

# **The Commission on Stimulating Personal Initiative to Overcome Poverty**

**TO THE GOVERNOR AND  
THE GENERAL ASSEMBLY OF VIRGINIA**



## **HOUSE DOCUMENT NO. 65**

**COMMONWEALTH OF VIRGINIA  
RICHMOND  
1994**



# COMMONWEALTH of VIRGINIA

Donald S. Beyer, Jr.  
Lieutenant Governor

Office of the Lieutenant Governor  
Richmond 23219

(804) 786-2078  
TDD (804) 786-2091

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To the Governor and the General Assembly of Virginia,

We are pleased to submit to you the report of the Commission on Stimulating Personal Initiative to Overcome Poverty (HJR 74).


Over the last two years, Virginia has become a national leader in welfare reform. State and national leaders are looking to us as a laboratory for practical, compassionate solutions based on the bedrock values of work, family, community and responsibility. These recommendations are a beginning, a blueprint for overcoming poverty and achieving welfare reform.


This report is the fruit of two years in which we had the privilege of listening to hundreds of Virginians, from the Coalfields to the Eastern Shore, from the Roanoke Valley to Northern Virginia.

We learned from all of them: welfare mothers and welfare workers, the older Virginians who must choose between buying food or medicine, the tireless community activists and advocates, seasoned social services professionals and national experts on the complexities of poverty and welfare reform. These recommendations spring from their insights, and Virginia is indebted to them.

Serving on this Commission has been a privilege. The spirit was unfailingly constructive and bipartisan. Every member and staff member made a significant contribution. We deeply believe that these recommendations will make a difference in the lives of all Virginians.

Sincerely,

  
Donald S. Beyer, Jr.  
Chair

  
G. Richard Cranwell  
Vice Chair

# Commission on Stimulating Personal Initiative to Overcome Poverty

**25 and ready.**

**That's the word among the tough young men on the streets of  
Portsmouth.**

**25 years old, and they've done it all -- made big money,  
driven big cars, worn expensive clothes, sported gold chains,  
known easy highs and easy sex, packed a gun, killed a man, had  
some kids.**

**25 and ready -- to die.**

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## **Work and Family**

A year ago, we began this Commission's interim report with the words, "Poverty dismays us. It always has." It still does. We have found no magical solution to the ancient challenge of poverty. But as we worked to complete our charge, a recurrent theme sounded in all our discussions: any plan to overcome poverty in this Commonwealth must be grounded in the bedrock values of work and family.

We have reached the strong and clear consensus that what Virginia -- and the nation -- needs is a purposeful, coordinated welfare reform strategy that eliminates barriers to and strengthens incentives for productive work and strong, stable families.

It is equally clear that this strategy must be based on responsibility -- the individual's responsibility to work toward self-sufficiency and society's responsibility to protect and support its vulnerable members, especially children.

Under this agreement of mutual responsibility, every one of us and every segment of society has responsibilities and obligations: individuals, families, neighborhoods, communities, government, education, business, labor, religious congregations, civic groups, social action programs, charitable organizations. Our recommendations are grounded in this interlocking system of responsibility and

obligation, with individual responsibility at its core.

Making the deep structural changes -- institutional and cultural -- that we believe are required to overcome poverty and achieve welfare reform will be difficult, painful and controversial. The emotional power and polarizing potential of the issues and choices we have debated for two years are echoing now in the national debate on welfare reform. Some of the approaches we recommend are similar to proposals which have ignited controversy in other states and on the national level.

Debate is essential if we are to find consensus. However, it must not be allowed to divide us into warring camps. Poverty's harvest of joblessness, hopelessness, teen pregnancy, fatherless children, generations of welfare dependency, crime, violence, fear and resentment is not defined by race, gender, neighborhood, class, or region. Poverty is everywhere, and it is everyone's problem.

It is important to say, too, that we will not overcome poverty or reform the welfare system by punishing poor people or continuing to enable them to scrape along on handouts. It is profoundly disrespectful to expect more, or less, of someone who is poor than we do of ourselves or our children. Like other Americans, poor people want to work, pay taxes, build their communities and make better lives for their children. It is time for government to get out of the way of those aspirations.

### **The Virginia Principles**

The Commission's recommendations have been organized around six principles that we believe should form the basis of Virginia's efforts to alleviate poverty and reform the welfare system.

#### **I. If you work, you shouldn't be poor.**

The current welfare system discourages work. We propose measures to ensure that going to work improves rather than imperils a family's economic security and provides a transition from welfare to work. These include disregarding 50 percent of a recipient's earned income in computing AFDC eligibility, fully funding the state's portion of federal daycare and job training (JOBS) programs for the working poor, and a Virginia Earned Income Tax Credit.

#### **I. A stable, two-parent family is the best defense against poverty.**

The poor are often no more than a dead battery or a broken finger away from welfare. To keep struggling families together and off welfare, we propose a Welfare

Avoidance Fund for temporary help for families facing a financial crisis, and consideration of extending assistance to unemployed two-parent families to cover 12 rather than 6 months of a 24-month period.

**III. Parents have a moral and legal obligation to be responsible adults and to support their children.**

### Child Support Enforcement

Child support is the first line of defense against child poverty. Our 1993 legislation requiring Virginia employers to report new hires within 35 days has had a dramatic impact on the location of absent parents and on child support collections. In 1994, we propose two new measures to strengthen Virginia's child support enforcement efforts:

- Allow suspension of professional licenses when a licensed professional is more than \$15,000 or 180 days in arrears on child support obligations.
- List the Division of Child Support Enforcement as a lienholder on vehicle titles when an owner is more than \$5,000 in arrears on child support payments.
- Bring Virginia into compliance with the Uniform Interstate Family Support Act (UIFSA), the interstate child support enforcement system.

### Teen Pregnancy Prevention

Births to teen mothers drive the welfare system and create unstable one-parent families. Ironically, the welfare system often provides incentives for unwed teen pregnancy. We propose a series of steps to encourage responsible behavior and to eliminate those incentives:

- Support statewide, abstinence-based teen pregnancy prevention initiatives, including: establishing community coalitions to develop local teen pregnancy prevention plans; developing local abstinence-based programs which foster responsible behavior, targeting communities with high teen pregnancy rates; and supporting Virginia's new "Campaign for Our Children" media campaign to discourage teen pregnancy and encourage abstinence.
- Require all hospitals to have paternity establishment programs which ask fathers to acknowledge paternity at birth.
- Support employment and training initiatives for ex-offenders with child support orders.

-- Examine the feasibility of eliminating AFDC payments and housing subsidies to unwed teen mothers; making eligibility for Food Stamps and Medicaid contingent on her living with her parents; and holding parents of unmarried teen parents financially responsible for the support of grandchildren. The Department of Social Services would report findings and recommendations to the Commission by December 1994.

**IV. Individuals need positive role models in their lives to combat the insidious effects of poverty.**

The power of positive role models and caring mentors to help shape lives and raise expectations and goals among at-risk young people has been proven again and again. We propose strategic investments in two programs with proven success records: One-to-One Mentoring and Resource Mothers.

**V. Education is a critical and important tool in combatting poverty.**

Education is the vehicle that moves families out of poverty. Study after study has shown that earlier starts, smaller classes, and more teacher time can overcome the effects of childhood poverty. School districts such as Charlotte County have proven that learning technology -- personal computers and software -- can effectively lower the pupil-teacher ratio, giving children the chance to learn at their own pace and teachers more time for individual instruction.

We propose installing integrated learning technology systems in the 24 poorest school districts in Virginia, based on local technology plans that reflect commitments from the business community.

We support:

- Smaller class sizes in grades K through 3.
- Full funding for Head Start and other quality readiness programs for at-risk four-year-olds.
- Full utilization of Chapter 1 funds for implementing proven early intervention and prevention strategies.
- Increased funding for postsecondary educational opportunities, such as the Guaranteed Assistance Program and Project Discovery.

**VI. There is a mutual relationship of responsibility and obligation among the client, government agencies, schools, business, the community and the public.**

Welfare reform, like the welfare system itself, is doomed to failure unless it is grounded in mutual responsibility. That is the foundation of the Commission's welfare-to-work plan, The Virginia Independence Program.

The Virginia Independence Program (VIP) is an integrated, strategic plan to provide welfare recipients the tools they need to move into the workforce. The plan is based on an "agreement of mutual responsibility" which spells out the obligations of all parties, including the participant, government agencies and the community.

VIP is designed to enable welfare recipients to become financially independent within two years. If it is to succeed, participants must have confidence that they will be treated fairly, that they will have a real voice in shaping their agreement of mutual responsibility, and that they will receive the resources and assistance they need to find work, support their families and make the difficult transition from welfare to independence.

The public, with government as their agent, must in turn be assured that participants will make a sincere commitment to the program, to meeting their responsibilities, and to finding work and achieving their independence.

In short, there must be clear, fair, objective guidelines and there must be trust and confidence among the parties to the agreement. Therefore, the implementation of the program must be contingent upon adequate funding of its critical elements, including child daycare, job training, health coverage and other transition services.

Federal waivers will be required to implement the Virginia Independence Program. The program will begin on July 1, 1994, with 5,000 participants in each of its first two years and statewide implementation in 1996.

Elements of the VIP plan include:

- o Intensive case management, support and transitional services to families, including close individual attention from trained social services workers; education, employment and training services; transportation; and child day care and health care for at least 12 months after employment.
- o Disregard of 50 percent of a participant's earned income in computing eligibility for AFDC benefits for two years after employment.
- o Disregard of earned income in determining eligibility for housing subsidies.

o Limiting AFDC financial assistance to two years, based on mutual understanding of individual goals and the availability of community resources. Extended benefits may be available in some cases.

o Eliminating additional AFDC payments for new births to VIP participants during the first two years of the program. This two-year measure is designed to collect Virginia data on the rate of new births to AFDC mothers, estimated at less than 3 percent; and to determine the impact on children born into those families.

Local social services departments will be responsible for arranging services for affected children, including donated food and clothing and food stamps, day care and health coverage for eligible families.

## **Conclusion**

Work. Family. Community. Responsibility. These are the values we hold in common, and it is upon these values that we have based the principles that we believe should guide Virginia's plan to overcome poverty and achieve welfare reform. Our recommendations are grounded in the belief that working together, with an agreement clear and fair of mutual responsibility, Virginia can achieve real welfare reform and begin to break the tragic cycle of generations of dependence and hopelessness. We cannot do nothing. We must begin.



## **RECOMMENDATIONS ADOPTED BY THE POVERTY COMMISSION**

### **Principle Number One: "If you work, you shouldn't be poor."**

1. Continue to endorse a Virginia Earned Income Tax Credit for future consideration through a resolution for the new administration to consider inclusion in the 96-98 biennial budget as an effective means of combatting poverty. The resolution will also encourage the full utilization of the federal Earned Income Tax Credit through an aggressive public awareness campaign.
2. Aggressively seek federal legislation to reform the tax code to allow for a refundable dependent child care tax credit. This would apply to individuals whose incomes are so low that they have no tax liability. This helps low income individuals more than the current childcare deduction which only applies to individuals with tax liability. The Commission will work closely with the Virginia Congressional delegation and the federal executive branch on this issue.
3. Fully fund the state portion of the federal daycare monies. This would allow a significant number of individuals to seek full time employment and reduce the need for public assistance.
4. Fully fund the state portion of the JOBS program which provides education and training dollars for AFDC recipients in improve their ability to find employment.
5. Support budget language for technical changes to the Virginia tax code to support the implementation of Virginia's 1993 Welfare Reform Demonstration Project. The outcome of this project will be the full time employment of 600-1000 welfare recipients paid at a living wage. The state taxes of the employed participants will be targeted for reinvestment into the individual work accounts to assist other welfare recipients to get off public assistance.
6. Seek a waiver to implement the 50% income disregard rule statewide, using the projected savings to fund other initiatives. The income disregard would be limited to two years.

**Principle Number Two: "A stable two-parent family is the best defense against poverty."**

1. Fund a welfare avoidance fund which will provide emergency temporary assistance to families in financial crisis to prevent welfare dependency. Request the State Board of Social Services to promulgate emergency regulations to target this fund for two-parent families. The Department of Social Services will also seek a federal waiver to request matching funds from the Emergency Assistance Fund.
2. AFDC-Unemployed provides AFDC two-parent families for 6 months. Examine the efficacy of this program to determine if it promotes intact families and encourages movement towards self sufficiency to insure the best investment of state dollars towards fostering fiscal independence of vulnerable families. Proposal would extend the program to cover 12 out of 24 months.

**Principle Number Three: "Parents have a legal and moral obligation to be responsible adults and to support their children."**

1. Support a statutory amendment to Title 54 for a provision for the suspension of a professional license when a licensed professional's child support arrearage exceeds \$15,000 or 180 days, with due notification. The bill will provide for a judicial review and judicial override. The bill will also include an amendment to the statute regarding divorce decrees to require language to identify if one party is a licensed professional. The purpose of this bill is to provide additional leverage to the Division of Child Support Enforcement to enforce orders involving self-employed professionals not covered by wage withholding orders.

The Division of Child Support Enforcement is requested to collect data from the Department of Taxation concerning the number of licensed professionals impacted by this bill.

2. Support a statutory amendment to allow notice of lien on vehicle. DMV would issue an amended title listing the Division of Child Support Enforcement as a lienholder when the vehicle owner has a child support arrearage in excess of \$5,000.
3. Support statutory amendments to bring Virginia into compliance with the Uniform Interstate Family Support Act (UIFSA) to allow child support orders to be enforced between states.
4. Support statewide efforts to develop community based coalitions among local

public and private entities to assess and plan for programs which will decrease the incidence of teen pregnancy. Currently there are 18 such coalitions around the State, called Better Beginnings which receive \$5,000 each. This proposal is to fund the 18 at \$15,000 and to fund 15 new Better Beginnings programs.

5. Fund statewide abstinence-based programs which foster responsible behavior in at-risk youth and prevent teen pregnancy. The funds would be allocated on a formula basis to local health districts: 1/3 child population, 1/3 poverty rates, and 1/3 teen pregnancy rates. Failure of a locality to develop programs would allow the funds to revert for reallocation.

6. Support Virginia's new public awareness campaign, "Campaign for Our Children", which promotes personal responsibility and abstinence. This is the Maryland campaign previewed by the Commission in 1992. The campaign has been purchased through funds donated by the Virginia Hospital Association. Virginia broadcasters have been requested to donate prime-time public service spots. The response has been good.

7. Support employment and training initiatives for ex-offenders with child support orders. Assisting these individuals to become employable will ultimately reduce the need for public assistance to their dependents and promote improved family stability. Funds would be allocated to the Department of Criminal Justice Services to fund community-based pilots through local organizations with proven success in such programs.

8. Support requiring hospitals to set up paternity establishment programs which educate and ask at the time of birth for paternity acknowledgement. This will extend the existing voluntary hospital paternity establishment programs. This would also encourage prebirth counseling by public health clinics on the importance of establishing paternity. Whenever possible there would also be a postbirth interview with the mother and alleged father by the staff of the Division of Child Support Enforcement.

9. Support a study resolution directing the Department of Social Services, in collaboration with the Virginia Poverty Law Center, to study the feasibility and potential effects of changing the AFDC rules to eliminate eligibility for a AFDC grant and public housing subsidies for unwed teen mothers. The study would also identify the range of possible consequences for making eligibility for food stamps and Medicaid contingent upon the dependent child living with her parents. The study would also examine the feasibility of holding the parents of unwed minor mothers and fathers financially responsible for the support of grandchildren if minors do not have the financial means

to support their child. (This is also known as grandparent child support) The Department would report back to the Commission in December, 1994 with recommendations for action on these proposals.

**Principle Number Four: "Individuals need positive role models in their lives to combat the insidious effects of poverty."**

1. Support broad-based mentoring programs which provide one to one support and positive role modeling for individuals who have high risk factors, such as poverty, illiteracy, drug abuse, teen pregnancy, single parent homes, public assistance dependency, public housing. Several programs have been proposed:

a) One to One Mentoring: Program for at-risk youth with local boards. The program is operational in the Richmond metropolitan area and includes leadership from the business community. This budget proposal was submitted by the Governor's Commission on Violent Crime and partially funded in the 94-96 budget. The funds would be administered through the Department of Criminal Justice Services for mentoring programs for at-risk youth.

b) Resource Mothers program recruits lay women from the community and provides them with training to serve as support persons for pregnant and parenting teens and their families. The proposal will expand the program to 19 new sites. General fund dollars can be matched by Medicaid dollars.

**Principle Number Five: "Education is a critical and important tool for combatting poverty."**

1. Support full state funding for quality programs serving at-risk four-year-old children. Head Start and other such programs have well documented proof of their effectiveness. The purpose of these programs is to bring these children to a level playing field in the academic and social arena.

2. Fund integrated learning technology systems for the 12 poorest school districts in each year of the biennium, for a total of 24 in the biennium. Each school district receiving funding must submit a technology plan which reflects commitment from the business community within the school division to the extent possible.

3. Support schools with Chapter I eligibility to consider utilization of funds for implementing successful schoolwide programs targeted at early intervention and prevention strategies for at-risk children.

4. The Commission supports the concept of lowering class size in grades K-3 as a means of improving the learning environment in the lower grades. In later grades class size is not necessarily an educational determinant. Encourage the new administration to consider this as a strategy to educational reform in the 96-98 biennial budget process.

5. Support increased funding for programs which provide promote postsecondary educational opportunities, such as the Guaranteed Assistance Program and Project Discovery.

**Principle Number Six: "There is a mutual relationship of responsibility and obligation among the client, business, schools, government agencies, community organizations, and the general public."**

1. Fund two pilot sites the first year and four pilots the second year with demographics and economies reflective of Virginia poverty areas with the following components:

- \* Intensive case management
- \* Cap on AFDC grant for children (no additional \$ for more children)
- \* Agreement of Mutual Responsibility
- \* Two Year Limits
- \* Housing Disregard
- \* Automobile Disregard up to \$5,000 equity
- \* Support Services
- \* 50% Income Disregard

The pilots would go into effect on July 1, 1994 and the program would be taken statewide on July 1, 1995. A waiver will be sought for both the pilots and for the statewide implementation. The proposal will include some "safety net" features, such as job availability and support for children if recipients fails to comply.

Pilots will demonstrate cost sharing among agencies serving target population and will include the following components:

- Statewide information system with multiple access points
- Uniform Self-Sufficiency Assessment and Eligibility
- Personalized Job Development
- Post Employment Support (transitional assistance for the working poor)

The proposal will include legislation requiring local cross agency teams to provide joint staffing and resource sharing on cases where services are provided by several different agencies, such as the local social service agency, the local

employment commission office, the local JTPA representative, a representative of the local community college, and other entities as appropriate.

2. Discretionary Fund for Case Management will provide the case managers with the flexibility to meet recipients' needs for self-sufficiency which may not meet categorical program eligibility.

3. Provide community incentive grants to outcome-based programs that reflect interagency collaboration of services which lead to participants' financial independence. Grant applicants must demonstrate accountability for outcomes and cost effectiveness of program proposals.

### **General Proposal**

1. A legislative resolution to continue the Commission to Stimulate Personal Initiative to Overcome Poverty as a vehicle for monitoring the implementation of the recommendations and to provide for a means to make adjustments in the long range plan for eliminating poverty in the Commonwealth based upon the effectiveness of proposed strategies and the success of funding such proposals. The Commission would complete its work and make final recommendations to the Governor and General Assembly in 1996.

# Commission Membership

Lieutenant Governor Donald S. Beyer, Jr., Chair  
Delegate C. Richard Cranwell, Vice-Chair

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Delegate Jean W. Cunningham  
Delegate William W. Bennett, Jr.  
Delegate Robert S. Bloxom  
Senator Charles S. Colgan  
Senator Mark L. Earley  
Senator Frederick M. Quayle

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James M. DeFrancia  
Theodore J. Edlich, III  
Robert T. Greene, Ph.D.  
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James A. Payne  
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Howard M. Cullum, Secretary of Health and Human Resources  
Karen J. Petersen, Secretary of Education  
Cathleen Magennis, Secretary of Commerce and Trade  
O. Randolph Rollins, Secretary of Public Safety

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## **Commission Work Groups**

### **Welfare Reform - Phase II**

Del. William W. Bennett, Jr., Chair  
Del. Robert S. Bloxom  
Sen. Mark L. Earley  
Howard Cullum  
Gail Bingham  
Laura Dupuy  
Ted Edlich  
James Payne

### **Individual & Family Responsibility Programs**

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Del. C. Richard Cranwell  
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O. Randolph Rollins  
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### **Transitional Assistance Program - Second Chance**

Sen. Charles J. Colgan, Chair  
Sen. Mark L. Earley  
Cathleen Magennis  
Jim DeFrancia  
Ted Edlich  
Robert Greene

### **Educational Solutions to Combatting Poverty**

Del. Robert S. Bloxom, Chair  
Del. William W. Bennett, Jr.  
Karen J. Peterson  
Cornelius Prince  
Georgia Short

## **Staff Support**

Judy P. Divers, Director  
Brenda Cloyd  
Richard Crossen  
Peggy Friedenber  
Pat Gonet  
Mike Henry  
Melton Jones

Mike Jurgensen  
Deborah Kelso  
Hunter Kimball  
Alice Linyear  
Marcia Manning  
Gail Nardi

Peggy Smith  
Demis Stewart  
Pat Suarez  
Linda Ulmer  
Bobby Vassar