REPORT OF THE
JOINT LEGISLATIVE AUDIT AND REVIEW COMMISSION

VIRGINIA'S WELFARE REFORM INITIATIVE: IMPLEMENTATION AND PARTICIPANT OUTCOMES

TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA

SENATE DOCUMENT NO. 21

COMMONWEALTH OF VIRGINIA
RICHMOND
1999

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Preface

In 1997, the Virginia General Assembly approved language in the 1997 Appropriation Act directing the Joint Legislative Audit and Review Commission (JLARC) to review the State's welfare reform program. Passed in 1995, the new direction of welfare reform in Virginia was prescribed through tougher work requirements and strict limits on the amount of time that able-bodied recipients can receive benefits. As these reforms are relatively new, the findings presented in this study should be considered a status report on the early implementation and outcomes of welfare reform.

This study found that since the passage of this legislation, the number of welfare recipients in the Commonwealth is down dramatically, exceeding even optimistic projections for this measure. In 1994, the year before Virginia initiated its reforms, monthly welfare caseloads exceeded 70,000. By August of this year, the average number of families on assistance had declined to 43,000 -- a reduction of 39 percent. While part of this decline may be attributable to the overall healthy economy, part of it also must be attributed to Virginia's program of welfare reform.

One of the philosophies of Virginia's welfare reform program -- implemented through the Virginia Initiative for Employment Not Welfare, or VIEW -- is that welfare recipients should be placed in jobs as soon as possible. An outcome of this "work first" philosophy has been the successful placement of many former recipients into jobs. This approach has resulted in post-welfare employment rates of 50 percent for those tracked in the study. In addition, the proportion of resources attributable to the individuals' earnings rose from 16 to 39 percent, and the proportion from TANF benefit payments declined from 43 percent to 26 percent.

There are also areas of concern and areas where program improvements can be made. First, among those who are working, low wages continue to be a problem. Specifically, in 1998 the annualized income for recipients who were subject to the new work requirements was only $6,600. Second, while half of post-program participants are working, the other side of this coin is that about half are not working. Moreover, the rate of joblessness was found to be especially high for those with multiple barriers to employment. This suggests that hard-to-serve welfare clients may pose a more difficult challenge than those already removed from the rolls. It remains to be seen whether the current program will enable such clients to successfully obtain and retain jobs.

On the behalf of JLARC staff, I would like to thank the numerous State and local officials who cooperated in the conduct of this study. This report would not have been possible without the cooperation of social service workers at both the State and local level, as well as staff at the Virginia Employment Commission and the Department of Legislative Automated Systems.

Philip A. Leone
Director

January 26, 1999

JLARC Report Summary

Virginia's Welfare Reform Initiative: Implementation and Participant Outcomes

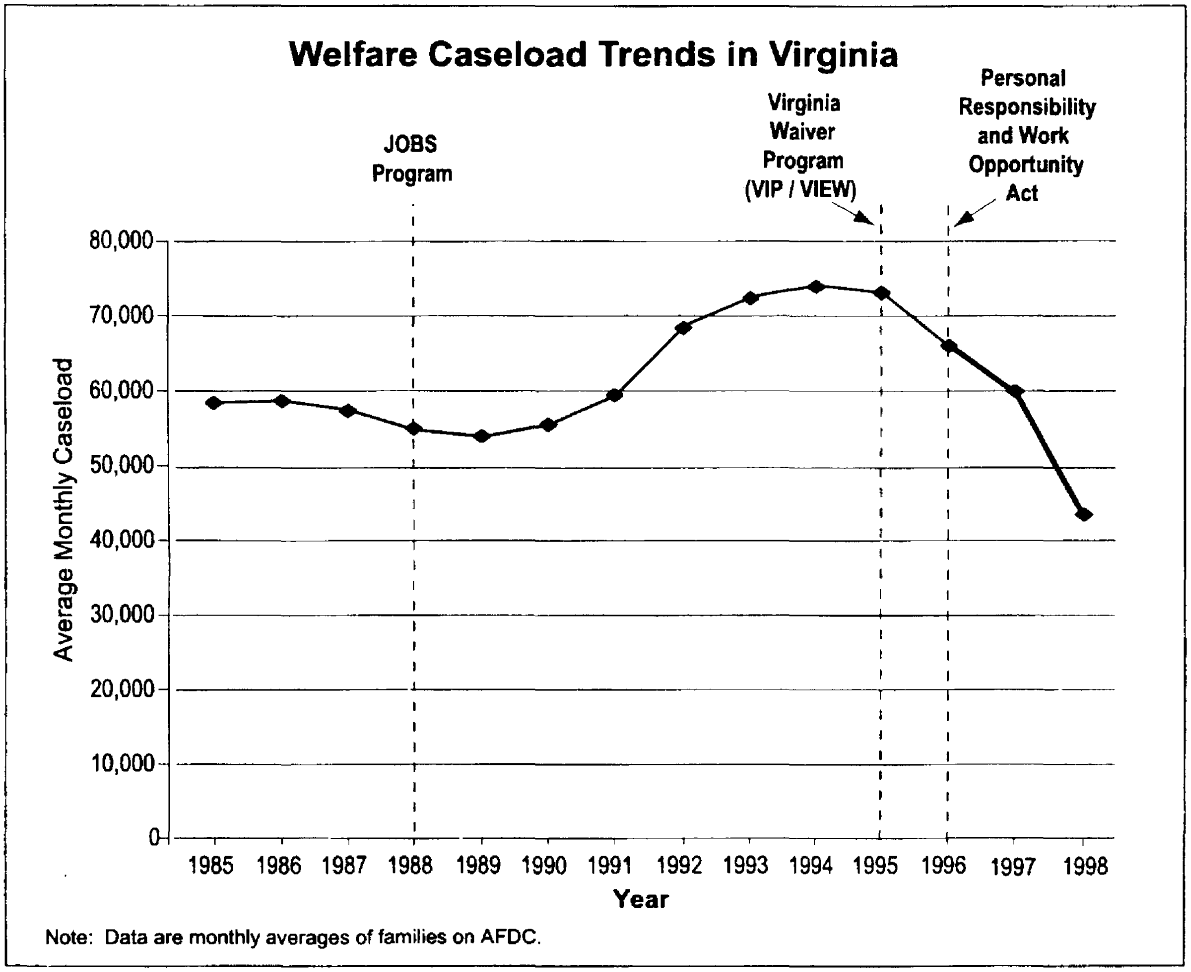
January 1999

Joint Legislative Audit and Review Commission

In 1995, Virginia joined a number of states that were using federal waivers to the rules of the Aid to Families With Dependent Children (AFDC) program to fundamentally change the direction of their welfare systems. The impetus for this policy change was the widespread view that the AFDC program had evolved as a demeaning barrier to self-sufficiency that robbed recipients of their incentive to work. The new course for welfare reform in Virginia was prescribed through three significant legislative provisions: (1) a universal work requirement for all able-bodied recipients; (2) restrictions on the use of long-term job training programs; and (3) strict limits on the amount of time that able-bodied recipients can receive benefits. One year later, the United States Congress passed national legislation — the Personal Responsibility and Work Opportunity Reconciliation Act — which embraced many of the reforms that were already underway in Virginia and other states. Under the Act, the AFDC program was abolished and replaced with a new block grant program referred to as Temporary Assistance For Needy Families (TANF).

Since the legislation authorizing the reforms was passed in Virginia in 1995, there has been a sharp and consistent drop in welfare caseloads (see figure). For example, in 1994, the State's AFDC caseload reached its highest recorded levels with a monthly average of more than 70,000 families receiving cash assistance. By August of 1998, with welfare reform in effect in each of the 122 local welfare offices across the State, the average number of families on assistance was down to less than 43,000 cases.

Because of the unprecedented decline in caseloads subsequent to welfare reform, this trend has often been treated as a litmus test of the success of the new policies. However, because public assistance recipients traditionally leave welfare for numerous reasons, important questions related to the post-program employment and income levels of TANF recipients and their living conditions can not be answered solely by a focus on caseload trends. Accordingly, and in response to emerging questions concerning the status of welfare recipients who are subject to the State's new policies, the 1997 General Assembly directed JLARC to examine the status of welfare reform in Virginia. The study mandate places a particular emphasis on the status of persons who participate in the program, those who ex-



haust their eligibility, as well as those who leave the welfare rolls rather than submit to the requirements of the Virginia Initiative for Employment not Welfare program (VIEW), the work component of Virginia's welfare reform effort. JLARC staff began work to address this study mandate in January 1998, and most of the data were collected in the spring and summer of 1998.

As only three years have passed since the State first implemented the eligibility and work-related policy changes of welfare reform, this review should be considered a status report on the early trends associated with the new program. The State is fully committed to the new program. Therefore, this study was not designed to test the efficacy of the new policies relative to the system which it replaced. However, some of the findings presented here may suggest a few mid-course corrections to the strategies being employed to increase the self-sufficiency of those on public assistance.

The preliminary findings from this review indicate that the general direction that the State has taken with welfare reform has been positive overall. Against the backdrop of a strong economy, local DSS staff have successfully applied the "work-first" philosophy to large segments of the welfare caseload. This approach has resulted in post-program employment rates of 50 percent for those tracked in this study, substantial declines in the rates at which recipients have remained on assistance, and a high degree of satisfaction among welfare recipients with various aspects of Virginia's new welfare reform policies.

However, other findings provide reasons for concern about the capacity of welfare reform to achieve its long-term goal of self-sufficiency for many welfare recipients. Specifically, joblessness remains a problem for a large percentage of welfare recipients who have multiple employment barriers. Despite this, the VIEW employment services they receive are not designed to address their deficiencies and are typically no different from those provided to their counterparts with few such barriers. Furthermore, among those recipients who find work, their earnings are considerably below the level that would disqualify them for continued assistance.

Fewer Exemptions from Work Requirements Provided under VIEW

Welfare-to-work programs such as VIEW have historically provided exemptions from participation requirements to significant segments of the welfare population. These exemptions have typically been designed to allow mothers to continue to receive cash benefits while they remained at home with their pre-school age children. While the VIEW program has retained the exemptions related to the age and disability of the parent, the *Code of Virginia* has tightened the exemptions related to the age of the child.

As a result of these changes, only 27 percent of the TANF population who received a payment in the first 12 months of the program were legally exempt from VIEW's "work-first" participation requirement at their initial assessment for the program. Further, over two-thirds of the initial exemptions (71 percent) granted by eligibility workers were temporary in nature, meaning that this group will soon be exposed to State work requirements should they remain on assistance.

Local Offices Generally Have Met VIEW Requirements for Assessing and Assigning Participants to Program Components

Once welfare recipients have been referred to the VIEW program for services, local staffs are required to conduct employment assessments of the participants and assign them to various components within specified time periods. The purpose of these requirements is to ensure that all VIEW-mandatory recipients are placed in program components as expeditiously as possible so the transition from welfare to work can begin. Because eligibility for TANF benefits is now limited to 24 months for VIEW participants, the importance of local compliance with the component assignment requirements is magnified.

JLARC staff analysis of this issue revealed that, with some exceptions, staff in most of the localities have generally succeeded in conducting timely assessments of the VIEW population. These assessments were followed by the prompt assignment of participants to job search, producing an overall compliance rate of 95 percent for this requirement.

However, the compliance rate for assigning eligible participants to a work activity following an unsuccessful job search was the lowest, with an average compliance across the localities reviewed of 72 percent. According to the managers at many of the work sites where placements have been made, welfare recipients were placed in jobs that had value to the organization and imparted some of the skills recipients need to compete for unsubsidized employment. Therefore, improvements in the assignment rate may prove beneficial to VIEW participants.

Significant Caseload Declines and No Service Specialization Characterize the Movement of Welfare Recipients Through VIEW

While program and administrative compliance rates provide a picture of how well localities are implementing VIEW, they cannot be used to track the movement of VIEW participants through the program. However, because of the dynamics of welfare dependency — changes in the rates at which recipients move on and off of assistance — program participation patterns cannot be fully understood unless they are examined over time. As a result, JLARC staff identified the cohort of individuals in the study sample for whom approximately one year of program data was available and tracked their movement through VIEW.

Two significant findings emerged from this analysis. First, one year after they were assessed for VIEW, nearly half of the participants in the program had closed their cases and were no longer receiving program services. About 20 percent of those assessed still had active TANF cases but were not actively participating in VIEW because they were employed. As a result, only one-third of those originally assessed for VIEW were actively assigned to a program component at the end of one year.

Second, due mostly to the limited discretion local staff have when implementing the requirements of VIEW, welfare recipients who have significant employment barriers typically receive the same employment-related services as those who do not. As these services are not designed to address barriers present among these recipients, this population is less equipped to leave welfare and is disproportionately represented among those who remain active on the TANF rolls following their participation in the program.

These findings indicate the shortcoming of a program whose flow patterns are rigidly defined by regulation. While everyone in the program is limited to 24 months of TANF receipt, the current mix of services may not be the most effective approach for all participants to obtain successful employment outcomes.

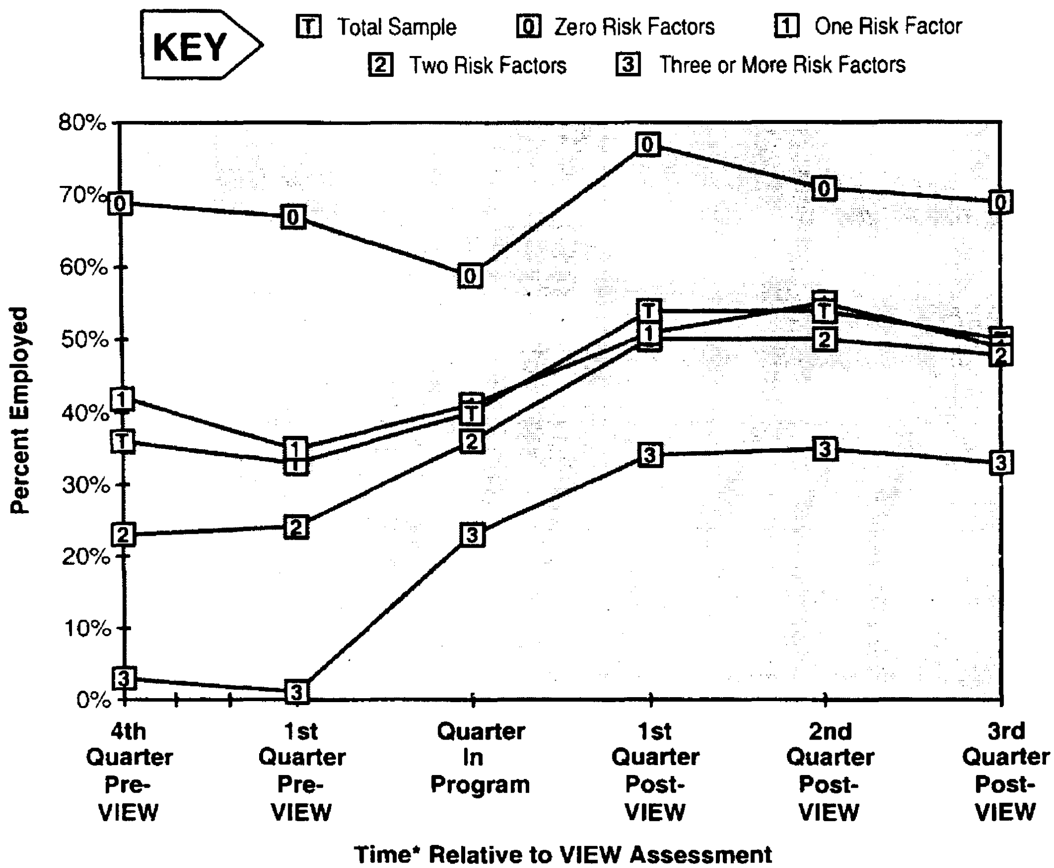
Overall Employment Levels for VIEW-Mandatory Population Reach 50 Percent but Remain Low for Welfare Recipients with Multiple Risks

The goal of the "work-first' philosophy of VIEW is to hasten the movement of welfare recipients from the public assistance rolls and into unsubsidized employment. This strategy has the greatest potential for success when the economy is growing at a sufficient rate to absorb the thousands of welfare recipients who must enter the work force as a condition for the continued receipt of benefits.

The findings from this review reveal high aggregate employment levels and significant declines in welfare participation rates for a cohort of VIEW-mandatory recipients who were subject to the "work-first" requirements of the program. The higher employment levels persisted for the duration of the follow-up period used in this study and were 52 percent higher than the rates observed for the study group in the quarter before they were scheduled to participate in the VIEW program (see figure).

However, the employment rates were substantially lower for those with several barriers to employment. Specifically, nearly seven out of ten of those recipients who were characterized by at least three of the four factors used to define risk for unemployment and continued welfare dependency for this study had no reported wages in the third quarter following their scheduled VIEW assessment. (The four factors used to define risk were: no high school diploma or equivalent certificate; at least four children; on welfare for 70 percent of the time since the birth of the oldest child; and no reported wages in the year prior to VIEW participation). This finding suggests that the "work-first" strategy as currently implemented may not be sufficient to enable hard-to-serve welfare clients to obtain and retain a job.

Pre- to Post-Program Changes in Employment Levels for the VIEW-Mandatory Population Based on Individual Risk Factors



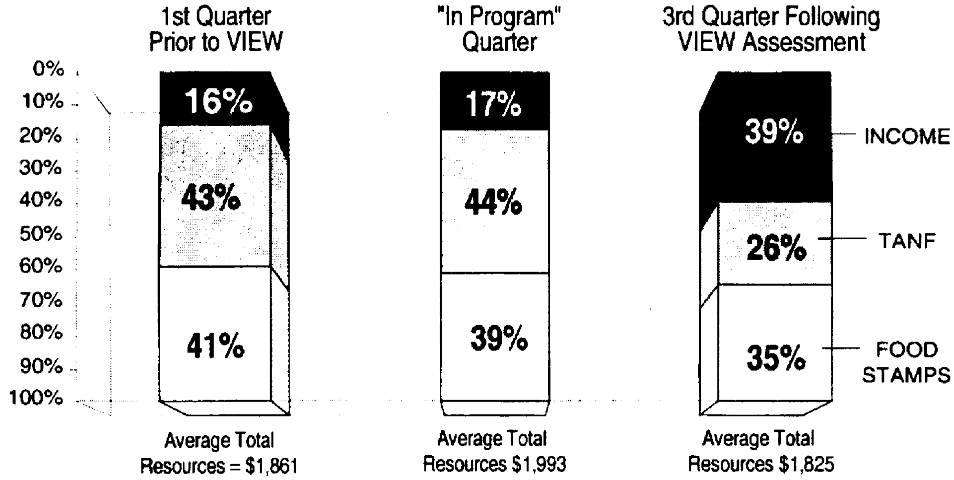
Note: The first time interval on the horizontal axis is for a longer period than the other intervals.

Data on the earnings of those in the study group reveal two distinctly different findings. One positive outcome is that a considerably larger portion of the welfare recipients' "total resources" is accounted for by earned income following their participation in VIEW. For example, earned income contributed an average of 16 percent to the study group's "total resources" in the first quarter prior to VIEW and 39 percent in the third quarter following their VIEW assessment (see figure).

Less positive are the findings that in the last quarter of follow-up, the average quarterly earnings level for those recipients considered high-risk was approximately $602. Further, the average annualized income for all those who were working in 1998 was $6,600. At this level, most of the VIEW participants were not making a wage that was high enough to disqualify them for cash assistance. This means that a significant portion of the welfare caseload declines observed for the study group was likely for reasons not directly related to participant earnings such as change in family status, or non-compliance with eligibility guidelines.

This problem of low earnings was also observed among those TANF recipients who exhausted their eligibility for benefits. The post-program employment rates for these recipients during the 24 months they were

Pre- to Post-Program Changes in the Composition of Total Resources for VIEW-Mandatory Recipients



on welfare following their VIEW assessment consistently exceeded 65 percent. However, their associated earnings never averaged more than $1,300 in a given quarter. As a result, rather than leave the public assistance rolls after finding employment, these individuals chose to mix work with welfare until their benefits expired.

Recommendation. *The General Assembly may wish to require the Department of Social Services to develop a comprehensive strategic plan for targeting additional job-specific education and skills training services to hard-to-serve VIEW participants who complete the job search program and six months of community work experience without having found employment. This plan should include: a profile of the hard-to-serve clients who would qualify for the assistance; a list of the type of education, job training, and support services that will be provided; and specific amendments to the VIEW regulations and policy manual for this program. These amendments should describe the target population, the assessment process, program flow, and allowable program components as is done for the VIEW program. Over time, the efficacy of the services provided needs to be evaluated.*

Most VIEW Participants Appear to Be Making a Favorable Adjustment Under Welfare Reform in Virginia but Longer Follow-Up Is Needed

Although the economic analysis discussed in the previous section provides useful information on the employment and earnings of VIEW participants, details on the experiences of the participants in the labor market cannot be extracted from VEC wage data. Similarly, neither the wage files nor the VIEW program files contain the information needed to shed light on the adjustment welfare recipients are making since being exposed to the new requirements of welfare reform. For a more detailed review of the family status of VIEW-mandatory recipients, JLARC staff analyzed data from a telephone survey administered for this study by the Virginia Commonwealth University Survey Research Laboratory.

The findings from this analysis offer a mixed, yet mostly positive, picture of the post-VIEW circumstances of welfare recipients. Somewhat of concern was the finding that the majority of those who responded to the survey indicated problems with meeting basic expenses, and nearly 30 percent indicated that they "often" run out of food before the end of the month. Also, among those who were employed at the time of the survey, 70 percent have jobs that did not offer health benefits. Further, because they worked for a wage that was only slightly higher than the minimum wage, they were saving an average of just $28 per month.

Despite these problems, the survey respondents appear to be experiencing some stability in their employment and family life. For example, the majority of those surveyed lived in their own home in arrangements they considered permanent. Most important, the day care problems that have often frustrated the attempts of welfare recipients to move into the labor market have not been a major barrier to reform to date. Through family members, day care providers, and special programs, recipients have found day care that they are satisfied with. As a result, no respondents indicated that they had to leave their children home alone in order to work.

Finally, by large majorities, most of those surveyed appear to agree with the basic tenet of welfare reform in Virginia that able-bodied recipients should be expected to work. Additionally, over 65 percent agree that the VIEW program has helped them become independent, while similar margins indicate that their lives are at least somewhat better now than before they entered the VIEW program. A caveat to these findings, however, is that few of the survey respondents have reached the two-year limit, so it is not clear what if any impact this change in status might have on the viewpoint of respondents if tracked over time.

Recommendation. *The General Assembly may wish to consider authorizing JLARC to conduct an annual review of the labor market experiences and welfare participation rates for VIEW-mandatory recipients using the cohort of individuals that were selected for this study. This review should include an analysis of the participant wage files maintained by the Virginia Employment Commission, the welfare benefit files and VIEW program files maintained by the Department of Social Services, and a biennial telephone survey of this cohort.*

State Officials Should Revisit Job Development Plans but Not Initiate New Incentive Programs

With the passage of Virginia's welfare reform legislation in 1995, the General Assembly set out key roles for State officials in coordinating the job development services for VIEW participants. In recognition of the demands that the "employment-first" philosophy places on the need for jobs, the General Assembly hoped to ensure the success of welfare reform by involving key officials in a coordinated statewide job development effort.

Despite the legislative focus on job development, the findings from this study indicate that State officials have not provided the leadership envisioned when these responsibilities were outlined in statute. Due in large part to the success experienced by some VIEW participants in locating jobs during the early phases of the program, State officials have not been pressed to articulate long-term job development policies and strategies for the program. Specifically, there has been insufficient coordination among the cabinet secretaries who guide the development of policies for the relevant agencies that deliver services to VIEW participants. Partially as a consequence, these State agencies have either ignored the issue of job development for VIEW participants or have formulated policies independent of each other.

The absence of sound, coordinated State-level efforts has given rise to various local programs for job development which are both under-utilized and, in some cases, duplicative. These problems and their potential implications must be considered in the light of the low employment levels for the significant number of high-risk welfare recipients. Those outcomes suggest that State and local officials will need to revisit job development policies and programs if the aggregate employment levels for high-risk welfare recipients are to be raised above currently observed rates.

Two primary funding sources for serving this population are available to the Department of Social Services. The first of these sources is the $19 million surplus created by TANF caseload declines. The 1998 General Assembly directed the department to target these resources on the hard-to-serve welfare population. The second funding source is the $16 million federal Welfare-to-Work grants, which have a State match requirement of $8 million. For strategic reasons, the department: notified the General Assembly in June 1998 of its plan to pursue the Welfare-to-Work grant, developed a plan to produce the State match, and plans to submit a funding plan to the 1999 General Assembly for approval. An examination of how funds are used to serve high-risk welfare recipients will be especially important as many of these recipients are approaching their two-year limit on TANF and have not been able to find employment.

In terms of tax incentive programs, most employers in Virginia do not appear to be motivated by such programs to hire welfare clients. Through a JLARC staff survey, employers indicated that incentives cannot replace the need for a work force that is reliable, hard working, and honest. Forty percent responded that these employee characteristics are more important than whether the client is on welfare. Additionally, thirty-two percent of the employers who said they would be motivated by incentives still indicated that employee characteristics would be the main hiring factor.

Given these findings, as a part of future job development activities, the State should re-examine its use of employer-based tax and wage incentives. Although most employers indicated that such incentives would not encourage them to hire welfare recipients, two out of three medium to large employers (with 50 or more employees) responding to the survey expressed an interest in such an incentive program. However, rather than add to the array of existing incentive programs in the Commonwealth, State officials should consider re-designing these existing programs to induce large private employers to hire more VIEW participants. Some of these programs appeared to be hampered by factors such as excessive administrative burdens that have limited their usefulness.

Recommendation. *The General Assembly may wish to require that the Secretary of Health and Human Resources, with the assistance of the Secretary of Commerce and Trade, report on the progress of the required annual plan for coordinating and integrating all appropriate job development services to the House Committee of Health, Welfare and Institutions and the Senate Committee on Rehabilitation and Social Services. This plan should outline a clear expectation of the roles of each agency within the respective Secretariats and performance measures to ensure the expected outcomes have been achieved.*

Recommendation. *The General Assembly may wish to amend Section 63.1-133.44 of the* Code of Virginia *to clarify the role of the Advisory Commission on Welfare Reform. Based on the findings from this review, the General Assembly may wish to require that the Advisory Commission report to the Governor periodically on plans, strategies, and progress of the State and localities in raising employment levels for the high-risk recipients and in enabling welfare recipients to obtain higher paying jobs. The Commission could also be charged with making any recommendations necessary for the Governor's consideration as to new ap-*

proaches for achieving the employment objectives of welfare reform.

Recommendation. *The Department of Social Services should issue a memorandum to all local social service directors and JTPA service area delivery directors clarifying the policy of subsidized employment and the earned income disregard policy.*

Recommendation. *The General Assembly may wish to amend Section 63.1-133.45 of the* Code of Virginia *to require that the Department of Social Services, the Governor's Employment and Training Department, the Virginia Employment Commission, and the Department of Business Assistance prepare and maintain formal memoranda of understanding to coordinate job development services. These documents should address strategies to facilitate client entry into the workforce, by creating a single point of entry for workforce services, and by assisting workers in overcoming barriers they face in successfully competing for jobs.*

Recommendation. *The Department of Social Services needs to provide strong leadership in the coordination, development, and monitoring of job development services for welfare clients. This leadership should include the availability of adequate staff to provide technical assistance, training, and monitoring in the areas of VIEW policy and job development, including the provision of pre-employment and supportive services.*

Recommendation. *The Department of Social Services and the Governor's Employment and Training Department should develop a comprehensive strategic plan to ensure that TANF funds, JTPA funds, and Welfare to Work funds are utilized in the most cost effective manner to ensure positive outcomes for hard-to-employ clients. This plan should delineate when the use of TANF funds, JTPA funds, or Welfare-to-Work funds are appropriate. In addition, this plan should include mechanisms to resolve any issues of coordination that are found at the local level. The Department of Social Services should present this plan to the House Appropriations and Senate Finance Committees by January 31 of the 1999 General Assembly.*

Recommendation. *The Department of Social Services should reevaluate the Full Employment Program in order to streamline the administration, eliminate the financial penalty regarding earned income disregards, and increase its usefulness as a wage subsidy program for long-term welfare clients.*

Recommendation. *The General Assembly may wish to consider re-targeting the new Virginia tax credit for hiring welfare recipients to include medium and large employers, and limit this credit to the hiring of long-term or hard to serve recipients. In order to simplify the certification process for employers, the General Assembly may wish to direct the Virginia Employment Commission and the Virginia Department of Taxation to work together to determine if the federal certification procedures can also serve as the certification process for the Virginia Tax Credit. In addition, the General Assembly may wish to direct the Virginia Employment Commission, rather than the Virginia Department of Taxation, to certify employers for the Virginia Tax Credit.*

Recommendation. *The Virginia Employment Commission and the Department of Business Assistance, with assistance from the Department of Social Services, should develop and implement a plan to ensure that all employers across the State are aware of the various tax and wage incentives that are currently available for hiring the long-term or the hard-to employ welfare client.*

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I. Introduction

In 1996, the United States Congress fundamentally altered key aspects of social welfare policy in this country by passing the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA). This legislation was prompted by mounting criticism of the Aid to Families With Dependent Children program (AFDC) which many believed fostered illegitimacy and long-term dependency by providing able-bodied, poor single mothers with cash support for their children. Drawing on the experiences of various state demonstration projects and initiatives that were put in place through federal waivers in the early 1990s, the legislation made two key changes to the welfare system.

First, in an effort to "end welfare as we know it," the President and the Congress agreed to abolish the AFDC program and impose a five year lifetime limit on the length of time a person could receive cash benefits. This benefit restriction is implemented under a new block grant program referred to as Temporary Assistance for Needy Families (TANF). Now, instead of participating in an open-ended program in which the states are required to match the funds provided by the federal government for as many families that qualify for cash assistance, Virginia and other states receive a capped amount of money to serve needy families.

The second major change under the new law is the imposition of more stringent work requirements with accompanying performance measures and increased flexibility for the states to design a program to meet the new requirements. For example, by fiscal year 2002, at least 50 percent of a state's welfare caseload (excluding individuals that are exempted from the program for reasons such as a disability) must be working or participating in a work-related activity. While states have the discretion to develop whatever range and mix of employment and training services are deemed necessary to ensure that these performance goals are attained, the new federal law emphasizes the use of programs that focus on immediate work for welfare recipients rather than long-term training.

Although these reforms represented a major departure from the welfare laws that had been in effect since 1935, PRWORA did not require significant policy changes in Virginia. In the year prior to the passage of PRWORA, Virginia was one of 37 states that applied for waivers to the rules of the AFDC program so that changes to the welfare system could be tested. With the use of these waivers, State policy makers developed a welfare reform program that was passed into law by the General Assembly in 1995. In that same year, the Department of Social Services began implementing the new program that featured several major changes. Most notably, the legislation imposed tougher work requirements for all welfare recipients who did not qualify for certain legal exemptions and placed specific limits on the length of time that a recipient could receive cash benefits. The work component of Virginia's program was named VIEW, or the "Virginia Initiative for Employment not Welfare."

Proponents of Virginia's reform efforts contend that major changes in AFDC were needed because of the unintended consequences associated with participation in the program. According to these critics, the primary goal of any welfare system should be to adequately assist those who cannot help themselves, while providing the necessary incentives to ensure that recipients remained motivated to contribute to their own support. However, by providing cash assistance to able-bodied recipients without enforceable work requirements, it was believed that the AFDC program in Virginia had evolved as a demeaning barrier to self-sufficiency, which effectively robbed program beneficiaries of their incentive to work. According to those who hold this view, Virginia's new policies rectify this problem by allowing local welfare agencies to limit cash benefits and force certain groups of recipients immediately into the work force so that their "journey to self-sufficiency" can begin.

While embracing the emphasis the reform places on work, critics of the new welfare policy in Virginia express concern about the statutory limits on benefits. Moreover, citing the "work-first" philosophy of Virginia's employment program, many of these individuals question whether recipients of welfare will receive the job skills training they need to enhance their limited or marginal employment skills. Absent these types of interventions, there is the concern that a substantial number of welfare recipients will face sporadic employment in the secondary labor market following their participation in VIEW and eventually reach their time limit on benefits without adequate, legitimate means to support either themselves or their children.

In response to these types of questions, the General Assembly placed language in the 1997 Appropriations Act requiring JLARC to conduct a study of the State's initiative to move welfare recipients from the public assistance rolls and into unsubsidized employment. In particular, JLARC was directed to study the "local effect of the Virginia Independence Program, and the Virginia Initiative For Employment, Not Welfare program," and examine the costs and benefits of providing state-funded financial incentives for employers who hire welfare recipients.

This report presents an analysis of Virginia's welfare program, focusing primarily on the Department of Social Services' implementation of its VIEW program. The remainder of this chapter discusses the evolution of national welfare reform, provides information on recent welfare caseload trends in Virginia, summarizes the changes in the funding structure for welfare programs, and outlines the approach that was used to conduct the study.

THE EVOLUTION OF NATIONAL WELFARE REFORM PROGRAMS

Spurred by a national public concern regarding the appropriateness of the AFDC program, one major policy question has emerged in the social policy arena to shape the nationwide debate about welfare programs: What is the best way to move welfare recipients off of public assistance and into the labor market? Over the last 30 years, the United States Congress has adopted several major welfare reform initiatives in an effort to accomplish this basic goal. Including among these initiatives were job placement and community work experience programs that were later followed by programs designed to provide basic education and job skills training services.

The primary objective of the earliest of these initiatives was to reduce the welfare rolls by moving recipients immediately into the labor market. Often referred to as the "labor market attachment approach," this strategy relies upon the work place as the vehicle through which welfare recipients develop the skills needed to remain gainfully employed. In various forms, and as a condition of continued eligibility for welfare benefits, these initiatives imposed obligations on certain welfare recipients to either find a job or participate in work experience programs.

After some dissatisfaction with the job placement and work experience programs funded from 1971 through the mid 1980s, Congress began to invest more heavily in education and job skills training programs for welfare recipients. These later initiatives were considered human capital development programs as they were based on the view that higher and more stable levels of employment could be realized for welfare recipients if they were provided education and skills training as a precursor to their entry into the labor market.

When these strategies proved ineffective in abating caseloads nationwide, both the President and United States Congress decided to attack the problem in 1996 by changing the rules which governed how and under what conditions cash benefits would be provided. Through the Personal Responsibility and Work Opportunity Reconciliation Act, those provisions of the AFDC program which entitled certain low-income persons to cash assistance were eliminated and the program was reduced to a block grant. Further, states were given greater authority to define the circumstances under which cash assistance would be rendered.

The Work Incentive Program Was the First Attempt at Welfare Reform

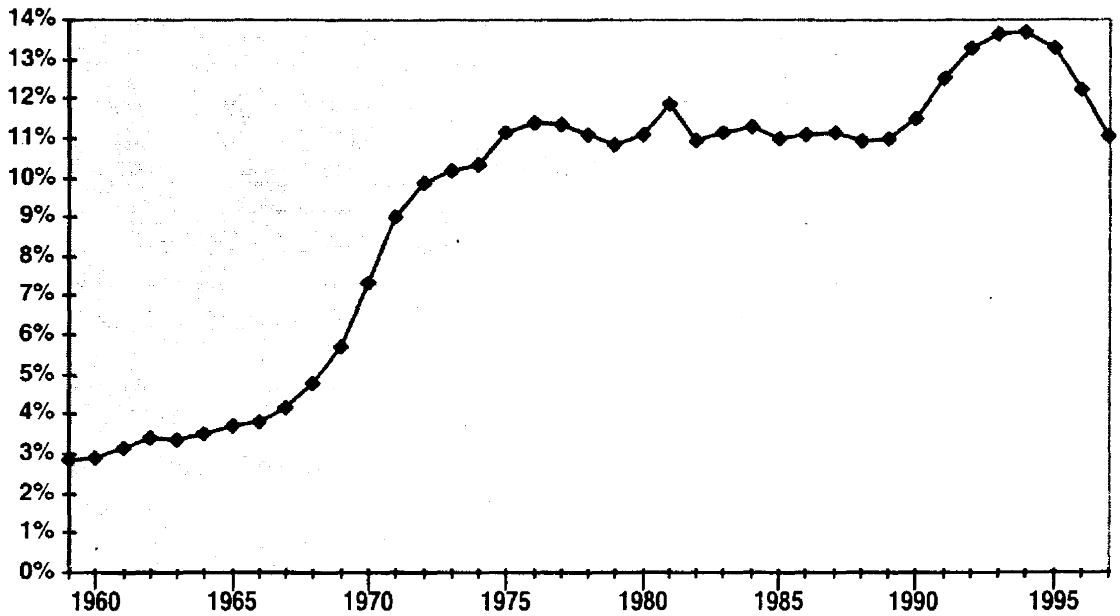
The earliest large scale attempt to more closely link welfare with work came in 1967 when Congress passed the Work Incentive Program (WIN). Initially, WIN was introduced as a discretionary program that embraced long-term education and training as the major weapons to combat welfare dependency. However, when AFDC caseloads continued to rise, Congress decided to mandate the program for all states in 1971, made participation requirements more stringent, and encouraged the use of immediate job placement strategies rather than training.

With the new law, all non-exempt adult recipients had to register with the state employment service, participate in job search activities (sometimes referred to as job clubs) or job training, and accept any available employment opportunities. While states could grant exemptions from these requirements, these exclusions were typically reserved for AFDC recipients with pre-school age children or those with disabilities which prevented them from working. Any non-exempt AFDC recipient who refused to comply with the requirements of the program was subject to a loss of their cash benefits.

Reasons for WIN's Failure. Despite the creation of a mandatory WIN program, the rise in AFDC caseloads that had begun in the early 1960s was not slowed. For example, in the year WIN was passed, almost six percent of all families with children in this country were receiving AFDC. Ten years later, the rate had increased to over 11 percent (Figure 1). Most analysts cite two reasons for WIN's negligible impact on AFDC caseloads. First, only 24 percent of all welfare recipients assessed for WIN were deemed appropriate for the program. This meant that almost eight out of every 10 recipients continued to receive cash assistance without being subject to a work requirement.

Figure 1

Percent of All Families with Children Under 18 Receiving TANF/AFDC (National Data)



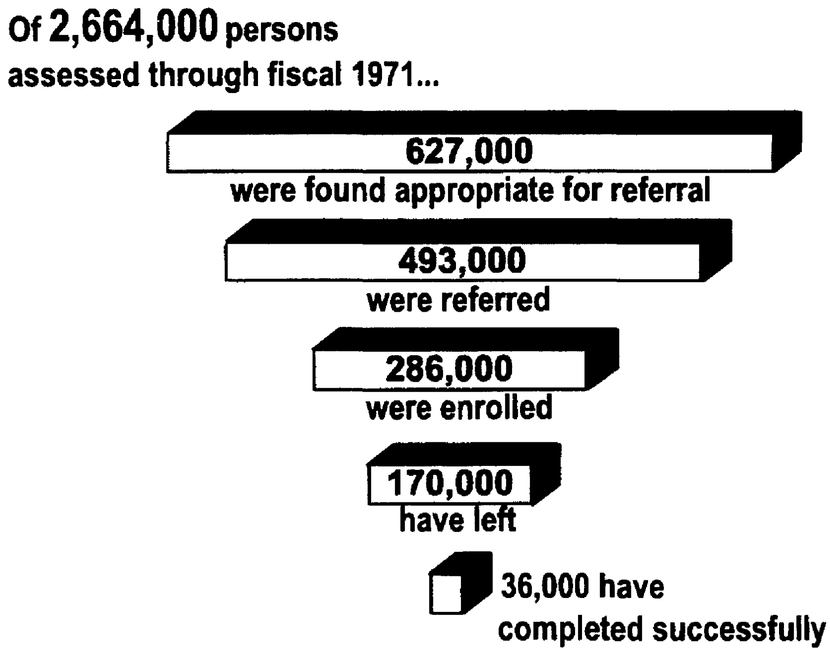
Source: Data maintained by the U.S. Department of Health and Human Services, Administration for Children and Families and *Poverty in the United States: 1996*, U.S. Department of Commerce.

Second, the job search and short-term training requirements imposed by WIN were never adequately funded to ensure that every non-exempt welfare recipient could be placed in a job club or training program. Because of this limited exposure to job placement and training services, WIN was not an effective route to self-sufficiency for most non-exempt recipients. Further, because program slots were not funded for all persons who were considered appropriate for work, local caseworkers were unable to identify and sanction those recipients who were not inclined to participate in the program. Without a real threat of sanctions, the deterrent effect — the decision by some able-bodied persons to walk away from the application process rather than submit to WIN's registration requirements — never fully materialized.

Figure 2 illustrates the problem with the program by summarizing data on all recipients who were assessed for WIN in 1971. As shown, 2.6 million clients were assessed for participation in WIN but only 627,000 were considered non-exempt. Of this group, only 493,000 were actually referred to a job search club or training program. Of those referred, only 286,000 were actually enrolled in one of WIN's program components. Nearly 60 percent of this group (170,000) left the program prior to completing the required activities. Only 31 percent ofthose who remained in WIN (36,000 clients) had completed the program at the time these data were collected.

Figure 2

The WIN Funnel



Source: U.S. Departments of Labor, and Health, Education, and Welfare, as used in *Work and Welfare Go Together*, Levitan, Rein, and Marwick, 1972.

"Workfare" Strategies Replaced WIN in 1981

Because of the failures ofWIN and the continued escalation ofAFDC caseloads and costs, the Congress faced considerable public pressure in the 1980s to reduce the welfare rolls. Responding to this public pressure, Congress passed the 1981 Omnibus Budget Reconciliation Act (OBRA). With OBRA, for the first time, states were allowed to require AFDC recipients to work in public or nonprofit agencies in return for their welfare benefits.

Opponents of "workfare" predicted that most states would use the flexibility in OBRA and impose community work requirements on welfare recipients for as long as they received a grant. With the focus on universal "workfare," these critics argued that a sufficient number of quality jobs would not be generated to speed the transition from welfare to work. As a consequence, welfare recipients would be relegated to meaningless work in community projects as a punishment for being poor.

Proponents of the legislation cited a number of potential benefits of workfare. For example, it was argued that workfare programs would restore the work ethic to welfare recipients that many suggest had been eroded by years of dependency on government assistance. In addition, by forcing clients to serve in community projects, a stronger nexus would be created between welfare and work, thereby restoring the dignity of persons who were living on public assistance. Further, workfare was viewed by its supporters as a way to both improve recipients' basic employability skills and deter those from joining the rolls who had the means to make it without the assistance of the government.

State Workfare Programs Were Modest. In terms of actual implementation, most states chose not to implement work requirements which lasted for the duration of a client's stay on the public assistance. Instead, the most typical response to OBRA was to combine job search programs with modest work requirements. Virginia, which was one of many states that opted to participate in workfare, decided to implement two different program models. In one model, all non-exempt welfare recipients (defined as those recipients who would have faced mandatory participation requirements under the old WIN program) were placed in job search programs. Those who did not find employment within 60 days were then required to participate in 13 weeks of community work programs. With the second model, the 13 weeks of community work experience were combined with education and job training. As long as the welfare recipients fulfilled these requirements they faced no sanctions. If after completing the program the clients were unable to find work, they continued to receive welfare benefits.

In an attempt to assess the efficacy of the various approaches in moving welfare recipients off of public assistance and into employment, the Manpower Demonstration Research Corporation conducted evaluations of these programs in 11 states (including Virginia). The primary finding of these evaluations was that the welfare to work programs were successful in moving the welfare recipients in the direction intended. That is, they increased employment levels among recipients and reduced both welfare participation rates and AFDC payment levels. However, the one important caveat to these findings was that the magnitude of the observed effects was, without exception, quite small. For example, in Virginia, employment levels among welfare recipients that participated in the State's job-search, work experience, education, and training programs were only three percentage points higher than the levels for those who received no services. Not surprisingly, both nationwide and in Virginia, the percent of families on welfare during this time period remained relatively constant.

The 1988 Family Support Act Established to Enhance Training

Dismayed with the progress of welfare reform, the United States Congress revisited this issue in 1988 and passed the Family Support Act which established the Job Opportunities and Basic Skills (JOBs) program. The general goal of JOBs was to reduce welfare dependency by mandating education and job training services for all non-exempt welfare recipients. However, the emphasis on human capital development through the provision of education and training services marked a significant shift from the immediate job search strategies that had dominated welfare reform policy for more than 25 years.

With JOBs, each state faced requirements to enroll a portion of their caseloads in the program based on a standard that was automatically increased in each of the first three years of the program. To meet this participation requirement, the program was mandated for all adults with children who were at least three years of age. (Under WIN, exemptions had been granted to females with children who were less than six years of age). For families in which both parents were present, one adult was required to work 16 hours per week in a community work program. In addition, to help ease the transition from welfare for those who found employment, the legislation allowed recipients to retain their eligibility for both child care and Medicaid for the first 12 months after they left the welfare rolls. Finally, to encourage creative solutions to the problem of welfare dependency, states were allowed to request waivers to existing AFDC rules to operate demonstration or pilot projects.

Gross Impact of JOBs Was Modest. The evidence available from JOBs suggests that while the program fared better than WIN in terms of registering a larger portion of welfare recipients for work and training activities, states did not substantially improve upon their performance under OBRA (Table 1). Nationwide, 43 percent of the AFDC caseload was registered under JOBs. This, as shown, is only slightly higher than the 40 percent achieved under OBRA. In Virginia, the rates were 36 and 32 percent respectively.

Once recipients were registered in JOBs, Virginia and other states were much less successful in actually enrolling them in a work activity. Specifically, only 16 percent of all mandatory JOBs clients in Virginia were enrolled in either job search, training, education, or a work experience program. Nationally, the figure was 15 percent. While the reasons for the low participation rate in JOBs were never systematically studied, anecdotal evidence suggests that an insufficient number of subsidized employment slots, a lack of funds for daycare, and limited resources for the staff needed to implement the work requirements were key factors.

For example, JOBs legislation allowed local welfare agencies to target services to those persons who were long-term welfare recipients if a locality did not have

Table 1

Percent of Adult AFDC Recipients Who Were Mandatory Registrants

	Registered Under WIN FY 1971	Registered Under OBRA FY 1987	Registered Under JOBS FY 1992	Enrolled in Work Activity Under JOBs FY 1992
Virginia	n/a	32	36	16
U.S. Total	*24	40	43	15

Source: *Lessons for Welfare Reform*, O'Neill, 1997.
**Work and Welfare*, Levitan, 1974.

sufficient resources to serve its entire non-exempt population. Those recipients who did not have a history of dependency were placed on a waiting list and only called if resources permitted. In Virginia, these waiting lists included some long-term welfare recipients because localities did not have sufficient resources to serve the entire target population. Because those welfare recipients on the waiting list were not exposed to the work and training requirements of the program, the JOBs model was never fully applied to the eligible population of welfare recipients. The effect of this can be seen in the pre- and post-JOBs employment outcomes for women on AFDC. As Table 2 clearly reveals, female recipients were no better off in terms of employment following the implementation of JOBs than they were prior to the establishment of this initiative.

Table 2

Percent of Female AFDC Recipients Who Were Employed (either Part- or Full-Time) Prior to and Following the Implementation of JOBs

	Employment Rate Prior to JOBs June 1987	Employment Rate Following JOBs June 1991
Virginia	7.6	4.8
U.S. Total	5.8	6.4

Source: *Lessons for Welfare Reform*, O'Neill, 1997.

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 Fundamentally Changes Social Welfare Policy

By the early 1990s, AFDC caseload growth, which was relatively flat during the mid and late 1980s, began to sharply increase. Moreover, policymakers had come to view JOBs as another failed attempt to reform a welfare system that was still in need of a serious overhaul. Given this environment, the Department of Health and Human Services began granting waivers to states in 1995 allowing them to test various strategies for reducing welfare dependency. Virginia applied for and received more than 80 waivers from the existing rules of the AFDC program. Virginia used its waivers to, among other things, establish a welfare to work program with mandatory participation requirements for certain recipients of cash assistance. Additionally, the State imposed a two-year limit on the welfare benefits for those recipients who were still on public assistance following the completion of mandatory job-related activities.

One year later, the United States Congress passed PRWORA, substantially changing the nation's welfare system that had been in place for more than 60 years. The 900-page document touched on many aspects of the social welfare system, but the most fundamental change involved the AFDC program. Under PRWORA, the federal entitlement to cash assistance through AFDC was eliminated and replaced with TANF block grant program. A total of $16.4 billion for the block grant was generated by consolidating AFDC, JOBs, and the Emergency Assistance Program. With TANF, no family or child is entitled to assistance. However, to receive its TANF allocation each year, the states' previous years expenditures for welfare must have equaled 80 percent of the funds used in fiscal year 1994 for the programs that TANF replaced. Still, this leaves the states free to determine the circumstances under which cash assistance will be provided.

TANF Work Requirements. While there are too many provisions of the new law to outline in this report, there are three major work-related requirements. First, adults who receive assistance through the block grant are required to find employment or face the loss of assistance. For those who are not able to find a job after two consecutive months of public assistance, federal law allows State to mandate community service work. However, this mandate can only be applied if recipients are able to obtain child care services.

Federal Performance Standards. The impetus for states to develop quality welfare to work programs can be found in the provisions of the new law which establish performance standards. Each state is required to enroll increasingly larger proportions of their welfare caseloads in work activities. Specifically, the participation requirements began at 25 percent in 1997 and increase by five percentage points a year until reaching 50 percent in the year 2002. In calculating their participation rates, states are allowed to exclude recipients under sanction, and the parents of children who are less than one year of age.

Two financial penalties are imposed for states that are unsuccessful in meeting the federal standards. The first is a five percent reduction in the state's TANF block grant. In Virginia, this would represent more than $7.9 million dollars. The second is a five percentage point increase in the amount of money the state would have to contribute as its share of the match.

To ensure that the work activities are used to expedite the movement of recipients into the labor market, the law defined 12 different employment-focused work activities. Included among these are the following:

- unsubsidized employment;
- subsidized public and private employment;
- work experience or community work programs;
- on-the-job training; and
- job search or job readiness training for six to 12 weeks.

The law does have provisions for vocational and skills training but these services must be provided under certain conditions and have a limited duration. For example, vocational training can be provided for up to 12 months. Jobs skills training programs can be provided as long as such training is directly related to employment. Moreover, the law allows the use of education services as long as they are targeted to high school dropouts.

Federal Benefit Limits. In a direct attempt to combat chronic dependency, the law places strict limits on the amount of time a person can receive benefits. Now, TANF funds can not be used to assist families and individuals who receive assistance for longer than 60 months. States can establish exceptions to this prohibition for up to 20 percent of their caseloads. Additionally, cash support for minor parents is prohibited unless they are attending school and living at home or in an adult-supervised living arrangement. Also, if a grant recipient fails to comply with child-support requirements, such as refusing to identify the paternal father, TANF payments can be reduced or eliminated. When it is considered that the entitlement nature of the welfare system has been gradually expanded since the program's creation in 1935, the decision by the President and the Congress to sharply roll back these entitlements constitutes the most far reaching welfare reform in the history of the program.

VIRGINIA'S WELFARE REFORM PROGRAM

Virginia's new welfare system was passed into law by in 1995. One aspect of the new law, referred to as the Virginia Independence Program, contained provisions that focused on changes to the State's welfare eligibility policies. Many of the changes were designed to alter the circumstances under which teenage mothers would be eligible for cash benefits. Others were crafted to use cash benefits as a vehicle to pursue other objectives such as child immunization and reducing truancy.

Notwithstanding some of the eligibility changes, the cornerstone of the new law is undoubtedly the work-related policy changes to welfare that were proposed through the "Virginia Initiative for Employment Not Welfare" program. Known as VIEW, this program gives recipients 90 days to find work (with the assistance of local welfare agencies) before facing an obligation to participate in community work programs. Most notably, once a recipient has received assistance for 24 months, all cash benefits are terminated for a minimum period of two years. Although these provisions will apply only to non-exempt recipients, caseload data indicate that nearly eight of every ten adult welfare recipients in the State are subject to the new law. Considered "tough and principled" reforms, the primary goal of VIEW is to provide welfare recipients with the opportunity and incentive they need to move off of public assistance.

Virginia's Welfare Program Restructured with Strict Limits on Benefits

While the United States Congress was debating the future direction of the country's welfare system in 1995, State officials in Virginia applied for and received a series of federal waivers to the strict rules of the AFDC program. These waivers, which were made possible by the Family Support Act of 1988, were used by State officials to establish the framework of Virginia's new welfare system, which has since been renamed the Virginia Independence Program (VIP).

In pursuing these waivers, State officials sought to create a welfare system that addressed five basic goals. Later codified in Section 63.1-133.41 of the *Code of Virginia*, these goals are as follows:

1. Offer Virginians living in poverty the opportunity to achieve economic independence by removing barriers and disincentives to work and providing positive incentives to work.

2. Provide Virginia families living in poverty with the opportunities and work skills necessary for self-sufficiency.

3. Allow Virginia families living in poverty to contribute materially to their own self-sufficiency.

4. Set out responsibilities of and expectations for recipients of public assistance and the government.

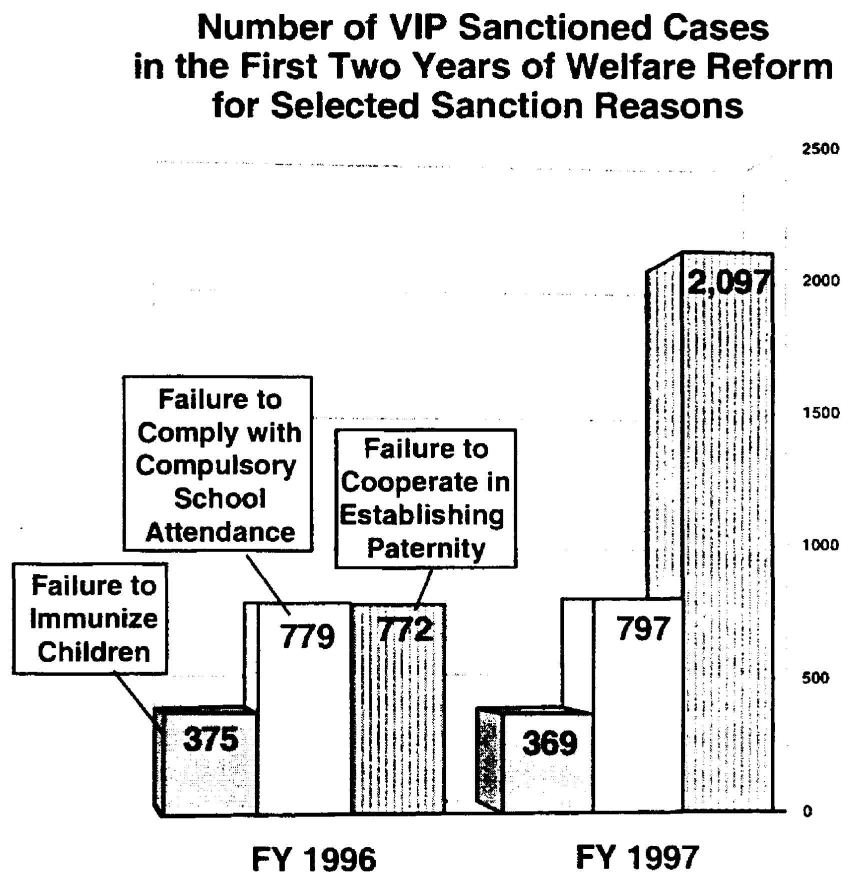
5. Provide Virginia families living in poverty with the opportunity to obtain work experience through the Virginia Initiative for Employment not Welfare.

Eligibility Changes. In an effort to alter the conditions under which some recipients receive cash assistance, a number of changes were made to AFDC eligibility. Through VIP, the Department of Social Services can now close a case in which the recipient fails to disclose paternity information. In addition, welfare benefits are capped for TANF recipients who have been on welfare for ten consecutive months since the initial date of welfare reform, and are on welfare at the time that they have additional children. This was put in place to address the concern that the AFDC payment structure, which provided additional benefits to women who have more than one child, was encouraging out-of-wedlock births among young, poor women who receive cash assistance.

Some of the other changes included requiring parents to have their children immunized in order to receive the full amount of their cash grant. In addition benefits were linked to school attendance in order to discourage truancy. Also, in order to discourage the household formation among young unwed adolescents, teenage parents who are the heads of their own households are prohibited from receiving cash assistance under the new VIP eligibility guidelines. Figure 3 indicates the number of TANF cases in which the various VIP-related sanctions were applied in the first two years of welfare reform. According to DSS staff, the value of these policies is their potential for deterring behavior that would have occurred in the absence of the policies and not in the number of sanctions they produce.

Use of Diversionary Assistance. As a part of its waiver program, Virginia can provide diversionary cash assistance to potential TANF recipients. The goal of this program is to divert certain families from ongoing TANF assistance through a one time payment. The maximum possible payment is a lump-sum of the TANF payments the applicant would otherwise receive for a period of 120 days. This program is targeted

Figure 3



Source: Department of Social Services, *Making Welfare Work: Virginia's Transformation from Dependency to Opportunity*, House Document No. 22, Commonweatlh of Virginia, 1998.

toward families facing one-time, temporary financial emergencies that have caused a need for public assistance. For example, a person who is on unpaid leave due to sickness but will return to the job shortly could be a candidate for the program. If a client agrees to participate in this program, they waive TANF eligibility for a period up to 160 days and they may only receive diversionary assistance one time in a five year period as well.

Since its inception at the beginning of fiscal year 1996, the program has been minimally used. For example, from the period July 1, 1995 to July 1, 1998, in the subset of localities that were selected for this study, diversionary cash assistance was provided 455 times (Table 3). Compared to the number of TANF applications approved in the subset of localities during this period, the program has had limited use thus far in diverting applicants from on-going public assistance.

Table 3

Use of Diversionary Cash Assistance in the Sample Localities

Locality	Number of Cases	Total Cash Assistance Granted	Average Granted Per Case
Alexandria	19	$22,343	$1,176
Amherst	3	$3,180	$1,060
Bath	1	$965	$965
Buchanan	0	$0	$0
Charles City	1	$1,200	$1,200
Chesapeake	5	$3,293	$659
Charlottesville	182	$209,597	$1,152
Dinwiddie	1	$828	$828
Fairfax	51	$57,294	$1,123
Fauquier	22	$18,252	$830
Grayson	0	$0	$0
Hopewell	67	$56,723	$847
Lunenburg	5	$4,803	$961
Norfolk	4	$2,419	$605
Nottoway	14	$11,790	$842
Page	12	$9,558	$797
Pulaski	7	$4,242	$606
Richmond	20	$14,124	$706
Smyth	0	$0	$0
Spotsylvania	20	$18,828	$941
Waynesboro	21	$17,971	$856
Total	**455**	**$457,408**	**$1,005**

Source: The Department of Social Services.

Model for Employment and Work Program. Clearly, however, the centerpiece of Virginia's reform efforts is the work-related policy changes authorized as a part of VIEW. Reminiscent of some of the program models that were established under OBRA's workfare legislation, the VIEW program places an emphasis on immediate employment or work experience for welfare recipients. Outlined in Section 63.1-133.49 of the *Code of Virginia,* the statute requires the Department of Social Services to "endeavor to develop placements for VIEW participants" that will result in independent employment. The importance placed on finding immediate employment is revealed in the sequencing of activities for VIEW. According to statute, the Department shall work to place all able-bodied recipients into a job within 90 days following their registration in VIEW.

While priority is given to locating an unsubsidized job placement, recipients can be placed in subsidized job slots. In such cases, the subsidy used to pay the wages of the recipient will be generated by a wage fund administered by the department and created from the combined value of the recipient's cash grant and food stamps. Those recipients, who cannot be placed in an unsubsidized or subsidized job within 90 days, are required to participate in a six-month community work experience placement. The number of hours they are required to work each week is based on the total cash value of their TANF and food stamp benefits divided by the minimum wage. Recipients can work up to 32 hours a week and can substitute eight hours of employment-related education for the work experience. However, additional education and job training services will only be made available to participants who remain unemployed after completing the six-month work requirement. Even then, these services will be provided as a supplement to continued participation in a work program.

Unlike previous welfare reform initiatives, if a non-exempt welfare recipient elects not to participate in VIEW, local welfare departments are authorized to sanction TANF recipients up to the full amount of their cash grant and, in some cases, their food stamps as well. Previous welfare reform programs allowed for reductions based only on the needs of the custodial parent. This meant that recipients who did not comply still received a monthly check, the amount of which was based on the needs of the children who were on the case.

VIEW Exemptions. For a number of reasons, the General Assembly has granted exemptions from the requirements of VIEW to ten different categories of individuals. Some of the more notable exemptions are as follows:

- parents or caretakers of a child under 18 months of age who personally provide care for the child;

- youths who are under the age of sixteen;

- individuals with medical conditions that prevent them from working or participating in training;

- persons who are 60 years of age or older;
- individuals who are the sole caregivers for someone who is disabled; and
- females who are in at least their fourth month of pregnancy.

Whereas previous welfare-to-work programs in Virginia exempted parents of pre-school age children, the 1995 legislation does not exempt parents who care for children above the age of 18 months. However, the only members of this group who can be sanctioned for refusing to participate in VIEW are those with no demonstrated child care problems. Local welfare offices do have the option of paying for child care services and then requiring the recipients to participate in VIEW.

Benefit Time Limits. Perhaps the most debated aspect of Virginia's welfare reform program is the two-year limit placed on the continuous receipt of benefits. During the early 1980s, research conducted by Mary Jo Bane and David Ellwood revealed that welfare is indeed a transitional assistance program for most recipients. However, those who stayed on for two consecutive years were more likely to remain on for substantially longer time periods. While it is not clear that this prior research led to Virginia's time frame decision, Virginia's welfare reform legislation does limit the amount of time any non-exempt TANF recipient can receive benefits to 24 months. The time limit is designed to reduce the fiscal burden that this population imposes on the system and to force them to become self-sufficient before they experience a long stay on public assistance. Once this two-year limit is reached, the recipient cannot receive any welfare benefits for two consecutive years.

To mitigate the impact of this provision, the General Assembly allows the State Board of Social Services to define "hardship exemption cases." The Board is required to develop regulations which recognize the hardships created by a protracted and unsuccessful job search, the loss of employment not based on performance, and cases where the continued receipt of benefits is needed by a client to complete a job training program.

WELFARE CASELOAD TRENDS AND FUNDING CHANGES IN VIRGINIA

During the period from 1990 to 1994, Virginia, like many other states, witnessed sharp increases in the number of families on AFDC. When the caseload growth reached its highest point in the Commonwealth during 1993, there was a monthly average of 70,000 families on welfare. However, by June of 1998, three years following the initial implementation of welfare reform in Virginia, caseloads in the State have dropped to an average of less than 43,000 per month.

During this period of declining caseloads, the Congress changed the funding formula for welfare by fixing the federal contribution for each state at the levels which existed in 1994. Therefore, when Virginia's caseloads declined in subsequent years, the Commonwealth experienced a surplus in funding for welfare recipients. Further, if this downward trend in caseloads continue, State officials project that the TANF federal surplus will exceed $50 million by FY 2000.

The surplus in welfare funds has put Virginia in the unexpected position of being able to take money that initially was appropriated for benefit payments and use it for other purposes. Because the State's caseload declines have occurred during a time of economic prosperity, questions persist concerning the actual and lasting effect of Virginia's reform efforts. Moreover, there is a paucity of available data on the economic and family circumstances of those who are leaving the welfare rolls. Should the economy falter, there is the potential that many who have left the public assistance rolls could return and increase the burden on the State's block grant program.

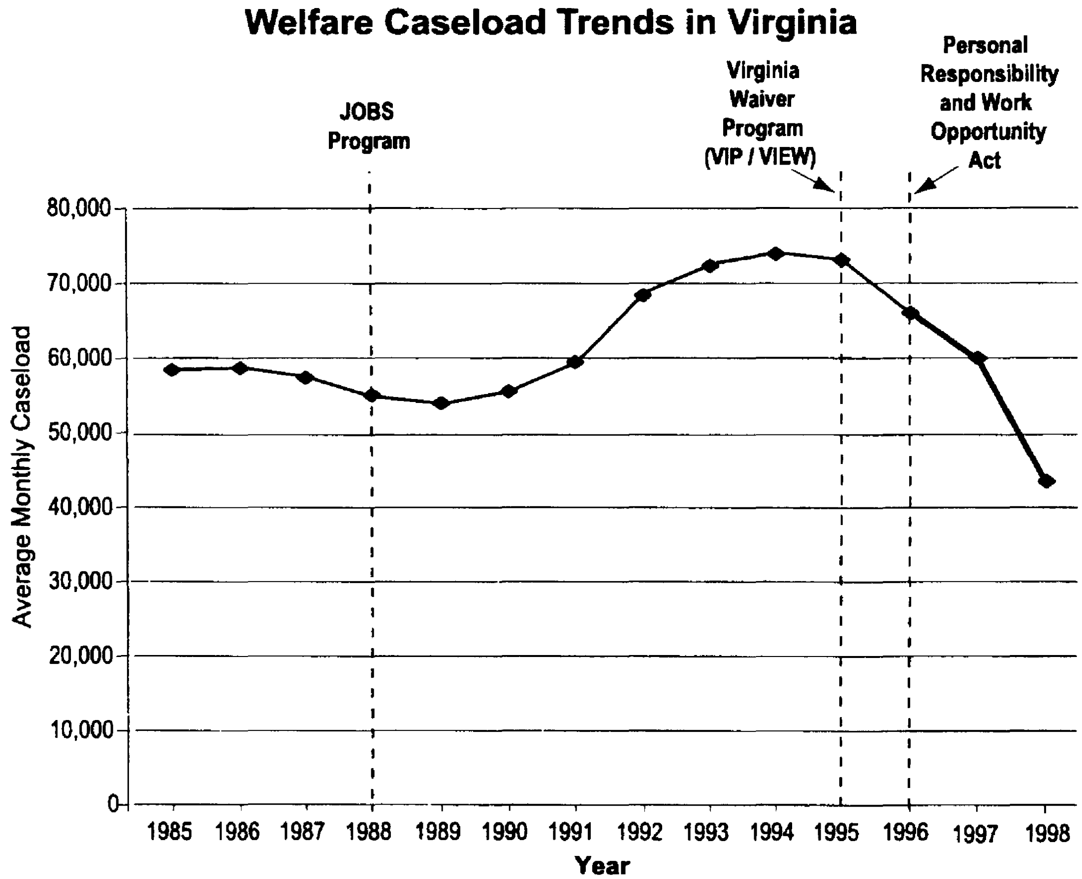
Declining Caseloads in Virginia and Change in Federal Funding Formula for Welfare Creates Surplus in the Commonwealth

One of the most significant developments in Virginia's welfare system has been the recent and sharp decline in the number of people receiving public assistance. As Figure 4 illustrates, three years before the Congress passed the Family Support Act in 1988, a monthly average of nearly 60,000 families received cash benefits in Virginia from the AFDC program. Soon after the passage of the Family Support Act and the subsequent implementation of JOBs, caseloads in Virginia began a consistent upward increase that started in 1990. For example, in the year that JOBs was implemented, the average monthly caseload in Virginia was just under 55,000 families. By 1992, this figure had increased to over 68,000 – an increase of 24 percent. Two years later the caseload increases reached their highest levels, averaging more than 73,000 families a month in 1994.

However, in 1995 — the year that Virginia began the phase-in of its welfare reform program in five localities — the trend in AFDC caseloads changed. Specifically, caseloads dropped ten percent, from 73,000 in 1995 to slightly more than 66,000 in 1996. By August of 1998, with welfare reform in effect in each of the 122 local welfare offices across the State, the average number of families on assistance was down to less than 43,000 cases.

Welfare Surplus Created. One effect of the caseload decline in Virginia has been the creation of a surplus of funds for the State's TANF program. As noted earlier, before the Congress passed national welfare reform legislation in 1995, the federal government reimbursed states for up to 50 to 80 percent of their welfare cost, depending on the states' per capita income ranking. Virginia's match rate was approximately 50 percent, which meant that the federal government matched one half of the State's expenditure on welfare benefits. Further, because AFDC was an entitlement program, funding was tied to changes in the number of eligible beneficiaries or payment levels that each state experienced. Therefore, if there was an increase in beneficiaries or payment amounts, the federal government was obligated to pay its share.

Figure 4



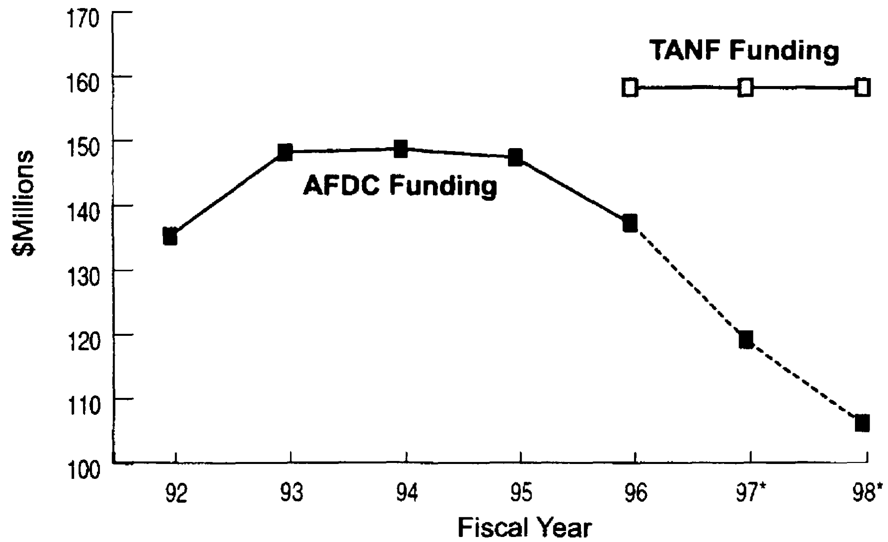
Note: Data are monthly averages of families on AFDC.
Source: Caseload data provided by the Department of Social Services.

With the passage of PRWORA, Congress consolidated the AFDC, JOBS, and Emergency Assistance programs into the TANF block grant. The amount of the TANF block grant that each state received is based on total federal spending that the state received for AFDC, JOBs, and the Emergency Assistance programs in federal fiscal year 1994. This amount was appropriated in FY 1996 and fixed for a five-year period.

As the funding level for TANF was set at a time when caseloads were high, Virginia and other states now receive more federal welfare dollars than they would have received for the AFDC program given the recent decline in caseloads (Figure 5). For example, Virginia's TANF block grant amount is $158.2 million in each of the five years, beginning with October 1, 1996. By comparison, in 1997, the State would have received less than $120 million dollars under the AFDC program. The surplus for Virginia in federal dollars alone was $39.2 million in FY 1997 and $52.2 million in fiscal year 1998. If the current trend in caseloads continues, by FY 2000, the total federal savings could exceed $50 million.

Figure 5

AFDC *versus* TANF Reimbursement
for TANF Activities (Benefits, JOBS/VIEW, and Administration)



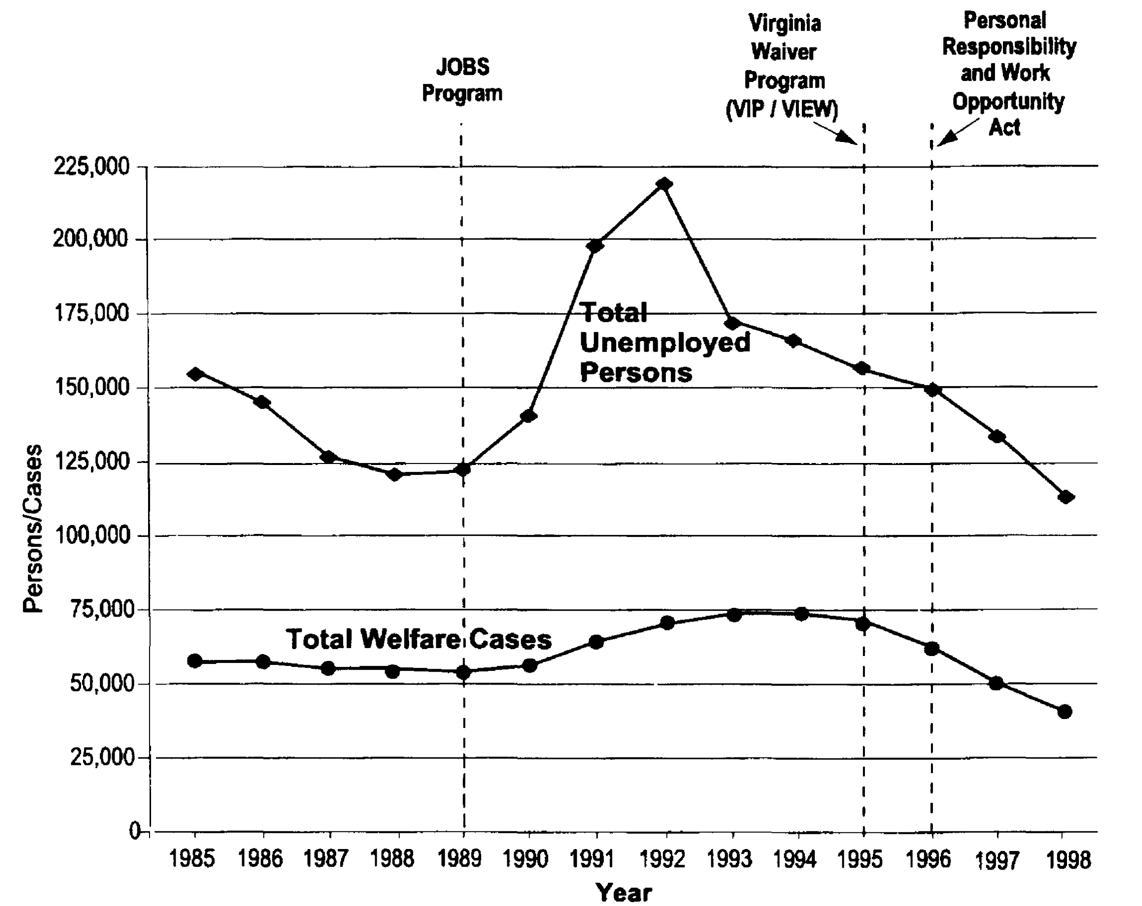
* AFDC Funds for fiscal years 1997 and 1998 estimated at 50% of total expenditures.
Source: Data provided by the Department of Social Services.

One issue that State officials now face is how the surplus should be used. The answer to this question will likely turn on the outcome of Virginia's welfare reform program. Notwithstanding the caseload trends, there are important questions about welfare reform in Virginia that can not be addressed through a cursory review of caseload data. In the last 15 years, caseload changes in Virginia have tended to coincide with fluctuations in the economy irrespective of the type of employment programs that were in effect for welfare recipients. In other words, as the numbers of unemployed persons in the Commonwealth have increased, welfare caseloads have gone up. Conversely, as unemployment levels have decreased, welfare caseloads have dropped as well (Figure 6).

While some of the recent declines in the State's caseloads are undoubtedly due to policy changes enacted through the current welfare reform program, a portion of the decline may be a function of the economic growth the State has experienced. This raises the possibility that a significant number of former TANF recipients could return to the welfare rolls should the economy falter. Whether a former recipient is at-risk of needing public assistance in the future will be related to their family circumstances and the progress they have made in the labor market since leaving welfare. These are some of issues that will be addressed in JLARC's study of Virginia's welfare reform program.

Figure 6

Virginia Trends in the Total Number of Unemployed Persons and the Number of Welfare Cases



Note: Data are monthly averages of families on AFDC.
Source: Welfare caseload data provided by the Department of Social Services; data on the number of unemployed persons in Virgina provided by the Virginia Employment Commission.

JLARC REVIEW

JLARC's review of welfare reform in Virginia stems from a two-part study mandate from the General Assembly contained in the Appropriation Act. The first part of the mandate — Item 14 L of the 1997 Appropriation Act — requires a review of the State's welfare reform program. While the mandate directs JLARC to study the local effect of the both VIP and VIEW programs, the General Assembly placed a particular emphasis on the Commonwealth's employment program for welfare recipients. Specifically, JLARC was directed to determine: "(1) the status of a sample of families leaving the [VIEW] program; (2) the status and advancement of families leaving assistance; and (3) the status of a sample of families who have exhausted the time limits of eligibility for certain benefits and services." The second part of the mandate — Item 14 O — requires JLARC to consider the potential costs and benefits of using State-financed incentives to promote the hiring of VIEW participants. The specific language of the mandate contained in the Appropriation Act is provided in Appendix A. JLARC staff began work to address this study mandate in January 1998, and most of the data for the study were collected in the spring and summer of 1998.

Study Approach

According to a recent report from the Department of Social Services, the first two years of Virginia's welfare reform program "have successfully changed the course of welfare from a government handout to a principled work first reform." Some of the indicators of the success of welfare reform cited in the report are the following:

- Nearly 12,000 VIEW participants have signed agreements of personal responsibility.
- In the last two years, the welfare caseload has "plummeted" over 33 percent.
- As of June 30, 1997, nearly 8,000 VIEW participants obtained employment.
- Most of the VIEW participants found employment following the 90 day job search requirement without having to participate in a work program.
- The sanction rate for active TANF cases remains low, indicating that recipients are cooperating with new eligibility and work requirements.

These figures do provide reason for optimism. Alone, however, they do not indicate whether local implementation practices are fully consistent with legislative intent. Nor do they provide information on what corrections, if any, are needed in VIEW to further the prospects for the long-term success of the program. Similarly, questions remain about the program experiences for TANF recipients who have low education levels, limited work experience, and a history of welfare dependency. Data on the pre- to post-VIEW changes in participant outcomes related to employment, earnings, and welfare benefit levels have not been systematically analyzed for VIEW participants. Finally, there is a general lack of information on the economic and family circumstances of those recipients who no longer receive TANF benefits. This section of the chapter outlines the study approach and research activities used by JLARC staff to address these and related issues.

Study Issues

In order to meet the requirements of the study mandate, this review of welfare reform in Virginia was broadly designed to address the following issues: (1) the local implementation of VIEW; (2) the economic and family status for a sample of welfare recipients who entered the VIEW program during the first 12 months of implementation; (3) the program and labor market experiences of welfare recipients who have reached their two-year time limit; and (4) job development strategies at the State and local level. Within these broad issue areas, the following questions are addressed:

1. What are the demographic characteristics, welfare histories, and pre-VIEW employment records of TANF recipients who either volunteer or are required to participate in the program?

2. How are participants moved through the VIEW program model? How do these "participant flow" patterns vary across locality?

3. What are the characteristics of those TANF recipients who are VIEW-mandatory but leave the welfare roles prior to their first assessment for VIEW, or those who enter VIEW but leave prematurely? What factors appear to explain these early exits?

4. What is the operational effectiveness of the VIEW program? How do certain internal and external factors impact the operational effectiveness of local VIEW programs?

5. What is the mix of employment-related services that participants receive in VIEW, and how long do they remain assigned to the various program components?

6. How do the employment, earnings, and benefit levels change for VIEW participants (including those who have exhausted benefits) following their referral to the program? What factors are associated with observed changes in the post-VIEW employment and earnings of these recipients?

7. What is the nature of the jobs held by VIEW participants following participation in the program, and how stable is their employment? What are the most commonly cited reasons for observed employment changes?

8. What are the post-program circumstances — ability to meet basic needs, living arrangements, access to childcare — for persons who have been identified as VIEW mandatory?

9. What has been the outcome of the State-level job development efforts required in statute?

10. Should the State develop a new tax incentive program to encourage private employers to hire more welfare recipients?

Developing a Sample of VIEW Participants

One primary goal of this study was to develop a sample of VIEW participants that would allow for an assessment of how welfare reform was being implemented across the State. At the same time, JLARC staff wanted to construct a sample that would produce reliable estimates for each locality chosen for the study. This task was complicated by the fact that the VIEW program was phased in across the State in three different time periods based partially on existing local differences in unemployment rates. In addition, JLARC staff were cognizant of the fact that certain external factors such as the size of the local welfare caseload could directly influence the local implementation and outcomes of VIEW.

Selecting a Subset of Localities for the Study. Because there are 122 local social services offices in the State, a detailed examination of each local office was not feasible. Moreover, a straight random selection of a sample of VIEW participants would not have been sensitive to the DSS phase-in dates and would have required JLARC staff to visit numerous local offices to examine only a small number of case files. Therefore, to accomplish the dual objectives of the sampling plan, JLARC staff stratified the universe of local DSS offices according to their phase-in dates and selected 21 localities to be included in the study.

Selecting Recipients for the Sample. In deciding on the number of cases to review for each site, JLARC staff had to consider the fact that approximately 50 to 60 percent of all TANF recipients may be exempt from the requirements of VIEW at any given point in time. Thus, to generate a sample that would yield acceptable sampling errors around any locality-based estimates, JLARC staff sampled twice the number of cases originally planned for review at each office.

To accomplish this, an automated list was requested from DSS of all TANF cases in the subset of localities in which an adult recipient was either newly approved for TANF, or moved into the program from AFDC within the first 12 months of VIEW implementation. Next, in those local offices with caseloads exceeding 160 recipients, a total of 160 recipients were randomly selected for the study. For those offices with less than 160 cases, the entire caseload was selected. JLARC staff examined 2,454 of the 2,883 files that were selected based on this methodology. This was an 85 percent completion rate. Missing files and time constraints were factors that affected the completion rate. Table 4 lists the sample size for each local office in the study. In calculating statistics based on the data collected, a weighting approach was used to account for the fact that different proportions of participants were included in the sample. Without such weights, data collected from local offices with small caseloads would have had a disproportionate impact on any sample-wide estimates. The weighted sample size is presented in the fourth column of Table 4.

Analysis of Local Implementation of VIEW

Although welfare reform in Virginia covers a broad range of eligibility issues, this study focused primarily on the work-related activities of the VIEW program. To that end, JLARC staff examined the implementation practices of local offices, determined how participants were moved through the various components of the program, and assessed the operational effectiveness of the program.

Table 4

Sample Size for Each Locality Included in JLARC's Study of Welfare Reform

Locality	Total Number of Recipients Who Received A TANF Benefit During First 12 Months of VIEW	Number of Files Reviewed	Weighted Sample Size
City of Alexandria	1,341	143	175
Amherst County	204	110	27
Bath County	13	13	2
Buchanan County	462	159	60
Charles City County	23	23	3
City of Charlottesville	570	111	74
City of Chesapeake	1,206	157	157
Dinwiddie County	243	159	32
Fairfax	3,798	129	495
Fauquier County	300	97	39
Grayson County	135	80	18
City of Hopewell	521	136	68
Lunenburg County	70	69	9
City of Norfolk	2,999	146	391
Nottoway County	120	119	16
Page County	122	119	16
Pulaski County	236	156	31
City of Richmond	5,727	153	746
Smyth County	363	99	47
Spotsylvania County	201	132	26
City of Waynesboro	188	144	24
Total	**18,842**	**2,454**	**2,454**

Source: For each selected case, JLARC staff reviewed the case information log maintained by DSS caseworker, the client's case information document from the Department of Medical Assistance Services, the DSS VIEW service supplements, and all of the generic case documents maintained by DSS in the TANF eligibility files.

Program Implementation. The framework for this analysis of VIEW program implementation was shaped by the legislative intent for the program. Consequently, the focus of the review was on the degree to which local implementation practices were consistent with State law, program policy, and legislative intent. To complete this analysis, JLARC staff examined the structure of the VIEW program for each locality chosen for the study. Also, structured interviews were conducted with local case workers concerning local VIEW policies and practices. Finally, the program logs of case managers were reviewed and compared to VIEW program documents as a means of examining local implementation practices.

Participant Flow and Operational Effectiveness. Previous large-scale mandatory AFDC employment and work programs have faced constraints in expeditiously identifying all recipients who were appropriate for participation and then requiring them to register and enroll in the program. Ultimately these constraints lowered the participation rate for these programs and prevented these initiatives from having any visible effects on the employment experiences of the participants.

Under VIEW, any large-scale failure to expose participants to effective job placement services or work programs would be especially damaging because all non-exempt participants will be forced to leave the program after receiving benefits for 24 months. Accordingly, using data collected from the Department of Social Services and local program files, JLARC staff tracked the movement of recipients through the program. Further, with these same data, a set of quantitative measures were developed and used as indicators of VIEW's operational effectiveness.

Economic and Family Status of VIEW Participants

Ultimately, the success of VIEW will be measured not only by aggregate drops in TANF caseloads, but by the rate of employment among VIEW participants, and how well former TANF recipients are adjusting to life without the support of welfare. From an evaluation standpoint, addressing these issues required an analysis of changes in the employment, earnings, and benefits levels of VIEW participants, as well as an assessment of changes in their post-VIEW family circumstances.

Economic Outcomes. One major component of this study was an analysis of the labor market outcomes for welfare recipients after they leave the VIEW program. There is a special interest in tracking these outcomes for persons who have left VIEW for any reason, including those who voluntarily left the program, those who may have been forced off for non-compliance with VIEW requirements, and those who have reached their two-year time limit for benefits. While the caseload declines reported for Virginia provide strong evidence that many recipients are no longer relying on cash grants for support, questions remain about whether they are still working, how long they have been working, and how much money they are earning.

This analysis addressed some of these questions using wage data from the Virginia Employment Commission and TANF benefit payment data from the Department of Social Services. With these data, JLARC staff were able to analyze changes in the pre- and post-program employment rates, earnings levels, and TANF payment amounts for recipients who were VIEW mandatory. As a part of this analysis, special controls were implemented for the demographic characteristics of the recipients (including their history of welfare dependency), their reasons for leaving VIEW, and the local labor market conditions they faced.

By including these factors in a multivariate model, JLARC staff were able to determine which factors had the strongest association with observed pre- to post-VIEW changes in participant employment levels. Particular attention was given to how the post-program earnings of former VIEW recipients compare to poverty thresholds, as well as the economic status of those in the study sample who have reached their time limit.

Family Circumstances of Former VIEW Participants. Once TANF recipients participate in the VIEW program, there is an interest in whether any of their critical life circumstances (for example, shelter, child day care arrangements, transportation, health insurance) change for the better or worse. As this type of information is not readily available through automated wage and benefit files, JLARC staff contracted with the Virginia Commonwealth University (VCU) survey research laboratory to develop and implement a recipient survey for each person in the study sample that was required to participate in VIEW. This included those persons who elected to have their cases closed as an alternative to registering for the program.

Job Development Strategies and the Need for Employer Incentives

The final aspect of this study focuses on the job development strategies that both the State and localities are pursuing to increase employment opportunities for welfare recipients. In addition, JLARC staff evaluated the need for State-financed incentives to encourage private employers to hire welfare recipients.

Job Development Policy for VIEW. Because of the benefit time limits associated with TANF, the General Assembly set out key roles for State officials in coordinating the job development services for VIEW participants. One key requirement is that the Secretary of Health and Human Resources convene an Advisory Commission that would work primarily to develop a pool of jobs for VIEW participants. In addition, this Commission is required to evaluate various incentives designed to promote business participation in VIEW.

Through document reviews and structured interviews, JLARC staff gathered data on the policy actions of this Commission. Additionally, through interviews with state officials and local social services staff, JLARC staff examined the strategies that are being used in the subset of localities to ensure that job development remains an integral part of the VIEW model.

Use of Financial Incentives to Promote Hiring. As a part of reviewing job development for welfare reform, the study mandate requires JLARC staff to consider the potential costs and benefits of offering certain types of incentives to employers to encourage them to hire welfare recipients. Such programs in Virginia and other states in the past have been largely unsuccessful because they have been ill-targeted (for example, the incentives were not targeted to assist in the employment of those welfare recipients who would not have found employment in the absence of an incentive).

In this study, JLARC staff found that two crucial aspects concerning employer incentive programs must be assessed before these programs can be meaningfully estimated: (1) employer awareness of the various State and federal incentive programs already available in Virginia; and (2) if employers were aware of potential incentive programs, how responsive they would be to such programs. JLARC examined the awareness of incentive programs through an analysis of the utilization of the current state and federal tax and wage incentive programs. In order to address how responsive employers would be to incentive programs, JLARC conducted a survey of a sample of employers.

In selecting the sample, JLARC staff used a database maintained by the Virginia Employment Commission of all employers in Virginia. These data were stratified based on the size of the employer's workforce: very small (1-9 employees), small (10-49 employees), medium (50-249 employees) and large (250 or more employees). From each stratum, 150 cases were randomly selected.

Through the survey, employers were questioned on the following: their perceptions of the employability of Virginia's welfare recipients; the qualities and skills that entry level employees must have to be considered for employment; their willingness to hire and train welfare recipients; and the likelihood that an incentive program would encourage them to hire welfare recipients who did not posses the qualities and skills that they normally require of entry level employees. Using this information JLARC staff developed conclusions regarding the potential benefit of an employer-based incentive program for VIEW participants.

REPORT ORGANIZATION

The remaining chapters of this report present the results of JLARC staff's review of welfare reform in Virginia. Chapter II presents information on the implementation of VIEW, including the characteristics of the TANF and VIEW populations, the timeliness of placements, and the flow of participants through the VIEW program. Chapter III presents data on the economic outcomes for VIEW participants. And finally, Chapter IV discusses State and local job development and presents JLARC staff's assessment of the State-financed employer incentive program issue.

II. The Implementation of VIEW:
Participant Characteristics, Timeliness of Placements, and Program Participation Patterns

When the legislation authorizing the Virginia Initiative for Employment not Welfare (VIEW) program was adopted in 1995, the new direction of welfare reform in Virginia was prescribed through three significant provisions: (1) a universal work requirement for all able-bodied recipients; (2) prohibitions on the use of long-term job training programs; and (3) strict limits on the amount of time that able-bodied recipients can receive benefits. Although Virginia has more than 30 years of experience with welfare reform programs, none of the past initiatives experienced widespread success in implementing universal job search or work requirements for large portions of the welfare caseload.

Accordingly, one key issue surrounding VIEW is whether a program that emphasizes "work-first" can be implemented in a way that successfully imposes its work requirement on a substantial percentage of the welfare caseload. Precisely because welfare recipients in Virginia have not faced a program in which strict, employment-first requirements were effectively implemented, questions persist concerning how recipients will respond to a mandate to find a job, participate in a work experience program, or face the loss of cash benefits.

This chapter presents the results of JLARC staff's analysis of the local implementation of VIEW. As a part of this review, program and participant files were analyzed to determine the scope, timeliness of placements, and flow of participants through the program.

In general, the findings from this review clearly indicate that local welfare staff have succeeded in applying the "work-first" strategy to VIEW participants in a manner that is both consistent with the policies of DSS and the legislative intent of the program. However, for a significant segment of the VIEW population, some policy changes may be warranted to achieve the long-term goal of self-sufficiency outlined in statute.

In terms of the scope of VIEW, early indications are that the program has avoided some of the major pitfalls of its predecessor programs. A narrower set of statutory exemptions have sharply limited the number of welfare recipients who are legally excused from registering for the program. As a result, welfare recipients who now face mandatory job search and work requirements are, as a proportion of the welfare caseload, larger and more diverse than at any other time in the recent history of welfare reform in Virginia. Further, because the exemptions observed for the majority of those who qualify are of a short-term or temporary nature, many of the exempt recipients will ultimately be required to register for the "work-first" program should they remain on public assistance.

Operationally, once recipients are registered for VIEW, local welfare staff experience few problems in ensuring that the "work-first" requirement is implemented according to statute. For example, approximately 95 percent of all persons who are identified as VIEW-mandatory are registered for an up-front job search within the required time period. Local compliance with the time limit for assignment to work experience (if outside employment is not secured by participants on their own, then the participants must be assigned to work for their TANF benefits) had the lowest rate of compliance, but compliance still reached 72 percent. Because the supervisors of work experience participants give local agencies high marks for developing quality work experience positions, improvements in this assignment rate could prove beneficial for VIEW participants.

Finally, study data examined through the participant tracking analysis reveal both the strengths and weaknesses of the VIEW program model when universally applied to a diverse caseload of welfare clients. With its "work-first" emphasis in a period of strong economic growth, the VIEW program has witnessed dramatic declines in the number of persons on public assistance. For example, one year after they were assessed for VIEW, 48 percent of a sample of participants had closed their TANF cases and were no longer receiving public assistance.

However, a comparison of the client characteristics of those who were still active in VIEW with those who closed their cases indicates that the clients who continue to be served by VIEW have characteristics that may make it more difficult for them to successfully find and retain employment. Specifically, 25 percent of the clients who were still active in the program one year after their assessment date are considered high risk for continued dependency (compared to 15 percent of those whose TANF cases were closed) based on their lack of pre-VIEW employment experience, greater welfare dependency, less education, and larger family sizes. One concern is that despite the lack of job skills which characterize those high risk individuals who remain on TANF, this population was no more likely to receive education or training than those who are considered low risk.

Thus, a primary challenge remaining for the VIEW program is to assess the needs of those welfare recipients who are not easily moved into the labor market and identify the appropriate mix of services needed to assist these recipients on their route to self-sufficiency.

CHARACTERISTICS OF TANF RECIPIENTS WHO ARE REQUIRED TO PARTICIPATE IN THE VIEW PROGRAM

According to §63.1-133.49 of the *Code of Virginia*, the explicitly stated purposes of the VIEW program are to "reduce long-term dependence on welfare, emphasize personal responsibility, and enhance opportunities for personal initiative and self-sufficiency by promoting the value of work." In order for the program to have a significant impact on welfare caseloads statewide, much larger numbers of welfare recipients must be required to participate in the program than has historically been the case in Virginia.

With that in mind, the General Assembly significantly altered the conditions under which a recipient of TANF could be exempt from the VIEW program. This was accomplished by lowering the age of the child that qualifies the parent for an exemption and removing exemptions for parents who have additional children while they are on assistance. As a result, 73 percent of the adults in the JLARC sample who received a TANF payment in the first 12 months of the VIEW program were either required to participate in the program or would have been required to register had they not requested that their cases be closed. By comparison, only 36 percent of the State's welfare caseload was considered mandatory in 1992 under the Jobs Opportunities Program.

However, with broader program targets and a more diverse VIEW-mandatory population, there is some question as to how the work-first strategy of VIEW will work for persons who have a number of employment barriers.

More than Seven of Ten TANF Recipients Are Subject toVIEW Participation Requirements

Welfare to work programs such as VIEW have historically provided exemptions from participation requirements to significant segments of the welfare population. These exemptions have typically been designed to allow mothers to continue to receive cash benefits while they remained at home with their pre-school age children. In addition, special exemptions have always been provided for persons who are temporarily or permanently incapacitated, who are at least 60 years of age, or who must remain in the home to care for an incapacitated family member.

Magnitude and Nature of VIEW Exemptions. While the VIEW program has retained the exemptions related to the age and disability of the parent, the *Code of Virginia* has tightened the exemptions related to the age of the child. Once granted to welfare recipients who had any children under the age of six and, in later reforms, under the age of three, parents must now register for the program after their child reaches the age of 18 months. In addition, if a woman has been on welfare for at least ten consecutive months since the date that welfare reform was implemented, and is on assistance at the time she has another child, the State's family cap policy is applied and the mother must register for VIEW six weeks after the birth of the child.

To facilitate an analysis of the impact of these policy changes, JLARC staff categorized the existing exemptions under VIEW as either "temporary" or "permanent." These distinctions were made based on whether the person receiving the exemption would likely be required to participate in VIEW during the period in which benefits were provided. Exhibit 1 lists each of these exemptions according to the categories in

Exhibit 1

Classification of VIEW Exemptions as "Permanent" or "Temporary"

Permanent

- Any individual who is incapacitated, as determined by receipt of Social Security Disability Benefits or Supplemental Security Income. This exemption shall not be granted to either parent in an AFDC-UP case; eligibility shall be evaluated for regular AFDC on the basis of the parent's incapacity
- Any individual sixty years of age or older
- Any individual who is the sole caregiver of another member of the household who is incapacitated as determined by receipt of Social Security Disability Benefits or Supplemental Security Income or another condition as determined by the State Board and whose presence is essential for the care of the other member on a substantially continuous basis
- Families where the primary caretakers of a child or children are legal guardians, grandparents, foster parents, or other persons standing in loco parentis and are not the adoptive or biological parents of the child
- Children receiving AFDC-Foster Care

Temporary

- Any individual, including all minor caretakers, under sixteen years of age
- Any individual at least sixteen, but no more than nineteen years of age, who is enrolled full-time in elementary or secondary school, including vocational or technical school programs. The vocational or technical school must be equivalent to secondary school. Once the individual loses this exemption, he cannot re-qualify for the exemption, even if he returns to school, unless the case is closed and reopened or he becomes exempt for another reason. Whenever feasible, such recipients should participate in summer work
- Any individual who is unable to participate because of a temporary medical condition that is preventing entry into employment or training, as determined by a physician and certified by a written medical statement. Such an exemption shall be reevaluated every sixty days to determine whether the person is still exempt
- A parent or caretaker-relative of a child under eighteen months of age who personally provides care for the child. A parent of a child not considered part of the AFDC assistance unit under § 63.1-105.7 (*Code of Virginia)* may be granted a temporary exemption of not more than six weeks after the birth of such child
- A female who is in her fourth through ninth month of pregnancy as determined by a written medical statement provided by a physician

Note: The distinction between permanent and temporary exemption, while based on observed data from a representative sample of TANF recipients, is for analysis purposes only. This distinction is not explicitly stated in the *Code of Virginia.* Also, TANF recipients for whom certain services, such as child day care or transportation, are not available, are not required to participate in VIEW until those services become available.

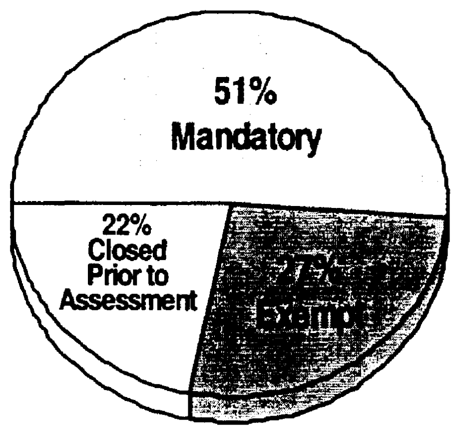
Source: § 63.1-133.43 of the *Code of Virginia.*

which they were placed. Next, through a review of a sample of cases in the subset of 21 localities, the magnitude of the VIEW-mandatory and exempt populations were identified.

As shown in Figure 7, of the sample members who received at least one TANF payment during the first 12 months of VIEW, slightly more than half (51 percent) were identified as mandatory based on the information in their file. An additional twenty-two percent of the sample would have been mandatory had they not requested that their cases be closed rather than participate in VIEW. This means that only 27 percent of the TANF population who received a payment in the first 12 months of the program were legally exempt from VIEW's "work-first" participation requirement at their initial assessment for the program.

Figure 7

The VIEW Status of the JLARC Sample at the Initial Assessment to the Program



Note: The JLARC sample does not include cases which had no adult on the TANF grant and would never be subject to VIEW. Percentages are based on weighted observations as described in Chapter I. N = 2,454. Sampling error and the results of significance testing are reported in Appendix B.

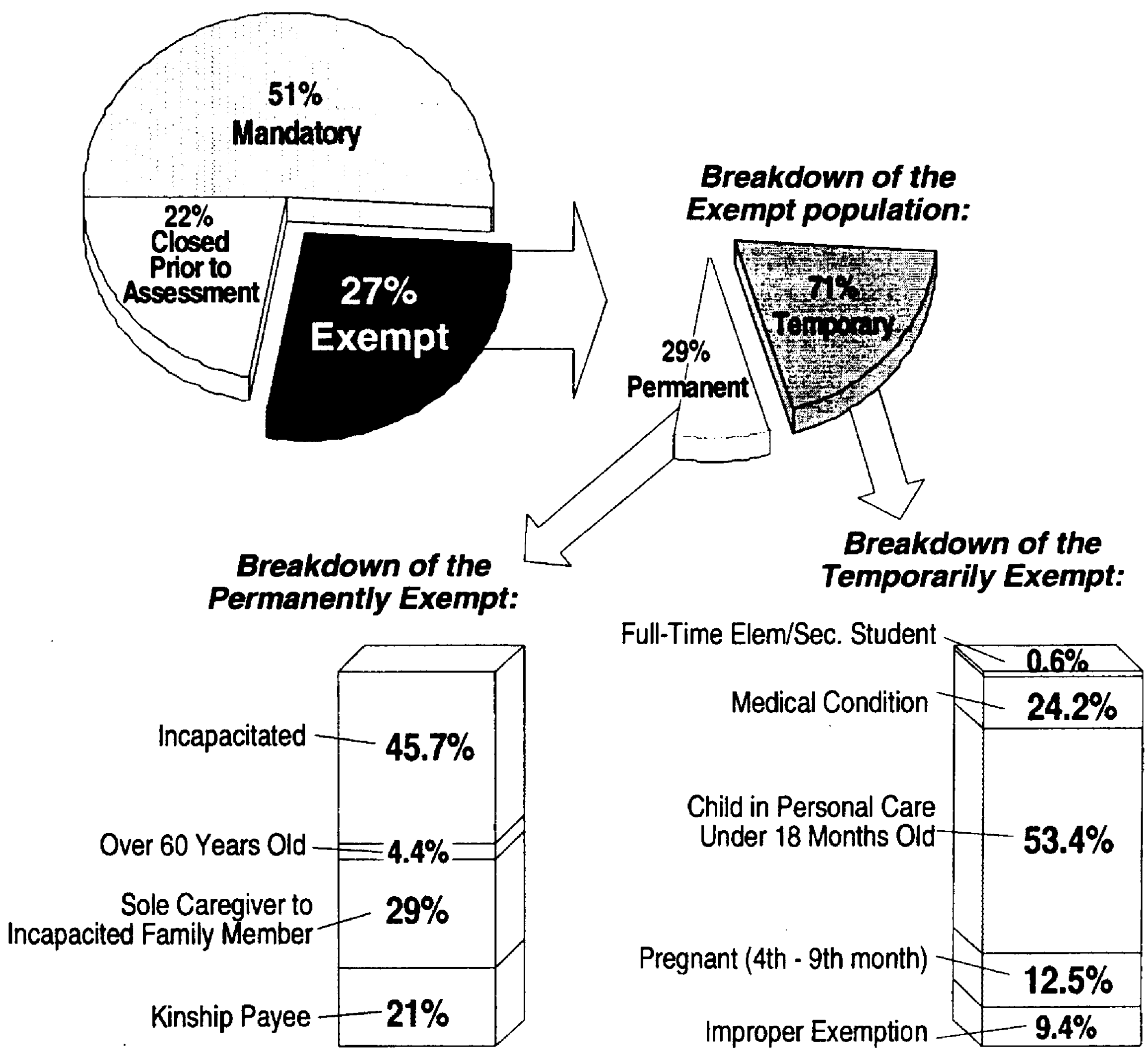
Source: Analysis of JLARC sample of TANF recipients during first year of VIEW implementation in 21 localities.

Figure 8 presents a breakdown of the initial exemptions granted to the 27 percent of the JLARC sample, based on the "temporary" and "permanent" distinctions. Most significant, it should be noted that over two-thirds of the initial exemptions (71 percent) granted by eligibility workers were temporary in nature. Nearly two-thirds of these exemptions were due to the age of the child. Among the most frequently identified permanent exemptions was an exemption for those individuals who are "incapacitated." Typically, persons who received this designation were receiving federal social security disability benefits.

Characteristics of the VIEW-Mandatory Population. The data presented on the VIEW mandatory and exempt populations indicate that where past welfare

Figure 8

Characteristics of Recipients Who Are Exempt from VIEW



Note: The JLARC sample does not include cases which had no adult on the TANF grant and would never be subject to VIEW. Percentages are based on weighted observations as described in Chapter I. N = 2,454. Sampling error and the results of significance testing are reported in Appendix B.
Source: Analysis of JLARC sample of TANF recipients during first year of VIEW implementation in 21 localities.

reform programs have initially faltered by failing to target a large segment of the welfare caseload for participation in employment-related activities, VIEW has not. To understand how these broader program targets have impacted the type of welfare client that participated in VIEW, JLARC staff examined the characteristics of those who, in the first 12 months of the program, were either assessed for VIEW and signed agreements of personal responsibility, or who left the welfare rolls before they could be registered.

Table 5 presents the characteristics of the sample and highlights the diversity observed among welfare recipients. In terms of basic demographic characteristics, the typical VIEW-mandatory recipient was a black female who had never married. Most of the sample (58 percent) had no more than two children but at least 20 percent had four or more children. At the time they were assessed for VIEW, 23 percent of the sample had received between 24 to 47 months of benefits. Another 32 percent had received 48 to 71 months of benefits. A small but significant portion of the mandatory recipients (ten percent) had received at least 120 months of welfare prior to their VIEW assessment date.

One objective of this analysis was to determine whether significant portions of the VIEW-mandatory population had barriers to employment which might slow their transition from welfare to work. Because it is known that some recipients have multiple problems, JLARC staff calculated a risk index for each person in the sample. Prior research has shown that recipients who (1) have less than a high school education, (2) a history of long-term welfare dependency, (3) no pre-program work experience, and (4) multiple children are significantly less likely to find employment following their participation in an employment program (for purposes of this study, those at risk of long-term welfare dependency were operationally defined as persons who had spent at least 70 percent of the time since the birth of their oldest child on welfare).

Using these four factors, a risk score was calculated for each sample member with a possible range of scores from zero (meaning the person had none of the risk factors) to four (meaning each of the risk factors were present). With this index, it was then possible to identify the proportion of people with multiple risk factors who were required to participate in VIEW during the first 12 months of the program.

The results of this analysis highlight the diversity present among Virginia's welfare recipients who are subject to the VIEW program. For 51 percent of the cases, the recipients had either none (16 percent) or only one (35 percent) of the risk factors. Nearly a third had two of the risk factors present, while 17 percent were characterized by at least three of the factors.

In terms of the pre-VIEW labor market experiences of the sample, the data show that more than half worked in jobs in which the wages were reported to the Virginia Employment Commission in the year prior to their assessment for the program. However, the average annual earnings for this population was only $1,901, suggesting that on average, the typical VIEW client worked on a sporadic or part-time basis in the year before they entered the VIEW program.

With such differences among the VIEW-mandatory population, a key question is whether the program model, with its emphasis on immediate employment, can be consistently and effectively applied to welfare recipients with divergent backgrounds. In the next section of the chapter, an analysis of the operational effectiveness of the VIEW program is conducted.

Table 5

Characteristics of VIEW-Mandatory Adults in the Sample

Characteristics	*Total Sample*
Sex: Male	5%
Female	95%
Race: White	22%
Black	71%
Other	7%
Marital Status	
Married	9%
Married But Separated	17%
Divorced or Widowed	7%
Never Married	59%
Other	7%
Average Age At Time First Child Was Born	21
Number of Children	
One	27%
Two	31%
Three	21%
Four	12%
Five or More	8%
Treated for Substance Abuse or Mental Illness	13%
Felony Convictions	4%
Time on Welfare Prior to VIEW Assessment for Non-Exempt TANF Recipients	
0 to 5 Months	11%
6 to 23 Months	24%
24 to 47 Months	23%
48 to 71 Months	17%
72 months to 10 Years	15%
10 Years or More	11%

Characteristics	*Total Sample*
Number of Risk Factors	
Zero	16%
One	35%
Two	32%
Three	15%
Four	2%
Percent of VIEW Mandatory Population on Welfare for At Least 70 Percent of the Time Since Birth of Oldest Child	37%
Average Age of VIEW Mandatory Participants at Time of First VIEW Assessment	31
Average Age at which VIEW Mandatory Participants Began Receiving Welfare Benefits	21
Median Number of Months on Welfare Prior to VIEW Assessment for Non-Exempt TANF Recipients	39
Percent of Welfare Recipients Who Worked in Year Prior to VIEW	51%
Average Annual Earnings of Welfare Recipients in Year Prior to VIEW	*$1,901

Notes: The value reported for earnings includes welfare participants who had no reported wages in the year prior to their VIEW assessment. The median value for earnings prior to VIEW is $0 – an indication that the typical VIEW mandatory recipient did not have any reported earnings in the year prior to VIEW assessment. Percentages are based on weighted observations as described in Chapter I. Sampling error and results of significance testing are reported in Appendix B. N=1,898.

Source: Department of Social Services VACIS, Virginia Employment Commission wage files, State Police crime data, Case Information Documents from the Department of Medical Assistance Services (DMAS) for the JLARC sample of TANF recipients in the 21 localities, and DMAS claims data.

TIMELINESS OF VIEW PLACEMENTS

Once welfare recipients have been referred to the VIEW program for services, local staff are required to conduct employment assessments of the participants and assign them to various components within specified time periods. The purpose of these requirements is to ensure that all VIEW-mandatory recipients are placed in program components as expeditiously as possible so the transition from welfare to work can begin. Because eligibility for TANF benefits is now limited to 24 months for VIEW participants, the importance of local compliance with the component assignment requirements is magnified.

For this reason, JLARC staff developed a set of quantitative indicators of the relative performance of the localities reviewed in complying with VIEW requirements for assessing and assigning recipients to program components. This analysis revealed that, with some exceptions, staff in most of the localities have generally succeeded in conducting timely assessments of the VIEW population. These assessments were followed by the prompt assignment of participants to job search, producing an overall compliance rate of 95 percent for this requirement.

The compliance rate for assigning eligible participants to work experience within the specified time frame was the lowest at 72 percent. According to the managers at many of the sites where placements have been made, welfare recipients were placed in jobs that had value to the organization and imparted some of the skills recipients need to compete for unsubsidized employment. Therefore, improvements in the assignment rate may prove beneficial to VIEW participants.

Local Offices Generally Have Met VIEW Requirements for Assessing and Assigning Participants to Program Components

To review the timeliness of VIEW participant placements, JLARC staff focused on three performance indicators: (1) the percentage of participants who were assessed for VIEW within the specified time periods; (2) the percentage who were assigned to job search as their initial VIEW component; and (3) the percentage who met the work experience participation requirement within the specified time frame.

Poor performance on these indicators can frustrate the goals of the program in a number of ways. For example, low compliance rates on the assessment indicator would mean that a large number of VIEW participants were sitting in a holding status when they could have been placed in job search and possibly have found employment. Untimely and low assignment rates to the job search or work experience components could substantially weaken the mandatory nature of the program and reduce the program's potential impact on welfare caseload declines.

VIEW Implementation Requirements. The policies governing the implementation of VIEW provide localities with minimal flexibility to implement the program within the participant's first nine months of participation. During this time period, VIEW component flow is defined by a set of specific time limits which prescribe when and how unemployed participants must be moved through the program. As shown in Figure 9, local DSS offices are required to assess new TANF recipients for the VIEW program within 30 days of their eligibility determination. (During the initial implementation of VIEW, each locality had up to six months to assess the TANF recipients who were on the rolls prior to the implementation of VIEW. This six month VIEW assessment window was based on the normal six month TANF reassessment schedule). Once the TANF recipient is identified as mandatory and referred to VIEW, VIEW regulations require that the participant be assigned to a job search component. Job readiness training to prepare a recipient for employment — for example, proper interview protocol, resume development, instruction on good work habits — may be provided in conjunction with job search services.

If full or part-time unsubsidized employment has not been secured by the 95th day of VIEW participation, or if the participant is not in some type of full-time education or skills training program, the participant must be placed in a work component. Options include a subsidized employment program known as the Full Employment Program (FEP), or unsubsidized employment know as the Community Work Experience Program (CWEP). This work component can last for a maximum of six months, and must be followed by a reassessment and new component assignment (at which point the participant could be re-assigned to these work experience components).

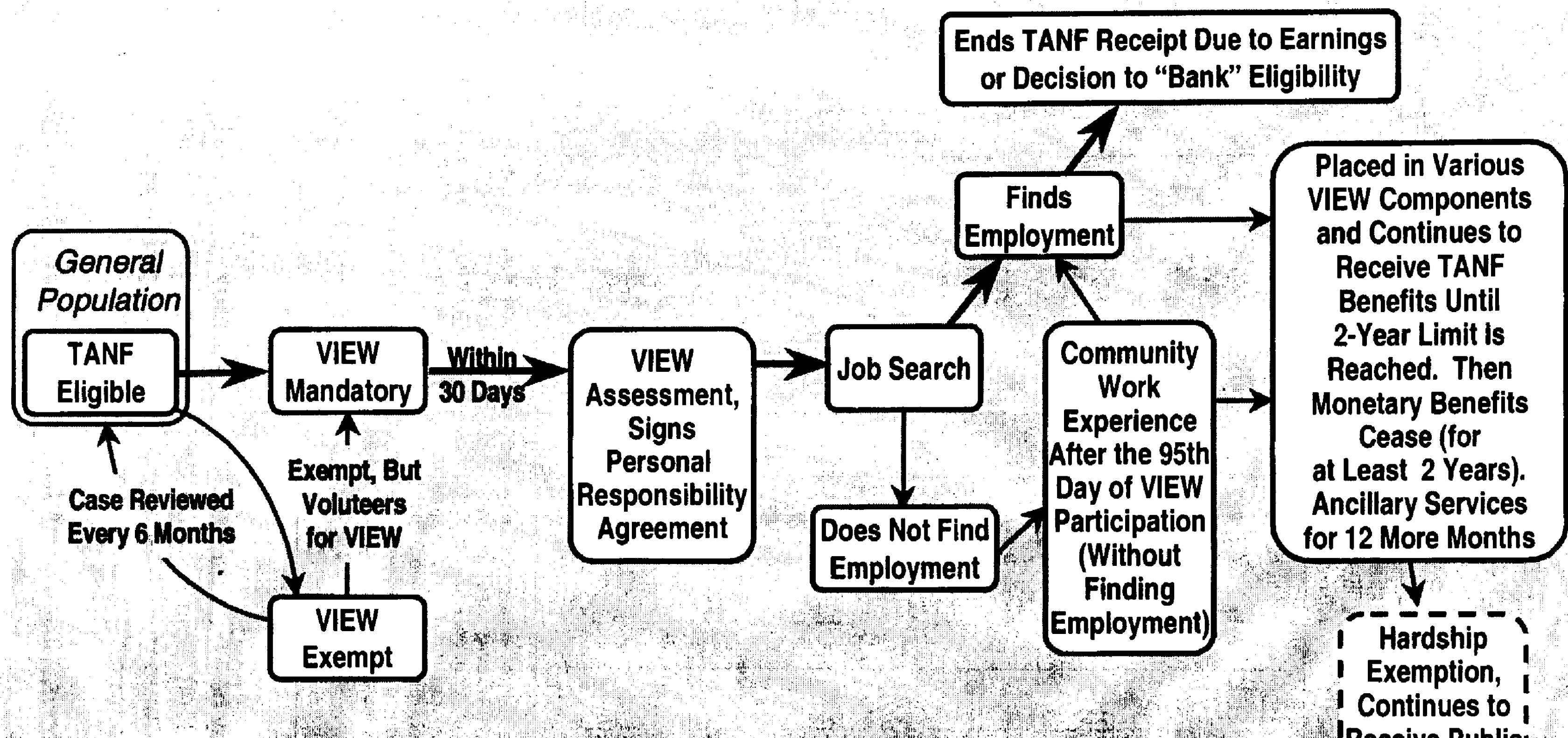
In order to assess whether localities are meeting these time limits, JLARC staff analyzed VIEW program data collected for the sample of TANF recipients who were required to participate in the program. For each participant, a determination was made of the first time a participant was, or should have been, assigned to a VIEW component. Using case logs and information from the department's automated system, data were collected on each component assignment that occurred following the assessment, along with information on the dates that the assignments were made. Table 6 presents the locality compliance rates that were calculated for the three measures of VIEW's operational effectiveness.

VIEW Assessment Rates. As shown in Table 6, 76 percent of the mandatory cases reviewed for this study were assessed for the VIEW program within the required time frame. This means that assessments lagged for about one-quarter of all VIEW clients. In most instances, the delays in assessments were for TANF recipients whose cases were not "rolled" into VIEW within the six months allowed at the beginning of a locality's implementation of the new program. Structured interviews with local staff indicate that the failure to assess participants in a timely fashion may have been due to an accelerated implementation schedule for some localities. A number of localities indicated that they were required to implement VIEW at least a year earlier than they had originally expected. Thus, adequate procedures and appropriate staffing may not have been in place at the time of implementation.

Also, because the JLARC sample focused on the group assessed for VIEW in each locality's first year of implementation, the 24 percent that were not assessed in a

Figure 9

Path of TANF-Eligible Persons Through the VIEW Process



Note: Throughout the VIEW process, a person may exit the program through earnings, an exemption, or of their own volition. It should also be noted that a person who has been in VIEW and exited TANF for some reason may come back into the program (assuming their 24 months have not expired) at any point in the process as determined by the local caseworker.

Source: JLARC staff analysis of VIEW program manuals.

Table 6

Locality Compliance Rates for VIEW Implementation Time Limits

	VIEW Operational Effectiveness Measures		
Locality (n)	**Assessed for VIEW Within Allotted Time**	**Assigned to Job Search as the First Component**	**Met Requirement for Work Experience by 95 Days**
Alexandria (74)	62%	89%	59%
Amherst (59)	78%	92%	66%
Bath (4)	100%	100%	67%
Buchanan (75)	93%	87%	76%
Charles City (14)	100%	93%	33%
Charlottesville (75)	83%	95%	87%
Chesapeake (80)	75%	86%	65%
Dinwiddie (80)	78%	92%	65%
Fairfax (68)	82%	98%	82%
Fauquier (57)	84%	98%	68%
Grayson (55)	86%	87%	69%
Hopewell (69)	62%	97%	57%
Lunenburg (44)	95%	100%	45%
Norfolk (85)	86%	93%	78%
Nottoway (61)	77%	100%	45%
Page (64)	86%	92%	82%
Pulaski (81)	80%	95%	78%
Richmond (90)	68%	97%	67%
Smyth (64)	81%	97%	79%
Spotsylvania (79)	95%	82%	71%
Waynesboro (76)	94%	97%	74%
Entire Sample (1,354)	**76%**	**95%**	**72%**

Note: Time allotted for the initial assessment was 6 months for rollover cases and 30 days for new cases. This measure includes cases for which an exemption ran out. The population examined for the work experience requirement excludes participants who were no longer active in VIEW at day 95 (specifically, participants who became exempt, participants who closed their TANF case, and participants in the sample which did not have 95 days of program data were excluded). Entire sample percentages are based on weighted observations as described in Chapter I. Sampling error and results of significance testing are reported in Appendix B.

Source: JLARC staff analysis of the VIEW case log data, and information from the Department of Social Services VACIS system.

timely fashion may be partly the result of the learning curve involved in implementing a new program. The Department of Social Services should continue to monitor this indicator to determine if current and future assessment rates show similar magnitudes of non-compliance.

Job Search Assignment Rates. Nearly all (95 percent) of the mandatory participants examined for this study were assigned to a job search component and required to look for employment as their first VIEW program requirement. Moreover, additional analysis indicated that these assignment rates do not vary based on the characteristics of the participants. Due to the near universal application of this component, local staff can evaluate the willingness of VIEW participants to mount a job search as an alternative to having their cases closed. At the same time, the job search component serves as an upfront test of the ability of program participants to find employment without the benefit of additional services.

Work Experience Assignment Rates. The highest rate of non-compliance with the VIEW administrative time limits was found with the work experience component. As indicated in Table 6, the average compliance rate for the subset of localities in this study was 72 percent. This means that almost three out of ten VIEW participants were not placed in a work experience program in the manner required by VIEW regulations (participants must be in a work experience by the 95th day of participation). In Charles City County, the compliance rate was lowest at 33 percent. In four additional localities, the rates did not exceed 60 percent. In order to determine if localities were simply tardy in their assignment to a work experience component or if there was some avoidance of the component altogether, JLARC staff also examined the next component assignment received once the 95th day had been reached. For slightly more than a third (35 percent) of those who had not been assigned to work experience in a timely fashion, their next component did meet the work experience requirement (including seven percent who appear to have been sanctioned for non-participation in the Community Work Experience Program, or CWEP). The remaining 65 percent, however, were placed in program components that still did not meet the VIEW work experience requirement.

Structured interviews at each of the sample localities indicated that part of this problem may be related to availability of work sites. For example, one locality indicated that when CWEP sites were not available, the participant would be placed in a "pending" status. When participants are placed in this type of administrative holding status, the time spent waiting for a CWEP placement to emerge counts toward the 24 month TANF limit on benefits. Another locality indicated that they had only two CWEP sites, the schools and the prisons. If the 95th day for participants in VIEW came during the summer when the schools were closed, they simply did not have a sufficient number of placements to accommodate demand. Still other localities indicated that part of this problem may be due to the heavy workload of the case workers. Unlike job search, which is usually self-directed by the participant, local staff are heavily involved in the work site placement and monitoring process. As one local DSS director indicated, staff have "a lot on their plates" and as a result may not bring clients into work experience in a timely fashion.

Results of Work Site Survey. The use of work experience has always evoked controversy in the public policy arena. Proponents of work programs contend that these initiatives instill a work ethic that is otherwise missing from the welfare system. Critics, however, question whether the system can produce a sufficient number of meaningful jobs without displacing existing workers and they have generally questioned the value of this type of intervention in reducing welfare caseloads.

In part because of these concerns, JLARC staff surveyed work site supervisors regarding their perceptions concerning the nature of the program in their respective agencies, the recipients who are assigned to the work sites, and the type and value of the work provided by the recipients. The supervisor at each work site that had been used for a VIEW placement in the JLARC subset of 21 localities (213 site supervisors) was surveyed, and a 63 percent response rate (135 site supervisors) was achieved.

The data from these surveys show that since VIEW began in the sample of localities, local welfare offices had 596 work experience placements across 125 sites. Almost one-third (31 percent) of the total placements were for clerical or receptionist positions. Housekeeping or janitorial services accounted for 21 percent of all placements. Food service (9 percent), nurse's aide/companion (8 percent), and teacher's aide placements (8 percent) were the next most frequently used placements. Individually, none of the other assignments — for example, maintenance, data processing, bookkeeping — accounted for more than four percent of the total placements.

The data presented in Figure 10 suggest that this component of VIEW has been somewhat underutilized. As shown, 55 percent of the sites did not a have a participant from the VIEW program at the time the survey was completed. In 65 percent of these cases, the work site supervisor cited the absence of referrals from DSS as the major reason. It should be noted that the absence of referrals may in part be due to VIEW participants finding outside employment, thus never needing to be assigned to a CWEP site. It was interesting to note that only three percent of the supervisors indicated that the participants' refusal to report for work was the reason for their lack of placements.

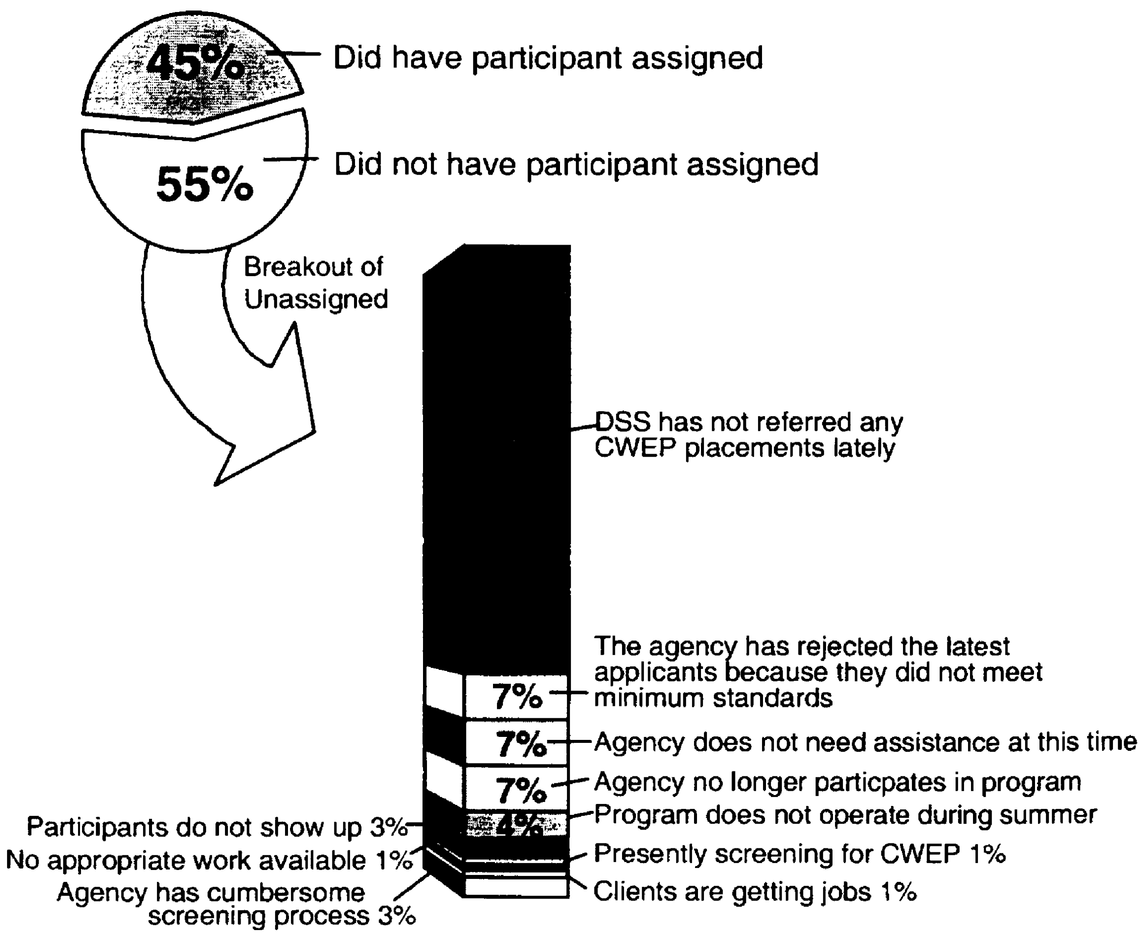
Despite the low utilization rate, most of the work site supervisors strongly endorse this aspect of the VIEW program. When asked to respond to statements describing CWEP positions at their work sites, by large margins the supervisors generally agreed that the jobs were useful, important to the overall operation of the agency, and provided an opportunity for VIEW participants to develop the skills necessary to move into work and compete for both minimum wage and above minimum wage employment (Table 7 on page 42).

The importance of the work experience assignments to the agency appear to be reflected in how the placements were used. According to those surveyed, 68 percent of all CWEP placements were used to reduce the workload of current staff, including reductions in overtime. Nearly 14 percent of the placements were used to maintain existing services that would have been curtailed without the position. In only nine percent of the placements did work site supervisors indicate that the tasks performed were essentially "make-work" that would not have been under-taken without the CWEP placement.

Together these results suggest that work experience can play a valuable role in the efforts by State officials and local staff to enhance the general employability

Figure 10

Current CWEP Utilization in the Sample of Localities



Note: Percentages are based on weighted observations as described in Chapter I, and may not total to 100% due to rounding. N = 135. Sampling error and the results of significance testing are reported in Appendix B.

Source: Staff analysis of JLARC survey of CWEP worksite supervisors in the sample of 21 localities.

skills of welfare recipients. However, if this is to occur in larger numbers, State and local offices will have to give this component more attention than it has received to date.

PARTICIPANT FLOW THROUGH THE VIEW PROGRAM

While program and administrative compliance rates provide a picture of how well localities are implementing VIEW, they cannot be used to track the movement of VIEW participants through the program. However, because of the dynamics of welfare

Table 7

Survey Responses of Work Site Supervisors Concerning the Nature and Quality of Work Performed By VIEW Participants Placed In Community Work Experience

Nature of CWEP Jobs	*Strongly Agree*	*Agree*	*Disagree*	*Strongly Disagree*
The types of jobs which are set aside for CWEP participants provide useful goods and/or services for this agency.	35%	62%	2%	0%
The types of jobs which are set aside for CWEP participants are important to the overall operation of this agency.	28%	58%	14%	1%
Local CWEP developers concentrate more on the creation and availability of CWEP positions in this agency than on the content of these positions.	3%	33%	56%	8%
CWEP placements provide an opportunity for participants to develop employment skills and to speed the transition to unsubsidized work.	50%	48%	2%	1%
The normal duties and responsibilities of CWEP participants in this agency provide them with the training and skills development necessary to successfully compete for **unsubsidized minimum wage jobs.**	27%	70%	3%	1%
The normal duties and responsibilities of CWEP participants in this agency provide them with the training and skills development necessary to successfully compete for **unsubsidized jobs above the minimum wage**.	16%	62%	20%	2%

Note: Percentages may not add to 100% due to rounding. Sampling error and results of significance testing are reported in Appendix B. N=135.

Source: Analysis of JLARC survey of Work Experience site supervisors in the sample of 21 localities.

dependency — changes in the rates at which recipients move on and off of assistance — program participation patterns cannot be fully understood unless they are examined longitudinally. In order to determine what services VIEW participants received and how they moved through the program, JLARC staff identified the cohort of individuals in the study sample for whom approximately one year of program data was available and tracked their movement through VIEW.

Two major findings emerged from this analysis. First, one year after they were assessed for VIEW, nearly half of the participants in the program had closed their cases and were no longer receiving program services. About 20 percent of those assessed still had active TANF cases but were not actively participating in VIEW because they were employed. As a result, only one-third of those originally assessed for VIEW were actively assigned to a program component at the end of one year.

Second, due mostly to the limited discretion local staff have when implementing the requirements of VIEW, welfare recipients who have significant employment barriers typically receive the same employment-related services as those who do not. As these services are not designed to address barriers present among these recipients, this population is less equipped to leave welfare and is disproportionately represented among those who remain active on the TANF rolls following their participation in the program.

Significant Caseload Declines Characterize the Movement of Welfare Recipients Through VIEW

In order to characterize how VIEW-mandatory TANF recipients flow through the program, JLARC staff focused upon the participants in the sample for which approximately one year of continuous program status data was available. JLARC staff examined both the VIEW and TANF status of this population at various time increments. These time increments provide a series of snapshots demonstrating how this population moved through the TANF and VIEW programs. Table 8 presents the results of this analysis.

Participant Flow. Following the assessment process, the data reveal that approximately 85 percent of the participants were placed in the employment-focused activities of job search or job readiness. Approximately 12 percent of the population was not assigned to an activity because they had a full-time job before they were assessed for VIEW. Three percent were either not assigned to a component or were assigned to education and training.

Over the next 30 days, the trends that characterize the flow of participants through the program begin to emerge. First, as the proportion of people who found employment but kept their TANF case opened doubled, there was a concomitant decrease in the participation rates for job search and job readiness and an increase in the VIEW participants who were not assigned to any component.

Table 8

VIEW Participant Flow: Percentage Assigned to a Program Component Across Time Increments

		Days From Assessment					
Component	Assess. Day	30 Days	60 Days	90 Days	180 Days	270 Days	360 Days
Job search	53%	39%	21%	13%	6%	6%	6%
Job search and Job readiness	30%	18%	9%	3%	2%	3%	1%
Job readiness	2%	1%	1%	1%	0%	1%	0%
Education/ Training	1%	1%	3%	3%	3%	4%	2%
CWEP	0%	0%	2%	5%	3%	2%	3%
Other	0%	0%	0%	0%	0%	1%	0%
Not Assigned a Component	2%	8%	10%	12%	9%	7%	6%
Sanctioned	0%	0%	10%	15%	14%	10%	9%
Inactive	0%	0%	0%	0%	1%	2%	0%
Exempt	0%	3%	5%	5%	7%	5%	5%
Employed Full-Time, TANF Open	12%	25%	31%	30%	29%	22%	19%
TANF Case Closed	0%	3%	8%	12%	26%	38%	48%

Note: Percentages are based on weighted observations as described in Chapter I. Sampling error and results of significance testing are reported in Appendix B. N=423.

Source: Staff analysis of JLARC VIEW participant database from the sample of 21 localities.

Two months later, or at the end of 90 days, the participation rate for job search decreased to 13 percent, and those who were receiving some combination of job readiness training or job search declined to single digits. As in the early months, these declines can most likely be explained by the continued growth in the employment rate for this cohort and the increase case closure rates observed for those VIEW participants.

However, the size of the "unassigned" group as a proportion of all cases was beginning to grow during this time period. A small portion of this group was accounted for by persons who were placed in a "pending" status but were not employed. A participant may be "pending" due to unavailability of supplemental services (for example, daycare or transportation), a delay in the start of an activity, or if the participant is awaiting a re-evaluation by a TANF eligibility worker. The remainder of this "unassigned" group (88 percent) represents people for whom no assignment has been made. Some of this group did have part-time employment (less than 30 hours a week), but regulations require that such persons participate in a job search every six months. This was not the case for this population. The concern with this group is that while they are awaiting assignment, their 24 month TANF clock continues to run. While this "unassigned" status lasted less than 60 days for most participants, a small portion were unassigned for at least four months.

A second group of participants who were inactive for extended periods of time were those under sanction. Sixty days following assessment, ten percent of the population were placed under sanction. Over time, urban localities had a slightly higher sanction rate (14 percent) than did rural localities (9 percent). Also, the rate was higher for recipients without previous work experience (14 percent) than for those with prior work experience (10 percent).

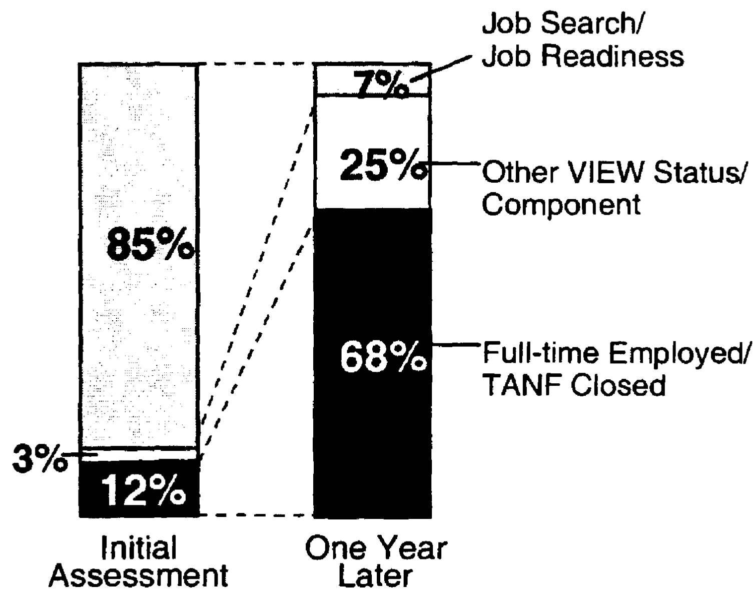
Case Closure Rates. By the end of the 360 day observation period, approximately two-thirds (68 percent) of the VIEW participants either were employed full-time and not in an active program component, or had closed their TANF case (possibly due to employment), compared to 12 percent who were already employed at their beginning of VIEW participation (Figure 11).

Because the number of case closures constituted such a large percentage of TANF cases, the issue of case closure was analyzed further using data from a larger sample of TANF recipients who had at least three calendar quarters of follow-up data from the time of their VIEW assessment. The purpose of this analysis was to determine if those whose cases were closed at the end of the follow-up period for this study could be distinguished from those whose cases remained opened. Table 9 presents the results of this analysis.

As indicated, no dramatically large differences were observed between these two groups for most of the characteristics examined. However, perhaps the most important difference is that those who close their TANF case score lower on risk indicators than those who remain active in VIEW. This finding means that those who leave VIEW and TANF, on average, may do so because they are better able to secure employment or other economic support, thereby reducing their reliance on welfare. Accordingly, a key question concerning the participation of the high risk population in VIEW is whether local staff make adjustments in the services provided this group to address some of the problems which contribute to their higher risk.

Figure 11

Comparison of Initial Component Percentages and Component Percentages One Year Later
(Recipients in JLARC Sample with at Least One Year of Program Experience)



Note: Percentages are based on weighted observations as described in Chapter I, and may not add to 100 due to rounding. N = 423. Sampling error and the results of significance testing are reported in Appendix B.

Source: Staff analysis of JLARC VIEW participant database from the sample of 21 localities.

The Mix of Services Provided to VIEW Participants Is Virtually Identical Despite the Differing Needs of the Population

As noted earlier, one of the principal benefits of tracking the flow of participants through the program is that a more complete picture of the services they received can be presented. To examine the issue of service mix, two basic indicators were calculated. First, the proportion of recipients that were assigned to each major VIEW component — Job Search, Job Readiness, Education, Training, and CWEP — was determined using one year's worth of program data. Second, the total number of days that participants were assigned to each of these components were determined so that the basic thrust of the VIEW model could be examined for both the high and low risk populations in the sample.

Figure 12 presents these two percentages for the JLARC sample of mandatory participants with one full year of VIEW program data. As expected, 94 percent of the sample were placed in job search at some point during their first year of VIEW participation. The next most frequently used component was job readiness training (41 percent), followed by CWEP (15 percent). Education and training components were each only assigned to six percent of this population.

Table 9

Closed Cases vs. Those Still Active in VIEW

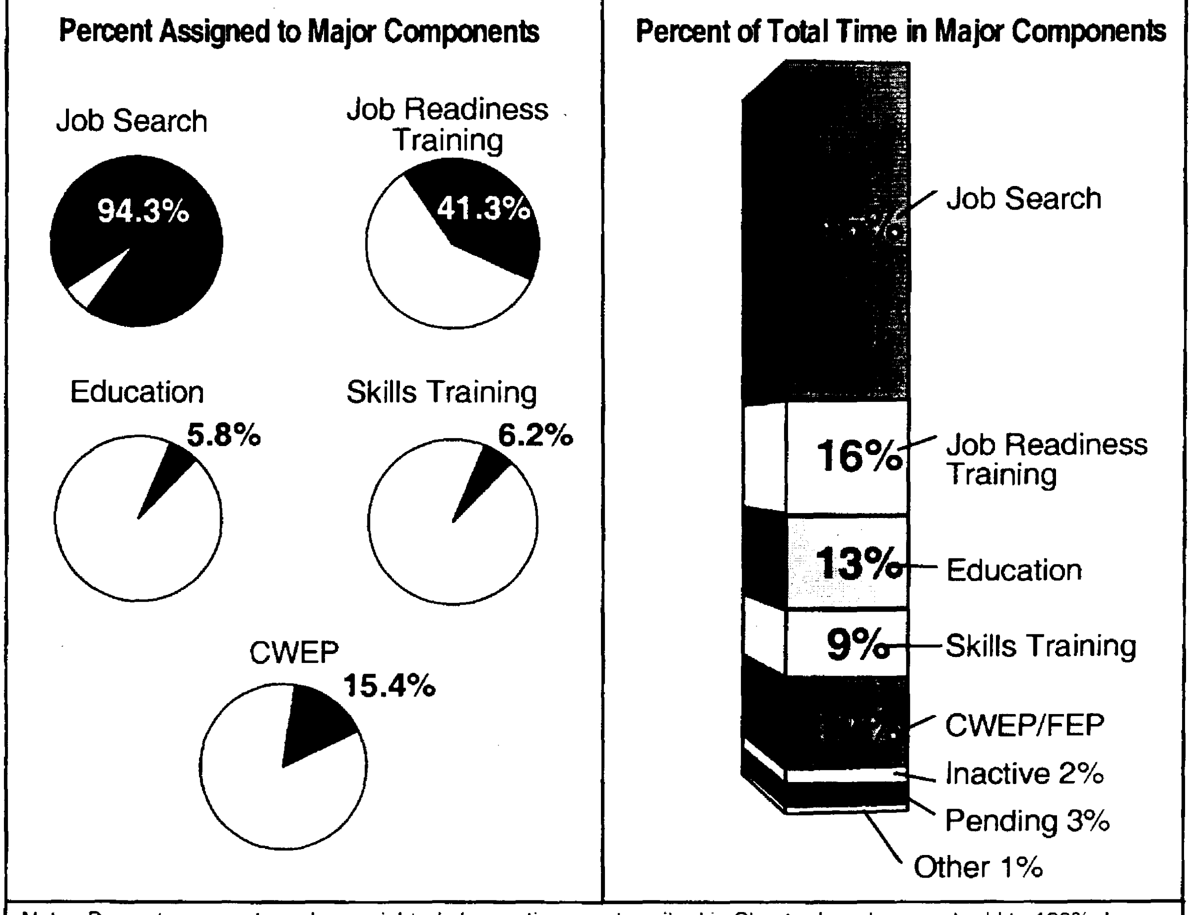
Variable	Closed Cases (n=699)	Still Active (n=291)
Geographic Type		
Urban	85%	93%
Rural	15%	7%
Sex		
Male	9%	1%
Female	91%	99%
Race		
White	29%	14%
Black	59%	79%
Other	12%	7%
Marital Status		
Married and Living Together	12%	8%
Married but Separated	18%	14%
Divorced/Widowed	10%	5%
Never Married	49%	67%
Other	11%	6%
Education Level		
No High School Diploma/GED	44%	52%
High School Diploma/GED	56%	48%
Risk Level		
Low Risk	85%	75%
High Risk	15%	25%
Average Age at VIEW Implementation	31	31
Average Number of Children	2.2	2.8
Had Prior Work Experience	50%	53%
Average Prior Annual Earnings	$2,062	$1,458
Median Prior Months on Welfare	30	42
Percent of Time Spent on Welfare Since Birth of Oldest Child	45%	52%

Note: Variables listed reflect participant characteristics at the time of their initial VIEW assessment. Percentages are based on weighted observations as described in Chapter I. Sampling error and results of significance testing are reported in Appendix B. N=990.

Source: Staff analysis of JLARC VIEW participant database from the sample of 21 localities.

Figure 12

Component Mix of Services for Sample of VIEW Mandatory Participants with One Year of Program Data



Note: Percentages are based on weighted observations as described in Chapter I, and may not add to 100% due to rounding. N = 423. Sampling error and the results of significance testing are reported in Appendix B.

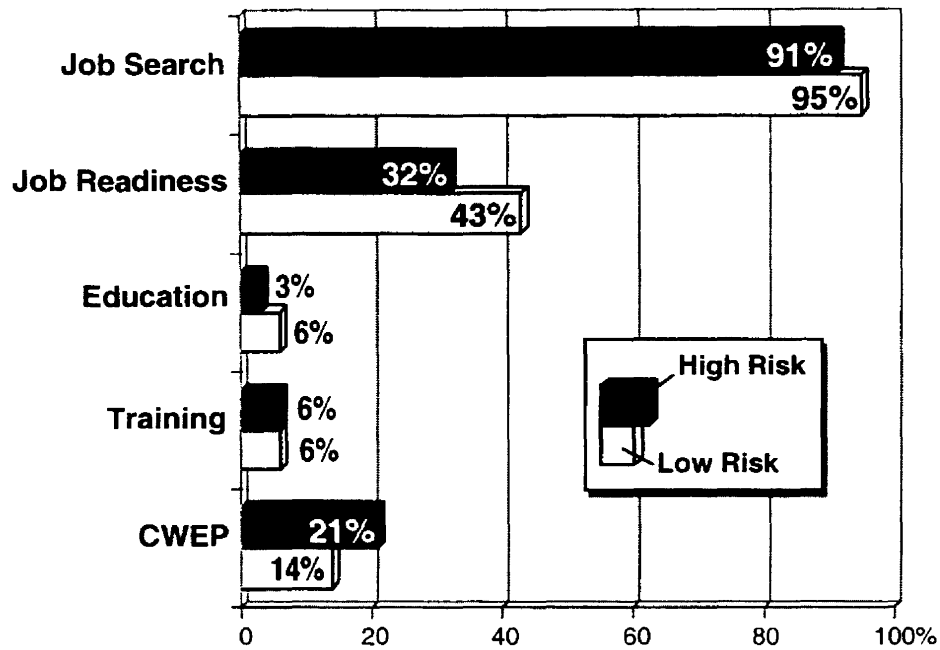
Source: Staff analysis of JLARC VIEW participant database from the sample of 21 localities.

In terms of the amount of time spent in the various program components, recipients were assigned to job search (46 percent) and job readiness (16 percent) for most of the time that they were active in VIEW during one year of participation. Although education services were assigned less often than CWEP, participants spent similar amounts of time in these components (13 percent and 12 percent, respectively). The percentage of time spent in a skills training component (9 percent) was the least of all the major program components.

Treatment Based On Risk Levels. Perhaps most significant in this analysis of VIEW component mix is the finding that the service assignment rates for high risk participants are virtually the same as the rates for low risk participants. Because high risk participants are those who have had less education and job experience, it would be expected that these participants would be assigned to education and training components at a higher rate than those with lower risks. However, as Figure 13 indicates, the differences in the percentages of low risk and high risk participants assigned to education and training components are small. High risk participants are assigned to CWEP at a higher rate than their low risk counterparts, but this may be an indication that low risk participants are meeting the work requirement by finding employment.

Figure 13

Component Mix, By Risk Level
(Percent Assigned to Major Components)



Note: Percentages are based on weighted observations as described in Chapter I. Graph is based on JLARC sample of recipients with at least one year of program experience. N = 423. Sampling error and the results of significance testing are reported in Appendix B.

Source: Staff analysis of JLARC VIEW participant database from the sample of 21 localities.

The finding that component assignments for participants with high risks are generally very similar to component assignments for participants with low risks underscores a potential pitfall of a program whose flow patterns are rigidly defined by regulation. While everyone in the program is limited to 24 months ofTANF receipt, the current mix of services may not be the most effective approach for all participants to obtain successful employment outcomes. Some participants with high risk characteristics may be less able to obtain employment above the minimum wage, or they may be less able to remain employed over time. If this situation is the case, some program changes may be warranted to assist the higher risk population more in achieving greater self-reliance. The next chapter in this report examines this issue in greater detail.

III. The Economic and Family Status of the Eligible VIEW Population

Since welfare reform legislation was passed in Virginia, the sharp and consistent decline in welfare caseloads has been treated as the litmus test of the success of the new policies. However, because public assistance recipients traditionally leave welfare for numerous reasons, important questions related to the post-program employment and income levels of TANF recipients and their living conditions are left unanswered by a singular and cursory focus on caseload trends. Accordingly, the mandate for this study directs JLARC to study the effect of the VIEW program, focusing on the status of persons who participate in the program, those who exhaust their eligibility, as well as those who leave the welfare rolls rather than submit to the requirements of VIEW.

This chapter addresses the requirements of the mandate through an examination of the changes that have occurred in the economic and family circumstances of a sample of VIEW-eligible welfare recipients. The study approach used to complete this review was not designed to answer questions about the net effectiveness of VIEW in increasing employment and reducing welfare costs. Instead, the examination of pre-to-post program changes in these labor market outcome measures and welfare participation rates provides a broader set of indicators than caseload reduction for evaluating the experiences of public assistance recipients who are subject to VIEW.

While the short amount of time since VIEW has been implemented statewide make these results far from conclusive, the major findings of this analysis appear to support the general direction that Virginia has taken with welfare reform. With the emphasis on immediate employment in a strong economy, approximately one-half of the participants in the VIEW program were able to find work in the first quarter following their assessment for the program and sustain these employment levels in two subsequent quarters of follow-up. Moreover, the observed employment changes were accompanied by substantial declines in the rates at which the study group remained on public assistance during the follow-up period.

Results from a telephone survey of welfare recipients were also encouraging. In the time since they were determined to be VIEW-mandatory, those who found work report few job changes, a high rate of satisfaction with their day care arrangements, and less reliance on public assistance as their major source of income. Further, these TANF recipients expressed opinions in the survey that are at odds with the manner in which they have often been portrayed. By large margins, those surveyed indicated that able-bodied welfare recipients should be expected to work; that working for pay is one of the most important things a person can do; and that since VIEW, their lives were either somewhat or much better. One cautionary note, however, is that only two percent of the survey respondents had reached the two-year limit for the receipt of welfare benefits.

A separate analysis of those recipients who have exhausted their eligibility for TANF by remaining on welfare for 24 months reveal employment rates that match and exceed the levels observed for other groups of mandatory VIEW participants. In the quarter in which their benefits expired, slightly more than 40 percent of their "total resources" were generated by earned income.

Ultimately, however, if the long-term goal of self-sufficiency is to be achieved for many welfare recipients in Virginia, some adjustments will be needed to the VIEW program to address several problems. The first of these problems actually stems from the diversity of the State's welfare caseload. While relatively high employment rates were observed for a substantial portion of VIEW participants, among a significant subgroup who have multiple employment barriers, joblessness remains a problem. For those with the greatest number of barriers, the employment rate following the VIEW assessment barely surpassed 30 percent. This seems to indicate that a program which universally applies job search as its major intervention is not likely to generate high employment levels for such a disadvantaged population even in a robust economy.

Second, despite the high overall employment levels witnessed among the entire study group, the earnings for the majority of those who find employment are considerably below the level that would disqualify them for continued public assistance. This might explain why many of the recipients who ultimately exhausted their time limit for benefits remained on welfare for 24 consecutive months even though they were employed at high levels during this time period.

ECONOMIC OUTCOMES FOR THE VIEW-MANDATORY POPULATION

According to a recent report from the Department of Social Services, the first two years of Virginia's welfare reform program "have successfully changed the course of welfare from a government handout to a principled work first reform." By emphasizing the labor market approach, which advocates immediate work over education and skills training, the report indicates that large numbers of welfare clients have been moved from public assistance and into gainful employment.

While the employment and caseload figures cited in the DSS report do provide reason for optimism concerning the progress of welfare reform in Virginia, the data are not sufficient to evaluate the progress welfare recipients are making towards becoming self-sufficient. This section of the chapter aims to explore this issue in greater detail by examining the pre-to post-program labor market trends and welfare caseload shifts for a cohort of VIEW-mandatory TANF recipients.

Overall Employment Levels for VIEW-Mandatory Population Reach 50 Percent But Remain Low for Welfare Recipients With Multiple Risks

In Section 63.1-133.49(a) of the *Code of Virginia,* the General Assembly directs DSS "to enhance opportunities for personal initiative and self-sufficiency" among welfare recipients by "promoting the value of work and developing job placements that will enable participants to develop job skills that will likely result in independent employment." As a result, a key focus of this analysis is an assessment of the changes observed in welfare recipients' employment levels and earnings following their assessment for the VIEW program. The next section of this chapter discusses the findings from this analysis.

Approach for Economic Analysis: Data Sources and Selection of Cohort. To examine changes in economic outcome measures, two sources of data were used. First, for the employment and earnings measures, JLARC staff relied on wage files provided by the Virginia Employment Commission. These files provide quarterly earnings for all persons who work in non-agricultural employment in the Commonwealth. The obvious limitation of this file is that it does not include the wages for persons who are self-employed or who work in neighboring jurisdictions such as the District of Columbia or bordering states. Second, data on the welfare benefits received by VIEW participants were obtained from DSS' automated benefit files. This information, which is provided on a monthly basis, was aggregated quarterly to match the wage data from the Virginia Employment Commission.

Once the data sources were identified, a follow-up period for the analysis was established. The JLARC study sample includes VIEW participants who were enrolled in the program as early as the summer of 1995 and as late as the summer of 1998. With the "work-first" approach of VIEW, most participants are required to enter the labor force shortly after receiving an assessment by an employment services worker. This essentially means that the follow-up period is initiated for a typical participant within days of their VIEW assessment. Therefore, for this analysis, the quarter in which the participant was either assessed for VIEW or had their TANF cases closed — the situation for mandatory TANF recipients who elect not to participate in the program — was chosen as the "in-program" period.

Next, with the goal of selecting a single group or cohort of individuals for the post-VIEW economic outcome analysis, only those recipients who met the following selection criterion were included in the study:

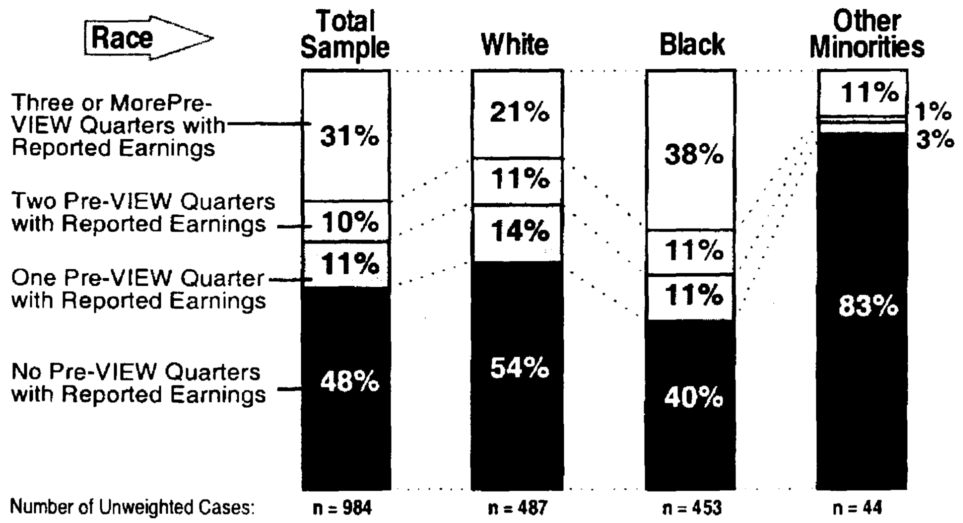
> VIEW-mandatory recipients with at least three quarters of follow-up **after** the quarter in which they either signed the agreement of personal responsibility or chose not to participate in the program.

Pre-VIEW Employment Levels. As a precursor to the examination of labor market outcomes for the study group, information on the nature of their work experience prior to their VIEW assessment date is reported. Because of the strong associations that have been established in past studies of welfare reform between pre- and post-program employment, it is important to examine the level of employment for the study group before they entered VIEW.

Figure 14 summarizes the pre-VIEW work experiences for the welfare recipients included in this study group and reveals the lack of work experience that characterizes a significant segment of the study group. For example, 48 percent of those in the sample did not have reported earnings in any of the four quarters prior to VIEW. This jobless rate was lowest for blacks (40 percent) and highest for other ethnic minorities (83 percent).

Figure 14

The Pre-Program Labor Market Experiences of VIEW Mandatory Recipients, by Race of Participants



Note: Percentages are based on weighted observations as described in Chapter I. Appendix B provides sampling errors and the results of statistical testing for estimates presented in this figure. Appendix C-1 provides pre-program labor market experience data for other subgroups.

Source: JLARC analysis of wage data provided by the Virginia Employment Commission and participant demographic data collected from local VIEW program files.

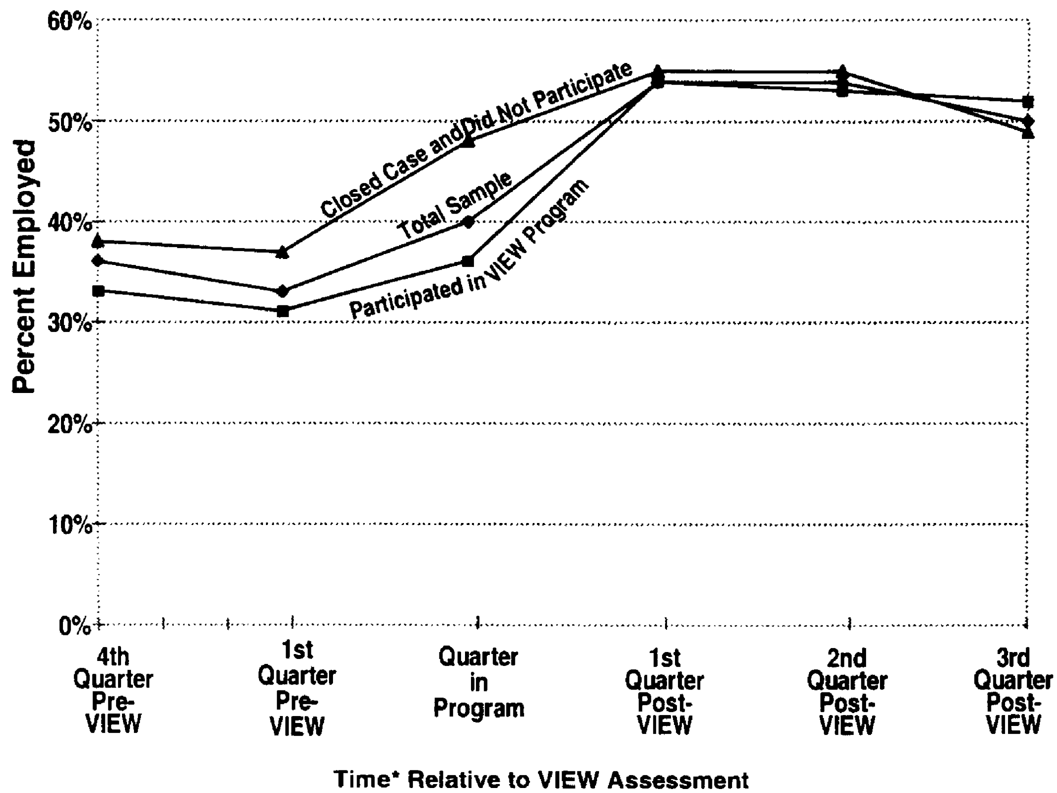
At the same time, these data also demonstrate the diversity of the welfare recipients in the study sample in terms of their pre-VIEW work experience. Approximately 31 percent of the population worked in three of the four quarters before VIEW, or in at least two of the quarters (ten percent). Again, relative to their counterparts, a larger proportion of blacks had evidence of employment in at least three of the pre-program quarters.

Changes in Pre- to Post-Program Employment Levels. The first step in evaluating economic outcomes for VIEW-mandatory participants is an assessment of the changes in their pre-to-post program employment levels. Given the requirement that participants find work within 90 days following their assessment or be placed in a non-paying work experience program, there is considerable interest in examining how successful those subject to this requirement have been in their search for employment.

Figure 15 presents the trends observed in the pre-to-post program employment levels for the study group and illustrates the employment gains that were observed for the VIEW-mandatory population. For the total study group, in the quarter prior to the VIEW assessment date, the employment rate was 33 percent. One quarter after the VIEW assessment was completed, this figure had increased to 54 percent – a 63 percent increase. Although this employment rate declined to 50 percent by the end of the third quarter following the VIEW assessment period, this rate was still 51 percent higher than the level observed for the study group prior to VIEW.

Figure 15

Pre- to Post-Program Changes in Employment Levels for the VIEW Mandatory Population



* Note that first interval on horizontal axis is a longer period.

Notes: Percentages are based on weighted observations as described in Chapter I. Only those recipients with at least three quarters of follow-up data are included in this analysis. Total number of unweighted cases are as follows: total sample, 893; number recipients who closed their cases, 291; and number of recipients who participated in VIEW, 602. Appendix B provides sampling errors and the results of statistical testing for the estimates presented in this figure. Appendix C-2 provides pre- and post-program employment levels for other subgroups.

Source: JLARC analysis of wage data provided by the Virginia Employment Commission and VIEW program data collected by JLARC staff from local program files.

Outcomes for Recipients Who Did Not Participate in VIEW. Figure 15 also provides separate employment rate trends for those welfare recipients who allowed the employment service worker to close their TANF case rather than submit to the requirements of VIEW. These individuals accounted for 33 percent of the sample used for this analysis. This is the population that some believe has historically used the welfare system, not out of need, but as a supplement to unreported income. According to one local social service director one of the strengths of VIEW's "work-first" requirement program is that "it smokes these individuals out" of the system by imposing the burden of a formal, time-consuming job search requirement.

Others disagree with this assessment. To many this population represents those recipients for whom welfare participation has always been cyclical. In other words, rather than relying on the system as a permanent means of assistance, most of these individuals use the system as a safety net of income when adverse and unexpected changes occur in their family status, or while they are experiencing short-term periods of unemployment.

From a research perspective, it is tempting to treat these individuals as a control group because they were not exposed to VIEW services. This would then permit a comparison of the labor market outcomes of the two groups, with the observed differences reflecting the net impact of VIEW on participant employment. However, because the decisions to allow their cases to be closed rather than participate in VIEW were made in a non-random, purposive manner, there may be some selection bias which cannot be completely mitigated through statistical modeling. Therefore, while comparisons between this group and the group of VIEW participants are made, these comparisons can not be regarded as definitive findings about the net effect of VIEW, because this group is not a randomly assigned control group. However, because the study mandate calls for a review of the outcomes for this group, changes in their labor market experiences are presented in this section.

The data in Figure 15 clearly shows that individuals who did not receive VIEW services experienced employment rate changes that were virtually identical to those who received VIEW services. Although their employment levels dropped slightly below 50 percent by the end of the third quarter, they remain noticeably higher than their pre-program rates and were only slightly lower than the rate for those who were assigned to a VIEW component. This pattern is consistent with the fact that non-agricultural employment levels statewide have been steadily increasing from January 1995 to June 1998 (which covers the time frame for this study). Likewise, the State unemployment rate has been decreasing during this time period.

To better illustrate the overall changes in the employment status of the VIEW-mandatory population, JLARC staff grouped the study sample based on the number of quarters they worked in both the pre-VIEW and post-VIEW period. As Table 10 shows, the proportion of the study group who worked in each of the pre- and post-VIEW quarters increased by 17 percentage points from 21 to 38 percent. Conversely, the proportion of recipients who did not work in any of the pre- and post-VIEW quarters decreased from 51 to 35 percent – a difference of 16 percentage points. These findings

Table 10

Pre- to Post-Program Changes in the Total Number of Quarters Worked for TANF Recipients Who Are Subject to VIEW Policy

Number of Quarters With Earnings	Three-Quarter Pre-VIEW Period	Three Quarter Post-VIEW Period
Three Quarters	21%	38%
Two Quarters	16%	18%
One Quarter	12%	9%
None	51%	35%

Note: Percentages are based on weighted averages as described in Chapter I. Appendix B provides sampling errors and the results of the statistical test for estimates presented in this table.

Source: JLARC staff analysis of wage data provided by the Virginia Employment Commission.

reflect the employment gains that VIEW mandatory recipients appear to be making following the VIEW assessment period.

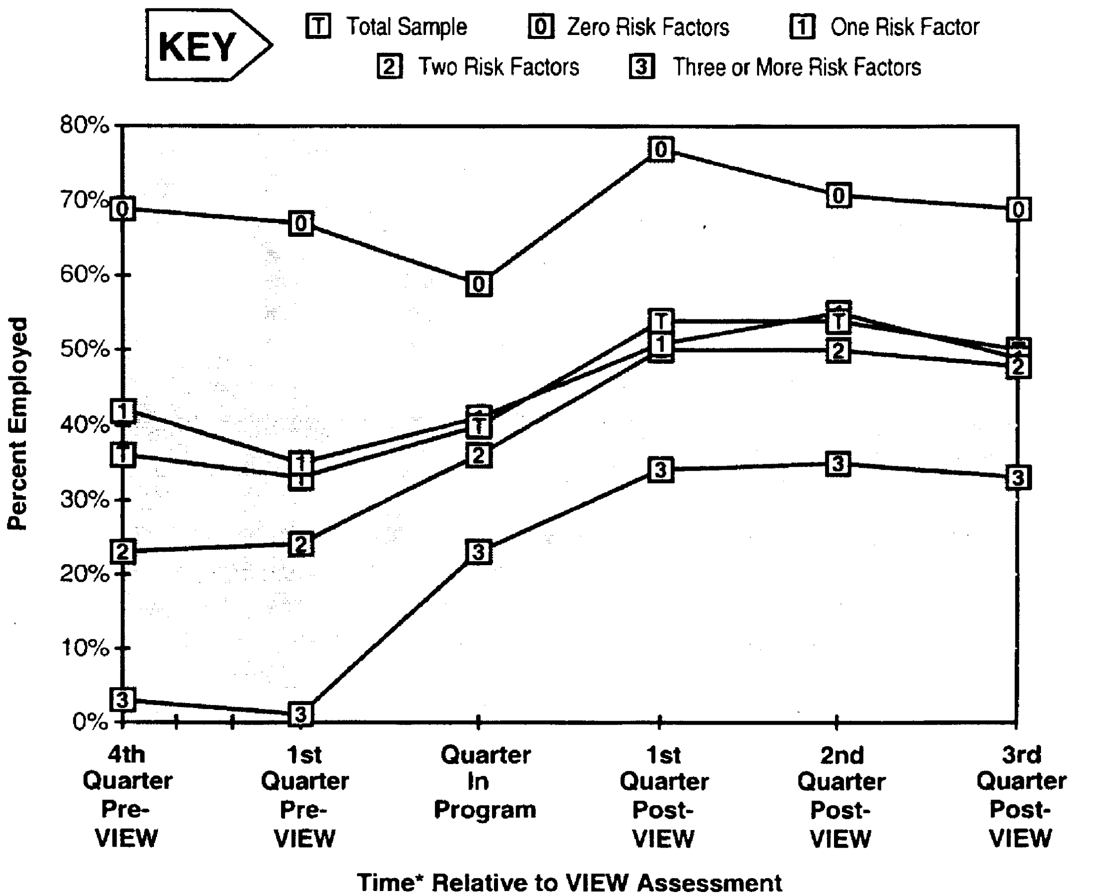
Employment Rates for High-Risk Groups. Those welfare recipients who are chronically dependent on the system present one of the biggest challenges for an "employment-first" program like VIEW. Typically these individuals have fewer employment skills, lower education levels, and significant family problems. When legislation for the VIEW program was being considered, there was spirited debate around the issue of whether these recipients could experience a successful transition to the labor market without the aid of additional employment services that have been traditionally provided this population.

As noted in Chapter II, to facilitate a separate analysis of study group members who are long-term welfare recipients or are at-risk of such dependency, JLARC staff established a risk scale using four factors that have been associated with chronic dependency – no employment in the year prior to VIEW, four or more children, on welfare for 70 percent or more of the time since the birth of the oldest child, and non-high school completion. Using these factors, each member of the study group was categorized and ranked according to the presence or absence of these factors. Through this classification process, it was possible to determine if those recipients who are high-risk (with three or more risk factors present) experience similar changes in the pre-to post-VIEW labor market outcomes as those who are low-risk.

As shown by the data in Figure 16, while these high-risk welfare recipients experienced significant gains in their post-program employment levels compared to the lower risk clients, their overall employment rates were much lower. The absolute sizes of these pre- to post-program gains reflect the low pre-VIEW employment levels that were observed for this population. To illustrate, in four quarters prior to VIEW, only three percent of the high-risk population had reported wages. In the third quarter following their VIEW assessment, the proportion of high-risk clients with reported

Figure 16

Pre- to Post-Program Changes in Employment Levels for the VIEW-Mandatory Population Based on Individual Risk Factors



* Note that first interval on horizontal axis is a longer period.

Notes: Percentages are based on weighted observations as described in Chapter I. The number of unweighted cases for each level of risk are as follows: zero risk factors = 203; one risk factor = 350; two risk factors = 305; three or more risk factors = 132. Appendix B provides sampling errors and results of statistical testing for the estimates.

Source: JLARC staff analysis of wage data provided by the Virginia Employment Commission. Data to create risk scale was collected from VIEW participant files.

wages had grown to 33 percent – an increase of 1000 percent. By comparison, the group with no risk factors had a much higher post-VIEW employment rate of 69 percent, but this represented no change from the pre-VIEW employment rate this group experienced four quarters prior to VIEW. Nonetheless, the larger gains for the high-risk group should not obscure the fact that three-quarters following their VIEW assessment, nearly seven out of 10 of these welfare recipients were jobless in an economy that has produced jobs at an unprecedented rate.

Whether this warrants additional attention is also a matter of public debate. According to some caseworkers, these low-employment levels may represent motivation problems that are best addressed through the imposition of swift sanctions. Indeed, the rate of sanctions for those considered high-risk (28 percent) is almost twice the rate observed for other members of the study group (16 percent). Moreover, persons who are sanctioned under VIEW have lower post-program employment rates (see employment rates for other sub-groups in Appendix C).

However, a multivariate analysis was conducted to identify the factors that were most strongly associated with post-VIEW employment patterns. The dependent variable representing individual employment rates was the number of quarters an individual worked following the VIEW assessment. The risk scale developed in this study demonstrated the largest impact on individual employment rates (Table 11). Specifically, after accounting for the influence of other factors, having three or more risk factors was significantly associated with working fewer quarters in the post-VIEW period used in this study. As shown in Table 11 some other variables that were explicitly considered in the model included:

Table 11

Factors Which Impact the Total Number of Quarters in Which VIEW-Mandatory Welfare Recipients Work Following a VIEW Assessment

Variable	Standard Coefficient	Significance Level
Sex (1=Male 0=Female)	-.087	.001
Race (1=White 0=Other Races)	.050	.176
Mental Health Diagnosis (1=Yes 0=N0)	-.084	.006
Requested Transportation Assistance (1=Yes 0=No)	.082	.039
Requested Daycare Assistance (1=Yes 0=No)	.129	.003
Three Or More Risk Factors (1=Yes 0=No)	-.169	.000
Felony Record (1=Yes 0=No)	-.039	.269
Type of Locality (1=Urban 0=Other)	-.044	.263
Sanctioned By VIEW Staff (1=Yes 0=No)	-.125	.000

Note: The total number of unweighted observations for this analysis was 990. The dependent variable for this analysis was total number of quarters worked following the VIEW assessment. The standardized coefficients reported for each independent variable represent the average change in the total number of quarters worked that is associated with a one unit change in the independent variable. The R2 value of the model is .18.

Source: Data on quarters worked came from the Virginia Employment Commission wage records. Information on participant demographics and VIEW sanctions were collected by JLARC staff from the participant records, the Department of Social Services VACIS system, Department of Medical Assistance Services' mental health claims data, and State Police crime data.

- an indicator or whether the recipient was sanctioned;
- participant demographics of race and sex;
- an indicator of whether the recipient was diagnosed with mental health problems;
- the geographic location of the local welfare office,
- an indicator of whether the VIEW participant requested assistance with daycare and transportation; and
- an indicator of whether the recipient had a felony record.

Assessment of Pre- to Post-Program Changes in Participant Earnings Also Indicates Differences Between High- and Low-Risk Group

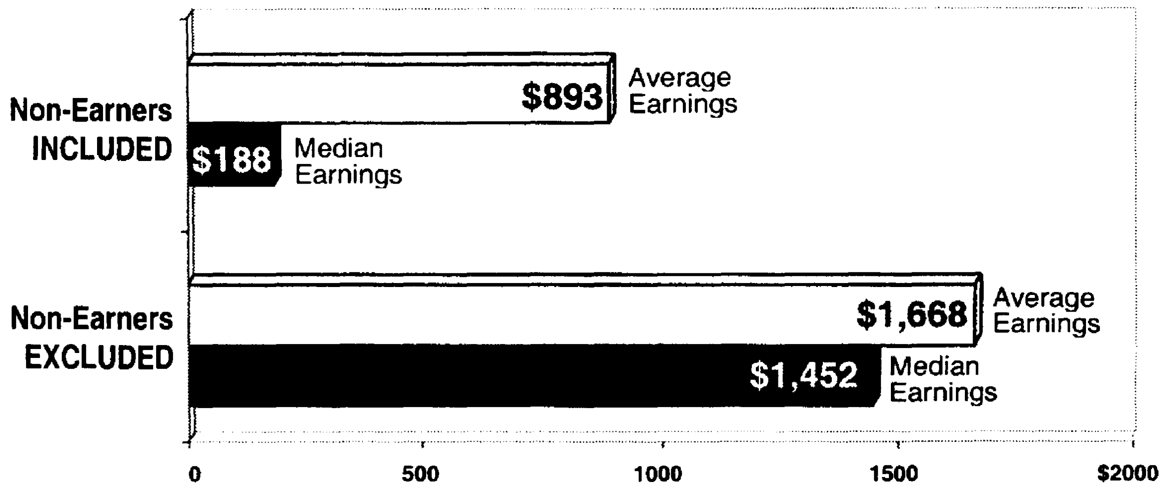
Closely related to the issue of whether welfare recipients are able to find employment is the question of how much they earn once a job is secured. As with the employment data, participant earnings levels were examined on a quarterly basis in the periods prior to and following the VIEW assessment dates and the results are presented in the next section of this chapter. After discussing how to approach the analysis of earnings data by choosing whether to stratify earners from non-earners, the findings are presented in three parts: (1) pre-to post-VIEW assessment of changes in earnings; (2) changes in earnings reported by the participants' risk levels; and (3) comparing annualized earnings levels to official poverty standards.

Choosing Whether to Stratify Earners from Non-Earners. In analyzing the earnings data of welfare recipients, special consideration had to be given to: (1) how to treat those recipients with, versus those without, earnings, and (2) the distribution of the data and its effect on the measures of central tendency used for the analysis. The choice of how to represent recipients in the analysis was guided by a fundamental question: overall, how is the cohort of individuals who have been exposed to VIEW faring under the reform? The answer to this question depends on the outcomes observed for all participants, whether they are: (1) not employed at all, (2) employed intermittently, or (3) employed throughout the entire quarter. Therefore, the question of changes in participant earnings is addressed in this section of the analysis for the entire sample cohort, rather than segmenting one group or the other in the analysis based on employment status.

However, it is important to note that this decision does impact the earnings outcome measures in significant ways. As shown in Figure 17, when earnings data on only those persons who are employed in a given quarter are presented, both the median — the middle point in the data — and average have similar values and they are substantially higher than comparable measures for the entire cohort. While this approach is useful for approximating wage rates for those in the cohort who are working,

Figure 17

Effect on Average and Median Quarterly Earnings When Non-Earners Are Excluded from the Analysis



Notes: Observations are weighted as described in Chapter I. Total number of unweighted cases for the group that includes non-earners is 990. For the group excluding non-earners the number of observations is 539. Earnings data reported for the first quarter following the VIEW assessment.

Source: Wage data collected from the Virginia Employment Commission.

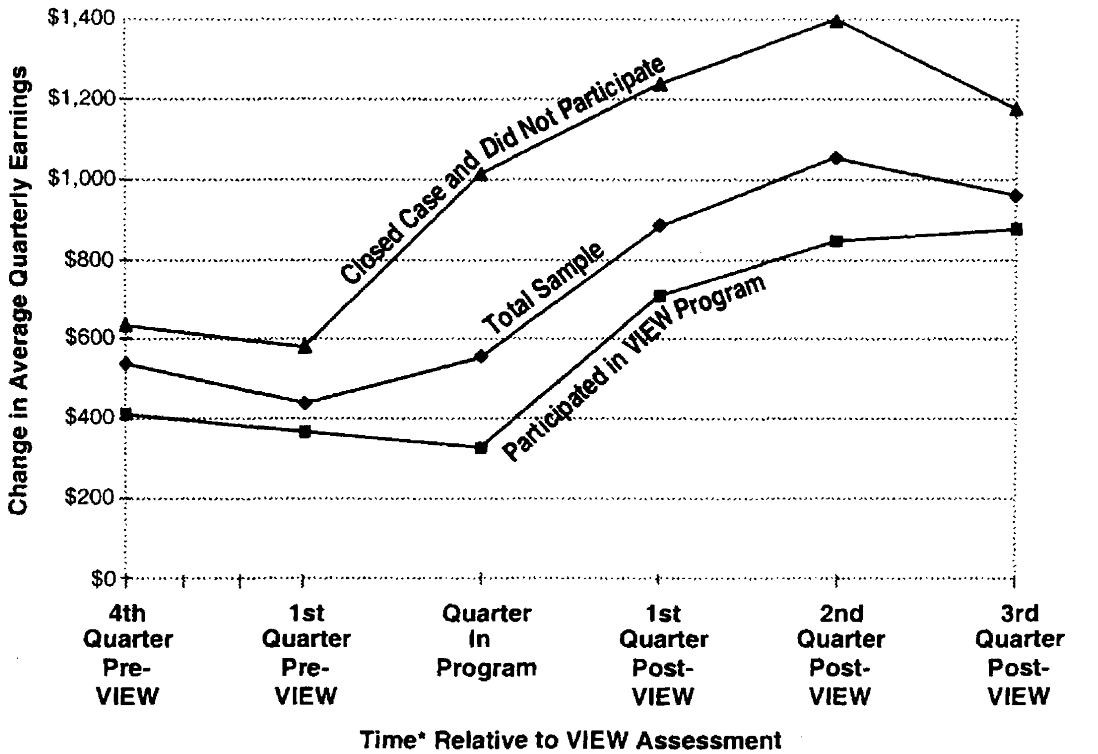
it should not be used to describe the earnings experiences of the entire cohort of welfare recipients as it ignores the labor market outcomes of approximately one-half of the study group.

Nonetheless, when those without earnings are included as a part of the analysis cohort, the median value ($188) falls substantially below the average value of $893. As the middle point in the data in this case, the median reflects the earnings of the typical welfare recipient in the study group. However, unlike the average value, the median value is only slightly influenced by the amount of earnings for those in the cohort who are employed. Because the average value reflects the variation that occurs in the earnings variable from the lowest (zero) to the highest quarterly earnings value (more than $8,000) it was used as the outcome measure in this analysis.

Pre-to-Post Changes in VIEW Earnings Levels. Where the employment levels discussed earlier in this chapter provide reason for optimism about the direction of welfare reform, the results from the earnings analysis raise some concerns. As illustrated in Figure 18, prior to VIEW assessment, the average quarterly earnings for the study cohort in both fourth or first pre-program quarter was less than $550. In the quarters following the assessment, average earnings did increase, but the levels were exceptionally low. For example, in the first quarter following the VIEW assessment, the average quarterly earnings for the study group was $893. By the third quarter following the assessment, this figure had increased slightly to $969.

Figure 18

Pre- to Post-Program Changes in Average Quarterly Earnings for the VIEW-Mandatory Population



* Note that first interval on horizontal axis is a longer period.

Notes: Total number of unweighted observations is 893. The weighted sample size for the two subgroups is 602 for the program group and 291 for the group who closed their case. Appendix C-3 provides median and average earnings amounts for other subgroups.

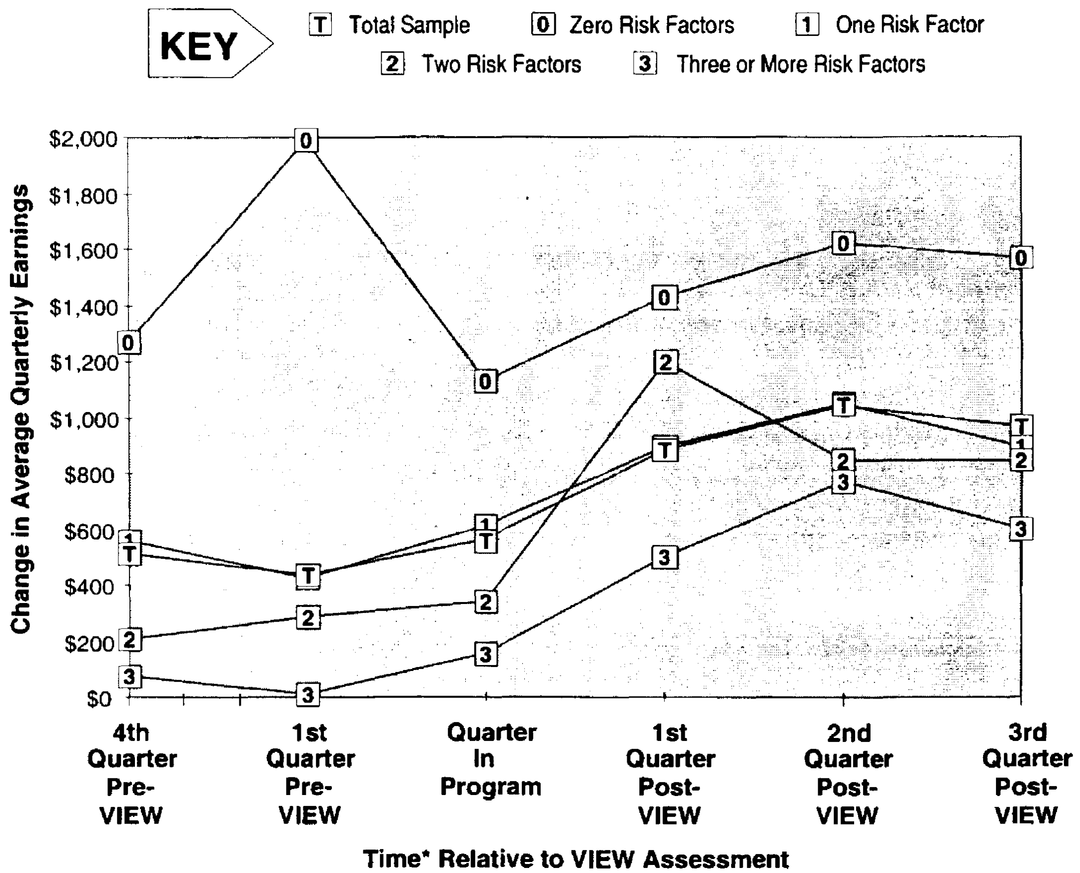
Source: JLARC staff analysis of earnings data provided by the Virginia Employment Commission. Data on the program status of the VIEW-mandatory population was collected by JLARC staff from local program files.

Differences in earnings levels were observed for those persons who were actually assigned to a VIEW component compared to those who allowed their cases to be closed. The latter group earned more than their counterparts during the pre-VIEW period and in the three quarters after the quarter in which their cases were closed. As shown in Figure 18, by the third quarter of the follow-up period, the average quarterly earnings for those who closed their case ($1,177) was more than $300 higher than the earnings level for those who were actually assigned to a VIEW component.

Pre- to Post-VIEW Earnings Changes According to Risk Levels. When the earnings data were analyzed separately based on the various risk levels of the participant, two patterns were observed (Figure 19). First, for those welfare recipients categorized as having no risk, their average quarterly earnings in both the pre- and post-VIEW period were clearly higher than those recipients with various levels of risk. For example, in the fourth quarter prior to VIEW, those recipients with three or more

Figure 19

Pre- to Post-Program Changes in Average Quarterly Earnings for the VIEW-Mandatory Population Based on Individual Risk Factors



* Note that first interval on horizontal axis is a longer period.

Notes: Percentages are based on weighted observations as described in Chapter I. The number of unweighted cases for each level of risk are as follows: total sample = 990; zero risk factors = 203; one risk factor = 350; two risk factors = 305; three or more risk factors = 132. Appendix B provides sampling errors and results of statistical testing for the estimates.

Source: JLARC staff analysis of wage data provided by the Virginia Employment Commission. Data to create risk scale was collected from VIEW participant files.

risk factors earned an average of $74. Just prior to their VIEW assessment, this figure was down to $10, clearly reflecting the high level of unemployment among this population. In the third quarter following the VIEW assessment, average earnings for the high risk group reached only $603. By comparison, those with no risk earned $1,269 in the fourth quarter prior to VIEW and almost $2,000 in the quarter immediately prior to their VIEW assessment.

Second, as in the case of the employment rate changes, the rate of increase in earnings for the high-risk group is larger than for those with no risk. As illustrated, in the third quarter after their VIEW assessment, those considered high-risk earned $603. This was more than a 700 percent increase from the levels observed for this group in the fourth quarter prior to VIEW. The compares to a 23 percent increase over the same time period for those with no risk. Moreover, if the post-VIEW third quarter earnings for this population ($1,567) is compared with their earnings from the quarter just prior to their VIEW assessment ($1,988) the change is actually negative. So while the population with no risk earned considerably more than high-risk welfare recipients, the amount of their post-VIEW earnings was similar to the levels observed for this population in the pre-VIEW period.

Comparison of Income to Poverty Standards. Under the State's current welfare guidelines, the initial test of eligibility for an applicant is based on the federal poverty standard. If the individual's earned income exceeds the federal poverty level, their application for assistance will be denied. Those who are already on assistance must report any changes in their income to a caseworker so that a re-determination of their eligibility can be made. As with new applicants, the first step in this re-determination process requires the eligibility worker to assess whether the recipients' additional income pushes them above the federal poverty level. Because of the clear link between the poverty standard and eligibility for welfare, JLARC staff conducted an analysis of the earnings of persons in the study sample who were employed to determine the proportion whose income exceeded the poverty level.

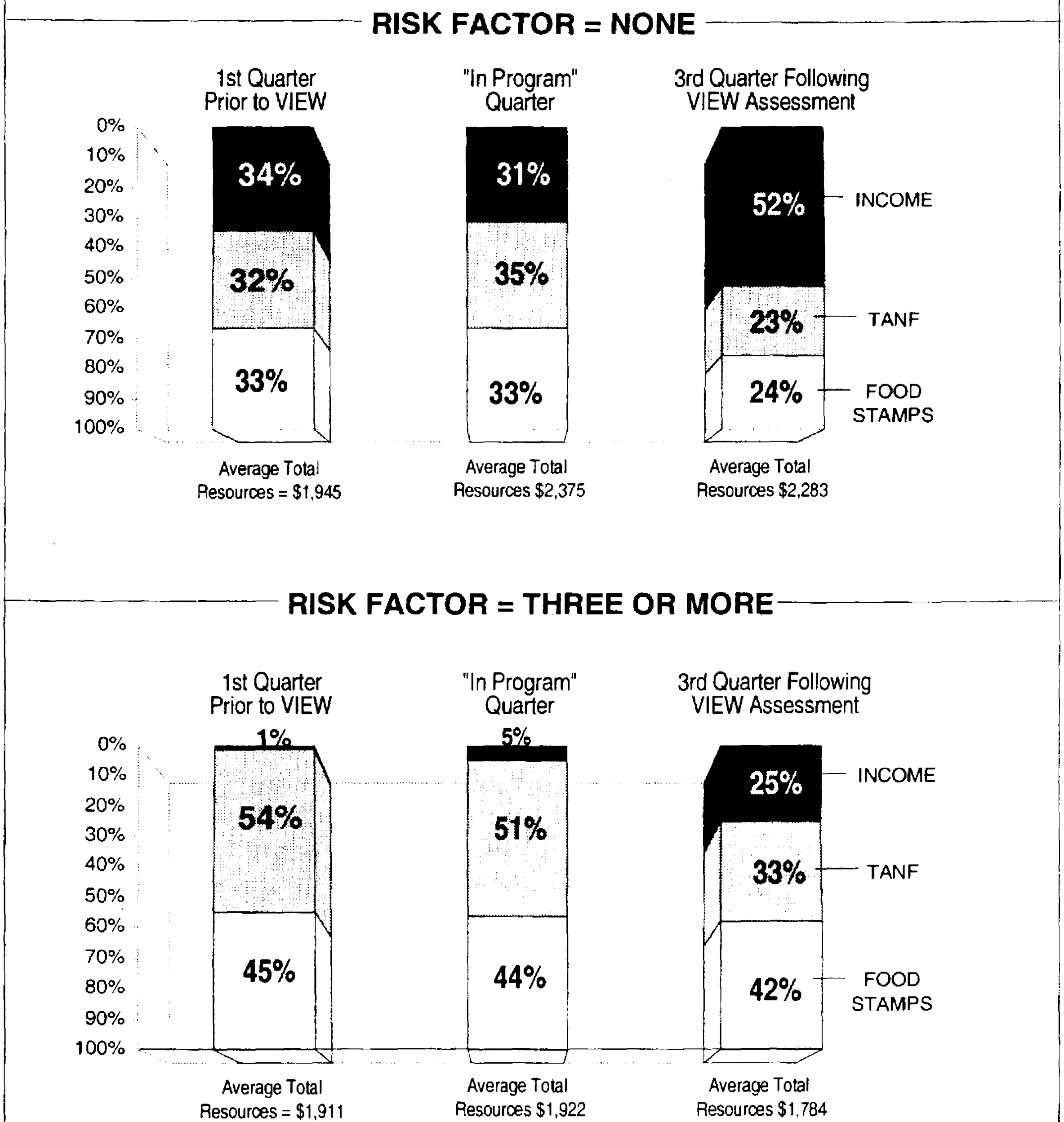
Because wage data for 1998 were only available through the second quarter of this year, JLARC staff annualized the reported income for each sample member. Next, to allow for the possibility that many of these individuals will qualify for and receive the federal earned income credit, their earnings were increased by the amount of the credit that each participant would be eligible to receive based on their annualized earnings. This new earnings variable was then divided by the poverty standard (which varies based on family size) to create an income-to-poverty ratio variable.

As the data in Figure 20 reveals, 71 percent of those in the JLARC study group are earning income at a rate that will keep them below the 1998 poverty level. Slightly more than a third of this group had earnings that were less than 35 percent of the poverty threshold. The rate of poverty among the study group was lowest (60 percent) for those for whom at least 12 months had passed since their VIEW assessment. By comparison, over 80 percent of those with a shorter post-VIEW period had incomes below poverty.

When this analysis is conducted for persons who actually were assigned to a VIEW component versus those who refused to register for VIEW, the results are somewhat surprising. Although they decided to forego the job search requirement as well as the transitional day care and transportation services, almost 40 percent of this group had an annualized income for 1998 that exceeded the poverty level. This percentage was almost double the rate of 22 percent that was observed for those who were assigned to a VIEW component.

Figure 24

Pre- to Post-Program Changes in the Composition of Total Resources for VIEW Mandatory Recipients, by Level of Risk

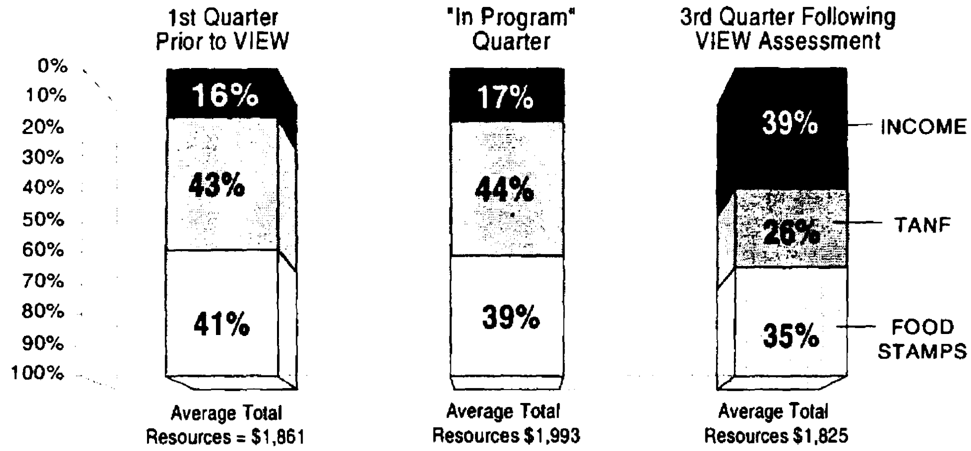


Notes: Percentage are based on weighted observations as described in Chapter I. Total number of unweighted cases for zero risk factors = 203 and for three or more risk factors = 132. Total resources equals the sum of quarterly food stamp benefits, TANF payments, and quarterly earnings.

Source: Wage data provided by the Virginia Employment Commission. Food stamp and TANF benefit data provided by the Department of Social Services from VACIS.

Figure 23

Pre- to Post-Program Changes in the Composition of Total Resources for VIEW-Mandatory Recipients



Notes: Percentages are based on weighted observations as descibed in Chapter I. Total number of unweighted cases = 990. Total resources equals the sum of quarterly food stamp benefits, TANF payments, and quarterly earnings.

Source: Wage data provided by the Virginia Employment Commission. Food stamp and TANF benefit data provided by the Department of Social Services from VACIS.

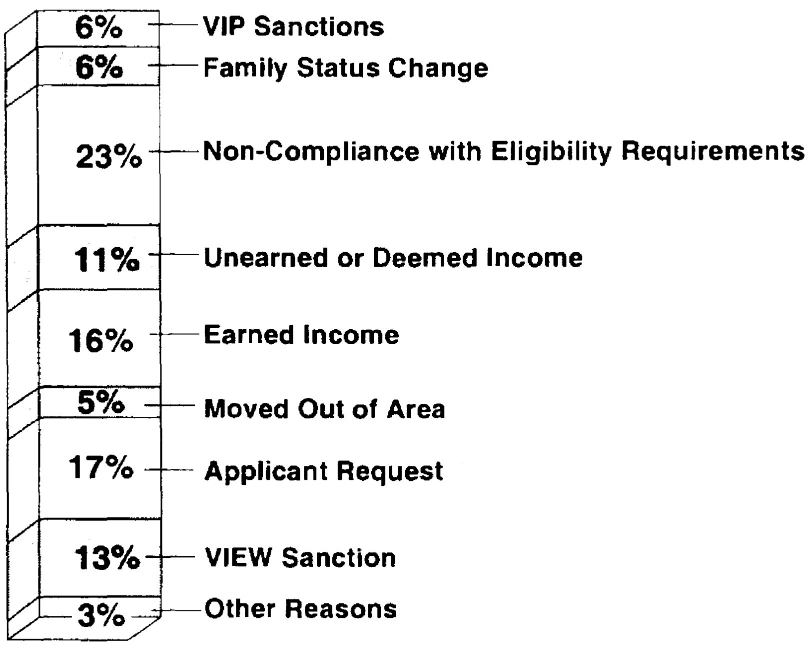
average percentage for income had increased to 39 percent, and the amount attributable to TANF payments was down to 26 percent.

Yet, when this analysis is conducted separately based on the risk of the welfare recipient, a different story emerges. The proportion of "total resources" attributable to income for "no risk" recipients changes from 34 percent pre-VIEW to 56 percent post-VIEW – a strong move towards self-sufficiency (Figure 24). However, for those with at least three risk factors, the outcomes differ sharply. First, whereas the average total resources of those with no risk increased slightly from the pre- to post-VIEW period with a greater contribution from earned income, the figure for those considered high-risk declined by approximately $127. Second, while there was a significant increase in the contribution that earnings made to the post-program "total resources" for this group, income accounted for only one-quarter of their total resources.

Together, the findings in the first section of this chapter suggest that some modifications are needed to the VIEW program model for the sub-group of high-risk participants. Clearly, those welfare recipients who are at-risk of long-term dependency need a more consistent and higher rate of employment if the legislative goal of self-sufficiency is to be realized. DSS has developed a "statewide strategy for the TANF hard-to-serve" population but the focus of this plan is primarily on the provision of substance abuse and mental health services. The plan is silent on whether any modifications to the job search-oriented VIEW program will be pursued to address the significant education and skill deficiencies of the high-risk TANF recipients. Some of the

Figure 22

Reasons for TANF Case Closure for VIEW-Mandatory Recipients



Note: Percentages are based on weighted observations as described in Chapter I. Total number of unweighted cases = 708. Sampling error and the results of significance testing are reported in Appendix B.
Source: Employment data provided by the Virginia Employment Commission. Data on case closure dates and reasons collected by JLARC staff from local VIEW program files.

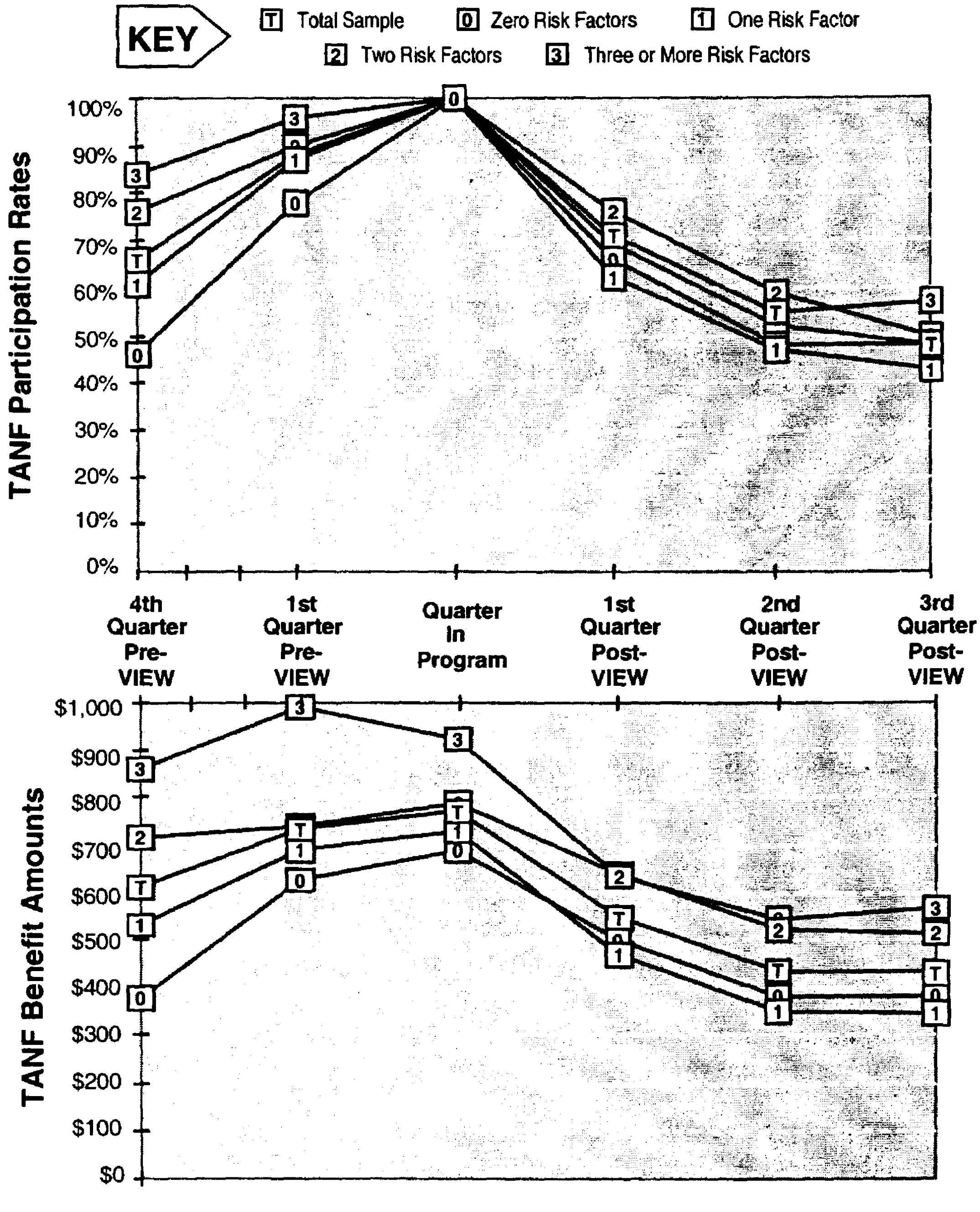
leaving the welfare rolls in basically the same economic condition under which they entered the system.

To accomplish this, JLARC staff first constructed a pre- and post-VIEW "total resource" variable for each participant in the sample. This variable measured the participants' resources using their quarterly TANF payments, food stamps benefits, and any wages that were reported to the VEC. Next, a comparison of the changes that occurred in the composition of the recipients' "total resources" both before and after the VIEW assessment was made to determine whether the sample participants were more reliant on earned income and less reliant on public assistance to meet their basic needs.

The results of this analysis mirror other findings made throughout this chapter. When the pre- and post-VIEW composition of "total resources" are examined for the entire sample, a clear shift away from a reliance on public assistance and to earned income is revealed. For example, in the first quarter prior to their VIEW assessment, the average portion of the sample participants' "total resources" that could be attributed to earned income was 16 percent while 43 percent was due to TANF payments (Figure 23). This outcome was largely unchanged during the quarter in which they were assessed for VIEW. However, by the third quarter following their assessment, the

Figure 21

Pre- to Post-Program Changes in TANF Participation Rates and Benefit Amounts for the VIEW-Mandatory Population Based on Individual Risk Factors



* Note that first interval on horizontal axis is a longer period.

Notes: Total number of unweighted observations is 990. Appendix C-4 and C-5 provide TANF participation rates and payment levels for other subgroups.

Source: JLARC staff analysis of TANF payment data provided by the Department of Social Services.

tion rates have declined and that an increasing proportion of the resources of recipients are coming from earnings, indicating some movement towards self-sufficiency.

Changes in TANF Caseloads and Payment Levels. If caseload declines and lower welfare costs were the sole standards by which VIEW is to be judged, this assessment would be unequivocally positive. As illustrated by the data in Figure 21, the high rate of welfare receipt among the study group in the pre-VIEW period dropped swiftly and substantially in the post-VIEW period. TANF benefit amounts also decreased in the post-VIEW period. More important, unlike many of the labor market outcomes for this study, the rate at which caseloads decline appear as favorable for both the low- and high-risk sub-groups.

For example, in the first quarter prior to VIEW assessment, nearly eight out of 10 sample members were receiving TANF payments. For the high-risk groups, the rates averaged more than 90 percent. In just one quarter following the VIEW assessment, the rates for the total sample fell to 69 percent. For those with at least three risk factors, the TANF participation rate dropped to 71 percent. By the end of the third quarter, the welfare participation rate for the full sample was down to a post-program low of 48 percent with an average quarterly payment across the entire cohort of $438. Although the welfare participation rate for the group with the most risk was higher at 57 percent, this was nonetheless a substantial decline from pre-VIEW levels.

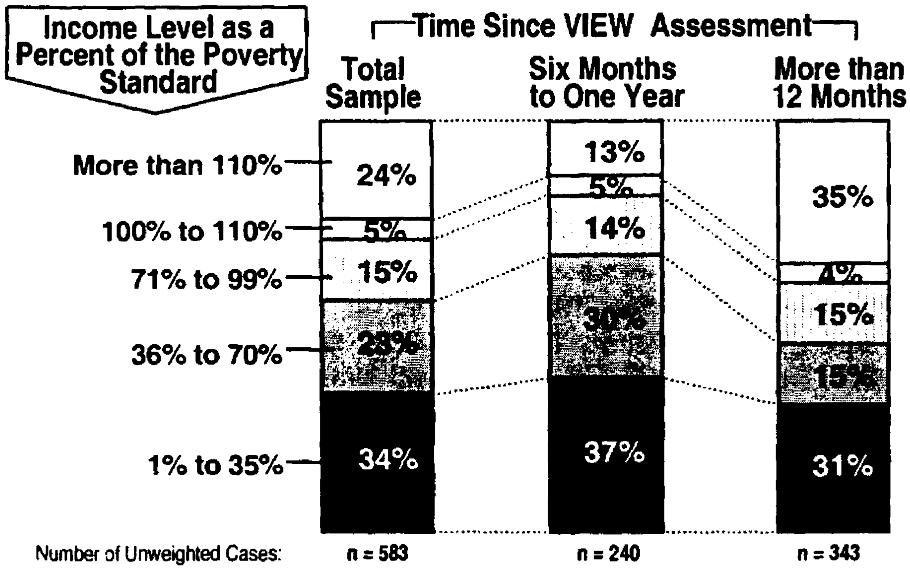
Changes in Composition of "Total Resources" as Measure of Self-Sufficiency. When considering these caseload declines, it is important to remember, however, that there are sharp distinctions between leaving welfare and leaving poverty. For example, with time limits, certain recipients will be forced to leave the public assistance rolls after two consecutive years on TANF regardless of their employment situation or the amount of any earnings. Other marginally employed recipients may leave the system voluntarily to "bank" their benefits for future periods of unemployment. Still others may leave the rolls without employment and move in with relatives as a means of saving benefits for the future.

Indeed, when the reasons for case closure were examined for the JLARC study group, only a small portion of those leaving welfare appeared to do so for employment. Some left due to family status changes, others left because they failed to comply with eligibility, some were sanctioned, and about 27 percent appeared to leave because they either found employment, had income deemed to them by the caseworker, or received a lump sum payment (Figure 22). This finding underscores the limitations of evaluating the success ofVIEW based solely on caseload reductions. With such a standard, each of these groups would be treated as a successful outcome.

Therefore, program success is partly addressed in this study through an analysis of the changing composition of welfare participants' resources. The purpose of this analysis was to assess the degree to which TANF recipients have begun to replace cash assistance and food stamp benefits with earnings. This analysis provides a clear indication of whether VIEW participants are moving towards self-sufficiency or simply

Figure 20

Proportions of VIEW-Mandatory Welfare Recipients at Various Levels of the Poverty Standard



Note: Percentages are based on weighted observations as described in Chapter I. Appendix B provides sampling errors and the results of statistical testing for estimates presented in this figure.

Source: Updated poverty thresholds for 1988 are from the U.S. Census Bureau. Data on length of time since VIEW assessment are based on calculations by JLARC staff using data from local VIEW program files.

Overall, however, this analysis shows that most of the VIEW participants were not making a wage that was high enough to disqualify them for cash assistance. This means that a significant portion of the welfare caseload declines observed for the study group was likely for reasons not directly related to participant earnings.

VIEW-Mandatory Recipients with Limited Risk Make Strides Toward Self-Sufficiency, But Problems Remain for the High-Risk Population

According to the Commissioner of the Department of Social Services, the use of the poverty standard as a measure of the success of the program is inappropriate for two reasons. First, he accurately points out that the State's welfare legislation does not cite the elimination of poverty as one of its five goals. Second, he notes that many people in the Commonwealth live below federal poverty thresholds but are not on public assistance. Therefore, a primary goal of welfare reform is to help TANF recipients live on their own without the benefit of public assistance. Although the Commissioner acknowledges that this "journey to self-sufficiency" will be a long one that defies easy measurement, he noted that a good starting point is the number of VIEW-mandatory recipients who leave the welfare rolls. JLARC staff's analysis of TANF caseload and payment changes for the study group, presented next, indicates that welfare participaissues that the department needs to address as they refine their plan for serving this group include the following:

- What are the specific uniform criteria that localities will use to identify the hard-to-serve population statewide? Without such criteria, local judgement will dictate who is hard-to-serve and these judgements will likely vary across the State.

- Once a TANF recipient is identified as hard-to-serve through a uniform assessment process, what specific education and skills training services will localities be allowed to provide? More importantly, how will the participation requirements of any education and training services be reconciled with the job search and work experience participation requirements of VIEW?

Recommendation (1). **The General Assembly may wish to require the Department of Social Services to develop a comprehensive strategic plan for targeting additional job-specific education and skills training services to hard-to-serve VIEW participants who complete the job search program and six months of community work experience without having found employment. This plan should include: a profile of the hard-to-serve clients who would qualify for the assistance; a list of the type of education, job training, and support services that will be provided; and specific amendments to the VIEW regulations and policy manual for this program. These amendments should describe the target population, the assessment process, program flow, and allowable program components as is done for the VIEW program. Over time, the efficacy of the services provided needs to be evaluated.**

THE FAMILY STATUS OF VIEW PARTICIPANTS

Although the economic analysis discussed in the previous section provides useful information on the employment and earnings of VIEW participants, details on the experiences of the participants in the labor market can not be extracted from VEC wage data. Similarly, neither the wage files nor the VIEW program files contain the information needed to shed light on the adjustment welfare recipients are making since being exposed to the new requirements of welfare reform.

As the study mandate required a more detailed review of the family status of VIEW-mandatory recipients, JLARC staff analyzed data from a telephone survey administered for this study by the Virginia Commonwealth University Survey Research Laboratory. This section of the chapter presents the results of that survey.

The findings from this analysis offer a mixed, yet mostly positive, picture of the post-VIEW circumstances of welfare recipients. A concern was the finding that the majority of those who responded to the survey indicated problems with meeting basic expenses and nearly 30 percent indicate that they "often" run out of food before the end of the month. Also, among those who were employed at the time of the survey, 70 percent have jobs that did not offer health benefits. Further, because they worked for a wage that was only slightly higher than the minimum wage, they were saving an average of $28 per month.

Despite these problems, the survey respondents appear to be experiencing some stability in their employment and family life. For example, the majority of those surveyed lived in their own home in arrangements they considered permanent. Since the VIEW assessment date, these recipients have changed residences less than two times on average. Most important, the day care problems that have often frustrated the attempts of welfare recipients to move into the labor market have been minimized. Through family members, day care providers, and special programs, recipients have found day care that they are both satisfied with and can afford. No respondents indicated that they had to leave their children home alone in order to work.

Finally, by large majorities, most of those surveyed appear to agree with the basic tenet of welfare reform in Virginia that able-bodied recipients should be expected to work. Additionally, over 65 percent agree that the VIEW program has helped them become independent, while similar margins indicate that their lives are at least somewhat better now than before they entered the VIEW program. A caveat to these findings, however, is few of the survey respondents have reached the two-year limit, so it is not clear what if any impact this change in status might have on the viewpoint of respondents if tracked over time.

Most VIEW Participants Appear to Be Making a Favorable Adjustment Under Welfare Reform in Virginia

Much of the preliminary data on welfare reform, both nationally and in Virginia, indicate that even those recipients who find employment typically remained in poverty. With limits on the amount of future benefits they will be able to claim from the welfare system, questions concerning how recipients are adjusting to life without public assistance represent a major policy issue.

Because of this, JLARC staff worked with the VCU Survey Laboratory to conduct a telephone survey of a sample VIEW-mandatory welfare recipients in Virginia. Using data collected through telephone surveys with a random sample of VIEW participants, this section addresses four issues: (1) the nature of the recipients' post-VIEW employment; (2) the adequacy of their daycare arrangements; (3) the nature of their family circumstances; and (4) recipient perceptions about the welfare system and the VIEW program.

Telephone Survey Sample Size and Characteristics. The sample for the telephone survey of welfare recipients was selected from the 21 localities that were included in the larger JLARC study of the VIEW program. To be eligible for selection, the welfare recipient had to have been identified as a VIEW mandatory recipient at the time of initial assessment. This excludes persons who were exempt from VIEW when first assessed but later entered the program as a mandatory recipient.

Based on a review of data from DSS' automated system, it was determined that 1,549 recipients in the JLARC sample met this requirement. Because the initial contacts with the potential respondents were to be made through the mail, the VCU Survey laboratory needed the addresses of each person in the sample. This was accomplished for all but 189 of the sample members, bringing the total number of cases that were candidates for the telephone survey to 1,360. About 31 percent, or 418 respondents, completed telephone surveys.

JLARC staff compared the characteristics of the 418 recipients who were contacted for the telephone survey with those of the larger sample of recipients (including more than 1,800 VIEW-mandatory recipients). Table 12 reveals no dramatically large differences in the characteristics of the two sample groups.

Nature and Stability of Employment. Because of their limited employment skills, upon entering or re-entering the labor market welfare recipients have often found themselves consigned to the secondary labor market where wages are low, work is sporadic, and the opportunities for advancement are limited. One objective of the survey was to capture data on the nature of the jobs that welfare recipients were finding after their VIEW assessment process. Table 13 summarizes the information that the survey respondents provided on the nature of their employment.

Overall, 61 percent of those responding indicated that they were employed at the time of the survey. The type of jobs in which they worked were typical for low-skilled employees. For example, besides the category of "other," the most frequently cited job type was food service, followed by housekeeping, nurses' aides, clerical, or office work.

Since their VIEW assessment, most recipients have not found the need to change jobs frequently. Overall, the recipients have changed jobs an average of one time. When controls were introduced for the length of time since the VIEW assessment, the average increased only slightly. If these patterns hold, they could help welfare recipients establish the work records they need for higher paying work.

The hourly wage levels reported by those respondents who were working at the time of the interview was only $1.40 higher than the minimum wage. However, it should be noted that those recipients who had been employed for at least two years were earning an average of $7.10 per hour. Less impressive was information on the health benefits that the recipients were provided. Roughly seven out of ten of those responding reported that they worked for an employer that did not offer health benefits. While this figure was higher for those who had been on the job for at least two years, 60 percent of this sample still did not have access to employer-provided benefits.

Day Care Arrangements. In the long history of welfare reform in this country, the lack of adequate day care has been one of the biggest impediments to the gain-

Table 12

Characteristics of VIEW Mandatory Sample and VCU Survey Respondents

Characteristics	*VIEW Mandatory Sample*	*VCU Survey*	*Characteristics*	*VIEW Mandatory Sample*	*VCU Survey*
Sex: Male	5%	2%	**Number of Risk Factors**		
Female	95%	98%			
Race: White	22%	23%	Zero	16%	16%
Black	71%	72%	One	35%	39%
Other	7%	5%	Two	32%	29%
			Three Or More	17%	16%
Marital Status			**Percent of VIEW Mandatory Population on Welfare for At-Least 70 Percent of the Time Since Birth of Oldest Child**	37%	40%
Married	9%	9%			
Married But Separated	17%	29%			
Divorced or Widowed	7%	4%			
Never Married	59%	53%			
Other	7%	5%			
Number of Children			**Average of Age of VIEW Mandatory Participants At Time of First VIEW Assessment**	31	32
One	27%	22%			
Two	31%	34%			
Three	21%	18%			
Four or more	20%	26%			
Treated for Substance Abuse or Mental Illness	13%	11%	**Average Age At Which VIEW Mandatory Participants Began Receiving Welfare Benefits**	21	20
Felony Convictions	4%	8%			
Time on Welfare Prior to VIEW Assessment for Non-Exempt TANF Recipients			**Median Number of Months on Welfare Prior to VIEW Assessment for Non-Exempt TANF Recipients**	38	46
0 to 5 Months	11%	6%			
6 to 23 Months	24%	15%	**Percent of Welfare Recipients Who Worked in Year Prior to VIEW**	51%	49%
24 to 47 Months	23%	23%			
48 to 71 Months	17%	27%			
72 months to 10 Years	15%	14%			
10 Years or More	11%	15%			
			Total Number of Unweighted Cases	1,864	418

Notes: Appendix B reports results of tests to determine whether differences between the two samples were statistically significant.

Source: Department of Social Services VACIS, Virginia Employment Commission wage files, Case Information Documents from the Department of Medical Assistance Services (DMAS), DMAS mental health services claims files, State Police crime data, and local VIEW program files.

Table 13

Nature and Stability of Post-VIEW Employment Controlling For Time Since VIEW Assessment

		Length of Time Since First VIEW Assessment			
Job Characteristic	***Total Sample***	***1 To 12 Months***	***12 To 18 Months***	***18 to 24 Months***	***More Than 2 Years***
Percent Employed	61	59	54	79	65
Type of Job Working					
Clerical/Office	12	6	19	17	13
Food Service	22	29	13	14	25
Housekeeping/Maintenance	13	8	22	4	17
Nurses Aide/Medical	12	14	13	15	2
Production/Warehouse	9	13	8	4	3
Other	32	30	25	46	40
Average Total Number of Job Changes	1	1	1.5	1	1.2
Reasons For Job Changes					
Job Was Temporary	12	12	14	23	4
Seasonal Work	1	0	0	4	0
Laid Off	4	6	1	2	2
Poor Job Performance	3	4	0	10	0
Disagreement With Staff	8	4	16	3	8
Found Other Work	4	1	8	11	2
Family Reasons	2	0	5	0	1
Poor Health	9	7	12	13	6
Child Care Problems	1	2	1	1	2
Transportation Problems	6	5	14	0	2
Other Personal	29	23	37	14	42
Average Wage of Current Job	$6.55	$5.89	$6.26	$8.11	$7.10
Current Employer Provides					
Health care	27	21	25	35	38
Child care	10	8	14	10	6
Transportation	15	15	15	15	13
Sick Leave	21	10	22	40	31
Paid Vacation	37	21	43	59	47
Retirement Plan	22	14	24	41	27

Notes: Total number of observations, 418, are weighted as described in Chapter I. Sampling errors and results of statistical tests for these estimates are reported in Appendix B.

Source: JLARC staff analysis of telephone survey data collected by Virginia Commonwealth University

ful and consistent employment of welfare recipients. Either because of a shortage of funds in the welfare system, or the lack of quality day care providers, local welfare offices have been forced to excuse recipients from the work and training requirements of reform programs. With the infusion of funds for day care in Virginia, the only remaining question was whether recipients could find providers to properly care for their children.

To examine this question, the survey respondents were asked to comment on the nature, cost, and personal satisfaction of the day care arrangements that have been made for each of their children. For analysis purposes, JLARC staff examined the responses for only those children who were under the age of 14. Table 14 summarizes the respondents' answers to the series of day care questions. Despite the availability of additional funds for day care, most children under the age of 14 are cared for at no charge by a family member of the VIEW client. Overall, only about 30 percent of the respondents with children under the age of 14 reported that they incur and pay daycare cost.

Table 14

Nature Of Day Care Arrangements Controlling For Time Since VIEW Assessment

		Length of Time Since First VIEW Assessment			
Circumstances of Day Care	***Total Sample***	***1 To 12 Months***	***12 To 18 Months***	***18 to 24 Months***	***More Than 2 Years***
Day Care Arrangement					
Family Provides No Charge	32	33	28	37	31
Family Provides & Charges	12	18	9	16	2
Pays Day Care Provider	13	6	15	36	15
Child Attends Program	19	18	24	11	16
Other Arrangements	10	15	4	3	11
Portion of Respondents Who Reported Paying For Daycare Services	30	30	21	67	21
Average Weekly Cost of Daycare (for those that paid)	$69	$63	$95	$60	$67
Across All Daycare Arrangements, the Proportion of Respondents Who Are At Least "Somewhat Comfortable With" Their Arrangement	67	68	64	61	72

Notes: 418 total observations are weighted as described in Chapter I. Sampling errors and results of statistical test for these estimates are reported in Appendix B. The frequencies for the variable concerning day-care arrangements reflect separate responses for each child, so they do not total to 100 percent.

Source: JLARC staff analysis of telephone survey data collected by Virginia Commonwealth University

This is consistent with information provided by local DSS staff in interviews concerning this issue. According to local workers, a significant number of VIEW participants will express a need for day care but never return and complete the paper work to allow the payments to be processed. Approximately 32 percent of the children receiving day care services either attend a special program (19 percent) or a regular day care facility (13 percent). The average weekly cost of these services was $69. More important, no respondent indicated that they had to leave their children at home alone in order to work.

When asked to comment separately on how comfortable they were with the day care arrangement for each of their children, almost 70 percent of the placements received a rating of at "least somewhat comfortable." More important, this proportion did not change based on the amount of time that had elapsed since the VIEW assessment was completed.

Family Circumstances. When designing the survey, there was a special interest in questioning VIEW-mandatory recipients about their family circumstances. With the new rules of welfare, there has been considerable public debate and speculation concerning how recipients would likely adjust to the changes in the welfare safety net. For example, as their use of public assistance declines, what impact will this have on their ability to meet basic expenses? How will the benefit reductions impact where they live? Will the new allowances on savings cause some recipients to establish savings accounts for emergencies?

In Table 15, which summarizes the information provided by survey respondents to a range of questions regarding their family life, three findings stand out. First, more than half of the welfare recipients who responded to the survey indicated that they were having trouble meeting their basic expenses and were not able to save more than $28 per month. Moreover, the degree to which these problems occur is not mitigated by the length of time since the person was assessed for VIEW.

Second, despite the reported problems with running out of food, a relatively low percentage of recipients indicated that they avail themselves of the services provided through food banks more often than they did before VIEW. As an example, 54 percent of those surveyed stated that they run out of food at least sometimes since their VIEW assessment. Nonetheless, fewer than five percent of the sample indicated that they use food banks.

Third, as has been shown in the early part of this chapter, earned income is becoming an increasingly larger percentage of the total amount of money available to households of welfare recipients. Overall, respondents report that a third of their "total family money" was derived from employment in the month prior to the survey. For those whose assessment date was more than two years ago, the proportion of family money attributable to employment was 43 percent. Consistent with the growing importance of earned income to these respondents was a decline in the proportion of family money from TANF and to a lesser extent food stamps. Nonetheless, despite the

Table 15

Post-Program Family Circumstances of VIEW Participants

		Length of Time Since First VIEW Assessment			
Family Circumstances	***Total Sample***	***1 To 12 Months***	***12 To 18 Months***	***18 to 24 Months***	***More Than 2 Years***
Problems Meeting Basic Expenses Since VIEW Assessment	53	51	54	48	58
Recipients Run Out Of Food At Least Sometimes Or Often	54	49	50	67	63
Use Food Banks Since VIEW At Least Somewhat More Often Or Much More Often	5	5	1	4	11
Current Shelter is Permanent	89	87	98	93	79
Currently Living					
In Own Home	77	83	74	76	70
Home of Family	17	11	24	13	20
Home of Friends	1	0	1	1	1
Other	5	6	1	10	9
Current Shelter Is Public Housing	53	57	49	72	41
Average Number of Times Moved Since VIEW Assessment Date	1.5	2.0	1.2	1.4	1.5
Reason For Last Move					
Loss Eligibility	3	11	0	0	1
Was Evicted	2	2	2	0	2
Could Not Afford	7	5	2	2	18
Wanted Better Place	37	19	71	27	17
Formed A new Family	2	0	0	0	6
Other	49	53	25	71	56
Average Total Family Money Last Month	$1054	$931	$916	$1029	$1597
Percent of Family Money From:					
Employment	31	30	18	52	43
Child Support	4	3	2	2	9
TANF	15	21	19	3	2
Food Stamps	25	28	34	7	13
"Pick-up" Income	0	0	0	0	0
Family/Friends	1	2	0	0	2
Earned Income Tax Credit	0	1	0	0	0
Average Monthly Savings	$28	$26	$26	$28	$35

Notes: Total number of observations, 418, are weighted. Sampling errors and results of statistical tests for these estimates are reported in Appendix B.

Source: JLARC staff analysis of telephone survey data collected by Virginia Commonwealth University

push by DSS to increase child support payments, this is not a major source of income for welfare recipients.

Perceptions of Welfare and the VIEW Program. The last issue addressed in the survey focused on the perceptions that welfare recipients have of the welfare system and some of the basic precepts of Virginia's new reform program. This survey found that respondents generally give the VIEW program high marks and they support the basic tenet of Virginia's welfare reform program that able-bodied recipients should work. Some of the specific findings are as follows:

- In response to the question concerning the degree to which the VIEW program helped them become independent, 69 percent indicated that the program helped somewhat (34 percent) or a great deal (35 percent).

- Approximately 55 percent of those surveyed felt the program did as much as it could do to help them gain independence from public assistance.

- In response to the question concerning their quality of life since VIEW, 39 percent indicated that their life was much better and 25 percent stated that their life was somewhat better.

Table 16 (bottom of next page) shows the TANF recipients' responses to statements about the nature and impact of the welfare system. These results generally indicate that recipients view the welfare system as a safety net program that helps people out in difficult times but also creates a disincentive to work. The respondents strongly support the concept of working in exchange for benefits, and they place a high degree of importance on working for pay.

The one area in which their views appear to differ sharply with those articulated through welfare reform is on the question of out-of-wedlock births. Where State policy was crafted to discourage welfare recipients from having children as teenagers and establishing their own household, those responding to the survey generally disagree with the notion that welfare encourages early family formation in young women.

The findings from the VCU survey of VIEW-mandatory recipients offers some insights into the family circumstances and perceptions of this population. Still, not enough time has passed since VIEW was implemented statewide to provide definitive data on the circumstances of this group. At the same time, however, this information provides a solid baseline that can be used to gauge longer-term trends in the labor market experiences, welfare participation rates, and family circumstances of this population. If this is to be done, a more consistent system of tracking should be implemented for the cohort of individuals in this study so that the outcomes presented in this report can be routinely updated.

Recommendation (2). **The General Assembly may wish to consider authorizing JLARC to conduct an annual review of the labor market experiences and welfare participation rates for VIEW-mandatory recipients using**

the cohort of individuals that were selected for this study. This review should include an analysis of the participant wage files maintained by the Virginia Employment Commission, the welfare benefit files and VIEW program files maintained by the Department of Social Services, and a biennial telephone survey of this cohort.

Table 16

Survey Responses of VIEW-Mandatory Welfare Recipients to Statements Concerning Public Assistance

Question	Strongly Agree	Agree	Disagree	Strongly Disagree
Welfare makes people work less than they would if there wasn't a welfare system	17%	43%	33%	7%
Welfare helps people get on their feet when facing difficult situations	16%	66%	16%	2%
Welfare encourages young women to have babies before they get married	6%	20%	56%	18%
Working for pay is one of the most important things a person can do	35%	59%	4%	2%
There would be fewer social problems if individuals and families would just take more responsibility for themselves	28%	62%	10%	0%
If they are able to work, people on welfare should work for their benefits	32%	61%	7%	0%

Note: Total number of observations is 418. Missing responses are not reflected in this total. Observations are weighted as described in Chapter I. Sampling errors and results of statistical tests for these estimates are reported in Appendix B.

Source: Telephone survey of welfare recipients conducted by the Virginia Commonwealth University Survey Research Laboratory.

VIEW PROGRAM EXPERIENCES AND ECONOMIC OUTCOMES FOR RECIPIENTS WHO HAVE EXHAUSTED THEIR TIME LIMITS

The last section of this chapter focuses on the sub-group of TANF recipients whose benefits have expired under the State's 24-month time policy. Item 14L of the 1997 Appropriations directs JLARC to examine "the status of a sample of families who have exhausted their time limits of eligibility for certain benefits and services."

As with other provisions of the State's welfare reform policies, time limits represent a new and largely unstudied aspect of the program. When time limits were adopted in 1995, State officials viewed them as the motivational tool for welfare recipients who have a history of chronic dependency. Those opposed to the policy argued that the limits would force unskilled, possibly unemployable recipients off of the welfare rolls making it difficult for them to have the income needed to support themselves and their children.

Because of caseload declines and the State's phase-in schedule for the VIEW program — the program was not completely implemented statewide until October of 1997 — only a small number of TANF recipients have reached their two-year time limit. Further, as this first wave of time-limit cases have only been off of assistance for a short-time, it is too soon to develop conclusions about the effect of this new policy. As a result, this section of the chapter provides a brief and descriptive look at this population and examines their VIEW program and labor market experiences during the 24 consecutive months in which they received assistance.

In general, the study findings show that local program staffs do not appear to deviate from the "work-first" emphasis of the VIEW program when working with persons who are approaching their time limit. Specifically, job search, job development, and to a lesser extent job readiness training were the most frequently used components in serving this population. Possibly as a result of this, the employment levels for the time-limit cases remained high throughout the two-years in which they received assistance. However, because the jobs that recipients were able to find during these two years paid such low wages, their eligibility for TANF was not impacted and they continued to receive benefits.

Work-First Philosophy Maintained for Time-Limit Cases by Local Staff

Although only a small number of TANF recipients have reached the two-year time limit on benefits established in the *Code of Virginia*, there are a few basic questions which can be answered to shed some light on the nature of this population and their experiences while in VIEW. In this part of the chapter, information is presented on the characteristics of the population and their experiences with the VIEW program.

Data on the time-limit cases was provided by DSS when it was determined that the JLARC sample of recipients chosen for this study would not yield a sufficient number of cases to support a preliminary examination of this group. Accordingly, DSS provided JLARC staff with an automated list of all TANF recipients who reached their time-limit as of June of 1998. This list of 344 cases was then used to build a program and labor market wage file so that this analysis could be completed.

Characteristics of Time-Limit Cases. Table 17 presents a comparison of those TANF recipients who have reached their two-year time with the JLARC sample of VIEW-mandatory recipients. As shown, with few exceptions, these two groups are similar in terms of their socio-economic characteristics. Both populations are mostly female and were on average 31 years of age when they were assessed for VIEW services. The proportion of whites among the time-limit cases is more than double the rate observed in the JLARC sample. However, this is likely a function of the fact that welfare reform was initiated in mostly suburban and rural localities where blacks represent a small portion of the population. The table shows that while 87 percent of the JLARC sample was drawn from urban localities, only a third of the time-limit cases are from areas that can be characterized as urban. As the VIEW program matures in the urban localities, these numbers will change.

It is interesting to note that these populations are similar in terms of their risk levels. Thus, as of the summer and early fall of 1998, the population which had reached its time limit is not disproportionately characterized by many of the barriers used to define risk in this study. Again, as more recipients from urban localities reach their two-year limit, these numbers may change as well.

VIEW Program Services. A major question concerning the time limit cases was whether local staff would broaden the array of employment-related services this population receives as a means of enhancing their earnings prospects. Under current VIEW policy, there are a range of employment services that can be used in an effort to raise the level and or quality of the job placements. These include on-the-job training services such as apprenticeship programs, post-secondary education programs, specific job skills training, and paid internship programs.

Data on the program participation rates presented in Figure 25 seem to indicate that the "work-first" strategy was closely followed by local staff for the time-limit cases. As time passed, alternative or supplemental strategies were infrequently employed. As the top half of the graphic reveals, nearly 90 percent of the persons who have reached their time limits were required to participate in self-directed job search during their 24 month stay on welfare. Virtually all of the clients were exposed to a job development program. In the job development component, local staff work with the participant to identify jobs that appear to match their skills and abilities. Job readiness training was received by 38 percent of the group, while 21 percent were assigned to a work experience represented the longest component assignment for the group.

When considered together, these numbers reflect the consistent emphasis of VIEW in putting recipients in jobs. Although State policy does provide localities with some flexibility in using other "work activities" such as on-the-job training, either local

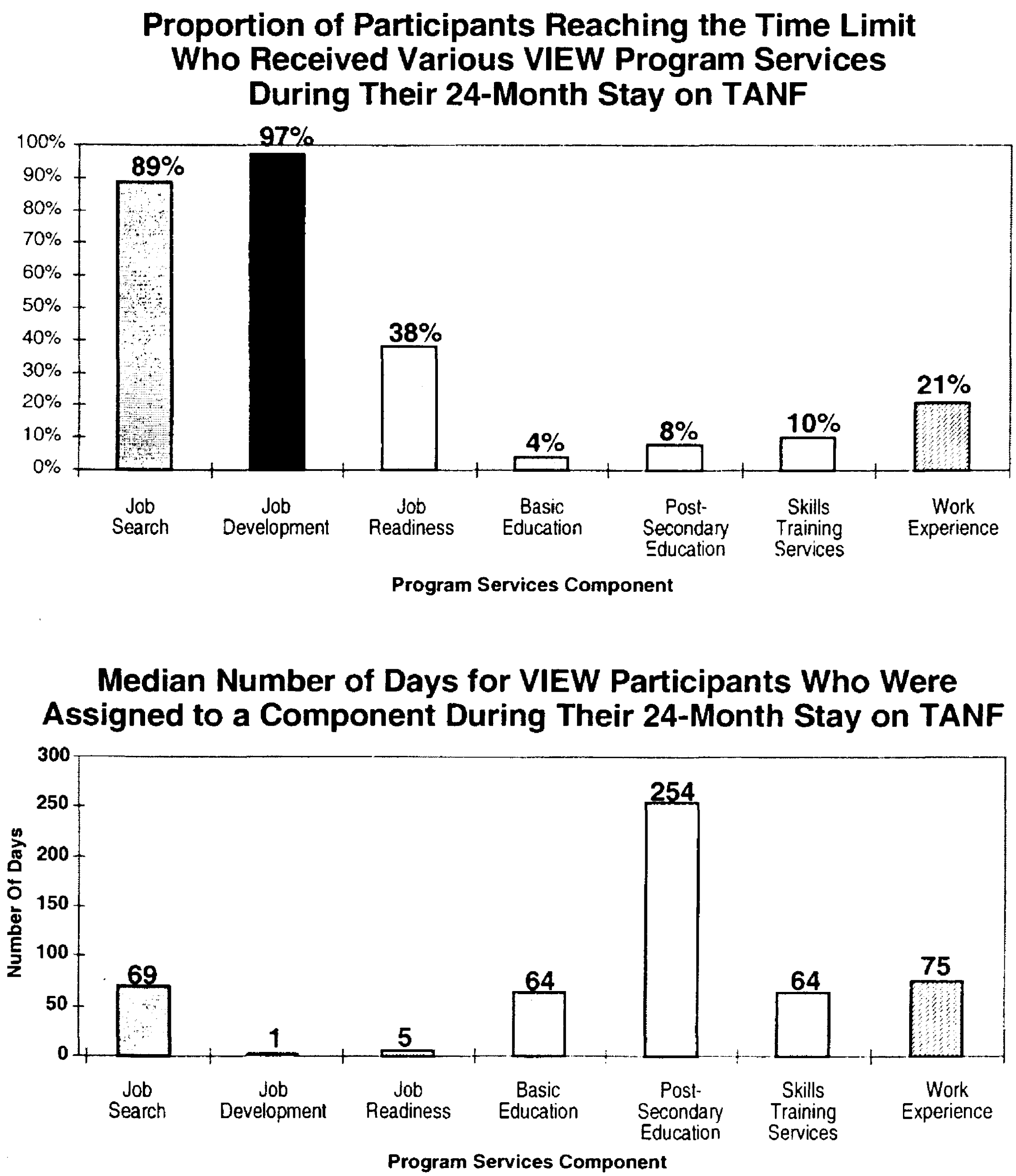
Table 17

A Comparison of the VIEW Mandatory Sample With Welfare Recipients Who Have Reached the 24-Month Time Limit on Benefits

Characteristics	*VIEW Mandatory Group* *(n=1,844)*	*Time Limit Cases* *(N=344)*	*Characteristics*	*VIEW Mandatory Sample* *(n=1,844)*	*Time Limit Cases* *(N=344)*
Sex: Male	5%	2%	**Proportion of Recipients From Urban Area**	87%	34%
Female	95%	98%			
Race: White	22%	45%	**Percent of VIEW Mandatory Population on Welfare for At Least 70 Percent of the Time Since Birth of Oldest Child**	37%	39%
Black	71%	50%			
Other	7%	5%			
Marital Status					
Never Married	59%	55%			
Other	41%	45%			
Average Age at Time First Child Was Born	20	22	**Average of Age of VIEW Mandatory Participants at Time of First VIEW Assessment**	31	31
Recipient Has Four or More Children					
Yes	20%	14%	**Average Age at Which VIEW Mandatory Participants Began Receiving Welfare Benefits**	21	22
No	79%	86%			
Treated for Substance Abuse or Mental Illness	13%	21%			
Time on Welfare Prior to VIEW Assessment for Non-Exempt TANF Recipients			**Median Number of Months on Welfare Prior to VIEW Assessment for Non-Exempt TANF Recipients**	38	52
0 to 5 Months	11%	7%			
6 to 23 Months	24%	18%			
24 to 47 Months	23%	21%	**Percent of Welfare Recipients Who Worked in Year Prior to VIEW**	51%	45%
48 to 71 Months	17%	21%			
72 months to 10 Years	15%	20%			
10 Years or More	11%	12%			
Number of Risk Factors			**Median Annual Earnings of Welfare Recipients in Year Prior to VIEW**	$63	$0
Zero	16%	14%			
One	35%	37%			
Two	32%	35%			
Three to Four	17%	14%			

Source: Department of Social Services VACIS, Virginia Employment Commission wage files, Case Information Documents from the Department of Medical Assistance Services (DMAS), DMAS mental health services claims data, and State Police crime data.

Figure 25



Notes: The total number of time-limit cases statewide as of June 30, 1998, was 344. Because some welfare recipients receive more than one of the above services, the sum of these percentages exceeds 100 percent.
Source: Local VIEW program files provided by local social services offices.

staff or possibly the participants themselves prefer the consistent use of those interventions which focus on immediate employment.

Use of Sanctions. The final issue considered with respect to the implementation of the program is the use of sanctions. Under current VIEW policy, participants who do not comply with program rules face sanctions that result in the suspension or termination of their entire grant. Further, as noted earlier, as long as the sanction remains in effect, the recipient's time clock for the two-year limit continues to run.

There was some concern that those who were most at-risk for reaching their two year limit would have a high rate of sanctions because of the many personal problems this population was expected to bring to the program. While data on the attitude or penchant of local staff for imposing sanctions are not available, the rate of sanctions observed for the time-limit group during their 24 months on assistance was 25 percent. When considering that the sanctioning rate for the JLARC sample reached nearly 12 percent over one year, it does not appear that the time-limit group is necessarily more likely to get sanctioned than their counterparts.

Labor Market Outcomes for Time-Limit Group Characterized by High Employment Levels and Low Wages

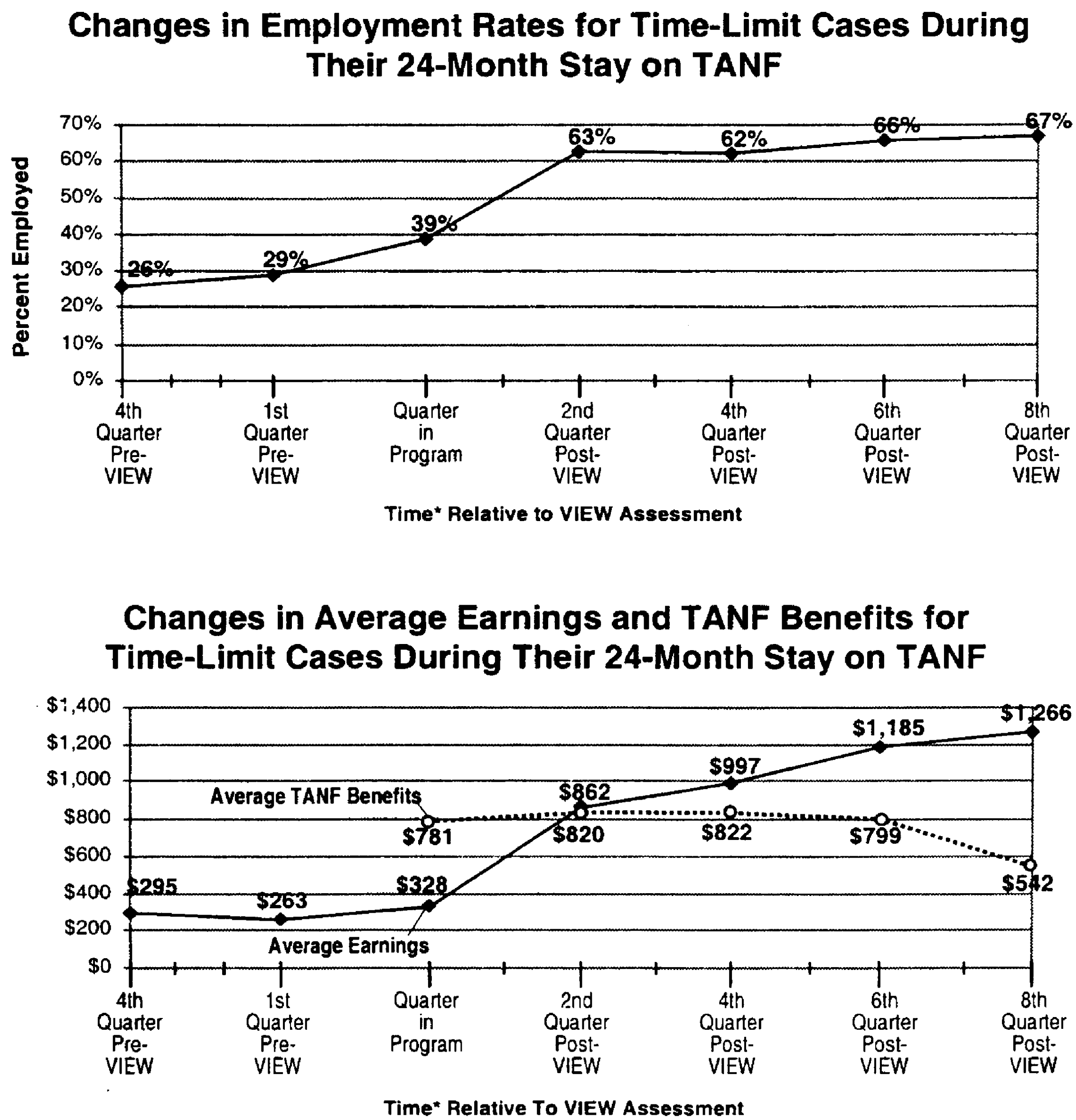
The examination of the time-limit population ends with a focus on three issues: (1) the trends in their employment levels during the 24-month stay on welfare; (2) the trends in their earnings during this time period; and (3) an analysis of the changes in the composition of their "total resources."

Employment, Earnings, and Reliance on Welfare. As Figure 26 reveals, the time-limit group had low employment levels in the fourth and first quarter prior to their assessment for VIEW. However, by the second quarter following this assessment, the employment rates for this group increased to 63 percent. With minor fluctuations over the next year, the rate reached as high as 77 percent. In the quarter in which their benefits of the time limit group ended, their employment rate was 67 percent. These rates are actually higher than the employment levels that are reported for those JLARC sample members who had not exhausted their benefit limit.

Nonetheless, despite these high employment levels for the time-limit group, it appears that these recipients remained on welfare for the duration of the 24-months because their wages were not sufficient to disqualify them for cash benefits. While their earnings increased steadily over the two-year period, their continued eligibility for TANF over this same time frame means that their earned wages were below the federal poverty level – the initial test of eligibility for TANF. Rather than leave the welfare system and "bank" their benefits for future spells of unemployment, these individuals opted to maximize their resources by mixing work and welfare.

Thus by the end of the eighth quarter post-VIEW, or their last quarter ofTANF eligibility, these recipients had "total resources" consisting of earnings, food stamps,

Figure 26



* As indicated by the tickmarks along the horizontal scale, note that the intervals between the data points on these graphs are not equal.

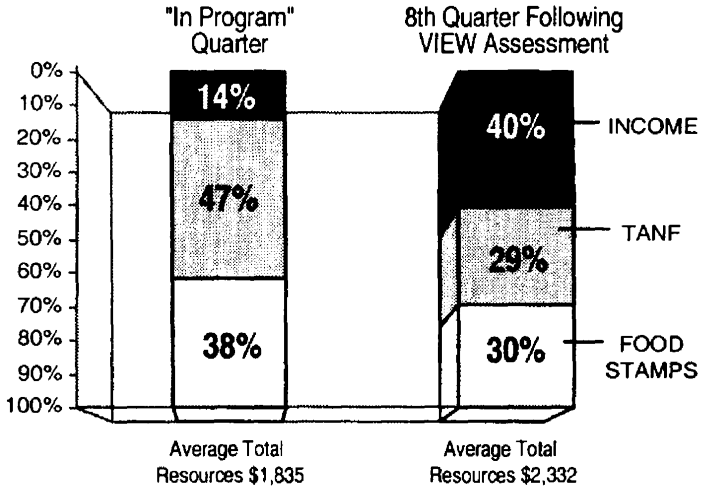
Notes: The total number of time-limit cases statewide as of June 30, 1998, was 344.

Source: Local VIEW program files provided by local social services offices.

and TANF assistance that averaged $2,332 for the quarter (Figure 27). This was almost $500 more than their "total resources" in the quarter of their VIEW assessment. More importantly, because of their consistent employment trends during the 24 months, earnings accounted for a larger portion of their "total resources" than TANF in their last quarter of welfare.

Figure 27

Pre- to Post-Program Changes in the Composition of Total Resources for Time-Limit Group



Notes: Total resources equal the sum of quarterly earnings, TANF benefits, and food stamps. N = 344. Food stamp data for a portion of the pre-VIEW period was not available for this study.

Source: Wage data provided by the Virginia Employment Commission. Food stamp and TANF benefit data provided by the Department of Social Services from VACIS.

The obvious question surrounding this group is whether their earnings will continue to grow. This question is critical because they will not have access to cash assistance for two years. Whether additional earnings gains can be expected is based largely on the type of jobs in which they have been placed, and to a lesser extent, the quality of the VIEW services they received. These issues could not be examined in this study. However, the Department of Social Services has contracted with an independent research firm to conduct an assessment of the time-limit group over the long-term. That review should answer remaining questions about the economic conditions of this population.

IV. State-Level Job Development Strategies for VIEW

With passage of Virginia's welfare reform legislation in 1995, the General Assembly set out key roles for State officials in coordinating the job development services for VIEW participants. In recognition of the demands that the "employment-first" philosophy places on the need for jobs, the General Assembly hoped to ensure the success of welfare reform by involving key officials in a coordinated statewide job development effort. This chapter presents the results from JLARC staff's review of the State-level job development activities that have been conducted in the first three years of the VIEW program. "Job development" for VIEW includes activities such as: creating a pool of jobs for VIEW participants; improving the employability of TANF recipients that have found their initial jobs; preparing participants who are least able to work to find jobs; and coordinating these efforts across agencies and employers to promote the long-term success of the VIEW participant.

Despite the legislative focus on job development, the findings from this study indicate that State officials have not provided the leadership envisioned when these responsibilities were outlined in statute. Due in large part to the success experienced by some VIEW participants in locating jobs during the early phases of the program, State officials have not been pressed to articulate a long-term job development policy for the program. Specifically, there has been insufficient coordination among the cabinet secretaries who guide the development of policies for the relevant agencies that deliver services to VIEW participants. Partially as a consequence, these State agencies have either ignored the issue of job development for VIEW participants or have formulated policies independent of each other.

The absence of sound, coordinated State-level efforts has given rise to various local programs for job development which are both under-utilized and, in some cases, duplicative. These problems and their potential implications must be considered in the light of the low employment levels for the significant number of high-risk welfare recipients, as were presented in Chapter III. Those outcomes suggest that State and local officials will need to revisit their job development policies and programs if the aggregate employment levels for high-risk welfare recipients are to be raised above currently observed rates.

Two funding sources for serving this population are available to DSS. The first of these sources is the $19 million surplus created by TANF caseload declines. The 1998 General Assembly directed DSS to target these resources on the hard-to-serve welfare population. The second funding source is the $16 million federal Welfare-to-Work grants, which have a State match requirement of $8 million. For strategic reasons, the department: notified the General Assembly in June 1998 of its plan to pursue the federal Welfare-to-Work grant, developed a plan to produce the State match, and plan to submit a funding plan to the 1999 General Assembly for approval.

With the Welfare-to-Work Grants, Virginia has a window of opportunity to improve its leadership in job development services for the high-risk recipients. These funds can provide the necessary boost for employers to hire long-term welfare clients by improving their job readiness and by lowering the initial costs to employers. However, DSS will need to submit a strategic plan to the General Assembly specifically outlining how these funds will be utilized. Without such a plan, this money may not be used effectively at the local level to provide training services for long-term welfare recipients.

Finally, as a part of future job development activities, the State should re-examine its use of employer-based tax and wage incentives. Although most employers indicated, through a JLARC survey, that such incentives would not encourage them to hire welfare recipients, two out of three medium to large employers (with 50 or more employees) responding to the survey expressed an interest in such an incentive program. However, rather than add to the array of existing incentive programs in the Commonwealth, State officials should consider re-designing these programs to induce large private employers to hire more VIEW participants.

STATE-LEVEL JOB DEVELOPMENT ACTIVITIES

In order to ensure that there is State-level involvement in generating a pool of jobs for VIEW participants, the General Assembly requires several State agencies involved with job development to coordinate their services. Further, the mandate for this study requires that JLARC examine ways to facilitate "employers hiring Virginia Initiative for Employment Not Welfare participants." Therefore, one aspect of this review was to examine the role of the various State entities in the development of subsidized and unsubsidized job placements to ensure the long-term employment of recipients who leave VIEW. The first part of this chapter presents JLARC staff findings from the review of job development activities of State officials.

This review revealed that three years after Virginia passed its welfare reform legislation, none of the job development tasks outlined in statute for the Cabinet secretaries have been completed. While one group of secretaries developed strong informal working relations during the early phase of the welfare reform, the annual plan required in statute was not developed and the Cabinet secretaries who were appointed two years later do not regularly meet on this issue. Additionally, the Advisory Commission on Welfare, which is required by statute to serve as a catalyst for jobs and provide feedback to the Governor has, according to its members, suffered from a lack of leadership. Presently, the Commission meets irregularly and no longer focuses on job development issues.

Because of this lack of leadership at the State level, little attention has been given to implementation problems that exist in the local service delivery systems for welfare recipients. Among these are the incompatibility of the philosophy and mission of the local systems for serving welfare clients and providing job development services, and long-standing "turf" battles which continue to foster service duplication among key local agencies. Until these problems are addressed, VIEW clients will not have the full benefit of the employment services envisioned for them in State statute.

Secretary of Health and Human Services Has Not Adequately Coordinated Job Development Services

Sections 63.1-133.44-45 of the *Code of Virginia* requires the Secretary of Health and Human Services to provide leadership and coordination of job development activities for welfare reform in two ways. First, these sections require the Secretary to work with the Secretary of Commerce and Trade to prepare an annual plan for ensuring successful outcomes for welfare reform. The objective of this requirement is to establish formal coordination linkages between the agencies within each secretariat that provide services for low-income families. Second, the sections require the Secretary to convene an Advisory Commission on Welfare Reform that would work primarily to develop a pool of jobs for VIEW participants and evaluate incentives to promote business participation in VIEW.

Coordination of Job Development Across Secretariats. Exhibit 2 summarizes the two major job development tasks for the Secretary of Health and Human Resources, documents the *Code* requirements, and compares the requirements to the actual activities that have been performed. As shown, in the exhibit, shortly after welfare reform legislation passed, the relevant secretaries took an informal approach to coordinating job development activities. With the change of administration, this strong informal working relationship was lost and the current cabinet secretaries have yet to address State-level coordination for job development activities.

The Secretary of Health and Human Resources is responsible for 12 agencies that "provide services that promote self-sufficiency and independence for low-income families, the elderly, and for Virginians who are mentally or physically impaired." Although most of the 12 agencies in this secretariat provide services that support welfare clients in various ways, the General Assembly specifically identified the Department of Social Services (DSS) and the Governor's Employment and Training Department (GETD) as the key agencies to carry out the employment-first philosophy of welfare reform.

DSS administers Virginia's welfare reform program and is responsible for providing employment services, work activities, skills training, and education to welfare recipients to help them to obtain unsubsidized employment and become self-reliant. Through GETD, federal funds for the Job Training Partnership Act (JTPA) are allocated to 14 service delivery areas which are organized to provide training to disadvantaged and dislocated workers.

Fifteen agencies comprise the Secretariat of Commerce and Trade, which is responsible for ensuring the continued economic development for the Commonwealth. The two agencies specifically mentioned in the welfare reform legislation to assist the Department of Social Services with ensuring successful employment outcomes for wel-

Exhibit 2

Secretarial Level Job Development and Coordination Activities for View Participants

		What Coordination Activities Have Occurred	
Type of Activity	**What the *Code of Virginia* Requires**	**From 1994 to 1998**	**From 1998 to Present**
Secretary of Health and Human Resources job development coordination with Secretary of Commerce and Trade	Annual plan required. Plan should emphasize coordination and integration of career counseling, job development, job training and skills, job placement, and academic and technical education.	No annual plan written. Strong, informal working relationships.	No annual plan written to date.
Formation of Advisory Commission on Welfare	Commission should serve as a catalyst for jobs and provide feedback to the Governor on potential employer incentives.	Commission has met irregularly, and is no longer active. Initial role was to get the word out to potential employers. Shifted focus to broader issues. No State level leadership given to them. No report given to Governor.	Chair called Commission members together in Fall 1998. Five of 24 members attended. No agenda set for the Commission.

Source: JLARC interviews with the former Secretary of Health and Human Resources and members of the Advisory Commission on Welfare.

fare recipients are the Virginia Employment Commission (VEC) and the Department of Business Assistance (DBA). VEC maintains a labor exchange system to promote maximum employment in Virginia by providing job search and placement services to job seekers. DBA assists new and existing businesses in developing and implementing quality recruiting and training programs for job creation.

Section 63.1-133.45 of the *Code of Virginia*, which addresses the implementation of the welfare reform program, requires the Secretary of Health and Human Resources, with assistance of the Secretary of Commerce and Trade, to "prepare and maintain an annual plan for coordinating and integrating all appropriate services in order to promote successful outcomes." This plan should encourage the use of local and regional service providers and permit a variety of methods of providing services. In developing the plan, emphasis should be placed on coordinating and integrating career counseling, job development, job training and skills, job placement, and academic and technical education. In addition, the statute states that public and private institutions of higher education and other agencies which offer similar or related services should participate in developing, implementing and updating the annual coordination plan.

During the first year of welfare reform, both secretaries acknowledged informal but strong working relationships. Additionally, both secretaries also worked together on a report, entitled the *Governor's Workforce Development Task Force.* This January 1998 report described the workforce development efforts in Virginia which span four secretariats and more than 12 agencies. The central theme of this report was that because of multiple funding streams and delivery systems, Virginia's workforce development programs and services must be coordinated into a coherent and efficient system to create a single point of entry for workforce services.

In spite of the knowledge that workforce or job development programs in Virginia have different funding streams, target groups, and varying levels of flexibility in their administration, an annual plan to develop a coordinated approach to workforce development for the welfare clients has not been prepared by any of the secretaries in the past or present administration.

The Activities of the Advisory Commission on Welfare Reform. As required by the Section 63.1-133.44 of the *Code of Virginia*, the Secretary of Health and Human Resources also has the responsibility to convene an Advisory Commission on Welfare Reform. The Governor appoints 19 members of the Commission. An additional five members are appointed by and are members of the General Assembly. The Commission includes representatives from the legislature, the business community, a welfare recipient, the Virginia Municipal League, the Virginia Association of Counties, the Virginia League of Social Services Executives, and the Secretaries of Health and Human Resources, Education, Public Safety, and Commerce and Trade.

The statutory duties of this Commission are twofold. First, through recommendations to the Governor, the Commission is to serve as a catalyst for generating a pool of jobs for VIEW participants. Second, the Commission is to provide evaluation and feedback to the Governor on incentives designed to promote business participation in the VIEW program.

In order to determine the Commission members' perceptions of how they fulfilled their duties outlined in the legislation, JLARC staff conducted telephone interviews with several of the business members, as well as representatives from the Virginia Association of Counties and the Virginia League of Social Services. Initially, it appears that the Commission members met their first duty to serve as a catalyst for generating jobs for VIEW participants. As different regions of the State implemented VIEW in the first year (1995), the Commission held a series of roundtable meetings with local businesses. At these meetings, the Commission informed the business community about the major aspects of welfare reform, solicited their participation in the hiring of recipients, and heard directly what the issues of concern were to businesses. Since these meetings were at the beginning of implementation of VIEW, the Governor as well as legislators attended the meetings to support the welfare reform efforts. These meetings drew audiences of over 150 businesses and were deemed a success by the Commission members in getting the word out to businesses.

However, after these early meetings, the Commission's work on job development initiatives ceased. Some members stated that the Commission lost its focus and was no longer clear on what they should be accomplishing. They attributed this loss of momentum to a variety of factors including the lack of State-level leadership and staff support for the Commission. Members indicated that after the initial business roundtable meetings, there was no longer a presence of the Governor, the Secretary, or the Department of Social Services' Commissioner at their meetings. State staff assigned to the Commission also changed over time which, as one member stated, was interpreted as a lack of commitment to the work of the Commission.

The 1996 General Assembly, through Senate Joint Resolution Number 356, expanded the Commission's role to broader areas related to the overall implementation of welfare reform. Based on this resolution, the Commission formed three committees that covered issues of child day care, transportation, technology, and private sector jobs for welfare recipients. In December 1997, the Commission prepared a report, *Annual Report 1996-1997,* for the Governor. This report provided the Commission's recommendations on each of these issues, as well as a discussion of the future direction for the Commission. However, the report never left the Secretary's office. Instead, the Department of Social Services staff drafted the only report issued in response to SJR 356. The former Secretary of Health and Human Resources and DSS staff indicated that once the Commission involved itself in other issues, such as problems with the implementation of DSS' new eligibility computer system and child day care, their input was not needed because other groups were addressing these same issues.

The Governor also discontinued the use of the Advisory Commission members to get the word out to businesses concerning the welfare reform effort. When the Richmond and Tidewater areas of the State implemented VIEW in April and October 1997, the Governor formed another group of business leaders in these areas known as the "Governor's Ambassadors for Welfare Reform."

The future of the Commission is uncertain at this point. The current administration has yet to set an agenda for this Commission. It also appears that the current Commission members themselves are no longer interested in continuing the work of the Commission. Recently, in a October 1998 meeting of the Commission, only five out of the 24 members attended. Some Commission members stated that if their success can be measured by declining caseloads and welfare clients finding jobs, then their work is done. Others stated that there is probably more work to be done, but they do not want to pursue it unless the charge is clear and useful to the welfare reform effort.

It appears that there may be a need to refocus the attention of this Commission on the problems of improving the outcomes of welfare reform for the high-risk population.

Recommendation (3). **The General Assembly may wish to require that the Secretary of Health and Human Resources, with the assistance of the Secretary of Commerce and Trade, report on the progress of the required annual plan for coordinating and integrating all appropriate job development services to the House Committee of Health, Welfare and Institutions and the Senate Committee on Rehabilitation and Social Services. This plan should outline a clear expectation of the roles of each agency within the respective secretariats and performance measures to ensure the expected outcomes have been achieved.**

Recommendation (4). **The General Assembly may wish to amend Section 63.1-133.44 of the *Code of Virginia* to clarify the role of the Advisory Commission on Welfare Reform. Based on the findings from this review, the General Assembly may wish to require that the Advisory Commission report to the Governor periodically on plans, strategies, and progress of the State and localities in raising employment levels for the high-risk recipients and in enabling welfare recipients to obtain higher paying jobs. The Commission could also be charged with making any recommendations necessary for the Governor's consideration as to new approaches for achieving the employment objectives of welfare reform.**

State Agencies Have Not Successfully Coordinated Job Development Services

According to Section 63.1-133.45 of the *Code of Virginia*, DSS should be assisted in the administration of the VIEW program by three agencies: the Governor's Employment and Training Department (GETD), the Virginia Employment Commission (VEC), and the Department of Business Assistance (DBA). Current statute places the responsibility for the coordination of intensive case management with DSS. Job training is to be facilitated by GETD. Job finding and job matching leading to independent employment should be facilitated by VEC and DBA.

With few exceptions, this coordinated system for delivering services to VIEW participants has not evolved in a manner consistent with statute. According to DSS staff, the Department now views itself as an "employment firm" rather than a "welfare office" that primarily provides benefits checks. Through VIEW, their goal is to "replace the average TANF check of $250 per month with a job." Therefore, with this focus on employment, job development coordination should become much more central to DSS's mission. While it is clear that the statute intended that the Department would go through this metamorphosis by developing partnerships with the other key State agencies, each of the agencies' programs has differing State or federal policies, performance standards, target groups, and funding sources. These issues have frustrated the statutory goals of coordination in the provision of job development services for VIEW participants. However, a strong State-level policy on job development service coordination for VIEW participants, which clearly delineates authority, should eradicate many of the cited problems.

These coordination issues were assessed through interviews with the key State players for job development services, interviews with 21 local social services directors, an analysis of JTPA service delivery data, and a survey of the 14 service delivery area directors. The following sections will demonstrate that the current patchwork of job development services presents a confusing and unorganized picture to employers and VIEW participants.

JTPA Job Training Services for Welfare Clients. As shown in Exhibit 3, GETD is a key State agency involved in the provision of services to welfare clients. Through GETD, funds for the Job Training Partnership Act (JTPA) are allocated to local Private Industry Councils (PICs) for 14 service delivery areas. One aspect of the program aims to prepare economically disadvantaged adults (including welfare recipients) for participation in the labor force by increasing their occupational and educational skills. During State fiscal year 1998, funding for this program was $14.4 million.

During the JLARC interviews with State GETD staff and a survey of the 14 local service area delivery directors, several coordination problems surfaced which need to be addressed by State level policy makers. Issues with State VIEW policies, differing target groups, and service duplication were the most prevalent problems mentioned.

Two State VIEW policies, which impede coordination between the VIEW program and JTPA job development programs, were cited by GETD staff and the service area directors. The first VIEW policy cited was the "work first" policy which requires participants to find employment within 90 days. This philosophy is at odds with the typical training programs available through GETD which focus on enhancing job skills of its participants as a precursor to placing them in employment. According to one director, this short time frame does not allow adequate time "to assist job seekers to obtain crucial skills in demand in our very technical labor market."

The second VIEW policy cited in the survey of the directors was confusion between the JTPA service providers and DSS on the VIEW policy of earned income disregards and subsidized employment. Earned income disregards means a certain amount of the VIEW participant's earned income is not taken into consideration when determining eligibility for benefits. DSS reports that this policy allows VIEW participants to receive an average of $175 a month more in TANF benefits, when their earned income is disregarded up to 100 percent of the poverty level.

According to the service delivery area directors, State DSS staff told them that VIEW participants who receive subsidized wages during on-the-job training programs through JTPA would not be able to benefit from this earned income policy. This interpretation of this VIEW policy greatly limits the use of this most popular form of training made available through JTPA.

Exhibit 3

State-Level Coordination Activities Among Key Players in Job Development for VIEW Clients

State Agencies	Target Groups Served	Welfare/VIEW Clients Served in State Fiscal Year 1998	Job Development Coordination Activities
Department of Social Services	Welfare clients	29,970 VIEW clients; 172,251 TANF cases	DSS works with other State agencies as needed. They work closest with GETD at State-level. They have minimal contact with VEC and DBA at State and local level.
Governor's Employment and Training Department	Dislocated workers, youth, and economically disadvantaged adults (which includes welfare recipients)	27 percent (or 6,207) of target groups are welfare clients (includes more than TANF/VIEW clients)	GETD distributes JTPA funds to 14 Service Delivery Areas. Coordination with DSS depends on local relationships. Localities with JTPA and VIEW under the same agency usually have better relationships.
Virginia Employment Commission	All Virginians seeking job services. Primary customer is the employer.	Three percent of VEC's clients (or 14,128 clients) are self declared welfare clients (includes more than TANF/VIEW clients)	Work with DSS as needed. Some local offices provide information, job registration and training workshops for local DSS agencies.
Department of Business Assistance	New and expanding businesses	Not available	Work with State and local DSS as needed.

Source: JLARC staff analysis of interviews with State staff, survey of Service Delivery Area Directors. VEC and GETD provided data in memorandums to JLARC staff.

However, when JLARC staff questioned State DSS staff on this policy, staff have said that this interpretation is incorrect. While earned income disregards are not available under a subsidized program provided under the TANF program (known as the Full Employment Program or FEP), it is available to VIEW participants in other subsidized programs provided under other funding sources. In order to ensure that VIEW participants can fully benefit from on-the-job training programs and keep more of their earnings, DSS needs to distribute a formal memorandum to the service delivery area directors clarifying this policy. Another issue between DSS and GETD are that they each have different target groups to serve in order to meet State and federal performance standards. While VIEW recipients are the clear target group for DSS, these recipients form a much lesser proportion of the population served by GETD. GETD serves dislocated workers, youths, and economically disadvantaged persons. In State fiscal year 1998, only 27 percent or 6,207 of all persons served by GETD were "welfare clients" (Exhibit 3). These clients, however, were not all TANF or VIEW clients because GETD's definition of welfare clients includes all forms of public assistance, including food stamps and general relief.

In order to determine the proportion of VIEW clients who received any JTPA job development services, JLARC staff's VIEW participant database was matched with GETD's service utilization database. This analysis found that JTPA services are typically not available for those VIEW participants who appear to need job training services the most. As indicated in Table 18, since the implementation of VIEW in July 1995, only five percent of all the VIEW participants in the JLARC sample ever received services through JTPA. Moreover, these VIEW participants who had three or more significant barriers to employment were no more likely to receive JTPA services than VIEW participants who had no such barriers.

Table 18

Percent of VIEW Participants Served Through the Job Training Partnership Act, by Level of Risk

Received JTPA Services	Total	No Risk Factors	One Risk Factor	Two Risk Factors	Three or More Risk Factors
Yes	5%	7%	5%	4%	7%
No	95%	93%	95%	96%	93%

Notes: Risk is defined as having one or more of the following barriers: four or more children, less than high school education, not employed prior to VIEW, and a long-term welfare recipient (on welfare 70 percent of time since the birth of oldest child). JTPA services include job readiness, job search, skills training, and job development. 990 total observations are weighted. Sampling errors and results of significance testing are reported in Appendix B.

Source: JLARC sample participant data match with JTPA service data for State fiscal years 1995 through 1998.

Service duplication by some local departments of social services for job training and placement services, historically provided through JTPA providers, was one reason cited for a lack of coordination between the two agencies. It appears that because of the influx of TANF block grant dollars, localities have developed duplicate programs rather than coordinate with existing local players. JLARC staff noted an example of this in one of the subset of localities included in the study. Specifically, in Service Delivery Area 5, which provides JTPA funds to Fairfax City, Fairfax County, Falls Church, Loudoun, Manassas City, Manassas Park, and Prince William, 42 percent of all clients placed in a job in State fiscal year 1997 were welfare clients. In State fiscal year 1998, this number had decreased to 20 percent. The main reason for this particular decrease was a contractual agreement that Fairfax County Department of Social Services had with MAXIMUS to provide similar services. MAXIMUS offered job readiness classes to VIEW and other welfare clients, which is a service also offered through JTPA.

Additional comments found on the survey of service delivery area directors include: the local departments of social services are not making referrals to the PICs; JTPA funds cannot cover the extensive and expensive supportive services a welfare client may need; and due to transportation issues, it has been difficult to serve multiple social service offices. Occasionally, the directors indicated there is evidence of turf issues, with each agency claiming the client is their "placement."

Recommendation (5). **The Department of Social Services should issue a memorandum to all local social service directors and JTPA service area delivery directors clarifying the policy of subsidized employment and the earned income disregard policy.**

Virginia Employment Commission's Job Finding and Job Matching Services for Welfare Clients. Even though it was envisioned that the Virginia Employment Commission (VEC) would be a key player in assisting the local departments of social services with job finding and job matching for their VIEW participants, this level of coordination has not occurred. The main reason given by staff of the agencies is that the target groups of the two agencies are different. While DSS' target group is clearly welfare clients, VEC emphatically states that they do not have financial eligibility criteria in order to receive their services and, therefore, welfare recipients receive no priority from their agencies for job finding or job matching services.

The Virginia Employment Commission (VEC), through 41 local offices, maintains a labor exchange system to promote employment in Virginia by providing job search and placement services to job seekers, and recruitment and special technical services to employers. Local VEC offices perform several functions that bring them into contact with welfare recipients and the employers who are interested in hiring these clients. For example, State VIEW policy requires participants to use VEC as their first contact during the mandated, initial job search requirement. As a result of this requirement, approximately three percent of all VEC clients (or 14,128 welfare clients) registered for services with VEC in 1998 (Exhibit 3). VEC also processes the paperwork for two federal income tax credits available to private employers who hire welfare clients and members of other disadvantaged groups. In fiscal year 1998, employers received tax credits for 2,110 welfare clients.

Despite these avenues for potentially stronger linkages between the agencies, State DSS staff stated that they work with VEC on an occasional basis. DSS staff indicated that relationships with the VEC for job finding and job matching is minimal and there is no specific role that they play. The primary reason given by DSS staff for its limited involvement with VEC was that this office sees their main customer as the employer. These "customers" typically want a pool of applicants with greater work skills and experiences than are possessed by many welfare clients.

On the other hand, VEC State staff indicated that they encourage their regional and local offices to work with the local social services agencies. They indicate that some local VEC agencies provide information, job registration services, and training workshops for the local social services agencies. However, they complain that there are simply too many local social service departments for regional offices to handle. They agreed with DSS that the more significant factor impacting their coordination is the need for VEC to send the employer prospects that have strong employment skills. This eliminates a significant portion of the VIEW caseload.

Department of Business Assistance's Job Finding and Job Matching Services for Welfare Clients. Of the three agencies required to coordinate job development services with DSS, the Department of Business Assistance (DBA) appears to be the least connected to the State's welfare reform efforts. Through its Workforce Services Division, this agency provides recruitment and training assistance for new and expanding businesses. Some of the services offered to Virginia companies include: assisting in recruiting prospective trainees, assessing existing training programs, developing and implementing training curriculum, conducting workshops, and assisting in the development of training materials and location of training facilities.

With the implementation of VIEW, this department has made little change to their procedures to encourage employers to hire welfare clients. Potential employers are told that DBA will assist them in recruiting the best employees. DBA staff may mention the potential pool of welfare clients as employees, but this fact is not necessarily part of their formal presentation to new companies. Companies are also not given any written information on hiring welfare clients or potential federal and State wage and tax incentives. DBA staff indicated that it is more important to assess each employer's needs and bring in local departments of social services as needed.

DSS maintains infrequent contact with the Department of Business Assistance. The major activity of coordination between the two agencies is that the DSS State job developer periodically attends staff meetings and provides updates on the welfare reform. One outcome is that DBA is now more aware of how welfare clients can be a resource in workforce development.

Conclusion. It became clear during the JLARC staff analysis of the coordination of job development services across these four agencies that DSS which now views itself as an "employment agency," has created their own job development resources rather than reaching out to other local agency staff who already have expertise in these areas. In part, DSS found that this was necessary in order to ensure that all VIEW participants found employment within 90 days.

Considered together, the problems between these four agencies have significantly limited the coordination of employment services for VIEW participants. Without this coordination, it is more difficult to improve the employability of VIEW participants who have found their initial jobs, prepare participants who are least able to find work, and promote the long-term success of the VIEW participant. Moreover, without leadership from the cabinet secretaries or further guidance from the General Assembly, the existing barriers to coordination between these agencies will likely remain.

Recommendation (6). **The General Assembly may wish to amend the Section 63.1-133.45 of the *Code of Virginia* to require that the Department of Social Services, the Governor's Employment and Training Department, the Virginia Employment Commission, and the Department of Business Assistance prepare and maintain formal memoranda of understanding to coordinate job development services. These documents should address strategies to facilitate client entry into the workforce, by creating a single point of entry for workforce services, and by assisting workers in overcoming barriers they face in successfully competing for jobs.**

DSS Has Provided Limited Job Development and Technical Assistance to Localities During First Three Years of Welfare Reform

Because most local departments of social services in the State are performing the entire spectrum of case management, job training, and job finding duties, the State has an important function in providing technical assistance to these localities for job development. One State-level job developer and five part-time regional job developers were initially hired to work with localities in developing job development strategies. The State-level job developer worked directly with large employers to facilitate the placement of VIEW participants into employment. The five regional job developers, however, were created to work more closely with the local agencies. Their job descriptions were comprehensive, and included tasks such as meeting with local businesses and other workforce agencies to develop employment opportunities, and providing ongoing technical assistance to the local departments in areas of job development and VIEW policy. Unfortunately, due to turnover and unfilled vacancies, these activities were not implemented. The long-term consequence of local agencies receiving no ongoing technical assistance and training for job development is that the local staff may be ill-prepared for assisting VIEW participants in finding successful employment when the economy may not be so strong.

Seventy-two percent of the 21 directors of local departments of social services interviewed during JLARC field visits rated the regional staff's provision of technical assistance on job development as "poor." Localities expressed frustration that their staff were turned into "job coaches" with no training from the State. State DSS staff could not produce any specific training provided to localities on how to actually perform their new role as a job placement agency rather than a welfare agency.

During the summer of 1998, the State Department of Social Services reorganized its central and regional offices, including its staff support to localities for welfare reform efforts. The State-level job developer was placed in another division and the commitment to hiring additional job development staff is still limited to part-time positions. According to DSS staff, the State is in the process of rehiring two to three part-time job developers, but their focus will be assisting the full-time State-level job developer in handling individual employer contacts, rather than assisting and monitoring job development at the local level.

More disturbing to the localities, however, has been the elimination of the five regional specialists for VIEW policy. Fifty percent of the local directors interviewed during JLARC field visits indicated that the technical assistance they received from these staff on VIEW policy was "good" or "excellent." One locality indicated that they felt the State was shifting staff to other agency priorities too soon. Now, localities must obtain any needed technical assistance on VIEW or job development policies from regional eligibility specialists. Unfortunately, these specialists are the same staff whose main responsibility at the moment is ensuring the successful implementation of the agency's new information system, an effort that has experienced substantial implementation problems. This essentially means that the potential for training for local offices on VIEW policies and job development activities has been eliminated. However, the Commissioner of DSS has indicated that he has reevaluated this decision and is planning to reinstate the VIEW policy positions as "self sufficiency" specialists.

Recommendation (7). **The Department of Social Services needs to provide strong leadership in the coordination, development, and monitoring of job development services for welfare clients. This leadership should include the availability of adequate staff to provide technical assistance, training, and monitoring in the areas of VIEW policy and job development, including the provision of pre-employment and supportive services.**

Virginia Has the Opportunity to Focus on Job Development for Long-term Welfare Recipients through Grants

As indicated in Chapter III, the post-VIEW employment levels for certain subgroups of welfare recipients – those with greater risk of long-term dependency – are higher than pre-VIEW levels. However, the rates of employment for these high-risk individuals are substantially below the employment rates for all VIEW participants. In anticipation of this problem, the 1998 General Assembly made $19 million available from the TANF surplus (approximately $2.4 million during 1996-1998 biennium and an additional $16.7 million during the 1999-2000 biennium) for the Department of Social Services to serve high-risk welfare recipients.

However, because these funds can not be used for non-custodial parents, or to provide post-employment services to improve job retention rates, the department decided to apply for $16 million in federal funds to serve the high-risk recipients. The legislative money committees were notified in June 1998 of the department's intention to pursue this funding option. As the funds from the Welfare-to-Work grants do not have the same restrictions as TANF funds, DSS staff states that these dollars could be more effectively used to provide the necessary boost for employers to hire and retain long-term welfare recipients. Consequently, it appears that the department does not intend to spend the TANF funds appropriated by the 1998 General Assembly for this population.

To draw down the $16 million dollars, DSS is required to identify $8 million in State matching funds. Currently, the Department has identified the matching funds for the first year of the grant, and plans to submit a proposal for funding to the 1999 General Assembly.

Welfare-to-Work Grants. Welfare-to-Work grant program funds, created by the federal Balanced Budget Act of 1997, provide more than $3 billion dollars nationally and are targeted for the hardest-to-employ recipients of welfare. These grants are administered at the federal level by the Department of Labor and at the State level by the Virginia Department of Social Services. Funding will reach the localities through the JTPA private industry councils.

These grants are intended to complement and enhance current State welfare reform efforts, not establish separate programs. Services to be provided under this grant can include job creation, job readiness, job placement, post employment services, and supportive services (transportation services, substance abuse treatment, child care assistance, and mental health care). These grants still require that the "Work First" approach be implemented with education and training being used as post-employment services.

Funding is distributed to the states by formula and competitive grants. Virginia can receive up to $32 million in federal money ($16.5 million for federal fiscal year 1998, and an estimated $15.5 million for federal fiscal year 1999.) Virginia is required to provide $1 state dollar in matching funds for every $2 in federal dollars it receives. Therefore, if Virginia adds $16 million in State funds, the total available funds for Virginia could be $48 million. Federal regulations require that 85 percent of the federal grant must go to the PICs and the remaining 15 percent may be distributed by the Governor to projects that help long-term welfare recipients become employed. In addition, 100 percent of the State match may also be distributed by the Governor to local projects.

On September 30, 1998, the Department of Social Services distributed 85 percent ($14 million) of the federal Welfare-to-Work funds. Table 19 provides the Welfare-to-Work allocations by locality based upon the State formula. Virginia's allocation methodology was intended to ensure that all 14 Private Industry Councils (PICs) receive the $100,000 minimum funding, while the rest would be equally distributed across rural areas with high unemployment or poverty, and to inner cities with a large number of TANF cases and difficult employment issues. Virginia had some flexibility to develop their funding formula within certain federal guidelines.

If the number of VIEW clients in each service delivery area are used as a proxy for the number of clients eligible to receive funds, it appears that this formula allocated less money in areas of the State that may need it the most. For example, the

Table 19

Welfare to Work Grant Allocations by Locality

Service Delivery Area (SDA)	Number of TANF cases (As of 8/31/98)	Number of VIEW cases (As of 8/31/98)	Welfare to to Work Allocation*	Average Dollars Available Per VIEW Recipient
SDA 1: (Buchanan, Dickenson, Lee, Norton, Russell, Scott, Tazewell, Wise)	3,004	1,291	$1,514,298.30	$1,173
SDA 2: (Bland, Bristol, Carroll, Floyd, Galax, Giles, Grayson, Montgomery, Pulaski, Radford, Smyth, Washington, Wythe)	1,577	656	$1,050,392.00	$1,601
SDA 3: (Alleghany, Botetourt, Clifton Forge, Covington, Craig, Roanoke County, Roanoke City, Salem)	1,375	392	$ 508,010.61	$1,296
SDA 4: (Augusta, Bath, Buena Vista, Clarke, Frederick, Harrisonburg, Highland, Lexington, Page, Rockbridge, Rockingham, Shenandoah, Staunton, Warren, Waynesboro, Winchester)	1,187	528	$ 713,357.32	$1,351
SDA 5: (Fairfax City, Fairfax County, Falls Church, Loudoun, Manassas City, Manassas Park, Prince William)	3,273	1,683	$ 480,186.53	$ 285
SDA 6: (Alexandria, Arlington)	1,595	673	$ 297,223.02	$ 441
SDA 7: (Albemarle, Charlottesville, Culpeper, Fauquier, Fluvanna, Greene, Louisa, Madison, Nelson, Orange, Rappahannock)	1,161	472	$ 578,520.32	$1,226
SDA 8: (Amherst, Appomatox, Bedford City, Bedford County, Campbell, Danville, Franklin, Henry, Lynchburg, Martinsville, Patrick, Pittsylvania)	2,890	1,123	$1,094,120.76	$ 974
SDA 9: (Amelia, Brunswick, Buckingham, Charlotte, Colonial Heights, Cumberland, Dinwiddie, Emporia, Greensville, Halifax, Hopewell, Lunenberg, Mecklenburg, Nottoway, Petersburg, Prince Edward, Prince George, South Boston, Surry, Sussex)	2,628	1,059	$2,043,614.30	$1,930
SDA 10: (Richmond City)	4,484	1,790	$1,018,061.52	$ 569
SDA 11: (Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan)	1,975	868	$ 439,451.23	$ 506
SDA 12: (Accomack, Caroline, Essex, Fredericksburg, King and Queen, King George, King William, Lancaster, Mathews, Middlesex, Northampton, Northumberland, Richmond, Spotsylvania, Stafford, Westmoreland)	1,382	557	$1,116,636.01	$2,005
SDA 13: (Gloucester, Hampton, James City, Newport News, Poquoson, Williamsburg, York)	3,817	1,535	$ 877,065.61	$ 571
SDA 14: (Chesapeake, Franklin, Isle of Wight, Norfolk, Portsmouth, Southampton, Suffolk, Virginia Beach)	9,325	3,951	$2,335,390.34	$ 591
Total	39,673	16,137	$14,080,847.95	$ 873

Notes: *Welfare-to-Work allocations are based on a Virginia formula: 50 percent poverty (below poverty in area exceeds 7.5 percent), 50 percent TANF (receiving assistance under TANF for at least 30 months), effective 10/1/98.

Source: JLARC analysis of DSS data (Welfare-to-Work Allocations, VIEW Independence Program Monthly Report, August 1998).

City of Richmond and jurisdictions in the Tidewater area, which have the largest caseloads, will receive approximately $600 per VIEW recipient. By comparison, in the service delivery area that serves the Charlottesville area, local offices will receive approximately $1,200 per recipient. In Nelson County, the local department of social services indicated to the service area delivery director that only one person on their current VIEW caseload of nine would meet the grant eligibility standards. However, the service delivery area was allocated $66,000 for this county based upon Virginia's allocation formula.

The Governor has yet to award this year's $8 million in State matching funds to localities to facilitate the employment of hard-to-employ welfare recipients. However, the Governor has allocated the 15 percent discretionary federal money ($2.5 million dollars) to four local projects that have a successful track record for the employment of welfare clients. These local projects include: a Southwest project designed to develop new jobs where unemployment rates are high; a Tidewater project to continue to train women for non-traditional jobs; a collaboration project between the Department of Rehabilitative Services and Community Services Boards to provide substance abuse and mental health services to welfare recipients experiencing multiple barriers; and a greater Richmond area project to continue a partnership with the Chamber of Commerce to provide training and employment services for welfare families.

Concern About Impact of Grant Money. In a JLARC survey, 14 service delivery area directors were asked to discuss the impact that the new Welfare-to-Work money will have on their service delivery area's ability to provide job training services to the hard to employ or long-term welfare clients. Most directors indicated a view that these new funds were more likely to improve the area's ability to serve the long-term welfare recipient than with the JTPA funds. The grant funding allows more flexibility in providing supportive services to help the client in a job, such as temporary housing and utility payments, clothing allowances, substance abuse treatment, and mental health services. However, one director commented that the grant funds still will not provide the what is needed to provide adequate training because of the requirement that training must be provided after the recipient finds employment, not before.

According to Virginia's amendment to the TANF plan, the four measurements of success for welfare-to-work program include: (1) 70 percent placement in a work activity; (2) 60 percent placement in employment; (3) average monthly earnings of $800, and (4) a six month job retention rate at 55 percent. One director indicated that these performance standards are too high for the population they will be serving under the grant. Because of the dropping caseloads and the robust economy (as of the Summer, 1998), many welfare recipients are finding jobs. Therefore, the population left to serve under this grant will be the welfare client with no work history and multiple barriers to employment. As shown in Chapter III, these clients will be harder to place in a job, keep in a job, and achieve the required monthly earnings.

JLARC staff reviewed the service delivery area local plans for how they were going to utilize the grant and cooperate with the local social services departments. During this review, it was evident that not all local social services departments in the service delivery area signed off on the plans. In addition, some social services departments expressed concerns about the additional paperwork, additional burden on staff resources, and the need to clearly delineate the roles and responsibilities between local social services and the PICs.

Given this opportunity to focus on the needs of the hardest to employ, it will be critical for the State to monitor the PICs ability to meet these performance measures. Because this program is to complement the existing VIEW program and not duplicate it, it will also be necessary for state agencies to ensure that grant funds are not used for services that are already covered under the TANF block grant, such as certain supportive services. If this cost shifting occurs, the state will continue to experience a surplus of TANF funds, and they will miss the opportunity to use the Welfare-to-Work grant money effectively. Instead, the funds should be used in conjunction with TANF funds to provide a comprehensive approach to employment, which should include wage subsidies or training incentives to the employers, and extensive post-employment training. The success of these efforts will depend greatly on how the funds are utilized, and whether the various key players at the local level work together to create a cost-effective and comprehensive program.

Recommendation (8). **The Department of Social Services and the Governor's Employment and Training Department should develop a comprehensive strategic plan to ensure that TANF funds, JTPA funds, and Welfare-to-Work funds are utilized in the most cost effective manner to ensure positive outcomes for hard to employ welfare recipients. This plan should delineate when the use of TANF funds, JTPA funds, or Welfare-to-Work funds are appropriate. In addition, this plan should include mechanisms to resolve any issues of coordination that are found at the local level. The Department of Social Services should present this plan to the House Appropriations and Senate Finance Committees by January 31 of the 1999 General Assembly.**

POTENTIAL COSTS AND BENEFITS OF PROVIDING INCENTIVES TO ENHANCE EMPLOYMENT OF VIEW PARTICIPANTS

While the reductions in the State's welfare caseloads during the first three years of VIEW implementation indicate that large numbers of TANF recipients have left the public assistance rolls, there are lingering questions about job retention rates and the employment outcomes for chronically dependent welfare recipients. Further, it is widely recognized that the presumably high employment levels for VIEW recipients are driven, in part, by the economic prosperity of recent years.

In light of this, the General Assembly directed JLARC to explore the potential costs and benefits of employer incentives to raise the employment levels of chronically dependent welfare recipients who are receiving TANF payments. In the 1997 Appropriation Act, the General Assembly directed JLARC to examine the cost and benefit of "reducing the tax rate, providing an employer tax credit, or similar financial incentives relating to payments into the Unemployment Trust Fund."

Private sector job placement is a priority for states. As the welfare reform effort proceeds statewide, Virginia may need to develop comprehensive strategies to encourage private employers to hire workers whose skill levels are likely to be inferior to others in the labor market. Employer incentives usually take the form of direct subsidies to the employer to encourage them to hire workers through various types of tax breaks.

The key issue with any incentive program is whether the benefits that accrue to the State from lower public assistance payments are sufficient to outweigh the cost of whatever employer-based incentive program is pursued. When looking at the benefits of various employer incentive programs to the State, it is also important to determine whether this incentive will improve the long-term employability of the welfare recipient.

Accordingly, the key question in developing any potential employer incentive programs is: how likely is the welfare recipient to be hired without an employer subsidy or incentive? In the past, such programs have been largely unsuccessful because they have been ill-targeted and did not go to those who needed it the most — the chronically dependent welfare recipient. Another factor was the economy. During periods of high unemployment, employers had a larger pool of skilled, experienced workers from which to make hiring selections. Therefore, there was little motivation, even with incentives, to hire the low-skilled welfare recipients.

In this study, JLARC staff evaluated the potential costs and benefits of employer incentive programs with two key questions. First, how aware are employers of the various State and federal incentive programs already available in Virginia? Second, if employers were aware of potential incentive programs, how responsive would they be to such a program? Without the answers to these two questions, it would be premature to develop quantitative cost or benefit estimates for increasing the use of employer based incentives.

The JLARC staff analysis of these two issues included a review of the utilization of the current federal and State tax and wage incentive programs available in Virginia, and a survey completed by a sample of Virginia employers. The results from the review indicate that while a majority of employers are aware of Virginia's welfare reform efforts, employers may not be aware of the current State and federal incentive programs that are available. In addition, it appears some incentive programs are not fully developed or marketed to the right employer group. In response to a JLARC employer survey, most Virginia employers who responded indicated that incentives would not encourage them to hire welfare recipients. However, two out of three medium to large employers (with 50 or more employees) expressed an interest in incentive programs. With the proper targeting to the right type of employer and the packaging of a variety of incentives, medium to large employers may be motivated to hire those welfare recipients who would not have been employed without the incentive.

Approach to Assessing Benefits and Costs of Employer Incentives

In order to determine the potential benefits and costs of employer incentives, JLARC staff examined the benefits and costs of offering incentive programs that may accrue to the State, the employer and the VIEW participant. The major benefit to the State for employer incentive programs is that if a high-risk or long-term VIEW participant can find a job through incentives, it begins to reduce the participant's reliance on public assistance. As shown in Chapter III, once a participant finds a job, the percentage of their total family income from TANF and food stamps decreases. In addition, working VIEW participants begin to give back to the system, by paying State taxes.

The benefit of various incentive programs to the employer is that a company's up-front costs for recruiting, screening, hiring, and training VIEW participants can be greatly reduced or eliminated. In addition, employers need entry level workers in order to run their businesses. The main benefit of an incentive program for the VIEW participant is that it can provide needed work experience and on-the-job training that begins their move towards self-sufficiency.

At the same time, incentive programs do have costs. Obviously, to the State, there is the cost of funding incentive programs and the administrative costs of implementing and monitoring the utilization of these programs. When the incentive allows the employer to receive a tax credit, then there is a reduction in the amount of taxes a business will pay to the Commonwealth.

For the employer, administrative costs associated with completing the required paperwork to document that a welfare client has been hired are the main cost. Because of this, it is imperative that all incentive programs designed should strive to reduce the paperwork associated with the incentives. In addition, there is the potential cost for employers to go through the process of recruiting, hiring, and training a VIEW participant and then having that employee quit.

The costs to the VIEW participant for incentive programs are the same costs for employees who have with children and who must work. The most expensive costs are transportation to work and obtaining child care for their children. However, all VIEW participants have access to these supportive services through their local department of social services during their time on VIEW, and for a transition period once their TANF benefits have expired.

In this study, JLARC staff found that two key aspects concerning employer incentive programs must be assessed before the benefits and costs of these programs can be meaningfully estimated: (1) employer awareness of the various State and federal incentive programs already available in Virginia; and (2) if employers were aware of potential incentive programs, how responsive they would be to such programs. JLARC staff examined the awareness of incentive programs through an analysis of the utilization of the current State and federal tax and wage incentive programs. In order to address how responsive employers would be to incentive programs, JLARC staff conducted a survey of a sample of employers.

Current State and Federal Tax and Wage Incentive Programs for Virginia Employers Are Under-Utilized

Virginia employers already have a variety of State and federal tax and wage incentives to encourage employment of welfare clients. As shown in Exhibit 4, however, many are unknown, under-utilized, or not fully developed. The State currently offers participating employers two financial incentive programs and a third program will be available by January 1999. The first program is a subsidized wage employment program called the Full Employment Program (FEP). This is a full-time subsidized, training oriented employment which replaces the TANF and food stamp benefits of a participant. The intent of this program, according to a DSS policy manual, is to train the VIEW participant for "a specific job, increase his self-sufficiency and improve his competitiveness in the labor market." The participant is placed in a private sector full-time job and is paid hourly wages for the work performed. The participant's TANF and Food Stamp benefits are diverted to a wage pool from which the subsidy is paid to the employer. The goal of FEP is for the employer to hire the participant at the completion of the training period. In general, wage-subsidy programs are intended to make an employer more willing to hire a welfare client by lowering the initial cost to the employer. It can also compensate for some of the remedial training that an employer might have to provide to the worker.

However, in Virginia, the current design of its wage subsidy program is so cumbersome for the employer and the local agency staff that the State and local departments of social services staff have virtually ignored the program. Consequently, as shown in Exhibit 4, only 19 VIEW participants have been enrolled in this program since the implementation of Virginia's welfare reform in July 1995. State and local DSS staff cite three main reasons for the under-utilization of this program: (1) the program is too cumbersome for the local staff to manually determine the wage subsidy; (2) the subsidy penalizes the VIEW participant because they do not qualify for income disregards since they are not earning any income; and (3) the labor market is so good that employers are hiring without incentives.

The second State incentive program, available since October 1997, is known as the Targeted Employer Grant. This incentive program pays a grant of $1,000 to participating employers that hire VIEW participants who, at the end of nine months in the VIEW program, are unemployed or under-employed. In order to receive the full $1,000, the employee must work at least 1,000 hours. This program is the result of an annual $375,000 appropriation from the General Assembly. This program is also under-utilized. In fact, no monetary grants have been distributed (Exhibit 4). Because only 375 grants a year would be available throughout the State, local agency staff was told, through State DSS policy manual procedures, not to mass market this program. However, it was suggested that local staff should use these grants to "entice employers to hire TANF or VIEW participants who met the target criteria."

The third State incentive program is known as the Virginia Tax Credit. Beginning January 1, 1999, employers with 100 or fewer employees will be able to obtain a Virginia tax credit for hiring TANF recipients. The amount of the credit is five per-

Exhibit 4

Federal and State Tax and Wage Incentives Available to Virginia Employers Who Hire VIEW Clients

Type of Incentive	Amount of Credit	Target Population	Effective Dates	Utilization by Employers
		STATE		
Wage Subsidy or Full Employment Program	Provides a subsidy equivalent to the family's food stamp and TANF grant to employers as wages to pay a portion of the worker's salary.	Employers who hire VIEW participants and provide training for a specific job.	7/1/95	19 subsidies given to employers. Subsidies given through local DSS
Targeted Employer Grant (TAG) Program	Employers receive $1,000 one time payment. Program limited to 375 employers a year.	Employers who hire VIEW participants who, at the end of nine months in the VIEW program, are unemployed or under-employed.	10/1/97	No grants have been distributed. Grants distributed through local DSS.
Virginia Tax Credit	Employers receive 5 percent of employees' annual wages or $750 per year, whichever is less.	Limited to employers with not more than 100 employees that hire TANF recipients.	1/1/99	Not in effect yet. Certification will be done by the Virginia Tax Department.
		FEDERAL		
Work Opportunity Tax Credit (is being phased out)	Employers receive 25 percent of wages, if employee worked 120-400 hours; 40 percent of wages if employee works more than 400 hours.	For employers hiring TANF clients and members of other disadvantaged groups.	Worker who began work between 9/30/97 and 7/1/98.	1,949 VIEW/TANF recipients certified by VEC in State fiscal year 1998.
Welfare-to-Work Tax Credit	35% of wages first year of employment; 50% of wages second year of employment. Qualified wages capped at $10,000 a year	For employers hiring long-term TANF clients; or TANF clients who are ineligible for benefits because they reached their time limit for benefits.	Worker who begins work 12/31/97 to 5/1/99.	161 long-term welfare recipients certified by VEC in State fiscal year 1998.

Sources: DSS Employment Services policy manual; *Welfare Check to Paycheck: State Incentives for Businesses to Hire Welfare Clients*, American Public Welfare Association, February 1998; VEC memorandum to JLARC staff; telephone interviews with DSS staff; and Sections 58.1-439.7 and 63.1-133.49 of the *Code of Virginia*.

cent of the employee's annual salary, or $750 per year, whichever is less. The Virginia Department of Taxation must certify the employer before they can receive the credit. This tax credit is not targeted to the hard to employ or the long-term welfare recipient. The Department of Taxation's 1998 fiscal impact statement did not provide an estimate for the cost of implementing this State tax credit, stating "it is impossible to determine how many of these [30, 997 TANF] recipients would be employed by a business that would qualify for this credit."

One potential problem with the utilization of this new tax credit is that a Virginia employer will have to submit paperwork to two different State agencies to receive the State tax credit and the federal tax credit for the same welfare client. This new tax program requires the Virginia Department of Taxation to certify employers, whereas the federal tax credits must be certified through the Virginia Employment Commission. Another potential problem is that this tax credit is targeted towards small employers who are less likely to complete the necessary paperwork and are less likely to be motivated by tax incentives.

Federal tax credits that provide incentives for employers to hire welfare clients have been in place intermittently since the 1970's. The current federal tax credits for employers to hire welfare clients are known as the Work Opportunity Tax Credit and the Welfare-to-Work Tax Credit. Both of these credits encourage employers to hire target groups of disadvantaged individuals, including welfare clients. The Work Opportunity Tax Credit is phasing out and will only cover clients employed prior to July 1, 1998. The Welfare-to-Work Tax Credit shifts the target group to long-term welfare clients only. Individuals must be certified as a qualified employee prior to the employer taking the tax credit. In Virginia, the Virginia Employment Commission does this certification. As shown in Exhibit 3, even though thousands of VIEW participants have found jobs, these federal tax credits are not being used. The Virginia Employment Commission has only certified 2,110 VIEW/TANF workers for these tax credits during State fiscal year 1998. According to DSS, there were over 172,000 TANF cases in 1998.

Recommendation (9). **The Department of Social Services should reevaluate the Full Employment Program in order to streamline the administration, eliminate the financial penalty regarding earned income disregards, and increase its usefulness as a wage subsidy program for long-term welfare clients.**

Employer's Interest in State Financed Incentive Programs to Encourage Hiring of Welfare Clients Appears to Vary Based on Size of Employment

A number of states have created comprehensive packages of incentives for businesses. The most successful incentive programs are combined with marketing campaigns. While a majority of employers in Virginia are aware of the welfare reform efforts that are underway, it appears that most employers are not aware that there are incentives for hiring welfare clients or they may simply not be interested in such programs.

In order to gauge Virginia employers' responsiveness to various incentive programs, JLARC staff conducted a survey of a sample of Virginia employers. A review of this data suggests that interest in incentive programs tends to vary based on the size of the employer. Employer responsiveness to different types of employer incentive programs was also examined.

JLARC Employer Survey. In order to determine how employers across the Commonwealth would respond to State-financed incentive programs, JLARC staff conducted a mail survey. The survey asked about: Virginia employers' perceptions of the employability of Virginia's welfare recipients; the qualities and skills that entry-level employees must have to be considered for employment; their willingness to hire and train welfare recipients; and the likelihood that an incentive program would encourage them to hire welfare recipients who did not posses the qualities and skills that they normally require of entry level employees. Using this information, JLARC staff developed conclusions regarding the potential benefit of an employer-based incentive program for VIEW participants.

In selecting the sample, JLARC staff used a database maintained by the Virginia Employment Commission of all employers in Virginia during the third quarter of 1997. These data were stratified based on the size of the employer's workforce, and 150 cases were randomly selected from each of four employee size groups. The employers were grouped as very small employers (one to nine employees), small employers (10 to 49 employees), medium employers (50 to 249 employees) and large employers (more than 250 employees). Six hundred employers received the survey and 247 employers responded (a 41 percent response rate). Table 20 lists the final sample size for each employer size group.

Table 21 presents the characteristics of the responding employers and reveals the diversity of employers in Virginia. The three key differences between the groups of

Table 20

Employers in Virginia

Employer Size	Total Number of Employers	Number of Employers Responding to the Survey
1-9 employees	100,008	66
10-49 employees	25,980	72
50-249 employees	6,181	50
250 or more employees	1,423	59
Total	133,842	247

Source: JLARC survey of employers (Summer 1998). Employers randomly selected from 3rd quarter 1997 VEC database of all Virginia employers.

Table 21

Characteristics of a Sample of Virginia Employers

Virginia Employer Characteristics	Very Small Employers (1-9 employees) *n = 66*	Small Employers (10-49 employees) *n = 72*	Medium Employers (50-249 employees) *n = 50*	Large Employers (250 or more employees) *n = 59*
Average number of employees **(median)**	4 (4)	21 (18)	106 (84)	1008 (500)
Industry Type				
Construction	8%	11%	16%	2%
Manufacturing	3%	10%	12%	20%
Transportation	4%	7%	2%	0%
Trade-Wholesale	4%	10%	6%	2%
Trade-Retail	17%	26%	6%	7%
Finance, Insurance & Real Estate	12%	4%	6%	5%
Services	52%	29%	44%	56%
Public Administration	0%	3%	8%	8%
Three most important employee characteristics	Positive Attitude Dependable Strong Work Ethic	Positive Attitude Dependable Good Interpersonal Skills	Dependable Positive Attitude Strong Work Ethic	Positive Attitude Dependable Self-motivated
Percentage that offer health benefits	39%	68%	84%	95%
Average percentage of positions requiring less than high school education **(median)**	36% (8%)	33% (21%)	32% (10%)	23% (10%)
Average percentage of positions requiring high school education or more **(median)**	83% (100%)	77% (100%)	75% (92%)	76% (91%)
Average percentage of positions requiring specific skills **(median)**	67% (79%)	52% (52%)	47% (52%)	44% (52%)
Average percentage of entry level positions per total positions **(median)**	66% (50%)	51% (43%)	32% (19%)	32% (27%)
Median salary range for entry level positions	$6.50 to $7.87	$6.00 to $7.50	$6.79 to $8.78	$7.03 to $9.39
Average percentage of current vacancies per total entry level positions **(median)**	8% (0%)	13% (0%)	8% (0%)	5% (4%)
Average percentage of welfare clients hired in past 36 months per total of new hires **(median)**	3% (0%)	5% (0%)	5% (0%)	10% (2%)
Percentage aware of Virginia's welfare reform efforts	58%	58%	54%	74%

Notes: Data in total sample is weighted according to total number of employers in each stratum. (Total Number of Employers: Very small employers - 100,008; Small employers - 25,980; Medium employers - 6,181; Large Employers - 1,423). Sampling errors and results of significance testing are reported in Appendix B.

Source: JLARC Survey of Virginia Employers, Summer 1998.

employers (based on the size of the firms) were the type of industry typically represented, whether or not health benefits were offered to employees, and the type and the relative number of entry-level positions the firm needed. Smaller employers were usually in the service industry, such as hotels, health, amusement, and social services, or had retail trade businesses. Larger employers were also highly concentrated in service industries, but they also tended to be in construction and manufacturing. It is not surprising that the larger the company, the more likely it was to offer its employees health benefits. While only 39 percent of the very small employers (one to nine employees) offered health insurance, 95 percent of the employers with 250 or more employees did.

Most Virginia employers in the study reported a need for entry-level workers in their businesses. Smaller employers reported a higher percentage of positions requiring specific skills and a higher proportion of entry-level positions than larger firms. Among all employers, from one-third to over half of their employees are considered entry-level and are paid a median salary of $6.00 to $9.39 an hour. Approximately one third of all of their positions require less than a high school education. The current vacancy rate for entry-level positions ranges from five percent with large employers to a high of 13 percent for small employers.

While over half of the employers are aware of Virginia's welfare reform efforts, the percentage of welfare clients hired in the past six months for all persons hired ranges from an average of three percent with very small employers to 10 percent for large employers. The small percentages may be because many employers are not aware of the welfare status of their employees. Many employers commented that they are not interested in knowing whether their clients are on welfare. Instead, when asked what are the three most important employee characteristics, most employers cited: (1) a positive attitude, (2) dependability, and (3) a strong work ethic.

Assessment of Whether Incentives Would Motivate Employers to Hire Welfare Clients. One major issue of this analysis is whether the availability of State financed incentive programs would motivate employers to hire welfare recipients. Each employer was asked to respond to the question "Would the availability of pre-employment services, financial incentives or workforce training programs increase the number of welfare recipients that your company would hire?" After weighting the data from the survey respondents to achieve proportional representation in each category, the sample data suggest that overall, about sixty-three percent of employers think that these incentives would not motivate them to hire a welfare recipient (Table 22). However, when considering company size, the use of incentives appears to be a stronger motivation factor for larger employers. While 30 percent of the very small employers would be motivated by incentive programs, this number increases to 68 percent for the large employers.

Table 23 provides additional characteristics of these two employer groups. The purpose of this analysis is to determine if other factors, in addition to company size, are associated with the tendency to respond to incentives. Employers who would be motivated to hire a welfare recipient with incentives are more likely to have entry-

Table 22

Potential Use of Incentive Programs by Virginia Employers

Motivated to Hire a Welfare Recipient With Incentives	Yes	No
Total (N = 237)	37%	63%
Very Small Employers (1-9 employees) n = 61	30%	70%
Small Employers (10-49 employees) n = 71	55%	45%
Medium Employers (50-249 employees) n = 48	67%	33%
Large Employers (250 or more employees) n = 57	68%	32%

Notes: Data in total sample is weighted according to total number of employers in each stratum.(Total Number of Employers: Very small employers - 100,008; Small employers - 25,980; Medium employers - 6,181; Large Employers - 1,423). Sampling errors and results of significance testing are reported in Appendix B.

Source: JLARC survey of Virginia employers, Summer 1998.

level positions that require less than a high school education, and these employers have a slightly higher proportion of entry-level vacancies at the present time. Forty-two percent of all positions in these companies do not require a high school education and 14 percent of their entry-level positions are currently vacant. However, because larger employers may tend to need various levels of employees, it appears that a smaller proportion of their entire work force is at the entry level. In addition, employers who would be motivated by incentives are more likely to be in the industries that deal with construction, manufacturing, transportation, and trade. Employers who are least likely to be motivated by incentive programs are more likely to be in the finance and service industries.

Type of Incentives. Employers were asked to respond as to whether they agreed or disagreed that each of ten potential incentive programs would motivate them to hire a welfare recipient. These ten programs are described in Exhibit 5. The ten programs fall into three major categories: pre-employment and supportive services, tax credits and financial incentives, and financial assistance with training current or potential employees. As indicated, most incentive programs, if available, are not consistent across the State and many are under-utilized. The lack of consistency for the programs is due to local differences in their ability to provide pre-employment, supportive and training services. The employers that indicated on the survey that they would be motivated to hire welfare clients were then asked to rate the ten potential incentive programs.

Table 24 illustrates the potential incentive programs that different employers "strongly agree" were good programs. Over a third of all employers indicated that if an employee was provided certain supportive services, such as daycare and transportation services, they would be more motivated to hire them. Also, a third of all the employers found federal and state wage tax credits to be good potential incentive programs. Each employer size group differed somewhat on which incentives they agreed

Table 23

Characteristics of Employers and Potential Use of Employer Incentives

Virginia Employer Characteristics	Total *N = 237*	Incentive Programs Would Not Motivate An Employer to Hire Welfare Clients *n = 109*	Incentive Programs Would Motivate An Employer to Hire Welfare Clients *n = 128*
Industry Type			
Construction	9%	6%	15%
Manufacturing	5%	1%	9%
Transportation	5%	5%	12%
Trade-Wholesale	6%	7%	14%
Trade-Retail	18%	15%	22%
Finance, Insurance & Real Estate	10%	14%	5%
Services	46%	51%	38%
Public Administration	1%	1%	2%
Percentage that offer health benefits	48%	48%	51%
Average percentage of positions requiring less than high school education	35%	30%	42%
(median)	(16%)	(0%)	(20%)
Average percentage of positions requiring high school education or more	81%	82%	78%
(median)	(100%)	(100%)	(90%)
Average percentage of positions requiring specific skills	63%	62%	62%
(median)	(59%)	(60%)	(58%)
Average percentage of entry level positions per total positions	60%	66%	53%
(median)	(38%)	(38%)	(40%)
Median salary range for entry level positions	$6.50 to $8.00	$6.50 to $8.00	$6.50 to $8.33
Average percentage of current vacancies per total entry level positions	9%	4%	14%
(median)	(0%)	(0%)	(2%)
Average percentage of welfare clients hired in past 36 months per total of new hires	4%	3%	4%
(median)	(0%)	(0%)	(0%)
Percentage aware of Virginia's welfare reform efforts	58%	57%	60%

Notes: Data in total samples are weighted according to total number of employers in each stratum. Sampling errors and results of significance testing are reported in Appendix B.

Source: JLARC survey of Virginia employers, Summer 1998.

Exhibit 5

Possible Incentive Programs for Virginia Employers

Possible Incentive Program	Available in Virginia?
I. Pre-Employment and Supportive Services	
1. Local agencies would conduct **pre-employment services** which would create a job ready pool of entry level employees at no cost to a company. These services would include: assessment and screening of the applicants, job readiness training and job matching.	Yes, but great variation across the State.
2. Local social service agencies would provide **supportive services** for employees hired, such as performance monitoring, daycare, health benefits, and transportation assistance.	Yes, but great variation across the State.
II. Tax Credits and Financial Incentives	
3. A **federal or state tax credit** would pay a company a certain percentage of the **employee's wages**.	Yes, two federal tax credits. State tax available 1/1/99.
4. A **federal or state tax credit** would pay a company to provide **child care benefits** to employees.	Yes, federal tax credit only.
5. A **federal or state tax credit** would pay a company to provide **transportation benefits** to employees.	Yes, federal tax credit only.
6. **A wage subsidy program** where the employee's welfare benefits are paid to a company, and the company, in turn, pays the difference between the subsidy and the usual wage rate for the position.	Yes, state subsidy program, but rarely used.
7. A **one time monetary payment**, not a tax credit, that my company would receive for hiring welfare recipients that have minimal work skills or experience.	Yes, state program, not used.
8. A **reduction in** a company's **sales tax**, such as on electricity, is available if the company registers job openings with the state and pledges to hire a welfare recipient.	Not available in Virginia.
III. Financial Assistance with Training Current or Potential Employees	
9. **Training potential employees**, which would include having a local agency work with a company to determine what type of employee skills are required, provide training at little or no cost to the company, and the company in turn, agrees to hire persons who successfully completes the training.	Yes, but great variation across the State.
10. **On the job training assistance** programs where a company can receive a percentage of a new worker's wages for up to six months of employment to assist the with hiring and retaining employees.	Yes, but great variation across the State.

Source: JLARC analysis of DSS employer brochures and DSS Employment Services policy manual, and *Welfare Check to Paycheck: State Incentives for Businesses to Hire Welfare Clients*, American Public Welfare Association, February 1998.

Table 24

Incentive Programs Which Virginia Employers "Strongly Agree" Would Motivate Them to Hire a Welfare Recipient

Potential Incentive Programs	Total N = 123	Very Small Employers (1-9 employees) *n = 16*	Small Employers (10-49 employees) *n = 38*	Medium Employers (50-249 employees) *n = 32*	Large Employers (250 or more employees) *n = 37*
Pre-employment Services	22%	22%	21%	25%	33%
Supportive Services	34%	33%	39%	25%	26%
Federal/State Wage Tax Credit	36%	33%	46%	23%	29%
Federal/State Tax Credit for Child Care Benefits	28%	33%	21%	17%	20%
Federal/State Tax Credit for Transportation Benefits	29%	33%	24%	20%	20%
Wage Subsidies	30%	33%	29%	16%	17%
One Time Monetary Payment	10%	6%	22%	3%	11%
Other Financial Incentives	6%	6%	8%	7%	6%
Financial Assistance with Training Potential Employees	14%	17%	8%	13%	20%
Financial Assistance with On-the-Job Training	11%	11%	13%	6%	11%

Notes: Data in total sample is weighted according to total number of employers in each stratum. Sampling errors and results of significance testing are reported in Appendix B.

Source: JLARC survey of Virginia employers, Summer 1998.

were strong motivators, although none of the differences appeared to be statistically significant.

Overall, however, most employers in Virginia appear not to be motivated by an incentive program to hire welfare clients. Those employers not interested indicated that incentives cannot replace the need for a work force that is reliable, hard working, and honest. Forty percent responded that these employee characteristics are more important than whether the client is on welfare. Additionally, thirty-two percent of the employers who said they would be motivated by incentives still indicated that employee characteristics would be the main hiring factor.

Future State Actions Necessary

The employer survey results indicate that while most Virginia employers prefer an honest, hard-working and dependable employee over a financial incentive, there may be some incentives that will encourage an employer to give a welfare recipient a chance. Most employers in Virginia need entry-level employees in order to run their businesses. A variety of incentive programs already exist in Virginia, although many are unknown, under-utilized, or not fully developed. With the proper targeting to the right employer and the packaging of a variety of incentives together, some employers will be motivated to take a chance on the welfare recipient who needs a first job to build a work history.

Benefits may be maximized and costs minimized by improving the employer incentive programs that are already in existence in Virginia, and by developing comprehensive strategies that can be marketed to different employer needs. There are significant benefits to an employer incentive program for the State, the employers, and most importantly, the welfare clients. For the State, the major benefit is the move of welfare clients from long term public assistance to tax-paying citizens. For employers, the major benefit is a pool of entry-level employees that can be hired, and possibly trained, with little or no up-front costs to their businesses. For the long-term or high-risk welfare clients, incentives can provide that initial job to build a stable work history, prepare those who are least able to work to find jobs, and promote their movement along the road to self-sufficiency.

While there are also costs to the State, the employers and the VIEW participants for employer incentive programs, it appears these costs can be greatly reduced by how the program is designed and targeted. The Full Employment Program, a wage subsidy program, is so administratively burdensome to the State and the employer, that the program is virtually ignored. In addition, the new Virginia Tax Credit program is targeted to the smaller employers that are least likely to be motivated by incentives. This program also has design flaws, which would reduce employer participation. An employer who hires a welfare client would have to submit two different applications to two different agencies in order to be certified to receive both the federal and State tax credit for the same employee.

The marketing strategy for the State should be to increase awareness of and responsiveness to employer incentive programs. While over 50 percent of employers in Virginia were aware of Virginia's welfare efforts, many are not aware of the possible incentive programs that may be available to them. In addition, although most employers indicated through a JLARC survey that such incentives would not encourage them to hire welfare recipients, two out of three of medium to large employers (with 50 or more employees) responding to the survey expressed interest in such an incentive program. A stronger State-level effort for coordinating job development services that includes a comprehensive strategy for marketing incentives to the right employers is needed. The strategy should be to reduce the up front costs to employers who may be willing to take a chance on a welfare client who is reaching the two year limit or has been unable to develop a good work history.

During a robust economy, the use of incentive programs targeted more to the hard-to-employ welfare client will lay the groundwork for motivating employers to hire welfare clients during a potential economic downturn in the economy. Virginia already has all of the employer incentive programs needed. However, because many of the programs need to be redesigned to reduce the administrative costs and better marketed to the right employer groups, it would be premature to develop estimates of costs and benefits at this time. Virginia has the opportunity to improve these programs with little or no additional costs to the State because surplus TANF funds can be used to provide wage and tax incentive programs.

Recommendation (10). **The General Assembly may wish to consider re-targeting the new Virginia tax credit for hiring welfare recipients to include medium and large employers, and limit this credit to the hiring of long-term or hard to serve recipients. In order to simplify the certification process for employers, the General Assembly may wish to direct the Virginia Employment Commission and the Virginia Department of Taxation to work together to determine if the federal certification procedures can also serve as the certification process for the Virginia Tax Credit. In addition, the General Assembly may wish to direct the Virginia Employment Commission, rather than the Virginia Department of Taxation, to certify employers for the Virginia Tax Credit.**

Recommendation (11). **The Virginia Employment Commission and the Department of Business Assistance, with assistance from the Department of Social Services, should develop and implement a plan to ensure that all employers across the State are aware of the various tax and wage incentives that are currently available for hiring the long-term or the hard-to employ welfare client.**

Appendixes

Appendix A

Study Mandates

ITEM 14 L - 1997 APPROPRIATION ACT

THE VIRGINIA INDEPENDENCE PROGRAM AND THE VIRGINIA INITIATIVE FOR EMPLOYMENT

The Joint Legislative Audit and Review Commission (JLARC) shall study the local effect of the Virginia Independence Program (VIP) and the Virginia Initiative for Employment, Not Welfare (VIEW) program to determine: (1) the status of a sample of families leaving the program before exhausting time limits for receiving assistance, and reasons for not remaining in the program; (2) the status and advancement of families leaving assistance; and (3) the status of a sample of families who have exhausted the time limits of eligibility for certain benefits and services. The study shall include information on the reliance of families on charitable organizations and other public programs. With appropriations provided for this item, JLARC may contract with a university or other organizations for assistance in conducting the study. JLARC shall submit a study plan and interim report to the 1998 General Assembly and a final report to the 1999 General Assembly.

ITEM 14 O - 1997 APPROPRIATION ACT

HIRING VIRGINIA INITIATIVE FOR EMPLOYMENT NOT WELFARE

The Joint Legislative Audit and Review Commission shall study the cost and benefit of reducing the tax rate, providing an employer tax credit, or similar financial incentives relating to payments into the Unemployment Trust Fund, established pursuant to §60.2-500, et.seq., Code of Virginia, in the case of employers hiring Virginia Initiative for Employment Not Welfare participants as specified in §63.1-133.49, D.2, of the Code of Virginia.

Appendix B

Sampling Errors and Results of Significance Testing for Data Tables Presented in This Report

This appendix provides the sampling error for each of the estimates used in this study. When working with sample proportions, a key issue is how precise the statistic is an estimate of the population proportion. Sampling errors define the level of precision around the sample proportion and they are based on the size of the sample from which the proportion is calculated. The lower the sampling error, the closer is the true population parameter to the sample proportion.

Sampling Error Tables for Chapter II

Table B-1
Sampling Error Associated with Figure 7

	Percentage	Sampling Error
Participant was mandatory for VIEW at their initial assessment for the program	51%	2%
Participant closed their TANF case prior to their initial assessment for the program	22%	2%
Participant was exempt for VIEW at their initial assessment for the program	27%	2%

Table B-2
Sampling Error Associated with Figure 8

Total TANF Sample	Percentage	Sampling Error
Participant was mandatory for VIEW at their initial assessment for the program	51%	2%
Participant closed their TANF case prior to their initial assessment for the program	22%	2%
Participant was exempt for VIEW at their initial assessment for the program	27%	2%
Breakdown of the Exempt Population		
Permanent	29%	3%
Temporary	71%	3%
Other	0%	0%
Breakdown of the Permanently Exempt Population		
Incapacitated	46%	6%
Over 60 Years Old	4%	3%
Sole Caregiver to Incapacitated Family Member	29%	6%
Kinship Payee	21%	5%
Breakdown of the Temporarily Exempt Population		
Full Time Student (Elementary/Secondary)	1%	0%
Temporary Medical Condition	24%	2%
Child in Personal Care Under 18 Months Old	53%	2%
Pregnant (4^{th} through 9^{th} month)	13%	1%
Improper Exemption	9%	1%

Table B-3
Sampling Error Associated with Table 5

	Percentage	Sampling Error
Sex		
Male	5%	0%
Female	95%	0%
Race		
White	22%	1%
Black	71%	1%
Other	7%	1%
Marital Status		
Married	9%	1%
Married But Separated	17%	1%
Divorced or Widowed	7%	1%
Never Married	59%	1%
Other	7%	1%
Average Age at Time First Child Was Born	21	0
Number of Children		
One	27%	1%
Two	31%	1%
Three	21%	1%
Four	12%	1%
Five or more	8%	1%
Treated for Substance Abuse or Mental Illness	13%	1%
Felony Convictions	4%	0%
Time on Welfare Prior to VIEW Assessment for Non-Exempt TANF Recipients		
0 to 5 months	11%	1%
6 to 23 months	24%	1%
24 to 47 months	23%	1%
48 to 71 months	17%	1%
72 months to 10 years	15%	1%
10 years or more	11%	1%
Number of Risk Factors		
Zero	16%	1%
One	35%	1%
Two	32%	1%
Three	15%	1%
Four	2%	0%
Percent of VIEW Mandatory Population on Welfare for At Least 70 Percent of the Time Since Birth of Oldest Child	37%	1%
Average Age of VIEW Mandatory Participants at Time of First VIEW Assessment	31	0
Average Age at which VIEW Mandatory Participants Began Receiving Welfare Benefits	21	0
Percent of Welfare Recipients Who Worked in Year Prior to VIEW	51%	1%
Average Annual Earnings of Welfare Recipients in Year Prior to VIEW	$1,901	$133

Table B-4
Sampling Error Associated with Table 6

	Percent Assessed Within Allotted Time	Sampling Error	Assigned to Job Search as the First Component	Sampling Error	Met Requirement for Work Experience by 95 Days	Sampling Error
Entire Sample	76%	2%	95%	1%	72%	2%

Table B-5
Sampling Error Associated with Figure 10

	Percentage	Sampling Error
CWEP Sites With Participants Assigned	45%	5%
CWEP Sites Without Participants Assigned	55%	5%
Reasons Why Sites Do Not Have Participants Assigned		
DSS has not referred and CWEP placements lately	65%	7%
Applicants did not meet minimum standards	7%	4%
Agency does not need assistance at this time	7%	4%
Agency no longer participates in the program	7%	4%
Program does not operate during the summer	4%	3%
Participants do not show up	3%	2%
Presently screening for CWEP	1%	2%
No appropriate work available	1%	2%
Clients are getting jobs	1%	2%
Agency has cumbersome screening process	3%	2%

Table B-6
Sampling Error Associated with Table 7

Nature of CWEP Jobs	Strongly Agree	Sampling Error	Agree	Sampling Error	Disagree	Sampling Error	Strongly Disagree	Sampling Error
Provide useful goods and/or services.	35%	5%	62%	5%	2%	2%	0%	0%
Are important to the overall operation of this agency.	28%	5%	58%	5%	14%	4%	1%	1%
Local CWEP developers concentrate more on the creation and availability of positions than on the content of these positions.	3%	2%	33%	6%	56%	6%	8%	3%
CWEP placements provide an opportunity for participants to develop employment skills and to speed the transition to unsubsidized work.	50%	6%	48%	6%	2%	1%	1%	1%
The normal duties and responsibilities of CWEP participants provide them with the training and skills necessary to successfully compete for unsubsidized minimum wage jobs.	27%	5%	70%	5%	3%	2%	1%	1%
The normal duties and responsibilities of CWEP participants provide them with the training and skills necessary to successfully compete for unsubsidized jobs above the minimum wage.	16%	4%	62%	5%	20%	4%	2%	1%

Table B-7
Sampling Error Associated with Table 8 and Figure 11

	Assess. Day	Sampling Error	Day 30	Sampling Error	Day 60	Sampling Error	Day 90	Sampling Error	Day 180	Sampling Error	Day 270	Sampling Error	Day 360	Sampling Error
Job Search	53%	4%	39%	4%	21%	4%	13%	3%	6%	2%	6%	2%	6%	2%
Job Search & Job Readiness	30%	4%	18%	3%	9%	2%	3%	1%	2%	1%	3%	1%	1%	1%
Job Readiness	2%	1%	1%	1%	1%	1%	1%	1%	0%	0%	1%	1%	0%	0%
Education/Training	1%	1%	1%	1%	3%	1%	3%	1%	3%	2%	4%	2%	2%	1%
CWEP	0%	1%	0%	0%	2%	1%	5%	2%	3%	2%	2%	1%	3%	2%
Other	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	1%	0%	0%
Not Assigned a Component	2%	1%	8%	2%	10%	3%	12%	3%	9%	2%	7%	2%	6%	2%
Sanctioned	0%	0%	0%	0%	10%	3%	15%	3%	14%	3%	10%	3%	9%	2%
Inactive	0%	0%	0%	0%	0%	0%	0%	0%	1%	1%	2%	1%	0%	0%
Exempt	0%	0%	3%	2%	5%	2%	5%	2%	7%	2%	5%	2%	5%	2%
Employed Full-Time, TANF Open	12%	3%	25%	4%	31%	4%	30%	4%	29%	4%	22%	4%	19%	3%
TANF Case Closed	0%	0%	3%	1%	8%	2%	12%	3%	26%	4%	38%	4%	48%	4%

Table B-8
Sampling Error Associated with Table 9

	Closed	Sampling Error	Still Active	Sampling Error
Geographic Type*				
Urban	85%	2%	93%	3%
Rural	15%	2%	7%	3%
Sex*				
Male	9%	2%	1%	1%
Female	91%	2%	99%	1%
Race*				
White	29%	3%	14%	4%
Black	59%	3%	79%	4%
Other	12%	2%	7%	3%
Marital Status*				
Married and Living Together	12%	2%	8%	3%
Married but Separated	18%	2%	14%	4%
Divorced/Widowed	10%	2%	5%	2%
Never married	49%	3%	67%	5%
Other	11%	2%	6%	2%
Education Level***				
No High School Diploma/GED	44%	3%	52%	5%
High School Diploma/GED	56%	3%	48%	5%
Risk Level*				
Low Risk	85%	2%	75%	5%
High Risk	15%	2%	25%	5%
Average Age at VIEW Implementation	31	1	31	1
Average Number of Children*	2.2	0	2.8	0
Had Prior Work Experience	50%	3%	53%	5%
Average Prior Annual Earnings	$2,062	$543	$1,458	$347
Median Prior Months on Welfare	30	NA	42	NA
Average Percent of Time on Welfare Since Birth of Oldest Child**	45%	3%	52%	5%

Note: Between group differences in percentages and means are statistically significant at the following levels:
* the .01 Level
** the .05 Level
*** the .10 Level

Table B-9
Sampling Error Associated with Figure 12

Percent Assigned to Major Components

	Percent Assigned	Sampling Error
Job Search	94.3%	2%
Job Readiness	41.3%	4%
Education	5.8%	2%
Training	6.2%	2%
CWEP	15.4%	3%

Percent of Total Time in Major Components

	Percent of Time	Sampling Error
Job Search	46%	4%
Job Readiness	16%	3%
Education	13%	3%
Training	9%	2%
CWEP	12%	3%
Inactive	2%	1%
Pending	3%	1%
Other	1%	1%

Table B-10
Sampling Error Associated with Figure 13

Percent Assigned to Major Components

	Low Risk	Sampling Error	High Risk	Sampling Error
Job Search	95%	1%	91%	6%
Job Readiness	43%	2%	32%	9%
Education	6%	1%	3%	3%
Training	6%	1%	6%	5%
CWEP	14%	2%	21%	8%

Note: Between group differences in percentages and means are statistically significant at the following levels:
* the .01 Level
** the .05 Level
*** the .10 Level

Sampling Error Tables for Chapter III

Table B-11
Sampling Error Associated with Figure 14

Labor Experience	Total Sample	Sampling Error	White	Sampling Error	Black	Sampling Error	Other Minority	Sampling Error
Three or More Pre-View Quarters With Reported Earnings*	31%	2%	21%	3%	38%	3%	11%	9%
Two Pre-View Quarters With Reported Earnings*	10%	1%	11%	2%	11%	2%	1%	3%
One Pre-View Quarter With Reported Earnings*	11%	2%	14%	2%	11%	2%	3%	5%
No Pre-View Quarters With Reported Earnings*	48%	2%	54%	3%	40%	3%	83%	11%

Note: Between group differences in percentages and means are statistically significant at the following levels:
* the .01 Level
** the .05 Level
*** the .10 Level

Table B-12
Sampling Error Associated with Figure 15

	4th Quarter Pre-VIEW***	Sampling Error	1st Quarter Pre-VIEW**	Sampling Error	Quarter in Program*	Sampling Error	1st Quarter Post-VIEW	Sampling Error	2nd Quarter Post-VIEW	Sampling Error	3rd Quarter Post-VIEW	Sampling Error
Closed Case	38%	5%	37%	5%	48%	5%	55%	5%	55%	5%	49%	5%
Total Sample	35%	2%	33%	2%	40%	2%	54%	2%	54%	2%	51%	2%
VIEW Participant	33%	1%	31%	1%	36%	1%	54%	1%	53%	1%	52%	1%

Note: Between group differences in percentages and means are statistically significant at the following levels:
* the .01 Level
** the .05 Level
*** the .10 Level

Table B-13
Sampling Error Associated with Table 10

Number of Quarters With Earnings	Three-quarter *Pre*-VIEW Period	Sampling Error	Three-quarter *Post*-VIEW Period	Sampling Error
Three Quarters*	21%	2%	38%	2%
Two Quarters*	16%	2%	18%	2%
One Quarter*	12%	2%	9%	1%
None*	51%	2%	35%	2%

Note: Between group differences in percentages and means are statistically significant at the following levels:
* the .01 Level
** the .05 Level
*** the .10 Level

Table B-14
Sampling Error Associated with Figure 16

	4th Quarter Pre-VIEW*	Sampling Error	1st Quarter Pre-VIEW*	Sampling Error	Quarter in Program*	Sampling Error	1st Quarter Post-VIEW*	Sampling Error	2nd Quarter Post-VIEW*	Sampling Error	3rd Quarter Post-VIEW*	Sampling Error
Total Sample	36%	2%	33%	2%	40%	2%	54%	2%	54%	2%	50%	2%
0 Risk Factors	69%	6%	67%	6%	59%	6%	77%	5%	71%	6%	69%	6%
1 Risk Factor	42%	4%	35%	4%	41%	4%	51%	4%	55%	4%	49%	4%
2 Risk Factors	23%	4%	24%	4%	36%	4%	51%	5%	50%	5%	48%	5%
3+ Risk Factors	3%	3%	1%	2%	23%	7%	34%	8%	35%	8%	33%	7%

Note: Between group differences in percentages and means are statistically significant at the following levels:
* the .01 Level
** the .05 Level
*** the .10 Level

Table B-15
Sampling Error Associated with Figure 17

	Average Earnings	Sampling Error
With Non-Earners	$893	$63
Without Non-Earners	$1,668	$100

Table B-16
Sampling Error Associated with Figure 18

	4th Quarter Pre-VIEW*	Sampling Error	1st Quarter Pre-VIEW*	Sampling Error	Quarter in Program*	Sampling Error	1st Quarter Post-VIEW*	Sampling Error	2nd Quarter Post-VIEW*	Sampling Error	3rd Quarter Post-VIEW*	Sampling Error
Closed Case	$635	$120	$582	$118	$1,015	$164	$1,239	$165	$1,400	$177	$1,178	$168
Total Sample	$518	$54	$433	$49	$563	$58	$893	$64	$1058	$74	$969	$72
VIEW Participant	$413	$48	$368	$46	$330	$38	$708	$52	$850	$62	$876	$66

Note: Between group differences in percentages and means are statistically significant at the following levels:
* the .01 Level
** the .05 Level
*** the .10 Level

Table B-17
Sampling Error Associated with Figure 19

	4th Quarter Pre-VIEW*	Sampling Error	1st Quarter Pre-VIEW*	Sampling Error	Quarter in Program*	Sampling Error	1st Quarter Post-VIEW*	Sampling Error	2nd Quarter Post-VIEW*	Sampling Error	3rd Quarter Post-VIEW*	Sampling Error
Total Sample	$518	$54	$433	$49	$563	$58	$893	$64	$1058	$74	$969	$72
0 Risk Factors	$1,269	$194	$988	$169	$1,132	$185	$1,428	$184	$1,619	$209	$1,567	$207
1 Risk Factor	$561	$92	$428	$83	$614	$116	$839	$114	$1,052	$133	$896	$131
2 Risk Factors	$206	$53	$290	$71	$340	$66	$805	$112	$847	$111	$851	$121
3+ Risk Factors	$74	$83	$10	$22	$156	$71	$502	$162	$776	$257	$604	$179

Note: Between group differences in percentages and means are statistically significant at the following levels:
* the .01 Level
** the .05 Level
*** the .10 Level

Table B-18
Sampling Error Associated with Figure 20

Income as a Percent of the Poverty Standard	Total Sample	Sampling Error	*Time Since VIEW Assessment* Six Months to One Year*	Sampling Error	More Than 12 Months*	Sampling Error
More Than 110%	24%	3%	13%	3%	35%	3%
100% to 110%	5%	2%	5%	2%	4%	1%
71% to 99%	15%	3%	14%	3%	15%	2%
36% to 70%	23%	3%	30%	4%	15%	2%
1% to 35%	34%	3%	37%	4%	31%	3%

Note: Between group differences in percentages and means are statistically significant at the following levels:
* the .01 Level
** the .05 Level
*** the .10 Level

Table B-19
Sampling Error Associated with Figure 21

TANF Participation Rates

	4th Quarter Pre-VIEW*	Sampling Error	1st Quarter Pre-VIEW*	Sampling Error	Quarter in Program	Sampling Error	1st Quarter Post-VIEW*	Sampling Error	2nd Quarter Post-VIEW*	Sampling Error	3rd Quarter Post-VIEW**	Sampling Error
Total Sample	66%	2%	88%	2%	99%	0%	68%	2%	52%	2%	48%	2%
0 Risk Factors	46%	6%	78%	5%	99%	1%	66%	6%	48%	6%	48%	6%
1 Risk Factor	61%	4%	87%	3%	98%	1%	62%	4%	48%	4%	43%	4%
2 Risk Factors	76%	4%	90%	3%	99%	1%	76%	4%	59%	5%	50%	5%
3+ Risk Factors	84%	6%	97%	3%	99%	2%	71%	7%	55%	8%	57%	8%

TANF Benefit Amounts

	4th Quarter Pre-VIEW*	Sampling Error	1st Quarter Pre-VIEW*	Sampling Error	Quarter in Program*	Sampling Error	1st Quarter Post-VIEW*	Sampling Error	2nd Quarter Post-VIEW*	Sampling Error	3rd Quarter Post-VIEW*	Sampling Error
Total Sample	$608	$26	$738	$21	$770	$17	$552	$23	$438	$24	$438	$27
0 Risk Factors	$378	$63	$627	$56	$692	$38	$502	$57	$385	$60	$381	$62
1 Risk Factor	$532	$47	$690	$38	$732	$29	$471	$40	$351	$39	$350	$44
2 Risk Factors	$714	$47	$740	$42	$790	$32	$639	$45	$522	$49	$515	$59
3+ Risk Factors	$863	$92	$990	$66	$923	$67	$634	$92	$543	$100	$568	$107

Note: Between group differences in percentages and means are statistically significant at the following levels:
* the .01 Level
** the .05 Level
*** the .10 Level

Table B-20
Sampling Error Associated with Figure 22

Reason for Case Closure	Percentage	Sampling Error
VIP Sanctions	6%	1%
Family Status Change	6%	1%
Non-Compliance With Eligibility Requirements	23%	3%
Unearned or Deemed Income	11%	2%
Earned Income	16%	2%
Moved Out of Area	5%	1%
Applicant Request	17%	2%
VIEW Sanction	13%	2%
Other Reasons	3%	1%

Table B-21
Sampling Error Associated with Figure 23

Resources	1st Quarter Prior to VIEW	Sampling Error	"In Program" Quarter	Sampling Error	3rd Quarter Following VIEW Assessment	Sampling Error
Income	16%	1%	17%	1%	39%	2%
TANF	43%	1%	44%	1%	26%	1%
Food Stamps	41%	1%	39%	1%	35%	2%

Table B-22
Sampling Error Associated with Figure 24

Risk Factors = None

Resources	1st Quarter Prior to VIEW	Sampling Error	"In Program" Quarter	Sampling Error	3rd Quarter Following VIEW Assessment	Sampling Error
Income	34%	4%	31%	4%	56%	5%
TANF	32%	3%	36%	3%	21%	3%
Food Stamps	33%	2%	32%	2%	23%	3%

Risk Factors = Three or More

Resources	1st Quarter Prior to VIEW	Sampling Error	"In Program" Quarter	Sampling Error	3rd Quarter Following VIEW Assessment	Sampling Error
Income	1%	1%	5%	2%	25%	6%
TANF	54%	3%	51%	4%	33%	5%
Food Stamps	45%	3%	44%	3%	42%	6%

Table B-23
Sampling Error Associated with Table 12

	VIEW Mandatory Sample		VCU Sample	
	Percentage	Sampling Error	Percentage	Sampling Error
Sex*				
Male	5%	0%	2%	1%
Female	95%	0%	98%	1%
Race				
White	22%	1%	23%	4%
Black	71%	1%	72%	4%
Other	7%	1%	5%	2%
Marital Status*				
Married	9%	1%	9%	3%
Married But Separated	17%	1%	29%	4%
Divorced or Widowed	7%	1%	4%	2%
Never Married	59%	1%	53%	4%
Other	7%	1%	5%	2%
Number of Children				
One	27%	1%	22%	4%
Two	31%	1%	34%	4%
Three	21%	1%	18%	3%
Four or more	20%	1%	26%	4%
Treated for Substance Abuse or Mental Illness	13%	1%	11%	3%
Felony Convictions*	4%	0%	8%	2%
Time on Welfare Prior to VIEW Assessment for Non-Exempt TANF Recipients*				
0 to 5 Months	11%	1%	6%	2%
6 to 23 Months	24%	1%	15%	3%
24 to 47 Months	23%	1%	23%	4%
48 to 71 Months	17%	1%	27%	4%
72 months to 10 Years	15%	1%	14%	3%
10 Years or More	11%	1%	15%	3%
Number of Risk Factors*				
Zero	16%	1%	16%	3%
One	35%	1%	39%	4%
Two	32%	1%	29%	4%
Three Or More	17%	1%	16%	3%
Percent of VIEW Mandatory Population on Welfare for At-Least 70 Percent of the Time Since Birth Of Oldest Child	37%	1%	40%	4%
Average of Age Of VIEW Mandatory Participants At Time of First VIEW Assessment*	31	0	32	0
Average Age At Which VIEW Mandatory Participants Began Receiving Welfare Benefits*	21	0	20	1
Median Number Of Months On Welfare Prior To VIEW Assessment For Non-Exempt TANF Recipients	38	NA	46	NA
Percent of Welfare Recipients Who Worked in Year Prior to VIEW	51%	1%	49%	4%
Total Number of Unweighted Cases	1,864	NA	418	NA

Note: Between group differences in percentages and means are statistically significant at the following levels:
* the .01 Level
** the .05 Level
*** the .10 Level

Table B-24
Sampling Error Associated with Table 13

	Total Sample N = 418		Length of Time Since First VIEW Assessment: 1 to 12 months n = 150		12 to 18 months n = 97		18 to 24 months n = 54		More than 2 years n = 117	
	Percent	Sampling Error	Percent	Sampling Error	Percent	Sampling Error	Percent	Sampling Error	Percent	Sampling Error
Percent Employed**	61%	4%	59%	8%	54%	10%	79%	11%	65%	9%
Type of Job Working*										
Clerical/Office	12%	3%	6%	4%	19%	8%	17%	10%	13%	6%
Food Service	22%	4%	29%	7%	13%	7%	14%	9%	25%	8%
Housekeeping /Maintenance	13%	3%	8%	4%	22%	8%	4%	5%	17%	7%
Nurses Aide/Medical	12%	3%	14%	5%	13%	7%	15%	10%	2%	3%
Production/Warehouse	9%	3%	13%	5%	8%	5%	4%	5%	3%	3%
Other	32%	4%	30%	7%	25%	9%	46%	13%	40%	9%
Average Total Number of Job Changes*	1	.10	1	.20	1.5	.27	1	.24	1.2	.15
Reasons For Job Changes										
Job Was Temporary*	12%	3%	12%	5%	14%	7%	23%	11%	4%	4%
Seasonal Work**	1%	1%	0%	0%	0%	0%	4%	5%	0%	0%
Laid Off	4%	2%	6%	4%	1%	2%	2%	4%	2%	3%
Poor Job Performance*	3%	1%	4%	3%	0%	0%	10%	8%	0%	0
Disagreement With Staff*	8%	2%	4%	3%	16%	7%	3%	5%	8	5%
Found Other Work*	4%	2%	1%	2%	8%	5%	11%	8%	2%	3%
Family Reasons**	2%	1%	0%	0%	5%	4%	0%	0%	1%	2%
Poor Health	9%	3%	7%	4%	12%	6%	13%	9%	6%	4%
Child Care Problems	1%	1%	2%	2%	1%	2%	1%	3%	2%	3%
Transportation Problems*	6%	2%	5%	3%	14%	7%	0%	0%	2%	3%
Other Personal*	29%	4%	23%	7%	37%	10%	14%	9%	42%	9%
Average Wage of Current Job*	$6.55	$0.17	$5.89	$0.24	$6.26	$0.19	$8.11	$0.57	$7.10	$0.45
Current Employer Provides										
Health care	27%	4%	21%	6%	25%	9%	35%	13%	38%	9%
Child care	10%	3%	8%	4%	14%	7%	10%	8%	6%	4%
Transportation	15%	3%	15%	6%	15%	7%	15%	10%	13%	6%
Sick Leave*	21%	4%	10%	5%	22%	8%	40%	13%	31%	8%
Paid Vacation*	37%	4%	21%	6%	43%	10%	59%	13%	47%	9%
Retirement*	22%	4%	14%	5%	24%	9%	41%	13%	27%	8%

Note: Between group differences in percentages and means are statistically significant at the following levels:
* the .01 Level
** the .05 Level
*** the .10 Level

Table B-25
Sampling Error Associated with Table 14

	Total Sample N = 418		Length of Time Since First VIEW Assessment							
			1 to 12 months n = 150		12 to 18 months n = 97		18 to 24 months n = 54		More than 2 years n = 117	
	Percent	Sampling Error	Percent	Sampling Error	Percent	Sampling Error	Percent	Sampling Error	Percent	Sampling Error
Day Care Arrangement										
Family Provides No Charge	32%	4%	33%	7%	28%	9%	37%	13%	31%	8%
Family Provides & Charges**	12%	3%	18%	6%	9%	6%	16%	10%	2%	3%
Pays Day Care Provider*	13%	3%	6%	4%	15%	7%	36%	13%	15%	6%
Child Attends Program	19%	3%	18%	6%	24%	9%	11%	8%	16%	7%
Other Arrangements **	10%	3%	15%	6%	4%	4%	3%	5%	11%	6%
Average Weekly Cost of Daycare (for those that paid) *	$69	$4	$63	$7	$95	$7	$60	$14	$67	$4
Across All Daycare Arrangements, the Proportion of Respondents Who Are At Least "Somewhat Comfortable With" Their Arrangement	67%	4%	68%	7%	64%	10%	61%	13%	72%	8%

Note: Between group differences in percentages and means are statistically significant at the following levels:
* the .01 Level
** the .05 Level
*** the .10 Level

Table B-26
Sampling Error Associated with Table 15

Family Circumstances	Total Sample		Length of Time Since First VIEW Assessment: 1 to 12 months		12 to 18 months		18 to 24 months		More than 2 years	
	Percent	Sampling Error	Percent	Sampling Error	Percent	Sampling Error	Percent	Sampling Error	Percent	Sampling Error
Problems Meeting Basic Expenses Since VIEW Assessment	53%	4%	51%	8%	54%	10%	48%	13%	58%	9%
Recipients Run Out Of Food At Least Sometimes Or Often**	54%	4%	49%	8%	50%	10%	67%	13%	63%	9%
Use Food Banks Since VIEW At Least Somewhat More Often Or Much More Often**	5%	2%	5%	3%	1%	2%	4%	5%	11%	6%
Current Shelter is Permanent*	89%	3%	87%	5%	98%	3%	93%	7%	79%	7%
Currently Living*										
In Own Home	77%	3%	83%	6%	74%	9%	76%	11%	70%	8%
Home of Family	17%	3%	11%	5%	24%	9%	13%	9%	20%	7%
Home of Friends	1%	1%	0%	4%	1%	2%	1%	3%	1%	2%
Other	5%	2%	6%	8%	1%	2%	10%	8%	9%	5%
Current Shelter Is Public Housing*	53%	4%	57%	8%	49%	10%	72%	12%	41%	9%
Average Number of Times Moved Since VIEW Assessment Date*	1.5	.07	2.0	.21	1.2	.09	1.4	.15	1.5	.11
Reason For Last Move**										
Loss Eligibility	3%	1%	11%	5%	0%	0%	0%	0%	1%	2%
Was Evicted	2%	1%	2%	2%	2%	3%	0%	0%	2%	3%
Could Not Afford	7%	2%	5%	3%	2%	3%	2%	4%	18%	7%
Wanted Better Place	37%	4%	19%	6%	71%	9%	27%	12%	17%	7%
Formed a new Family	2%	1%	0%	0%	0%	0%	0%	0%	6%	4%
Other	49%	4%	53%	8%	25%	9%	71%	12%	56%	9%
Average Total Family Money Last Month*	$1054	$90	$931	$110	$916	$195	$1029	$156	$1597	$257
Percent of Family Money From:										
Employment	31%	4%	30%	7%	18%	8%	52%	13%	43%	9%
Child Support	4%	2%	3%	3%	2%	3%	2%	4%	9%	5%
TANF	15%	3%	21%	6%	19%	8%	3%	5%	2%	3%
Food Stamps	25%	3%	28%	7%	34%	9%	7%	7%	13%	7%
"Pick-up" Income*	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Family/Friends	1%	1%	2%	2%	0%	0%	0%	0%	2%	3%
Earned Income Tax Credit	0%	0%	1%	2%	0%	0%	0%	0%	0%	0%
Average Monthly Savings	$28	$5	$26	$9	$26	$9	$28	$15	$35	$11

Note: Between group differences in percentages and means are statistically significant at the following levels:
* the .01 Level; ** the .05 Level; *** the .10 Level

Table B-27
Sampling Error Associated with Table 16

	Strongly Agree		Agree		Disagree		Strongly Disagree	
	Percent	Sampling Error	Percent	Sampling Error	Percent	Sampling Error	Percent	Sampling Error
Welfare makes people work less than they would if there wasn't a welfare system	17%	3%	43%	4%	33%	4%	7%	2%
Welfare helps people get on their feet when facing difficult situations	16%	3%	66%	4%	16%	3%	2%	1%
Welfare encourages young women to have babies before they get married	6%	2%	20%	3%	56%	4%	18%	3%
Working for pay is one of the most important things a person can do	35%	4%	59%	4%	4%	2%	2%	1%
There would be fewer social problems if individuals and families would just take more responsibility for themselves	28%	4%	62%	4%	10%	3%	0%	0%
If they are able to work, people on welfare should work for their benefits	32%	4%	61%	4%	7%	2%	0%	0%

Table B-28
Statistical Significance Associated with Table 17

	VIEW Mandatory Group	Time Limit Cases
Sex*		
Male	5%	2%
Female	95%	98%
Race*		
White	22%	45%
Black	71%	50%
Other	7%	5%
Marital Status*		
Never Married	59%	55%
Other	41%	45%
Average Age at Time First Child Was Born	21	22
Recipient Has Four or More Children*		
Yes	20%	14%
No	79%	86%
Treated for Substance Abuse or Mental Illness*	13%	21%
Time on Welfare Prior to VIEW Assessment for Non-Exempt TANF Recipients*		
0 to 5 months	11%	7%
6 to 23 months	24%	18%
24 to 47 months	23%	21%
48 to 71 months	17%	21%
72 months to 10 years	15%	20%
10 years or more	11%	12%
Number of Risk Factors*		
Zero	16%	14%
One	35%	37%
Two	32%	35%
Three to Four	17%	14%
Proportion of Recipients From Urban Area*	87%	34%
Percent of VIEW Mandatory Population on Welfare for At Least 70 Percent of the Time Since Birth of Oldest Child***	37%	39%
Average Age of VIEW Mandatory Participants at Time of First VIEW Assessment	31	31
Average Age at which VIEW Mandatory Participants Began Receiving Welfare Benefits	21	22
Median Number of Months on Welfare Prior to VIEW Assessment for Non-Exempt TANF Recipients	38	52
Percent of Welfare Recipients Who Worked in Year Prior to VIEW*	51%	45%
Median Annual Earnings of Welfare Recipients in Year Prior to VIEW	$63	$0

Note: The "Time Limit" group represents the entire population at the time of the study, therefore no sampling error is associated. "VIEW Mandatory" group sampling errors are shown in Table B-3. Between group differences in percentages and means are statistically significant at the following levels:
* the .01 Level
** the .05 Level
*** the .10 Level

Sampling Error Tables for Chapter IV

Table B-29
Sampling Error Associated with Table 18

	Total N = 990		No Risk Factors n = 203		One Risk Factor n = 350		Two Risk Factors n = 305		Three or More Risk Factors n=132	
	Percent	Sampling Error	Percent	Sampling Error	Percent	Sampling Error	Percent	Sampling Error	Percent	Sampling Error
Received JTPA Services	5%	1%	7%	3%	5%	2%	4%	2%	7%	4%

Note: Between group differences in percentages and means are statistically significant at the following levels:
* the .01 Level
** the .05 Level
*** the .10 Level

Table B-30
Sampling Error Associated with Table 21

	Very Small Employers (1-9 employees) n = 66		Small Employers (10-49 employees) n = 72		Medium Employers (50-249 employees) n = 50		Large Employers (250 or more employees) n=59	
	Percent	Sampling Error	Percent	Sampling Error	Percent	Sampling Error	Percent	Sampling Error
Average number of employees (median)	4 (4)	.51	21 (18)	2	106 (84)	15	1008 (500)	318
Industry Type ***								
Construction	8%	7%	11%	7%	16%	10%	2%	4%
Manufacturing	3%	4%	10%	7%	12%	9%	20%	10%
Transportation	4%	5%	7%	6%	2%	4%	0%	0%
Trade-Wholesale	4%	5%	10%	7%	6%	7%	2%	4%
Trade-Retail	17%	9%	26%	10%	6%	7%	7%	7%
Finance, Insurance & Real Estate	12%	8%	4%	5%	6%	7%	5%	6%
Services	52%	12%	29%	10%	44%	14%	56%	13%
Public Administration	0%	0%	3%	4%	8%	8%	8%	7%
Percentage that offer health benefits *	39%	12%	68%	11%	84%	10%	95%	6%
Average percentage of positions requiring less than high school education (median)	36% (8%)	10%	33% (21%)	8%	32% (10%)	10%	23% (10%)	8%
Average percentage of positions requiring high school education or more (median)	83% (100%)	8%	77% (100%)	8%	75% (92%)	10%	76% (91%)	8%
Average percentage of positions requiring specific skills* (median)	67% (79%)	9%	52% (52%)	8%	47% (52%)	11%	44% (52%)	7%
Average percentage of entry level positions per total positions* (median)	66% (50%)	8%	50% (43%)	7%	32% (19%)	8%	32% (27%)	7%
Median salary range for entry level positions	$6.50 to $7.87	NA	$6.00 to $7.50	NA	$6.79 to $8.77	NA	$7.02 to $9.39	NA
Average percentage of current vacancies per total entry level positions (median)	8% (0%)	6%	13% (0%)	6%	8% (0%)	4%	5% (4%)	2%
Average percentage of welfare clients hired in past 36 months per total of new hires (median)	3% (0%)	3%	5% (0%)	4%	5% (0%)	5%	10% (2%)	6%
Percentage aware of Virginia's welfare reform efforts	58%	12%	58%	11%	54%	14%	74%	11%

Note: Between group differences in percentages and means are statistically significant at the following levels:
* the .01 Level
** the .05 Level
*** the .10 Level

Table B-31
Sampling Error Associated with Table 22

	Total N = 237		Very Small Employers (1-9 employees) n = 61		Small Employers (10-49 employees) n = 71		Medium Employers (50-249 employees) n = 48		Large Employers (250 or more employees) n = 57	
	Percent	Sampling Error	Percent	Sampling Error	Percent	Sampling Error	Percent	Sampling Error	Percent	Sampling Error
Motivated to Hire a Welfare Recipient with Incentives*	37%	6%	30%	12%	55%	12%	67%	13%	68%	12%

Note: Between group differences in percentages and means are statistically significant at the following levels:
* the .01 Level
** the .05 Level
*** the .10 Level

Table B-32
Sampling Error Associated with Table 23

	Total N = 237		Incentive Programs Would Not Motivate An Employer to Hire Welfare Clients n = 109		Incentive Programs Would Motivate an Employer to Hire Welfare Clients n = 128	
	Percent	Sampling Error	Percent	Sampling Error	Percent	Sampling Error
Industry Type**						
Construction	9%	4%	6%	4%	15%	6%
Manufacturing	5%	3%	1%	2%	9%	5%
Transportation	5%	3%	5%	5%	12%	6%
Trade-Wholesale	6%	3%	7%	5%	14%	6%
Trade-Retail	18%	5%	15%	7%	22%	7%
Finance, Insurance and Real Estate	10%	4%	14%	7%	5%	4%
Services	46%	6%	51%	9%	38%	8%
Public Administration	1%	1%	1%	2%	2%	2%
Percentage that offer health benefits	48%	6%	48%	9%	51%	9%
Average percentage of positions requiring less than high school education**	35%	4%	30%	8%	42%	5%
(median)	(16%)		(0%)		(20%)	
Average percentage of positions requiring high school education or more	81%	4%	82%	7%	78%	14%
(median)	(100%)		(100%)		(90%)	
Average percentage of positions requiring specific skills	63%	5%	62%	8%	62%	5%
(median)	(59%)		(60%)		(50%)	
Average percentage of entry level positions per total positions*	60%	4%	66%	7%	53%	4%
(median)	(38%)		(38%)		(40%)	
Median salary for entry level positions	$6.50 to $8.00	NA	$6.50 to $8.00	NA	$6.50 to $8.33	NA
Average percentage of current vacancies per total entry level positions*	9%	3%	4%	4%	14%	4%
(median)	(0%)		(0%)		(2%)	
Average percentage of welfare clients hired in past 36 months per total hires	4%	2%	3%	3%	4%	2%
(median)	(0%)		(0%)		(0%)	
Percentage aware of Virginia's welfare reform efforts	58%	6%	57%	9%	60%	8%

Note: Between group differences in percentages and means are statistically significant at the following levels:
* the .01 Level
** the .05 Level
*** the .10 Level

Table B-33
Sampling Error Associated with Table 24

Incentive Programs "Strongly Agreed" Would Motivate Hiring	Total N = 123		Very Small Employers (1-9 employees) n = 16		Small Employers (10-49 employees) n = 38		Medium Employers (50-249 employees) n = 32		Large Employers (250 or more employees) n = 37	
	Percent	Sampling Error	Percent	Sampling Error	Percent	Sampling Error	Percent	Sampling Error	Percent	Sampling Error
Pre-employment Services	22%	5%	22%	10%	21%	9%	25%	12%	33%	12%
Supportive Services	34%	6%	33%	12%	39%	11%	25%	12%	26%	11%
Federal/State Wage Tax Credit***	36%	6%	33%	12%	46%	12%	23%	12%	29%	12%
Federal/State Tax Credit for Child Care Benefits	28%	6%	33%	12%	21%	9%	17%	11%	20%	10%
Federal/State Tax Credit for Transportation Benefits	29%	6%	33%	12%	24%	10%	20%	11%	20%	10%
Wage Subsidies***	30%	6%	33%	12%	29%	11%	16%	10%	17%	10%
One Time Monetary Payment	10%	4%	6%	6%	22%	10%	3%	5%	11%	8%
Other Financial Incentives	6%	3%	6%	6%	8%	6%	7%	7%	6%	6%
Financial Assistance with Training Potential Employees	14%	4%	17%	9%	8%	6%	13%	10%	20%	10%
Financial Assistance with On-the-Job Training	11%	4%	11%	8%	13%	8%	6%	7%	11%	8%

Note: Between group differences in percentages and means are statistically significant at the following levels:
* the .01 Level
** the .05 Level
*** the .10 Level

Appendix C

Additional Descriptive Data for VIEW-Mandatory TANF Recipients

Table C-1
Pre-Program Labor Market Experiences of Welfare Recipients Who Are VIEW-Mandatory Based on Selected Characteristics

		Pre-Program Employment Status By Quarter				
Characteristics	Total Number of Cases	Never Employed	Employed In 1 of 4 Quarters	Employed In 2 of 4 Quarters	Employed In 3 of 4 Quarters	Employed In All 4 Quarters
Total Sample	1146	548	126	112	172	188
Sex						
Male	72	52%	7%	10%	22%	9%
Female	1072	48%	11%	10%	15%	17%
Race*						
White	267	54%	14%	11%	11%	11%
Black	756	41%	11%	11%	19%	19%
Other	115	83%	4%	1%	1%	11%
Marital Status**						
Never Married	634	45%	10%	12%	16%	16%
All Others	512	52%	12%	6%	13%	16%
Participant Has Four Or More Children						
Yes	214	51%	8%	7%	17%	17%
No	927	47%	12%	10%	15%	16%
High School Diploma Or Equivalent*						
Yes	584	42%	11%	12%	18%	18%
No	508	55%	12%	7%	12%	15%
Mental Health Problems**						
Yes	126	63%	7%	9%	13%	8%
No	1020	46%	11%	10%	15%	18%
Felony Record						
Yes	52	49%	4%	5%	22%	20%
No	1094	48%	11%	10%	15%	16%
Locality Is:						
Urban	1006	48%	10%	10%	15%	17%
Rural	140	50%	15%	9%	13%	14%
On Welfare For 70 Percent Of The Time Since The Birth Of Oldest Child*	369	49%	12%	15%	12%	13%

Source: Department of Social Services VACIS, Virginia Employment Commission wage files, and Case Information Documents from the Department of Medical Assistance Services.

*Differences significant at the .01 level
**Differences significant at the .05 level

Table C-2
Pre- to Post-Program Changes in VIEW-Mandatory Recipients' Employment Levels

Characteristics	4th Quarter Prior To VIEW	1st Quarter Prior To VIEW	Quarter In Program	1st Quarter After VIEW Assessment	2nd Quarter After VIEW Assessment	3rd Quarter After VIEW Assessment
Total Percent Employed	36%	33%	40%	54%	54%	50%
Sex				**	***	*
Male	44%	26%	47%	39%	44%	29%
Female	35%	34%	40%	55%	54%	52%
Race	*	*	*	*	*	**
White	29%	28%	39%	53%	52%	49%
Black	41%	38%	43%	58%	58%	53%
Other	15%	11%	22%	31%	36%	36%
Marital Status	**			***	*	
Never Married	39%	33%	42%	56%	58%	52%
All Others	31%	33%	38%	51%	48%	48%
Had Four Or More Children			**	*	*	**
Yes	35%	30%	32%	39%	42%	41%
No	36%	34%	42%	57%	56%	52%
High School Diploma Or Equivalent	**	*		**	*	**
Yes	40%	37%	40%	58%	58%	54%
No	31%	27%	41%	49%	48%	45%
Needed Transportation When Assessed For VIEW					**	*
Yes	37%	34%	38%	57%	59%	58%
No	35%	33%	41%	52%	51%	45%
Needed Child Care When Assessed For VIEW	***			*	**	*
Yes	39%	33%	42%	65%	60%	64%
No	34%	33%	39%	49%	51%	44%
Mental Health Problems	*			**	*	*
Yes	19%	28%	36%	45%	36%	33%
No	38%	34%	41%	55%	56%	52%
Felony Record			***	**	**	**
Yes	41%	29%	29%	38%	38%	35%
No	35%	33%	41%	54%	54%	51%
Risk of Long-Term Dependency	**					
Yes	31%	32%	39%	57%	53%	49%
No	38%	34%	40%	52%	54%	50%
No Work Prior To VIEW *	0%	0%	22%	37%	42%	38%
Participant Was Sanctioned In VIEW		*	*	*	**	**
Yes	33%	23%	25%	39%	45%	43%
No	36%	35%	43%	57%	56%	52%
Risk Factors*						
None	69%	67%	59%	77%	71%	69%
One	42%	35%	41%	51%	55%	49%
Two	23%	24%	36%	51%	50%	48%
Three or More	3%	1%	23%	34%	35%	33%
Geographic Area						
Urban	36%	33%	39%	54%	54%	50%
Rural	30%	33%	45%	53%	52%	50%

Source: JLARC staff analysis of employment data collected from the Virginia Employment Commission. Data on the program status and participant demographics of the VIEW mandatory population was collected by JLARC staff from local area program files.

* Differences significant at the .01 level
** Differences significant at the .05 level
*** Differences significant at the .10 level

Table C-3
Pre- to Post-Program Changes in VIEW-Mandatory Recipients' Median and Average Quarterly Earnings

Characteristics	4th Quarter Prior To VIEW	1st Quarter Prior To VIEW	Quarter In Program	1st Quarter After VIEW Assessment	2nd Quarter After VIEW Assessment	3rd Quarter After VIEW Assessment
	Median Quarterly Earnings (Average Quarterly Earnings)					
Total	$0 (518)	$0 (433)	$0 (564)	$189 (893)	$140 (1059)	$64 (969)
Sex						
Male	$0 (761)	$0 (245)	$0 (756)	$0 (1098)	$0 (1202)	$0 (814)
Female	$0 (502)	$0 (447)	$0 (551)	$197 (880)	$174 (1051)	$141 (981)
Race						
White	$0 (524)	$0 (389)	$0 (484)	$146 (923)	$56 (1096)	$34 (1055)
Black	$0 (562)	$0 (460)	$0 (642)	$284 (946)	$329 (1129)	$232 (983)
Other	$0 (246)	$0 (278)	$0 (258)	$0 (537)	$0 (581)	$0 (743)
Risk Of Long-Term Dependency						
Yes	$0 (350)	$0 (349)	$0 (482)	$299 (853)	$221 (1006)	$141 (793)
No	$0 (601)	$0 (475)	$0 (603)	$120 (900)	$99 (1070)	$55 (1048)
Had Four Or More Children						
Yes	$0 (544)	$0 (464)	$0 (310)	$0 (775)	$0 (881)	$0 (853)
No	$0 (512)	$0 (426)	$0 (622)	$219 (920)	$221 (1100)	$101 (996)
High School Diploma Or Equivalent						
Yes	$0 (655)	$0 (516)	$0 (653)	$370 (980)	$407 (1198)	$268 (1115)
No	$0 (329)	$0 (308)	$0 (483)	$0 (766)	$0 (870)	$0 (768)
Needed Transportation Assistance						
Yes	$0 (421)	$0 (441)	$0 (348)	$153 (679)	$116 (837)	$88 (946)
No	$0 (574)	$0 (428)	$0 (686)	$209 (1014)	$175 (1185)	$62 (983)
Needed Child Care When Assessed For VIEW						
Yes	$0 (502)	$0 (463)	$0 (442)	$498 (898)	$444 (1065)	$472 (1135)
No	$0 (525)	$0 (420)	$0 (617)	$29 (891)	$32 (1056)	$0 (896)
Mental Health Problems						
Yes	$0 (234)	$0 (276)	$0 (355)	$144 (697)	$0 (525)	$0 (692)
No	$0 (553)	$0 (452)	$0 (589)	$197 (917)	$247 (1125)	$165 (1004)
Felony Record						
Yes	$0 (708)	$0 (471)	$0 (184)	$134 (403)	$0 (317)	$0 (652)
No	$0 (509)	$0 (431)	$0 (582)	$189 (916)	$173 (1094)	$93 (985)
No Work Prior To VIEW						
Yes	$0 (0)	$0 (0)	$0 (150)	$0 (548)	$0 (778)	$0 (752)
No	$310 (994)	$246 (831)	$347 (943)	$775 (1210)	$642 (1317)	$654 (1169)
Participant Was Sanctioned						
Yes	$0 (379)	$0 (217)	$0 (226)	$0 (347)	$0 (612)	$0 (584)
No	$0 (548)	$0 (479)	$0 (636)	$298 (1010)	$295 (1154)	$223 (1052)
Risk Factors						
None	$482 (1269)	$369 (988)	$563 (1133)	$1102 (1428)	$1070 (1619)	$854 (1567)
One	$0 (561)	$0 (428)	$0 (614)	$219 (839)	$157 (1052)	$33 (896)
Two	$0 (206)	$0 (290)	$0 (340)	$0 (805)	$0 (847)	$0 (851)
Three or More	$0 (74)	$0 (10)	$0 (156)	$0 (502)	$0 (776)	$0 (604)
Locality is						
Urban	$0 (522)	$0 (443)	$0 (577)	$231 (905)	$215 (1084)	$75 (975)
Rural	$0 (494)	$0 (359)	$0 (463)	$111 (809)	$99 (882)	$55 (926)
Recipient Enrolled in VIEW						
Yes	$0 (413)	$0 (368)	$0 (330)	$142 (708)	$57 (850)	$55 (876)
No	$0 (635)	$0 (582)	$90 (1015)	$182 (1239)	$275 (1400)	$0 (1178)

Source: JLARC staff analysis of earnings data collected from the Virginia Employment Commission. Data on the program status and participant demographics of the VIEW mandatory population was collected by JLARC staff from local area program files.

Table C-4
Pre- to Post-Program Changes in Proportion of VIEW-Mandatory Participants Who Received TANF Payments

Characteristics	4th Quarter Prior To VIEW	1st Quarter Prior To VIEW	Quarter In Program	1st Quarter After VIEW Assessment	2nd Quarter After VIEW Assessment	3rd Quarter After VIEW Assessment
Percent On Welfare	66%	88%	99%	69%	52%	48%
Sex	*	*		*	*	**
Male	32%	77%	100%	54%	32%	31%
Female	68%	88%	98%	70%	54%	49%
Race	*	*		*	*	*
White	52%	80%	98%	60%	42%	38%
Black	70%	91%	99%	70%	54%	51%
Other	70%	88%	100%	79%	66%	52%
Marital Status	*	*		*	*	*
Never Married	72%	92%	99%	74%	58%	55%
All Others	59%	83%	98%	61%	45%	40%
Had Four Or More Children	**			*	*	*
Yes	73%	88%	99%	79%	60%	60%
No	64%	88%	99%	66%	51%	45%
High School Diploma Or Equivalent	**	*			***	**
Yes	64%	85%	98%	69%	50%	45%
No	71%	91%	99%	70%	56%	52%
Needed Transportation When Assessed	*		*	*	*	*
Yes	76%	86%	100%	93%	72%	71%
No	60%	89%	98%	55%	41%	35%
Needed Child Care When Assessed		*	*	*	*	*
Yes	67%	82%	100%	92%	72%	67%
No	66%	90%	98%	58%	44%	40%
Risk of Long-Term Dependency	*	*		***	**	
Yes	83%	93%	98%	72%	57%	49%
No	58%	85%	99%	67%	50%	48%
Had Mental Health Problems	*			*	***	**
Yes	53%	87%	98%	82%	60%	58%
No	68%	88%	99%	67%	51%	47%
Had Felony Record				*	*	*
Yes	70%	87%	100%	90%	77%	75%
No	66%	88%	99%	67%	51%	47%
No Reported Earnings In Year Before Assessment	*	*				
Yes	73%	92%	99%	68%	52%	46%
No	59%	84%	99%	69%	53%	50%
Risk Factors	*	*		*	*	**
None	46%	78%	99%	66%	48%	48%
One	61%	87%	98%	62%	48%	43%
Two	76%	90%	99%	76%	59%	50%
Three or more	84%	97%	99%	71%	55%	57%

Source: TANF benefit data provided by the Department of Social Services from VACIS.

* Differences significant at the .01 level
** Differences significant at the .05 level
*** Differences significant at the .10 level

Table C-5
Pre- to Post-Program Changes in Median and Average Quarterly TANF Payments for VIEW-Mandatory Recipients

	Median Quarterly Earnings (Average Quarterly Earnings)					
Characteristics	4th Quarter Prior To VIEW	1st Quarter Prior To VIEW	Quarter In Program	1st Quarter After VIEW Assessment	2nd Quarter After VIEW Assessment	3rd Quarter After VIEW Assessment
Total	$456 (608)	$644 (738)	$691 (770)	$621 (552)	$207 (438)	$0 (438)
Sex						
Male	$0 (258)	$398 (593)	$621 (682)	$236 (338)	$0 (233)	$0 (191)
Female	$621 (631)	$686 (747)	$693 (776)	$621 (568)	$294 (453)	$0 (456)
Race						
White	$0 (474)	$621 (618)	$621 (700)	$530 (450)	$0 (325)	$0(307)
Black	$693 (619)	$716 (754)	$693 (763)	$621 (554)	$462 (444)	$0 (461)
Other	$981 (786)	$981 (930)	$882 (993)	$882 (775)	$805 (631)	$290 (549)
Risk Of Long-Term Dependency						
Yes	$693 (748)	$693 (763)	$693 (753)	$621 (576)	$462 (477)	$0 (474)
No	$0 (537)	$621 (723)	$669 (776)	$582 (541)	$0 (421)	$0 (422)
Had Four Or More Children						
Yes	$770 (795)	$882 (915)	$966 (983)	$760 (755)	$455 (659)	$140 (695)
No	$393 (564)	$621 (697)	$623 (721)	$588 (506)	$207 (388)	$0 (380)
High School Diploma Or Equivalent						
Yes	$387 (556)	$621 (696)	$691 (749)	$621 (539)	$293 (400)	$0 (394)
No	$604 (678)	$693 (775)	$693 (793)	$588 (573)	$207 (485)	$0 (499)
Needed Transportation Assistance						
Yes	$653 (707)	$662 (672)	$794 (821)	$795 (746)	$693 (619)	$621 (671)
No	$207 (551)	$640 (774)	$621 (741)	$129 (443)	$0 (336)	$0 (307)
Needed Child Care When Assessed For VIEW						
Yes	$621 (655)	$686 (684)	$795 (859)	$721 (754)	$641 (625)	$621 (646)
No	$354 (587)	$641 (761)	$621 (731)	$393 (464)	$0 (356)	$0 (347)
Mental Health Problems						
Yes	$621 (514)	$662 (727)	$677 (799)	$621 (676)	$621 (550)	$414 (599)
No	$414 (619)	$643 (739)	$691 (766)	$582 (537)	$0 (424)	$0 (419)
Felony Record						
Yes	$770 (763)	$683 (760)	$795 (907)	$795 (913)	$735 (860)	$744 (1033)
No	$416 (600)	$643 (736)	$679 (763)	$588 (535)	$149 (418)	$0 (410)
No Work Prior To VIEW						
Yes	$621 (711)	$714 (832)	$708 (822)	$621 (577)	$342 (439)	$0 (428)
No	$0 (513)	$621 (651)	$621 (722)	$559 (529)	$0 (437)	$0 (448)
Risk Factors						
None	$0 (378)	$621 (627)	$621 (692)	$530 (502)	$0 (385)	$0 (381)
One	$207 (532)	$621 (690)	$644 (732)	$582 (471)	$207 (351)	$0 (350)
Two	$621 (714)	$693 (740)	$693 (790)	$621 (639)	$414 (522)	$0 (515)
Three or More	$833 (863)	$873 (990)	$796 (923)	$621 (634)	$396 (543)	$0 (568)
Participant Was Sanctioned						
Yes	$185 (616)	$621 (703)	$744 (881)	$588 (625)	$414 (509)	$223 (517)
No	$495 (606)	$679 (745)	$660 (746)	$621 (537)	$45 (423)	$0 (422)

Source: JLARC staff analysis of earnings data collected from the Virginia Employment Commission. Data on the program status and participant demographics of the VIEW mandatory population was collected by JLARC staff from local area program files.

Appendix D

Agency Response

As part of an extensive data validation process, State agencies involved in a JLARC assessment effort are given the opportunity to comment on an exposure draft of this report. Appropriate technical corrections resulting from the written comments have been made in this version of the report. Page references in the agency response relate to an earlier exposure draft and may not correspond to page numbers in this version. This appendix contains the response from the Department of Social Services.

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DEC 10 1998

COMMONWEALTH of VIRGINIA

DEPARTMENT OF SOCIAL SERVICES

Clarence H. Carter
Commissioner

December 14, 1998

Mr. Philip A. Leone, Director
Joint Legislative Audit and Review Commission
Suite 1100, General Assembly Building
Richmond, Virginia 23219

Dear Mr. ~~Leone~~: Phil

Thank you for the opportunity to review and comment on the November 24, 1998 exposure draft of your study on "Virginia's Welfare Reform Initiative: Implementation and Participant Outcomes." We appreciated the opportunity to meet with you and members of your staff to discuss the content of the document. We have provided general and specific responses to several recommendations enumerated in your report. We understand that our comments will be published in your final report to be presented at the Joint Legislative Audit Review Commission on December 14, 1998.

While we agree with many of the overall comments made by JLARC, the report failed to recognize the complexity of implementing a fundamental system-wide change to a historically inflexible service structure. The JLARC report did not place the administrative implementation of Welfare Reform in its full context. The previous administration realized that the work component of welfare reform was the most profound change in the provision of public assistance in almost 40 years. Such a fundamental difference for the system, recipients, and the public required an organized and systematic implementation that would allow the Department to focus on administrative issues. This difference also required each region of the Commonwealth to organize its community service

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infrastructure to prepare for successful implementation of Welfare Reform.

With that understanding, the administration made the decision to phase in the work component over a four-year period, with the last regions scheduled for October 1999. During the first 12 months of implementation, the success of VIEW was so apparent that localities scheduled to phase in later clamored for the opportunity to move up the implementation schedule. The administration acceded to the entreaties of localities and reduced the four-year phase-in to 2 years.

This truncated schedule required the intensive collaboration on behalf of the entire social services system and communities all across the Commonwealth. Under the leadership of the Department, limited state staff dedicated to implementation were augmented by local staff that had already phased-in. Partnerships were built with the private sector, not-for-profit organizations and the faith community to build a community services infrastructure. The truncated schedule was completed in October 1997, two years ahead of schedule.

In addition to the comprehensive nature of the reform and the truncated phase-in schedule, the Department was also required to implement the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996. While many of the provisions of PRWORA were the basis of the Virginia Independence Program (VIP), there were still an appreciable number of provisions to be implemented. The following provisions were implemented as a result of PRWORA: a five year lifetime limit, an exclusion for individuals convicted of drug felonies, altered penalties for failure to cooperate with child support enforcement, work participation rates, altered eligibility for non-citizens, and additional fraud penalties. A substantial effort was made to meet extensive new federal reporting requirements. In addition, the Department invested considerable time analyzing the effects of the new law.

While we agree with the much of the JLARC report, we do not believe that it gives adequate credit for the unprecedented success of the program. Rather it focuses attention on the issues that remain to be addressed. The writers of the report do not appear to be sensitive to the fact that reforming welfare is a process that includes stages of implementation. The rationale for reviewing the results to date is not to celebrate the victory of VIP and Virginia Initiative for Employment not Welfare (VIEW), but to use the lessons learned as a basis for discussing the plans that we have to move forward.

Caseload Reduction

The report downplays the significance of the greatest caseload reduction in the history of public assistance. The Department agrees that there may be multiple reasons for the reduction, but it should not be lost that during the past 60+ years of public assistance, particularly during strong economic growth periods, commensurate caseload decline has been marginal at best. We see the reduction as the realization of the fundamental policy shift in the delivery of public assistance benefits that welfare is to be short term aid to those most economically in need. We have made the determination that when an individual chooses public aid, a compassionate society does not allow its citizens to reside unabated in the very economic, developmental and social conditions that serve as an incubator for living a life of public dependency. Another reason that the caseload reduction cannot be dismissed is also highlighted in the JLARC report. The report makes clear that there is not enough attention being paid to those that have multiple barriers to self-sufficiency. The more than 47% reduction in the Commonwealth's caseload has allowed us to intensify our focus on those with multiple barriers.

The decline in the caseload due to welfare reform has been dramatic. With emphasis on working and supportive services such as day care and transportation, large numbers of recipients can find work, with the results listed below:

- The welfare caseload has declined from 70,797 in June 1995 to 39,361 in October 1998 or 44.4%.

- There were 179,317 welfare recipients in June 1995. In October 1998 there are 94,737 a decline of 47.2%.

- Welfare payments in June 1995 were $18,044,804. In October 1998 monthly welfare payments were $9,898,939. A decrease of 45.1%.

Participants Working

One of the most contentious debates during the development of welfare reform was how would we ever develop or create enough jobs to employ the more than 70,000 welfare recipients. The Department's position then and remains today that we would not develop or create welfare jobs. We would prepare welfare recipients to hold the jobs that the Virginia economy created. To date, the Commonwealth has placed more than 25,000 public assistance recipients in jobs. And a remarkable 72% of those jobs are private sector, unsubsidized, full-time jobs, not community work experience jobs. A point that should not be lost amidst the numbers is that front line workers readily admit that many recipients believed incapable of working and succeeding in the labor market have been some of the most surprising successes. For the Department, this reinforces the absolute positive of the work first philosophy. People with multiple barriers can and are navigating through the challenges of the labor market and policy makers should not attempt to shield them from it.

The following data shows the impact of work first in Virginia:

- Since July 1995, 25,818 participants have been employed.
- Since July 1995, 73% of the jobs have been full-time averaging at least 33 hours per week.
- Working participants are earning on average $834 per month; the average welfare check is $251.49.
- Participants in Virginia's work program (VIEW) have earned and contributed back to the economy more than 120 million dollars.
- Time Limit Cases Also Had Positive Outcomes. A study of the first cases to reach their 24-month time limit showed that: when the TANF case closed:
    - 92% of the adult recipients in the cases were employed,
    - 83% worked 30+ hours a week,

- 85% had hourly earnings over $5.00,
- 85% received Food Stamps,
- 48% received child support,
- 43% had no housing costs, and
- 39% actually experienced increased earnings after their TANF cases closed.

Savings to Taxpayers

Savings to the taxpayer from welfare reform have far surpassed initial expectations. Cumulative savings in benefit payments achieved through FY 1998 (Year 3 of VIP/VIEW) exceed $204 million. VIP/VIEW was designed to provide additional services supportive of work activities, chiefly day care and employment services, to TANF clients. Inclusion of these additional costs results in a cumulative net savings of $144 million through Year 3. Total savings from benefit payments are projected to exceed $436 million through Year 5 of welfare reform. Net savings are projected to rise to $246 million over five years.

Original projections for welfare reform savings were far more modest. At the time of its passage in 1995, five year projected savings for VIP/VIEW were estimated at $130 million, approximately $116 million less than the equivalent projection today. Furthermore, VIP/VIEW was originally anticipated to cost more in its first two years as the state expanded supportive services. Not until the third year as clients transitioned off benefits was a net savings projected. Actual results show that welfare reform generated net savings in its first year and each year thereafter, as benefit payments declined far faster than originally predicted.

Job Development

In the report, JLARC tends to focus heavily on the form of agreements rather than the substance of the outcomes indicative of those agreements for job development, leadership, and coordination. Although formal Memoranda of Understanding (MOU) were not established at all levels, it is undeniable that getting 25,000 persons into jobs required a great deal of leadership and collaboration at all levels of state government. Our success clearly indicates that we achieved the spirit of the legislative intent. The business and industry partnerships formed have provided career advancement and earnings increases for those already in a work activity and have begun to provide employment opportunities with career paths for those who are considered hard-to-employ. Examples of the public-private partnerships already implemented are as follows:

- The GREAT Program - Greater Richmond Chamber of Commerce has contracted to provide job readiness training, job development, and job placement services to over 1,000 VIEW clients. The Great program has achieved a high job placement rate and higher earnings for the clients served and provided the critical linkages between the welfare system and employers.

- DSS has made multiple partnerships with the Virginia Community College System that focus on non-traditional jobs for women. This partnership also includes close interaction with area employers that provide direction and commitment throughout program activities. Welfare recipients are being trained and employed in jobs such as Automotive Technicians, Heating and Air Conditioning Repair, Electricians, Constructions, Truck Drivers, and Heavy Equipment Operators.

- A collaborative has been formed with the Virginia Health Care Association and the Virginia Society for Healthcare Human Resource Directors to place welfare recipients in the fastest growing health care field. Labor market forecast continue to show that health care is one of the fast growing industries and represents many of the top ten fastest growing jobs.

- Partnerships have been created with the Virginia Association of Temporary Staffing Services (VATSS) which represents over 100 Temporary Employment Agencies throughout the Commonwealth. Many of these agencies provide full-time, continuous employment that includes benefits after working a certain number of hours.

- United Parcel Services (UPS) has been a great champion and ambassador to other employers through devoted partnerships with welfare reform and social services. They hired VIEW clients in Richmond, Charlottesville, Roanoke, Virginia Beach, and other areas around the state. In addition, to those hired and employed by UPS, they have provided a voice to other employers to get involved in welfare reform and helping their communities.

- Marriott Corporation has a partnership with Virginia to operate their nationally recognized program - Pathways to Independence. This program provides job readiness training, on-the-job training, and employment with Marriott. This program will start in Richmond City and then expand to many of Marriott's forty plus business sites in the Commonwealth.

- Xerox Corporation recently provided employment opportunities for VIEW clients in Fairfax and Richmond. This is a tremendous opportunity for our VIEW clients to be employed with a world leader. Recipients are being hired in Xerox's office management program that provides staff and equipment to area employers.

- Technology and Computer Operations - The Department has been teaming up with a variety of high-technology firms to establish a variety of employment opportunities which include development of work ports, computer assembly and repair, CISCO network router repair, application specific programming, designing web pages, and more.

- Small Business Administration (SBA) - The Department has been meeting with the Virginia SBA to target welfare reform with the 600+ small businesses. Labor market data has overwhelmingly shown that newly created jobs are with small employers.

The following list provides a glimpse of some of the other organizations/employers that the Department has partnered at the state level and locally during the implementation of welfare reform:

Gateway Computers, Independent Electrical Contractors, Nations Bank, Crestar Bank, Capitol One, Circuit City, Food Lion, Bureau of the Census, Richmond Area Sewing Industry

(10 employers), Bell Atlantic, TJ Max, Marshalls, CVS and Revco.

These business partnerships have focused on mainstreaming welfare clients into Virginia's labor market. In addition, the Department has conducted many activities that focus on the employment efforts for those welfare clients that face multiple barriers to work. There are numerous community organizations that have been a part of an effort to establish the necessary services and infrastructure to support the hard-to-employ welfare client. The following are just a few examples of community partnerships that have been forged to support this effort:

- Salvation Army - to provide community based services such as substance abuse counseling, mentorships, and other supportive services.
- Goodwill - to provide supported employment and sheltered workshops for those needing work experience in a controlled and supported environment.
- Sacred Heart - a community based program proving grassroots, intensive services such as counseling, employment, housing, and more.
- HOPE VI - a housing project that provides new housing, employment, and community opportunities.
- Adult-to-Adult Mentoring - a statewide mentoring program providing community mentors and job coaches to welfare clients.
- IRS - a partnership to provide training to welfare offices and TANF clients on the Earned Income Tax Credit and filing income taxes.
- Coalfield Project - a collaborative effort with more than 100 community partners in seven Appalachian Counties to support job creation, local infrastructure expansion, supportive services, and more.

It is important to note that cooperative connections with community partners have been given attention starting with the initial implementation of Welfare Reform. Leaders of faith groups gathered in September of 1995 at the Governor's Summit on Community Responses to Welfare Reform to share current efforts and to explore ways to further connect with our client population. A few programs received funding through an Innovation Grant initiative. The subsequent conferences in 1996 and 1997 have fostered additional exchange of ideas, models and training opportunities. DSS has collected and published two volumes of Innovative Practices that detail these opportunities.

One of the secrets of Virginia's success in implementing welfare reform has been that no specific mandate was made about how to achieve the reform. Each community has been allowed to work within the parameters of the law to draw from its own strengths to reform welfare. Prior to implementation of VIEW, a team from VDSS and partner agencies like Department of Transportation, met with each area's DSS staff and their community partners and worked through a Planning Guide for Implementation. Communities were encouraged to inventory both the needs of area clients and existing resources. Many communities actually held mini-summits to garner local support for Welfare Reform.

Connections within communities have been found to be imperative to ensuring ongoing success of welfare reform implementation. In recognition of the value of local involvement, the VDSS included community partners as guests for "Community Partner Day" at the Welfare Reform conference in the fall of 1997. Collaborative techniques and successful models were shared and networking opportunities were fostered.

Next Steps

The first phase of welfare reform was designed to establish a fundamental change in welfare. This has occurred. Changes in the mind-set of recipients, communities and state's service infrastructure have taken place. Personal responsibility, work, short-term assistance, and continued economic advancement remain the cornerstones of VIP and VIEW. Getting public assistance recipients on the road to self-sufficiency has been only the first step in redirecting our welfare system. The 'work first' focus of our welfare reform has been effective in moving many individuals into the competitive labor market and off welfare. We are now making changes to enhance the programs that will identify and address unmet needs and strengthen the employment status of the post-TANF population.

No single program or agency will adequately address the diverse needs of all individuals with severe and/or multiple barriers to employment. DSS is working closely with multiple agencies at the state and local levels. We would like to acknowledge the work of JLARC in presenting an additional methodology to identify the hard to serve. We recognize the need for comprehensive individualized assessments followed by needed 'wrap-around' support services for individuals and their families.

Virginia has already launched numerous initiatives to enhance our success with the VIP, such as:

- Developing initiatives to assist recipients who have greater barriers to self-sufficiency by using the federal Welfare-to Work dollars to conduct in-depth assessments of those remaining on our caseload to determine the causes of their long-term dependency. Over $14 million of Welfare to Work funds have been allocated to Private Industry Councils across the state to collaborate with local social service agencies and others to develop programs that will assist the hard-to-serve population.

- Developing apprenticeship and growth industry agreements with industries that deliver training linked to specific jobs in specific industries. The industry develops the criterion and determines the skill set necessary for success in that industry. Local departments of social services screen their recipient pools for those that meet the criterion then the industry delivers the training. Those that complete the training have a job that is the first step on a career ladder, in most instances with benefits.

- Working closely with localities on community revitalization to ensure that welfare reform is a whole community effort. This is an on going effort that is facilitated by our state Volunteerism and Community Action workers.

- Conducting VIEW-PLUS, a demonstration pilot to explore avenues to facilitate job retention for welfare recipients.

- Generating the Virginia Fatherhood Campaign, a program designed to educate fathers on the importance of their parental involvement, and to work with them to transition back into their children's lives.

- Pioneering the KidsFirst Campaign, an aggressive Child Support Enforcement endeavor to round up noncustodial parents who are delinquent in paying their child support.

- Generating an intensive educational campaign encouraging welfare recipients to utilize the Earned Income Tax Credit

- The Department of Rehabilitative Services (DRS) has also received over $1.5 million to address the needs of disabled TANF recipients.

- About $700,000 will be used to develop several special projects involving DSS, MHMRSAS, and DRS for comprehensive substance abuse /mental health services linked with employment services in several pilot sites.

The Department recognizes that former welfare recipients will have increasing need for skills and information to help them help themselves and remain within the labor force. The Welfare to Work funds are available to address education, skill development and career advancement. Our initiatives will be linked closely with Workforce Investment Act (WIA) and Virginia's development of a new workforce system. It will complement and enhance the new WIA and the coordination of employment and training programs through providing the necessary support and wrap-around services for those exiting welfare programs due to employment and time limits.

The Department is leading a new initiative to build on current collaboration and coordination within communities and to strengthen the community infrastructure for services to the hard-to-serve and the post-TANF populations. In this phase of welfare reform, our regional offices will be the hubs for promoting this cross-agency effort involving multiple partners. Our past experience has shown the value of public and private partnerships for supporting and advancing welfare reform at the local level. These groups include employers, employment and training agencies, chambers of commerce or other business organizations, churches and supportive service organizations. Local social service agencies, community action agencies, and private industry councils are key organizations in this front.

Specific Recommendations
Recommendation (1)

We are concerned with any recommendation that violates the work-first principles of Welfare Reform. Please refer to the section of our response titled Next Steps for further comments concerning this recommendation.

Recommendation (2)

The VDSS was awarded federal evaluation funds to contract with an independent third-party evaluator to conduct a comprehensive evaluation of VIP/VIEW. The third-party evaluators are the Center for Policy Studies at Virginia Tech and Mathematica Policy Research Inc. (MPR). The third-party evaluators are experienced with welfare reform evaluation issues in Virginia and have national reputations in the fields of welfare reform and data collection and analysis.

The comprehensive evaluation includes a longitudinal study of the time-limit cases, an impact study assessing the effect of VIP/VIEW relative to AFDC/JOBS, a study of cases exempt from VIEW, and a demonstration project assessing the impact of innovative strategies to facilitate long-term employment for VIEW participants. Responding to an obvious need for more information about closed TANF cases, VDSS also contracted with this team of evaluators to complete a survey and analysis of closed TANF cases. The first report from these studies (The Implementation Study) will be released this month. Other reports will follow, starting in January 1999.

Recommendation (5)

While the department has no evidence that there is any confusion, a clarification of the subsidized employment and earned income disregard policy will be released to local social services agencies and JTPA offices.

Recommendation (3) (6) (7) and (8)

JLARC focuses heavily on the form of agreements rather than the substance of the outcomes indicative of those agreements for job development, leadership, and coordination. Although formal MOU's were not established at all levels, it is undeniable that getting 25,000 persons into jobs required a great deal of leadership and collaboration at all levels of state government. Our success clearly indicates that we achieved the spirit of the legislative intent.

We concur that the annual plan for coordinating job development services should be distributed. In the change of administrations, the development of the physical plan was not submitted timely. The Secretariat is well aware of the need for coordination and actions are underway.

DSS, GETD, VEC, and DBA were a part of the initial Secretary of Health and Human Resources Inter-Agency Implementation Workgroups for welfare reform. There were four workgroups organized to address several main implementation issues: Program Components, Delivery Structures, Coordination, and Jobs. Specific areas that these groups targeted are as follows; approaches for the hard-to-serve population, client assessments, job readiness training, delivery systems, coordination, community work experience, child care, transportation, job development, and job placement. These groups met intensively for six months and produced recommendations for the program and material that was turned into the "Innovative Approaches to Operating VIEW" book, also known as our "Best Practices" book.

In addition, to the Inter-Agency Workgroups the Department has worked informally with state, regional, and local office for GETD and VEC. Department staff attended all of the VEC's Employer Advisory Committee meetings to discuss welfare reform and how to be involved. Department staff met with PICs and Service Delivery Area Directors on welfare reform implementation. However, it is critical to note that while the state played an integral role in delivering the message of welfare reform, it is the right and responsibility of the local departments of social services to evaluate and decide whom to contract with for services.

The Department of Social Services is an active and involved player in this process as the Commonwealth designs and implements its new workforce development system. This creates unprecedented opportunity for coordination, partnerships, and maximizing resources to prepare Virginia's labor force. The Department has two mandatory programs as a part of WIA, the Welfare-to-Work Grant and the Community Services Block Grant. In addition, the federal act mentions the Temporary Assistance for Needy Families and Food Stamp programs as optional partners. The Department will capitalize on the state's development of a new workforce development system to achieve these recommendations and improve the services and outcomes to our welfare clients and employers.

Furthermore, it is important to note that along with the state level coordination that one of Virginia's service delivery strengths is the fact that we are locally administered. This allows each local department of social services to competitively seek out the best provider of services in their area. While the state should make every effort to coordinate job development initiatives among the different state employment and training organizations, the ability for local agencies to choose their own method and provider of services in their community must continue.

Recommendation (9)

The JLARC study found that the Full Employment Program (FEP) was cumbersome for local staff to manually determine the wage subsidy. The main reason for the complicated nature of this program results from requirements of the federal government that were mandated upon the state during the waiver process. The Department is in the process of evaluating the full employment program with the intent to make recommendations during the next budgeting cycle.

In closing, the Department is enthusiastic about Welfare Reform and the community involvement with the system. We see that there are many challenges in making this program the best that it can be. We have a vision about how to proceed with this system and your recommendations have influenced our thinking as we move forward.

Sincerely,

Clarence

Clarence H. Carter
Commissioner

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