Experiences of Virginia
Time Limit Families After
Case Closure:  An Interim
Report

Executive Summary
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EXECUTIVE SUMMARY

Most welfare recipients now face a time limit on their eligibility for cash assistance. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 instituted a five-year lifetime limit on federal cash assistance for most recipients and permitted states, under the new Temporary Assistance for Needy Families (TANF) program, to set shorter time limits. Some states, including Virginia, had already begun to implement time limits under waivers. Because time-limited welfare is relatively new, policymakers and the public at large have been concerned about what happens to families who lose TANF benefits because of time limits. Because time limit policies vary widely, this question can only be answered state by state.

In 1995, Virginia, as part of its welfare reforms, instituted a 24-month time limit on benefits under the Virginia Initiative for Employment not Welfare (VIEW). To provide reliable information on time limit families and what happens to them after reaching the time limit, the Virginia Department of Social Services (VDSS) contracted with Virginia Tech and Mathematica Policy Research, Inc. (MPR), for a longitudinal study. The study includes analysis of administrative data and of surveys of time limit families conducted about 6 and 18 months after their TANF cases closed.

This is the second of four planned reports from the Virginia Time Limit Study. It presents 18 months of follow-up data on families whose TANF cases closed because of the time limit in early 1998 (cohort 1) and 6 months of follow-up data for a larger sample that includes families that reached the time limit in early 1998 and early 1999 (cohorts 1 and 2).

Key findings include:

- In the 18 months after their cases closed, nearly all cohort 1 parents worked, and most worked for more than half of the follow-up period. Their jobs paid low wages, but average hours and wages increased over time.
- Cohort 1 survey respondents’ average incomes increased between the 6-month and 18-month interviews.
- At the 18-month interview, 26 percent of cohort 1 families reported that their total household income was above the poverty line.
- By the 18-month interview, 80 percent of cohort 1 respondents had health insurance coverage for their children, but less than one-third had coverage for themselves.
- Time limit families in both cohorts were long-term welfare recipients. The median length of time they had been receiving public assistance was over five years. They were similar to other VIEW cases in their areas in education and ethnicity. However, time limit family heads were older and had more children than heads of VIEW cases in general.
Six-month interview findings for cohorts 1 and 2 combined were generally similar to previously published findings for cohort 1. However, employment rates were slightly lower and wage rates were higher in the broader sample, probably because it included more urban residents.

**BACKGROUND: VIRGINIA’S TIME LIMIT**

In Virginia, the time limit is just one aspect of VIEW, which is mandatory for able-bodied TANF parents with no children under the age of 18 months. Key provisions of VIEW include:

- The signing of an Agreement of Personal Responsibility (APR) as a condition for receiving benefits
- Required job search for 90 days or until employed, followed by mandatory work either through regular employment or through participation in the Community Work Experience Program (CWEP), which involves work in a nonprofit or public setting in exchange for benefits
- Full family sanctions (complete loss of benefits) for noncompliance
- Generous earned income disregards, which allow families to continue to receive their full TANF grant for up to 24 months as long as their net earned income plus TANF benefits remains below the poverty line
- Supportive services, including subsidized child care, transportation assistance, and Medicaid, while on TANF and for one year after the TANF case closes
- A 24-month time limit on TANF benefits, followed by 12 months of eligibility for transitional benefits, and 24 months of ineligibility for TANF

All VIEW-mandatory cases are subject to the 24-month time limit. Of the 34,534 cases enrolled in VIEW between July 1995 and June 1998, however, only 5,673 cases, or 16 percent, had reached the time limit by the end of June 2000. Others have generally left TANF before reaching the time limit.

The structure of VIEW implies that time limit families in Virginia are not necessarily like families that reach TANF time limits in other states. The Virginia time limit applies only to mandatory VIEW cases. After the first 90 days in VIEW, VIEW-mandatory cases must work at least 30 hours per week, take a CWEP position, or lose 100 percent of their TANF benefit. Months in which benefits are “suspended” because of failure to meet VIEW requirements still

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1Extensions are available under some circumstances, but VDSS reports that less than 3 percent of time limit families have received them. Families may reapply for TANF 24 months after they stop receiving benefits, including transitional benefits, so those who do not use transitional benefits may actually return to TANF earlier than those who use them.
count toward the time limit unless the case head takes action to close the case. Thus, heads of cases that reach the time limit fall largely into two groups: (1) those who have been working and meeting VIEW requirements for some time; and (2) those who, because of a VIEW sanction, stopped receiving benefits before reaching the time limit, and then had their case officially closed upon reaching the time limit. Most are in the first group.

SAMPLE AND DATA

This report is based on two cohorts of Virginia TANF cases: (1) cases that closed because of the time limit between February 1, 1998, and June 30, 1998 (cohort 1); and (2) cases that closed because of the time limit between February 1, 1999, and June 30, 1999 (cohort 2).2 Because of the staggered implementation of VIEW in Virginia, only a few parts of the state had cases that reached the time limit during the 1998 period. Most of these cases were in rural areas and small towns, or in relatively wealthy, suburban Northern Virginia. By early 1999, roughly half the state had cases reaching the time limit, including the cities of Richmond and Petersburg.

Cohort 1 included 328 cases, and cohort 2 included 628 cases. Administrative data for all these cases were analyzed, and 6-month interviews were attempted with heads of all cases. For cohort 1, 18-month follow-up interviews were attempted with all respondents who completed the 6-month interview.3 The number of cohort 1 cases that completed both 6- and 18-month interviews is 220, which is 67 percent of all cohort 1 cases. The number of cases in both cohorts that completed 6-month interviews is 751 (256 in cohort 1 and 495 in cohort 2), 79 percent of the two cohorts. Both interviews lasted from 30 to 40 minutes and were conducted using computer-assisted telephone interviewing. To increase response rates, field staff helped find some respondents, then provided cellular phones, if needed, for them to call MPR to complete the interview.

STUDY GOALS

The goals of the time limit study are to describe (1) who reached the VIEW time limit, and (2) how their lives changed after they lost their TANF benefits. An important caution is that this study is descriptive. It cannot show whether changes occur in people’s lives because of the loss of TANF benefits or whether these changes would have come about anyway, because there is no control or comparison group to show what would have happened to these families without a time limit.

2 Because the number of time limit cases during these periods was small, all cases were included in the study; no sampling occurred. Cohort 2 includes a few cases that closed in July 1999, although they had been scheduled to close in June.

3 Later reports will present results from 18-month interviews with cohort 2 cases, as well as from 6 and 18-month interviews with a third cohort of cases that reached the time limit in early 2000.
FINDINGS

WHO REACHED THE TIME LIMIT?

- The head of a typical time limit family was a single mother in her thirties. Most had one or two children, but over a third had three or more. More than two-thirds of the parents were African American, and a quarter were white. Forty-five percent of the sample had not completed high school or received a GED.4

- Parents in time limit families were similar in race, ethnicity, and education to all VIEW participants from the same communities, but they were somewhat older and had somewhat larger families.

- Most time limit families had been on public assistance for a long time. Taking into account periods off public assistance, more than half (58 percent) had received benefits for longer than five years.

- Most time limit parents complied with VIEW rules, but 32 percent had been sanctioned at least once for not meeting program requirements.

18-MONTH RESULTS FOR COHORT 1

The 18-month interviews with cohort 1 parents provide early indicators of long-term outcomes for time limit families. These data are among the first that follow families that reach time limits for more than a few months. Furthermore, the 18-month interview occurred after families had some time to adjust to life without TANF benefits, and also reflects a period after they had lost eligibility for transitional Medicaid, transportation, and child care assistance.5 However, as noted above, time limit parents in cohort 1 were concentrated in rural and suburban parts of the state. Thus, in reviewing the 18-month follow-up results, readers should keep in mind that the experiences of cohort 1 families may not be representative of those in other parts of Virginia.

HOW MUCH DID THEY WORK AFTER BENEFITS ENDED?

- Nearly all respondents had worked since leaving TANF, and many had worked steadily. Ninety-two percent of respondents worked at some point between case closure and the 18-month interview. On average, respondents worked in 73 percent of the follow-up months.

4 Characteristics of the time limit families are as recorded in TANF administrative data at the time of case closure.

5 Many children remained eligible for Medicaid based on poverty status. Most working families would also be eligible for other state child care assistance.
More than 80 percent of respondents were working at least 30 hours per week in their current or most recent jobs. Half worked in service occupations. The current or most recent job paid $7.05 per hour, on average.

**WERE THEY MOVING TOWARD SELF-SUFFICIENCY?**

**Employment, Earnings, and Child Support**

- Although most respondents were working before their TANF case closed, slightly more respondents worked after. Sixty-two percent were working in the month the case closed, and 69 percent were working at the time of the 18-month interview.

- Among workers, hourly wages, hours worked, and earnings increased between the 6- and 18-month interviews. Current or most recent jobs held at the 18-month interview paid $7.05 per hour on average—up from an average hourly wage of $6.26 at the 6-month interview. Average hours worked increased from 34 to 38 hours per week between the 6- and 18-month interviews. On average, monthly earnings of workers increased by 25 percent between the two interviews, from $935 to $1,170.

- The percentage of time limit families receiving child support increased over the follow-up period. Administrative data show that the proportion receiving child support increased from 23 percent to 37 percent in the 18 months after case closure. The average amount of child support collected by those receiving child support increased from $49 to $211 over the same period.

**Reliance on Food Stamps, Medicaid, and Subsidized Child Care**

- The percentage of time limit families receiving food stamps declined after case closure. Administrative data show that the percentage of families receiving food stamps fell from 83 percent at case closure to 63 percent 18 months later.

- Medicaid continued to cover most children, but not their parents. As of the 18-month interview, about 75 percent of children in time limit families were covered by Medicaid. However, only 25 percent of respondents were still covered by Medicaid.

- According to administrative data, 18 months after case closure, the percentage of families receiving child care subsidies had fallen by two-thirds. In particular, 11 percent of all time limit families received a state-administered child care subsidy at 18 months, while 33 percent had received a subsidy in their final month on TANF. Many families did not need a subsidy because they did not use or need paid child care in order to work.
Help from Family, Friends, and Community Agencies

- At the 18-month interview, 62 percent of respondents had received help from family or friends, and 24 percent had received help from community or religious organizations in the past month.

HOW ARE FAMILIES DOING?

Changes in Income and Outlook

- Respondents’ average income increased between case closure and the 18-month interview. Between case closure and the 18-month interview, average monthly income increased from $973 to $1,071. The incomes of 45 percent of respondents increased between case closure and the 18-month interview, yet income fell for 41 percent of time limit respondents. However, these figures may understate growth in household income, as more respondents lived with other earners as time went on.

- At the 18-month interview, one-fourth (26 percent) of time limit families reported incomes above the poverty line. At the same time, 74 percent of respondents reported incomes below the poverty line, and 26 percent reported incomes below 50 percent of the poverty line.

- Most families reported knowing about and using the Earned Income Tax Credit (EITC). Eighty percent of time limit families had heard of the EITC, an important source of income for low-income working families. Fifty-six percent had received the EITC.

- Most respondents felt their lives were the same or better, and their outlook had improved over time. Nearly three-quarters reported their situation was the same as or better at the 18-month interview than when they received TANF; 34 percent reported things were better and 39 percent that they were about the same. Only 27 percent reported they were worse off, down from 43 percent at the 6-month interview.

Extent of Hardship

- Almost no respondents reported being homeless after case closure. Less than two percent of the sample reported ever having been homeless since their TANF case closed.

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6Income is calculated as the sum of respondents’ earnings, TANF, food stamps, child support, and other benefits, as reported in the surveys.

7Income is considered unchanged if it increased or decreased by less than 10 percent.
• About two-thirds of parents and one-fifth of children lacked health insurance. Health coverage, especially for adults, is thus the major area in which most time limit families had become worse off over time.

Changes in Household Structure

• Respondents were more likely to be living with a spouse by the 18-month interview. The percentage of households containing the respondent’s spouse increased from 9 percent at the 6-month interview to 13 percent at the 18-month interview.

WHAT WERE CHILDREN’S SITUATIONS?

• Most children in time limit families were 5 to 12 years old, and most had one parent who lives elsewhere. Specifically, 65 percent of children were between the ages of 5 and 12, and 92 percent had one parent who lives elsewhere.

• Almost no children moved out of the household after case closure. Less than one percent of respondents’ minor children had moved to another household since the TANF case closed.

• Most children in time limit families (69 percent) used a private physician for their regular source of health care. Almost three-quarters (72 percent) had a well-child physician’s visit in the last year.

• Most respondents with child care needs (93 percent) used only one nonschool child care arrangement, generally some type of formal care. No one had more than two such arrangements.

• In the year before the 18-month interview, 11 percent of children had regularly scheduled contact with their noncustodial parent. Over half of children never had contact with their noncustodial parent in that year.

6-MONTH RESULTS FOR A BROADER SAMPLE

We analyzed data from the 6-month interviews with cohorts 1 and 2 combined to obtain a broader perspective on early outcomes for time limit families. Cohorts 1 and 2 together provide a sample that is both much larger and more representative of Virginia as a whole. Cohort 1 is disproportionately from rural areas and smaller towns, while cohort 2 covers a wider area of the state and includes the more urban areas of Richmond and Petersburg. Cohort 2 parents are also younger, more often African American, and somewhat less educated on average than cohort 1 parents.

Overall, 6-month findings for cohorts 1 and 2 are similar to those for cohort 1 alone, as presented in Gordon et al. (1999). In both groups, most time limit parents worked both before and after reaching the time limit. Nonetheless, there are differences in employment rates and earnings. The broader sample worked less steadily than did the cohort 1 sample. As in the
results for cohort 1 alone, 85 percent of the combined sample had worked at some point between case closure and the 6-month interview. However, a smaller proportion were working at each point in time. About 61 percent of respondents in the combined sample worked in the month the case closed, and 66 percent were working at the interview, seven months later on average. Among the cohort 1 sample, 63 percent were working in the month the case closed, and 71 percent were working at the 6-month interview.

At the same time, despite their lower education levels, respondents in the combined cohort 1 and 2 sample were in jobs with higher hours and earnings, on average, than those in cohort 1. In the current or most recent job held as of the 6-month interview, respondents in the combined sample earned $6.50 per hour on average. Respondents in cohort 1 earned $5.99 per hour on average. The higher earnings of the broader sample (relative to cohort 1 alone) probably are due to the fact that the cohort 2 sample is more urban, and urban areas tend to have a higher cost of living and higher pay scales.8

Other key findings from the 6-month data for cohorts 1 and 2 include:

• Based on survey data, average monthly income of respondents was slightly higher at the 6-month interview than before the case closed ($946 versus $899). Families had lost TANF benefits but more than filled the gap, on average, with increased income from earnings, food stamps, and child support.
• At the 6-month interview, 77 percent of respondents reported their children were covered by Medicaid, and 72 percent reported that they themselves were covered.
• Only about two percent of families reported being homeless since their case closed.

In sum, in the broader sample as in cohort 1, we find most families were working, but incomes remained low. Future reports will provide longer-term findings for all three cohorts of Virginia time limit cases.

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8Data for cohort 2 are also from one year later than the cohort 1 data (and have not been adjusted for inflation); other factors may also be involved.