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**Implementation of
Welfare Reform in
Virginia: A Work in
Progress**

Executive Summary

Final Report

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EXECUTIVE SUMMARY

The Virginia Independence Program (VIP) and the Virginia Initiative for Employment Not Welfare (VIEW) were signed into law by Governor George Allen on March 20, 1995, after they passed the state General Assembly with widespread, but hard-won, bipartisan support. Implementation began only a few months later, on July 1, 1995. VIP/VIEW modified the Aid to Families with Dependent Children (AFDC) and Job Opportunities and Basic Skills (JOBS) training programs to foster personal responsibility and increase employment. The initiative's long-term goal is to improve the lives of poor families and children. Having already shifted the focus of its AFDC program to a temporary assistance program with employment as its central focus, Virginia had to make only minor changes to fully implement the Temporary Assistance for Needy Families (TANF) program as authorized by the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996. TANF replaced the AFDC program in Virginia on February 1, 1997, 19 months after implementation of VIP/VIEW began.

Virginia enacted and implemented comprehensive welfare reform sooner than many other states. Then and now, Virginia's emphasis on work (as opposed to work-preparation activities such as job search, education, or training) sets it apart from other state approaches to welfare reform. For instance, although states are more commonly requiring TANF applicants or recipients to look for work as soon as they begin receiving benefits, only 10 states require TANF recipients to work in exchange for benefits after a specified period of time. Only two other states, Wisconsin and Massachusetts, require TANF recipients to work as soon or sooner than Virginia. In Wisconsin, the work mandate applies to all recipients, but in Massachusetts, it applies only to families with a child over the age of six.

Virginia's emphasis on work was purposive and deliberate. The Commission on Citizen's Empowerment, the chief architects of Virginia's approach to reform, believed in the intrinsic value of work and that recipients would learn from the discipline of going to work. The Commission therefore resisted efforts to redefine work to include activities such as training or extended job search. The Commission did, however, support efforts to combine training with work. In addition to work, welfare in Virginia also has focused on encouraging responsible parenting.

The VIP eligibility requirements, designed to encourage responsible behavior include:

- Cooperation with child support enforcement
- A family cap on benefits for children born more than nine months after assistance is authorized
- Age-appropriate immunizations for children
- Compliance with compulsory school attendance laws

- Determination of benefits for two-parent families using the same standards as for single-parent families

The VIEW component of VIP, which applies to able-bodied parents with children over the age of 18 months, includes the following provisions:

- Signing of the Agreement of Personal Responsibility
- Job search for 90 days, followed by mandatory work either through regular employment or participation in the Community Work Experience Program (CWEP)
- Full family sanction (complete loss of benefits) for non-compliance
- A 24-month time limit on benefits
- Generous earned income disregards, which allow families to continue to receive their full cash assistance grant as long as their earned income remains below the poverty line
- Supportive services, including subsidized child care, transportation assistance, and Medicaid, while a person is working and on assistance and lasting for at least one year after leaving assistance

To provide a better understanding of what it takes to put a complex set of reforms into practice, this report details how welfare reform has been implemented in five communities in Virginia, highlighting the choices they made, the challenges they had to overcome, and those that still lie ahead. The five localities profiled in this report--Lynchburg, Prince William County, Petersburg, Portsmouth, and Wise County--were selected as research sites when welfare reform was first implemented. The VIP eligibility policies were implemented in each of the sites on July 1, 1995, and the VIEW policies were phased in between October 1995 and October 1997. For evaluation purposes, the research sites operated dual programs until October 1997, when VIEW was fully phased in. A control group continued to receive assistance according to AFDC and JOBS policies, and an experimental group received services according to VIP and VIEW policies.

VIP and VIEW policies were decided at the state level. Local offices, with support from the state, were responsible for creating an infrastructure to implement the reforms. The state and local departments of social services emphasized the importance of educating and involving a broad range of stakeholders in the implementation process, including nonprofit service providers, faith-based organizations, and local businesses. However, the major task faced by localities was identifying strategies for restructuring their current service delivery system to support the goals of reform. While the research sites believe they have implemented welfare reform effectively, they acknowledge that the task is far from complete. Although the welfare system in Virginia today is very different from the pre-reform system, it is not yet the system everyone would like it to be. This

summary documents the changes that have been made under welfare reform; the infrastructure, staffing, and programmatic issues raised by welfare reform; and the next steps in welfare reform.

THE FOCUS OF THE WELFARE OFFICE: WORK AND RESPONSIBLE PARENTING

- *VIP, and VIEW, the work component of VIP, have been fully implemented. Applicants for or recipients of TANF face more requirements to receive assistance now than prior to the implementation of welfare reform.* VIP and VIEW are primarily a set of mandates designed to change recipient behavior. These mandates have been fully implemented in each of the research sites. Workers have changed their interactions with recipients and applicants to promote the new program requirements and to empower applicants and recipients to improve their life circumstances.
- *The primary focus of the welfare office for TANF recipients has shifted from providing ongoing cash assistance to encouraging and supporting recipients' efforts to find employment.* Eligibility and employment services workers reported that the way they approach their jobs has changed as a result of welfare reform. Eligibility workers no longer focus just on verifying eligibility. They discuss recipients' plans for finding employment and remind them whenever they can that welfare is time limited. Employment services workers apprise recipients of their work obligation, impose penalties for non-compliance, and ensure that recipients have all of the supportive services they need to make the transition to employment.
- *Personal responsibility and work are often described as the twin pillars of welfare reform. Work clearly has been a key component to welfare reform implementation. The personal responsibility provisions have provided workers with new, but still relatively limited, opportunities to encourage responsible parenting.* The VIP provisions to encourage responsible behavior were implemented as intended--as conditions of eligibility. For the most part, they have been implemented as rule changes and have not resulted in a major restructuring of how eligibility workers approach their jobs. Since face-to-face contact between eligibility workers and recipients is infrequent, the workers have very few opportunities to reinforce the emphasis on responsible parenting. The exception is the compulsory school attendance requirement. Two of the sites, Lynchburg and Petersburg, have used the compulsory school attendance requirement to forge a strong alliance with the public schools and to work with families to develop concrete plans for improving school attendance.

BUILDING AN INFRASTRUCTURE TO SUPPORT REFORM: EXPANSION OF SERVICE BUT LIMITED STRUCTURAL REFORMS

- *Full funding has been critical to the successful implementation of welfare reform.* The state provided the localities with substantial additional funding to fully implement welfare reform. Currently, there is no waiting list to participate in VIEW. Funding is also available for child care and transportation assistance for all VIEW participants who need it. All of the localities feel they would never have been able to implement welfare

reform successfully without the additional financial resources provided to them. Between state fiscal years 1995 and 1998, budget allocations for JOBS/VIEW and JOBS/VIEW day care in the research sites increased from \$4.2 million to almost \$10 million, an increase of 227.5 percent.

- ***Major restructuring of the welfare office was uncommon.*** Only one site, Prince William, used welfare reform as an opportunity to completely restructure its service delivery system. The other four sites focused primarily on developing strategies to help workers do their jobs differently. The changes included helping workers assume new responsibilities when necessary, sending a different message to clients, and facilitating ongoing communication between all workers involved in providing services to recipients.
- ***Due to concerted efforts to involve local organizations in welfare reform, the research sites feel they have implemented welfare reform with broad community support.*** Most of the sites' initial efforts to involve the local community in welfare reform focused on educating the community and on recruiting agencies to participate in the CWEP program. Due to a limited need for CWEP sites, many agencies that agreed to participate have never been called upon to do so. Over time, the sites' efforts to involve the local community in welfare reform have shifted from organizing large public forums focused on educating the public about welfare reform and developing broad community support to cultivating ongoing working relationships with a smaller group of local organizations to improve service delivery for current and former welfare recipients.
- ***Businesses have been receptive to hiring welfare recipients, but have not been extensively involved in the ongoing planning and implementation of welfare reform in the research sites. At the state level, several large companies have been actively involved in ongoing planning for welfare reform.*** All of the research sites initially conducted extensive outreach campaigns to involve businesses in welfare reform and one research site has a staff person dedicated to recruiting businesses to hire welfare recipients. While businesses were willing to hire welfare recipients when they had positions available, efforts in the research sites to recruit businesses to take a more active role in welfare reform planning were met with limited success. However, at the state level, more than a dozen large companies have been involved in welfare reform planning.

CHANGING THE CULTURE OF THE WELFARE OFFICE: AN ONGOING PROCESS

- ***Efforts to change the culture of the welfare office primarily focused on redefining staff roles and responsibilities to effectively implement welfare reform. The welfare offices used several types of staffing arrangements. However, none of the sites feel that their model effectively balanced the needs of clients with the responsibilities of workers.*** Eligibility and employment services staff have been extremely supportive of welfare reform and have welcomed the opportunity to help clients improve their life chances. However, at times, implementation of welfare reform also has been very demanding and required substantial changes in work practice. Workers had to learn new

policies, interact with clients differently, and meet new standards for timeliness and accuracy.

- ***The responsibilities of eligibility workers have remained separate from those of employment services staff.*** None of the research sites chose to merge the responsibilities of eligibility and employment services staff into a single staff position. In four of the five sites, eligibility and employment services remained in separate operating units. Prince William, the only site to deviate from this model, created a new employment services unit in which eligibility and employment services staff carry a common caseload and work as a team. However, the two positions have remained separate and distinct.
- ***Changes in caseloads and in expectations for workers and clients have made it difficult for the localities to predict their future staffing needs with any certainty.*** All of the research sites have experienced substantial declines in their AFDC/TANF caseloads but report having to spend more time on the cases that remain. At the same time, most of the localities have experienced substantial increases in their child care caseload and in the employment services workload. These changes, along with workers' and local administrators' perceptions that the long-term future of welfare reform may be uncertain, have made it difficult for the localities to develop a long-term staffing and service delivery structure that deviates from their usual practices. In addition, staffing decisions are affected not only by the demands of welfare reform but also by the demands of other (often larger) programs such as food stamps and Medicaid for which workers also are responsible.

WELFARE REFORM IN PRACTICE: AN EMPHASIS ON MANDATES AND INCENTIVES

- ***The majority of recipients subject to the work requirement in the research sites that implemented VIEW early (Lynchburg, Prince William, and Petersburg) reported finding employment. Employment rates in Portsmouth and Wise where VIEW was phased in more recently were substantially lower.*** Rates of employment for recipients placed in a VIEW activity in the sites that implemented VIEW early range from 60 to 78 percent. Employment rates in the sites implementing later are between 35 and 43 percent. Some of the variation in employment rates reflects differences in the timing of VIEW implementation. For example, employment data is available for 30 months in Lynchburg but only for six months in Wise and Portsmouth. Differences in employment rates may also reflect differences in local labor market conditions and differences in program implementation. Average hourly wages range from a low of \$4.86 to a high of \$6.15.
- ***In an effort to empower families and discourage them from becoming dependent on government for support, the localities initially encouraged recipients who are required to work to look for employment on their own.*** The localities have placed the primary responsibility for finding employment on recipients. Almost all recipients subject to the work requirement initially participate in an independent job search with only minimal

assistance from the welfare office. About one-fourth of the recipients who ever enter the VIEW program receive more formal job search assistance through job readiness programs. Those who participate in job readiness appear to have greater barriers to employment, as evidenced by their lower levels of education. There is not a consensus among staff as to whether more structured job search should be provided to all recipients. Some staff believe that the current structure works well, while others believe that recipients are being asked to find employment without the skills to do so.

- ***Eligibility and employment services workers believe that work incentives, including the more generous earned income disregard, child care, and transportation assistance, have been critical to the success of welfare reform.*** Each of the sites made it easy for recipients to obtain child care and transportation to support their work efforts. Child care utilization rates ranged from a low of 16 percent to a high of 47 percent. The lower utilization rates were concentrated in the sites that implemented VIEW later. In the sites that implemented VIEW early, child care utilization rates among families who found employment ranged from 41 to 57 percent. Staff were generally supportive of the enhanced earned income disregards, although in one site, Petersburg, staff encouraged recipients to save their limited months on assistance for potential future crises.
 - ***All of the research sites have developed an administrative structure for operating a CWEP program. However, the sites have needed far fewer CWEP placements than they originally anticipated primarily because recipients have found private-sector jobs or have otherwise left the welfare rolls.*** The sites have relied on a variety of administrative arrangements to operate their CWEP programs, including hiring a private contractor or dedicated staff to operate the program and integrating CWEP tasks with workers' other responsibilities. Although most of the CWEP programs are relatively small, staff feel they could find additional sites if demand for the program increased. Because staff believe that CWEP can be an important developmental activity for recipients who have been unable to find paid employment, they have designed their programs to help recipients gain a foothold in the work world. Long-term welfare recipients account for a substantial percentage of the recipients who participate in CWEP. In some of the sites, employment and hourly wage rates are just as high for CWEP participants who eventually find private-sector employment as for recipients participating in other program activities.
 - ***Eligibility and employment services workers in all of the sites believe that sanctions have been critical to the success of welfare reform.*** Most of Virginia's behavioral mandates are reinforced by financial penalties for non-compliance. Eligibility and employment services workers believe sanctions encourage recipients to comply with program expectations. Although staff in the research sites described their approach to VIEW sanctions differently, VIEW sanction rates across the sites that implemented VIEW early are comparable; about one-third of all recipients referred to VIEW in those sites received a VIEW sanction at some point in time. Sanction rates were lower in the sites that were still in the early stages of implementing VIEW.
- c ***Eligibility and employment services workers believe that time limits have helped them to create an environment that encourages and supports personal responsibility.***

Workers believe that time limits have been important in changing the culture of the welfare office. They also recognize the possibility that some families may be unable to make it on their own in two years.

NEXT STEPS: JOB RETENTION AND ADVANCEMENT, HARDER-TO-SERVE POPULATIONS, AND TRANSPORTATION

- ***There is widespread agreement that welfare reform has focused primarily on getting recipients into any job. Job retention and job advancement are important goals that the state and the localities are just beginning to tackle.*** Virginia's work mandate is very strong, and it appears to have encouraged recipients to seek and find paid employment. However, job retention rates show that some recipients have less than continuous employment.
- ***Recipients still on the welfare rolls face a number of personal and family challenges. Now that caseloads are declining, the state and the localities are trying to identify potential strategies for addressing these issues.*** Staff feel that they are seeing more and more recipients who face significant barriers to employment, including substance abuse, mental health problems, domestic violence, and very low skill levels. Employment services staff would like to do a better job addressing these issues. With time limits looming, the development of such strategies is an important next step in welfare reform.
- ***Transportation presents a barrier to employment in nearly all of the research sites.*** Recipients can receive transportation assistance if they find employment. However, payments to cover transportation expenses do not address the larger structural problems that recipients face. For instance, several of the sites have very poor public transportation systems, making it difficult for recipients to find and maintain employment. Several of the sites also have implemented innovative strategies to help recipients obtain transportation. For example, Lynchburg has implemented a family loan program to help recipients buy cars and Wise County coordinates with the Office on Aging to share vans for transporting recipients to CWEP positions. These efforts, however, leave major structural transportation issues unresolved.
- ***The implementation of welfare reform has been aided by a strong economy. VIEW's emphasis on building job skills through attachment to the labor force may serve as a buffer if the economy begins to falter.*** When welfare reform was first implemented, the localities expected to place large numbers of recipients into CWEP positions. However, a strong economy made it possible for most recipients in most areas of the state to find regular employment. Even in Wise County where the unemployment rate was nearly 20 percent, staff were surprised by the number of recipients who found employment. As Wise and other counties with high rates of unemployment reach full implementation of VIEW, their experience will offer important lessons on implementing a work-based assistance system when private sector employment options are more limited.

Now that VIEW has been implemented statewide, state staff feel they finally can chart the progress to date and begin to plan for what is ahead. Because the research sites implemented VIEW at different times, they are at different stages in planning for the future. Lynchburg, Prince William, and Petersburg have had time to fully phase in VIEW, while Portsmouth and Wise are still in the early stages of implementation. While much has been accomplished, there appears to be widespread agreement among staff at all levels that implementation of welfare reform remains a work in progress.