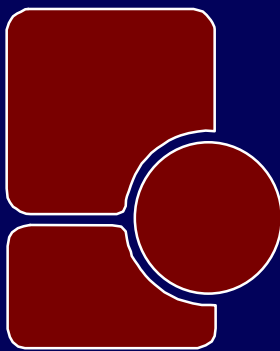


**Joint Legislative Audit and Review Commission
of the Virginia General Assembly**



**Virginia's Welfare Reform Initiative:
Follow-Up of Participant Outcomes**

**Staff Briefing
September 11, 2000**

Introduction

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Staff for this study:

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Presentation Outline

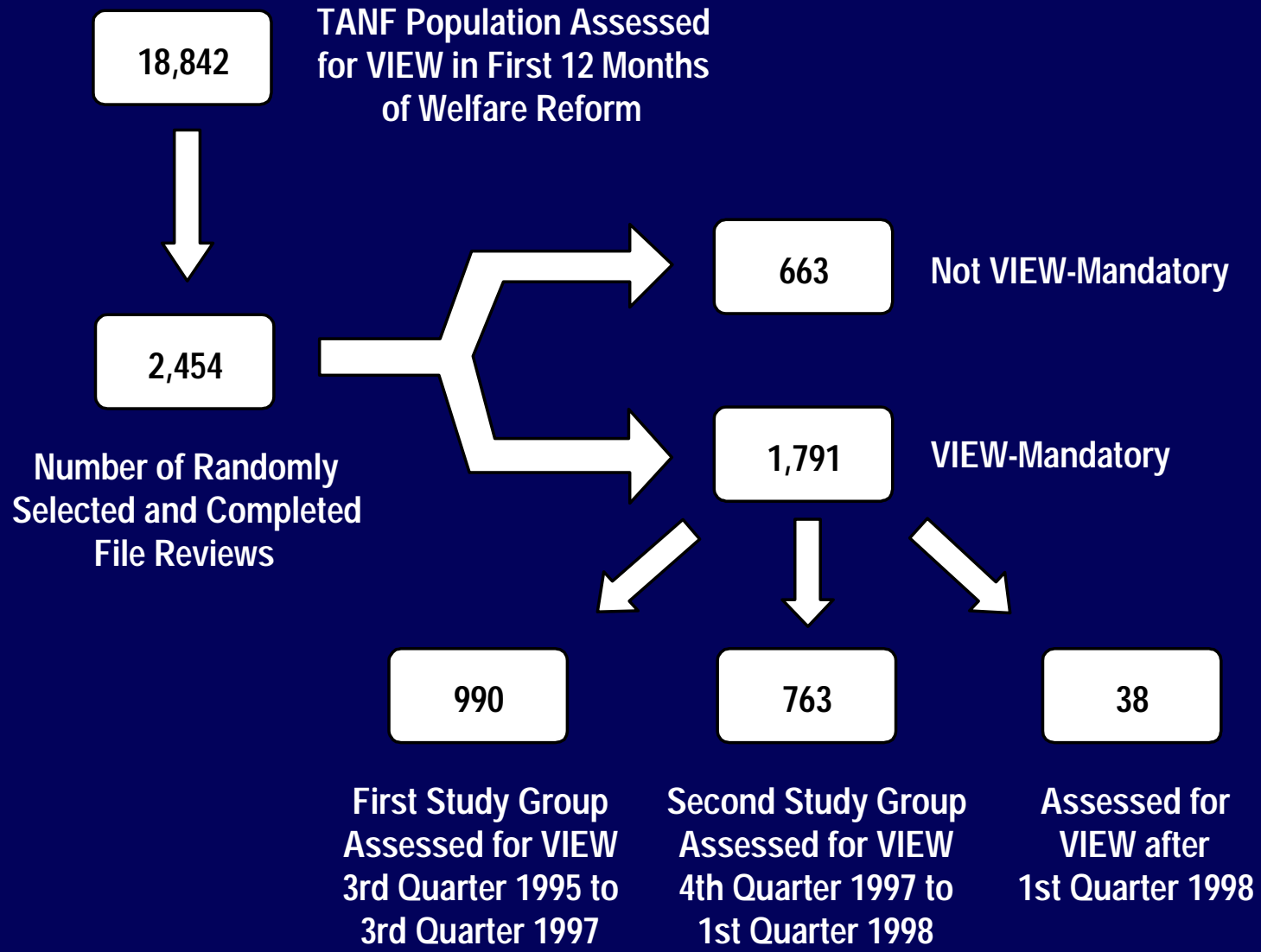
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- Study Overview and Summary of Findings**
- Background on Welfare Reform**
- Economic Status of VIEW Participants**
- DSS Strategic Plan for the Hard-to-Serve**

Study Mandate

- In 1998, JLARC completed a review of Virginia's welfare reform. This review focused on the status of a sample of families who were required to participate in the Virginia Initiative for Employment, Not Welfare (VIEW) program.
- In 2000, the General Assembly passed Item 16M of the 1999 Appropriation Act, directing JLARC to conduct a follow-up review of the labor market experiences and welfare participation rates of the VIEW participants selected for the original study.

JLARC Study Sample for Review of Welfare Reform



Research Activities

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- **Analysis of data from the following sources:**
 - Virginia Employment Commission wage files
 - TANF payment data from automated system of the Department of Social Services (DSS)
 - Food stamp data from DSS' automated system

- **Structured interviews with staff at DSS**

Summary of Findings

- **The general findings of this review continue to support the direction that the State is moving with welfare reform. Supported by the benefits of a strong economy, Virginia has witnessed a number of positive outcomes, including the following:**
 - **a decline in welfare caseloads of nearly 50 percent from 73,000 to 36,535**
 - **an employment rate of 47 percent for VIEW participants nearly two years since they were initially assessed for the program**
 - **continued movement towards self-sufficiency based on increases in the proportion of participant resources that can be attributed to earned income versus public assistance**

Summary of Findings (continued)

- **Still, other findings point to limitations in participant outcomes that will pose a challenge for DSS in the future. Among these are the following:**
 - **Although the overall employment rate for the VIEW participants examined in this study is 47 percent, this represents a decline from the 54 percent rate observed during the first study**
 - **The employment rate for those welfare recipients who are considered hard-to-serve has improved considerably, but is about 37 percent nearly two years since the date of their initial VIEW assessment**
 - **While more recipients have earned income, these wages -- \$8,732 on average -- are below the level that would disqualify them for continued cash assistance**

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Background

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- In 1995, Virginia was one of 37 states that received waivers to the strict rules of the Aid to Families With Dependent Children Program (AFDC), allowing the State to establish a new welfare system in the Commonwealth
- Through the waivers, Virginia made changes to both the eligibility policies for AFDC and policies governing the job search and work programs for certain recipients of AFDC

Aid to Families With Dependent Children (AFDC) Eliminated in 1996

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- **In 1996, the United States Congress passed legislation that significantly changed part of the nation's welfare system**
- **Through this legislation, the AFDC entitlement program was replaced with a block grant referred to as the Temporary Assistance For Needy Families (TANF)**
- **Under TANF, non-exempt recipients face stringent work requirements, and they cannot receive cash benefits for more than 60 months**

Goals of Virginia's Current Welfare Reform Program

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- The goals for Virginia's current welfare reform program are identified in the *Code of Virginia*. They include :
 - offer persons in poverty the opportunity to receive economic independence by removing barriers and disincentives to work
 - provide families in poverty with the opportunities and work skills necessary for self-sufficiency
 - provide families living in poverty with the opportunity to obtain work experience through the VIEW program

Key Eligibility Changes

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- **Some of the key eligibility changes made to the program were:**
 - **full-case closure for recipients who do not cooperate with efforts by the State to establish the paternity of the child**
 - **a cap on benefits for children born more than ten month's after the mother's TANF case opened**
 - **a requirement that all school-age children attend school and be immunized or face a loss of benefits**
 - **an allowance of up to \$5,000 in savings to allow recipients to pay for education, housing, or start a business**

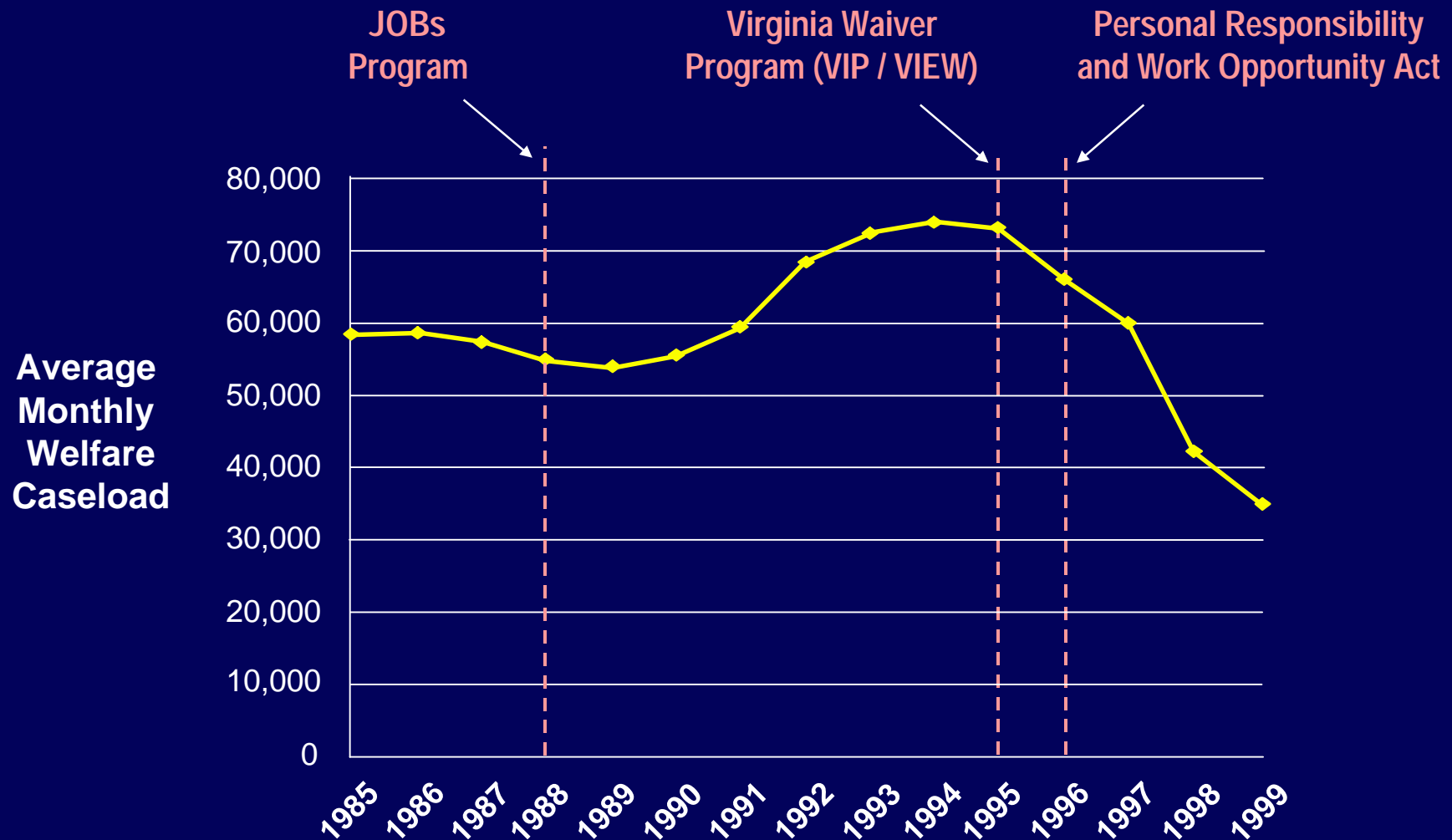
Significant Work-Related Policy Changes Enacted in Virginia

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- The centerpiece of Virginia's reform efforts is the work-related policy changes authorized as a part of VIEW. The following outlines some of the program's key components:
 - most all able-bodied recipients must begin work within 90 days of receiving cash assistance
 - those who do not find subsidized or unsubsidized employment must enroll in a six-month community work program
 - benefits for persons who remain on welfare for 24 months will be terminated for two years

Since Welfare Reform Was Initiated in Virginia, Caseload Declines Have Continued

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When Tracking Outcomes for Welfare Participants, Distinctions Must Be Made Among Several Groups

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- For research purposes, there are several ways to define study groups to track employment outcomes for welfare reform in Virginia. They are:
 - *VIEW mandatory group*: These are persons who are subject to the employment program requirements of VIEW at the time of program assessment
 - *Time limit group*: These are VIEW mandatory recipients whose cases are closed because they reached the 24-month limit on benefits
 - *Closed case group*: These are VIEW mandatory recipients who voluntarily close their cases and leave the welfare rolls.
 - *Open case group*: These are VIEW mandatory recipients who are still receiving welfare benefits, irrespective of their employment status

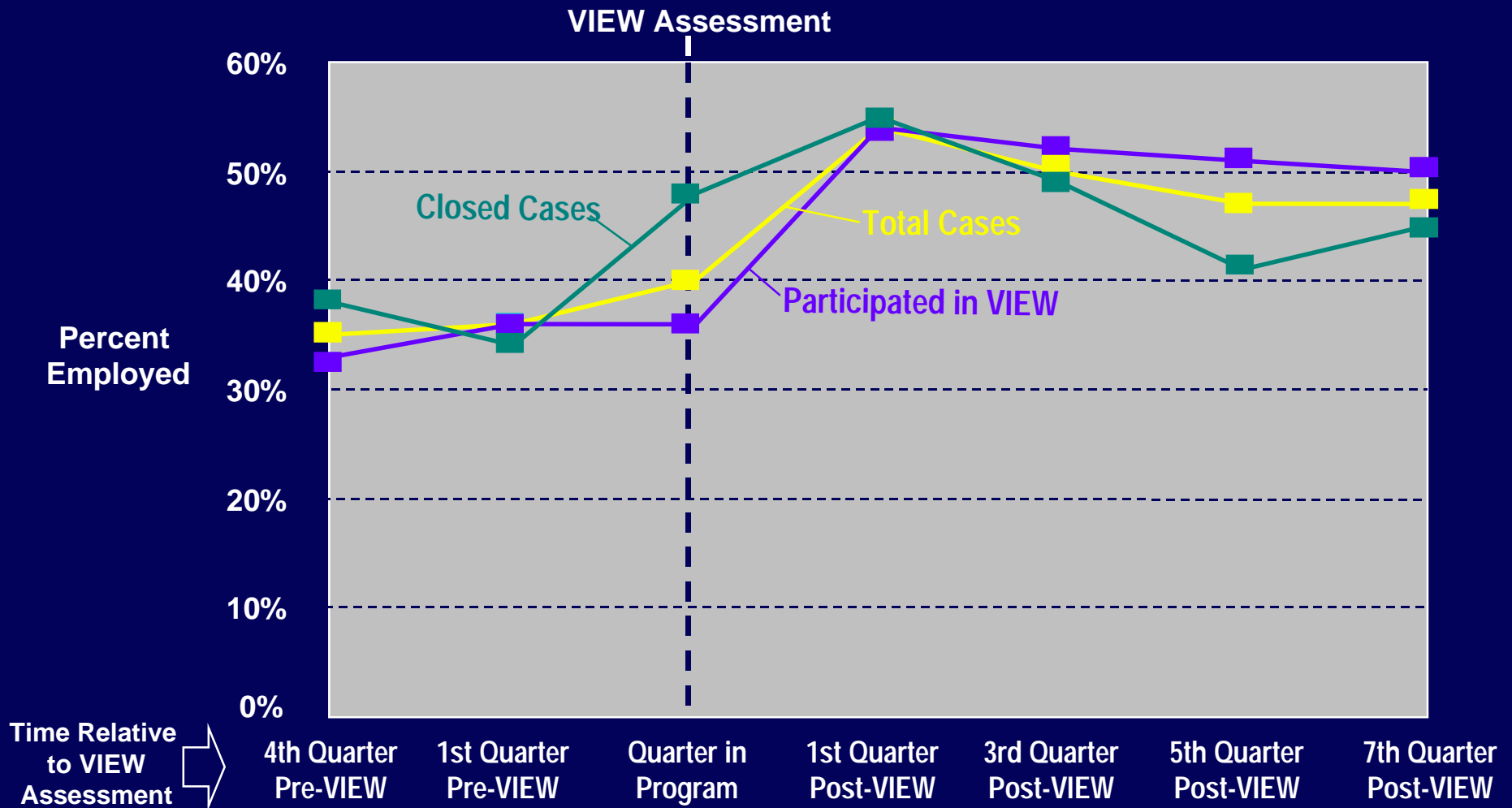
Key Differences Exist in the Characteristics of These Groups

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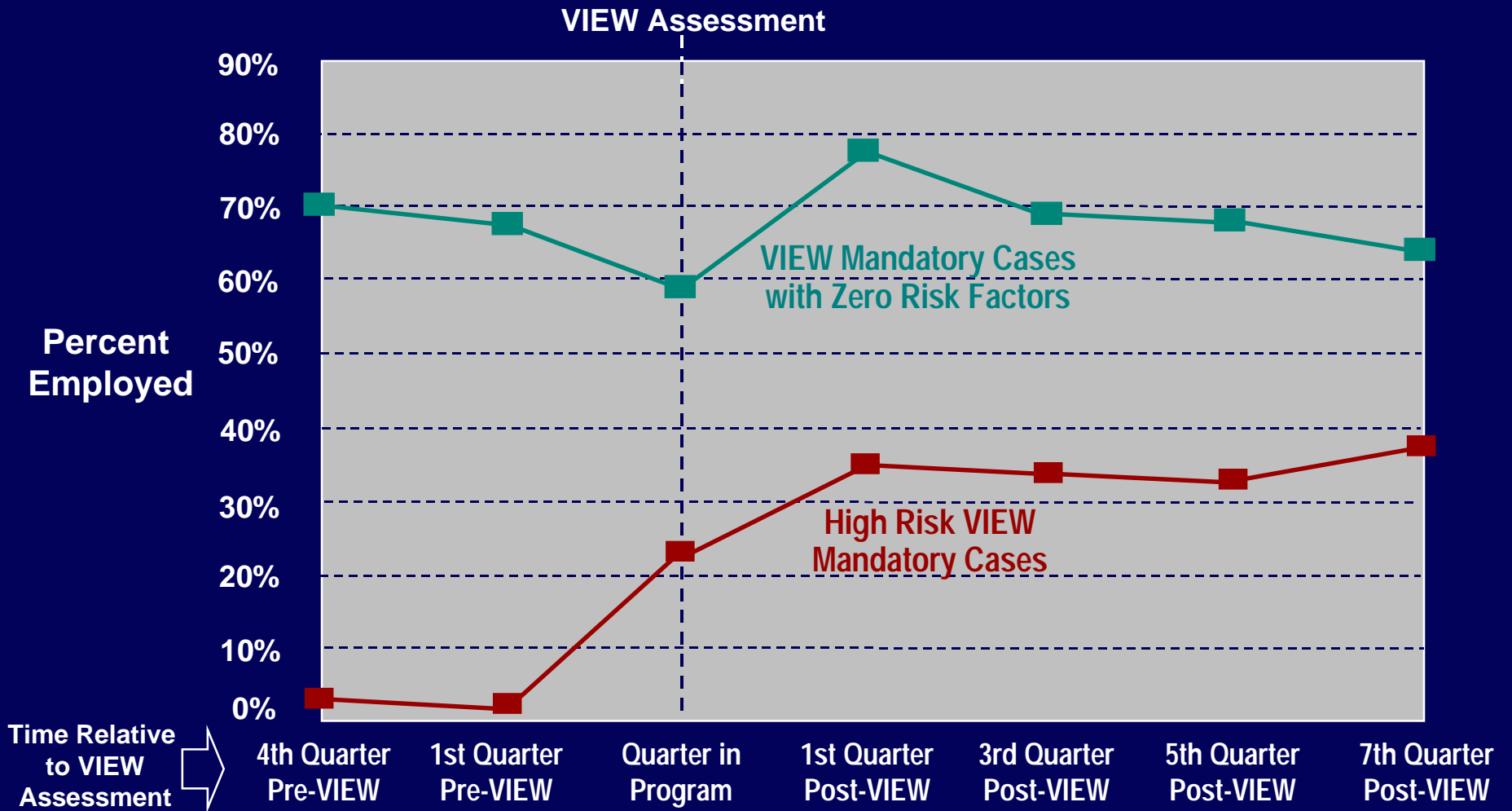
<u>Characteristic</u>	<u>VIEW Mandatory Population</u>	<u>Time Limit</u>	<u>Closed Cases</u>	<u>Open Cases</u>
Black	71%	50%	59%	79%
Female	95%	98%	91%	99%
Never Married	59%	55%	49%	69%
Average Months on Welfare Prior to Reform	38	52	30	42
Hard-to-Serve	17%	14%	15%	25%

Nearly Half of VIEW Mandatory Recipients Remain Employed, But Levels Have Declined Slightly Since JLARC's First Report

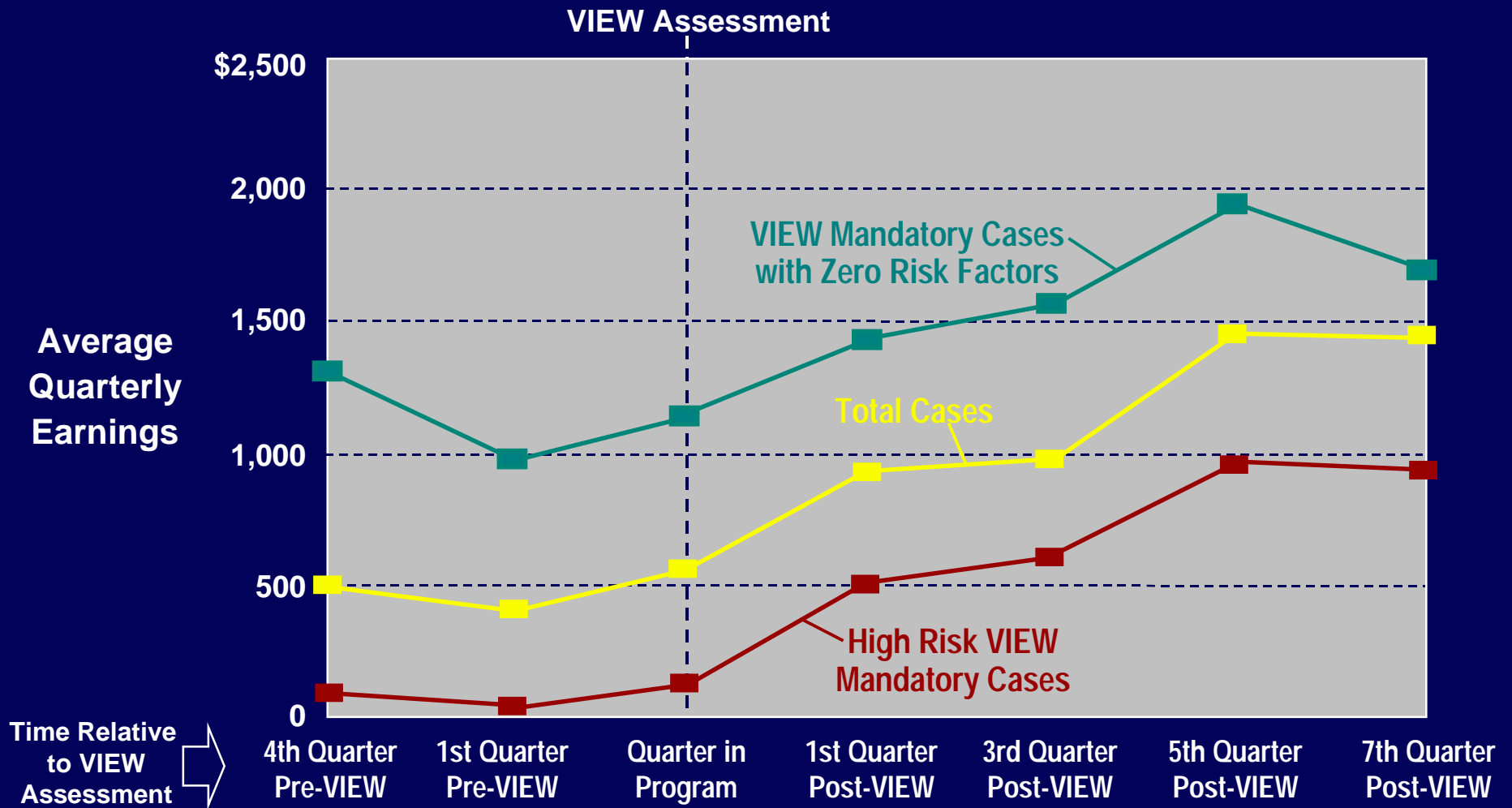
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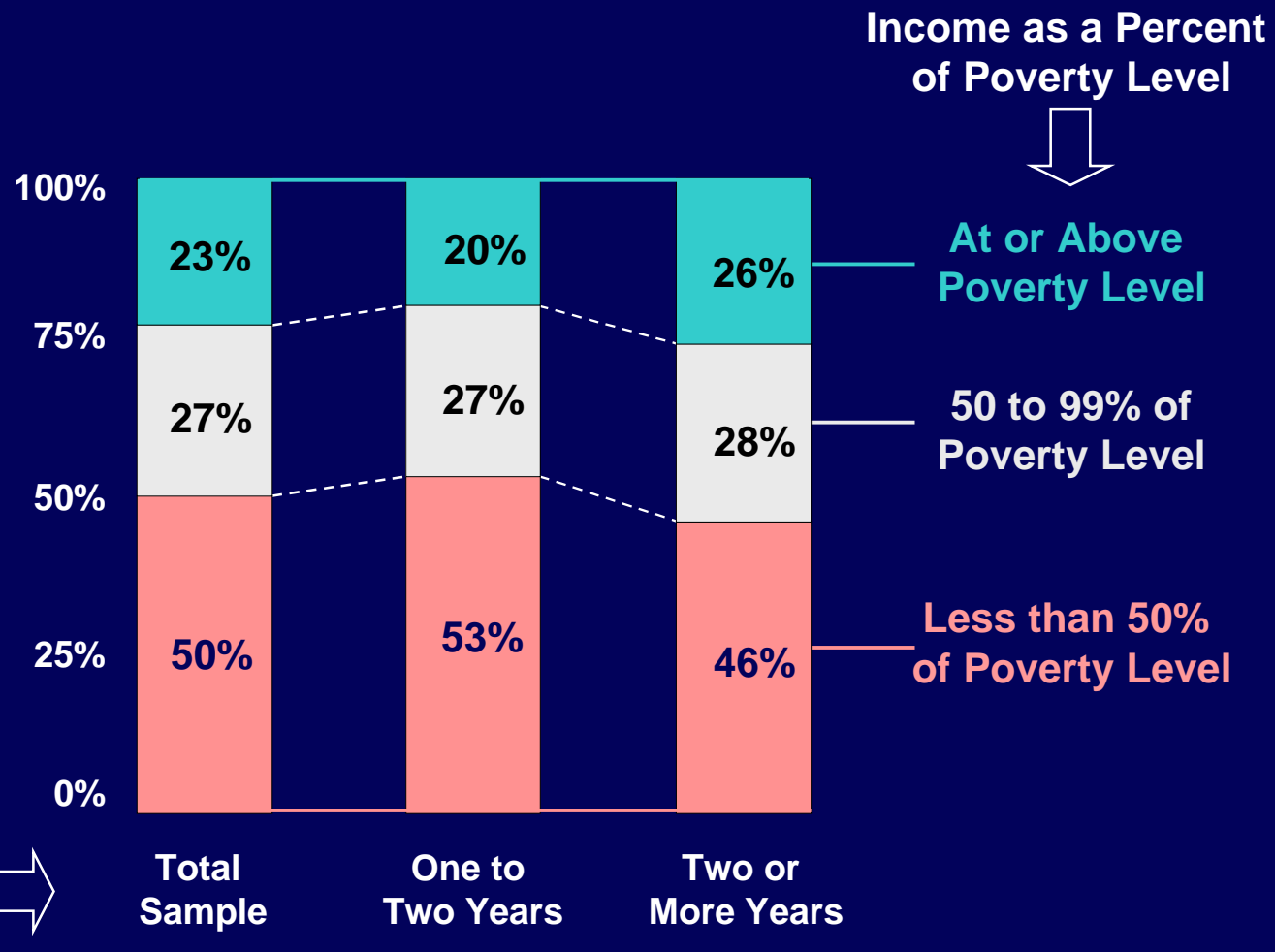
Employment Levels for High-Risk Recipients Have Grown Significantly, But Overall Levels Remain Low



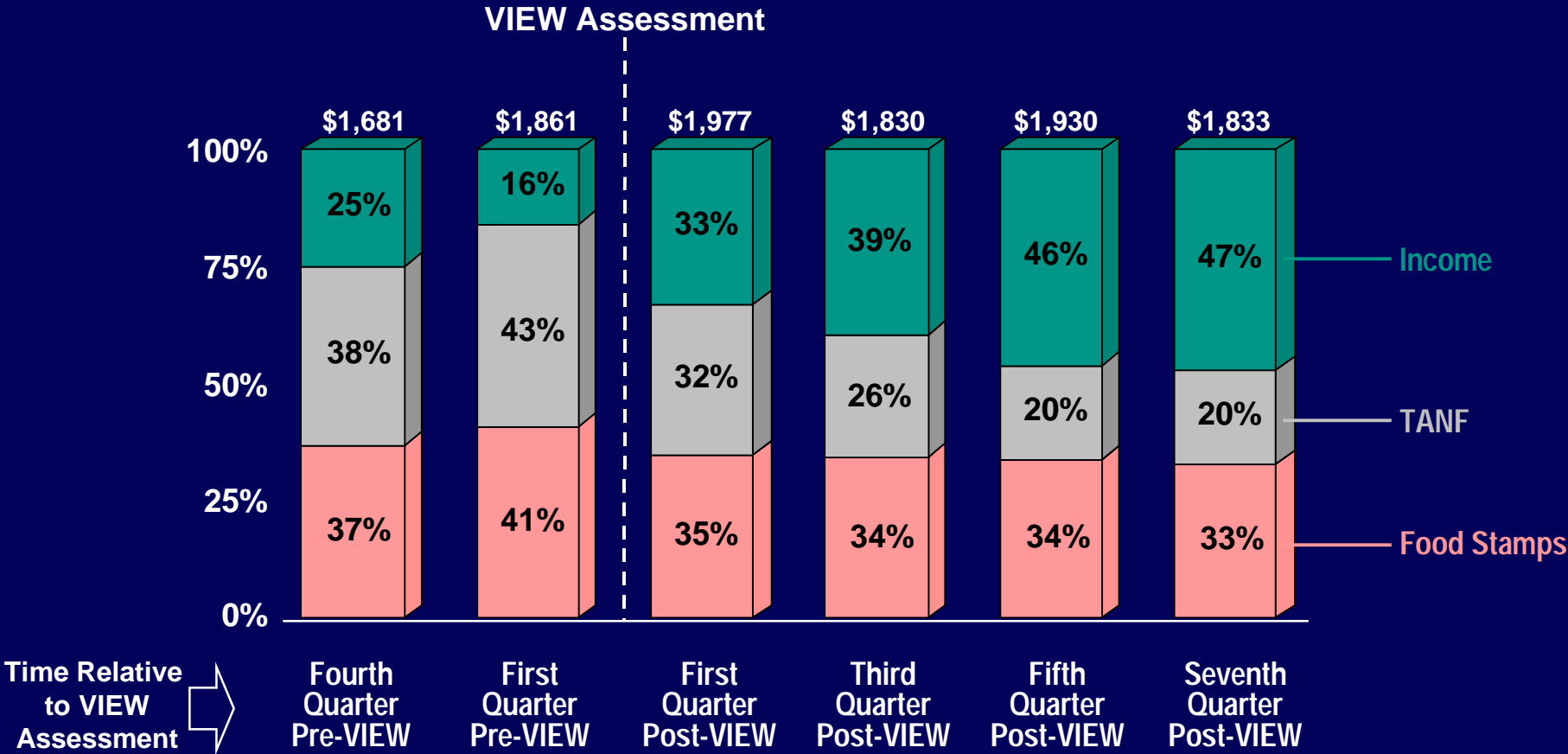
Earnings Trends for VIEW-Mandatory Recipients Have Generally Increased, But Overall Levels Remain Low



Most VIEW-Mandatory Recipients Have Below Poverty Earnings



Despite Low Earnings, VIEW-Mandatory Recipients Continue to Shift Away from a Reliance on Public Assistance



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DSS Has Developed a Plan for Targeting Additional Resources to Hard-to-Serve Recipients

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- One of the major recommendations of JLARC's 1998 report on welfare reform was that the department should develop a comprehensive strategic plan for providing additional education and skills training services to high risk welfare recipients
- In December 1999 the department submitted its strategic plan to the Senate Finance and House Appropriation Committees

DSS Has Developed a Plan for Targeting Additional Resources to Hard-to-Serve Recipients (continued)

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- **In this plan, the department has:**
 - **defined a service strategy that includes a formal screening process and assessment plan for the hard-to-serve recipient**
 - **outlined a program model to offer a range of service options for the targeted population**
 - **developed a strategy for coordinating the delivery of local services**

- **As the department is in the earlier stages of implementing this plan, an assessment of the progress being made would be premature**

More Precise Targeting Criteria May Be Needed

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- In an effort to ensure that localities have considerable flexibility in defining the hard-to-serve, the department does not prescribe a specific set of criteria that localities can use to identify this population.
- This could result in a mis-targeting of resources which would undermine the intent of the strategic plan and perpetuate problems of unemployment and dependency among high risk welfare recipients.

Recommendation

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- **The Department of Social Services should modify its strategic plan by providing more prescriptive criteria for identifying welfare recipients who are considered “hard-to-serve”.**

