

Welfare Time Limits State Policies, Implementation, and Effects on Families

Few features of the 1990s welfare reforms have generated as much attention and controversy as time limits on benefit receipt. Time limits first emerged at the state level and subsequently became a central feature of federal welfare policy in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), which imposed a 60-month time limit on federally funded assistance for most families.

To inform discussions about the reauthorization of PRWORA, the U.S. Department of Health and Human Services contracted with the Manpower Demonstration Research Corporation (MDRC) to conduct a comprehensive review of what is known about time limits. The project included a survey of state welfare agencies (conducted for MDRC by The Lewin Group), site visits to examine the implementation of time limits, and a review of research on time limits.

Key Findings

- **States have developed widely varying approaches to time limits.** States have broad flexibility in designing time-limit policies, in large part because the federal time limit does not apply to state-funded benefits. Currently, 40 states have time limits that can result in the termination of families' welfare benefits; 17 of those states have limits of fewer than 60 months. However, nearly half the national welfare caseload is in states that either have no time limit (2 states) or a time limit that reduces or modifies benefits when the limit is reached (8 states and the District of Columbia).
- **All states allow exceptions to time limits, but the specific policies and their implementation vary.** All states allow exemptions (which stop the time-limit clock), extensions, or both. Exemptions are most common for "child only" cases (which account for about one-third of all welfare cases nationwide and are not subject to time limits in any state) and for recipients with medical problems. In many states, recipients who comply with work requirements but are unable to find jobs can receive extensions, although states define and assess compliance in different ways. As a result, some states routinely grant extensions to recipients reaching time limits, while others close most of these cases.
- **Nationally, about 231,000 families have reached a time limit; at least 93,000 families have had their welfare case closed due to a time limit, and another 38,000 have had their benefits reduced.** Most of the case closures have been in a few states with time limits of fewer than 60 months. As of December 2001, families had begun reaching the federal time limit in fewer than half the states, and relatively few families had reached the 60-month limit in those states; most recipients do not remain on welfare for 60 consecutive months.
- **The circumstances of families who left welfare due to time limits are diverse and depend on state policies.** In some states, most recipients whose cases have been closed due to time limits were already working while on welfare; in other states, time-limit leavers are more heterogeneous. Most studies find that time-limit leavers are struggling financially, but they are not consistently experiencing more or fewer hardships than families who left welfare for other reasons. Many time-limit leavers continue to receive Food Stamps and other assistance.

Though a simple idea, time limits raise a host of complex issues in practice. Many experts believe that time limits have played a key role in reshaping welfare, but the knowledge base about this key policy change is still thin. Few families have reached the federal time limit, and it is too early to draw conclusions about how states will respond as more families reach limits or how families will fare without benefits over the long-term, in varying economic conditions.