximum credit since 1996 has been 40 percent of reported income for a filer with two children. In 2007 the maximum credit was $4,716.

Because EITC targets low-income persons and is larger if the filer has one or two dependents, it provides a powerful work incentive for single mothers. Researchers have consistently found expansion of EITC to be a major factor in declining welfare participation rates and rising workforce participation rates for single mothers.[24]

Since EITC directs billions of dollars into the pockets of needy persons, is entirely funded by the federal government, and is proven to encourage single mothers to enter the workforce, one would suppose state aid agencies would be eager to help TANF-eligibles apply for their maximum EITC benefits. While some states do, many do not. As a result, nearly $90 billion in EITC benefits went unclaimed in 2004.

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[24] See Fang and Keane, supra note 2.

As shown in Table 10, in even the three best states – Mississippi, Louisiana, and Alabama – more than half of EITC aid was left unclaimed. The worst states in the nation – Massachusetts and New Hampshire – left 80 percent and 81 percent of EITC funds, respectively, “on the table.”

Table 10. Money Available from Unclaimed Earned Income Tax Credits

State	Percent of EITC Unclaimed (2004)	Unclaimed Money Available
Mississippi	52	$854,000,000
Louisiana	55	$1,350,000,000
Alabama	59	$1,400,000,000
Arkansas	61	$844,000,000
Georgia	61	$2,700,000,000
Texas	61	$7,000,000,000
New Mexico	62	$586,000,000
South Carolina	62	$1,300,000,000
Tennessee	65	$1,900,000,000
District of Columbia	66	$162,000,000
North Carolina	66	$2,700,000,000
Oklahoma	66	$1,100,000,000
Florida	67	$5,800,000,000
Kentucky	68	$1,300,000,000
New York	69	$5,800,000,000
West Virginia	69	$550,000,000
Arizona	70	$1,700,000,000
California	70	$10,000,000,000
Idaho	71	$427,000,000
Missouri	71	$1,900,000,000
Delaware	72	$256,000,000
Illinois	72	$4,000,000,000
Nevada	72	$694,000,000
Virginia	72	$2,200,000,000
Indiana	73	$2,000,000,000
Maryland	73	$1,600,000,000
Michigan	74	$3,250,000,000
Montana	74	$356,000,000
Hawaii	75	$412,000,000
Kansas	75	$900,000,000
New Jersey	75	$2,520,000,000
Ohio	75	$4,140,000,000
Oregon	75	$1,100,000,000

State	Percent of EITC Unclaimed (2004)	Unclaimed Money Available
South Dakota	75	$274,000,000
Utah	75	$726,000,000
Wyoming	75	$161,000,000
Colorado	76	$135,000,000
Maine	76	$430,000,000
Pennsylvania	76	$4,100,000,000
Rhode Island	76	$351,000,000
Washington	76	$1,900,000,000
Iowa	77	$919,000,000
Nebraska	77	$619,000,000
Alaska	79	$225,000,000
Connecticut	79	$1,000,000,000
Minnesota	79	$1,520,000,000
North Dakota	79	$240,000,000
Vermont	79	$213,000,000
Wisconsin	79	$1,800,000,000
Massachusetts	80	$1,900,000,000
New Hampshire	81	$407,000,000
Total	--	$89,721,000,000

Source: IRS document available from the authors. The Internal Revenue Service no longer provides state-by-state data about unclaimed earned income tax credit dollars.

If state and local social service agencies did a better job communicating the availability of EITC, billions of dollars in unclaimed tax credits would go directly to poor households, lifting hundreds of thousands of families out of poverty. In every state, the money available from EITC greatly exceeds the combined federal and state spending on TANF. For example, in 2005 Mississippi spent $21.7 million on TANF (called "maintenance of effort" spending, or MOE) and received $106 million from the national government. Unclaimed EITC in Mississippi the previous year amounted to $854,000,000, nearly seven times as much.

The Annie E. Casey Foundation, which has taken the lead in persuading local poverty agencies to include EITC counseling in their efforts, reported recently that the Iowa state government appropriated $200,000 to help with a state EITC campaign, while in North Carolina, an effort received funding from the state banking commissioner.[25]

Why is so little being done to collect billions of federal dollars left "on the table," especially at a time when many welfare advocates are clamoring for more state spending on welfare and social

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[25] Tom Waldron, "Earned Income Tax Credit: Lessons Learned," Annie E. Casey Foundation, n.d., http://www.aecf.org/~/media/PublicationFiles/FES3622H5022%20pdf.ashx.

services? The answer seems to be that since the tax credit flows directly to individuals and not through welfare bureaucracies, there is little incentive for state and local welfare agencies to invest in public education programs. Public aid administrators naturally focus on the individual programs they are responsible for and tend not to step outside those bounds to support other efforts, even efforts such as EITC that would appear to be "free money" for needy families.

The Internal Revenue Service – the source of the data in Table 10 – no longer makes available state-by-state estimates of unclaimed EITC dollars, so we are unable to report data more recent than 2004 or for any other year. This means we won't be able to report any progress made by states on this key variable. For these reasons, rather than rank or grade states according to the amount of EITC dollars that remain unclaimed, we list on each report card the percent of unclaimed credits and dollar amount, along with state and federal spending on TANF and other data about the state's TANF programs.

Work Requirements

PRWORA encourages states to require most TANF recipients to work. "Fostering self-sufficiency through work was the major goal of the 1996 reform, which requires States to meet minimum levels of work participation and offers bonuses for high performance in specific areas."[26]

Work improves family well-being economically, by providing a steady source of income and the opportunity to acquire assets, as well as socially and culturally. Work builds self-esteem, imposes order on adults' lifestyles, creates role models for children, and fosters relationships of respect between adults and between adults and children. Many problems in disadvantaged families often trace back to not having a member of the household in the workforce.

An entry-level job is only the first rung on the "ladder of opportunity," but it has been shown to be an effective starting point where the "soft skills" are learned (punctual attendance, taking direction, getting along with co-workers). These skills can later be enhanced by training and promotion, general educational development (GED) achievement, and/or specialized training such as that provided in the nationwide community college system.

What counts as work? TANF law identifies 12 activities as "work": (1) unsubsidized employment; (2) subsidized private-sector employment; (3) subsidized public-sector employment; (4) work experience; (5) on-the-job training; (6) job search and job readiness assistance; (7) community service programs; (8) vocational educational training; (9) job skills training directly related to employment; (10) education directly related to employment (for those without a high school diploma or equivalent); (11) satisfactory attendance at a secondary school; and (12) provision of child care to a participant in a community service program.[27]

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[26] U.S. Department of Health and Human Services, "Temporary Assistance for Needy Families Program: Seventh Annual Report to Congress," Executive Summary, December 2006, p. i.

[27] Gene Falk, "TANF: A Guide to the New Definitions of What Counts as Work Participation," CRS Report for Congress, August 2006.

Before 1996, HHS regulations allowed states to define the specific activities included in each of these categories. In an attempt to ensure consistent measurements of work, in June 2006 HHS started issuing regulations defining TANF work activities for states.[28]

We examined work requirements for all 50 states and the District of Columbia. States in Category 1 allow more than three months to pass before a TANF recipient must work, and are given zero points and a grade of F. Most states in Category 1 actually allow 24 months to pass before requiring work, and no state in this category requires work activities in less than 18 months.

States in Category 2 allow one to three months to pass before requiring work, and are given 75 points and a grade of C. States in Category 3 require a TANF recipient to work immediately, earning a perfect 100 points and a grade of A.

Table 11 shows most states (37) require work right away. Nine states – Alaska, Colorado, Georgia, Hawaii, Kansas, Kentucky, Louisiana, Missouri, and Rhode Island – allow two years on welfare to pass before work is required.

Table 11. Work Requirements By State

State	Number of Months Before Required to Work	Category	Points
Alabama	Immediate	3	100
Arizona	Immediate	3	100
Arkansas	Immediate	3	100
California	Immediate	3	100
Connecticut	Immediate	3	100
Delaware	Immediate	3	100
District of Columbia	Immediate	3	100
Florida	Immediate	3	100
Idaho	Immediate	3	100
Illinois	Immediate	3	100
Indiana	Immediate	3	100
Iowa	Immediate	3	100
Maine	Immediate	3	100
Maryland	Immediate	3	100
Michigan	Immediate	3	100
Minnesota	Immediate	3	100
Mississippi	Immediate	3	100
Montana	Immediate	3	100
Nebraska	Immediate	3	100

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[28] Ibid.

State	**Number of Months Before Required to Work**	**Category**	**Points**
Nevada	Immediate	3	100
New Hampshire	Immediate	3	100
New Jersey	Immediate	3	100
New York	Immediate	3	100
North Dakota	Immediate	3	100
Ohio	Immediate	3	100
Oklahoma	Immediate	3	100
Oregon	Immediate	3	100
Pennsylvania	Immediate	3	100
South Carolina	Immediate	3	100
South Dakota	Immediate	3	100
Tennessee	Immediate	3	100
Texas	Immediate	3	100
Utah	Immediate	3	100
Washington	Immediate	3	100
West Virginia	Immediate	3	100
Wisconsin	Immediate	3	100
Wyoming	Immediate	3	100
Massachusetts	2	2	75
New Mexico	3	2	75
North Carolina	3	2	75
Virginia	3	2	75
Vermont	18	1	0
Alaska	24	1	0
Colorado	24 or when work ready	1	0
Georgia	24	1	0
Hawaii	24	1	0
Kansas	24 or when work ready	1	0
Kentucky	24	1	0
Louisiana	24	1	0
Missouri	24	1	0
Rhode Island	24	1	0

Source: U.S. Department of Health and Human Services, “Temporary Assistance for Needy Families Program: Seventh Annual Report to Congress,” December 2006, p. XII-98.

Cash Diversion

"Cash diversion" is a welfare reform policy whereby the state provides applicants with a lump-sum cash payment to meet a short-term need, worth up to a few months of benefits, if they agree not to participate in TANF for some stated period of time. For example, when a working mother's car breaks down, cash diversion allows the caseworker to provide money to fix the car without enrolling her on welfare. Some call the practice "front-door money."[29]

Cash diversion empowers caseworkers to fix problems without adding people to welfare rolls, reducing the amount of time they must devote to people who do not need long-term support as well as staving off dependence. It also improves the relationship between caseworkers and clients by giving the caseworker more flexibility to meet the client's need.

Policymakers should support cash diversion, especially if it is paired with job search and counseling, because it reduces welfare rolls and spending without imposing hardships on people who need help. Doug Besharov, a welfare expert with the American Enterprise Institute, writes, "Compared to universal social welfare programs – such as Social Security and Medicare – targeted programs are much less expensive and, if properly focused, can do as much and perhaps more good."[30]

More than half the states have cash diversion programs in place. We grouped all 50 states and the District of Columbia into three categories and awarded points based on their cash diversion policies. Category 1 states have no cash diversion program and receive zero points and a grade of F. Category 2 states offer a cash diversion program without referral to job searches and receive 90 points and a grade of A-. Category 3 states offer cash diversion and referral to job search programs and counseling and get a perfect score of 100 and a grade of A.

Table 12 shows that 13 states and the District of Columbia have diversion programs combined with referral to job search or job placement, scoring 100 points. Fifteen states have cash diversion programs without referral, scoring 90 points, and the remaining 22 states lack cash diversion programs and score zero points.

Table 12. Cash Diversion Programs

State	Diversion Program?	Benefit Equivalent (months)	Cash Limit	Referral to Job Search or Job Placement	Category	Points
Arizona	YES	3	none	YES	3	100
California	YES	County Option	County Option	County Option	3	100
Colorado	YES	County Option	County Option	County Option	3	100
District of Columbia	YES	3	none	YES	3	100
Florida	YES	-	$1,000	YES	3	100

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[29] MacDougal, supra note 20, pp. 291-292.

[30] Doug Besharov, "The Right Kind of Hand Up," *Washington Post*, November 19, 2007.

State	Diversion Program?	Benefit Equivalent (months)	Cash Limit	Referral to Job Search or Job Placement	Category	Points
Idaho	YES	3	$879	YES	3	100
Kentucky	YES	-	$1,300	YES	3	100
Maryland	YES	County Option	none	YES	3	100
New Jersey	YES	1	$750	YES	3	100
North Carolina	YES	3	none	YES	3	100
Ohio	YES	County Option	County Determined	County Determined	3	100
Oregon	YES	-	none	YES	3	100
Texas	YES	-	$1,000	YES	3	100
Wisconsin	YES	-	$1,600	YES	3	100
Alaska	YES	3	none	NO	2	90
Arkansas	YES	3	none	NO	2	90
Connecticut	YES	3	none	NO	2	90
Delaware	YES	-	$1,500	NO	2	90
Illinois	YES	-	-	-	2	90
Iowa	YES	County Option	County Option	NO	2	90
Maine	YES	3	none	NO	2	90
Minnesota	YES	Up to 4	MFIP Standard	NO	2	90
New Mexico	YES	-	$1,500	NO	2	90
Oklahoma	YES	3	none	NO	2	90
South Dakota	YES	2	none	NO	2	90
Utah	YES	3	3 Months	NO	2	90
Virginia	YES	4	$1,164	NO	2	90
Washington	YES	-	$1,500	NO	2	90
West Virginia	YES	3	none	NO	2	90
Alabama	NO	-	-	-	1	0
Georgia	NO	-	-	-	1	0
Hawaii	NO	-	-	-	1	0
Indiana	NO	-	-	-	1	0
Kansas	NO	-	-	-	1	0
Louisiana	NO	-	-	-	1	0
Massachusetts	NO	-	-	-	1	0
Michigan	NO	-	-	-	1	0
Mississippi	NO	-	-	-	1	0
Missouri	NO	-	-	-	1	0
Montana	NO	-	-	-	1	0
Nebraska	NO	-	-	-	1	0
Nevada	NO	-	-	-	1	0
New Hampshire	NO	-	-	-	1	0

State	Diversion Program?	Benefit Equivalent (months)	Cash Limit	Referral to Job Search or Job Placement	Category	Points
New York	NO	-	-	-	1	0
North Dakota	NO	-	-	-	1	0
Pennsylvania	NO	-	-	-	1	0
Rhode Island	NO	-	-	-	1	0
South Carolina	NO	-	-	-	1	0
Tennessee	NO	-	-	-	1	0
Vermont	NO	-	-	-	1	0
Wyoming	NO	-	-	-	1	0

Source: U.S. Department of Health and Human Services, Temporary Assistance for Needy Families Program: Seventh Annual Report to Congress, “Applicant Cash Diversion Program Table 12:9," December 2006, p. XII-113.

Family Cap Provisions

Families on welfare trying to establish economic stability face additional challenges as the number of children increases. One of the major concerns prompting the movement that led to the 1996 national welfare reform was the belief, supported by social science research, that conventional welfare programs encouraged having more children by increasing benefits as the size of a family increased.[31]

Family cap provisions reduce or eliminate the benefits one can receive for each additional child born while the mother remains on welfare. More research on the effect of family caps would be helpful, but the authors believe an economic incentive to have more children while on welfare points people in the wrong direction.

Family cap provisions come in a variety of forms, making ranking more complicated than for the two preceding policies. Some states do not have caps but reduce benefits for each additional child; some have caps with many exceptions; and some pair their cap with referral to family planning services.

This analysis groups all 50 states and the District of Columbia into four categories and awards points based on their family cap policies. States with neither family caps nor diminishing additional benefits for additional children fall in Category 1 and receive zero points and a grade of F. States without caps but with diminishing additional benefits for additional children fall in Category 2 and receive 30 points and a grade of D.

States with family caps but numerous exceptions fall in Category 3 and receive 90 points and a grade of B. Category 4 states have strict family caps and also refer recipients to family planning

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[31] See Charles Murray, *Losing Ground: American Social Policy, 1950-1980* (Basic Books, tenth anniversary edition, 1994).

and receive a perfect score of 100 points and a grade of A. Rape and incest exceptions were ignored in this grading policy.

Table 13 shows that six states – Arkansas, Delaware, Georgia, Indiana, Wisconsin, and Wyoming – receive the top score for their family cap policies. Twenty-seven states and the District of Columbia do not have family caps and receive the lowest score.

Table 13. Family Cap Policies

State	Description	Other Provisions	Category	Points
Arkansas	No additional cash benefits for birth of an additional child after approval, no exceptions.	Information and referral to family planning.	4	100
Delaware	No additional cash benefits with birth of an additional child, except because of rape or incest.	Information and referral to family planning. Fill-the-gap benefit calculations for cases with earnings/child support.	4	100
Georgia	No additional cash benefits with birth of an additional child, except births because of rape or incest.	Information and referral to family planning. Fill-the-gap benefit calculations for cases with earnings.	4	100
Indiana	No additional cash benefits with birth of an additional child, except births because of rape or incest. No additional TANF benefits with birth of child.	Information and referral to family planning. Parent of excluded child may be granted a work exemption for 12 weeks.	4	100
Wisconsin	No additional cash benefits with birth of an additional child. TANF grant is the same amount for families with the same work status regardless of family size.	Information and referral to family planning. Family planning information provided at application and with benefit checks.	4	100
Wyoming	No additional cash benefits with birth of an additional child.		4	100
Arizona	There is no increase in cash assistance for the birth of additional children after the family begins receiving cash assistance. There are exceptions for: births resulting from cases of sexual assault or incest; children born within 10 months of the date of application; and children born at least 10 months after a family has not received cash assistance for one full year due to voluntary withdrawal or ineligibility.	Earned income disregard to make up difference in benefits. Information and referral to family planning.	3	90
California	Under the States Maximum Family Grant (MFG) policy, no increase in the Maximum Aid Payment for any child born to a family that has received TANF for 10 continuous months prior to the birth of a child. Continuous receipt of TANF is defined as	Child support received will be paid to the assistance unit and will not be counted as income. Information and referral to family planning.	3	90

State	Description	Other Provisions	Category	Points
	receiving aid without a two consecutive month break in aid.			
Idaho	No additional cash benefits with birth of an additional child. TANF grant is the same amount for families of all sizes.	Increase in family size will increase the earned income disregard.	3	90
Illinois	No additional cash benefits with birth of an additional child. There are exceptions for births: because of rape or incest; to a child who does not reside with his or her parent; or to a child who was conceived in a month the family was not receiving TANF and had not received TANF for a period of at least three consecutive months.	Earned income disregard to make up difference in benefits. Information and referral to family planning.	3	90
Maryland	Maryland has a two-year waiver to its Child Specific Benefit beginning October 1, 2002. Will pay direct benefit to family during this period. Provides an opportunity to conduct study on impact of family cap.	A child subject to provisions of this regulation is treated as an assistance unit member for all other purposes, including but not limited to Medical Assistance, child care services, and Food Stamps. This regulation does not apply if the birth of a dependent child is the result of rape or incest, another caretaker relative has obtained legal guardianship of the child, or the child is placed in the home of a caretaker relative by the local department of social services.	3	90
Massachusetts	No additional cash benefits with birth of an additional child, except births because of rape or incest or other extraordinary circumstances. Extends coverage to children conceived within 12 months after family leaves the rolls.	Information and referral to family planning. Expanded earnings/child care disregard. Parent of excluded child may be granted a work exemption for 12 weeks.	3	90
Mississippi	No additional cash benefits with birth of an additional child.	Income received on behalf of the child, including child support received will be paid to the assistance unit and will not be counted as income. The additional child will not be included in the need standard for purposes of determining TANF eligibility.	3	90
Nebraska	No additional cash benefits with birth of an additional child if born more than 10 months after the date of application, except births because of rape or incest.	Information and referral to family planning.	3	90
New Jersey	No additional cash benefits with birth of an additional child,	Children subject to family cap are eligible for all other services	3	90

State	Description	Other Provisions	Category	Points
	except cases which: have left the rolls, remained employed at least 90 days, and terminated employment for good cause; or remained off the rolls for at least 12 consecutive months for any reason.	except cash assistance.		
North Carolina	No additional cash benefits with birth of an additional child as a result of a child born to the family 10 or more months after the family begins to receive TANF, except: births because of rape or incest; to a child that was conceived in a month the assistance unit (i.e., the entire family) was not receiving TANF; to a child when parental custody has been legally transferred; or to a child who is no longer able to live with his or her parents.		3	90
North Dakota	No additional cash benefits with birth of an additional child.	Child support collections pass through for benefit of child.	3	90
Oklahoma	No additional cash benefits with birth of an additional child.	If a child is born to a recipient 10 months from date of application for assistance, the amount that would be added to the benefit for the child is paid in the form of vouchers until the child reaches the age of 36 months.	3	90
Tennessee	No additional cash benefit will be issued due to the birth of an additional child when the birth occurs more than 10 calendar months after the date of application for TANF. A caretaker must provide a physician's statement to overcome the presumption that a child born more than 10 months after application was conceived prior to such date. Does not apply to children born as the result of rape or incest.	Information and referral to family planning. The additional child will be included in the need standard and the income of the child, including child support, will be applied against the need standard and the fill-the-gap budgeting method in determining the TANF payment amount for the family.	3	90
Virginia	No additional cash benefits with birth of an additional child, except births because of rape or incest. The family cap does not apply to children born within 10 months of beginning to receive assistance.	Pass-through all child support received for family affected. Information and referral to family planning. Parent of excluded child may be granted a work exemption for six weeks.	3	90
Connecticut	The benefit increase will be one-half of the average increase for an additional child. There are exceptions for births: because of rape or incest; to a child who does not reside with his or her	No work exemption for parent of excluded child.	2	30

State	Description	Other Provisions	Category	Points
	parent if the parent did not receive TANF assistance in either the ninth or 10th calendar month before the birth of the child; or in the case of premature births (as verified by a physician) when the mother was not on assistance during the month of conception.			
Florida	For the first such child (including all children in the case of a multiple birth), provide an increase in the cash benefits equal to 50 percent of the maximum allowable increment; and for a second or subsequent child, provide no increase in the cash benefits received by the unit.	The additional child will be included in the need standard. Information and referral to family planning services.	2	30
South Carolina	No additional cash benefits with birth of an additional child.	Benefits provided in the form of vouchers or commodities for a child born subject to the benefit limitation up to the amount of the increase in cash benefits that the family would have received for the child in the absence of the family cap. The vouchers may be used to pay for goods and services, as determined by the state, to support the needs of the child and permit the custodial parent to participate in education, training, and employment-related activities.	2	30
Alabama	No Family Cap		1	0
Alaska	No Family Cap		1	0
Colorado	No Family Cap		1	0
District of Columbia	No Family Cap		1	0
Hawaii	No Family Cap		1	0
Iowa	No Family Cap		1	0
Kansas	No Family Cap		1	0
Kentucky	No Family Cap		1	0
Louisiana	No Family Cap		1	0
Maine	No Family Cap		1	0
Michigan	No Family Cap		1	0
Minnesota	No Family Cap		1	0
Missouri	No Family Cap		1	0
Montana	No Family Cap		1	0
Nevada	No Family Cap		1	0
New Hampshire	No Family Cap		1	0

State	Description	Other Provisions	Category	Points
New Mexico	No Family Cap		1	0
New York	No Family Cap		1	0
Ohio	No Family Cap		1	0
Oregon	No Family Cap		1	0
Pennsylvania	No Family Cap		1	0
Rhode Island	No Family Cap		1	0
South Dakota	No Family Cap		1	0
Texas	No Family Cap		1	0
Utah	No Family Cap		1	0
Vermont	No Family Cap		1	0
Washington	No Family Cap		1	0
West Virginia	No Family Cap		1	0
Source: U.S. Department of Health and Human Services, “Temporary Assistance for Needy Families Program: Seventh Annual Report to Congress,” Table 12:13 Family Cap Provisions. December 2006, pp. XII-120 - XII-123.				

Lifetime Eligibility Limits

PRWORA strongly encouraged states to limit the lifetime eligibility of individuals and families for TANF benefits to 60 months (five years). The policy has various loopholes and has been implemented only loosely by many states, as a recent report from The Brookings Institution explained:

> PRWORA requires that state TANF programs set a five-year lifetime limit for any individual receiving federally funded aid, although states may exempt up to 20 percent of their caseload from the limit. States may elect to set shorter time limits, and many have. However, any assistance provided to recipients beyond the five-year limit must be financed solely out of state funds. Three states (Michigan, New York, and Vermont) have effectively decided not to enforce the five-year limit. And many states (such as California) do not terminate but only reduce benefits when the time limit is reached.[32]

After the Brookings study was written, Michigan adopted a 48-month cap on benefits with numerous exceptions and “clock-stoppers” described below.

The rationale for limiting life-time eligibility for welfare benefits is that knowing welfare payments will end after a certain number of months creates a strong incentive to prepare for work and accept job opportunities when available. Many states have adopted policies permitting people to receive welfare for less than 60 months on the theory that five years of dependence on welfare can ingrain habits and lifestyles that make it more difficult to achieve self-sufficiency.

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[32] Fang and Keane, supra note 2.

Some states have adopted “stop the clock” provisions whereby time spent by TANF recipients working toward a GED, facing medical incapacities, or facing specific barriers to work doesn’t count toward the five-year lifetime limit for receiving welfare. Michigan’s welfare reform law, for example, stops the clock for a variety of reasons, including whenever the unemployment rate in the county a recipient lives in exceeds the state average by 25 percent.

This report grades all 50 states and the District of Columbia on their lifetime limit policies. Category 1 states have no lifetime limit and receive zero points and a grade of F. States with a 60-month lifetime limit, the minimum requirement, fall under Category 2 and receive 65 points and a grade of D. Category 3 states limit benefits to less than 60 months but more than 30 months and receive 75 points and a grade of C. States with a lifetime limit of less than 30 months rank in Category 4 and receive 90 points and a grade of B. Category 5 states receive a perfect score and a grade of A by limiting benefits to less than 30 months and additionally end assistance for the children of beneficiaries when the parent or guardians’ lifetime limit is reached.

Table 14 shows only three states – Arkansas, Connecticut, and Idaho – score a perfect 100 points by limiting benefits to individuals and their dependents to less than 30 months. Indiana is the sole Category 4 state, limiting lifetime benefits to 24 months but allowing benefits to continue for children. Five states are in Category 3, 38 states are in Category 2, and four states are in Category 1.

Table 14. Lifetime Limit on TANF Eligibility

State	Lifetime Limit (months)	Benefits Continue to Children after Lifetime Limit	Eligibility Restrictions Within the Lifetime Limit	Category	Points
Arkansas	24	NO	NO	5	100
Connecticut	21	NO	NO	5	100
Idaho	24	NO	NO	5	100
Indiana	24	YES	NO	4	90
Delaware	36	NO	NO	3	75
Florida	48	NO	24 months in 60 months or 36 months in 72 months	3	75
Georgia	48	NO	NO	3	75
Michigan	48	NO	NO	3	75
Utah	36	NO	NO	3	75
Alabama	60	NO	NO	2	65
Alaska	60	NO	NO	2	65
Arizona	60	NO	NO	2	65
California	60	YES	NO	2	65
Colorado	60	NO	NO	2	65
District of Columbia	60	YES	NO	2	65
Hawaii	60	NO	NO	2	65
Illinois	60	NO	NO	2	65

State	Lifetime Limit (months)	Benefits Continue to Children after Lifetime Limit	Eligibility Restrictions Within the Lifetime Limit	Category	Points
Iowa	60	NO	NO	2	65
Kansas	60	NO	NO	2	65
Kentucky	60	NO	NO	2	65
Louisiana	60	NO	24 months in 60 months	2	65
Maine	60	YES	NO	2	65
Maryland	60	YES	NO	2	65
Minnesota	60	NO	NO	2	65
Mississippi	60	NO	NO	2	65
Missouri	60	NO	NO	2	65
Montana	60	NO	NO	2	65
Nebraska	60	NO	24 months in 48 months	2	65
Nevada	60	NO	24 months followed by 12 months of ineligibility	2	65
New Hampshire	60	NO	NO	2	65
New Jersey	60	NO	NO	2	65
New Mexico	60	NO	NO	2	65
North Carolina	60	NO	24 months followed by 36 months of ineligibility	2	65
North Dakota	60	NO	NO	2	65
Ohio	60	NO	36 month State limit followed by a 24 month waiting period, after which the family may be eligible for up to 24 additional months (not exceeding Federal 60-month limit) by county based on “good cause.”	2	65
Oklahoma	60	NO	NO	2	65
Pennsylvania	60	YES	NO	2	65
Rhode Island	60	YES	NO	2	65
South Carolina	60	NO	24 months in 120 months	2	65
South Dakota	60	NO	NO	2	65
Tennessee	60	NO	18 months followed by 3 months of ineligibility	2	65
Texas	60	NO	12, 24, or 36 months followed by 60 months of State ineligibility	2	65
Virginia	60	NO	24 months followed by 24 months ineligibility	2	65
Washington	60	NO	NO	2	65
West Virginia	60	NO	NO	2	65
Wisconsin	60	NO	NO	2	65
Wyoming	60	NO	NO	2	65
Massachusetts	NO	N/A	24 months in 60 months	1	0

State	Lifetime Limit (months)	Benefits Continue to Children after Lifetime Limit	Eligibility Restrictions Within the Lifetime Limit	Category	Points
New York	NO	N/A	NO	1	0
Oregon	NO	N/A	24 months in 84 months	1	0
Vermont	NO	N/A	NO	1	0
Source: U.S. Department of Health and Human Services, “Temporary Assistance for Needy Families Program: Seventh Annual Report to Congress,” Table 12:10 State Time Limits, December 2006, pp. XII-114 - XII-116.					

Sanctions

Sanctions are enforcement tools to secure compliance by TANF recipients with work and other requirements for eligibility.

Michigan’s 2006 welfare reform law, for example, contains a provision that recipients who fail to comply with work and training requirements would lose benefits for three months the first and second times, and one year for a third violation.[33]

State sanctions fall into three categories:[34]

- Full family sanctioning: The entire TANF check is withheld at the first instance of nonperformance of required work or other activities.
- Graduated sanctioning. The full TANF check is withheld only after multiple infractions.
- Partial sanctioning. Only the adult portion of the TANF check is withheld, even after repeated infractions, enabling recipients to retain the bulk of their TANF benefits.

Strong sanctions encourage workforce participation and self-sufficiency directly, by giving noncompliant recipients little choice but to enter the workforce in order to receive aid, and also indirectly, by preparing people for the real-world consequences of their choices. As Robert Rector and Sarah Youssef wrote:

> When a welfare system requires community service work or other constructive activity and enforces those requirements with stiff sanctions for non-compliance, it creates an environment that will prepare the recipient for the real world of work. Under such a system, recipients are held accountable for their own actions and thus learn the habits of

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[33] http://www.michiganvotes.org/2006-HB-6580.

[34] New, supra note 2.

> self-control, responsibility, and persistence, which are the hallmarks of eventual self-sufficiency. Thus, the work requirement provides the psychological preparation necessary for reducing dependency.[35]

We graded all 50 states and the District of Columbia according to their penalties for first-time violations of state work requirements. Category 1 states have only partial sanctions and short-time minimum sanctions; they receive 40 points and a grade of F. States with partial economic sanctions and longer minimum sanctions rank in Category 2 and receive 60 points and a grade of D. States with a full funding sanction for a short period of time fall in Category 3 and receive 80 points and a grade of C. Category 4 states have a full sanction for a longer period of time and gain a perfect score of 100 points and a grade of A.

Table 15 shows only Michigan and Mississippi impose full sanctions of sufficient duration to qualify for Category 4, the highest score. Sixteen states are in Category 3, eight are in Category 2, and 25 states are in Category 1.

Table 15. Initial Sanctions for Noncompliance with Work Requirements

State	Partial or Full Sanction	Minimum Length of Sanction	Category	Points
Michigan	Full	3 months	4	100
Mississippi	Full	2 months	4	100
Alaska	Full	1 month	3	80
Florida	Full	Until compliance	3	80
Hawaii	Full	Until compliance	3	80
Idaho	Full	1 month	3	80
Illinois	Full	Until compliance	3	80
Iowa	Full	Until compliance	3	80
Kansas	Full	Until compliance	3	80
Maryland	Full	Until compliance	3	80
Nebraska	Full	1 month	3	80
Nevada	Full	Until compliance	3	80
Ohio	Full	1 month	3	80
Oklahoma	Full	Until compliance	3	80
South Carolina	Full	1 month	3	80
Tennessee	Full	Until compliance	3	80
Virginia	Full	1 month	3	80
Wyoming	Full	1 month	3	80
Colorado	Partial	1-3 months	2	60

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[35] Robert E. Rector and Sarah E. Youssef, “The Determinants of Welfare Caseload Decline,” Heritage Foundation Center for Data Analysis Report #99-04, May 11, 1999, http://www.heritage.org/Research/Welfare/CDA99-04.cfm.

State	Partial or Full Sanction	Minimum Length of Sanction	Category	Points
Connecticut	Partial	3 months	2	60
Delaware	Partial	Until compliance or 2 months; then increments to next sanction level.	2	60
Georgia	Partial	Up to 3 months	2	60
Indiana	Partial	2 months	2	60
Louisiana	Partial	3 months	2	60
North Carolina	Partial	3 months	2	60
West Virginia	Partial	3 months	2	60
Alabama	Varies	1 month	1	40
Arizona	Partial	1 month	1	40
Arkansas	Partial	Until compliance	1	40
California	Partial	Until compliance	1	40
District of Columbia	Partial	1 month	1	40
Kentucky	Partial	Until compliance	1	40
Maine	Partial	Until compliance	1	40
Massachusetts	Partial	Until compliance	1	40
Minnesota	Partial	1 month	1	40
Missouri	Partial	Until compliance	1	40
Montana	Partial	1 month	1	40
New Hampshire	Partial	1/2 month	1	40
New Jersey	Partial	1 month	1	40
New Mexico	Partial	1 month	1	40
New York	Partial	Until compliance	1	40
North Dakota	Partial	1 month	1	40
Oregon	Partial	Until compliance	1	40
Pennsylvania	Varies	30 days	1	40
Rhode Island	Partial	Until compliance	1	40
South Dakota	Partial	1 month	1	40
Texas	Partial	1 month	1	40
Utah	Partial/Full	Until compliance	1	40
Vermont	Partial	Until compliance	1	40
Washington	Partial	Until compliance	1	40
Wisconsin	Partial	Until compliance	1	40

Source: U.S. Department of Health and Human Services, “Temporary Assistance for Needy Families Program: Seventh Annual Report to Congress,” Table 12:8 Initial Sanctions for Noncompliance with Work Requirements, December 2006, pp. XII-120 - XII-123.

6. Case Studies

The five worst-ranked states in this survey, according to the "overall scores," are Rhode Island (ranked 47), New Hampshire (48), Kansas (49), Vermont (50), and Missouri (51). All five appear among the bottom 10 states when ranked by their welfare policies.

We examined the welfare reform situation of each of these five worst-ranked states more closely, with an eye toward finding what policies they could adopt to improve their standing.

Rhode Island (Rank = 47)

Rhode Island has the fifth-worst welfare reform effort in the nation. It ranked near the bottom in the country (34th) for results and second worst (tied with Missouri at 49th) on its welfare reform policies.

Welfare dependency, poverty, and unemployment

Rhode Island ranks 28th in the nation at reducing the number of people on **welfare rolls** (Temporary Assistance to Needy Families or TANF), with a decline of 61.9 percent from 1996 to 2006. It fell short of the national rate of decline (67.6 percent) and such neighboring states as Connecticut (-78 percent), New York (-75 percent), and New Jersey (-66 percent).

The **poverty rate** in Rhode Island fell 0.7 percentage points between 1996 and 2006, versus a national decline of 0.4 percentage points, for a national rank of 14. With the exceptions of Delaware and New Hampshire (which saw increases of 1.3 and 1.7 percentage points, respectively), Rhode Island's neighbors performed as well or better: District of Columbia (-2.3 percentage points), New York (-2.1), Connecticut (-0.7), and Vermont (also -0.7).

Rhode Island ranks a dismal 43rd in the nation in the **percentage of TANF recipients who work,** with only 24.9 percent of its welfare recipients working; the national average was 32.5 percent. This is in sharp contrast to the leading states – Montana (79.2 percent), Kansas (77.2 percent), and Wyoming (77.2 percent) – and even such neighboring states as New York (37.8 percent), Connecticut (30.8 percent), and New Jersey (29.2 percent).

The **unemployment rate** in Rhode Island fell 0.1 percentage points between 1997 and 2006, a performance that put it in the middle of other states with a rank of 29. Among the states outperforming Rhode Island, seven were its neighbors: District of Columbia (-2.3), New York (-2.0), Maryland (-0.9), New Jersey (-0.7), Connecticut (-0.5), Maine (-0.5), and Vermont (-0.4).

The **teenage birth rate** in Rhode Island fell 7.6 percentage points (from 39.0 percent to 31.4 percent) between 1996 and 2005, but nationwide the rate fell 12.5 percentage points (from 53 percent to 40.5 percent), earning Rhode Island a rank of 38th in the nation. None of the eight states that performed worse than Rhode Island on this measure is in the Northeast. Teenage mothers are at a higher risk of becoming welfare-dependent.

Welfare reform policies

Rhode Island's second-worst-in-the-nation (tied with Missouri) welfare reform policies are the likely cause of its poor welfare reform results. The state received four grades of F and one grade of D for the five policies for which we assigned letter grades.

Rhode Island is a "poor" state in terms of **integrating welfare and state social services.** Integrating the many public aid and social service programs into a coordinated holistic system that enables aid recipients to receive help from multiple agencies in a single office and/or from a single caseworker benefits both the recipients and the caseworkers. But no such "one-stop shopping" approach exists in Rhode Island. Key services such as TANF, alcohol and substance abuse, child care, mental health, and workforce programs are delivered by separate government bureaucracies, causing inefficiency and increasing the likelihood that aid recipients will not receive the services they need, when they need them, to become financially self-sufficient.

Rhode Island's poor failed to collect $351 million in income through the federal **Earned Income Tax Credit (EITC)** program, some 76 percent of the total amount available to the state under this program. This is twice the $170 million the state and federal government spent on TANF in Rhode Island in 2005. Rhode Island apparently devotes little time or resources to connecting low-income families to EITC, in effect supporting them with state-funded public aid programs instead.

Rhode Island doesn't require its TANF aid recipients to find work until 24 months (two years) after they first begin to receive aid. This lax **work requirement** makes Rhode Island one of only 14 states that don't require immediate work, and one of only nine allowing as long as 24 months. Rhode Island received a grade of F for this policy.

Rhode Island doesn't have a **cash diversion program** giving individuals access to modest cash grants from public aid offices for short-term needs without first being placed on welfare rolls. Twenty-two states lack such a program, and as a result they inadvertently draw people who need money for a specific, often short-term problem, to enroll in an entitlement program that might provide them with benefits for years.

Rhode Island is one of 27 states and the District of Columbia lacking a **family cap provision,** another policy omission that leads to welfare dependency. Unless benefits are reduced or eliminated for each additional child born while the mother remains on welfare, welfare creates an incentive for irresponsible behavior and makes re-entry into the job market more difficult. Neighbors Connecticut, Delaware, Maryland, Massachusetts, and New Jersey all have family cap policies.

Rhode Island has a **lifetime limit on eligibility for welfare** of 60 months (five years), the maximum allowed under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA). Nine states impose shorter limits, including neighboring Connecticut with a limit of 21 months and Delaware at 36 months. Moreover, even Rhode Island's 60-month limit is not imposed on benefits to children after the guardian's eligibility expires, a loophole that makes the limit less effective.

Finally, Rhode Island rates a grade of F on its **initial sanctions for noncompliance with work requirements.** The state imposes only a partial sanction (less-than-complete loss of benefits) until compliance with work requirements occurs, a weak enforcement policy that may explain why fewer than one in four welfare recipients in Rhode Island work.

Recommendations

Based on this review of anti-poverty success and welfare reform policies for Rhode Island, we recommend the following reform agenda:

- Rhode Island needs to integrate welfare and state social services so that aid recipients receive all the services they need to break out of the cycle of poverty and welfare dependency. The agency offering welfare benefits ought to be working closely with agencies offering alcohol and drug abuse counseling, job training, transportation, and other services that are all key to a person being able to become economically self-sufficient. Right now, those services are not well integrated in Rhode Island, leading to wasted public dollars and welfare dependency.

- Rhode Island should notify every TANF recipient and the thousands of low-income families who have not applied for aid that they can receive significant financial support from the federal Earned Income Tax Credit (EITC), and then help them apply for this benefit. This helps make work pay. If Rhode Island could capture even part of the $351 million that is currently not being tapped, thousands fewer people would need to enroll in TANF.

- Rhode Island should require TANF aid recipients to begin work *immediately* upon receiving benefits, rather than giving them a two-year grace period. Rhode Island should join the 37 other states that require immediate work.

- Rhode Island should allow caseworkers to make cash grants to people who need short-term assistance without requiring such persons to enroll in the TANF program. Such cash diversion programs have been proven to work in 29 states and the District of Columbia.

- Rhode Island should adopt a family cap on TANF benefits that reduces or eliminates the benefits one can receive for each additional child born while the mother remains on welfare. Such caps are in place in 23 states and are known to encourage workforce participation by single mothers.

- Rhode Island should consider reducing lifetime eligibility for TANF benefits to four years or less, and should discontinue benefits to dependents after their guardians reach their lifetime limit.

New Hampshire (Rank = 48)

New Hampshire has the fourth-worst welfare reform effort in the nation. It ranked 49th of the 50 states and the District of Columbia for anti-poverty success, and 39th for its welfare reform policies.

Welfare dependency, poverty, and unemployment

New Hampshire ranks a dismal 47th in the nation at reducing the number of people on **welfare rolls** (Temporary Assistance to Needy Families or TANF), with a decline of 43.1 percent from 1996 to 2006, compared to the national rate of decline of 67.6 percent. Other states reduced their welfare rolls much more, including neighboring Massachusetts (-59.9 percent), Vermont (-56.7 percent), and Maine (-55.4 percent).

The **poverty rate** in New Hampshire rose 1.7 percentage points between 1996 and 2006 – fourth worst in the nation – while the overall change in poverty rate for the U.S. was a decline of 0.4 percentage points. During this same period, Vermont saw its poverty rate fall by 0.7 percentage points, while Massachusetts (+0.1 percentage points) and Maine (+0.9 percentage points) saw substantially smaller increases in the poverty rate than did New Hampshire.

The **percentage of TANF recipients who work** in New Hampshire, 24.1 percent in 2006, ranked 44th in the country, evidence that work is *not* required to receive public aid in New Hampshire. Its neighbor states, however, perform nearly as bad or worse: Maine (26.6 percent), Vermont (22.2 percent), and Massachusetts (a worst-in-the-nation 13.6 percent). Nationwide, 32.5 percent of TANF recipients were working in 2006.

New Hampshire's **unemployment rate** rose by 0.3 percentage points between 1997 and 2006. Unemployment rates fell in neighboring Maine (-0.5 percentage points) and Vermont (-0.4 percentage points) but rose even more in Massachusetts (0.9 percentage points).

The trend in the **teenage birth rate** in New Hampshire is one of few bright spots for the state. The rate fell 10.1 percentage points (from 28.0 percent to 17.9 percent) between 1996 and 2005. Vermont saw its teenage birth rate fall more (-11.4 percentage points), while rates in Massachusetts (-9.2 percentage points) and Maine (-7.6 percentage points) fell less. Nationwide, the teenage birth rate fell 12.5 percentage points, from 53 to 40.5 percent, over this period.

Welfare reform policies

New Hampshire's welfare reform policies had shortcomings in six of the seven areas we studied.

New Hampshire is a "poor" state in terms of **integrating welfare and state social services.** Integrating the many public aid and social service programs into a coordinated holistic system that enables aid recipients to receive help from multiple agencies in a single office and/or from a single caseworker benefits both the recipients and the caseworkers. Key services such as TANF, alcohol and substance abuse, child care, mental health, and workforce programs are delivered by separate government bureaucracies, causing inefficiency and increasing the likelihood that aid recipients will not receive the services they need, when they need them, to become financially self-sufficient.

The **Earned Income Tax Credit (EITC)** is a federal program that can put billions of dollars a year into the hands of low-income families. But in 2004, New Hampshire residents applied for and received only 19 percent of tax credit money they were eligible for, leaving $407,000,000 “on the table.” If state and local public aid officials and policymakers did more to connect those eligible and in need to EITC, more would move to self-sufficiency and fewer low-income people would fall back on TANF. It’s an area of striking policy failure and reform opportunity.

New Hampshire receives grades of F for **cash diversion programs** and **family cap provisions.** Cash diversion programs allow welfare caseworkers to give modest cash grants to individuals with short-term needs without signing them up for ongoing welfare benefits. New Hampshire is one of 22 states that have no such program. It’s a serious omission that contributes to welfare dependency. New Hampshire is also one of 27 states and the District of Columbia that lack a **family cap provision,** which reduces or eliminates the benefits one can receive for each additional child born while the mother remains on welfare. The absence of such a policy rewards births to low-income and unwed mothers, thereby erecting another barrier to their entry into the workforce.

New Hampshire adopted the maximum **lifetime limit on eligibility for welfare** allowed under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), of 60 months (five years), and imposes that limit on benefits to children after the guardian’s eligibility expires. Although this places New Hampshire in the “middle of the pack” compared with other states, nine other states restrict lifetime eligibility to four years or less.

New Hampshire imposes weak **sanctions** on TANF aid recipients for noncompliance with work requirements. The state imposes a partial sanction for half a month.

New Hampshire scored well on just one welfare reform policy we measured: Along with 36 other states, New Hampshire requires TANF aid recipients to **begin work immediately** as a condition of receiving benefits. Some states allow up to two years before the work requirement becomes mandatory. Requiring work immediately is less likely to allow habits and lifestyles to develop that make re-entry into the workforce more difficult.

Recommendations

Based on this review of welfare reform results and policies for New Hampshire, we recommend the following reform agenda:

- Move toward integrating welfare and state social services, enabling welfare recipients in New Hampshire to access more services in one stop and enabling caseworkers to more efficiently and effectively meet all their needs.

- Require caseworkers and others to connect low-income working people to the federal Earned Income Tax Credit (EITC) and publicize the program's benefits to people who have not yet applied for welfare.

- Do a better job enforcing the requirement that TANF aid recipients work in exchange for their benefits, and drive up a workforce participation rate that is one of the lowest in the nation.

- Adopt a cash diversion program, allowing caseworkers to make cash grants to people who need short-term assistance rather than requiring such persons to enroll in the TANF program.

- Adopt a family cap provision that reduces or eliminates the benefits one can receive for each additional child born while the mother remains on welfare. Such caps encourage workforce participation by single mothers.

Kansas (Rank = 49)

Kansas has the third-worst welfare reform effort in the nation. It ranked 40th out of the 50 states and the District of Columbia for anti-poverty success, and an even lower 45th (tied with Hawaii) for its welfare reform policies.

Welfare dependency, poverty, and unemployment

Kansas is third worst in the nation at reducing the number of people on **welfare rolls** (Temporary Assistance to Needy Families or TANF), with a decline of only 35.3 percent from 1996 to 2006, just half the national average rate of decline and far below the rates of neighboring or similar states such as Wyoming (96 percent), Oklahoma (80.2 percent), Texas (77.8 percent), Arkansas (69.3 percent), and Colorado (66.3 percent).

The **poverty rate** in Kansas rose 1.6 percentage points between 1996 and 2006, while the rate for the U.S. as a whole *fell* 0.4 percentage points. During this same period, nearby New Mexico reduced its poverty rate by 2.1 percentage points, Wyoming by 1.7, and Arkansas by 0.3.

The **unemployment rate** in Kansas rose 0.6 percentage points between 1997 and 2006, more evidence of slow economic growth and a poor business climate. Kansas's increase stands in contrast to neighboring states such as Wyoming (-1.6 percentage points), Texas (-0.5), and Oklahoma (-0.2). On the other hand, Missouri and Iowa reported increases in their unemployment rates of 0.5 percentage points, similar to Kansas's increase.

The **teenage birth rate** in Kansas fell 7.6 percentage points between 1996 and 2005, from 49.0 to 41.4 percent, but nationwide the rate fell 12.5 percentage points. In Arkansas, the teenage birth rate fell 14.9 percentage points; in Texas, 11.4 percentage points; and in Missouri, 10.5 percentage points. High teenage birth rates are a significant cause of welfare dependency and are known to respond to changes in public policies such as caps and time limits on eligibility for public aid.

In the midst of all this bad news, Kansas ranks highly on one measure of anti-poverty success: the **percentage of TANF recipients who work**. The state ranked second-highest in the nation, with 77.2 percent of welfare recipients working. This is a signature accomplishment which, as we comment below, is probably due to its salutary use of sanctions with TANF recipients who violate the work requirement.

Welfare reform policies

Kansas's welfare reform policies are likely to fail to encourage welfare recipients to move from dependence to work. We found shortcomings in six of the seven areas we studied.

Kansas is an "average" state in terms of **integrating welfare and state social services.** Welfare recipients in Kansas can learn about services in one place but may not always have the ability to access those services in one stop. Even though a recipient might obtain a job through welfare, if she has a substance abuse or mental health problem, she will not hold the job for very long. Integrating substance abuse and mental health services with welfare services would enable the state to help more people leave welfare rolls and achieve self-sufficiency. Further examination of Kansas's complex human services systems is likely to yield more opportunities for integrating services.

The federal **Earned Income Tax Credit (EITC)** puts money into the hands of low-income families, enhancing incentives to maintain employment and avoid returning to the state's welfare rolls. In 2004, only 25 percent of tax credits Kansans were eligible for were actually applied for and received, leaving $900 million "on the table." This dwarfs the $181 million in federal and state funds spent on TANF. State and local public aid officials and policymakers need to connect people in need to EITC.

Kansas received a grade of F for its **work requirements,** being one of only nine states allowing TANF aid recipients to receive benefits for up to two years before they are required to have a job. Thirty-seven states require immediate work.

Kansas also received a grade of F for **cash diversion programs,** which provide individuals with access to modest cash grants without being placed on welfare rolls. Kansas is one of 22 states that have no such program. Often people simply need money for a specific, often short-term problem. Kansas lures these people into welfare dependency by requiring that they be placed on welfare rolls.

Kansas is one of 27 states and the District of Columbia lacking a **family cap provision,** which reduces or eliminates the benefits one can receive for each additional child born while the mother remains on welfare. The absence of such a policy rewards births to low-income and unwed mothers, thereby erecting another barrier to their entry into the workforce. Neighboring states that have family caps include Arkansas, Nebraska, and Oklahoma.

Kansas adopted the maximum **lifetime limit on eligibility for welfare** allowed under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), 60 months (five years), and imposes that limit on benefits to children after the guardian's eligibility expires. While this places Kansas in the "middle of the pack" compared with other states, nine states restrict lifetime eligibility to four years or less, and neighboring Arkansas limits lifetime eligibility to only two years.

The one area of welfare policy where Kansas scores well is on **initial sanctions for noncompliance with work requirements.** The state imposes a full sanction (complete loss of benefits) until compliance with the work requirement occurs, placing it in the top 18 states for this policy. This could be responsible for the one bright spot on Kansas's record for results, its second-best-in-the-country rating for workforce participation rate for TANF recipients.

Recommendations

Based on this review of anti-poverty success and welfare reform policies for Kansas, we recommend the following reform agenda:

- More closely integrate welfare and state social services, enabling welfare recipients in Kansas to access more services in one stop and enabling caseworkers to more efficiently and effectively meet family needs and remove barriers to work in a holistic way. People can't escape welfare dependency if rungs are missing from the ladder of opportunity, and Kansas's fragmented welfare and social services system too often fails to identify and fix all the necessary rungs.

- Connect more low-income people to the $900 million in unclaimed federal Earned Income Tax Credit (EITC) funds they are eligible to receive. Tapping even some of this vast pool of money would enable thousands of Kansans to leave the state's welfare rolls.

- Require TANF aid recipients to begin work *immediately* upon receiving benefits, rather than giving them a two-year grace period. Kansas should join the 37 other states requiring immediate work.

- Kansas should adopt a cash diversion program to allow caseworkers to make cash grants to people who need short-term assistance rather than the current policy of requiring such persons to enroll in the TANF program.

- Kansas should adopt a family cap provision reducing or eliminating the benefits one can receive for each additional child born while the mother remains on welfare. Such caps facilitate workforce participation by single mothers.

- Kansas should join nine states that restrict lifetime eligibility to four years or less.

Vermont (Rank = 50)

Vermont has the second-worst welfare reform effort in the nation. While it ranked a mediocre 32nd of the 50 states and the District of Columbia for reducing poverty, it came in *last place* for its welfare reform policies.

Welfare dependency, poverty, and unemployment

The number of people on **welfare rolls** (Temporary Assistance to Needy Families or TANF) in Vermont declined 56.7 percent from 1996 to 2006, less than the national rate of 67.6 percent and less than the reduction achieved by 37 other states. Neighboring states that outperformed Vermont include Connecticut (-78.0 percent), New York (-75.1 percent), New Jersey (-66.0 percent), and Rhode Island (-61.9 percent).

The **poverty rate** in Vermont fell 0.7 percentage points between 1996 and 2006, 15th best in the nation (tied with Connecticut). This is the only variable, of the 12 compiled for this survey, where Vermont rose above 20th place among the 50 states and the District of Columbia. Strong economic growth apparently was a regional phenomenon, with the District of Columbia (-2.3 percentage points), New York (-2.1), Rhode Island (-0.7), and New Jersey (-0.3) also reporting declining poverty rates.

Vermont ranks 45th (tied with California) in the **percentage of TANF recipients who work,** with 22.2 percent of welfare recipients working. This is a dismal record when compared to such leading states as Montana (79.2 percent), Kansas (77.2 percent), and Wyoming (77.2 percent), and even when compared to neighboring states such as New York (37.8 percent) and New Jersey (29.2 percent).

Unemployment in Vermont fell 0.4 percentage points between 1997 and 2006, a strong enough performance to rank the state 20th in the nation. Of the 19 states that performed better, six were in Vermont's neighborhood: District of Columbia (-2.3), New York (-2.0), Maryland (-0.9), New Jersey (-0.7), Connecticut (-0.5), and Maine (-0.5).

The **teenage birth rate** in Vermont fell 11.4 percentage points between 1996 and 2005, less than the nationwide decline of 12.5 percentage points. Twenty-three states reduced their teenage birth rates more rapidly than did Vermont. Since a high teenage birth rate is a significant cause of welfare dependency, this is a symptom of flawed welfare policies.

Welfare reform policies

Vermont's welfare reform policies almost seem designed to *discourage* welfare recipients from moving from dependence to work. We found shortcomings in all seven areas we studied.

Vermont fails to **integrate welfare and state social services.** Welfare recipients in Vermont cannot access a variety of services – such as substance abuse or mental health counseling – from the same office as they meet with their TANF caseworker. Integrating these services, either physically by having them share offices or at least programmatically with shared databases and frequent communication among departments, would enable the state to help more people leave welfare rolls and achieve self-sufficiency.

Vermont's poor applied for and received only 21 percent of the federal **Earned Income Tax Credit (EITC)** dollars they were eligible to receive in 2004. The $213 million they "left on the table" is three times as much as the national and Vermont state governments combined spent on TANF in 2005. State and local public aid officials are not connecting eligible people to the program, resulting in more people applying for the state's welfare program and other state benefits than would be necessary.

Vermont allows TANF aid recipients to receive benefits for up to 18 months before they are **required to work.** Allowing this long a delay encourages the development of habits and lifestyles that make re-entering the job market more difficult, and earned Vermont a grade of F in the report card. Only 13 other states do *not* require immediate work in return for benefits.

Vermont also received a grade of F for its failure to have a **cash diversion program,** which would provide individuals with access to modest cash grants for short-term needs without being placed on the welfare rolls. Vermont is one of 22 states that have no such program.

Similarly, Vermont lacks a **family cap provision** reducing or eliminating the benefits one can receive for each additional child born while the mother remains on welfare. The absence of such a policy rewards births to low-income and unwed mothers, thereby erecting another barrier to their entry into the workforce. Twenty-three states have family caps.

Vermont is one of only four states without a **lifetime limit on eligibility for welfare.** The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) requires that states pay for any benefits beyond 60 months (five years), and every state except Vermont, Massachusetts, New York, and Oregon imposes a limit, with nine states restricting lifetime eligibility to four years or less. The absence of a lifetime limit on welfare benefits discourages people from becoming job-ready and making lifestyle choices that lead to economic self-sufficiency.

Finally, Vermont scores a grade of F on **initial sanctions for noncompliance with work requirements.** The state imposes only a partial sanction (less-than-complete loss of benefits) until compliance with the work requirement occurs, placing it with 23 other states and the District of Columbia without meaningful sanctions for noncompliance. It is difficult not to blame this policy gap for the fact that three out of four people on welfare in Vermont do not work.

Recommendations

Based on this review of anti-poverty success and welfare reform policies for Vermont, we recommend the following reform agenda:

- More closely integrate welfare and state social services, enabling welfare recipients in Vermont to access more services from a single caseworker or in a single office. Vermont's fragmented welfare and social services system imposes unnecessary hardship on aid recipients and can frustrate hard-working caseworkers.

- Connect more low-income people to the $213 million in unclaimed federal Earned Income Tax Credit (EITC) funds they are eligible to receive. This is the "low-hanging fruit" of Vermont's welfare reform effort and ought to be acted on immediately.
- Replace the 18-month grace period for TANF aid recipients with a requirement that they begin work *immediately* upon receiving benefits. Vermont should join the 37 states that require immediate work.
- Adopt a cash diversion program to allow caseworkers to give cash grants to people who need short-term assistance, rather than require that such persons first be enrolled in the TANF program.
- Adopt a family cap provision that reduces or eliminates the TANF benefits a single mother can receive for each additional child born while the mother is on welfare. The absence of such a cap encourages irresponsible behavior, making it more difficult for mothers to return to the workforce.
- Vermont should join the rest of the country by adopting a lifetime limit on eligibility for welfare benefits.

Missouri (Rank = 51)

Missouri has the worst welfare reform effort in the nation. It ranked 51st of the 50 states and the District of Columbia for overall welfare reform effort, 42nd for its welfare reform results, and 49th (tied with Rhode Island) for its welfare reform policies.

Welfare dependency, poverty, and unemployment

Missouri ranks 32nd in the nation at reducing the number of people on **welfare rolls** (Temporary Assistance to Needy Families or TANF), with a decline of 60.3 percent from 1996 to 2006, short of the national average rate of decline of 67.6 percent. Neighboring states that did better include Illinois (-87.3 percent), Oklahoma (-80.2 percent), Ohio (-69.8 percent), Arkansas (-69.3 percent), and Kentucky (-61.2 percent).

The **poverty rate** in Missouri rose 1.0 percentage points, from 12.6 percent to 13.6 percent, between 1996 and 2006. During this same period, the national poverty rate fell by 0.4 percentage points. A few of Missouri's neighboring states performed well – Kentucky (-0.5 percentage points), Arkansas (-0.3), and Oklahoma (-0.1) – while most also experienced rising poverty worse than Missouri's: Tennessee (1.4 percentage points), Iowa (1.5), Kansas (1.6), Ohio (1.6), and Indiana (3.4).

The **unemployment rate** in Missouri rose 0.5 percentage points between 1997 and 2006, more evidence of slow economic growth and a poor business climate. Most neighboring states also reported increases in unemployment rates during this period.

One reason for Missouri's poor employment picture is because so few welfare recipients are motivated to work. Missouri ranks 48th for the **percentage of TANF recipients who work.** Only 18.7 percent of welfare recipients in Missouri were working in 2006. This means four of five TANF aid recipients did not have to work in return for their benefits.

The **teenage birth rate** in Missouri fell 10.5 percentage points between 1996 and 2005, from 53.0 percent to 42.5 percent. Nationwide, the rate fell more steeply, 12.5 percentage points, with the result that Missouri ranks 28th in the nation on this measure. Since high teenage birth rates are a significant cause of welfare dependency, public policies need to be designed with their incentive effects on single mothers in mind.

Welfare reform policies

Missouri's welfare reform policies are failing to encourage welfare recipients to work or move from dependence to work. Missouri's ranking on welfare reform policies was a dismal F, the worst grade we could assign.

Missouri is an "average" state in terms of **integrating welfare and state social services.** In some counties, public aid offices have co-located with social service providers, allowing recipients to access services more easily and efficiently, but separate government agencies still independently manage different services in each office. Missouri has a long way to go before it provides needy people with all the services they need in a holistic, coordinated, and effective manner.

The federal **Earned Income Tax Credit (EITC)** could help many needy families in Missouri, but too few utilize it. A remarkable $1.9 billion in tax credits went unclaimed in 2004, approximately 71 percent of the total amount available to Missourians. This is more than five times the total spending by the state and national governments on TANF in Missouri. State and local public aid officials are failing to connect eligible low-income families to this important federal program.

Missouri received a grade of F for its **work requirements** because it allows TANF aid recipients to receive benefits for up to two years before they are required to have a job. Missouri is one of only nine states that are so patient, and its low workforce participation rate is evidence that the patience is not being rewarded with work effort. Thirty-seven states require TANF recipients to begin work immediately.

Missouri also received a grade of F for failing to have a **cash diversion program** giving low-income individuals cash grants for short-term needs without also having to sign up for welfare. Missouri is one of 22 states that have no such program. Requiring that people who simply need money for a specific, often short-term problem enroll in the welfare program needlessly creates welfare dependency.

Missouri is one of 27 states and the District of Columbia without a **family cap provision,** which would reduce or eliminate the benefits a mother can receive for each additional child born while she is on welfare. The absence of such a policy rewards births to low-income and unwed mothers, thereby erecting another barrier to their entry into the workforce. Neighboring states that have family caps include Arkansas, Illinois, Indiana, Nebraska, and Oklahoma.

Missouri imposes the maximum **lifetime limit on eligibility for welfare** allowed under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), 60 months (five years), and imposes that limit on benefits to children after the guardian's eligibility expires. This puts Missouri in the "middle of the pack" compared with other states, but nine other states restrict lifetime eligibility to four years or less and neighboring Arkansas and Indiana limit lifetime eligibility to only two years.

Missouri also scores an F on **initial sanctions for noncompliance with work requirements.** The state imposes a partial sanction (less-than-complete loss of benefits) until compliance with the work requirement occurs, placing it in the bottom 25 states for this policy. The lack of effective sanctions helps to explain why four of five welfare recipients in Missouri don't work.

Recommendations

Based on this review of welfare reform results and policies for Missouri, we recommend the following reform agenda:

- More completely integrate welfare and state social services by co-locating service providers, getting the government bureaucracies to share information, and giving caseworkers more flexibility to direct their clients to the services they need. All of the rungs in the ladder of opportunity must be in place if we expect people to escape welfare dependency. Missouri's fragmented welfare and social services system doesn't achieve this goal.

- Inform more low-income people of the $1.9 billion in unclaimed federal Earned Income Tax Credit (EITC) dollars they are eligible to receive and connect them to this important benefit. Tapping even some of this vast pool of dollars would enable thousands of Missourians to escape welfare.

- Require TANF aid recipients to begin work *immediately* upon receiving benefits, rather than giving them a two-year grace period. Missouri should join the 37 other states that require immediate work.

- Adopt a cash diversion program that allows caseworkers to make cash grants to people who need short-term assistance rather than requiring that such persons be enrolled in the TANF program.

- Adopt a family cap provision that reduces or eliminates the benefits mothers can receive for each additional child born while they remain on welfare. Such caps encourage workforce participation by single mothers.

- Missouri should join the nine states, including Arkansas and Indiana, that restrict lifetime eligibility to four years or less.

7. Conclusion

In the decade since the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 was signed into law, the nation has seen a major reduction in the number of welfare recipients. The nationwide decline of 67.6 percent from 1996 to 2006, combined with evidence that most of these women found work and were put on the road to economic self-sufficiency, is a major public policy success.

This survey reveals a wide variety in success among the 50 states and the District of Columbia. The most successful states saw drops of more than 80 percent in the number of TANF recipients, while the least successful states saw declines of less than 50 percent. There is similar variation in success in reducing poverty, unemployment, and teenage birth rates, and in requiring welfare recipients to work in exchange for their benefits.

While academic research on the effectiveness of specific state welfare reform policies continues and is complex, we believe there is general agreement on the policies that work. They are integrating welfare and social services, maximizing EITC utilization, requiring work immediately upon qualifying for aid, and utilizing four other policies described in this report. Successful anti-poverty efforts require most or all of these policies be adopted, since they work together to create the proper incentives and opportunities for the poor to climb the opportunity ladder. Together, they compose a thoughtful balance between "the carrot and the stick" that should receive bipartisan support from policymakers.

By reporting the policy choices of all 50 states and the District of Columbia, and then ranking the states by how aggressively they have implemented effective policies, we have provided policymakers with a roadmap to successful anti-poverty efforts. Federal welfare reform gave an unusual amount of flexibility to states, but it is up to states to take advantage of the opportunity. This survey suggests too few states are rising to the challenge.

> We have provided policymakers with a roadmap to successful anti-poverty efforts.

The Heartland Institute stands ready to help state and local elected officials who are interested in learning more about the best practices and policies of the states that have performed the best on this report card.