LINKING STATE TANF AND RELATED POLICIES TO OUTCOMES: PRELIMINARY TYPOLOGIES AND ANALYSIS

FINAL REPORT - VOLUME II: APPENDICES

June 2002

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# Table of Contents

**Appendix I**  
Full Annotated Bibliography…………………………………..Appendix I-1 - Appendix I-17

**Appendix II**  
Summary of Technical Work Group Meeting………………Appendix II-1 - Appendix II-11

**Appendix III**  
TANF Typologies Database Data Document……………..Appendix III-1 - Appendix III-45

**Appendix IV**  
TANF Typologies Database Data Dictionary…………..Appendix IV-1  - Appendix IV-46

**Appendix V**  
Deferred Variables……………………………………………………….. Appendix V-1 - V-3
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# Table of Contents

**Chapter I**  
Introduction to the Study .............................................................. I-1 - I-7

**Chapter II**  
Preliminary Typologies of State TANF and Related Policies:  
Development and Rationale .............................................................II-1 - II-78

**Chapter III**  
Database Description ................................................................. III-1 - II-4

**Chapter IV**  
Analysis of Welfare Policies Hypothesized to Affect Recipient Job Entry..... IV-1 - IV-40

**Chapter V**  
Conclusions and Recommendations for Future Work .......................... V-1 - V-8

**Appendix I**  
Full Annotated Bibliography ....................................................... Appendix I-1 - Appendix I-17

**Appendix II**  
Summary of Technical Work Group Meeting .................................. Appendix II-1 - Appendix II-11

**Appendix III**  
TANF Typologies Database Data Document ................................. Appendix III-1 - Appendix III-45

**Appendix IV**  
TANF Typologies Database Data Dictionary ................................ Appendix IV-1 - Appendix IV-46

**Appendix V**  
Deferred Variables ................................................................. Appendix V-1 - V-3
Appendix I

Full Annotated Bibliography

Anderson and Cody examine how well the results of the 13 TANF Leaver studies funded by ASPE can be generalized to the nation. Since TANF leavers cannot be tracked over time or observed directly, the authors compare the characteristics of populations associated with TANF leavers in study and non-study states. These include single-parent households that are: 1) below poverty; 2) income-eligible for AFDC/TANF; and, 3) in receipt of food stamps. For each group, they estimate the increase between 1994 and 1997 in the proportion that do not receive AFDC/TANF, and compare the average study state to the average non-study state. The difference of 13 percentage points in the three groups between the two time periods is attributed to families leaving TANF at higher rates, being diverted from TANF, and fewer families becoming eligible.

The authors use the March 1995 and 1998 Supplement to the Current Population Survey to estimate single-parent households that are below the poverty level and single-parent households that are income-eligible for AFDC/TANF, simulating monthly income for 1994 and 1997; they then simulate AFDC/TANF income eligibility rules on low-income households for those same two years. For AFDC income-eligible households in 1994, they model AFDC eligibility rules on single-parent families. For TANF income eligible estimates in 1997, they use the same model but update each state's TANF need standard, payment standard, earnings deductions and child support pass-through rules. Estimates of single-parent food stamp households come from the Food Stamp Quality Control data, which uses a probability sample of 50,000 participating food stamp households.

The steps for the simulation include: 1) identify the program unit (single parent families); 2) compute the gross income test; 3) compute the full standard test (gross income minus work-related expenses); and, 4) compute net income by subtracting earnings disregards. Earnings disregards are calculated according to each state's rules, most of which vary depending on the length of earnings receipt. However, for all households, the authors apply the state's initial earnings disregard rules.

The authors measure the following indicators of well-being of TANF leavers in the study states compared to the nation: likelihood that families will leave or be diverted from TANF as a result of increased earnings; being diverted; being sanctioned; and likelihood that families leaving TANF are employed and/or receiving food stamps. The analysis does not compare individual study states to the nation, but study states as a whole. The authors conclude that, in general, non-study states have characteristics associated with better outcomes than the study states, implying that results from TANF Leaver studies may show slightly worse outcomes than is the case in the rest of the nation. For example, study states have lower levels of household employment for low-income, single-parent families than non-study states. While they find some similarities between study and non-study states in such areas as TANF caseload decline, household composition, and unemployment rate, they find the percentage of low-income, single-parent households with earnings to be lower in study states, and larger declines in food stamp caseloads and in food stamp participation among single-parent, non-AFDC/TANF households below poverty in the study states. The conclusions do not account for the differences between families diverted from TANF and those who leave as a result of employment, sanctions, time limits, or other reasons. And the accuracy of the conclusions hinges on how well the characteristics of a cross-section of low-income, single-parent households represent all households leaving TANF. In particular, their data do not reflect economically successful TANF leavers whose income brings them above the federal poverty level.
The focus of this paper is the way in which the varied programs and services that comprised the social safety net from late 1996 to early 1997 worked for low-income families with children. The data was collected during intensive case studies of thirteen states in 1996 and 1997 as part of The Urban Institute's Assessing the New Federalism project. The intent was to collect baseline data, just before the implementation of major federal welfare reform, concerning how easy or difficult it was for families to be on welfare; and how easy or difficult it was for non-welfare working poor families to gain access to services.

The paper begins by summarizing the policy context — examining population coverage by safety net programs. Several demographic variables are examined across all thirteen states: percent poor, percent children below poverty, percent children uninsured, AFDC caseload as percent of population, food stamp caseload as percent of population, AFDC families as a percent of poor families with children, and Medicaid beneficiaries as a percent of low-income population. The 1996 AFDC maximum payment for a family of three is also recorded. In order to examine how important state organizational structures and state and local arrangements are for the experiences of the client on the front lines of service delivery, the paper roughly classifies the states by how they organize their safety net services. The authors describe where each state locates its programs within different departments, in order to demonstrate the degree to which state control or local autonomy prevails in administering programs at the local level. Then the states are grouped by their organizing principle or principles: a focus on the welfare population, focus on work, and focus on children. Some states use only one principle to organize safety net programs, and others use two.

The authors then examine the formal relationship between the state-level and local-level agencies to see where the control lies, and whether the state administrative structures transfer successfully to the local level. The states are grouped as state administered or county administered, or in the case of one state, a combination of both. The thirteen states grouped in this fashion are then examined from the perspective of a potential client from six possible entry points into the safety net program system including the AFDC/TANF office and food stamps among others. Each state and its point of entry are then classified into one of five categories of ease of access: integrated, co-located, referral within a coordinated network, referral but no network, and no interaction.

The authors conclude that shifts related to welfare reform were becoming evident in late 1996 and early 1997, but none of the factors that might have affected state-to-state diversity seemed to have a major impact on the service delivery structure or ease of access for the clients. Neither state nor county administration of programs or the major program reorganizations at the state-level affect local service delivery. State cash assistance generosity also does not appear to have an effect. This has serious policy implications considering that policy makers tend to try to solve local-level service delivery problems by restructuring at the state-level. The authors also conclude that access to safety net programs is strongly affected by which entry point an individual uses to receive services. The doors available to low-income non-welfare families offer significantly less access than those used by families on cash assistance. The authors feel that these major differences in access will become more critical as the welfare system continues its transition.

The CEA Technical Report is an update to the 1997 report examining changes in welfare caseloads. In addition, this newest report provides recent evidence of effects of labor market conditions on caseload changes, and whether increases in minimum wage play a role. The authors use two econometric models to estimate the effects of policy and economic conditions over the period 1976-1998. Both approaches utilize the same dependent variable, use unemployment rate to capture effects of labor market conditions, and specify minimum wage and welfare benefit levels in identical ways. Model 1 is a simple indicator-variable approach that uses two 0/1 indicator variables: one to capture the period during which a major waiver was in effect in a state and one to capture the period during which TANF was in effect. This model is effective in capturing the total effects of waiver and TANF policies. Model 2, or the "policy-oriented" approach, examines the effects of five specific welfare policies (work requirement time limits, family cap, work exemptions, work sanctions, and earnings disregard), regardless of whether the policy was implemented under waivers or TANF. The advantage of this model is that specific policies that influence caseloads can be identified.

The CEA discusses several key findings. The paper concludes that the fall in welfare caseloads has been unprecedented, widespread and continuous, and the employment of welfare recipients has increased. It also states that the 1996 TANF legislation is the key contributor to the recent caseload declines (1996-98), independent of the effects of a strong labor market. TANF is responsible for an estimated one-third of the caseload reduction. The CEA goes on to state that the caseload decline from 1993-96 was mostly due to a strong labor market, while waivers played a small but important role. The CEA concludes that a strong labor market has made work more attractive "drawing people off welfare and into jobs." Approximately 23-36% of caseload decline from 1993-96 was due to labor market improvements, while 8-10% of the 1996-98 decline was due to those improvements. The CEA explains that the unemployment rate has not declined as much in the post-TANF period as it did in the waiver period; therefore, the share of the caseload decline that is attributable to strong labor market conditions was much larger for the 1993-96 period. However, it appears that the size of the caseload has become more sensitive to labor market changes in recent years. Past increases in the minimum wage have also made work more attractive, adding to the welfare participation decline. Approximately 10% of caseload decline has been due to changes in the state and federal minimum wage. Reductions in cash benefits has also accounted for 1 to 5% of the decline. Finally, the CEA concludes that specific program designs adopted by states can affect caseload decline. In particular, work sanction policies are associated with large declines in welfare participation. The CEA notes that as with all policies examined in the model, the effects of sanctioning policies on the caseload size may be distinct from their effects on other important factors such as illegitimacy, poverty, and work participation. The CEA states that the Administration is currently collecting and tracking information on multiple indicators of the impact of welfare reform other than caseload for future analysis.

Grogger uses family-level annual March Current Population Survey (CPS) data for the years 1978 to 1998 to estimate the effect of time limits on welfare use. His sample consists of 99,399 female-headed families. The author uses three main policy variables to measure time limits separately from other aspects of welfare reform: a time limit indicator variable equal to one in all years after time limits are implemented, a general reform indicator variable equal to one after the state first implemented state-wide welfare reform under either waivers or TANF, and the log maximum benefit available to a family of three. Importantly, he interacts the time limit indicator with three variables indicating the age category of the family's youngest child because families with the youngest children have a longer eligibility horizon and should have a greater response to time limits than families with older children. Grogger includes controls for demographic characteristics such as mother's age, education and race, number of children in the family, and the youngest child's age group. He controls for the economy by including the unemployment rate and the log real minimum wage. He also controls for the potential endogeneity of welfare policy by including state-specific quadratic trends or state-year dummies, year dummies, and state dummies.

Grogger uses regression analysis to measure the effect of time limits on welfare use and finds that models that constrain the effects of time limits to be independent of the youngest child's age suggest that time limits have no effect on welfare use—a finding consistent with earlier literature. When age dependence is allowed, however, time limits are found to reduce welfare use most among families with the youngest children. Models with more general controls than only state-fixed effects are needed to eliminate evidence of policy endogeneity. Estimates from his age-dependent time limit models suggest that 1998 welfare use among female-headed families would have been 14 to 16 percent higher in the absence of time limits.

This JCPR policy brief estimates the extent to which welfare waivers may have played a role in lowering the ratio of nonmarital births, and how this effect differed across age groups and races. The paper examines eight types of waivers, including the family cap, minor-parent provision, school attendance and performance requirements, time limit and work requirements, expanded income disregard and asset limit, child support waivers, and AFDC-UP unemployed parent waiver. The authors first perform a thorough review of the existing literature and detail several theories of nonmarital fertility, including the opportunity cost argument, intergenerational welfare dependency argument, utility or income maximizing theory, theory of limited marriage market prospects, and the theory of desire for unconditional love stemming from a teen's stressful life situation. The authors note that their multivariate analysis will include variables meant to capture important points of these arguments.

The paper's analysis is based upon aggregate state-level panel data from 1984-1996. The analysis examines effects for two age groups of women: teen (15-19) and post-teen (20-49). It also breaks down race into three categories: all women (white, black, Hispanic, Asian, and all other races), white (including white Hispanic), and black women (including black Hispanic). The authors begin by taking the thirty-nine waivers actually implemented during that time period and classifying them into the eight categories of waivers mentioned above. The authors form a correlation matrix between the implementation of the eight waiver aggregations to determine what waivers are most often implemented together. To measure state welfare waiver policies, several independent variables are constructed. Three binary variables are created to lump the waivers together into one of three categories: any waiver requested, any waiver approved, and any waiver implemented. The authors take several steps in their data analysis. First, the authors perform an analysis of variance (ANOVA) to test the hypothesis that increases in cross-state variation in policies is associated with an analogous increase in between state variation and non-marital fertility ratios. They then estimate a succession of weighted regressions beginning with models excluding welfare waivers both with and without fixed effects. However, the results are not presented because they are similar to the results when the waivers are included in the model. Three sets of fixed effects regressions are estimated, and the race and age group specific regressions are estimated adding the individual waivers implemented. Regressions for each race and age group include ten independent variables and four other variables used to target the race- and age-specific nature of the regressions. The variables come from published data sources, the March Current Population Survey, population estimates from the Census Bureau, and from Vital Statistics. All of the regressions are estimated both unlagged and lagged.

There are several key findings. The waiver found to be most effective at lowering nonmarital childbearing for all races and age groups was the family cap. The AFDC-UP waiver was also negatively correlated with nonmarital birth ratios. The minor parent provision actually increases nonmarital childbearing, while the child support waiver is also consistently positively significant. The remaining waivers have little to no effect on a woman's decision to have a child outside of marriage. There are several economic and demographic variables that might shape a woman's decision. The probability of growing up in a teen parent or single parent household increases nonmarital fertility, as does a lack of marriage market opportunities. The number of abortion providers, female wage rates, and the occurrence of AIDS cases lower the nonmarital birth ratio. AFDC payments and poverty rates seem to have little effect. The authors note that the effects of all of these waivers and other factors are small. Measurable changes in policy, economic, and demographic variables explain very little of the overall change in nonmarital birth ratios during the last several years; therefore, there must be other unexplained elements at work. The only definitive conclusion that can be made is that the family cap waiver does appear to be an effective policy tool for lowering nonmarital childbearing.

McKernan, et al. use monthly, individual-level data from the Current Population Survey (CPS) and state-level data from The Urban Institute's Welfare Rules Database to analyze the relationship between changing welfare policies, the employment of single mothers, and living in metropolitan and non-metropolitan areas. Their sample consists of 59,604 single females over the 11 month period before the August, 1996 welfare reform law (September, 1995 to July, 1996) and the 11 month period three years later (September, 1998 to July, 1999).

The authors estimate both the overall effect of the 1996 welfare reform, using a post-1996 reform indicator variable, and the effect of changes in 10 specific welfare policy rules on the employment of single mothers. These 10 specific welfare rules measure changes in work requirements, time limits, sanctions, transitional benefits, asset limits, and in-kind income. The authors use difference-in-difference techniques, regression methods and two levels of comparison to draw conclusions about TANF separately from the economy. They compare the effect of TANF in non-metro areas relative to metro areas and for single mothers who are potentially eligible for TANF relative to single females without children under the age of 18 who are ineligible for TANF, but should be affected by the economy in the same way as eligible single mothers. Demographic and economic controls such as age, race, education, non-U.S. citizen, non-metro location, whether the female has a child under the age of 18, and the monthly local areas unemployment rate are also used as controls.

McKernan, et al. find that TANF is playing a major role in raising the employment rates of single mothers and the gains are approximately as high in non-metropolitan areas as in metropolitan areas. Changes in eight of the ten specific welfare rules affect the probability of employment for single mothers and the effects differ between non-metro and metro areas for changes in three of the rules.
Addressing the lack of comparative scholarship on social policy variation across the states, Meyers et al. analyze variation in states' policies related to child poverty, with a particular emphasis on the package of policies that enhance families' resources. After outlining the complex series of variables that affect the relationship between public policy and child poverty, the authors identify three interacting factors for further study: demography (e.g., single-parent households), macroeconomic conditions (e.g., unemployment and wage levels), and public policy (e.g., child care subsidies, tax credits, welfare transfers). Next, the authors delineate a series of "family support" policy packages, which are a collection of government programs that are interrelated in their effect on families' resources and child poverty: income support through cash transfers, in-kind assistance (either those that reduce expenses, like Food Stamps and Medicaid, or those that provide employment support), tax policy, and policies that enforce personal responsibility. Finally, the study focuses not only on what government provides but also on how it provides those benefits. To do so, the authors analyze policy variation based on three characteristics: adequacy (the level of benefits that participants receive), inclusion (the penetration of benefits into the potentially eligible population), and commitment (the range and quality of assistance).

Meyers et al. select their indicators based on several criteria, looking at only those programs that are public in financing and delivery, those that might have an immediate (as opposed to long-term) impact upon families' earnings, those policies that vary the most across states, and those programs for which there is reliable data. Thus, the analysis is anchored in a data set of policy variables across 11 programs in 48 states as of 1994, with four dependent variables: the official poverty rates for all (<18) and young (<6) children, the extreme poverty rate, and the prevalence of food insecurity among households. Using this state-level data on public policies, the authors perform cluster analysis, and then regress the four dependent variables on dummy variables for the cluster membership of the states (as a measure of the policy packages), controlling for indicators of state-level need through the state unemployment rate and the percent of one-parent families.

The authors conclude that the resulting state clusters appear to be robust in distinguishing states on the basis of their approach to policy, though variation due to geographic differences could not be eliminated entirely. As would be expected, there are groups of states that are characterized as providing only the most minimal or limited of support for families across multiple programs, while there are also those that provide generous or even integrated packages of support and benefits. In comparison to the provision of a minimal package of family support policies, the provision of an integrated package is associated with as much as a 30 percent reduction in multiple measures of child poverty and food insecurity. However, the researchers also note two limitations in the state-level data. First, they could not estimate the effects that state policy approaches aimed at reducing child poverty in the short term may exert on measures of state-level need or distress. Second, due to the limited degrees of freedom in the regression models, the authors were not able to control for non-policy or policy factors that may vary by cluster and that may independently affect state-level rates of child poverty and food insecurity. Because of this, they suggest future research focusing on post-1996 state variation.


Moffitt extends the initial Council of Economic Advisers (CEA) (1997) caseload analysis by substituting annual microdata from the March Current Population Survey years 1977 to 1995 for the CEA’s aggregate state-level data from 1976 to 1996. The CPS microdata enable Moffitt to examine the effects of waivers on subpopulations more likely to be affected by welfare reform; he allows the effects of waivers to vary by age and education. Moffitt aggregates the CPS data into 16 age-education cells for a sample of 15,504 observations representing women age 16 to 54 living in 50 states and DC. He uses weighted and unweighted least squares regression analysis to estimate the effect of waiver implementation dummy variables on AFDC caseloads, female earnings, family income, and female weeks and hours worked. He controls for age, education, the current and lagged unemployment rate, the AFDC maximum benefit, and unobservables captured by year dummies, state dummies, and state-specific time trend dummies.

The results indicate that more-educated and less-educated women are affected in different ways by welfare reform. Welfare waivers decrease AFDC participation, increases weeks and hours worked, but have no statistically significant increase in earnings or wages among less-educated women. There is some evidence that there was a statistically significant earnings or wage increase among better-educated women. The findings demonstrate that a recognition of the diversity and heterogeneity of the population and their response to welfare reform, is critical to understanding the effects of that reform.
The Heritage Foundation's report is an analysis of caseload reduction. Using data from January 1997 to June 1998, the authors first assign all 50 states and the District of Columbia to one of four categories by sanction procedure: initial full-family sanction, delayed full-family sanction, moderate sanction, and weak sanction. Each state is then assigned a yes or no according to whether its policies contain an immediate work requirement. The unemployment rate for each state is also noted. The authors then rank the states from highest to lowest by percentage of caseload decline, and then group them into one of five categories of caseload decline: highly successful, above average, average, below average, and poor.

Through the use of a bivariate correlation between the economic, policy, and caseload variables and a regression analysis, the authors reach several conclusions. Their model demonstrates a lack of positive correlation between caseload decline and unemployment rates. In fact, the regression analysis showed that states with the highest rates of caseload decline had higher rates of unemployment. The authors conclude that while the strong economy has been a positive background factor, it has not had significant statistical effect on caseload decline. The authors note a strong positive correlation between caseload reduction and initial full-family sanctions, delayed full-family sanctions, and immediate work requirements. Based upon their model, Rector and Youssef estimate that on average states with initial full-family sanctions will have a caseload reduction rate 25 percentage points higher than states with weak sanctions; states with delayed full-family sanctions will have a rate of 14 percentage points higher; and states with formal immediate work requirements experience a rate 11 percentage points higher than states without requirements.

The authors then address why work requirements reduce dependence and why reducing dependence is critical. The authors state that work requirements reduce dependence by eliminating fraud, uncovering unreported earnings, reducing incentives for idleness, preparing for real world employment, and sending a positive symbolic message. The issue of reducing dependence is examined by specifically addressing the concerns that a decline in welfare dependence will lead to large increases in child poverty. The authors state that this is untrue and that when EITC, food stamps, and other means-tested benefits are counted as income the child poverty rate remains at 13.8%, the lowest rate since 1980. The authors cite studies by the Congressional Budget Office and the University of Michigan which demonstrate that being on AFDC as a child has harmful effects on a child's development. By examining these types of studies, the authors conclude that negative behavioral effects such as higher high school dropout rates cannot be explained by poverty but by welfare dependence.
This paper is part of an ongoing series of policy studies written by the Committee on Economic Development to provide both short-term and longer-term suggestions to making current welfare reform work better in enhancing personal responsibility, creating stronger employment, and reducing poverty levels. Utilizing a variety of other welfare reform studies for their data, the CED paper offers a detailed set of policy recommendations and endorsements for furthering the successes of welfare reform and improving its deficiencies. Urging Congress to continue its financial and legislative support of welfare-to-work services, CED notes that the primary challenge to welfare reform is not the number of jobs that must be found for welfare recipients, but the work readiness of the job seekers. Furthermore, the authors point to the importance of improving social services for all low-income persons, not just those eligible for welfare benefits.

The paper presents a table of states’ use of selected TANF policies to promote work. The authors delineate eight policies under a heading “Require Work or Limit Eligibility,” seven policies under a heading “Create Financial Incentives to Work,” and nine under a heading “Provide Services Supporting Work.” They array states according to whether they do not use the policy at all, exhibit moderate use, or more extensive use of each policy.

Following the paper are a series of tables and figures compiled from previous welfare reform research. Focusing on states' use of selected TANF policies to promote work in 1998, CED finds that 25 states use policies such as work requirements, limited eligibility, and work support services, only moderately. The authors also compare state TANF policies for work requirements and supports, providing a complete index of state policies in Appendix A of the study. Finally, the report focuses on TANF support for transportation to work as well as state spending per TANF family on work-supportive services for the fiscal year 1998.

Schoeni and Blank use the annual March Current Population Survey (CPS) for the years 1976 to 1998 to estimate the effects of state welfare waivers and the 1996 welfare reform on a variety of outcomes for women age 16 to 54. Their sample consists of 959,243 women aggregated to the state level by calculating the mean of each outcome within each state, year, age, and education group. Aggregating within each state-year-age-education cell allows for the results to vary by age and education. Including all women, rather than only single mothers, allows for an effect of the policies on all women, but dilutes the overall effect measured because a large portion of the group are unlikely welfare participants. Schoeni and Blank focus on high school dropouts to narrow their sample to women more likely affected by welfare.

The authors analyze the impact of both the state-specific waivers that were granted in the early 1990s and the 1996 federal reform legislation. However, these policy changes are measured only by a simple indicator variable measuring whether the policy had been implemented or not. The effect of waivers and the 1996 reform are measured on 11 outcomes: caseloads, personal, other family member, and total family earnings, family income, employment, annual weeks worked and usual weekly hours, household headship status, marital status, and poverty status. To control for differences in state demographic characteristics, some Schoeni and Blank models include controls for education, maximum benefit for a family of three, age, race, and interactions. To control for differences in economic characteristics, they include current and lagged unemployment rates and the employment growth rate interacted with each education group. Year and state fixed effects and state-specific time trends are also included to control for unmeasured variables.

The authors use three analytical methods to measure the effects of waivers and the 1996 welfare reform on their 11 outcomes. First, they use a difference-in-difference technique that compares states with and without reform. Next, they use a regression technique that measures policy effects as deviations from state trends. Finally, they use a residual method to measure the effect of PRWORA as changes in year effects. Schoeni and Blank find evidence that both waivers and the 1996 welfare reform reduced caseloads, increased family earnings and income, and reduced poverty. Waivers also increased labor market involvement, but the 1996 reforms had few effects on work behavior. The policies, especially waivers, also appeared to have an impact on family structure.

Working under the belief that the 1996 welfare legislation caused all 50 states to respond virtually simultaneously to a single policy mandate, the authors of this study investigate the factors that led certain states to adopt "get-tough" welfare policy choices after 1996, in order to shed light upon general theories of welfare politics. Analyzing the variation in welfare rules and penalties after 1996, this study focused its attention on four policy choices for analysis: imposing obligations in exchange for assistance (e.g., work requirements), time limits, reproductive behavior of poor women (e.g., family caps), and sanction policies.

After providing an overview of welfare policymaking prior to and after 1996, the authors then move to a description of six major theoretical approaches, offering contrasting images of welfare policy as: an arena for policy innovation, a site of ideological conflict, an outcome of electoral politics, a mechanism of social control, an outlet for racial resentments, and a forum for moralistic problem-solving. The hypotheses that arise out of these theories suggest a variety of plausible explanations why some states have been more likely to adopt and implement tough TANF policies. Using an ordered logit analysis in which the dependent variable is an index of policy severity (0-4) constructed by giving each state one point for each of the four restrictive policies it adopted, the authors find only two of the coefficients to be significant, race and ideology. When analyzed for each of the four policy domains, the study concludes that stringent policy choices appear to be systematically related to state-level characteristics.

Restrictive outcomes in two policy domains, time limits and family caps, seem to arise from virtually identical processes, with both appearing to be a direct function of race. For work requirements, states that had larger increases in their incarceration rates from 1990 to 1996 (an indicator of the level of social control by states) were significantly more likely to adopt strict work requirements, as were states with tighter labor markets. And in regards to sanction policy, race again played a significant role, as did states with conservative governments, states with more vigorous party competition, states with higher unmarried birth rates, states that engaged in policy innovation by making earlier requests for AFDC waivers, and states that maintained smaller AFDC caseloads. In conclusion, the authors remark that, controlling for other relevant factors, states that quickly imposed tough welfare policies were those with conservative governments and those with a larger proportion of black clients. And yet, they also note the dangers of limiting the analysis to this single measure, as it would tend to obscure important domain-specific effects that differ across policy areas. Sanction policies, consistent with the study's expectations, are the result of the most complex interplay of political forces, but as in the other three policy domains studied here, the authors conclude that welfare politics remain racialized after the 1996 legislation.

This study represents a first attempt to provide a nationwide overview of welfare-to-work policies for individuals with disabilities and individuals who care for recipients with disabilities (caregivers). The impact of PRWORA, with its emphasis upon work and temporary cash assistance, is likely to be significant for these groups. As such, this study creates a common language to discuss state policies with welfare staff and to best assess whether a state has changed its policy since federal welfare reform. By reviewing the TANF plans and other relevant policy documents in each of the 50 states and the District of Columbia, supplemented by conversations with local welfare agency staff, the report provides a preliminary look at the extent to which states have used the flexibility provided under PRWORA to change their welfare-to-work policies, as applied to individuals with disabilities and caregivers.

After first giving a brief background on the nature of federal reforms to the welfare system, focusing specifically on work participation rates and time-limited assistance under TANF, the study then moves to an analysis of the key state policy approaches among individuals with disabilities and caregivers. The authors identify three principal state approaches to work participation rates - the same participation policies as under the Job Opportunities and Basic Skills Training (JOBS) program, "broader participation," and "universal participation" - and document the wide range of time limit policies adopted and refined by states in the appendix tables.

The authors conclude that the majority of states have changed their work participation policies to require participation among some individuals with disabilities and caregivers who were previously exempt, and that states are in the early stages of making decisions about who should be required to participate in welfare-to-work services, who should be expected to move off welfare within 60 months, and what services will best help recipients achieve this objective. As such, the second phase of this study, conducted in the fall of 1998, was to more fully examine state policies through a small series of case studies.
The focus of this study is to provide information on state sanction policies under TANF for the calendar year 1998, as well as to document state procedures on conciliation and appeal policies, the number of benefit reductions and terminations that resulted from sanctions in 1998, and the impact upon families whose benefits have been reduced or terminated due to sanctions. After providing a brief overview of the federal laws regarding sanctions under TANF, comparing these policies to AFDC sanction, conciliation, and appeal policies, the study concludes that most state sanction policies are more stringent than TANF requires, with the amount and duration of benefit cuts for noncompliance with work requirements often exceeding the federally mandated minimums.

Utilizing data from state sanction policies in all 50 states and the District of Columbia, written procedures for conciliation (where offered), appeal of sanctions, and information from studies of the characteristics or status of families receiving sanctions from fifteen states, the report notes three major classifications of state sanction policies — partial sanctions for first and repeated noncompliance, graduated sanctions from partial to full-family as the number of noncompliance instances increase, and full-family sanctions for first and repeated noncompliance.

Sanction policies for child support, according to the authors, are similar to those for work, but for other instances of noncompliance, the policies are often less stringent. The report also notes that most state policies require conciliation before sanction decisions are made, and all allow appeal of sanction decisions, within a fixed time period. In several states, benefits were reinstated for about one-third of families under sanctions and 41 percent were working after they left TANF (on the basis of results from 10 studies in nine states). In total, five percent of TANF families nationwide are under sanctions in an average month, equaling about 135,800 families, 23,000 of which received full-family sanctions. Although limited data is available on the demographics of these families and the full impact of sanction policies upon these families, studies in nine states reported that TANF families who received sanctions were less educated than TANF families who did not receive sanctions. Six state studies identified barriers to compliance, such as transportation, child care, and health problems, as significant factors regarding the imposition of sanctions, as well as limited work experience and lengthy welfare receipt. When TANF payments stopped, sanctioned families seemed to rely upon support from family and friends rather than income from employment to a greater extent than families who left the program for other reasons. The study concludes with appendices detailing the methodology of the report, and several tables of sanction policy data.
Weil reviews the effects of devolution and new federalism on diverging inter-state social welfare policies and lays out three reasons for the policy variation that has ensued across the nation since PRWORA: 1) in some instances policy variation results because different states are pursuing different goals; 2) in other instances variation results because some states are tailoring to different circumstances (e.g. labor markets, extreme low-density populations) than others; and, 3) in yet other instances states can be simply experimenting with different mechanisms for moving welfare participants into work, within the same goal set and circumstances. Whatever the reasons, Weil proposes that the research community use national data to track the overall progress of the country toward meeting goals and state-level data to show variation in that progress among states and, combined with knowledge about how states' objectives vary, to show how effective states’ policies are in achieving those goals (outcomes).

Weil proposes a typology of state welfare policies to assist in understanding states' response to devolution and its effect on the well-being of people. He builds his typology around a combination of barriers and incentives states use to discourage long-term welfare receipt and encourage work. He places states into one of three groups depending on the strength of their barriers to continued cash receipt (without work), and into four groups based on how strong their work incentives are for families leaving welfare (or combining work and welfare). The result is a 12-cell grid. The barriers he uses are time limits to a work activity requirement, the severity/size of sanctions, and work requirements (how broadly defined is a countable work activity and the age of children that allows a parent to be exempt). Together these measure how difficult it is to receive benefits without working. States are then allocated among three groups according to whether their barriers are "basic" (adhere to the federal standards), "strict," or "most strict."

On the incentive side, Weil selects four categories of incentives to work: income disregards, transitional Medicaid, transitional child care for working families, and state earned income tax credits. He allocates states to one of these categories according to how high up the income scale the four benefits continue. At the high end of the scale are states in which benefits continue even when family income reaches above 200 percent of the federal poverty level or above the twentieth percentile of family income in that state. The next point on the scale captures those states where the benefits reach just to families in the twentieth percentile of family income. The third point captures states that do not offer significant work supports but continue some cash assistance to families with a working adult. States qualify for this group if a one adult/two children family moves from no job to a half-time job at minimum wage and retains at least 50 percent of its cash grant. The fourth, and least generous group of states, are those for whom working results in the loss of at least half the cash grant.

Weil concludes that the typologies have some salience because all the cells are filled, suggesting that there is variation across states in each of the studied dimensions. Second, the upper right and lower left cells have the fewest entries, suggesting that there is some correlation between having looser welfare limitations and broader work supports. Third, none of the country's largest states appear in the bottom row or the right column, suggesting that those states' politics do not permit the strictest of work requirements or the most limited cash benefits.

The author concludes by noting some shortcomings of his typology. He does not test the typology with data on outcomes.
This paper focuses on several aspects of welfare reform from late 1996 to early 1997. Through the use of qualitative cross-site analysis, Zedlewski, Holcomb, and Duke examine how welfare program diversity created by the use of waivers has influenced initial state actions regarding TANF. They describe approaches to cash assistance in states on the eve of TANF's passage focusing on how far states had already departed from Federal AFDC rules. They then discuss early state responses to new legislation highlighting trends and patterns in policy emphasis and choices made in light of states' historical approaches to welfare. The information used in the paper is the result of intensive case studies of thirteen sample states for The Urban Institute's Assessing the New Federalism project, as well as secondary information gathered on each state.

The authors first describe the major characteristics of the cash assistance programs in each state just before the passage of TANF focusing on how far states had already departed from the Federal AFDC rules. Out of these descriptions of waiver activity, the focus is placed upon four specific policy areas: eligibility, work, time limits, and payment policies (including family caps). Based upon whether the states experimented with these four policy categories before TANF, each state's program is classified into one of three categories: minimal, moderate, or extensive experimentation. The authors also describe other program characteristics such as state administrative approaches and the ways they possibly affect states' TANF choices. A variety of each state's caseload characteristics are also considered, highlighting substantial differences between the sample states and their effects on policy changes. Next, the authors examine state responses to Federal welfare reform in the context of each states' historical approach to welfare. The patterns of changes made to programs across the sample of states are described quite extensively, focusing on four specific aspects of policy change: who should receive cash assistance, who should work and when, how long cash assistance should be received, and what parts should benefits play in the new system.

The authors draw several conclusions from their examination of the thirteen sample states. They suggest that contrary to its intent, federal welfare legislation allows less freedom for states when tailoring their welfare programs. Important features of the programs are federally mandated, and financial incentives exist to direct the nature of certain aspects of state welfare reform. State policy choices since TANF are definitely increasing diversity in cash assistance policies across the nation. Nearly all states changed two or more major policies. However, there is some conformity concerning policy choices. For example, eight out of thirteen states chose to add diversion assistance programs. In addition, states with the most extensive pre-TANF policy changes altered policies somewhat less than others, but still moved toward the work-first model. The authors state that early TANF decisions were clearly affected by states' historic approaches to benefit generosity and states' historic desire to give counties a greater role in social welfare policy. The authors also describe how most states did not adopt certain optional features of the federal policies including family cap and benefit reduction. These choices separate the pre-TANF experimenters from the more traditional states. Finally, the authors state that the key to success for all of the new policy efforts will be the implementation and organizational reforms that will affect the way in which services are delivered.

Ziliak et al. use state-level monthly panel data to assess the relative contributions of the economy and welfare reform in accounting for the 18 percent nationwide decline in Aid to Families with Dependent Children (AFDC) caseloads from 1993 to 1996. Monthly combined AFDC-Basic and AFDC-UP program caseload data for the fiscal years 1987 to 1996, from the Department of Health and Human Services, are combined with state female population figures, from the U.S. Census Bureau, to measure per capita caseloads. Welfare waiver approval dates, also from the Department of Health and Human Services, are used to measure welfare reform. And the state-specific unemployment rate and employment to population ratio, from the U.S. Bureau of Labor Statistics, are used to measure the economy. Their sample includes all 50 states plus the District of Columbia and measures each state’s monthly caseloads relative to the state female population age 15 to 44.

The authors measure the impact of four categories of welfare waivers on log per capita caseloads: work requirement, time limit, work incentives, and parental responsibility waivers. They include waiver implementation lags to capture the length of time since waiver approval. All models also include the state unemployment rate or employment to population ratio, state-specific trends, and month-of-year dummies to capture seasonal fluctuations in caseloads and employment. First-differenced OLS regression models are used to estimate both a static model where caseloads in an earlier month are assumed to have no effect on caseloads this month, and a dynamic model where caseloads and economic conditions in earlier months may have a direct impact on caseloads this month.

Ziliak et al. find that the 1993 to 1996 decline in per capital AFDC caseloads is attributed largely to economic conditions in states and not to waivers. However, individual waivers had different effects on caseloads. Work requirement, time limit, and parental responsibility waivers reduced caseloads while work incentive waivers increased caseloads. States with waivers impacting parental responsibilities experienced greater caseload declines than states with waivers that made work more attractive.
Appendix II

Summary of Technical Work Group Meeting Composition
Composition
Technical Work Group Members

- Marc Bendick, Bendick and Egan Economic Consultants
- Peter Germanis, Consultant The American Enterprise Institute
- Jeff Grogger, Professor UCLA
- Irene Lurie, Professor SUNY, Albany
- Marcia Meyers, Associate Professor University of Washington
- Robert Moffitt, Professor Johns Hopkins University
- Joe Soss, Professor American University
- Alan Weil, Director, Assessing the New Federalism
- Dr. Martha Zaslow, Child Trends, Inc.
Summary of Technical Work Group Meeting

This summary draws together the central issues raised at the Technical Work Group (TWG) Meeting on November 15, 2000. It also recapitulates the suggestions of the work group members and the points upon which the group seemed to concur. The topics covered by the group and summarized here are typologies, demographic and economic variables, outcomes, and analytic approaches.

Typologies

Many issues were discussed in terms of typologies. Joe Soss, Marcia Meyers, Marc Bendick, Irene Lurie, and Alan Weil presented their own typologies from their previous or current research. These presentations were the springboards for discussion of the major issues including the general principles of this project's typologies, the type of policy that should be included (TANF vs. TANF and other support policies), the dimensions, and the possible inclusion of implementation and local practice information.

General principles. The general principles for the new typologies came out in the course of discussion. The central issue was how broad or narrow the typologies should be. Some felt that if a typology is too broad and a cluster analysis is performed, the results no longer describe TANF policies. But the typology can also be aggregated too much. It seems that to answer some questions, the typologies will need to be broad. For example, the question, at some level, is a measure of how much each state is "encouraging" work or "requiring" work. To answer other questions, the typologies will need to be narrow to characterize particular parts of state policy. For example, when considering the length of a time limit, exemptions and extensions must be taken into account. There was also a question of whether the typologies should have a state policy focus or include more sub-state variation. One member suggested looking at sub-state variation, in part to create greater degrees of freedom. Including metropolitan areas, sub-state data would mean more than fifty-one observations. Other work group members noted that broadening the data in this way leaves open many questions and concerns about data sources; and the possibility of reporting data from some states, but not all, from some experimental studies.

TANF policy or beyond. There was considerable thought concerning whether the typologies in the database should include only TANF policy or also support policies such as child care subsidies, child support, food stamps, and Medicaid. Many felt that the typologies have to try to capture benefit packages, because that is the reality of incentives. The thought is that the examination of how policies interact requires that the typologies be broader than TANF policy. This way the entire policy parameter is considered. Some work group members felt very strongly that looking at TANF policies independent of support policies like child care subsidies is
problematic. One member felt that you have to look at it from the point of view of family recipients considering the range of policies. This issue is especially important if a researcher is going to look at the severity of policy and make a typology based upon the severity or generosity of benefits. Without looking at a family's full package, state policy could be interpreted inaccurately. For instance, some work group members felt that a full or partial sanction cannot be judged without looking at the full benefit package. It may seem that the sanction policy in one state is worse than in another. But if one considers including a family's other benefits into the calculation, it becomes clear that the family in one state may stand to lose far less in total benefits than a family in another.

On the other hand, one member pointed out that while he agreed with the notion of including more than TANF, you have to know what questions you are trying to answer. The loss of detail in a typology is overwhelming, so there must be careful thought as to what to do with the details attained by going beyond TANF. For instance, the use of TANF policy alone is sufficient to look at caseload and job entry outcomes. A great deal of detail is not lost. However, looking at job retention would require going beyond that to include transitional benefits, for example, and EITC. In other words, you have to decide "what to leave on the cutting room floor." Another member agreed that we may want to focus on TANF policies for some dimensions and use path modeling to see how intervening variables mediate outcomes. A third member also felt that it would be better to go beyond TANF, but given feasibility issues, TANF policy alone would be a good starting point. Most work group members felt that the dimensions in the matrix of policies are complex, and we may end up asking which dimension on the matrix am I interested in for what outcome. However, most felt there is a need to go beyond TANF policies that affect cash benefits because with the end of entitlement the importance of cash is shrinking, and so the income transfer is actually a smaller part of the picture.

Other suggestions included typologies concerning child outcomes. One member mentioned that a range of researchers are pinpointing where in a child's life trouble begins, and this project could clarify how the policy environment sets up conditions that affect child outcomes. The typology should make distinctions about pregnancy and subsequent fertility. He also suggested that it should bring attention to the earliest years of life (age one to three or five), bringing to light the pathways to child outcomes. He felt that this project could be catalyst for thinking about grouping policies by fit to sub-populations (young children, disabled, etc.). Another member noted that dimensions must create the ability to scale for the extent to which state target the generosity of social services towards the adults or towards children. A third member suggested that there are two phases: supporting a child's development and supporting a mother going to work (subdivided by the age of children). Another member stated that time limits should have the greatest effect on families with the youngest children and child poverty is worse for younger children, therefore time limits should be affecting families with the most vulnerable children. So perhaps the severity of time limits should be characterized in a spectrum, while including
There were several other suggestions from TWG members. One member suggested a typology of wealth building, based upon the idea that policy may be turning from income-building into wealth-building policies. Another member also felt that government strategy and investment in E&T programs affects TANF recipients and other. Therefore the availability and level of investment in low-skill, low-income workers should be in the database. The availability of GED and High School completion programs and community college programs should also be included as policies that are wealth building. A third member also commented that there might be data on child care health and safety requirements for recipients (Office of the Inspector General Report 1998), whether a state is investing more than 4% in quality control, and whether child care subsidies are offered through welfare offices. A fourth member said that the database should be set up, so that one could view a typology of typologies and options for creating a typology.

**Typology dimensions.** There were also questions concerning the dimensions of the typologies. A briefly mentioned issue was the desire not to have the policies cut along yes/no (0/1) terms, because this would miss a depth of detail. Another issue was the concept of monetizing policies. One member explained that there are strong dollar implications to actions associated with policies. Some of the end of entitlement policies can be put into dollars. This issue comes into play because implementation analysis is hard for policies like sanctions. The problem is getting hard evidence because using percent recipients sanctioned presents endogeneity problems. Work group members remarked that sanction policies may not be what they appear to be. You need a dollar figure and a percent change in family income to really understand a sanction. You also have to look at the dollar implications of actions that recipients take in order to characterize the incentives. If one benefit package and two different individuals are examined, depending upon each individual's behaviors or actions, dollar changes result. One work group member suggested laying out a matrix of possible actions and go through various states and their policies to see what would happen to the individual. The virtue of monetizing welfare reform policies is that it creates a common metric across policies.

**Implementation/local practice.** A larger issue was the possibility of the inclusion of implementation information. One member presented her research concerning local office culture. She felt that how the rules were being translated into actions is very sobering. It seems clear that front-line workers in welfare agencies have very little control over the cash part of the benefit because it is under the control of the computer system. However, when workers are not hard-wired to a set of rules, there is more leeway and much more variability in the implementation of state policy. The workers pick among the rules concerning recipient behavior and choose which to enforce and how much to enforce. This member also noted that culture change in government offices is extremely hard to measure. Another member suggested using proxies including the
functions that are contracted out, job title changes, and personnel changes. Other work group members argued that relevant culture change goes beyond the agency and include the community culture in which TANF recipients reside. Recipients hear about changes through the media and social networking. Through all of the discussion, the question remained how to measure local practice. Rockefeller is starting to look at expenditures on behalf of the TANF population and the richness of support services, but that is just getting underway. Expenditures and participation rates were discussed as proxies for practice, but the consensus was that you would have to use them very carefully. There was also mention of a typology by David Ellwood that accounts for factors for employment of single parents, controls for what matters, then looks at the residual decline in welfare use, and ranks states accordingly. This obviously must be examined further for possible consideration. The consensus was that administrative structure and local practice do matter, but how to measure these things is so ambiguous as to be nearly impossible.

Several typologies and additional ideas were mentioned by technical work group members. When one member presented his typologies from the CED report, he made several suggestions. He felt the CED taxonomy of no use, moderate use, and extensive use was very primitive, but he recommended a typology based upon the notion of intensity. He also felt that the index of policies supporting work packaged together and arrayed into two dimensions was an oversimplification. He would like to see certain dimensions added including: the presence of intensive case management, negative case management (administrative barrier, lack of access, etc.), culture change in the administrative agency, split incentives for work into requirements and support for work, and front-end loading of services (what's done pre- and post-employment phases).

Another member also presented a typology from his own previous work. This typology was well received by the work group. He created a typology with two dimensions that he actually recommended using as the three dimensions from which it was originally constructed. The first dimension included time limits, sanctions, and work requirements among others. The second dimension was a four-level scale placing policies on an income scale reflecting when benefits phase out. This was to get at two concepts: moving into the labor force and supporting families as they continue moving up in the workforce. The second dimension was actually two dimensions collapsed into one. This member felt that he would have liked the two to remain separate. The first of the two was whether a policy endorses getting off the roles and going to work, or the policy blends supports and work earnings. The second was work supports including child care, child health insurance, and comparing eligibility cut-off’s for families at the 20th percentile of income in the state.

**Economic and Demographic Variables**

*Micro-data.* The general discussion of economic and demographic variables raised the issue of the possible use of micro-data sets. One member stated that data should not be discounted if
they are not state-specific. Researchers could later use location variables to merge our database with other micro-data such as the SIPP and SPD for child outcomes. However, he did not expect the Urban Institute to include micro-data in our database. Other work group members suggested that the database be a policy typology that can be linked to micro-data sets. Another member felt that micro-data might be better and easier to control. Micro-data also enhances the degrees of freedom. One caution about applying policy typologies on micro-data is that then state level demographic data must be merged.

The other issue raised is whether or not to actually include economic and demographic variables in the database at all. Several TWG members commented that the project should not spend too much time getting economic and demographic data, but instead focus more energy on forming the typologies. Then if any resources remain, the project could address the issue of including economic and demographic variables. Also under consideration was how many years of each variable is required to create the best data. The consensus was to lag panel data such as unemployment and employment growth. Literature shows that a lag of at least two to three years is necessary. It was also noted that lags serve a similar purpose to fixed effects. This issue is discussed more under the summary of outcomes.

**Demographic variables.** There was discussion of specific, suggested variables and where they might be found. For the demographic variables that Urban Institute staff presented, there were several comments. Suggested sources were the Census and the Public Use Microdata Samples (PUMS) data set. The 2000 Census will not be ready to use in time, and so members suggested using the Current Population Survey (CPS). Everyone agreed that the CPS could be used for state-specific variables as long three-year rolling averages are used. It was noted that in 2001, the CPS will be doubled and this will eliminate the need to use a three-year moving average. In place of the CPS, some suggested the American Community Survey for state level data because it has a larger sample size. One member asked if the Urban Institute's State Database would be an appropriate source for demographic variables. Another member was unsure as to how updated that database currently is.

There were other suggestions for demographic variables. Some members felt there should be a measure of average length of residency in a state (PUMS) and a measure of residential segregation. Another member felt that there should be a measure for urban and rural residence. A few members requested data concerning out-of-wedlock childbirth, and single mother and co-habitation or head of the household measure. Another member felt that race is a tremendously important variable to include. He felt that there are serious equity issues evident when examining the population remaining on the welfare rolls, and how the rules are being applied to various populations. Another member agreed that there must be some information on discrimination by gender and ethnicity. The suggestion was to examine racial and gender discrimination by the percent of entry-level jobs held by minorities.

Appendix II-6
Economic variables. There were only a few comments concerning the list of possible economic variables. Some work group members felt that the database should be rich in labor market information. There was some question as to whether there should be a measure of housing costs. Two members felt that the interaction between TANF policy, support policy, and the economic conditions and context of each state should be captured. It is important to consider when the disparity between state welfare packages. For example, several technical work group members discussed that the benefit packages of a state like New York and a state like Mississippi cannot be compared fairly without considering economic issues such as housing costs. One member raised the issue of child-care costs (for centers) because child care policies vary greatly across states. The unemployment rate must definitely be an economic variable; it’s just a question of which measure. Members commented that the official unemployment rate has salience politically but does not capture a certain percentage such as self-employed, underemployed, off-the-books employed, etc. Other comments included the possibility of differentiating all economic variables by gender, identifying a proxy measure of transportation cost, and a measure of the different mix of federal and state funding. Another member felt there were several economic measures that should be included in the database including: competition for jobs on the labor and demand side (ex-welfare recipients), wage rates for entry level positions (for a ratio to benefit levels), average educational level for the entry-level job population, growth rates in entry level employment, and types of jobs available (by industry).

Outcomes

Several general issues arose from the discussion of outcomes. One is the timing issue that also came up with economic and demographic variables. This is because the outcomes are driven by data constraints. How far back should the policies go? Some people felt that there should be some pre-TANF measure or AFDC baseline, while other felt that the post-TANF timeframe was fine. One member felt that one should generally try to link policy and outcome variables cross-sectionally by year. He said that variation in years and more years of data are needed, especially if APSE wants to build on this later. Another member felt that longitudinal data should not be relied upon. Longitudinal data relies on change over time and precise timing, but things do not work that precisely. There are implementation delays and administrative and political barriers. The discussions of the pros and cons of rolling averages and panel data were similar to the discussion summarized under economic and demographic variables.

There is also the issue of who the population of interest in this project really is. Several work group members felt that demographic and economic variables as well as outcomes should be collected for the welfare population, general population, and working poor population. One member suggested including the income-eligible population as well. Another member felt that a ratio should be made between the TANF and non-TANF populations on selected variables. Other members discussed the possibility of including former TANF recipient data in the typologies from leaver studies. One member said that everyone is concerned with exit and entry from
welfare, but there is a need to look at the welfare population compared to the larger state population. There is a larger context. The matrix of policies discussed throughout the meeting affect different populations in different ways. In other words the population in question has changed in the post-TANF era.

The final suggested summary variables are best organized into list form.

- High Performance data
- Welfare-to-Work including employment rates, part-time and full-time employment rates, earnings gain rate, welfare benefit amounts, and welfare recipiency rate, EITC receipt or eligible amount, wage information
- Family formation and structure including marriage rates, birth rates, non-marital birth rates, abortions, family size, and paternity establishments
- Economic status including material well-being and hardships, poverty rate, extreme poverty rate, child poverty rate
- Child well-being including child development, behavior measures (teacher’s reports), overall child health, health conditions that limit a mother’s work and/or child’s functioning, academic progress (expulsions and suspensions), child care, living apart from mother, domestic violence, paternal involvement, and maternal depressions are critical variables to child outcomes.
- Recipient education completion rate
- Exit and entry rates

In terms of data sources for outcomes, a few were mentioned. The child outcomes are the most problematic. It is questionable whether some of the types of aforementioned child data are available on a state level. Some of the outcomes could come from the National Survey of America’s Families (NSAF) and the Julie Isaacs’ study. The CPS has age by grade that could act as a proxy for an academic variable. The SIPP and the SPD could be used for the child outcomes.

**Analytic Methods**

There were three central aspects to the discussion of analytical methods. The first was how to create the typologies, by cluster or factor analysis or some other method. The second issue was whether or not this project should analytically link typologies to outcomes. The third was what methods to use if we do proceed with analytically linking typologies to outcomes.
Creating typologies. The first aspect of the analytical methods discussion was how to create the typologies. To begin with, there was the question of whether this project should create new typologies or only modify chosen typologies of other researchers. One member, with the agreement of other work group members, said that new typologies needed to be developed. The next question was whether to create the typologies by cluster or factor analysis or some other method. This member stated that regression analysis and outcomes should not be used to construct typologies. He felt that cluster analysis should be used to create some typologies, but other methods should be used to form other typologies. Another member discussed the possibility of using new methods including decision tree learning and hierarchical clustering which can be either data or opinion driven. The consensus was that we would need to start with cluster or factor analysis.

Work group members felt that there were pros and cons to cluster and factor analysis. One member expressed concerns that when cluster and factor analysis are used, a lot of labeling is required. He felt that labeling can be a disaster because the temptation is to try to discern intentions in the policies, look at policies that hang together, and then look at why they do. Important decisions need to be made concerning labeling. Another member felt that one has to assume that there are political decisions as to why states chose clusters of policies, but there could be multiple reasons and that should not be the focus of the project. A third member stated that this type of analysis is not a mechanical procedure. It requires the use of judgement and some interpretation. However, he saw it as where the project would have to start analytically. Another member also felt that factor analysis is necessary, because there are so many dimensions to the policies. But it is necessary to pursue complementary strategies between statistical approaches and other that might support the typologies themselves or might give labels to the factor analysis. Another member felt that cluster analysis had to be used cautiously because the model will try to make sense of anything that is put into it. She felt that it is important to think about what is going in and how it is measured. In the end, the consensus was that the analysis would have to start with cluster or factor analysis.

Testing salience. Testing the salience of the typologies became an issue when one member remarked that the project should look at more than one typology for each outcome if the typologies are to be used for more than just descriptive purposes. Another member felt that in order to have a credible typology, there need to be several typologies on the same topic in order to assess which one is better. There is a need to validate the measure and make sure that the right things are being captured. One member suggested that one way to analytically enhance the credibility of the typologies is to include them with an outcome where they should have no effect. For example, family caps should not affect the earning gains rate. If our analysis shows no effect, we enhance the credibility of the typology. One member raised concerns with this approach. Another member, agreeing with concerns about how we might test the typologies, said that if there is no good way to test typologies; then perhaps we should focus on creating them. But, he added, without some testing how do we know we have a typology when we see it?
Linking policies with outcomes. The question of whether or not the policies should be linked to outcomes through regression analysis was a key issue. One member made a comment that many work group members agreed with. He felt that the project should not focus on regression analysis now. The database should be built assuming that it will continue to be built upon, becoming panel data itself. Many said that they were more interested in seeing the policy data cleaned up and the typologies created for other researchers to use. In other words the database should not be used in the course of this project for analysis, but instead built for others to explore analytical possibilities. Another member suggested setting up the typologies, testing their salience, and then setting up descriptive questions about them to point research in the next direction. There was the general feeling that any attempt at regression analysis would be putting the project into the political line of fire. The consensus seemed to be that the project's most valuable contribution will be the database and it's possible future growth. Any analysis, perhaps some descriptive correlational analysis, could be done now but it cannot be considered definitive. Resources should not be diverted from the development of the database because one should not underestimate the value of intellect conceptualizing the right summary variables. One member cautioned that if policies aren't linked to outcomes, we may create the impression that there is greater variability among the paths that states took that would have a large impact on outcomes; when it's not true. The variation in state policies will likely have a small impact on outcomes.

Possible analytical methods. There was some mention of analytical methods to use, should we proceed to analytically linking policies to outcomes. One member said that some typologies will be okay to include in a quantitative analysis while others will not. And within the quantitative analysis it is important to distinguish between prediction and hypothesis testing. Work group members expressed the concern with whether we would see the relationship between a typology and an outcome variable in the data even if it were there. This is an especially critical consideration due to the fact that there is low statistical power with only one or two years of data, and many of the variables in the typologies would only have a few years of state-level data. This member suggested that a very broad typology could be used when measuring the relationship between the policy and an outcome for a broad population. A more specific typology could be created for the examination of a narrower population. He also suggested that we could combine longitudinal data on some variables but not others by lagging the longitudinal data. Another member suggested the use of the difference-in-difference technique. However, most work group members felt that we would not be able to measure the “causal effect” of the policies on the outcomes through analytical methods. We will only be able to measure conditional relationships, correlations, and descriptive statistics within the scope of this project. Most members felt that the resources for this project would be better spent in creating a typologies database than in an incomplete analysis linking typologies to outcomes.
Conclusions

The main points raised at the technical work group meeting were succinctly summarized by Elizabeth Lower-Basch at the conclusion of the meeting. These are best summarized in list form.

- What to include in the typologies should be driven by the questions asked.

- The question of whether to look beyond the TANF population to the working poor population is one to consider.

- The list of outcomes we consider should not be constrained by currently available data, because we should think of the database as structural and conceptual work meant to build an infrastructure.

- The project should not just focus on outcomes that have more data because there is the possibility of linking the database to micro-data.

- In constructing typologies there are trade-offs to consider, more atheoretical approaches with cluster analysis, versus more theoretical approaches.

- There remained concern about what happens if theory is not confirmed by cluster analysis.

- There must be consideration concerning what can be collapsed into a dollar metric for typologies.

- There is also the issue of whether to compare sets of policies that are different under TANF due to the end of entitlement than they were under AFDC (i.e. time limits, family caps, sanctions).

- Lastly there seems to be no usable data to measure implementation. Participation rates, sanction rates, and funding levels are an interaction of policy and spending; therefore their use creates a risk of contaminating the policy variables and outcomes. Using them may depend upon the question asked. They would be better for questions regarding the entire population than a question regarding the caseload population.

- Another important question is the endogeneity of state policies, but this is not an issue to be dealt with at the federal policy level.

- A critical question is how to test the typologies. Is it useful to attach outcomes and other variables for this purpose, considering the number of work group member who felt that the database should include only policy variables?

Lastly, it is important to consider whether an analysis that only focuses on typologies would be useful for re-authorization.
Appendix III

TANF Typologies Database
Data Documentation
TABLE OF CONTENTS

OUTCOME: APPLICANT JOB ENTRY RATE

SUMMARY VARIABLE: APPLICANT WORK REQUIREMENTS .......................................................... 1
1. Mandatory Job Search at Application .................................................................................. 1
2. Work-Related Allowable Activity Requirements for Single-Parent Head of Unit ............... 1

SUMMARY VARIABLE: FINANCIAL INCENTIVES TO WORK I .................................................. 1
1. Maximum Monthly Benefit for Family of 3 with No Income (and 2 uncapped children) ... 1
2. Vehicle Exemptions for Applicants .................................................................................... 2
3. Applicable Minimum Wage for Federally (FLSA) Covered Categories ............................ 2
4. State Minimum Wage ........................................................................................................ 3
5. Federal EITC ..................................................................................................................... 3
6. State EITC ........................................................................................................................ 3
7. State EITC Refundable ...................................................................................................... 3

OUTCOME: RECIPIENT JOB ENTRY RATE

SUMMARY VARIABLE: TIME LIMITS ....................................................................................... 4
1. Duration of Lifetime Time Limits ....................................................................................... 4
2. Intermittent Lifetime Time Limits ........................................................................................ 4
3. Number of Months Until First Families Reach Any Time Limit ............................................. 4
4. Time Limit Exemptions 1 ................................................................................................... 5
5. Time Limit Exemptions 2 ................................................................................................... 5
6. Time Limit Extensions ....................................................................................................... 5

SUMMARY VARIABLE: RECIPIENT WORK REQUIREMENTS .................................................... 5
1. Work-Related Allowable Activity Requirements for Single-Parent Head of Unit .......... 5
2. Minimum Hour Requirement for Work-Related Activity Requirements (Single-Parent Head of Unit) .................................................................................................................. 6
3. Timing of Requirement, in Months, in Relation to Benefit Receipt ...................................... 6
4. Exemptions from Work Requirements 1: Ill/Incapacitated or Caring For Ill/Incapacitated ... 6
5. Exemptions from Work Requirements 2: Caring for Child Under Age X Months ............ 7
6. Amount of Most Severe Sanction for Noncompliance with Work Requirements for Single-Parent Head of Unit ................................................................. 7
7. Length of Most Severe Sanction for Noncompliance with Work Requirements for Single-Parent Head of Unit ................................................................. 7
8. Amount of Initial Sanction for Noncompliance with Work Requirements for Single-Parent Head of Unit ................................................................. 7

SUMMARY VARIABLE: FINANCIAL INCENTIVES TO WORK II ................................................ 8
1. Maximum Monthly Benefit for Family of 3 with No Income (and 2 uncapped children) ... 8
2. TANF Benefits While Working During Month 1 ................................................................. 8
3. Vehicle Exemptions for Recipients .................................................................................... 8
4. Applicable Minimum Wage for Federally (FLSA) Covered Categories ............................ 9
5. State Minimum Wage ........................................................................................................ 9
6. Federal EITC ..................................................................................................................... 10
7. State EITC ........................................................................................................................ 10
8. State EITC Refundable ...................................................................................................... 10

OUTCOME: JOB RETENTION RATE

SUMMARY VARIABLE: FINANCIAL INCENTIVES TO WORK III ................................................ 11
1. Maximum Monthly Benefit for Family of 3 with No Income (and 2 uncapped children) ... 11
2. TANF Benefits While Working During Month 12 ............................................................. 11
3. TANF Benefits While Working During Month 24 ............................................................. 11
4. Vehicle Exemptions for Recipients .................................................................................... 11
<table>
<thead>
<tr>
<th>OUTCOME: CASELOAD ENTRIES</th>
<th>22</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUMMARY VARIABLE: NUMBER OF OBSTACLES FACED TO GET ONTO TANF</td>
<td>22</td>
</tr>
<tr>
<td>1. Diversion Payments</td>
<td>22</td>
</tr>
<tr>
<td>2. Mandatory Job Search at Application</td>
<td>22</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SUMMARY VARIABLE: ELIGIBILITY REQUIREMENTS</th>
<th>22</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Income Eligibility Threshold for Applicants</td>
<td>22</td>
</tr>
<tr>
<td>2. Earned Income Disregard for Income Eligibility Purposes</td>
<td>22</td>
</tr>
<tr>
<td>3. Vehicle Exemption for Applicants</td>
<td>23</td>
</tr>
<tr>
<td>4. Family Cap</td>
<td>23</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OUTCOME: CASELOAD EXITS</th>
<th>24</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUMMARY VARIABLE: LIFETIME TIME LIMITS</td>
<td>24</td>
</tr>
<tr>
<td>1. Duration of Lifetime Time Limits</td>
<td>24</td>
</tr>
<tr>
<td>2. Intermittent Lifetime Time Limits</td>
<td>24</td>
</tr>
<tr>
<td>3. Number of Months Until First Families Reach Any Time Limit</td>
<td>24</td>
</tr>
<tr>
<td>4. Time Limit Exemptions</td>
<td>24</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OUTCOME: EARNINGS GAIN RATE</th>
<th>16</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>SUMMARY VARIABLE: TREATMENT OF EDUCATION AND TRAINING</th>
<th>16</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Share of Hours Allowed for Education and Training for Single-Parent Head of Unit</td>
<td>16</td>
</tr>
<tr>
<td>2. Work-Related Allowable Activity Requirements for Single-Parent Head of Unit</td>
<td>16</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SUMMARY VARIABLE: FINANCIAL INCENTIVES TO WORK III</th>
<th>16</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Maximum Monthly Benefit for Family of 3 with No Income (and 2 uncapped children)</td>
<td>16</td>
</tr>
<tr>
<td>2. TANF Benefits While Working During Month 12</td>
<td>17</td>
</tr>
<tr>
<td>3. TANF Benefits While Working During Month 24</td>
<td>17</td>
</tr>
<tr>
<td>4. Vehicle Exemptions for Recipients</td>
<td>17</td>
</tr>
<tr>
<td>5. Applicable Minimum Wage for Federally (FLSA) Covered Categories</td>
<td>18</td>
</tr>
<tr>
<td>6. State Minimum Wage</td>
<td>18</td>
</tr>
<tr>
<td>7. Amount of Most Severe Sanction for Noncompliance with Work Requirements for Single-Parent Head of Unit</td>
<td>19</td>
</tr>
<tr>
<td>8. Length of Most Severe Sanction for Noncompliance with Work Requirements for Single-Parent Head of Unit</td>
<td>19</td>
</tr>
<tr>
<td>9. Amount of Initial Sanction for Noncompliance with Work Requirements for Single-Parent Head of Unit</td>
<td>20</td>
</tr>
<tr>
<td>10. Treatment of Child Support Income</td>
<td>20</td>
</tr>
<tr>
<td>11. Federal EITC</td>
<td>20</td>
</tr>
<tr>
<td>12. State EITC</td>
<td>20</td>
</tr>
<tr>
<td>13. State EITC Refundable</td>
<td>20</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SUMMARY VARIABLE: SUPPORT SERVICES FOR JOB RETENTION</th>
<th>15</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Duration of Transitional Child Care</td>
<td>15</td>
</tr>
<tr>
<td>2. Transitional Child Care to Closed Units Whose Income Exceeds Eligibility Limits</td>
<td>15</td>
</tr>
<tr>
<td>3. Duration of Transitional Medicaid</td>
<td>15</td>
</tr>
<tr>
<td>4. Transitional Medicaid to Closed Units Whose Income Exceeds Eligibility Limits</td>
<td>15</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SUMMARY VARIABLE: CASELOAD EXITS</th>
<th>24</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Duration of Lifetime Time Limits</td>
<td>24</td>
</tr>
<tr>
<td>2. Intermittent Lifetime Time Limits</td>
<td>24</td>
</tr>
<tr>
<td>3. Number of Months Until First Families Reach Any Time Limit</td>
<td>24</td>
</tr>
<tr>
<td>4. Time Limit Exemptions</td>
<td>24</td>
</tr>
</tbody>
</table>
5. Time Limit Exemptions 2
6. Time Limit Extensions

**SUMMARY VARIABLE: RECIPIENT WORK REQUIREMENTS**
1. Work-Related Allowable Activity Requirements for Single-Parent Head of Unit
2. Minimum Hour Requirement for Work-Related Activity Requirements (Single-Parent Head of Unit)
3. Timing of Requirement in Relation to Benefit Receipt
4. Exemptions from Work Requirements 1: Ill/Incapacitated or Caring For Ill/Incapacitated
5. Exemptions from Work Requirements 2: Caring for Child Under Age X Months
6. Amount of Most Severe Sanction for Noncompliance with Work Requirements for Single-Parent Head of Unit
7. Length of Most Severe Sanction for Noncompliance with Work Requirements for Single-Parent Head of Unit
8. Amount of Initial Sanction for Noncompliance with Work Requirements for Single-Parent Head of Unit

**SUMMARY VARIABLE: FINANCIAL INCENTIVES TO WORK IV**
1. Maximum Monthly Benefit for Family of 3 with No Income (and 2 uncapped children)
2. TANF Benefits While Working During Month 12
3. TANF Benefits While Working During Month 24
4. Vehicle Exemptions for Recipients
5. Applicable Minimum Wage for Federally (FLSA) Covered Categories
6. State Minimum Wage
7. Federal EITC
8. State EITC
9. State EITC Refundable

**INDEPENDENT VARIABLE: EARLIEST MAJOR STATE WAIVER**

**OUTCOME: CHILD POVERTY RATE**
<table>
<thead>
<tr>
<th>OUTCOME: OUT-OF-WEDLOCK BIRTH RATE</th>
<th>38</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUMMARY VARIABLE: ELIGIBILITY REQUIREMENTS ASSOCIATED WITH OUT-OF-WEDLOCK BIRTH RATE</td>
<td>38</td>
</tr>
<tr>
<td>1. Eligibility of Pregnant Women with No Other Children</td>
<td>38</td>
</tr>
<tr>
<td>2. Family Cap</td>
<td>38</td>
</tr>
<tr>
<td>3. Grandparent Income Deemed Available to Unit</td>
<td>38</td>
</tr>
<tr>
<td>4. Grandparent Earned Income Disregard</td>
<td>38</td>
</tr>
<tr>
<td>5. Treatment of Two-Parent Family, Nondisabled Applicant Units</td>
<td>39</td>
</tr>
<tr>
<td>6. Minor Parent Can Head Unit</td>
<td>39</td>
</tr>
<tr>
<td>SUMMARY VARIABLE: FINANCIAL INCENTIVES TO WORK III</td>
<td>39</td>
</tr>
<tr>
<td>1. Maximum Monthly Benefit for Family of 3 with No Income (and 2 uncapped children)</td>
<td>39</td>
</tr>
<tr>
<td>2. TANF Benefits While Working During Month 12</td>
<td>39</td>
</tr>
<tr>
<td>3. TANF Benefits While Working During Month 24</td>
<td>39</td>
</tr>
<tr>
<td>4. Vehicle Exemptions for Recipients</td>
<td>40</td>
</tr>
<tr>
<td>5. Applicable Minimum Wage for Federally (FLSA) Covered Categories</td>
<td>40</td>
</tr>
<tr>
<td>6. State Minimum Wage</td>
<td>41</td>
</tr>
<tr>
<td>7. Amount of Most Severe Sanction for Noncompliance with Work Requirements for Single-Parent Head of Unit</td>
<td>41</td>
</tr>
<tr>
<td>8. Length of Most Severe Sanction for Noncompliance with Work Requirements for Single-Parent Head of Unit</td>
<td>41</td>
</tr>
<tr>
<td>9. Amount of Initial Sanction for Noncompliance with Work Requirements for Single-Parent Head of Unit</td>
<td>42</td>
</tr>
<tr>
<td>10. Treatment of Child Support Income</td>
<td>42</td>
</tr>
<tr>
<td>11. Federal EITC</td>
<td>42</td>
</tr>
<tr>
<td>12. State EITC</td>
<td>42</td>
</tr>
<tr>
<td>13. State EITC Refundable</td>
<td>43</td>
</tr>
<tr>
<td>INDEPENDENT VARIABLE: EXEMPTIONS FROM WORK REQUIREMENTS 2</td>
<td>43</td>
</tr>
<tr>
<td>Exemptions from Work Requirements 2: Caring for Child Under Age X Months</td>
<td>43</td>
</tr>
<tr>
<td>INDEPENDENT VARIABLE: BUDGET FOR PREGNANCY PREVENTION PROGRAMS</td>
<td>43</td>
</tr>
<tr>
<td>Budget for Pregnancy Prevention Programs, as a Share of TANF Expenditures</td>
<td>43</td>
</tr>
<tr>
<td>INDEPENDENT VARIABLE: BUDGET FOR TWO-_PARENT FAMILY FORMATION</td>
<td>43</td>
</tr>
<tr>
<td>Budget for Two-Parent Family Formation, as a Share of TANF Expenditures</td>
<td>43</td>
</tr>
<tr>
<td>DEMOGRAPHIC</td>
<td>44</td>
</tr>
<tr>
<td>1. Race</td>
<td>44</td>
</tr>
<tr>
<td>2. Age</td>
<td>44</td>
</tr>
<tr>
<td>3. Population</td>
<td>44</td>
</tr>
<tr>
<td>ECONOMIC</td>
<td>45</td>
</tr>
<tr>
<td>1. State Unemployment Rate</td>
<td>45</td>
</tr>
<tr>
<td>2. State Lagged Unemployment Rate</td>
<td>45</td>
</tr>
</tbody>
</table>
**TANF TYPOLOGIES DATABASE: DATA DOCUMENTATION**

**OUTCOME: APPLICANT JOB ENTRY RATE**

**Summary Variable: Applicant Work Requirements**

1. Mandatory Job Search at Application

   *Variable:* AWRKREQ  
   *Element:* MANDJOB  
   *Values:* 0/1 (no/yes): If the state requires job search prior to application, the collapsed variable receives a 1; if not, it receives a 0.  
   *Note:* States for which data were not obtained: LA, TN. Code as blank.

2. Work-Related Allowable Activity Requirements for Single-Parent Head of Unit

   *Variable:* AWRKREQ  
   *Element:* ALLOWORK  
   *Source:* Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table III.B.2, pg 92-93.  
   *Values:*  
   1: Employment  
   2: Job-related, E&T, CWEP  
   3: All except subsidized employment  
   4: All except post-secondary  
   5: All, and All except (unsubsidized) employment  
   *Assumption:* Family contains a single mother who did not complete high school (involved in the IL value).  
   *Note:* State for which recipients in the exempt component are exempt for any activities requirement: MA. Code as 999.

**Summary Variable: Financial Incentives to Work I**

1. Maximum Monthly Benefit for Family of 3 with No Income (and 2 uncapped children)

   *Variable:* INCENTV1  
   *Element:* MAXBEN  
   *Source:* Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table II.A.4, pg 76-77.  
   *Values:* $164-$923
2. Vehicle Exemptions for Applicants

*Variable:* INCENTV1  
*Element:* VEHEXAPP  
*Values:* $4,600-$13,800  
*Assumptions:*  
- One vehicle per driver/adult = One vehicle per household  
- All vehicles owned by unit: all vehicles owned by unit  
- One vehicle per household: 15% above state with highest capped value ($13,800)  
- Equity values to fair market value (conversion): Add $3,100

3. Applicable Minimum Wage for Federally (FLSA) Covered Categories

*Variable:* INCENTV1  
*Element:* APMIN  
*Values:* $5.15-$6.50  
*Notes:* In general, if a state has a minimum wage rate that differs from the federal rate, the applicable minimum wage is the higher of the two (U.S. DOL, 2001a). It is common practice in the minimum wage literature to use the higher of the federal or state minimum wage as a measure of the minimum wage (Neumark et al., 2000 p. 5). However, many state minimum wage laws (10 in 1999) do not cover employment that is covered under the federal minimum wage law, the Fair Labor Standards Act (FLSA). In these states, the applicable minimum wage for employment covered by the FLSA is the federal rate, even if the state rate is higher. (In 1999, none were higher). Thus our measure of the minimum wage for workers covered under the FLSA is the federal minimum wage — in states where the federal rate is higher than the state rate or that exclude federally-covered employment from the state minimum wage. In 1999, the FLSA covered 72 percent of all wage and salary workers (U.S. DOL, 2001b). Regarding the 28 percent of workers who are not covered under the FLSA, many of these workers are covered under state minimum wage laws. In fact, covering these workers would seem to be the only reason a state would set a minimum wage rate lower than the federal rate or exclude federally-covered workers. We include the state minimum wage in the database to measure the minimum wage for workers not covered by the FLSA. Categories of workers not covered by the FLSA, but covered by state laws should be similar across states, because state minimum wage laws generally pick up where the FLSA leaves off. But there are some differences in coverage across States. The largest difference is that some states cover farm workers, while others do not.

---

1 The FLSA does not cover most workers in small businesses (those with annual gross sales volume of less than $500,000) or in businesses where no interstate commerce is involved, workers in seasonal or recreational jobs, workers delivering newspapers or engaged in fishing operations, and many workers in private households. Of less relevance to our low-income population, the FLSA does not cover executive, administrative, and professional employees.
4. State Minimum Wage

Variable: INCENTV1  
Element: STMIN  
Values: $0.00-$6.50, ($0.00 = No state minimum wage)  
Note: Never use state minimum wage variable alone in an analysis.

5. Federal EITC

Variable: INCENTV1  
Element: FEDEITC  
Value: $3,816  
Assumption: Family of one adult and two or more qualifying children has an earned income of $9,540.

6. State EITC

Variable: INCENTV1  
Element: STEITC  
Sources: 1999 http://www.cbpp.org/3-15-00sfp-report.pdf (in Excel not in ACCESS)  
2000 http://www.cbpp.org/11-4-00sfp.pdf  
Values: $0.00-$1,011.24 ($0.00 = No state EITC)  
Assumptions: Family consists of one adult and two children. Federal EITC is $3,816 (maximum credit).

7. State EITC Refundable

Variable: INCENTV1  
Element: REFEITC  
Sources: 1999 http://www.cbpp.org/3-15-00sfp-report.pdf (in Excel not in ACCESS)  
2000 http://www.cbpp.org/11-4-00sfp.pdf  
Values: 0/1 (no/yes): If the state has state EITC refundable, the collapsed variable receives a 1; if not, it receives a 0.

Independent Variable: Diversion Payments

Diversion Payments

Variable: DIVPAYMT  
Element: —  
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table I.A.1, pg 30-32.  
Values: $0.00-$2,128.00  
Assumption: Diversion payment is calculated with the formula:  
(Maximum Diversion Payment in Months) * (Maximum Benefit Family of 3)

Appendix III-3
### OUTCOME: RECIPIENT JOB ENTRY RATE

**Variable**: RJOBENTR  
**Source**: High Performance Bonus Data, Fiscal Year 1999  
**Values**: 0%-100%  
**Note**: For NE, NM, and VA: code as blank.

### Summary Variable: Time Limits

1. **Duration of Lifetime Time Limits**

   **Variable**: TIMELIMIT  
   **Element**: DURATION  
   **Values**: 0-60 months  
   **Note**: States that have no lifetime time limit because they plan to continue recipients in state-only program or are still operating under waiver authority: AZ, MA, ME, MI, NY, OR, VT. Code as 999.

2. **Intermittent Lifetime Time Limits**

   **Variable**: TIMELIMIT  
   **Element**: INTLIMT  
   **Source**: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table IV.C.1, pg 120-122.  
   **Values**: 0/1 (no/yes): If the state an intermittent time limit, the collapsed variable receives a 1; if not, it receives a 0.

3. **Number of Months Until First Families Reach Any Time Limit**

   **Variable**: TIMELIMIT  
   **Element**: MTHUNTIL  
   **Values**: -32 to 41 months  
   **Note**: States that plan to continue recipients in state-only program: MA, ME, MI, NY, VT. Code as 999.

4. **Time Limit Exemptions 1**

   **Variable**: TIMELIMIT  
   **Element**: TLEXEMP1  
   **Source**: Full WRD, tl_illex, tl_crex  
   **Values**: 0/1 (no/yes): If the state has any type of time limit exemption for either ill/incapacitated or caring for ill/incapacitated, the collapsed variable receives a 1; if both have no exemption, it receives a 0.  
   **Note**: States that have no lifetime time limit or intermittent time limit because they plan to continue recipients in state-only program: MA, ME, MI, NY, VT. Code as 999.
5. Time Limit Exemptions 2

Variable: TIMELIMIT
Element: TLEXEMP2
Source: Full WRD, tl_chlex (exact age from tl_exadd)
Values: 0-24 months, (0 = No exemption)
Note: States that have no lifetime time limit or intermittent time limit because they plan to continue recipients in state-only program: MA, ME, MI, NY, VT. Code as 999.

6. Time Limit Extensions

Variable: TIMELIMIT
Element: TLEXT
Source: Full WRD, variable tl_copen
Values: 0/1 (no/yes): If the state has any type of time limit extension, the collapsed variable receives a 1; if not, it receives a 0.
Note: States that have no lifetime time limit or intermittent time limit because they plan to continue recipients in state-only program: MA, ME, MI, NY, VT. Code as 999.

Summary Variable: Recipient Work Requirements

1. Work-Related Allowable Activity Requirements for Single-Parent Head of Unit

Variable: RWRKREQ
Element: ALLOWORK
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table III.B.2, pg 92-93.
Values: 1: Employment
2: Job-related, E&T, CWEP
3: All except subsidized employment
4: All except post-secondary
5: All, and All except (unsubsidized) employment
Assumption: Family contains a single mother who did not complete high school (involved in the IL value).
Note: State for which recipients in the exempt component are exempt for any activities requirement: MA. Code as 999.
2. Minimum Hour Requirement for Work-Related Activity Requirements (Single-Parent Head of Unit)

Variable: RWRKREQ  
Element: HRSREQ  
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table III.B.2, pg 92-93.  
Values: 18-40 hours  
Assumptions: Family contains a single mother who did not complete high school (involved in the IL value).  
  • “F.T. defined by school”: 20 hours  
  • “F.T. employment”: 35 hours  
  • “Case-by-case”: in Notes section  
  • “Depends on activity”: in Notes section  

Note: States that have hour requirement determined on case-by-case basis or depends on activity: AL, AK, AZ, CT, ND, UT, VT. Code as blank. States for which data were not obtained: CA, OR, TX, VA. Code as blank. State for which recipients in the exempt component are exempt from any activities requirement: MA. Code as 999.

3. Timing of Requirement, in Months, in Relation to Benefit Receipt

Variable: RWRKREQ  
Element: TIMING  
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table III.B.2, pg 92-93.  
Values: 0-24 months  
Assumptions:  
  • Immediately: 0 months  
  • Approval takes 1 month  
  • Orientation takes 2 months  
  • Assessment takes 3 months  
  • “Case-by-case”: in Notes  
  • “Depends on activity”: in Notes  

Notes: States for which data were not obtained: CA, OR, TX, VA. Code as blank. State for which recipients in the exempt component are exempt from any activities requirement: MA. Code as 999.

4. Exemptions from Work Requirements 1: Ill/Incapacitated or Caring For Ill/Incapacitated

Variable: RWRKREQ  
Element: WORKEX1  
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table III.B.1, pg 88-90.  
Values: 0/1 (no/yes): If the state is Yes for either ill/incapacitated or caring for ill/incapacitated, the collapsed variable receives a 1; if both are no, it receives a 0.  

Note: State for which recipients in the exempt component are automatically exempt from any activities requirement: MA. Code as 999.
5. Exemptions from Work Requirements 2: Caring for Child Under Age X Months

Variable: RWRKREQ  
Element: WORKEX2  
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table III.B.1, pg 88-90.  
Values: 0-48 months, (0 = No exemption)  
Note: State for which recipients in the exempt component are automatically exempt from any activities requirement: MA. Code as 999.

6. Amount of Most Severe Sanction for Noncompliance with Work Requirements for Single-Parent Head of Unit

Variable: RWRKREQ  
Element: WSANCTN  
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table III.B.3, pg 94-97.  
Values: $31.16-$628.00  
Assumptions: Family of one adult and two children with no income receiving the maximum monthly benefit prior to sanction.  
- Adult portion of benefit is calculated with the formula:  
  Maximum Benefit Family of 3 - Maximum Benefit Family of 2  
  Maximum Benefit Family of 2  
- Case is closed = 100% of max monthly benefit  
- Vendor Payment (shelter costs) = 40% of max monthly benefit  
- Pro rata portion of benefit = max monthly benefit divided by 3 (# of individuals in the prototypical family)  
- Benefits vendored to third party = 10% of max monthly benefit  
- MN: (0.10) (0.40) (Maximum Benefit Family of 3) + (0.30) (Transitional Standard)  
Note: State for which recipients in the exempt component are not required to participate in work activities and therefore have no sanctions (999): MA. Code as blank.

7. Length of Most Severe Sanction for Noncompliance with Work Requirements for Single-Parent Head of Unit

Variable: RWRKREQ  
Element: SANDUR  
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table III.B.3, pg 94-97.  
Values: 1: One month; Until compliance (for 30 days, 2 weeks)  
2: 2-5 months  
3: 6-11 months  
4: 12-36 months  
5: Permanent  
Note: State for which recipients in the exempt component are not required to participate in work activities and therefore have no sanctions: MA. Code as 999.
8. Amount of Initial Sanction for Noncompliance with Work Requirements for Single-Parent Head of Unit

Variable: RWRKREQ
Element: INITSAN
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table III.B.3, pg 94-97.
Values: $0-$535
Assumptions: Family of one adult and two children with no income receiving the maximum monthly benefit prior to sanction.
- Adult portion of benefit is calculated with the formula:
  Maximum Benefit Family of 3 - Maximum Benefit Family of 2
  Maximum Benefit Family of 2
- Vendor Payment (shelter costs) = 40% of max monthly benefit
- Pro rata portion of benefit = max monthly benefit divided by 3 (# of individuals in the prototypical family)
- Benefits vendored to third party = 10% of max monthly benefit

Note: State for which recipients in the exempt component are not required to participate in work activities and therefore have no sanctions (999): MA. Code as blank.

Summary Variable: Financial Incentives to Work II

1. Maximum Monthly Benefit for Family of 3 with No Income (and 2 uncapped children)

Variable: INCENTV2
Element: MAXBEN
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table II.A.4, pg 76-77.
Values: $164-$923

2. TANF Benefits While Working During Month 1

Variable: INCENTV2
Element: WRKBEN1
Sources: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table II.A.1., pg 70-71;
Values: $0-$761
Assumption: Family works 20 hours per week at $5.15 per hour, with an earned income of $5,356.

3. Vehicle Exemptions for Recipients

Variable: INCENTV2
Element: VEHEXRCP
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table IV.A.2, pg 112-114.
Values: $4,600-$13,800
Assumptions:
- One vehicle per driver/adult = One vehicle per household
- All vehicles owned by unit: all vehicles owned by unit
- One vehicle per household: 15% above state with highest capped value ($13,800)
- Equity values to fair market value (conversion): Add $3,100

Appendix III-8
4. Applicable Minimum Wage for Federally (FLSA) Covered Categories

Variable: INCENTV2
Element: APMIN
Values: $5.15-$6.50
Notes: In general, if a state has a minimum wage rate that differs from the federal rate, the applicable minimum wage is the higher of the two (U.S. DOL, 2001a). It is common practice in the minimum wage literature to use the higher of the federal or state minimum wage as a measure of the minimum wage (Neumark et al., 2000 p. 5). However, many state minimum wage laws (10 in 1999) do not cover employment that is covered under the federal minimum wage law, the Fair Labor Standards Act (FLSA). In these states, the applicable minimum wage for employment covered by the FLSA is the federal rate, even if the state rate is higher. (In 1999, none were higher). Thus our measure of the minimum wage for workers covered under the FLSA is the federal minimum wage — in states where the federal rate is higher than the state rate or that exclude federally-covered employment from the state minimum wage. In 1999, the FLSA covered 72 percent of all wage and salary workers (U.S. DOL, 2001b). Regarding the 28 percent of workers who are not covered under the FLSA, many of these workers are covered under state minimum wage laws. In fact, covering these workers would seem to be the only reason a state would set a minimum wage rate lower than the federal rate or exclude federally-covered workers. We include the state minimum wage in the database to measure the minimum wage for workers not covered by the FLSA. Categories of workers not covered by the FLSA, but covered by state laws should be similar across states, because state minimum wage laws generally pick up where the FLSA leaves off.2 But there are some differences in coverage across States. The largest difference is that some states cover farm workers, while others do not.

5. State Minimum Wage

Variable: INCENTV2
Element: STMIN
Values: $0.00-$6.50, ($0.00 = No state minimum wage)
Note: Never use state minimum wage variable alone in an analysis.

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2 The FLSA does not cover most workers in small businesses (those with annual gross sales volume of less than $500,000) or in businesses where no interstate commerce is involved, workers in seasonal or recreational jobs, workers delivering newspapers or engaged in fishing operations, and many workers in private households. Of less relevance to our low-income population, the FLSA does not cover executive, administrative, and professional employees.
6. Federal EITC

Variable: INCENTV2  
Element: FEDEITC  
Value: $3,816  
Assumptions: Family of one adult and two or more qualifying children, with earned income of $9,540.

7. State EITC

Variable: INCENTV2  
Element: STEITC  
Sources: 1999 http://www.cbpp.org/3-15-00sfp-report.pdf (in Excel not in ACCESS)  
2000 http://www.cbpp.org/11-4-00sfp.pdf  
Values: $0.00-$1,011.24 ($0.00= No state EITC)  
Assumption: Family consists of one adult and two children. Federal EITC is $3,816 (maximum credit).

8. State EITC Refundable

Variable: INCENTV2  
Element: REFEITC  
Sources: 1999 http://www.cbpp.org/3-15-00sfp-report.pdf (in Excel not in ACCESS)  
2000 http://www.cbpp.org/11-4-00sfp.pdf  
Values: 0/1 (no/yes): If the state has state EITC refundable, the collapsed variable receives a 1; if not, it receives a 0.

Independent Variable: Earliest Major State Waiver

Date of Earliest Major State Waiver Implemented

Variable: STWAIVER  
Element:  
Values: Dates
OUTCOME: JOB RETENTION RATE

Variable: JOBRETEN  
Source: High Performance Bonus Data, Fiscal Year 1999  
Values: 0%-100%  
Note: For NE, NM, and VA: code as blank.

Summary Variable: Financial Incentives to Work III

1. Maximum Monthly Benefit for Family of 3 with No Income (and 2 uncapped children)
   
   Variable: INCENTV3  
   Element: MAXBEN  
   Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table II.A.4, pg 76-77.  
   Values: $164-$923

2. TANF Benefits While Working During Month 12
   
   Variable: INCENTV3  
   Element: WRKBEN12  
   Sources: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table II.A.1., pg 70-71;  
   Benefits calculated using 1999 State TANF Income Calculator,  
   http://anfdatabar.urban.org/incalc2/ICDisplay.CFM.  
   Values: $0-$761  
   Assumption: Family works 20 hours per week at $5.15 per hour, with an earned income of $5,356.

3. TANF Benefits While Working During Month 24
   
   Variable: INCENTV3  
   Element: WRKBEN24  
   Sources: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table II.A.1., pg 70-71;  
   Benefits calculated using 1999 State TANF Income Calculator,  
   http://anfdatabar.urban.org/incalc2/ICDisplay.CFM.  
   Values: $0-$740  
   Assumption: Family works 20 hours per week at $5.15 per hour, with an earned income of $5,356.

4. Vehicle Exemptions for Recipients
   
   Variable: INCENTV3  
   Element: VEHEXRCP  
   Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table IV.A.2, pg 112-114.  
   Values: $4,600-$13,800  
   Assumptions:
   - One vehicle per driver/adult = One vehicle per household  
   - All vehicles owned by unit: all vehicles owned by unit  
   - One vehicle per household: 15% above state with highest capped value ($13,800)  
   - Equity values to fair market value (conversion): Add $3,100
5. Applicable Minimum Wage for Federally (FLSA) Covered Categories

Variable: INCENTV3  
Element: APMIN  
Values: $5.15-$6.50  
Notes: In general, if a state has a minimum wage rate that differs from the federal rate, the applicable minimum wage is the higher of the two (U.S. DOL, 2001a). It is common practice in the minimum wage literature to use the higher of the federal or state minimum wage as a measure of the minimum wage (Neumark et al., 2000 p. 5). However, many state minimum wage laws (10 in 1999) do not cover employment that is covered under the federal minimum wage law, the Fair Labor Standards Act (FLSA). In these states, the applicable minimum wage for employment covered by the FLSA is the federal rate, even if the state rate is higher. (In 1999, none were higher). Thus our measure of the minimum wage for workers covered under the FLSA is the federal minimum wage — in states where the federal rate is higher than the state rate or that exclude federally-covered employment from the state minimum wage. In 1999, the FLSA covered 72 percent of all wage and salary workers (U.S. DOL, 2001b). Regarding the 28 percent of workers who are not covered under the FLSA, many of these workers are covered under state minimum wage laws. In fact, covering these workers would seem to be the only reason a state would set a minimum wage rate lower than the federal rate or exclude federally-covered workers. We include the state minimum wage in the database to measure the minimum wage for workers not covered by the FLSA. Categories of workers not covered by the FLSA, but covered by state laws should be similar across states, because state minimum wage laws generally pick up where the FLSA leaves off.3 But there are some differences in coverage across States. The largest difference is that some states cover farm workers, while others do not.

6. State Minimum Wage

Variable: INCENTV3  
Element: STMIN  
Values: $0.00-$6.50, ($0.00 = No state minimum wage)  
Note: Never use state minimum wage variable alone in an analysis.

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3 The FLSA does not cover most workers in small businesses (those with annual gross sales volume of less than $500,000) or in businesses where no interstate commerce is involved, workers in seasonal or recreational jobs, workers delivering newspapers or engaged in fishing operations, and many workers in private households. Of less relevance to our low-income population, the FLSA does not cover executive, administrative, and professional employees.
7. Amount of Most Severe Sanction for Noncompliance with Work Requirements for Single-Parent Head of Unit

*Variable*: INCENTV3  
*Element*: WSANCTN  
*Values*: $31.16-$628.00  
*Assumptions*: Family of one adult and two children with no income receiving the maximum monthly benefit prior to sanction.  
- Adult portion of benefit is calculated with the formula:  
  \[ \frac{\text{Maximum Benefit Family of 3} \ - \ \text{Maximum Benefit Family of 2}}{\text{Maximum Benefit Family of 2}} \]  
- Case is closed = 100% of max monthly benefit  
- Vendor Payment (shelter costs) = 40% of max monthly benefit  
- Pro rata portion of benefit = max monthly benefit divided by 3 (# of individuals in the prototypical family)  
- Benefits vendored to third party = 10% of max monthly benefit  
- MN: (0.10) (0.40) (Maximum Benefit Family of 3) + (0.30) (Transitional Standard)  
*Note*: State for which recipients in the exempt component are not required to participate in work activities and therefore have no sanctions (999): MA. Code as blank.

8. Length of Most Severe Sanction for Noncompliance with Work Requirements for Single-Parent Head of Unit

*Variable*: INCENTV3  
*Element*: SANDUR  
*Values*:  
1: One month; Until compliance (for 30 days, 2 weeks)  
2: 2-5 months  
3: 6-11 months  
4: 12-36 months  
5: Permanent  
*Note*: State for which recipients in the exempt component are not required to participate in work activities and therefore have no sanctions: MA. Code as 999.
9. Amount of Initial Sanction for Noncompliance with Work Requirements for Single-Parent Head of Unit

Variable: INCENTV3  
Element: INITSAN  
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table III.B.3, pg 94-97.  
Values: $0-$535  
Assumptions: Family of one adult and two children with no income receiving the maximum monthly benefit prior to sanction.  
- Adult portion of benefit is calculated with the formula:  
  Maximum Benefit Family of 3 - Maximum Benefit Family of 2  
  Maximum Benefit Family of 2  
- Vendor Payment (shelter costs) = 40% of max monthly benefit  
- Pro rata portion of benefit = max monthly benefit divided by 3 (# of individuals in the prototypical family)  
- Benefits vendored to third party = 10% of max monthly benefit  

Note: State for which recipients in the exempt component are not required to participate in work activities and therefore have no sanctions (999): MA. Code as blank.

10. Treatment of Child Support Income

Variable: INCENTV3  
Element: CHILDSUP  
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table I.D.1, pg 48-49.  
Values:  
1: No pass-through policy and no transfer policy  
2: No pass-through policy; transfer all to treat as unearned income; disregard none for benefit computation  
3: $50 pass-through policy plus amount in excess of maximum monthly benefit is transferred as unearned income; disregard none for benefit computation  
4: Pass-through policy; disregard none for benefit computation  
5: Transfer all; disregard all.  

Note: State for which data were not obtained: KS. Code as blank.

11. Federal EITC

Variable: INCENTV3  
Element: FEDEITC  
Value: $3,816  
Assumptions: Family of one adult and two or more qualifying children, with earned income equal to $9,540.

12. State EITC

Variable: INCENTV3  
Element: STEITC  
Sources:  
1999 http://www.cbpp.org/3-15-00sfp-report.pdf (in Excel not in ACCESS)  
2000 http://www.cbpp.org/11-4-00sfp.pdf  
Values: $0.00-$1,011.24 ($0.00 = No state EITC)  
Assumptions: Family consists of one adult and two children.
13. State EITC Refundable

Variable: INCENTV3  
Element: REFEITC  
2000 [http://www.cbpp.org/11-4-00sfp.pdf](http://www.cbpp.org/11-4-00sfp.pdf)  
Values: 0/1 (no/yes): If the state has state EITC refundable, the collapsed variable receives a 1; if not, it receives a 0.

Summary Variable: Support Services for Job Retention

1. Duration of Transitional Child Care

Variable: JOBRSUP  
Element: TCC1  
Source: Full WRD, tb_tcmos  
Values: 0-36 months (0 = No Transitional Child Care program)  
Note: States for which data were not obtained: NC, NM, OK, OR, WA, RI. Code as blank. States that have an unlimited number of months in the Transitional Child Care program: ME, VT. Code as 999.

2. Transitional Child Care to Closed Units Whose Income Exceeds Eligibility Limits

Variable: JOBRSUP  
Element: TCC2  
Source: Full WRD, tb_tcltd  
Values: 0/1 (no/yes): If the state limits Transitional Child Care benefits to cases that are closed because the unit’s income exceeds eligibility limits, the collapsed variable receives a 1; if not, it receives a 0.  
Note: States for which data were not obtained: NM, OK, WA. Code as blank.

3. Duration of Transitional Medicaid

Variable: JOBRSUP  
Element: TMED1  
Source: Full WRD, tb_tmmos  
Values: 12-24 months  
Note: States for which data were not obtained: ND, NM, RI, WA, WI. Code as blank.

4. Transitional Medicaid to Closed Units Whose Income Exceeds Eligibility Limits

Variable: JOBRSUP  
Element: TMED2  
Source: Full WRD, tbtmltd  
Values: 0/1 (no/yes): If the state limits Transitional Medicaid benefits to cases that are closed because the unit’s income exceeds eligibility limits, the collapsed variable receives a 1; if not, it receives a 0.  
Note: States for which data were not obtained: ND, NM, WA, WI. Code as blank.
### OUTCOME: EARNINGS GAIN RATE

**Variable:** EARNGAIN  
**Source:** High Performance Bonus Data, Fiscal Year 1999  
**Values:** 0%-100%  
**Note:** For NE, NM, and VA: code as blank.

### Summary Variable: Treatment of Education and Training

1. **Share of Hours Allowed for Education and Training for Single-Parent Head of Unit**

   **Variable:** EDUCTRNG  
   **Element:** HRSEDTR  
   **Source:** Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table III.B.2, pg 92-93.  
   **Values:** 0-20 hours  
   **Note:** State for which recipients in the exempt component are exempt from any activities requirement: MA. Code as 999.

2. **Work-Related Allowable Activity Requirements for Single-Parent Head of Unit**

   **Variable:** EDUCTRNG  
   **Element:** ALLOWORK  
   **Source:** Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table III.B.2, pg 92-93.  
   **Values:** 1: Employment  
   2: Job-related, E&T, CWEP  
   3: All except subsidized employment  
   4: All except post-secondary  
   5: All, and All except (unsubsidized) employment  
   **Assumption:** Family contains a single mother who did not complete high school (involved in the IL value).  
   **Note:** State for which recipients in the exempt component are exempt from any activities requirement: MA. Code as 999.

### Summary Variable: Financial Incentives to Work III

1. **Maximum Monthly Benefit for Family of 3 with No Income (and 2 uncapped children)**

   **Variable:** INCENTV3  
   **Element:** MAXBEN  
   **Source:** Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table II.A.4, pg 76-77.  
   **Values:** $164-$923
2. TANF Benefits While Working During Month 12

Variable: INCENTV3  
Element: WRKBEN12  
Values: $0-$761  
Assumption: Family works 20 hours per week at $5.15 per hour, with an earned income of $5,356.

3. TANF Benefits While Working During Month 24

Variable: INCENTV3  
Element: WRKBEN24  
Values: $0-$740  
Assumption: Family works 20 hours per week at $5.15 per hour, with an earned income of $5,356.

4. Vehicle Exemptions for Recipients

Variable: INCENTV3  
Element: VEHEXRCP  
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table IV.A.2, pg 112-114.  
Values: $4,600-$13,800  
Assumptions:
- One vehicle per driver/adult = One vehicle per household
- All vehicles owned by unit: all vehicles owned by unit
- One vehicle per household: 15% above state with highest capped value ($13,800)
- Equity values to fair market value (conversion): Add $3,100
5. Applicable Minimum Wage for Federally (FLSA) Covered Categories

Variable: INCENTV3  
Element: APMIN  
Values: $5.15-$6.50  
Notes: In general, if a state has a minimum wage rate that differs from the federal rate, the applicable minimum wage is the higher of the two (U.S. DOL, 2001a). It is common practice in the minimum wage literature to use the higher of the federal or state minimum wage as a measure of the minimum wage (Neumark et al., 2000 p. 5). However, many state minimum wage laws (10 in 1999) do not cover employment that is covered under the federal minimum wage law, the Fair Labor Standards Act (FLSA). In these states, the applicable minimum wage for employment covered by the FLSA is the federal rate, even if the state rate is higher. (In 1999, none were higher). Thus our measure of the minimum wage for workers covered under the FLSA is the federal minimum wage — in states where the federal rate is higher than the state rate or that exclude federally-covered employment from the state minimum wage. In 1999, the FLSA covered 72 percent of all wage and salary workers (U.S. DOL, 2001b). Regarding the 28 percent of workers who are not covered under the FLSA, many of these workers are covered under state minimum wage laws. In fact, covering these workers would seem to be the only reason a state would set a minimum wage rate lower than the federal rate or exclude federally-covered workers. We include the state minimum wage in the database to measure the minimum wage for workers not covered by the FLSA. Categories of workers not covered by the FLSA, but covered by state laws should be similar across states, because state minimum wage laws generally pick up where the FLSA leaves off.4 But there are some differences in coverage across States. The largest difference is that some states cover farm workers, while others do not.

6. State Minimum Wage

Variable: INCENTV3  
Element: STMIN  
Values: $0.00-$6.50, ($0.00 = No state minimum wage)  
Note: Never use state minimum wage variable alone in an analysis.

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4 The FLSA does not cover most workers in small businesses (those with annual gross sales volume of less than $500,000) or in businesses where no interstate commerce is involved, workers in seasonal or recreational jobs, workers delivering newspapers or engaged in fishing operations, and many workers in private households. Of less relevance to our low-income population, the FLSA does not cover executive, administrative, and professional employees.
7. Amount of Most Severe Sanction for Noncompliance with Work Requirements for Single-Parent Head of Unit

Variable: INCENTV3  
Element: WSANCTN  
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table III.B.3, pg 94-97.  
Values: $31.16-$628.00  
Assumptions: Family of one adult and two children with no income receiving the maximum monthly benefit prior to sanction.  
• Adult portion of benefit is calculated with the formula:  
  Maximum Benefit Family of 3 - Maximum Benefit Family of 2  
  Maximum Benefit Family of 2  
• Case is closed = 100% of max monthly benefit  
• Vendor Payment (shelter costs) = 40% of max monthly benefit  
• Pro rata portion of benefit = max monthly benefit divided by 3 (# of individuals in the prototypical family)  
• Benefits vendored to third party = 10% of max monthly benefit  
• MN: (0.10) (0.40) (Maximum Benefit Family of 3) + (0.30) (Transitional Standard)  
Note: State for which recipients in the exempt component are not required to participate in work activities and therefore have no sanctions (999): MA. Code as blank.

8. Length of Most Severe Sanction for Noncompliance with Work Requirements for Single-Parent Head of Unit

Variable: INCENTV3  
Element: SANDUR  
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table III.B.3, pg 94-97.  
Values: 1: One month; Until compliance (for 30 days, 2 weeks)  
2: 2-5 months  
3: 6-11 months  
4: 12-36 months  
5: Permanent  
Note: State for which recipients in the exempt component are not required to participate in work activities and therefore have no sanctions: MA. Code as 999.
9. Amount of Initial Sanction for Noncompliance with Work Requirements for Single-Parent Head of Unit

Variable: INCENTV3  
Element:  INITSAN  
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table III.B.3, pg 94-97.  
Values: $0-$535  
Assumptions: Family of one adult and two children with no income receiving the maximum monthly benefit prior to sanction.  
- Adult portion of benefit is calculated with the formula:  
  Maximum Benefit Family of 3 - Maximum Benefit Family of 2  
- Maximum Benefit Family of 2  
- Vendor Payment (shelter costs) = 40% of max monthly benefit  
- Pro rata portion of benefit = max monthly benefit divided by 3 (# of individuals in the prototypical family)  
- Benefits vendored to third party = 10% of max monthly benefit  
Note: State for which recipients in the exempt component are not required to participate in work activities and therefore have no sanctions (999): MA. Code as blank.

10. Treatment of Child Support Income

Variable: INCENTV3  
Element:  CHILDSUP  
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table I.D.1, pg 48-49.  
Values: 1: No pass-through policy and no transfer policy  
2: No pass-through policy; transfer all to treat as unearned income; disregard none for benefit computation  
3: $50 pass-through policy plus amount in excess of maximum monthly benefit is transferred as unearned income; disregard none for benefit computation  
4: Pass-through policy; disregard none for benefit computation  
5: Transfer all; disregard all.  
Note: State for which data were not obtained: KS. Code as blank.

11. Federal EITC

Variable: INCENTV3  
Element:  FEDEITC  
Value: $3,816  
Assumption: Family of one adult and two or more qualifying children, with earned income equal to $9,540.

12. State EITC

Variable: INCENTV3  
Element:  STEITC  
Sources: 1999 http://www.cbpp.org/3-15-00sfp-report.pdf (in Excel not in ACCESS)  
2000 http://www.cbpp.org/11-4-00sfp.pdf  
Values: $0.00-$1,011.24 ($0.00 = No state EITC)  
Assumption: Family consists of one adult and two children.
13. State EITC Refundable

Variable: INCENTV3
Element: REFEITC
2000 [http://www.cbpp.org/11-4-00sfp.pdf](http://www.cbpp.org/11-4-00sfp.pdf)
Values: 0/1 (no/yes): If the state has state EITC refundable, the collapsed variable receives a 1; if not, it receives a 0.
OUTCOME: CASELOAD ENTRIES

Variable: CASELOAD
Source: 3rd Annual TANF Report to Congress (August 2000), Table 10.7, pg 128.
Values: 363 – 426,258

Summary Variable: Number of Obstacles Faced To Get Onto TANF

1. Diversion Payments

Variable: OBSTACLE
Element: DIVPAYMT
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table I.A.1, pg 30-32.
Values: $0.00-$2,128.00
Assumption: Diversion payment is calculated with the formula:
(Maximum Diversion Payment in Months) (Maximum Benefit Family of 3)

2. Mandatory Job Search at Application

Variable: OBSTACLE
Element: MANDJOB
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table I.A.2, pg 33.
Values: 0/1 (no/yes): If the state requires job search prior to application, the collapsed variable receives a 1; if not, it receives a 0.
Note: States for which data were not obtained: LA, TN. Code as blank.

Summary Variable: Eligibility Requirements

1. Income Eligibility Threshold for Applicants

Variable: ELIGREQ
Element: ELTHRESH
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table I.E.4, pg 60-61; Initial eligibility threshold calculated by Gretchen Rowe, The Urban Institute.
Values: $205-$1,641
Note: State that does not provide cash benefits to units with earnings at time of application: WI. Code as blank.

2. Earned Income Disregard for Income Eligibility Purposes

Variable: ELIGREQ
Element: EIDIE
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table I.E.2, pg 56-57.
Values: $0-$200
Note: States that do not apply an explicit net income test: AZ, ID, KY, ME, MI, NE, NJ, NC, ND, OR, RI, SD, TN, VA, WA, WI, WY. Code as blank.
3. Vehicle Exemption for Applicants

Variable: ELIGREQ  
Element: VEHEXAPP  
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table I.C.1., pg 46-47.  
Values: $4,600-$13,800  
Assumptions:  
• One vehicle per driver/adult = One vehicle per household  
• All vehicles owned by unit: all vehicles owned by unit  
• One vehicle per household: 15% above state with highest capped value ($13,800)  
• Equity values to fair market value (conversion): Add $3,100

4. Family Cap

Variable: ELIGREQ  
Element: FAMCAP  
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table IV.B.1., pg 118-119.  
Values: 0/1 (no/yes): If the state has a family cap, the collapsed variable receives a 1; if not, it receives a 0.
Summary Variable: **Lifetime Time Limits**

1. **Duration of Lifetime Time Limits**

   **Variable:** TIMELIMT  
   **Element:** DURATION  
   **Sources:** Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table IV.C.1, pg 120-122; 3rd Annual TANF Report to Congress (August 2000), “State Time Limits,” pg 219-222.  
   **Values:** 0-60 months  
   **Note:** States that have no lifetime time limit because they plan to continue recipients in state-only program or are still operating under waiver authority: AZ, MA, ME, MI, NY, OR, VT. Code as 999.

2. **Intermittent Lifetime Time Limits**

   **Variable:** TIMELIMT  
   **Element:** INTLIMT  
   **Source:** Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table IV.C.1, pg 120-122.  
   **Values:** 0/1 (no/yes): If the state has an intermittent time limit, the collapsed variable receives a 1; if not, it receives a 0.

3. **Number of Months Until First Families Reach Any Time Limit**

   **Variable:** TIMELIMT  
   **Element:** MTHUNTIL  
   **Source:** 3rd Annual TANF Report to Congress (August 2000), “State Time Limits,” pg 219-222.  
   **Values:** -32 to 41 months  
   **Note:** States that plan to continue recipients in state-only program: MA, ME, MI, NY, VT. Code as 999.

4. **Time Limit Exemptions 1**

   **Variable:** TIMELIMT  
   **Element:** TLEXEMP1  
   **Source:** Full WRD, tl_illex, tl_creex  
   **Values:** 0/1 (no/yes): If the state has any type of time limit exemption for either ill/incapacitated or caring for ill/incapacitated, the collapsed variable receives a 1; if both have no exemption, it receives a 0.  
   **Note:** States that have no lifetime time limit or intermittent time limit because they plan to continue recipients in state-only program: MA, ME, MI, NY, VT. Code as 999.
5. Time Limit Exemptions 2

Variable: TIMELIMIT
Element: TLEXEMP2
Source: Full WRD, tl_chlex (exact age from tl_exadd)
Values: 0-24 months, (0 = No exemption)
Note: States that have no lifetime time limit or intermittent time limit because they plan to continue recipients in state-only program: MA, ME, MI, NY, VT. Code as 999.

6. Time Limit Extensions

Variable: TIMELIMIT
Element: TLEXT
Source: Full WRD, variable tl_copen
Values: 0/1 (no/yes): If the state has any type of time limit extension, the collapsed variable receives a 1; if not, it receives a 0.
Note: States that have no lifetime time limit or intermittent time limit because they plan to continue recipients in state-only program: MA, ME, MI, NY, VT. Code as 999.

Summary Variable: Recipient Work Requirements

1. Work-Related Allowable Activity Requirements for Single-Parent Head of Unit

Variable: RWRKREQ
Element: ALLOWORK
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table III.B.2, pg 92-93.
Values: 1: Employment
2: Job-related, E&T, CWEP
3: All except subsidized employment
4: All except post-secondary
5: All, and All except (unsubsidized) employment
Assumption: Family contains a single mother who did not complete high school (involved in the IL value).
Note: State for which recipients in the exempt component are exempt from any activities requirement: MA. Code as 999.
2. Minimum Hour Requirement for Work-Related Activity Requirements (Single-Parent Head of Unit)

Variable: RWRKREQ  
Element: HRSREQ  
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table III.B.2, pg 92-93.  
Values: 18-40 hours  
Assumptions: Family contains a single mother who did not complete high school (involved in the IL value).  
- “F.T. defined by school”: 20 hours  
- “F.T. employment”: 35 hours  
- “Case-by-case”: in Notes section  
- “Depends on activity”: in Notes section  
Notes: States that have hour requirement determined on case-by-case basis or depends on activity: AL, AK, AZ, CT, ND, UT, VT. Code as blank. States for which data were not obtained: CA, OR, TX, VA. Code as blank. State for which recipients in the exempt component are exempt from any activities requirement: MA. Code as 999.

3. Timing of Requirement in Relation to Benefit Receipt

Variable: RWRKREQ  
Element: TIMING  
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table III.B.2, pg 92-93.  
Values: 0-24 months  
Assumptions:  
- Immediately: 0 months  
- Approval takes 1 month  
- Orientation takes 2 months  
- Assessment takes 3 months  
- “Case-by-case”: in Notes  
- “Depends on activity”: in Notes  
Notes: States for which data were not obtained: CA, OR, TX, VA. Code as blank. State for which recipients in the exempt component are exempt from any activities requirement: MA. Code as 999.

4. Exemptions from Work Requirements 1: Ill/Incapacitated or Caring For Ill/Incapacitated

Variable: RWRKREQ  
Element: WORKEX1  
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table III.B.1, pg 88-90.  
Values: 0/1 (no/yes): If the state is Yes for either ill/incapacitated or caring for ill/incapacitated, the collapsed variable receives a 1; if both are no, it receives a 0.  
Note: State for which recipients in the exempt component are automatically exempt from any activities requirement: MA. Code as 999.
5. Exemptions from Work Requirements 2: Caring for Child Under Age X Months

Variable: RWRKREQ
Element: WORKEX2
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table III.B.1, pg 88-90.
Values: 0-48 months, (0 = No exemption)
Note: State for which recipients in the exempt component are automatically exempt from any activities requirement: MA. Code as 999.

6. Amount of Most Severe Sanction for Noncompliance with Work Requirements for Single-Parent Head of Unit

Variable: RWRKREQ
Element: WSANCTN
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table III.B.3, pg 94-97.
Values: $31.16-$628.00
Assumptions: Family of one adult and two children with no income receiving the maximum monthly benefit prior to sanction.
- Adult portion of benefit is calculated with the formula:
  Maximum Benefit Family of 3 - Maximum Benefit Family of 2
  Maximum Benefit Family of 2
- Case is closed = 100% of max monthly benefit
- Vendor Payment (shelter costs) = 40% of max monthly benefit
- Pro rata portion of benefit = max monthly benefit divided by 3 (# of individuals in the prototypical family)
- Benefits vendored to third party = 10% of max monthly benefit
- MN: (0.10) (0.40) (Maximum Benefit Family of 3) + (0.30) (Transitional Standard)
Note: State for which recipients in the exempt component are not required to participate in work activities and therefore have no sanctions (999): MA. Code as blank.

7. Length of Most Severe Sanction for Noncompliance with Work Requirements for Single-Parent Head of Unit

Variable: RWRKREQ
Element: SANDUR
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table III.B.3, pg 94-97.
Values: 1: One month; Until compliance (for 30 days, 2 weeks)
2: 2-5 months
3: 6-11 months
4: 12-36 months
5: Permanent
Note: State for which recipients in the exempt component are not required to participate in work activities and therefore have no sanctions: MA. Code as 999.
8. Amount of Initial Sanction for Noncompliance with Work Requirements for Single-Parent Head of Unit

*Variable:*  RWRKREQ  
*Element:*  INITSAN  
*Values:*  $0-$535  
*Assumptions:*  Family of one adult and two children with no income receiving the maximum monthly benefit prior to sanction.  
  • Adult portion of benefit is calculated with the formula:  
    \[
    \text{Maximum Benefit Family of 3} - \frac{\text{Maximum Benefit Family of 2}}{\text{Maximum Benefit Family of 2}}
    \]  
  • Vendor Payment (shelter costs) = 40% of max monthly benefit  
  • Pro rata portion of benefit = max monthly benefit divided by 3 (# of individuals in the prototypical family)  
  • Benefits vendored to third party = 10% of max monthly benefit  

*Note:*  State for which recipients in the exempt component are not required to participate in work activities and therefore have no sanctions (999): MA. Code as blank.

**Summary Variable: Financial Incentives to Work IV**

1. Maximum Monthly Benefit for Family of 3 with No Income (and 2 uncapped children)

*Variable:*  INCENTV4  
*Element:*  MAXBEN  
*Source:*  Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table II.A.4, pg 76-77.  
*Values:*  $164-$923  

2. TANF Benefits While Working During Month 12

*Variable:*  INCENTV4  
*Element:*  WRKBEN12  
*Sources:*  Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table II.A.1., pg 70-71; Benefits calculated using 1999 State TANF Income Calculator,  
  [http://anfdata.urban.org/incalc2/ICDisplay.CFM](http://anfdata.urban.org/incalc2/ICDisplay.CFM).  
*Values:*  $0-$761  
*Assumptions:*  Family works 20 hours per week at $5.15 per hour, with an earned income of $5,356.

3. TANF Benefits While Working During Month 24

*Variable:*  INCENTV4  
*Element:*  WRKBEN24  
*Sources:*  Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table II.A.1., pg 70-71; Benefits calculated using 1999 State TANF Income Calculator,  
  [http://anfdata.urban.org/incalc2/ICDisplay.CFM](http://anfdata.urban.org/incalc2/ICDisplay.CFM).  
*Values:*  $0-$740  
*Assumption:*  Family works 20 hours per week at $5.15 per hour, with an earned income of $5,356.
4. Vehicle Exemptions for Recipients

**Variable:** INCENTV4  
**Element:** VEHEXRCP  
**Source:** Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table IV.A.2, pg 112-114.  
**Values:** $4,600-$13,800  
**Assumptions:**  
- One vehicle per driver/adult = One vehicle per household  
- All vehicles owned by unit: all vehicles owned by unit  
- One vehicle per household: 15% above state with highest capped value ($13,800)  
- Equity values to fair market value (conversion): Add $3,100

5. Applicable Minimum Wage for Federally (FLSA) Covered Categories

**Variable:** INCENTV4  
**Element:** APMIN  
**Source:** Richard Nelson, Division of External Affairs, Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor (August 1999).  
**Values:** $5.15-$6.50  
**Notes:** In general, if a state has a minimum wage rate that differs from the federal rate, the applicable minimum wage is the higher of the two (U.S. DOL, 2001a). It is common practice in the minimum wage literature to use the higher of the federal or state minimum wage as a measure of the minimum wage (Neumark et al., 2000 p. 5). However, many state minimum wage laws (10 in 1999) do not cover employment that is covered under the federal minimum wage law, the Fair Labor Standards Act (FLSA). In these states, the applicable minimum wage for employment covered by the FLSA is the federal rate, even if the state rate is higher. (In 1999, none were higher). Thus our measure of the minimum wage for workers covered under the FLSA is the federal minimum wage — in states where the federal rate is higher than the state rate or that exclude federally-covered employment from the state minimum wage. In 1999, the FLSA covered 72 percent of all wage and salary workers (U.S. DOL, 2001b). Regarding the 28 percent of workers who are not covered under the FLSA, many of these workers are covered under state minimum wage laws. In fact, covering these workers would seem to be the only reason a state would set a minimum wage rate lower than the federal rate or exclude federally-covered workers. We include the state minimum wage in the database to measure the minimum wage for workers not covered by the FLSA. Categories of workers not covered by the FLSA, but covered by state laws should be similar across states, because state minimum wage laws generally pick up where the FLSA leaves off. But there are some differences in coverage across States. The largest difference is that some states cover farm workers, while others do not.

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5 The FLSA does not cover most workers in small businesses (those with annual gross sales volume of less than $500,000) or in businesses where no interstate commerce is involved, workers in seasonal or recreational jobs, workers delivering newspapers or engaged in fishing operations, and many workers in private households. Of less relevance to our low-income population, the FLSA does not cover executive, administrative, and professional employees.
6. State Minimum Wage

Variable: INCENTV4  
Element: STMIN  
Values: $0.00-$6.50, ($0.00 = No state minimum wage)  
Note: Never use state minimum wage variable alone in an analysis.

7. Federal EITC

Variable: INCENTV4  
Element: FEDEITC  
Value: $3,816  
Assumption: Family of one adult and two or more qualifying children, with earned income equal to $9,540.

8. State EITC

Variable: INCENTV4  
Element: STEITC  
Sources: 1999 http://www.cbpp.org/3-15-00sfp-report.pdf (in Excel not in ACCESS)  
2000 http://www.cbpp.org/11-4-00sfp.pdf  
Values: $0.00-$1,011.24 ($0.00 = No state EITC)  
Assumption: Family consists of one adult and two children.

9. State EITC Refundable

Variable: INCENTV4  
Element: REFEITC  
Sources: 1999 http://www.cbpp.org/3-15-00sfp-report.pdf (in Excel not in ACCESS)  
2000 http://www.cbpp.org/11-4-00sfp.pdf  
Values: 0/1 (no/yes): If the state has state EITC refundable, the collapsed variable receives a 1; if not, it receives a 0.

Independent Variable: Earliest Major State Waiver

Date of Earliest Major State Waiver Implemented

Variable: STWAIVER  
Element: —  

Values: Dates
**OUTCOME: CHILD POVERTY RATE**

*Variable: POVRATE*
*Source: http://www.census.gov/hhes/poverty/histpov/hst pov21.html*
*Values: 0%-100%*

**Summary Variable: Eligibility Requirements**

1. **Income Eligibility Threshold for Applicants**

   *Variable: ELIGREQ*
   *Element: ELTHRESH*
   *Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table I.E.4, pg 60-61; Initial eligibility threshold calculated by Gretchen Rowe, The Urban Institute.*
   *Values: $205-$1,641*
   *Note: State that does not provide cash benefits to units with earnings at time of application: WI. Code as blank.*

2. **Earned Income Disregard for Income Eligibility Purposes**

   *Variable: ELIGREQ*
   *Element: EIDIE*
   *Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table I.E.2, pg 56-57.*
   *Values: $0-$200*
   *Note: States that do not apply an explicit net income test: AZ, ID, KY, ME, MI, NE, NJ, NC, ND, OR, RI, SD, TN, VA, WA, WI, WY. Code as blank.*

3. **Vehicle Exemption for Applicants**

   *Variable: ELIGREQ*
   *Element: VEHEXAPP*
   *Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table I.C.1., pg 46-47.*
   *Values: $4,600-$13,800*
   *Assumptions:*
   - One vehicle per driver/adult = One vehicle per household
   - All vehicles owned by unit: all vehicles owned by unit
   - One vehicle per household: 15% above state with highest capped value ($13,800)
   - Equity values to fair market value (conversion): Add $3,100

4. **Family Cap**

   *Variable: ELIGREQ*
   *Element: FAMCAP*
   *Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table IV.B.1., pg 118-119.*
   *Values: 0/1 (no/yes): If the state has a family cap, the collapsed variable receives a 1; if not, it receives a 0.*
Summary Variable: Financial Incentives to Work III

1. Maximum Monthly Benefit for Family of 3 with No Income (and 2 uncapped children)
   
   Variable: INCENTV3
   Element: MAXBEN
   Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table II.A.4, pg 76-77.
   Values: $164-$923

2. TANF Benefits While Working During Month 12
   
   Variable: INCENTV3
   Element: WRKBEN12
   Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table II.A.1., pg 70-71;
   Values: $0-$761
   Assumption: Family works 20 hours per week at $5.15 per hour, with an earned income of $5,356.

3. TANF Benefits While Working During Month 24
   
   Variable: INCENTV3
   Element: WRKBEN24
   Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table II.A.1., pg 70-71;
   Values: $0-$740
   Assumption: Family works 20 hours per week at $5.15 per hour, with an earned income of $5,356.

4. Vehicle Exemptions for Recipients
   
   Variable: INCENTV3
   Element: VEHEXRCP
   Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table IV.A.2, pg 112-114.
   Values: $4,600-$13,800
   Assumptions:
   - One vehicle per driver/adult = One vehicle per household
   - All vehicles owned by unit: all vehicles owned by unit
   - One vehicle per household: 15% above state with highest capped value ($13,800)
   - Equity values to fair market value (conversion): Add $3,100
5. Applicable Minimum Wage for Federally (FLSA) Covered Categories

**Variable:** INCENTV3  
**Element:** APMIN  
**Source:** Richard Nelson, Division of External Affairs, Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor (August 1999).  
**Values:** $5.15-$6.50  
**Notes:** In general, if a state has a minimum wage rate that differs from the federal rate, the applicable minimum wage is the higher of the two (U.S. DOL, 2001a). It is common practice in the minimum wage literature to use the higher of the federal or state minimum wage as a measure of the minimum wage (Neumark et al., 2000 p. 5). However, many state minimum wage laws (10 in 1999) do not cover employment that is covered under the federal minimum wage law, the Fair Labor Standards Act (FLSA). In these states, the applicable minimum wage for employment covered by the FLSA is the federal rate, even if the state rate is higher. (In 1999, none were higher). Thus our measure of the minimum wage for workers covered under the FLSA is the federal minimum wage — in states where the federal rate is higher than the state rate or that exclude federally-covered employment from the state minimum wage. In 1999, the FLSA covered 72 percent of all wage and salary workers (U.S. DOL, 2001b). Regarding the 28 percent of workers who are not covered under the FLSA, many of these workers are covered under state minimum wage laws. In fact, covering these workers would seem to be the only reason a state would set a minimum wage rate lower than the federal rate or exclude federally-covered workers. We include the state minimum wage in the database to measure the minimum wage for workers not covered by the FLSA. Categories of workers not covered by the FLSA, but covered by state laws should be similar across states, because state minimum wage laws generally pick up where the FLSA leaves off. But there are some differences in coverage across States. The largest difference is that some states cover farm workers, while others do not.

6 The FLSA does not cover most workers in small businesses (those with annual gross sales volume of less than $500,000) or in businesses where no interstate commerce is involved, workers in seasonal or recreational jobs, workers delivering newspapers or engaged in fishing operations, and many workers in private households. Of less relevance to our low-income population, the FLSA does not cover executive, administrative, and professional employees.

6. State Minimum Wage

**Variable:** INCENTV3  
**Element:** STMIN  
**Source:** Richard Nelson, Division of External Affairs, Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor (August 1999).  
**Values:** $0.00-$6.50, ($0.00 = No state minimum wage)  
**Note:** Never use state minimum wage variable alone in an analysis.
7. Amount of Most Severe Sanction for Noncompliance with Work Requirements for Single-Parent Head of Unit

Variable: INCENTV3  
Element: WSANCTN  
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table III.B.3, pg 94-97.  
Values: $31.16-$628.00  
Assumptions: Family of one adult and two children with no income receiving the maximum monthly benefit prior to sanction.  
- Adult portion of benefit is calculated with the formula: 
  Maximum Benefit Family of 3 - Maximum Benefit Family of 2 
  Maximum Benefit Family of 2  
- Case is closed = 100% of max monthly benefit  
- Vendor Payment (shelter costs) = 40% of max monthly benefit  
- Pro rata portion of benefit = max monthly benefit divided by 3 (# of individuals in the prototypical family)  
- Benefits vendored to third party = 10% of max monthly benefit  
- MN: (0.10) (0.40) (Maximum Benefit Family of 3) + (0.30) (Transitional Standard)  
Note: State for which recipients in the exempt component are not required to participate in work activities and therefore have no sanctions (999): MA. Code as blank.

8. Length of Most Severe Sanction for Noncompliance with Work Requirements for Single-Parent Head of Unit

Variable: INCENTV3  
Element: SANDUR  
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table III.B.3, pg 94-97.  
Values: 1: One month; Until compliance (for 30 days, 2 weeks)  
2: 2-5 months  
3: 6-11 months  
4: 12-36 months  
5: Permanent  
Note: State for which recipients in the exempt component are not required to participate in work activities and therefore have no sanctions: MA. Code as 999.
9. Amount of Initial Sanction for Noncompliance with Work Requirements for Single-Parent Head of Unit

Variable: INCENTV3
Element: INITSAN
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table III.B.3, pg 94-97.
Values: $0-$535
Assumptions: Family of one adult and two children with no income receiving the maximum monthly benefit prior to sanction.
- Adult portion of benefit is calculated with the formula:
  \[
  \text{Maximum Benefit Family of 3} - \text{Maximum Benefit Family of 2}
  \]
  \[
  \text{Maximum Benefit Family of 2}
  \]
- Vendor Payment (shelter costs) = 40% of max monthly benefit
- Pro rata portion of benefit = max monthly benefit divided by 3 (# of individuals in the prototypical family)
- Benefits vendored to third party = 10% of max monthly benefit

Note: State for which recipients in the exempt component are not required to participate in work activities and therefore have no sanctions (999): MA. Code as blank.

10. Treatment of Child Support Income

Variable: INCENTV3
Element: CHILDSUP
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table I.D.1, pg 48-49.
Values: 1: No pass-through policy and no transfer policy
2: No pass-through policy; transfer all to treat as unearned income; disregard none for benefit computation
3: $50 pass-through policy plus amount in excess of maximum monthly benefit is transferred as unearned income; disregard none for benefit computation
4: Pass-through policy; disregard none for benefit computation
5: Transfer all; disregard all.

Note: State for which data were not obtained: KS. Code as blank.

11. Federal EITC

Variable: INCENTV3
Element: FEDEITC
Value: $3,816
Assumption: Family of one adult and two or more qualifying children, with earned income equal to $9,540.

12. State EITC

Variable: INCENTV3
Element: STEITC
Sources: 1999 http://www.cbpp.org/3-15-00sfp-report.pdf (in Excel not in ACCESS)
2000 http://www.cbpp.org/11-4-00sfp.pdf
Values: $0.00-$1,011.24 ($0.00 = No state EITC)
Assumption: Family consists of one adult and two children.
13. State EITC Refundable

**Variable:** INCENTV3  
**Element:** REFEITC  
**Sources:** 1999 [http://www.cbpp.org/3-15-00sfp-report.pdf](http://www.cbpp.org/3-15-00sfp-report.pdf) (in Excel not in ACCESS)  
2000 [http://www.cbpp.org/11-4-00sfp.pdf](http://www.cbpp.org/11-4-00sfp.pdf)  
**Values:** 0/1 (no/yes): If the state has state EITC refundable, the collapsed variable receives a 1; if not, it receives a 0.

**Summary Variable: Time Limits**

1. Duration of Lifetime Time Limits

   **Variable:** TIMELIMT  
   **Element:** DURATION  
   **Sources:** Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table IV.C.1, pg 120-122; 3rd Annual TANF Report to Congress (August 2000), “State Time Limits,” pg 219-222.  
   **Values:** 0-60 months  
   **Note:** States that have no lifetime time limit because they plan to continue recipients in state-only program or are still operating under waiver authority: AZ, MA, ME, MI, NY, OR, VT. Code as 999.

2. Intermittent Lifetime Time Limits

   **Variable:** TIMELIMT  
   **Element:** INTLIMT  
   **Source:** Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table IV.C.1, pg 120-122.  
   **Values:** 0/1 (no/yes): If the state an intermittent time limit, the collapsed variable receives a 1; if not, it receives a 0.

3. Number of Months Until First Families Reach Any Time Limit

   **Variable:** TIMELIMT  
   **Element:** MTHUNTIL  
   **Source:** 3rd Annual TANF Report to Congress (August 2000), “State Time Limits,” pg 219-222.  
   **Values:** -32 to 41 months  
   **Note:** States that plan to continue recipients in state-only program: MA, ME, MI, NY, VT. Code as 999.
4. Time Limit Exemptions 1

Variable: TIMELIMIT
Element: TLEXEMP1
Source: Full WRD, tl_illex, tl_creex
Values: 0/1 (no/yes): If the state has any type of time limit exemption for either ill/incapacitated or caring for ill/incapacitated, the collapsed variable receives a 1; if both have no exemption, it receives a 0.
Note: States that have no lifetime time limit or intermittent time limit because they plan to continue recipients in state-only program: MA, ME, MI, NY, VT. Code as 999.

5. Time Limit Exemptions 2

Variable: TIMELIMIT
Element: TLEXEMP2
Source: Full WRD, tl_chlex (exact age from tl_exadd)
Values: 0-24 months, (0 = No exemption)
Note: States that have no lifetime time limit or intermittent time limit because they plan to continue recipients in state-only program: MA, ME, MI, NY, VT. Code as 999.

6. Time Limit Extensions

Variable: TIMELIMIT
Element: TLEXT
Source: Full WRD, variable tl_copen
Values: 0/1 (no/yes): If the state has any type of time limit extension, the collapsed variable receives a 1; if not, it receives a 0.
Note: States that have no lifetime time limit or intermittent time limit because they plan to continue recipients in state-only program: MA, ME, MI, NY, VT. Code as 999.
OUTCOME: OUT-OF-WEDLOCK BIRTH RATE

Variable:  BIRTHRT  
Values: 0%-100%

Summary Variable: Eligibility Requirements Associated with Out-of-Wedlock Birth Rate

1. Eligibility of Pregnant Women with No Other Children

Variable:  ELIGBR  
Element:  ELIGPREG  
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table I.B.1, pg 34-35.  
Values: 0-9 months (0 = No cash benefits for pregnant women)  
Note: State for which eligibility begins from the month of medical verification: PA. Code as blank.

2. Family Cap

Variable:  ELIGBR  
Element:  FAMCAP  
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table IV.B.1., pg 118-119.  
Values: 0/1 (no/yes): If the state has a family cap, the collapsed variable receives a 1; if not, it receives a 0.

3. Grandparent Income Deemed Available to Unit

Variable:  ELIGBR  
Element:  GPINCOME  
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table I.D.2., pg 50-51.  
Values: 0/1 (no/yes): If the grandparent’s income is deemed available to the unit, the collapsed variable receives a 1; if not, it receives a 0.  
Note: States for which data were not obtained: KS, OH. Code as blank.

4. Grandparent Earned Income Disregard

Variable:  ELIGBR  
Element:  EIDGP  
Values: $0-$3,471  
Assumption: Family works 20 hours per week at $5.15 per hour, with an earned income of $5,356.  
Note: States for which data were not obtained: CO, KS, OH. Code as blank.
5. Treatment of Two-Parent Family, Nondisabled Applicant Units

*Variable:* ELIGBR  
*Element:* TWOPAR  
*Values:* 0/1 (no/yes): If the state applies an “hours test” on the principal wage earner, the collapsed variable receives a 1; if not, it receives a 0.  
*Note:* State that provides no cash benefits to two-parent, nondisabled units: ND. Code as blank.

6. Minor Parent Can Head Unit

*Variable:* ELIGBR  
*Element:* MINORPAR  
*Values:* 0/1 (no/yes): If the minor can head a unit and receive the benefit check in his/her own name, the collapsed variable receives a 1; if not, it receives a 0.  
*Note:* States for which data were not obtained: KS, OH. Code as blank.

**Summary Variable: Financial Incentives to Work III**

1. Maximum Monthly Benefit for Family of 3 with No Income (and 2 uncapped children)

*Variable:* INCENTV3  
*Element:* MAXBEN  
*Source:* Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table II.A.4, pg 76-77.  
*Values:* $164-$923

2. TANF Benefits While Working During Month 12

*Variable:* INCENTV3  
*Element:* WRKBEN12  
*Values:* $0-$761  
*Assumption:* Family works 20 hours per week at $5.15 per hour, with an earned income of $5,356.

3. TANF Benefits While Working During Month 24

*Variable:* INCENTV3  
*Element:* WRKBEN24  
*Values:* $0-$740  
*Assumption:* Family works 20 hours per week at $5.15 per hour, with an earned income of $5,356.
4. Vehicle Exemptions for Recipients

Variable: INCENTV3  
Element: VEHEXRCP  
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table IV.A.2, pg 112-114.  
Values: $4,600-$13,800  
Assumptions:  
- One vehicle per driver/adult = One vehicle per household  
- All vehicles owned by unit: all vehicles owned by unit  
- One vehicle per household: 15% above state with highest capped value ($13,800)  
- Equity values to fair market value (conversion): Add $3,100

5. Applicable Minimum Wage for Federally (FLSA) Covered Categories

Variable: INCENTV3  
Element: APMIN  
Values: $5.15-$6.50  
Notes: In general, if a state has a minimum wage rate that differs from the federal rate, the applicable minimum wage is the higher of the two (U.S. DOL, 2001a). It is common practice in the minimum wage literature to use the higher of the federal or state minimum wage as a measure of the minimum wage (Neumark et al., 2000 p. 5). However, many state minimum wage laws (10 in 1999) do not cover employment that is covered under the federal minimum wage law, the Fair Labor Standards Act (FLSA). In these states, the applicable minimum wage for employment covered by the FLSA is the federal rate, even if the state rate is higher. (In 1999, none were higher). Thus our measure of the minimum wage for workers covered under the FLSA is the federal minimum wage — in states where the federal rate is higher than the state rate or that exclude federally-covered employment from the state minimum wage. In 1999, the FLSA covered 72 percent of all wage and salary workers (U.S. DOL, 2001b). Regarding the 28 percent of workers who are not covered under the FLSA, many of these workers are covered under state minimum wage laws. In fact, covering these workers would seem to be the only reason a state would set a minimum wage rate lower than the federal rate or exclude federally-covered workers. We include the state minimum wage in the database to measure the minimum wage for workers not covered by the FLSA. Categories of workers not covered by the FLSA, but covered by state laws should be similar across states, because state minimum wage laws generally pick up where the FLSA leaves off. But there are some differences in coverage across States. The largest difference is that some states cover farm workers, while others do not.

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7 The FLSA does not cover most workers in small businesses (those with annual gross sales volume of less than $500,000) or in businesses where no interstate commerce is involved, workers in seasonal or recreational jobs, workers delivering newspapers or engaged in fishing operations, and many workers in private households. Of less relevance to our low-income population, the FLSA does not cover executive, administrative, and professional employees.
6. State Minimum Wage

**Variable:** INCENTV3  
**Element:** STMIN  
**Source:** Richard Nelson, Division of External Affairs, Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor (August 1999).  
**Values:** $0.00-$6.50, ($0.00 = No state minimum wage)  
**Note:** Never use state minimum wage variable alone in an analysis.

7. Amount of Most Severe Sanction for Noncompliance with Work Requirements for Single-Parent Head of Unit

**Variable:** INCENTV3  
**Element:** WSANCTN  
**Source:** Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table III.B.3, pg 94-97.  
**Values:** $31.16-$628.00  
**Assumptions:** Family of one adult and two children with no income receiving the maximum monthly benefit prior to sanction.  
- Adult portion of benefit is calculated with the formula: Maximum Benefit Family of 3 - Maximum Benefit Family of 2  
  \[
  \text{Maximum Benefit Family of 2}  
  \]
  \[
  \text{Maximum Benefit Family of 2} \times (0.10)(0.40) + (0.30) \text{ (Transitional Standard)}  
  \]
  
**Note:** State for which recipients in the exempt component are not required to participate in work activities and therefore have no sanctions (999): MA. Code as blank.

8. Length of Most Severe Sanction for Noncompliance with Work Requirements for Single-Parent Head of Unit

**Variable:** INCENTV3  
**Element:** SANDUR  
**Source:** Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table III.B.3, pg 94-97.  
**Values:** 1: One month; Until compliance (for 30 days, 2 weeks)  
2: 2-5 months  
3: 6-11 months  
4: 12-36 months  
5: Permanent  
**Note:** State for which recipients in the exempt component are not required to participate in work activities and therefore have no sanctions: MA. Code as 999.
9. Amount of Initial Sanction for Noncompliance with Work Requirements for Single-Parent Head of Unit

Variable: INCENTV3
Element: INITSAN
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table III.B.3, pg 94-97.
Values: $0-$535
Assumptions: Family of one adult and two children with no income receiving the maximum monthly benefit prior to sanction.
- Adult portion of benefit is calculated with the formula:
  \[\frac{\text{Maximum Benefit Family of 3} - \text{Maximum Benefit Family of 2}}{\text{Maximum Benefit Family of 2}}\]
- Vendor Payment (shelter costs) = 40% of max monthly benefit
- Pro rata portion of benefit = max monthly benefit divided by 3 (# of individuals in the prototypical family)
- Benefits vendored to third party = 10% of max monthly benefit

Note: State for which recipients in the exempt component are not required to participate in work activities and therefore have no sanctions (999): MA. Code as blank.

10. Treatment of Child Support Income

Variable: INCENTV3
Element: CHILDSUP
Source: Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table I.D.1, pg 48-49.
Values: 1: No pass-through policy and no transfer policy
2: No pass-through policy; transfer all to treat as unearned income; disregard none for benefit computation
3: $50 pass-through policy plus amount in excess of maximum monthly benefit is transferred as unearned income; disregard none for benefit computation
4: Pass-through policy; disregard none for benefit computation
5: Transfer all; disregard all.
Note: State for which data were not obtained: KS. Code as blank.

11. Federal EITC

Variable: INCENTV3
Element: FEDEITC
Value: $3,816
Assumption: Family of one adult and two or more qualifying children, with earned income equal to $9,540.

12. State EITC

Variable: INCENTV3
Element: STEITC
Sources: 1999 http://www.cbpp.org/3-15-00sfp-report.pdf (in Excel not in ACCESS)
2000 http://www.cbpp.org/11-4-00sfp.pdf
Values: $0.00-$1,011.24 ($0.00 = No state EITC)
Assumption: Family consists of one adult and two children.
13. State EITC Refundable

**Variable:** INCENTV3  
**Element:** REFEITC  
**Sources:**  
2000 [http://www.cbpp.org/11-4-00sfp.pdf](http://www.cbpp.org/11-4-00sfp.pdf)  
**Value:** 0/1 (no/yes): If the state has state EITC refundable, the collapsed variable receives a 1; if not, it receives a 0.

**Independent Variable: Exemptions from Work Requirements 2**

Exemptions from Work Requirements 2: Caring for Child Under Age X Months  

**Variable:** WORKEX2  
**Element:** —  
**Source:** Gretchen Rowe, Welfare Rules Databook (Urban Institute 2000), Table III.B.1, pg 88-90.  
**Values:** 0-48 months, (0 = No exemption)  
**Note:** State for which recipients in the exempt component are automatically exempt from any activities requirement: MA. Code as 999.

**Independent Variable: Budget for Pregnancy Prevention Programs**

Budget for Pregnancy Prevention Programs, as a Share of TANF Expenditures  

**Variable:** PREGPREV  
**Element:** —  
**Source:** Table A1: Federal Funds Spent in FY2000 through the Fourth Quarter. Temporary Assistance to Needy Families (TANF) Spending in FY2000 from Federal TANF Grant for FY2000 Program. [http://www.acf.dhhs.gov/programs/ofo/data/q400/q4fy00.xls](http://www.acf.dhhs.gov/programs/ofo/data/q400/q4fy00.xls)  
**Values:** 0.00%-11.77%

**Independent Variable: Budget for Two-Parent Family Formation**

Budget for Two-Parent Family Formation, as a Share of TANF Expenditures  

**Variable:** FAMFORM  
**Element:** —  
**Source:** Table A1: Federal Funds Spent in FY2000 through the Fourth Quarter. Temporary Assistance to Needy Families (TANF) Spending in FY2000 from Federal TANF Grant for FY2000 Program. [http://www.acf.dhhs.gov/programs/ofo/data/q400/q4fy00.xls](http://www.acf.dhhs.gov/programs/ofo/data/q400/q4fy00.xls)  
**Values:** 0.00%-44.39%
<table>
<thead>
<tr>
<th>DEMOGRAPHIC</th>
</tr>
</thead>
</table>

1. Race

*Variables:* WHITE, BLACK, NATIVE, ASIAN, HISPANIC
*Values:* 0%-100%

2. Age

*Variables:* AGE00_04, AGE05_14, AGE15_19, AGE20_54, AGE55_UP
*Values:* 0%-100%

3. Population

*Variable:* POPULAT
*Values:* 479,602 - 33,145,121

*Variable:* FEMALE
*Values:* 238,659 – 16,565,414
1. State Unemployment Rate

*Variable:* UNEMPR
*Source:* [http://stats.bls.gov/laus/Lauastrk.htm](http://stats.bls.gov/laus/Lauastrk.htm)
*Values:* 0%-100%

2. State Lagged Unemployment Rate

*Variable:* LUNEMPR
*Source:* [http://www.bls.gov/laus/astch98.htm](http://www.bls.gov/laus/astch98.htm)
*Values:* 0%-100%
Appendix IV

TANF Typologies Database Data Dictionary

TANF Typologies Database Data Dictionary is available on the Web at:
http://tanf.urban.org/typologies/
Appendix V

Deferred Variables
Deferred Policy Elements/Variables from the Typologies

I. Policies deferred due to lack of data or data too complex to be properly considered due to the nature and scope of this project.

<table>
<thead>
<tr>
<th>Deferred Policy Element/Variable</th>
<th>Reason for deferral</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementation variables.</td>
<td>Our recipient job entry and other typologies will exclude, for the most part, implementation measures as an explanation for state policy or measures of within-state variation either because there are no available sources for these data across all states in 1999 or because the data that are available are too difficult to quantify.</td>
</tr>
<tr>
<td>Conciliation process from Recipient job entry rate</td>
<td>Implementation variable</td>
</tr>
<tr>
<td>Average monthly sanction rate</td>
<td>The Welfare Rules Database and Databook do not collect information on how many warnings are issued before initial or most severe sanction; this implementation variable is highly dependent on local office culture and practice, sometimes varying even among caseworkers in a single office. Because sanctions policies are generally dependent on practice, ASPE and many of the technical workgroup advisors have suggested using sanction rates as a proxy for sanction policy implementation. However, others argue that sanction rates are not pure measures of state policy implementation; they also measure recipients’ propensity for non-compliance and so are potentially endogenous variables in many analyses that could provide misleading results. The U.S. General Accounting Office (2000) provides detailed information on sanction rates in 1998, but we have not found a source for 1999, our year of interest. If we do include sanction rates in the database, their effect on job entry rates should be interpreted with caution.</td>
</tr>
<tr>
<td>Transportation assistance/Transitional transportation assistance</td>
<td>Not enough state variation, differs by region and smaller areas within states, data from State Plan Database on WIN is as of June 30, 2001 <a href="http://www.welfareinfo.org/Transportation.htm">http://www.welfareinfo.org/Transportation.htm</a></td>
</tr>
<tr>
<td>Child Care Subsidies: generosity of rates and co-payments.</td>
<td>Meaningful, reliable state-by-state data not available for 1999</td>
</tr>
<tr>
<td>In-Kind Benefits. Food Stamps 1) Number of months of continuing eligibility 2) Food Stamp Cash Out (removed from Child Poverty)</td>
<td>Joint applications for cash and other benefits. Understood the importance of FS especially cash-out from MFIP study, but there is not enough research on FS don't have a measure for it</td>
</tr>
<tr>
<td>Inclusion of non-citizens</td>
<td>Databook doesn't capture full spectrum of immigrant welfare issue. It does not include information about states that offer safety net to</td>
</tr>
</tbody>
</table>

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<tr>
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<tbody>
<tr>
<td>Exemption from job search at application</td>
<td>No source for data only whether had job search at application (0/1)</td>
</tr>
<tr>
<td>Number of acts of non-compliance before sanction occurs</td>
<td>For example, the client who loses a job may be asked if she quit or was let go. If she reports quitting, she may be sanctioned immediately, while the client who reports being let go may be given 30 days to find another job before a sanction is imposed. WRD does not now have data on these policy elements, and they tend to be highly dependent on local practice.</td>
</tr>
</tbody>
</table>
II. Policies deferred because we feel that their possible effect is too indirect to capture.

<table>
<thead>
<tr>
<th>Deferred Policy Element/Variable</th>
<th>Reason for deferral</th>
</tr>
</thead>
<tbody>
<tr>
<td>SSI</td>
<td>There has been no interstate variation and no variation in states' policies regarding treatment of SSI for TANF eligibility before and after PRWORA, except in WV and ID. Thus, we did not include SSI as an element. <em>We once hypothesized that the greater the proportion of poor adults in a state who are on SSI, the easier it is for TANF recipients to enter employment (job entry).</em></td>
</tr>
<tr>
<td>Deeming of stepparent income</td>
<td>This was rejected for Out-of-Wedlock births. Initially, it seemed that if word got around that stepparent income is not counted in determining eligibility or computing ongoing benefits, it might lead to higher rates of marriage, thus reducing out-of-wedlock births. While MDRC speculated in Final Report on MFIP that the higher marriage rates in MFIP might be because &quot;single parents in the MFIP group may have been aware that two-parent families faced fewer eligibility restrictions than under AFDC,&quot; we think it unlikely that single parents understand the treatment of stepparent income.</td>
</tr>
<tr>
<td>Medicaid eligibility threshold</td>
<td>This element was rejected from the Summary Variable Elements of supportive Services for Job Entry because it is not a supportive service of value unless used by a family. We hypothesize that it does not figure into the decision to go to work. However, the duration of Transitional Medicaid is included in the policy elements of Supportive Services for Job Retention, because after obtaining employment it becomes palpable knowledge to the mother whether she continues to receive her Medicaid card or not.</td>
</tr>
<tr>
<td>SCHIP eligibility threshold</td>
<td>It was rejected for all typologies where potentially relevant because it only covered children in 1999, so SCHIP is expected to have an indirect effect on the parents.</td>
</tr>
<tr>
<td>Total Asset Limits for recipients</td>
<td></td>
</tr>
<tr>
<td>Behavioral requirements or sanction for non-compliance with behavioral requirements</td>
<td>From Caseload exits (immunization and school attendance requirements); See GAO sanction paper</td>
</tr>
</tbody>
</table>