Order Code RL32598

TANF Cash Benefits as of January 1, 2004

Updated September 12, 2005

Meridith Walters, Gene Falk, and Vee Burke
Domestic Social Policy Division

TANF Cash Benefits as of January 1, 2004

Summary

The Temporary Assistance for Needy Families (TANF) block grant is a major source of cash assistance — commonly referred to as "welfare" — for low income families with children. TANF also provides funds to states for a wide range of benefits and services for both families receiving cash assistance and other families. Though the federal government provides TANF funds to states, the states themselves determine cash benefit amounts. As of January 1, 2004, maximum benefit amounts vary greatly by state: for a family of three, benefits vary from $923 per month in Alaska to $170 per month in Mississippi.

TANF was created by the 1996 welfare reform law, which ended the Aid to Families with Dependent Children (AFDC) program. States also determined AFDC benefit amounts, and most have retained their pre-1996 benefit structure under TANF. During the debate on welfare reform in the mid-1990s, some feared that fixed funding would lead states to cut benefits in a "race-to-the-bottom." The race to the bottom did not happen. In 24 jurisdictions, there was no change in maximum benefits from July 1996 to January 2004. Twenty-one jurisdictions increased their benefits; eight of these had benefit increases sufficient to offset inflation over the period. Six jurisdictions cut benefits.

Maximum benefits are generally paid to families without a wage earner. However, almost all jurisdictions have increased rewards for recipients who work, effectively raising the amount of earnings a recipient may keep before she becomes ineligible for cash assistance. The percent of adult recipients reported as "employed" climbed from 11% in FY1996 to 26% in FY2002. State TANF programs generally disregard a sizable share of earnings for at least a period of time (some disregard 100% of earnings for the first few months on a job).

The rules for treating families with earnings vary greatly from state to state, and thus the level of earnings at which a family becomes ineligible for TANF varies greatly by state. A recipient in a family of three (single mother, two children) who obtains a job and works 20 hours a week at a minimum wage job remains eligible for TANF in most states, though in some she becomes ineligible for assistance in a few months. However, in most states her earnings plus the Earned Income Tax Credit (EITC) and food stamps would be insufficient to raise her total income above the poverty line. A recipient in a family of three who obtains a job and works 40 hours per week at the minimum wage remains eligible for TANF in the first month on the job in 29 states. However, after a year on the job, she would be eligible for TANF cash in only 17 states. In all cases, with or without TANF, the family with year-round, 40 hour per week, minimum wage earnings would have total income (counting federally determined food stamps and EITC) slightly about the poverty threshold.

This report will be updated when information about January 2005 benefit levels becomes available.

Contents

List of Tables

TANF Cash Benefits as of January 1, 2004

Introduction

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA. P.L. 104-193), also known as the 1996 welfare reform law, ended the entitlement program of Aid to Families with Dependent Children (AFDC) and replaced it with the state block grant program of Temporary Assistance to Needy Families (TANF). TANF gives states broad flexibility in the design of their programs. States have adopted a wide range of financial eligibility and benefit rules in their cash assistance programs to further the policy objectives of moving families from welfare to work, supporting work, and moving families off the cash benefit rolls.

TANF is a major source of cash assistance for low-income families with children. However, ongoing cash assistance is only one use of TANF funds. States may use TANF funds on other types of benefits and services, such as child care, short-term emergency benefits, work programs, or education programs. Following the state and federal welfare reforms of the mid-1990s, the cash assistance caseload declined markedly, from a historical high of 5.1 million families in March 1994 to 2.2 million families in September 2003. The shrinkage in the cash assistance caseload has resulted in a decline in the share of TANF funds devoted to ongoing cash assistance and an increase in the share of funds spent on other TANF benefits and services.

This report describes cash assistance benefits paid to families by state TANF programs on January 1, 2004, with historical data to portray changes in benefit payments over time. It discusses the rules for determining eligibility and benefit amounts for a recipient who gets a job, showing the maximum amount of earnings a family may have and remain eligible for cash welfare. Finally, this report examines the interaction of TANF with two other federal benefit programs, food stamps and the earned income tax credit. The report shows total income available from these sources plus wages at various hours of weekly work, state by state. This report does *not* discuss nonfinancial eligibility rules in state TANF cash assistance programs nor does it cover eligibility rules for the wider range of TANF benefits and services provided to families.

The information in this report is based on responses to a Congressional Research Service (CRS) survey of state cash benefit programs. It is possible that in some cases CRS may have misinterpreted the information provided by the states or failed to ask the correct questions to elicit the appropriate response.

Maximum Benefit Amounts under TANF

The pre-1996 program of AFDC entitled families with children who met a state-determined test of need to cash assistance. Federal funding was unlimited. States determined the amount of cash paid to needy families, subject to minimal federal guidelines. The block grant of Temporary Assistance for Needy Families (TANF) established in the 1996 law (P.L. 104-193) eliminated the entitlement to cash welfare for needy families as well as those federal guidelines. States are not required to use the TANF block grant to pay cash welfare — it may be used for other benefits and services to achieve TANF goals — although all states have continued a cash assistance program.

Under AFDC, states based benefits on financial "need," which varied by family size. Financial need was greater the larger the family. The degree of a family's need also depended on its nonwelfare income, so maximum AFDC benefits generally were paid to those with no income other than the welfare benefit.

Most states continue to pay greater maximum benefits for larger families, but there are some exceptions. Wisconsin pays benefits based on the work activity of the adult in the family, and its benefit amount is based on the type and hours of work performed by the adult, not the size of the family. Idaho has the same maximum benefit ($309) for families of all sizes. Additionally, a number of states have adopted "family cap" policies that pay a reduced or zero benefit for a new baby born to a welfare family. A few states have also restructured their benefits to pay lower maximum benefits for those families with adults who are expected to work.

Under TANF, the maximum benefit still is paid to a family with no income other than welfare. However, in order to receive the maximum TANF benefit, families must also be in compliance with work rules and cooperate in establishing child support orders, because federal TANF law requires states to penalize families that fail to do so.

AFDC benefits varied greatly among the states. Large variations in benefits among the states have continued under TANF. In January 2004, maximum benefits for a family of three ranged from a low of $170 a month in Mississippi to $923 in Alaska.

Maximum Benefits by Family Size

Table 1 shows maximum monthly benefits by family size for January 2004. Maximum benefits are generally paid to a family with no income other than the welfare benefit. The table shows benefits for a family with a single adult. Some states pay different benefits to families without adult recipients (the "child-only" cases) or to two-parent families. Some states vary benefit payments by geographic locations, usually for differences in housing costs. The table generally shows the highest benefit paid in the state for recipients expected to work, though benefit amounts are shown for New York City and Wayne County (Detroit) in Michigan

because of the size of the caseload in these localities.[1] Also shown is whether the state has implemented a "family cap."

Table 1. Maximum Monthly TANF Benefit for Single Parent Families of One to Six Persons on January 1, 2004

	Family size						
State	One[a]	Two	Three	Four	Five	Six	Family cap
Alabama	$165	$190	$215	$245	$275	$305	No
Alaska	514	821	923	1,025	1,127	1,229	No
Arizona	204	275	347	418	489	561	Yes
Arkansas	81	162	204	247	286	331	Yes
California	349	568	704	839	954	1,072	Yes
Colorado	214	280	356	432	512	590	No
Connecticut	402	513	636	741	835	935	Yes. Partial increase for additional child
Delaware	201	270	338	407	475	544	Yes
D.C.	239	298	379	463	533	627	No
Florida	180	241	303	364	426	487	Yes. Partial increase for first additional child.
Georgia	155	235	280	330	378	410	Yes
Hawaii	335	452	570	687	805	922	No
Idaho	309	309	309	309	309	309	n/a
Illinois	223	292	396	435	509	572	No
Indiana	139	229	288	346	405	463	Yes
Iowa	183	361	426	495	548	610	No
Kansas	267	352	429	497	558	619	No
Kentucky	220	253	289	325	361	398	No
Louisiana	122	188	240	284	327	366	No
Maine	230	363	485	611	733	856	No
Maryland	213	376	477	577	668	735	No
Massachusetts	418	518	618	713	812	912	Yes
Michigan	276	371	459	563	659	792	No
Minnesota	250	437	532	621	697	773	Yes. (New policy, first capped child would be born in May 2004)

[1] The highest maximum benefits paid in Michigan in Jan. 2004 were in Washtenaw County ($489 per month for a family of three). The highest maximum benefits paid in New York state in Jan. 2004 were in Suffolk County ($738 per month for a family of three).

State	Family size						Family cap
	One[a]	Two	Three	Four	Five	Six	
Mississippi	110	146	170	194	218	242	Yes
Missouri	136	234	292	342	388	431	No
Montana	221	298	375	452	530	607	No
Nebraska	222	293	364	435	506	577	Yes
Nevada	230	289	348	407	466	525	No
New Hampshire	489	556	625	688	748	829	No
New Jersey	162	322	424	488	552	616	Yes
New Mexico	231	310	389	469	548	627	No
New York	414	501	691	825	964	1,059	No
North Carolina	181	236	272	297	324	349	Yes
North Dakota	282	378	477	573	670	767	Yes
Ohio	223	305	373	461	539	600	No
Oklahoma	180	225	292	361	422	483	Yes. Increase paid as a non-cash voucher.
Oregon	310	395	460	565	660	755	No
Pennsylvania	215	330	421	514	607	687	No
Rhode Island	327	449	554	634	714	794	No
South Carolina	121	163	205	248	290	333	Yes
South Dakota	360	441	493	544	596	649	No
Tennessee	95	142	185	226	264	305	Yes
Texas	90	188	217	261	290	333	No
Utah	274	380	474	555	632	696	No
Vermont	503	604	709	795	885	946	No
Virginia	242	323	389	451	537	587	Yes
Washington	349	440	546	642	740	841	No
West Virginia	349	401	453	512	560	613	No
Wisconsin[b]	0	673	673	673	673	673	n/a
Wyoming	195	320	340	340	360	360	Yes

Source: Table prepared by the Congressional Research Service (CRS) based on a survey of state TANF cash assistance programs.

a. A family size of one is a pregnant woman. Two states, Colorado and Texas have separate payment schedules for cases that consist of a pregnant woman.

b. Wisconsin does not pay a benefit under its regular W-2 (TANF) program for a pregnant woman with no other eligible dependent children.

Maximum Combined TANF and Food Stamps

Most households composed entirely of TANF recipients are automatically eligible for food stamps without regard to food stamp tests of need. The combined cash welfare benefit plus the food stamp benefit used to be referred to as the "guarantee" level of income that a family eligible for welfare would receive without work. In the post-welfare reform era of benefits conditioned upon work, the combined cash and food stamp benefit refers to the amount of income a family would receive if it had no other countable income and complied with all program requirements (including work requirements).

Table 2 shows the maximum monthly combined benefit from TANF and food stamps in each state on January 1, 2004. The food stamp program treats TANF benefits as income and reduces food stamp benefits accordingly. The calculations in the table assume no earned income and no food stamp excess-shelter deduction.[2] Hawaii and Alaska have higher food stamp benefit amounts than other jurisdictions.

Table 2. Maximum Combined TANF and Food Stamps Benefit for Single Parent Families of One to Six Persons on January 1, 2004

	Family size					
State	**1**	**2**	**3**	**4**	**5**	**6**
Alabama	$296	$432	$561	$682	$797	$936
Alaska	595	950	1,153	1,344	1,520	1,724
Arizona	324	491	654	803	947	1,116
Arkansas	222	412	554	684	804	955
California	425	696	904	1,098	1,272	1,473
Colorado	331	495	660	813	963	1,136
Connecticut	462	658	856	1,029	1,189	1,377
Delaware	321	488	647	796	937	1,104
D.C	348	507	676	835	977	1,162
Florida	307	467	623	766	902	1,064
Georgia	289	463	607	742	869	1,010
Hawaii	501	759	1,008	1,239	1,454	1,705
Idaho	397	515	627	727	821	939
Illinois	337	503	688	815	961	1,123
Indiana	278	459	612	753	888	1,047
Iowa	309	551	709	857	988	1,150
Kansas	368	545	711	859	995	1,156

[2] The excess shelter deduction is for excessively high, but not all, shelter costs. Generally, these are costs above about one-third of a household's total cash income.

	Family size					
State	**1**	**2**	**3**	**4**	**5**	**6**
Kentucky	335	476	613	738	857	1,001
Louisiana	263	430	579	710	833	979
Maine	342	553	750	938	1,117	1,322
Maryland	330	562	745	915	1,072	1,237
Massachusetts	473	661	843	1,010	1,173	1,361
Michigan	374	558	732	905	1,066	1,277
Minnesota	356	605	783	945	1,092	1,264
Mississippi	251	401	530	647	757	892
Missouri	276	463	615	750	876	1,025
Montana	335	507	673	827	975	1,148
Nebraska	336	504	666	815	958	1,127
Nevada	342	501	654	796	930	1,090
New Hampshire	523	688	848	992	1,128	1,303
New Jersey	294	524	708	852	991	1,154
New Mexico	342	516	683	839	988	1,162
New York	471	649	894	1,088	1,279	1,464
North Carolina	307	464	601	719	831	967
North Dakota	378	563	745	912	1,073	1,260
Ohio	337	512	672	833	982	1,143
Oklahoma	307	456	615	763	900	1,061
Oregon	398	575	733	906	1,066	1,251
Pennsylvania	331	530	705	871	1,029	1,204
Rhode Island	410	613	799	955	1,104	1,279
South Carolina	262	413	554	684	807	956
South Dakota	433	607	756	892	1,021	1,177
Tennessee	236	398	540	669	789	936
Texas	231	430	563	693	807	956
Utah	373	565	743	899	1,047	1,210
Vermont	533	722	907	1,067	1,224	1,385
Virginia	350	525	683	826	980	1,134
Washington	425	607	793	960	1,122	1,312
West Virginia	425	579	728	869	996	1,152
Wisconsin[a]	141	770	882	982	1,075	1,194
Wyoming	317	523	649	749	856	975

Source: Table prepared by the Congressional Research Service (CRS) based on a survey of state TANF cash assistance programs.

Note: Food stamp calculations assume that the family does not receive an excess shelter cost deduction. In very low TANF benefit states, combined benefits shown reflect the maximum food stamp allotment for the family size, but in some states the excess shelter deduction would increase benefits by up to $83 monthly — more in Alaska and Hawaii.

a. Wisconsin has no one-person families in its TANF program. Pregnant women without children are ineligible.

Changes in Maximum Benefits from 1996 to 2004

During discussions of welfare reform in the mid-1990s, it was feared by some that states facing limited federal funding would engage in a "race-to-the bottom" by cutting benefit amounts. Some thought that a state that had higher benefit levels than its neighbors would attract welfare families from other states. These factors would set in motion a competitive downward spiral, the "race-to-the bottom," of benefit levels among the states.

This "race-to-the-bottom" did not happen. Twenty-four states paid the same maximum monthly benefits in January 2004 as they did in 1996; however, a few states did reduce benefits. Hawaii reduced maximum benefits for families with an adult expected to work. Benefits were also cut in the District of Columbia, Idaho, Montana, Oklahoma, and Wyoming.

Table 3 shows maximum benefits for a family of three (headed by a single adult) by state for July 1996 to January 2004. Under TANF, benefits generally have fallen in real value. Twenty-one states have increased benefit levels during the July 1996 to January 2004 period. In eight of these (Alabama, California, Louisiana, Maryland, Mississippi, New York, West Virginia, and Wisconsin) benefits increased by more than the increases in prices between July 1996 and January 2004.

Table 3. TANF Maximum Monthly Benefits for a Family of Three (Single Parent Families): 1996-2004

State	July 96	July 98	Jan. 00	Jan. 02	Jan. 04	% Real change from July 96 to Jan. 2004
Alabama	164	164	164	164	215	11.14%
Alaska	923	923	923	923	923	-15.23%
Arizona	347	347	347	347	347	-15.23%
Arkansas	204	204	204	204	204	-15.23%
California	596	565	626	679	704	0.14%
Colorado	356	356	356	356	356	-15.23%
Connecticut	636	636	636	636	636	-15.23%
Delaware	338	338	338	338	338	-15.23%
District of Columbia	415	379	379	379	379	-22.58%
Florida	303	303	303	303	303	-15.23%
Georgia	280	280	280	280	280	-15.23%

State	July 96	July 98	Jan. 00	Jan. 02	Jan. 04	% Real change from July 96 to Jan. 2004
Hawaii	712	570	570	570	570	-32.13%
Idaho	317	276	293	293	309	-17.36%
Illinois	377	377	377	377	396	-10.95%
Indiana	288	288	288	288	288	-15.23%
Iowa	426	426	426	426	426	-15.23%
Kansas	429	429	429	429	429	-15.23%
Kentucky	262	262	262	262	289	-6.49%
Louisiana	190	190	190	240	240	7.08%
Maine	418	439	461	485	485	-1.64%
Maryland	373	388	417	472	477	8.41%
Massachusetts	565	565	565	618	618	-7.27%
Michigan	459	459	459	459	459	-15.23%
Minnesota	532	532	532	532	532	-15.23%
Mississippi	120	120	170	170	170	20.10%
Missouri	292	292	292	292	292	-15.23%
Montana	438	461	469	494	375	-27.42%
Nebraska	364	364	364	364	364	-15.23%
Nevada	348	348	348	348	348	-15.23%
New Hampshire	550	550	575	600	625	-3.67%
New Jersey	424	424	424	424	424	-15.23%
New Mexico	389	439	439	389	389	-15.23%
New York	577	577	577	577	691	1.52%
North Carolina	272	272	272	272	272	-15.23%
North Dakota	431	440	457	477	477	-6.18%
Ohio	341	362	373	373	373	-7.27%
Oklahoma	307	292	292	292	292	-19.37%
Oregon	460	460	460	460	460	-15.23%
Pennsylvania	421	421	421	421	421	-15.23%
Rhode Island	554	554	554	554	554	-15.23%
South Carolina	200	201	204	205	205	-13.11%
South Dakota	430	430	430	469	493	-2.81%
Tennessee	185	185	185	185	185	-15.23%
Texas	188	188	201	201	217	-2.15%
Utah	416	451	451	474	474	-3.41%
Vermont	633	656	708	709	709	-5.05%
Virginia	354	354	354	389	389	-6.84%

State	July 96	July 98	Jan. 00	Jan. 02	Jan. 04	% Real change from July 96 to Jan. 2004
Washington	546	546	546	546	546	-15.23%
West Virginia	253	253	328	453	453	51.79%
Wisconsin	517	673	673	673	673	10.35%
Wyoming	360	340	340	340	340	-19.94%

Source: Table prepared by the Congressional Research Service (CRS) based on a survey of the state TANF cash assistance programs.

Note: The inflation factor used to convert July 1996 dollars to Jan. 2004 dollars was 1.1796 (representing the change in the Consumer Price Index for all Urban Consumers from July 1996 to Jan. 2004).

From Welfare to Work: Eligibility and Benefit Amounts

The preceding section described cash assistance benefits for families with no income other than welfare. However, under TANF, more families are combining cash assistance with work. This section describes the maximum level of earnings a family may have and retain eligibility for TANF cash aid and shows how the TANF benefit contributes to total family income as a recipient increases her work effort.

Income Eligibility

Federal law requires that TANF cash be paid to *needy* families with children, and all states require that a family have income below specified income eligibility thresholds to receive cash aid. All states except Ohio and Virginia also require that a family have assets valued below a certain threshold; see **Appendix A** for a discussion of TANF resource limits.

Determining if a family is financially eligible for TANF is often a complicated process with considerable variation among the states. The majority of states (33) have different income eligibility rules for initial eligibility (new applicants) and for continued eligibility for families already enrolled. Most of the differences concern the treatment of earnings. This report will focus on the rules for families already on the rolls.

As was generally the case under AFDC, states may determine the eligibility threshold for cash aid. Further, TANF does not specify federal rules for what types of income — and how much of each type of income — must be counted in determining eligibility for cash aid. In particular, states have developed a diverse set of rules for the treatment of earnings.

Countable Income. Whether a family with a working member remains eligible for cash assistance often depends on its circumstances: what type of income it has, what types of expenses (for example, child care) it incurs, and how long

working recipients have been on the job. Most states base eligibility, at least in part, on a family's *countable* income. Countable income is the family's income minus deductions specified in a state's program rules for working expenses and a portion of earnings disregarded as an incentive to work.

Earnings Disregards. In most states, the maximum level of earnings a family may have and retain eligibility for cash assistance depends on its benefit amount and "earnings disregards." Most states reduce benefits for families with earnings, though the size of the benefit reduction varies by state. States generally do not count some earnings when determining benefits, sometimes to compensate for work expenses and sometimes as an incentive for recipients to get a job.

Under AFDC, federal law specified that earnings disregards were provided for only a short period of time, so that soon after a family member went to work most families became ineligible for cash assistance.[3] Under TANF, states are free to set their own earnings disregards and, today, almost all jurisdictions have increased rewards for recipients who work. State TANF programs generally disregard a sizable share of earnings for at least a year, and some disregard 100% of earnings for new job holders for the first few months. Higher earnings disregards increase the "exit point" from TANF, the amount of income recipients can earn before cash benefits are terminated. (Also, they raise the income eligibility entry point in the18 jurisdictions that do not have different rules for treating the earnings of applicants.)

Gross Income Test. Some states have adopted a second income test to determine whether a family with a working member remains eligible for benefits based on *gross income.* These "gross income tests" cut off eligibility to a family at a certain income level, generally without regard to its individual circumstances. That is, a family is made ineligible at a certain level of income without regard to earnings disregards that otherwise apply and any deductions allowed for expenses. Federal AFDC law required states to impose a gross income test. TANF does not require states to adopt a gross income test, but 26 have retained such tests in their programs.

Maximum Earnings Eligibility Thresholds. **Table 4** provides TANF benefit levels at zero income, earnings disregard rules, and the TANF "exit point" by state for a family of three as of January 2004. It shows that 33 states now disregard from 20% to 75% of all earnings in all months, and two states — Connecticut and Virginia — disregard all earnings until total income reaches the poverty level. Five states disregard 100% of earnings from one to three months. However, eight states (three in all months, five after four-six months of work) use flat dollar disregards, under which extra earnings reduce benefits.

Table 4 shows that in 10 states TANF benefits for a three-person family would not end until gross earnings exceeded or came very close to the 2004 poverty guideline of $1,272 monthly for a family of three: Alaska ($1,931 in the first 12

---

[3] Under AFDC, earnings disregards were taken in the following order: both applicants and recipients received a $90 work expense earnings disregard, then recipients received an additional $30 earnings disregard for the first 12 months of employment. In the first four months of employment, recipients also received an additional 33.33% earnings disregard.

months of work): California ($1,613); Colorado ($1,227 in the first 12 months of work); Connecticut ($1,272); District of Columbia ($1,267); Hawaii, ($1,343); New Hampshire ($1230); New York ($1,272 in New York City); Rhode Island, ($1,258); and Virginia ($1,262). Higher or equal exit points exist in some other states, for three to six months (see Delaware, Louisiana, North Dakota, and Texas).

At the other extreme are these low TANF-exit points: Alabama, $256 (after three months); Mississippi, $441; and Georgia, $534 (after four months); and Wyoming, $530.

The complexity and variation in policy can be illustrated by considering hypothetical single-parent families with two children in five states: California, Connecticut, Louisiana, and New York (New York City), and Virginia. Assume that each has gross monthly earnings of $1,000. So long as the adult had not reached the state's time limit on benefits, the family in Connecticut would receive a full TANF benefit of $636 monthly; in New York City, a reduced benefit of $245; in California, a reduced benefit of $316. In Louisiana, the family would receive a full benefit of $240 for six months in a lifetime, but would be ineligible for TANF after this period. In Virginia, the family would receive a full benefit of $389 for the first four months of work, a reduced benefit of $372 for the next eight months and thereafter a reduced benefit of $342.

Table 4. TANF Maximum Monthly Benefits, Earnings Disregards, and Exit Points for a Family of Three (Single Parent Families), January 1, 2004

State	Benefit at zero income[a]	Earnings disregarded and when	TANF exit point (gross earnings)[b]
Alabama	$215	100%, months 1-3; 20% after 3 months	No limit, months 1-3 $256 after 3 months
Alaska	$923	$150 + 33% of the rest, year 1 $150 + declining %, years 2-5.	$1,961 year 1, dropping to $1,363 by year 5
Arizona	$347	$90 + 30% of the rest all months	$571
Arkansas	$204	20% + 60% of the rest all months	$696
California	$704	$225 + 50% of the rest all months	$1,613
Colorado	$356	66.67% (up to 12 cumulative months); then use old AFDC rules. See Delaware.	$1,227 (for 12 cumulative months) dropping to $499 after 2 years.

State	Benefit at zero income[a]	Earnings disregarded and when	TANF exit point (gross earnings)[b]
Connecticut	$636	100% (up to poverty guideline of $1,272) all months	$1,272 gross earnings limit, all months
Delaware	$338	Old AFDC rules: $120 + 1/3 of the rest, months 1-4; $120, months 5-12; $90 thereafter	$1,520 months 1-4 $1,054 months 5-12
D.C.	$379	$160 + 66.67% of the rest all months	$1,267
Florida	$303	$200 +50% of the rest all months	$786
Georgia	$280	Old AFDC rules. See Delaware	$740 months 1-4 $534 months 5-12
Hawaii	$570	20% + $200 + 36% of the rest all months	$1,343
Idaho	$309	40% all months	$631
Illinois	$396	66.67% all months	$1,185
Indiana	$288	75%	$1,148
Iowa	$426	20% + 50% of the rest, all months	$1,040
Kansas	$429	$90 + 40% of the rest, all months	$788
Kentucky	$289	100% for 2 months in lifetime (time chosen by recipient) $120 + 1/3 of the rest, months 3-6, $120 months 7-14 $90 thereafter	No limit, months 1 and 2 (recipient assumed to make this choice) $881 months 3-6 $628 months 7-14
Louisiana	$240	$900 (6 months in lifetime) $120 all other months	$1,250, 6 months in lifetime. $350 thereafter.
Maine	$485	$108 plus 50% of the rest, all months	$1,023, gross income test, all months
Maryland	$477	40% all months	$778
Massachusetts	$618	$120 + 50% of the rest, all months	$1,143 gross income test, all months

State	Benefit at zero income[a]	Earnings disregarded and when	TANF exit point (gross earnings)[b]
Michigan	$459[c]	$200 + 20% of the rest, all months	$761 (Wayne County)
Minnesota	$532[d]	36% all months	$914[d]
Mississippi	$170	$90 all months	$441
Missouri	$292	66.67% + $90 all months	$1,116
Montana	$375	$200 + 25% of the rest, all months	$700
Nebraska	$364	20% all months	$751
Nevada	$348	100% months 1-3 50% months 4-12	No limit, months 1-3 $845 months 4-12
New Hampshire	$625	50% all months	$1,230
New Jersey	$424	100%, 1st full month of work 50% after month 1	No limit, first month $848 after month 1
New Mexico	$389	$125 + 50% of the rest. Plus, for the 1st 24 months, all earnings from work hours above minimum required	$901 + (in the 1st 24 months) earnings from "excess" hours of work
New York	$691[e]	$90 + 51% of the rest all months	$1,272 (New York City) (100% of poverty-based, gross income limit, all months)
North Carolina	$272	100% months 1-3 (standard counties)[f] 27.5% after 3 months (all counties)	No limit, months 1-3 $681 after 3 months
North Dakota	$477	27% or $180 (if greater) plus: 50% months 1-6 35% months 7-9 25% months 10-13	$1,279 months 1-6 $984 months 7-9 $852 months 10-13
Ohio	$373	$250 + 50% of the rest, all months	$976
Oklahoma	$292	$120 + 50% of the rest, all months	$684

State	Benefit at zero income[a]	Earnings disregarded and when	TANF exit point (gross earnings)[b]
Oregon	$460	50% all months	$616 gross income limit, all months
Pennsylvania	$421	50% all months	$822
Rhode Island	$554	$170 +50% of the rest, all months	$1,258
South Carolina	$205	50% months 1-4 $100 after month 4	$1,174 gross income limit, months 1-4 $704 after 4 months
South Dakota	$493	$90 + 20% of the rest, all months	$694
Tennessee	$185	$150 all months	$1,020
Texas	$217	$120 + (for 4 months) 90% of the rest, but disregard (including the $120) cannot exceed $1,400.	$1,727 months 1-4 $327 thereafter
Utah	$474	$100 + 50% of the rest, all months	$1,050
Vermont	$683[g]	$150 + 25% of the rest, all months	$1,082 (in Chittenden County)
Virginia	$389	Old AFDC rules used to determine countable income (see Delaware). Countable income is subtracted from poverty guideline. As long as *countable income* + full benefits (and gross income alone) are below the poverty guideline of $1,252, full benefits are paid.	$1,252
Washington	$546	50% all months	$1,072
West Virginia	$453	40% all months	$755, gross income limit, all months

State	Benefit at zero income[a]	Earnings disregarded and when	TANF exit point (gross earnings)[b]
Wisconsin	$673[h] $628[i]	No disregards. Recipient cannot work more than 29 hours per week and remain eligible for the program. As long as gross income test is met and participants fulfill work hour rules, benefits are paid based on number of hours of participation.	Gross income limit: 115% of federal poverty level — $1,462
Wyoming	$340	$200 all months	$530

Source: Table prepared by the Congressional Research Service (CRS) based on a survey of the states.

a. In cases where states differentiate between families required to work and exempt from work, this column shows benefits for the former group. Similarly, where states pay higher benefits to groups with greater housing need (no housing subsidy, no sharing of housing, etc.) this column shows these higher amounts. In some regions of some states, benefits may be different from those shown here. **Note:** Table takes no account of child care disregards, which many states provide. They would raise exit points.

b. Thirty-nine jurisdictions pay no benefit smaller than $10 monthly; one (North Carolina) pays no benefit smaller than $25 in most counties. The remaining 11 states do not impose a minimum benefit to qualify for actual cash (Arkansas, Indiana, New Jersey, New Mexico, North Dakota, Connecticut, Illinois, Minnesota, Montana, West Virginia, and Wisconsin). Calculations in the table reflect state minimum benefit policies, which lower TANF exit points.

c. Wayne County (Detroit)

d. Minnesota combines TANF and food stamps in a single benefit. This number reflects only the cash portion of the grant.

e. New York City

f. Standard counties operate programs under state rules. In addition, North Carolina's program allows certain "electing counties" to have more flexibility in their program rules. "Electing counties" decide whether to offer the three-month 100% disregard.

g. Chittenden County

h. For community service (all family sizes).

i. For participation in W-2 transition program (all family sizes).

Maximum Hours a Minimum Wage Earner Can Work and Retain Eligibility for TANF. Another way to illustrate how states treat families with earners is to consider a minimum wage worker and how many hours she may work and remain eligible for TANF. That is, in how many states can a minimum wage earner work 20 hours or 40 hours per week and remain eligible for TANF?

Table 5 shows the maximum number of hours per week a person earning the minimum wage could work and still retain eligibility for TANF cash assistance as of January 1, 2004. (For the dollar amounts by month of employment see Appendix B.) In states where the minimum wage is above the federal $5.15 per hour, the higher state minimum wage was used in the calculation. The information in the table is based on the rules for a family of three (the average family size for those on cash assistance). Because the rules for counting or disregarding earnings sometimes change depending on how long a recipient has been working — states sometimes have generous disregards of earnings for the first few months on the job — these maximum hours are shown for months one through 13 on the job.

Most recipients working 20 hours per week remain eligible for TANF cash. The table shows that all states except Mississippi allow a minimum wage earner, with a family of three, working 20 hours per week to have her family remain on TANF in the first month of employment. However, after the third month on a job, this family would no longer be eligible for cash benefits in Alabama; after the fourth month on a job, the family would no longer be eligible for cash benefits in Texas. After a year working (month 13 on a job) a recipient remains eligible for some TANF cash in 46 jurisdictions.

On the other hand, TANF recipients working 40 hours a week often lose eligibility for TANF cash — though in a majority of states TANF cash is still paid, albeit in some states for a short period of time. In the first month on a job, a recipient who gets a minimum wage job and works 40 hours per week remains eligible for TANF cash assistance in 29 jurisdictions. However, after a year of work (month 13 on a job), she would remain eligible for TANF cash in only 17 jurisdictions.

Table 5. Maximum Hours per Week That a Minimum Wage Earner Can Work and Retain Eligibility for TANF Cash Assistance (Based on January 2004 Benefit Levels and Minimum Wages)

	Month on a job												
State	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**
Alabama	n/a	n/a	n/a	11	11	11	11	11	11	11	11	11	11
Alaska	63	63	63	63	63	63	63	63	63	63	63	63	57
Arizona	25	25	25	25	25	25	25	25	25	25	25	25	25
Arkansas	31	31	31	31	31	31	31	31	31	31	31	31	31
California	55	55	55	55	55	55	55	55	55	55	55	55	55
Colorado	55	55	55	55	55	55	55	55	55	55	55	55	32
Connecticut	41	41	41	41	41	41	41	41	41	41	41	41	41

	Month on a job												
State	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**
Delaware	57	57	57	57	39	39	39	39	39	39	39	39	38
District of Columbia	47	47	47	47	47	47	47	47	47	47	47	47	47
Florida	35	35	35	35	35	35	35	35	35	35	35	35	35
Georgia	33	33	33	33	23	23	23	23	23	23	23	23	22
Hawaii	49	49	49	49	49	49	49	49	49	49	49	49	49
Idaho	28	28	28	28	28	28	28	28	28	28	28	28	28
Illinois	49	49	49	49	49	49	49	49	49	49	49	49	49
Indiana	51	51	51	51	51	51	51	51	51	51	51	51	51
Iowa	46	46	46	46	46	46	46	46	46	46	46	46	46
Kansas	35	35	35	35	35	35	35	35	35	35	35	35	35
Kentucky	n/a	n/a	39	39	39	39	28	28	28	28	28	28	28
Louisiana	56	56	56	56	56	56	15	15	15	15	15	15	15
Maine	37	37	37	37	37	37	37	37	37	37	37	37	37
Maryland	34	34	34	34	34	34	34	34	34	34	34	34	34
Massachusetts	39	39	39	39	39	39	39	39	39	39	39	39	39
Michigan	34	34	34	34	34	34	34	34	34	34	34	34	34
Minnesota	40	40	40	40	40	40	40	40	40	40	40	40	40
Mississippi	19	19	19	19	19	19	19	19	19	19	19	19	19
Missouri	50	50	50	50	50	50	50	50	50	50	50	50	16
Montana	31	31	31	31	31	31	31	31	31	31	31	31	31
Nebraska	33	33	33	33	33	33	33	33	33	33	33	33	33
Nevada	n/a	n/a	n/a	37	37	37	37	37	37	37	37	37	19
New Hampshire	55	55	55	55	55	55	55	55	55	55	55	55	55
New Jersey	n/a	38	38	38	38	38	38	38	38	38	38	38	38
New Mexico	40	40	40	40	40	40	40	40	40	40	40	40	40
New York	57	57	57	57	57	57	57	57	57	57	57	57	57
North Carolina	n/a	n/a	n/a	30	30	30	30	30	30	30	30	30	30
North Dakota	57	57	57	57	57	57	44	44	44	38	38	38	38
Ohio	43	43	43	43	43	43	43	43	43	43	43	43	43
Oklahoma	30	30	30	30	30	30	30	30	30	30	30	30	30
Oregon	20	20	20	20	20	20	20	20	20	20	20	20	20
Pennsylvania	36	36	36	36	36	36	36	36	36	36	36	36	36
Rhode Island	43	43	43	43	43	43	43	43	43	43	43	43	43
South Carolina	52	52	52	52	31	31	31	31	31	31	31	31	31
South Dakota	31	31	31	31	31	31	31	31	31	31	31	31	31
Tennessee	45	45	45	45	45	45	45	45	45	45	45	45	45
Texas	77	77	77	77	14	14	14	14	14	14	14	14	14
Utah	47	47	47	47	47	47	47	47	47	47	47	47	47
Vermont	37	37	37	37	37	37	37	37	37	37	37	37	37
Virginia	56	56	56	56	56	56	56	56	56	56	56	56	56
Washington	34	34	34	34	34	34	34	34	34	34	34	34	34
West Virginia	33	33	33	33	33	33	33	33	33	33	33	33	33
Wisconsin	29	29	29	29	29	29	29	29	29	29	29	29	29
Wyoming	23	23	23	23	23	23	23	23	23	23	23	23	23

Source: Congressional Research Service (CRS) based on a survey of state TANF cash assistance programs. Minimum wage data by state are from the Department of Labor (DoL).

Family Income by Hours per Week of Work

Most states still base TANF cash welfare payments on the degree of a family's financial need, and reduce cash benefits for a family with nonwelfare income such as earnings. That is, a one dollar increase in earnings often yields a family less than a one dollar increase in total income. However, the combined family income of families with the same work effort (20 hours per week, 40 hours per week) varies widely by state depending on their TANF cash benefit amounts and how they count the earnings of family workers.

Table 6 shows the net earned income, tax credits, food stamp benefits, and TANF benefits for a family of three who begin working 20 hours per week at minimum wage for one year. When a state has a minimum wage rate higher than the national minimum wage, the state's minimum wage is used in calculating earnings. The net earnings column shows gross earnings less employee Federal Insurance Contributions Act (FICA) taxes. The EITC column shows the effect of the EITC on gross earnings.[4] The TANF column shows the monthly benefit at month 13 of employment annualized.[5] The food stamp column shows the annualized food stamp benefit based upon monthly gross earnings and TANF benefits. The combined total column shows the summation of income from the four previous columns. The columns to the right show the respective dollar amounts on the left as a percent of the 2004 poverty threshold issued by the Department of Health and Human Services.

In month 13 of employment, no TANF benefits are paid to half-time minimum wage workers in Alabama, Louisiana, Mississippi, Missouri, and Nevada. In seven states — Alaska, California, Connecticut, Hawaii, Massachusetts, Rhode Island, and Vermont — the combined total exceeds the federal poverty threshold.

Table 7 shows the same information as **Table 6**, except that the worker is employed for 40 hours per week for one year. At this level of income, 17 states pay a TANF benefit for a family of three in month 13 on a job. Families in every state have combined total incomes above the poverty threshold based on *federally-determined* EITC and food stamp benefits. Earnings plus EITC and food stamps yield an income for a family of three equal to 105% of the poverty threshold in the 48 contiguous states and the District of Columbia (Alaska and Hawaii have different poverty thresholds). However, at this level of earned income, the largest component of income is earnings, followed by EITC.

---

[4] For more information on EITC, see CRS Report RS21477, *The Earned Income Tax Credit: Policy and Legislative Issues*, by Christine Scott.

[5] Benefits may be zero in some months. In Alabama, for example, a recipient working 20 hours per week at minimum wage would receive a TANF benefit only in months one through four.

Table 6. Annualized Earnings and Income from Selected Benefit Programs for a Single Parent with Two Children, Working 20 Hours per Week at Minimum Wage, in the 13th Month of Work, January 1, 2004

State	Net earnings	EITC	TANF	Food stamps	Combined total	Net earnings as a % of poverty	EITC as a % of poverty	TANF as a % of poverty	Food stamps as a % of poverty	Combined total as a % of poverty
Alabama	$4,942	$2,141	$0	$3,648	$10,731	32%	14%	0%	23%	68%
Alaska	6,862	2,972	7,920	1,932	19,686	35	15	40	10	100
Arizona	4,942	2,141	1,164	3,300	11,547	32	14	7	21	74
Arkansas	4,942	2,141	2,448	2,904	12,435	32	14	16	19	79
California	6,478	2,806	6,288	1,356	16,928	41	18	40	9	108
Colorado	4,942	2,141	2,064	3,024	12,171	32	14	13	19	78
Connecticut	6,814	2,951	7,632	864	18,261	45	19	49	6	120
Delaware	5,902	2,556	3,060	2,472	13,990	38	16	20	16	89
District of Columbia	5,902	2,556	3,048	2,484	13,990	38	16	19	16	89
Florida	4,942	2,141	2,160	3,000	12,243	32	14	14	19	78
Georgia	4,942	2,141	816	3,396	11,295	32	14	5	22	72
Hawaii	5,998	2,598	5,040	4,320	17,956	33	14	28	24	100
Idaho	4,942	2,141	1,452	3,204	11,739	32	14	9	20	75
Illinois	5,278	2,286	2,844	2,700	13,108	35	15	19	18	86
Indiana	4,942	2,141	2,112	3,012	12,207	32	14	13	19	78
Iowa	4,942	2,141	2,964	2,760	12,807	32	14	19	18	82
Kansas	4,942	2,141	2,580	2,868	12,531	32	14	16	18	80
Kentucky	4,942	2,141	1,320	3,252	11,655	32	14	8	21	74
Louisiana	4,942	2,141	0	3,648	10,731	32	14	0	23	68
Maine	5,998	2,598	4,836	1,920	15,352	38	17	31	12	98
Maryland	4,942	2,141	2,508	2,892	12,483	32	14	16	18	80
Massachusetts	6,478	2,806	4,620	1,860	15,764	41	18	29	12	101

State	Net earnings	EITC	TANF	Food stamps	Combined total	Net earnings as a % of poverty	EITC as a % of poverty	TANF as a % of poverty	Food stamps as a % of poverty	Combined total as a % of poverty
Michigan	4,942	2,141	3,144	2,700	12,927	32	14	20	17	82
Minnesota	4,942	2,141	3,696	3,840	14,619	32	14	24	25	93
Mississippi	4,942	2,141	0	3,648	10,731	32	14	0	23	68
Missouri	4,942	2,141	0	3,648	10,731	32	14	0	23	68
Montana	4,942	2,141	2,280	2,964	12,327	32	14	15	19	79
Nebraska	4,942	2,141	3,048	2,724	12,855	32	14	19	17	82
Nevada	4,942	2,141	0	3,648	10,731	32	14	0	23	68
New Hampshire	4,942	2,141	4,824	2,196	14,103	32	14	31	14	90
New Jersey	4,942	2,141	2,412	2,916	12,411	32	14	15	19	79
New Mexico	4,942	2,141	2,736	2,820	12,639	32	14	17	18	81
New York	4,942	2,141	6,192	1,788	15,063	32	14	40	11	96
North Carolina	4,942	2,141	1,320	3,252	11,655	32	14	8	21	74
North Dakota	4,942	2,141	3,324	2,652	13,059	32	14	21	17	83
Ohio	4,942	2,141	3,300	2,652	13,035	32	14	21	17	83
Oklahoma	4,942	2,141	1,548	3,180	11,811	32	14	10	20	75
Oregon	6,622	2,868	1,932	2,628	14,050	42	18	12	17	90
Pennsylvania	4,942	2,141	2,376	2,928	12,387	32	14	15	19	79
Rhode Island	6,478	2,806	4,152	2,004	15,440	43	18	27	13	101
South Carolina	4,942	2,141	1,116	3,312	11,511	32	14	7	21	73
South Dakota	4,942	2,141	2,496	2,892	12,471	32	14	16	18	80
Tennessee	4,942	2,141	2,220	2,976	12,279	32	14	14	19	78
Texas	4,942	2,141	0	3,648	10,731	32	14	0	23	68
Utah	4,942	2,141	4,740	2,220	14,043	32	14	30	14	90
Vermont	6,478	2,806	4,596	1,872	15,752	43	18	30	12	103

State	Net earnings	EITC	TANF	Food stamps	Combined total	Net earnings as a % of poverty	EITC as a % of poverty	TANF as a % of poverty	Food stamps as a % of poverty	Combined total as a % of poverty
Virginia	4,942	2,141	4,668	2,244	13,995	32	14	30	14	89
Washington	6,872	2,976	2,820	2,292	14,960	45	20	19	15	98
West Virginia	4,942	2,141	2,220	2,976	12,279	32	14	14	19	78
Wisconsin	4,942	2,141	2,760	2,820	12,663	32	14	18	18	81
Wyoming	4,942	2,141	1,128	3,300	11,511	32	14	7	21	73

Source: Congressional Research Service (CRS) based on a survey of state TANF cash assistance programs.

Table 7. Annualized Earnings and Income from Selected Benefit Programs for a Single Parent with Two Children, Working 40 Hours per Week at Minimum Wage, in the 13th Month of Work, January 1, 2004

State	Earnings	EITC	TANF	Food stamps	Combined total	Net earnings as a % of poverty	EITC as a % of poverty	TANF as a % of poverty	Food stamps as a % of poverty	Combined total as a % of poverty
Alabama	$9,885	$4,282	$0	$2,364	$16,531	63%	27%	0%	15%	105%
Alaska	13,724	4,127	3,708	1,404	22,963	70	21	19	7	117
Arizona	9,885	4,282	0	2,364	16,531	63	27	0	15	105
Arkansas	9,885	4,282	0	2,364	16,531	63	27	0	15	105
California	12,956	4,300	2,772	732	20,760	83	27	18	5	132
Colorado	9,885	4,282	0	2,364	16,531	63	27	0	15	105
Connecticut	13,628	4,149	7,632	0	25,409	87	27	49	0	162
Delaware	11,804	4,300	0	1,860	17,964	75	27	0	12	115
District of Columbia	11,804	4,300	924	1,584	18,612	75	27	6	10	119
Florida	9,885	4,282	0	2,364	16,531	63	27	0	15	105
Georgia	9,885	4,282	0	2,364	16,531	63	27	0	15	105
Hawaii	11,996	4,300	1,716	3,768	21,780	67	24	10	21	121
Idaho	9,885	4,282	0	2,364	16,531	63	27	0	15	105
Illinois	10,557	4,300	936	1,908	17,701	67	27	6	12	113
Indiana	9,885	4,282	780	2,124	17,071	63	27	5	14	109
Iowa	9,885	4,282	828	2,112	17,107	63	27	5	13	109
Kansas	9,885	4,282	0	2,364	16,531	63	27	0	15	105
Kentucky	9,885	4,282	0	2,364	16,531	63	27	0	15	105
Louisiana	9,885	4,282	0	2,364	16,531	63	27	0	15	105
Maine	11,996	4,300	0	1,812	18,108	77	27	0	12	116
Maryland	9,885	4,282	0	2,364	16,531	63	27	0	15	105
Massachusetts	12,956	4,300	0	1,560	18,816	83	27	0	10	120

State	Earnings	EITC	TANF	Food stamps	Combined total	Net earnings as a % of poverty	EITC as a % of poverty	TANF as a % of poverty	Food stamps as a % of poverty	Combined total as a % of poverty
Michigan	9,885	4,282	0	2,364	16,531	63	27	0	15	105
Minnesota	9,885	4,282	372	3,840	18,379	63	27	2	25	117
Mississippi	9,885	4,282	0	2,364	16,531	63	27	0	15	105
Missouri	9,885	4,282	0	2,364	16,531	63	27	0	15	105
Montana	9,885	4,282	0	2,364	16,531	63	27	0	15	105
Nebraska	9,885	4,282	0	2,364	16,531	63	27	0	15	105
Nevada	9,885	4,282	0	2,364	16,531	63	27	0	15	105
New Hampshire	9,885	4,282	2,148	1,716	18,031	63	27	14	11	115
New Jersey	9,885	4,282	0	2,364	16,531	63	27	0	15	105
New Mexico	9,885	4,282	2,196	1,704	18,067	63	27	14	11	115
New York	9,885	4,282	3,576	1,284	19,027	63	27	23	8	121
North Carolina	9,885	4,282	0	2,364	16,531	63	27	0	15	105
North Dakota	9,885	4,282	0	2,364	16,531	63	27	0	15	105
Ohio	9,885	4,282	624	2,172	16,963	63	27	4	14	108
Oklahoma	9,885	4,282	0	2,364	16,531	63	27	0	15	105
Oregon	13,244	4,237	0	1,488	18,969	85	27	0	9	121
Pennsylvania	9,885	4,282	0	2,364	16,531	63	27	0	15	105
Rhode Island	12,956	4,300	648	1,368	19,272	83	27	4	9	123
South Carolina	9,885	4,282	0	2,364	16,531	63	27	0	15	105
South Dakota	9,885	4,282	0	2,364	16,531	63	27	0	15	105
Tennessee	9,885	4,282	1,656	1,860	17,683	63	27	11	12	113
Texas	9,885	4,282	0	2,364	16,531	63	27	0	15	105
Utah	9,885	4,282	2,064	1,740	17,971	63	27	13	11	115
Vermont	12,956	4,300	0	1,560	18,816	83	27	0	10	120

State	Earnings	EITC	TANF	Food stamps	Combined total	Net earnings as a % of poverty	EITC as a % of poverty	TANF as a % of poverty	Food stamps as a % of poverty	Combined total as a % of poverty
Virginia	9,885	4,282	4,668	960	19,795	63	27	30	6	126
Washington	13,743	4,123	0	1,356	19,222	87	26	0	9	123
West Virginia	9,885	4,282	0	2,364	16,531	63	27	0	15	105
Wisconsin	9,885	4,282	0	2,364	16,531	63	27	0	15	105
Wyoming	9,885	4,282	0	2,364	16,531	63	27	0	15	105

Source: Congressional Research Service (CRS) based on a survey of state TANF cash assistance programs.

Earnings Disregards and TANF Work Participation Standards

The adoption of more generous earnings disregards — and consequent expansion of eligibility for families on the rolls who have earnings — is one of the most profound changes states made to their cash assistance programs once freed from federal rules for how they must count the earnings of a family with a working adult. These more generous disregards have been seen as increasing incentives to work: the more generous disregards mean that the implicit "tax rate" on earnings (reduced welfare benefits as earnings increase) is reduced. More generous earnings disregards also have been seen as part of strategies to help "make work pay," as continued cash welfare benefits supplement the earnings of low wage earners. From the state's perspective the more generous earnings disregards also have a practical consequence: they help states meet TANF work participation standards.

TANF law requires states to meet minimum standards of work participation, and the share of all families (with an adult) who must engage in specified work activities for minimum hours weekly climbed from a statutory level of 25% in FY1997 to 50% in FY2002 and following years. One of the specified work activities creditable toward states meeting work participation standards is "unsubsidized employment," combining welfare and work. This differs from the pre-1996 program, the Job Opportunity and Basic Skills (JOBS) training program, which counted "unsubsidized employment" only in the first month on a job toward participation standards. In other months, recipients who worked 35 hours per week or more were excluded from the participation rate calculation. Under pre-1996 federal rules, recipients who went to work soon became ineligible for cash assistance.

With the adoption of more generous earnings disregards under TANF, the proportion of adults who combine welfare with unsubsidized work has risen sharply from 11% in FY1996 to 26% in FY2002. Combining welfare and work is by far the most common activity among TANF adults — job search ranks a distant second in terms of the percent of TANF adults engaged in an activity at 6%.

Though the work reward policies of states help them meet TANF work participation requirements, reduce disincentives to work, and help "make work pay," research shows that they tend to increase the amount of time families spend on cash welfare.[6] Thus, the work reward policies implicitly conflict with TANF time limits on cash assistance and the federal law's statutory goal of ending dependence on government benefits.[7] Longer use of cash welfare, even by parents with jobs, sometimes is viewed as prolonging welfare "dependence."

---

[6] See U.S. Congress, House Ways and Means Committee, *2004 Green Book*, Appendix L, "Assessing the Effects of Welfare Reform Initiatives," Mar. 2004.

[7] TANF sets a 60-month time limit on the use of federal funds to pay cash assistance to a family with an adult. To continue the work incentive for more than 60 months, states must use their own funds — though state funds spent for families who passed the time limit are counted toward meeting TANF's maintenance of effort (MOE) requirement.

Appendix A. Resource Limits

Under AFDC, states could not set their countable resource limit above $1,000 for both applicants and recipients. Under TANF, states have the flexibility to establish their own financial eligibility guidelines, and most states have raised their resource limits. Of the states that raised their resource limits, the majority have adopted rules similar to that of the food stamp program. The resource limit for most families in the food stamp program is $2,000 per family.

Although the definition of what constitutes a resource varies from state to state, it generally includes savings accounts and other liquid assets. States do not count the primary residence against the resource limit and some states disregard life insurance policies as an asset. A number of states allow recipients to set up individual development accounts (IDAs) for specific purposes, such as education, home purchase, and business start-up capital. The savings in these accounts may be excluded. Additionally, eight states exclude all vehicles from countable assets and 21 states exclude one vehicle per family. Other states exclude a portion of the auto's value.

Table A1. TANF Resource Limits and Vehicle Disregards, January 2004

State	Resource limits	Vehicle disregards
Alabama	*Applicants and recipients:* Household without aged or disabled member: $2,000 Household with an aged or disabled member: $3,000	All vehicles
Alaska	*Applicants and recipients:* Household without a member 60+ years: $2,000 Household w/ a member 60+ years: $3,000	Any vehicle used for family transportation, to produce self-employment income, or participate in an approved work activity
Arizona	*Applicants and recipients:* $2,000	All vehicles
Arkansas	*Applicants and recipients*: $3,000	1 vehicle
California	*Applicants and recipients*: Household without aged or disabled member: $2,000 Household with an aged or disabled member: $3,000	$4,650 of fair market value
Colorado	*Applicants and recipients*: $2,000	1 vehicle
Connecticut	*Applicants and recipients*: $3,000	$9,500 of equity value
Delaware	*Applicants and recipients*: $1,000	$4,650 of equity value
District of Columbia	*Applicants and recipients:* Household without a member 60+ years: $2,000 Household with a member 60+ years: $3,000	All vehicles

State	Resource limits	Vehicle disregards
Florida	*Applicants and recipients*: $2,000	$8,500 of equity value
Georgia	*Applicants and recipients*: $1,000	Employed, engaged in training, or actively seeking employment: $4,650 of equity value Not employed, in training, or actively seeking employment: $1,500 of equity value
Hawaii	*Applicants and recipients*: $5,000	All vehicles
Idaho	*Applicants and recipients*: $2,000	$4,650 of fair market value
Illinois	*Applicants and recipients:* Family size 1: $2,000 Family size 2: $3,000 Family size 3: $3,050 Family size 4: $3,100 Family size 5: $3,150 Family size 6: $3,200 Family size 7: $3,250 Family size 8: $3,300	1 vehicle
Indiana	*Applicants only*: $1,000 *Recipients only:* $1,500	$5,000 of equity value
Iowa	*Applicants only*: $2,000 *Recipients only*: $5,000	$4,115 of equity value for each adult
Kansas	*Applicants and recipients*: $2,000	All vehicles
Kentucky	*Applicants and recipients*: $2,000	All vehicles
Louisiana	*Applicants and recipients*: $2,000	All vehicles
Maine	*Applicants and recipients:* $2,000	1 vehicle
Maryland	*Applicants and recipients:* $2,000	All vehicles
Massachusetts	*Applicants and recipients*: $2,500	$5,000 of equity value and $10,000 of "fair market value"
Michigan	*Applicants and recipients*: $3,000	All vehicles
Minnesota	*Applicants only*: $2,000 *Recipients only*: $5,000	$7,500 of loan value
Mississippi	*Applicants and recipients:* $2,000	Any vehicle used for personal and household transportation
Missouri	*Applicants only:* $1,000 *Recipients only*: $5,000	1 vehicle 2nd vehicle: $1,500 equity value
Montana	*Applicants and recipients*: $3,000	1 vehicle
Nebraska	*Applicants and recipients*: One person: $4,000 Two or more persons: $6,000	1 vehicle
Nevada	*Applicants and recipients*: $2,000	1 vehicle

State	Resource limits	Vehicle disregards
New Hampshire	*Applicants and recipients*: Received benefits in last 6 months: $2,000 *Applicants only*: Received no benefits in last 6 months: $1,000	1 vehicle per adult
New Jersey	*Applicants and recipients*: $2,000	$9,500 of fair market value 2nd vehicle: $4,650 of fair market value
New Mexico	*Applicants and recipients:* Liquid resource limit of $1,500. Non-liquid resource limit of $2,000	1 vehicle in areas of public transportation. In other areas, 1 vehicle for each adult.
New York	*Applicants and recipients*: Household without 60+ member: $2,000 Household with a 60+ member: $3,000	$9,300 of fair market value if used for employment or seeking employment (localities have the option to set this limit higher); $4,650 of fair market value otherwise.
North Carolina	*Applicants and recipients*: $3,000	1 vehicle per adult
North Dakota	*Applicants and recipients*: One person: $3,000; Two people: $6,000, plus $25 per additional family member	1 vehicle
Ohio	No resource limit	No resource limit
Oklahoma	Applicants and recipients: $1,000	$5,000 of equity value
Oregon	*Applicants and recipients*: Someone in JOBS program: $10,000 No one in JOBS program: $2,500	$10,000 of equity value
Pennsylvania	*Applicants and recipients*:$1,000	1 vehicle
Rhode Island	*Applicants and recipients:* $1,000	One vehicle per adult, not to exceed two vehicles per household
South Carolina	*Applicants and recipients:* $2,500	1 vehicle per driver
South Dakota	*Applicants and recipients*: $2,000	1 vehicle 2nd vehicle: $4,650 of fair market value
Tennessee	*Applicants and recipients:* $2,000	$4,600 of equity value
Texas	*Applicants and recipients*: $1,000	$4,650 of fair market value

State	Resource limits	Vehicle disregards
Utah	*Applicants and recipients*: $2,000	Household with a disabled member/ transportation: 1 vehicle No disabled member / transportation: $8,000 of equity value
Vermont	*Applicants and recipients:* $1,000	1 vehicle per adult with a maximum of 2 vehicles per household
Virginia	No resource test	No resource test
Washington	*Applicants and recipients*: $1,000	$5,000 of equity value
West Virginia	*Applicants and recipients*: $2,000	1 vehicle
Wyoming	*Applicants and recipients*: $2,500	$12,000 of fair market value
Wisconsin	*Applicants and recipients*: $2,500	$10,000 of equity value
Wyoming	*Applicants and recipients*: $2,500	$12,000 of fair market value

Source: Table prepared by the Congressional Research Service (CRS) based on a survey of state TANF cash assistance programs.

Appendix B. TANF Exit Points, Monthly Earnings That End Eligibility, Family of Three, January 1, 2004 ($)

State	1	2	3	4	5	6	7	8	9	10	11	12	13
Alabama	n/a	n/a	n/a	256	256	256	256	256	256	256	256	256	256
Alaska	1,961	1,961	1,961	1,961	1,961	1,961	1,961	1,961	1,961	1,961	1,961	1,961	1,768
Arizona	571	571	571	571	571	571	571	571	571	571	571	571	571
Arkansas	696	696	696	696	696	696	696	696	696	696	696	696	696
California	1,613	1,613	1,613	1,613	1,613	1,613	1,613	1,613	1,613	1,613	1,613	1,613	1,613
Colorado	1,227	1,227	1,227	1,227	1,227	1,227	1,227	1,227	1,227	1,227	1,227	1,227	733
Connecticut	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272
Delaware	1,520	1,520	1,520	1,520	1,054	1,054	1,054	1,054	1,054	1,054	1,054	1,054	1,024
District of Columbia	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267	1,267
Florida	786	786	786	786	786	786	786	786	786	786	786	786	786
Georgia	740	740	740	740	534	534	534	534	534	534	534	534	504
Hawaii	1,343	1,343	1,343	1,343	1,343	1,343	1,343	1,343	1,343	1,343	1,343	1,343	1,343
Idaho	631	631	631	631	631	631	631	631	631	631	631	631	631
Illinois	1,185	1,185	1,185	1,185	1,185	1,185	1,185	1,185	1,185	1,185	1,185	1,185	1,185
Indiana	1,148	1,148	1,148	1,148	1,148	1,148	1,148	1,148	1,148	1,148	1,148	1,148	1,148
Iowa	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040
Kansas	788	788	788	788	788	788	788	788	788	788	788	788	788
Kentucky	n/a	n/a	881	881	881	881	628	628	628	628	628	628	628
Louisiana	1,250	1,250	1,250	1,250	1,250	1,250	350	350	350	350	350	350	350
Maine	1,023	1,023	1,023	1,023	1,023	1,023	1,023	1,023	1,023	1,023	1,023	1,023	1,023
Maryland	778	778	778	778	778	778	778	778	778	778	778	778	778
Massachusetts	1,143	1,143	1,143	1,143	1,143	1,143	1,143	1,143	1,143	1,143	1,143	1,143	1,143
Michigan	761	761	761	761	761	761	761	761	761	761	761	761	761
Minnesota	914	914	914	914	914	914	914	914	914	914	914	914	914
Mississippi	441	441	441	441	441	441	441	441	441	441	441	441	441

State	1	2	3	4	5	6	7	8	9	10	11	12	13
Missouri	1,116	1,116	1,116	1,116	1,116	1,116	1,116	1,116	1,116	1,116	1,116	1,116	1,116
Montana	700	700	700	700	700	700	700	700	700	700	700	700	700
Nebraska	751	751	751	751	751	751	751	751	751	751	751	751	751
Nevada	n/a	n/a	n/a	845	845	845	845	845	845	845	845	845	428
New Hampshire	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230	1,230
New Jersey	n/a	848	848	848	848	848	848	848	848	848	848	848	848
New Mexico	901	901	901	901	901	901	901	901	901	901	901	901	901
New York	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272	1,272
North Carolina	n/a	n/a	n/a	681	681	681	681	681	681	681	681	681	681
North Dakota	1,279	1,279	1,279	1,279	1,279	1,279	984	984	984	852	852	852	852
Ohio	976	976	976	976	976	976	976	976	976	976	976	976	976
Oklahoma	684	684	684	684	684	684	684	684	684	684	684	684	684
Oregon	616	616	616	616	616	616	616	616	616	616	616	616	616
Pennsylvania	822	822	822	822	822	822	822	822	822	822	822	822	822
Rhode Island	1,258	1,258	1,258	1,258	1,258	1,258	1,258	1,258	1,258	1,258	1,258	1,258	1,258
South Carolina	1,174	1,174	1,174	1,174	704	704	704	704	704	704	704	704	704
South Dakota	694	694	694	694	694	694	694	694	694	694	694	694	694
Tennessee	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020
Texas	1,727	1,727	1,727	1,727	327	327	327	327	327	327	327	327	327
Utah	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050
Vermont	1,082	1,082	1,082	1,082	1,082	1,082	1,082	1,082	1,082	1,082	1,082	1,082	1,082
Virginia	1,252	1,252	1,252	1,252	1,252	1,252	1,252	1,252	1,252	1,252	1,252	1,252	1,252
Washington	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072	1,072
West Virginia	755	755	755	755	755	755	755	755	755	755	755	755	755
Wisconsin	1,462	1,462	1,462	1,462	1,462	1,462	1,462	1,462	1,462	1,462	1,462	1,462	1,462
Wyoming	530	530	530	530	530	530	530	530	530	530	530	530	530

Source: Congressional Research Service (CRS) based on a survey of state TANF cash assistance programs.

Appendix C. State Benefit Computation Methods

The formula for computing benefits varies among the states. This appendix provides a description of benefit computation formulas. Most states pay reduced benefits to families with nonwelfare income. Generally, countable income is subtracted from a dollar standard (called the "payment standard") to determine benefits. The most common benefit computation formula subtracts countable income from a payment standard, and the benefit amount is the difference between the payment standard and income. However, some states have maximum benefit payments that constrain benefit payment; others pay a percentage of the difference between the state's payment standard and countable income. **Table C1** provides a typology of computation methods used by states in their TANF cash assistance programs.

Table C1. Benefit Computation Methods Used by States for TANF Cash Assistance, January 2004

Benefit = payment standard - countable income	*Benefit = the lesser of the payment standard - countable income or the maximum benefit*	*Benefit = payment standard - countable income * ratable reduction*	*Benefit = the lesser of the payment standard - countable income * ratable reduction or the maximum benefit*	*Other benefit computation methods*
Alabama Arizona California District of Columbia Florida Hawaii Idaho Illinois Indiana Iowa Kansas Louisiana Maryland Massachusetts Michigan Missouri Montana Nevada New Hampshire New Jersey New Mexico New York Ohio Oklahoma Oregon Pennsylvania Rhode Island South Dakota Texas Utah Vermont Washington West Virginia Wyoming	Georgia Maine Minnesota Nebraska North Dakota Tennessee	North Carolina South Carolina	Alaska Delaware Colorado Kentucky Mississippi	Arkansas Connecticut Virginia

Source: Congressional Research Service (CRS) based on a survey of state TANF cash assistance programs.