

The 60-Month Time Limit on TANF Assistance

The federal welfare reform law imposes a 60-month lifetime limit on the receipt of assistance funded by Temporary Assistance for Needy Families (TANF). The Minnesota Family Investment Program (MFIP) is Minnesota's response to that law and includes the federal 60-month lifetime limit on assistance. This information brief

- < explains the 60-month time limit on TANF assistance and how it is calculated,
- < describes exemptions from and extensions to the time limit, including extensions established by the 2001 Legislature; and
- < explains state options for serving families that reach the time limit.

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For a description of MFIP, see House Research report, *Minnesota Family Assistance Guide*, January 2002.

For information about characteristics of caretakers who might be subject to the 60-month limit, see *Identifying Who Might Be Subject to the 60-Month Time Limit*, House Research, November 1999.

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What Is the 60-month Time Limit?

Under the Temporary Assistance for Needy Families (TANF) block grant program, families that include an adult are generally limited to 60 months of assistance. The 1996 federal welfare reform law¹ replaced the Aid to Families with Dependent Children (AFDC) entitlement program with the TANF block grant program. The TANF program sets a lifetime assistance limit of 60 months for families that include an adult head of household who receives assistance using federal TANF dollars, in whole or in part. States may impose a shorter limit and, to date, 20 states have done so. The welfare reform law also allows states to choose not to impose time limits at all by using state funds to pay for assistance beyond 60 months. The Minnesota Family Investment Program (MFIP)—Minnesota's TANF program—imposes a 60-month lifetime limit on assistance. Minnesota began counting recipients' time on assistance towards this limit in July 1997. Most of the first families will reach the limit in July 2002. Approximately 43 families are expected to reach the time limit before state fiscal year 2003 because they accrued months of TANF assistance in a state that implemented their TANF program earlier than Minnesota. The following table shows the number of average monthly cases that are projected to reach the 60-month limit in state fiscal year 2003, 2004, and 2005.

Average Monthly Cases Expected to Reach the Time Limit

State Fiscal Year	Cases
2003	2,685
2004	3,938
2005	4,680

What Counts Toward the 60-month Time Limit?

Two factors determine whether a benefit counts toward the 60-month limit: the type of benefit or service and the funding source.

A benefit or service is considered either assistance or not assistance. The definition of assistance is important because *months in which a family receives TANF assistance count toward the 60-month limit.*² *Months in which a family receives only services that are not considered assistance do not count toward the 60-month limit.*

¹ Personal Responsibility and Work Opportunity Reconciliation Act of 1996, P.L. 104-193.

² Eligible families who receive assistance must also assign child support collections to the state, participate in work activities, and comply with data collection requirements.

Assistance is defined under federal law as benefits designed to meet a family's ongoing, basic needs such as cash, food, and housing. The cash portion of the MFIP grant is an example of assistance.

The federal TANF regulation specifically excludes categories of benefits from the definition of assistance. The following categories are not considered assistance:

1. Nonrecurrent, short-term benefits that do not extend beyond four months, are designed to deal with a specific crisis situation, and are not intended to meet recurring or ongoing needs;
2. Supportive services such as child care and transportation for *employed families*;
3. Refundable state earned income tax credits;
4. Contributions to and distributions from individual development accounts;
5. Work subsidies (payments to employers to help cover the cost of employee wages, benefits, supervision, and training);
6. Services such as counseling and other employment-related services that do not provide basic income support; and
7. Transportation benefits provided under a Job Access or Reverse Commute Project to an individual who is not otherwise receiving assistance. 45 C.F.R. § 260.31.

A benefit or service can be funded with federal TANF funds, a combination of federal TANF and state funds, or state-only funds.³ The federal 60-month time clock runs when assistance is provided to families using federal TANF funds, in whole or in part. Assistance that is paid for with state-only dollars does not count toward the federal time limit, although a state may elect to count those months toward its state time limit. For example, in Minnesota, certain legal noncitizens who are not eligible to receive TANF-funded assistance receive an MFIP grant that is paid for with state-only dollars. Months of assistance for these legal noncitizens do not count toward the federal time limit, but they do count toward the state's 60-month time limit.

³ The combination of federal TANF and state funds is called commingling and for the most part is considered a federal money. The cash portion of the MFIP grant is an example of a benefit paid with commingled funds. Paying for benefits using state-only funds can be accomplished in one of two ways: through a separate state program or using segregated state funds. A separate state program is a program outside of the TANF program funded solely with state funds. An example of a separate state program is the Basic Sliding Fee (BSF) child care program. Segregated state funds are state dollars that are used within the TANF program, but are separated from the federal TANF dollars. An example is the cash portion of the MFIP grant for legal noncitizens who are ineligible for federal TANF funds. For more information on TANF funding, see *TANF Background*, House Research Department, January 2001.

Benefits or services that are not considered assistance, regardless of funding source, do not count toward the 60-month limit. A detailed discussion of TANF funding is outside the scope of this brief. For more information, see *TANF Background*, House Research Department, January 2001.

Exemptions: Some Families Are Not Subject to Time Limits

A time limit exemption stops the time limit clock from running by establishing circumstances under which a month of assistance will not count toward the time limit. Stopping the clock by not applying the time limit to certain families has the effect of preventing those families from reaching the time limit. This section looks at time limit exemptions at the federal level, in Minnesota, and in other states.

Exemptions under federal law

Under federal law, all states must disregard the following when calculating the 60-month time limit:

- < months when a family receives assistance while living in Indian country⁴ where at least 50 percent of the adults are not employed;
- < months when a pregnant minor or minor parent receives assistance when he or she is *not* the head of household or married to the head of household; and
- < months when the only assistance received is noncash assistance under the Welfare-to-Work program. 45 C.F.R. § 264.1.

Exemptions in Minnesota

Benefits funded with state-only dollars do not count toward the federal 60-month time limit. Therefore, states may exempt categories of families that do not qualify for a federal exemption by paying for the benefits using state-only funds.⁵ In Minnesota, months of assistance received by the following groups do not count toward the time limit:

- < victims of domestic violence;
- < caregivers who are 60 years or older;

⁴ Indian country is a term that is generally defined under federal law as including Indian reservations, dependent Indian communities, and Indian allotments. 18 U.S.C. § 1151 (2000).

⁵ Many states, including Minnesota, use segregated state funds to pay for benefits for families that qualify for a state exemption.

- < 18- and 19-year-olds who are engaged in education activities; and
- < minor caregivers who are complying with living arrangement and education plan requirements for minor caregivers. [Minn. Stat. § 256J.42](#).

In October 2001, 6.5 percent of the total caseload was exempt from the time limit. The following table shows the number of cases by time limit exemption category in October 2001.

**Cases exempt from the time limit, by exemption category
October 2001**

Exemption category	Cases
Victims of domestic violence	166
Caregivers age 60 or older	153
Minor caregivers complying with living arrangement and education plan requirements	571
18- and 19-year-olds who are engaged in education activities	1,432
Families who receive assistance while living in Indian country where at least 50 percent of adults are not employed	430

Exemptions in other states

Generally, exemptions recognize a family's particular circumstances that exist at the time the clock is stopped. According to the third annual report to Congress on the TANF program,⁶ the most frequent reasons for time limit exemptions are that a parent or caretaker is disabled (31 states) or is caring for a household member who is disabled (27 states). Some states stop the clock for victims of domestic violence (23 states), when a parent or caretaker is elderly (19 states), when an adult is caring for a young child (20 states), and when an adult is pregnant (9 states). Other exemption categories include when the caretaker is not the parent, when child care is unavailable, and when an adult is employed.⁷

⁶ *Temporary Assistance for Needy Families Third Annual Report to Congress*, U.S. Department of Health and Human Services, August 2000.

⁷ Schott, Liz. *Ways that States Can Serve Families That Reach Welfare Time Limits*. Center on Budget and Policy Priorities, June 21, 2000.

Extensions: A State Can Extend Assistance Beyond 60 Months

Under an extension, assistance is provided to families who are subject to and who reach the time limit if the family meets certain criteria. An extension does not stop the time clock; it continues assistance to a family once it has reached the time limit. This section describes extensions at the federal and state level and looks at some extension policies in other states.

Extensions under federal law

States are not required to extend assistance to families who have reached the state's time limit.⁸ Federal law allows states to extend federally funded assistance beyond 60 months to up to 20 percent of its caseload on the basis of hardship, as defined by the state, or if the family includes someone who has been subject to domestic violence. A state may also use state-only funds to provide assistance to families beyond 60 months to more families. 45 C.F.R. § 264.1. A state will not be penalized if it provides TANF-funded extensions to more than 20 percent of its caseload if the reason the state exceeds 20 percent is because it granted extensions to victims of domestic violence. 45 C.F.R. § 260.59. Minnesota exempts victims of domestic violence from the time limit, rather than providing an extension (see [page 4](#)).

Extensions in Minnesota

The 2001 Legislature authorized the extension of TANF assistance to certain groups of hardship cases.⁹ Families who reach the time limit and who meet the following criteria are eligible for an extension:

- < *Ill or incapacitated.* Participants who are ill or incapacitated; are needed in the home to care for a household member who is ill or incapacitated; or have a household member who meets certain disability or medical criteria.
- < *Hard to employ.* Participants who are diagnosed as having mental retardation or mental illness, and that condition prevents the person from obtaining or retaining unsubsidized employment; are considered unemployable or are employable, but employability is limited due to a low IQ; or have a learning disability.
- < *Employed participants.* A one-parent family if the parent is participating in work activities for at least 30 hours per week, of which an average of at least 25 hours per week are spent in employment; a two-parent family if the parents are participating in work activities for at least 55 hours per week, of which an average of at least 45 hours per week are spent in employment. To qualify, the parent in a one-parent family or both parents in a two-parent family must not have been

⁸ Some states have shorter time limits than the federal 60-month time limit.

⁹ Laws 2001, 1st spec. sess., ch. 9, art. 10, § 28 (to be codified at Minn. Stat. § 256J.425).

sanctioned for at least 10 out of the 12 months before reaching the 60-month time limit, including the 60th month. This extension expires on June 30, 2004.

To qualify for an extension, the family must be in compliance with program requirements in the 60th month on MFIP. In general, families that receive an extension may continue to receive MFIP assistance as long as the family meets the extension criteria and remains in compliance with the program requirements or until the family no longer meets the MFIP eligibility requirements. Participants who receive an extension under the hard-to-employ or employed participants categories may be sanctioned if they do not comply with the MFIP employment and training requirements.¹⁰

Some MFIP families are eligible for an extension equal to the number of months that they met certain criteria during their first 60 months on MFIP. The extension is equal to the period of time that the participant was exempt from employment and training requirements during the first 60 months because the person was needed in the home to care for a household member who meets specified medical or disability criteria. DHS expects that few participants will fall under this category because families who have such a household member tend to be long-term recipients and will likely receive an extension for ill or incapacitated participants until the family no longer qualifies for MFIP. For instance, if the disabled household member moves out of the household or if there is no longer a minor in the household.

Counties may request an extension for a category of participants that are not already extended, as long as the extension is for participants who are unable to meet MFIP requirements due to other statutory requirements or obligations. An example of such a category might be a participant required by the court to attend a chemical dependency treatment program and attendance would prevent the participant from meeting the hourly work requirements for an extension. DHS must approve a county's request to extend a category of participants and the commissioner must report the extensions to the legislature by January 15 of each year. The legislature must act in order for the extensions to continue.

Federal TANF dollars may be used to pay for the extensions until the number of cases exceeds 20 percent of the state's caseload. The number of extended cases in Minnesota is expected to be less than 20 percent of the caseload for quite some time. According to DHS, the number of average monthly cases that will reach the time limit and will receive assistance through a hardship extension will be 4.4 percent of the average monthly caseload in state fiscal year 2003 and 6.5 percent of the average monthly caseload in state fiscal year 2004. Because the extension for employed participants is scheduled to sunset on June 30, 2004, the percentage will be even lower in state fiscal year 2005.

¹⁰ Sanctions for families who are receiving an extension are different than the regular MFIP sanctions. The primary difference is that for a fourth occurrence of noncompliance, a participant who is receiving an extension is disqualified from the program.

The table below represents the number and percentage of cases that are expected to receive assistance through a hardship extension out of the number of cases that are projected to reach the time limit each fiscal year.

**Number and Percentage of Cases Reaching the Time Limit
 That Are Expected to Qualify for Hardship Extension**

State fiscal year	Cases expected to qualify for extension	Percentage of cases extended
2003	1,439	54%
2004	2,015	51%
2005	1,344	29%

The number of cases that are expected to qualify for an extension decreases in state fiscal year 2005 because, under current law, the extension for employed participants is scheduled to sunset on June 30, 2004.

The table below shows the number of average monthly cases that are expected to qualify for assistance through an extension, by extension category. Note that the number of cases that qualify for an extension for employed participants in state fiscal year 2005 is zero because the extension expires.

**Number of Cases That Are Expected to Qualify for Hardship Extension,
 by Extension Category**

State fiscal year	Employed participants	Ill or incapacitated	Hard-to-employ
2003	526	344	569
2004	793	465	757
2005	0	476	868

Extensions in other states

The third annual report to Congress on the TANF program (see footnote 6) reports that the following are among the most commonly reported categories for which state or federal assistance is extended beyond the designated time limit:

- < If someone in the family has been a victim of domestic violence (31 states)
- < Circumstances in which the family has made a good faith effort, but is still unemployed or underemployed (10 states)
- < If a family member is a disabled parent or caretaker (11 states)
- < If the head of household is caring for a disabled household member (13 states)
- < To allow completion of an education or training program (5 states)
- < If the family is residing in areas of high unemployment (6 states)

A number of states have a general provision that follows the federal statutory language stating that extensions will be available for up to 20 percent of the caseload on the basis of hardship or domestic violence, without further elaboration.

Other examples of extension policies include continuing assistance for: children living with non-parents for whom out-of-home placement would be likely if assistance was stopped, families that cannot find or afford child care, and families in which a head of household is deemed unemployable. Some states grant extensions on a case-by-case basis only or at the discretion of the caseworker.

Although many states—particularly those in which families are already reaching time limits—have adopted detailed extension policies, a handful have not yet determined the extent to which assistance will be provided beyond the designated time limit.

Serving Families That Have Reached the 60-month Time Limit

Families that reach the 60-month time limit can no longer receive benefits that meet the definition of assistance and are fully or partially funded with TANF funds. TANF regulations allow states to provide assistance that is funded with state-only funds and benefits that are not considered assistance, regardless of funding source, to families that reach the 60-month limit.

In addition to TANF-funded extensions, to address the needs of families reaching time limits, a state may:

- < extend more than 20 percent of its caseload using state-only funds;
- < provide services that are not considered assistance, using TANF or state funds (e.g., employment-related services); or
- < provide some aid to families that reach the time limit through a separate state program, using state-only funds (e.g., continuing benefits to the children or providing “safety net” assistance to the whole family).

The following sections describe how Minnesota serves MFIP families that reach the 60-month time limit and selected policies from other states that are designed to serve families that reach a state’s time limit.

How Minnesota serves families who reach the time limit

MFIP families that reach the 60-month time limit may receive an MFIP extension, if the family is eligible. A family may also receive services that are not considered assistance that are funded with TANF dollars. These type of services vary by county; each county may offer additional social services for families who reach the 60-month time limit. For example, in 2000 and 2001, the legislature funded Local Intervention Grants for Self-Sufficiency (LIGSS) and county home visiting services using TANF dollars. With this funding, counties have developed a number of initiatives designed to serve hard-to-employ MFIP recipients and low-income families who are not on MFIP.

In addition to MFIP extensions and TANF-funded services that are not assistance, the following programs may be available to MFIP families that reach the 60-month limit. Eligibility requirements of each program vary.¹¹

- < Food Stamps
- < Medical Assistance (MA)¹²
- < General Assistance Medical Care (GAMC)
- < MinnesotaCare
- < Emergency Assistance (No more than once every 12 months)
- < Subsidized Housing (limited availability)
- < Child Support Enforcement

¹¹ *60-month Limit On Receipt of Temporary Assistance for Needy Families (TANF) Funded Assistance: Implications and Recommendations*, Minnesota Department of Human Services, January 2000.

¹² MFIP families who are on Medical Assistance (MA) and reach the 60-month limit will remain on MA until they are no longer eligible due to increased earnings. MA may be extended for up to 12 months after a family becomes ineligible for MA due to increased earnings.

- < Employment Services
- < Earned Income Tax Credits
- < Energy Assistance (within a fixed appropriation)
- < Women, Infants, and Children (WIC) food program (for eligible families)
- < School Lunch and Breakfast Programs (may not be available everywhere)
- < Basic Sliding Fee Child Care (availability may be limited due to waiting lists)

How other states serve families who reach the time limit

In addition to extensions, the following lists examples of options that other states have adopted to serve families who reach the time limit.¹³

- < **Provide assistance for the needs of the children when a family reaches the time limit by using state-only funds.** Six states continue benefits to the children when the family reaches the time limit: Arizona, California, Indiana, Maine, Maryland, and Rhode Island.
- < **Provide some basic cash or noncash assistance for the whole family using state-only funds.** In Connecticut, families that do not qualify for an extension of the state's 21-month time limit may be eligible for safety net assistance which may include assistance such as food, clothing, employment services, and monitoring for child abuse and neglect. New York's Safety Net Assistance program provides the same level of benefits as the state's TANF program, but the benefits are provided primarily through vendor payments rather than in cash.
- < **Offer subsidized community service jobs to unemployed parents using TANF or state funds.** Ohio gives counties the option of providing TANF-funded subsidized employment placements for families who have reached the state's 36-month time limit. Other states and localities including Washington State, San Francisco, Philadelphia, Miami, Detroit, and Baltimore operate community services jobs programs.

Discussion of the Data

DHS staff prepared the estimates of how many participants will reach the time limit each fiscal year; it may be useful to treat them as rough approximations.

The DHS Reports and Forecast Division staff provided the data used in this brief. The data are based on the state's November 2001 forecast and information from AFDC and MFIP recipients. One difficulty, as with all forecasts, is the basic unpredictability of some future events.

¹³ The list is adapted from *Ways that States Can Serve Families That Reach Welfare Time Limits*, Liz Schott, Center on Budget and Policy Priorities, June 21, 2000.

Unexpected changes in the economy and other factors might affect the actual number of participants exceeding the 60-month time limit. Such forecasting errors become especially likely when looking several years into the future.¹⁴

Two general points should be noted about the forecast.

- < They are estimates of the number of cases with 60 or more months of eligibility that would be eligible during the forecasted year, if it were not for the time limits. That includes more than the number of persons just reaching the 60-month time limit in that year.
- < The estimates do not explicitly account for changes in behavior that result from the change from AFDC to MFIP.¹⁵ For example, MFIP's 60-month time limit and work incentives may affect participants' decisions about whether to work and/or claim benefits, as compared with AFDC.

¹⁴ It is worth noting that the estimate of the number of cases expected to reach the 60-month time limit in the November 2001 forecast is significantly lower than the estimates used in the February 2001 forecast. This reduction is primarily a result of changes in forecasting methodology, illustrating the difficulties in preparing these forecasts.

¹⁵ DHS uses a logit model and previous years of data to estimate the probability of a case having more than 60 months of eligibility. The regression estimates the probability of a case exceeding the 60-month time limit after controlling for the number of caretakers and children, race, county unemployment rate, and other variables. However, there is no explicit control for the change to MFIP. The probabilities are then applied to the forecast to predict the number of cases expected to exceed the 60-month time limit. In addition, county unemployment rates are often based on small samples that may not be reliable. For more information on these issues call House Research Department legislative analyst Donald Hirasuna, 651-296-8038.