

July 1996

# WELFARE WAIVERS IMPLEMENTATION

## States Work to Change Welfare Culture, Community Involvement, and Service Delivery







United States  
General Accounting Office  
Washington, D.C. 20548

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**Health, Education, and  
Human Services Division**

B-265674

July 2, 1996

The Honorable E. Clay Shaw  
Chairman, Subcommittee on Human Resources  
Committee on Ways and Means  
House of Representatives

Dear Mr. Chairman:

This report, prepared at your request, examines five states' early experiences implementing welfare reforms under waivers of federal law. The report focuses on three key reform provisions: time-limited benefits, work requirements, and family caps, which deny cash benefits for additional children born to families already receiving Aid to Families With Dependent Children.

We are sending copies of this report to the Ranking Minority Member of the House Subcommittee on Human Resources, the Chairmen and Ranking Minority Members of the House Committee on Ways and Means and Senate Committee on Finance, the Secretary of Health and Human Services, the Assistant Secretary for Children and Families, and other interested parties. We will also make copies available to others on request.

If you or your staff have any questions concerning this report, please call me at 202-512-7215 or David P. Bixler, Assistant Director, at 202-512-7201. Other GAO contacts and major contributors to this report are listed in appendix I.

Sincerely yours,

A handwritten signature in cursive script that reads "Mark V. Nadel".

Mark V. Nadel  
Associate Director,  
Income Security Issues

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# Executive Summary

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## Purpose

In the wake of increasing dissatisfaction with the existing welfare system, the Congress and the administration have been considering welfare reform changes on a national level. In the interim, many states have undertaken far-reaching reforms of varying kinds that are affecting different portions of their welfare caseloads. These changes generally have been undertaken through waivers of various federal statutory provisions that govern the program most Americans commonly think of as welfare—Aid to Families With Dependent Children (AFDC). For example, states have required AFDC clients to work; set time limits on benefit receipt; and denied cash benefits for additional children born to families already receiving AFDC, also known as a family cap. In fiscal year 1995, the AFDC program provided about \$22 billion in cash benefits to nearly 14 million adults and children.

The Chairman of the House Subcommittee on Human Resources, Committee on Ways and Means, asked GAO to review some states' early experiences with implementing these provisions, believing that the information would be useful to other states as they prepare to face the challenges of welfare reform. Specifically, the Chairman requested GAO to examine the approaches that states took and issues they encountered in implementing three key provisions: time-limited benefits, work requirements, and family caps. Because the states that GAO reviewed made relatively few management or service delivery changes to implement their family cap provisions, this report focuses principally on the state approaches and issues encountered in implementing time limits and work requirements.

To develop information for this report, GAO examined the experiences of Florida, Indiana, New Jersey, Virginia, and Wisconsin. The criteria used to select states included obtaining a range in the length of time states' approved waivers had been in effect, selecting some states whose waivers included all three provisions, and avoiding duplication of existing studies.

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## Background

AFDC provides benefits to economically needy families with children who lack support from one or both of their parents because of death, absence, incapacity, or unemployment. AFDC is funded with federal and state dollars. States are responsible for administering the program and the U.S. Department of Health and Human Services (HHS) has federal oversight responsibility.

Under section 1115 of the Social Security Act, HHS is authorized to grant states waivers of statutory requirements governing the AFDC program. This

authority is intended to give states the flexibility to test innovations designed to help their programs better meet the objectives of the act. Between 1992 and 1995, 31 states were granted authority to experiment with one or more of the three provisions discussed in this report. Twenty-three states received waivers to experiment with time limits, 24 states for work requirements, and 13 states for family caps.

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## Results in Brief

Many states have been making major changes to their welfare programs through federal waivers. Four of the five states that GAO reviewed—Florida, Indiana, Virginia, and Wisconsin, established work requirements and limited the time that many clients could receive cash benefits. To implement these policy changes, these four states fundamentally changed the operations and management of their welfare programs. GAO's analysis identified three major themes on which these states, in conjunction with their counties, focused their efforts: (1) changing their staffs' culture and clients' expectations, (2) soliciting the involvement of employers and communities, and (3) redesigning their service delivery structure. Another policy change, a family cap, was implemented in Indiana, New Jersey, Virginia, and Wisconsin with relatively few management or service delivery changes.

In efforts to change the focus of their welfare programs, the states that implemented work requirements and time limits redefined how staffs and clients interact. Staffs were encouraged to focus less on specific obstacles facing clients, such as lack of work experience, and more on developing a strategy for clients to quickly secure employment and move off welfare. The states used various approaches to increase staffs' focus on helping clients find employment, including establishing job placement goals for each welfare office. In addition, the states sought to prepare clients to take greater responsibility for moving off welfare through a variety of approaches such as basing benefit payments on the number of hours clients participate in work, training, or education activities.

The states also sought to make greater use of community resources by soliciting the involvement of employers and community organizations in their welfare reform programs. For example, they asked employers and local officials to participate in community advisory groups, whose responsibilities generally focused on helping clients obtain employment. While the states sometimes had to address misconceptions about welfare clients in working with these advisory groups, they generally found that

community involvement yielded benefits for clients, such as better access to jobs.

Finally, the states worked to redesign their service delivery structure to provide more intensive support for clients confronted with work requirements and time-limited benefits. For example, counties in Florida and Wisconsin brought together staffs from various locations to form teams that provide a variety of services at a single location. In addition, states sought to expand the availability of child care and transportation by developing closer links to existing community resources, such as by working with churches to provide after-school care.

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## Principal Findings

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### States Make Major Changes to Design of Their Welfare Programs

Of the five states GAO reviewed, Indiana and New Jersey implemented their welfare reforms statewide. Virginia implemented its family cap provision statewide and is phasing in its work requirement and time limit statewide over a 4-year period. At the time of GAO's site visits, Florida and Wisconsin were each operating their welfare reform programs in two counties.

The work requirements enacted by Florida, Indiana, Virginia, and Wisconsin vary considerably. For example, Virginia requires nonexempt clients to engage in unsubsidized employment, subsidized employment, or a community work experience within 90 days of signing personal responsibility agreements. In Florida, the employability plans developed with clients specify the education, training, and work activities they are expected to complete. The time-limited benefit provisions in these four states generally limit nonexempt clients to 24 months of cash benefits, followed by a longer period of ineligibility for cash assistance. At the time of GAO's site visits, however, none of these programs had been under way long enough for any clients to have reached the end of their time limits.

With the exception of Florida, each of the states GAO examined had a family cap provision. Indiana's provision is typical; it stipulates that no cash benefit will be provided for a child born more than 10 months after either the start of the new program or the client's application for AFDC, with certain exceptions.

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## States View Changing the Culture of Their Staffs and Clients' Expectations as Critical to Welfare Reform

Florida, Indiana, Virginia, and Wisconsin viewed changing the culture of their welfare office staffs and clients' expectations as critical to helping clients find jobs before their time-limited benefits expire. Traditionally, staffs were trained to focus on assuring accurate eligibility determinations and benefit payments and enrolling clients in education, training, and work activities, but were not always directed to place a strong emphasis on placing clients in jobs. Recognizing this, these states adopted varied approaches to broaden staffs' perception of their roles. For example, Indiana established annual job placement goals for each county and a system to monitor county performance. Wisconsin trained staffs to explore with persons applying for AFDC benefits alternatives to welfare, such as obtaining a job or child support. Using this approach, in the first 8 months of the state's welfare reform program, Wisconsin's pilot counties diverted about one-third of their applicants from applying for AFDC benefits, according to a state progress report. Virginia established a different kind of diversion program for AFDC applicants, which seeks to divert families in crisis from long-term dependence by offering them a one-time payment equivalent to up to 120 days of AFDC benefits.

The states also sought to promote greater client responsibility for adopting behaviors that would facilitate their transition from welfare to work. For example, Wisconsin set higher expectations for clients by basing benefit payments on the number of assigned hours of activity they complete. States also revised their AFDC rules to make work more attractive by allowing clients to keep more of their benefit checks as they began working. Finally, states strengthened their sanctions for clients who fail to comply with program requirements by increasing reductions in clients' benefits, lengthening sanction periods, or applying sanctions more quickly.

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## States Solicit Greater Involvement of Employers and Communities in Reforming Welfare

To take advantage of community resources that could help clients obtain jobs, states used various approaches to solicit the involvement of local employers and communities in their welfare reform programs. For example, Virginia's state and local welfare offices held community meetings attended by churches, employers, and other organizations to explain its program and enlist support. Each of the states also established community advisory groups that included representatives from government, business, and community organizations. Indiana obtained an especially widespread level of community involvement, with over 3,000 citizens and officials participating in 92 local welfare reform planning councils throughout the state. States encountered various challenges working with community advisory groups, including determining their

appropriate roles, informing members about characteristics of welfare clients and the welfare system, and recruiting a sufficient number of members. However, the states generally found that as they worked to address these issues, community involvement provided benefits for clients, such as more job opportunities, and insights on how to deal with clients' barriers.

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### States Redesign Service Delivery to Provide More Intensive Support for Clients

To further facilitate implementation of time limits and work requirements, states also redesigned their service delivery structure in different ways to provide the more intensive support clients may need. Collocation of staffs to enhance communication among job team members and provide services more efficiently was a key component of welfare reform implementation in Florida and Wisconsin. For example, the two pilot counties in Florida, Alachua and Escambia, sought to provide "one-stop shopping" for clients by bringing together eligibility specialists, case managers, employment and training specialists, health clinic staff, and child support staff. Although both Florida counties experienced logistical difficulties moving staffs to a single location, such as delays in obtaining office space and equipment, job teams in Florida and Wisconsin report that clients benefit from the improved communication and service coordination the teams provide.

Florida's pilot counties also redesigned their service delivery by creating a case manager role to coordinate the comprehensive services that clients may need. Escambia County eligibility workers assumed additional responsibilities to serve as case managers; in contrast, Alachua County made the case manager role distinct from that of eligibility staff and training and employment staff. Case managers in Escambia County experienced a difficult adjustment to their broad new responsibilities, because as eligibility workers they had focused on following strict rules and procedures. On the other hand, case managers in Alachua County encountered some initial difficulties determining how their roles differed from those of other staff. In both cases, additional training and experience helped reduce these problems, according to Florida officials.

By developing closer links to existing community resources, states also sought to expand the availability of child care and transportation for their clients. For example, Fond du Lac County, Wisconsin, worked with some day care providers to extend their hours for parents working late shifts. Scott County, Indiana, recruited local volunteers to transport clients and Pierce County, Wisconsin, arranged for a local bank to provide low-interest automobile loans to clients.



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**Recommendations**

GAO is not making recommendations in this report.

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**Comments From HHS  
and States**

GAO obtained comments on a draft of this report from HHS and the five states whose welfare reform programs are reviewed in the report. HHS and the states generally agreed with the report's findings and provided additional technical information that GAO incorporated in the report as appropriate.

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# Contents

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<b>Executive Summary</b>		2
<b>Chapter 1</b>		10
<b>Introduction</b>	The Existing Welfare System	10
	States Experiment With Their Welfare Programs	12
	Federal Welfare Reform Proposals	13
	Objectives, Scope, and Methodology	14
<b>Chapter 2</b>		16
<b>States Make Major Changes to Design of Their Welfare Programs</b>	Overview of Five States' Welfare Reform Provisions	16
	Welfare Reforms Implemented on Different Geographic Scopes	18
	States' Work Requirement and Time Limit Provisions Vary	18
	Family Cap Provisions Implemented With Relatively Few Management or Service Delivery Changes	19
<b>Chapter 3</b>		21
<b>States View Changing Staffs' Culture and Clients' Expectations as Critical to Welfare Reform</b>	Increasing Staffs' Focus on Clients' Employability	21
	Preparing Clients to Assume Greater Responsibility	25
<b>Chapter 4</b>		33
<b>States Solicit Employer and Community Involvement in Reforming Welfare</b>	Meetings and Promotional Materials Used to Inform Communities About Welfare Reforms	33
	Institutionalizing Community Involvement Can Be Difficult but Beneficial	36
	States Increase Efforts to Work With Employers to Obtain Jobs for Clients	40

<hr/>		
<b>Chapter 5</b>		43
<b>Service Delivery</b>	Case Manager Role Created to Coordinate Services	43
<b>Redesigned to Provide</b>	Collocated Case Management Teams Established to Improve	44
<b>More Intensive</b>	Services to Clients	
<b>Support for Clients</b>	States Increased Staffs' Interaction With Clients	47
	Establishing Necessary Support Services	47
<hr/>		
<b>Chapter 6</b>		50
<b>Concluding</b>	Comments From HHS and States	50
<b>Observations and</b>		
<b>Comments From HHS</b>		
<b>and States</b>		
<hr/>		
<b>Appendix</b>	Appendix I: GAO Contacts and Staff Acknowledgments	52
<hr/>		
<b>Bibliography</b>		53
<hr/>		
<b>Related GAO Products</b>		56
<hr/>		
<b>Tables</b>	Table 1.1: States Granted Federal Waivers to Experiment with Selected AFDC Provisions, 1992-95	13
	Table 2.1: Key Waiver Provisions of the States Reviewed	17
	Table 3.1: States Revised AFDC Rules on Income Disregards, Asset Limits, and Vehicle Asset Limits	29
	Table 4.1: States Established Various Types of Community Advisory Groups to Help Implement Welfare Reforms	37
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<b>Figures</b>	Figure 3.1: Personal Responsibility Agreements	26
	Figure 4.1: Examples of Welfare Reform Promotional Materials	35

**Abbreviations**

AFDC	Aid to Families With Dependent Children program
HHS	Department of Health and Human Services
JOBS	Job Opportunities and Basic Skills Training program

# Introduction

Because the existing welfare system has not been successful in preventing long-term dependency, many states are using federally approved waivers of statutory requirements to implement their own welfare reform initiatives. Concurrently, efforts are under way at the federal level to reform the nation's welfare system. Some states already are experimenting with provisions similar to those included in recent federal welfare reform proposals, such as time limits on benefit receipt, work requirements, and a prohibition on payment of cash assistance for additional children born to families already receiving welfare—the family cap provision.

## The Existing Welfare System

Aid to Families With Dependent Children (AFDC) provides cash benefits to economically needy families with children who lack support from one or both of their parents because of death, absence, incapacity, or unemployment. In fiscal year 1995, the average monthly number of AFDC recipients was about 13.6 million—4.4 million adults and 9.2 million children—and payments to recipients totalled nearly \$22 billion. AFDC is an entitlement program funded with federal and state dollars, with the federal share determined by a matching formula related to each state's per capita income. The U.S. Department of Health and Human Services (HHS) has federal oversight responsibility for the program. Each state administers and determines many aspects of its AFDC program within federal guidelines, including payment amounts, eligibility requirements, and treatment of income and resources.

In recent years, policymakers and analysts have expressed growing discontent with the welfare system, many claiming that the system fosters dependency. There have been no limits on the length of time families may receive benefits, except for recent experiments in some states that have received federal approval to test time limits. One study estimates that about 35 percent of those who ever receive AFDC will eventually receive benefits for a total of 5 years or more, when all moves on and off welfare are considered.<sup>1</sup> In addition, some policymakers and analysts believe that the welfare system should no longer provide cash benefits for additional children born to AFDC mothers.

<sup>1</sup>However, a much larger proportion of those receiving AFDC at a given point in time—an estimated 76 percent—receive benefits for 5 years or more. The difference is due to the fact that as longer-term recipients accumulate on the welfare rolls as time passes, they end up accounting for a large percentage of recipients on the welfare rolls at any given point in time. See Harold Beebout, Jon Jacobson, and LaDonna Pavetti, *The Number and Characteristics of AFDC Recipients Who Will Be Affected by Policies to Time-Limit AFDC Benefits* (paper presented at the Annual Research Conference of the Association for Public Policy and Management, Chicago, Oct. 29, 1994).

With the Family Support Act of 1988, the Congress created the Job Opportunities and Basic Skills Training (JOBS) program to transform AFDC into a transitional program geared toward helping parents become employed and avoid long-term welfare dependence. Under JOBS, states are to (1) provide a broad range of education, training, and employment-related activities; (2) increase the number of AFDC clients participating in these activities; (3) target resources to the hard-to-serve; and (4) provide support services, including child care and transportation. The Family Support Act created minimum requirements for the percentages of AFDC clients participating in JOBS that states must meet to receive their full share of federal funding. The minimum participation requirements rose from 7 percent of nonexempt AFDC clients<sup>2</sup> in fiscal year 1991 to 20 percent in fiscal year 1995. While most states have met the minimum participation requirements, the number of AFDC clients participating in JOBS remains limited. In fiscal year 1994, about 13 percent of the 4.6 million adults receiving AFDC were active in JOBS activities each month.

Our previous work has shown that most JOBS programs nationwide do not have a strong employment focus.<sup>3</sup> About one-half of the county JOBS administrators nationwide that we surveyed stated that they do not work enough with employers to find jobs for participants. In addition, although most of the program officials reported that less than one-half of their job-ready participants had become employed, the officials reported little use of subsidized employment or work-experience programs, options available under JOBS.<sup>4</sup> Various factors were identified that contribute to the lack of a strong employment focus in some JOBS programs. For example, the performance measurement system for JOBS holds states responsible for the number and type of AFDC clients participating in JOBS activities but not for the number who get jobs or earn their way off AFDC. In addition, county JOBS administrators cited insufficient staff as a major obstacle to implementing or expanding the use of tools such as subsidized employment and work-experience programs. JOBS administrators also

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<sup>2</sup>AFDC clients 16 through 59 years old are considered nonexempt unless they are ill or incapacitated, working 30 hours or more per week, attending high school, or caring for children under 3 years old (1 year old at state option). However, teenage parents who have not completed high school and have children under 3 years old are also nonexempt.

<sup>3</sup>See *Welfare to Work: Most AFDC Training Programs Not Emphasizing Job Placement* (GAO/HEHS-95-113, May 19, 1995) and *Welfare to Work: Current AFDC Program Not Sufficiently Focused on Employment* (GAO/HEHS-95-28, Dec. 19, 1994).

<sup>4</sup>JOBS programs can provide subsidies to employers to hire AFDC clients, who then receive a paycheck from their employer. In a community work experience, clients work in newly created positions with an employer serving a public purpose; they are not hired by the employer, but receive an AFDC benefit check.

reported that labor market conditions such as high unemployment and low job growth hindered their efforts to get jobs for clients.

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## States Experiment With Their Welfare Programs

Under section 1115 of the Social Security Act, HHS is authorized to grant states waivers of certain statutory requirements governing the AFDC program. This authority is intended to give states the flexibility to test innovations designed to help their programs better meet the objectives of the act. The conditions of the waivers require that states have an independent organization rigorously evaluate the outcomes of their welfare reform projects and that these projects be cost neutral to the federal government. HHS assesses cost neutrality over the life of a project, rather than on a year-by-year basis, because many projects involve making up-front investments with the expectation of achieving savings in later years.

Between 1992 and 1995, 36 states received approval from HHS to implement one or more projects. These projects include a wide variety of provisions, such as those designed to encourage work, increase parents' responsibility for meeting their children's needs, and restrict eligibility for benefits. Thirty-one of these states were granted federal waivers to experiment with one or more of the three provisions discussed in this report: time limits, work requirements, and family caps. As shown in table 1.1, 23 states received waivers to experiment with time limits, 24 states for work requirements, and 13 states for family caps, according to HHS.

**Chapter 1  
Introduction**

**Table 1.1: States Granted Federal Waivers to Experiment With Selected AFDC Provisions, 1992-95**

<b>State</b>	<b>Time limits</b>	<b>Work requirements</b>	<b>Family caps</b>
Arizona	X	X	X
Arkansas			X
Colorado	X		
Connecticut	X	X	
Delaware	X	X	X
Florida	X	X	
Georgia	X	X	X
Hawaii		X	
Illinois	X	X	X
Indiana	X	X	X
Iowa	X		
Maryland	X		X
Massachusetts	X	X	X
Michigan	X	X	
Mississippi		X	X
Missouri	X	X	
Montana	X	X	
Nebraska	X	X	X
New Jersey			X
North Dakota	X		
Ohio		X	
Oklahoma	X	X	
Oregon		X	
South Carolina	X	X	
South Dakota	X	X	
Vermont	X	X	
Virginia	X	X	X
Washington	X		
West Virginia		X	
Wisconsin	X	X	X
Wyoming		X	

Source: U.S. Department of Health and Human Services.

**Federal Welfare Reform Proposals**

In recent years, several proposals have been introduced in the Congress to reform welfare. President Clinton's proposal, which was introduced in

1994 but not brought to a vote in the Congress, would have time-limited cash welfare benefits and provided subsidized jobs to clients unable to find work on their own. After the congressional elections in 1994, the 104th Congress developed its own welfare reform proposal. The Personal Responsibility and Work Opportunity Act of 1995 (H.R. 4), the compromise legislation worked out by House and Senate conferees, was passed by both houses of the Congress in December 1995. The President vetoed the legislation in January 1996, citing, among other reasons, that it did not provide enough funding for child care.

H.R. 4 would have ended the individual entitlement to benefits and the payment of federal matching funds to states. Instead, each state would have received a block grant to provide temporary assistance for needy families. These block grants would have provided states fixed annual federal allocations and increased their flexibility in operating their programs. H.R. 4 would have limited families' lifetime receipt of benefits to 60 months (whether or not consecutive), but allowed states to provide hardship exceptions in limited cases. In addition, the legislation would have required parents to engage in work after 24 months of receiving assistance (whether or not consecutive) or earlier, if a state determined that the parent was ready to engage in work. Furthermore, the legislation's family cap provision would have banned the provision of cash assistance for additional children born to families already receiving welfare, unless states decided not to adopt such a provision.

Negotiations for a compromise agreement on welfare reform have continued among congressional leaders, the President, and state governors. In May 1996, the Personal Responsibility and Work Opportunity Act of 1996, a revised version of H.R. 4, was introduced in the Congress. As introduced, the proposal includes time-limited benefit and work requirement provisions similar to those in H.R. 4, but not a family cap provision. The administration's revised welfare reform proposal, the Work First and Personal Responsibility Act of 1996, was introduced in the Congress in June 1996.

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## Objectives, Scope, and Methodology

The Chairman of the House Subcommittee on Human Resources, Committee on Ways and Means, asked us to review states' early experiences with implementing welfare reforms under federal waivers, believing that this information would be useful to other states as they prepare to face the challenges of welfare reform. Specifically, the Chairman requested that we examine the approaches that states took and



issues they encountered in implementing three key provisions: time limits, work requirements, and family caps. Because the states that we reviewed made relatively few management or service delivery changes to implement their family cap provisions, this report focuses principally on approaches states used and issues they encountered in implementing time limits and work requirements.

To accomplish our objectives, we reviewed the implementation experiences of Florida, Indiana, New Jersey, Virginia, and Wisconsin. The criteria we used to select states included obtaining a range in the length of time states' approved waivers had been in effect, selecting some states whose waivers included all three provisions, and avoiding duplication of existing studies. We met with state program officials, county program administrators, and caseworkers in Florida, Indiana, Virginia, and Wisconsin using a semistructured interview guide that we developed. Our site visits included interviews with officials in the following counties: Alachua and Escambia (Florida); Marion, Scott, and Vigo (Indiana); Fauquier and Culpeper (Virginia); and Pierce and Fond du Lac (Wisconsin). We contacted New Jersey state officials by telephone to obtain information on the state's implementation experiences. In addition, we examined the terms and conditions of the states' approved waivers and other written materials about their welfare reform programs. This report does not examine the outcomes of the states' welfare reform programs, such as cost implications and effects on caseloads, because sufficient data are not yet available.

We conducted our work between July 1995 and May 1996 in accordance with generally accepted government auditing standards.

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# States Make Major Changes to Design of Their Welfare Programs

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The five states we reviewed made major changes to the design of their welfare programs through waivers of federal statutory requirements. These changes include provisions that require some clients to work, set time limits on cash assistance, and prohibit the payment of cash benefits for additional children born to families already receiving AFDC. The five states' welfare reform programs vary in such features as the length of time they have been under way, their geographic scope of implementation, and the content of their provisions. States implemented their family cap provisions with relatively few management or service delivery changes, but made more substantial changes in implementing their work requirement and time-limited provisions, as discussed in the following chapters.

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## Overview of Five States' Welfare Reform Provisions

Table 2.1 provides an overview of the five states' time-limited benefit, work requirement, and family cap provisions. New Jersey's program, which has a family cap provision but no time limits or work requirements, has been under way the longest, since October 1992. The programs in Florida, Indiana, Virginia, and Wisconsin have time limits and work requirements, and all but Florida's have family caps. Among these four states, Florida's program has been under way for the longest time (since Feb. 1994) and Virginia's the shortest (since July 1995).

**Chapter 2**  
**States Make Major Changes to Design of**  
**Their Welfare Programs**

**Table 2.1: Key Waiver Provisions of the States Reviewed**

<b>Program and geographic scope (start date)</b>	<b>Time-limited benefits</b>	<b>Work requirements</b>	<b>Family cap</b>
<b>Florida</b>			
Family Transition Program—2 counties <sup>a</sup> (2/94)	Most nonexempt clients limited to 24 months of cash benefits in a 60-month period; some to 36 months in a 72-month period	Employability plans developed with clients specify the education, training, and work activities they are expected to complete	None
<b>Indiana</b>			
Indiana Manpower Placement and Comprehensive Training Program (IMPACT)—statewide (5/95)	Clients assessed to be training- or job-ready, limited to 24 months of cash benefits followed by 36-month period of ineligibility	Clients granted an exemption from the 36-month period of ineligibility following the 24-month time limit will be expected to participate in a community work experience program and in job search	No cash benefit for a child born more than 10 months after program start date or date of application for AFDC, with exceptions
<b>New Jersey</b>			
Family Development Program—statewide (10/92)	None	None	No cash benefit for a child born 10 months or more after program start date or date of application for AFDC, with exceptions
<b>Virginia</b>			
Virginia Independence Program—eligibility provisions implemented statewide; work requirements and time limits being phased in statewide over 4 years (7/95)	Nonexempt clients limited to 24 months of cash benefits in a 60-month period	Nonexempt clients are required to participate in work activities within 90 days of signing personal responsibility agreements	No cash benefit for a child born or adopted more than 10 months after the later of (1) month of first AFDC payment, (2) program start date, or (3) date of family cap notice, with exceptions
<b>Wisconsin</b>			
Work Not Welfare—2 counties (1/95)	Nonexempt clients limited to 24 months of cash benefits in a 48-month period, followed by 36-month period of ineligibility	After the first month of eligibility, clients must earn their benefits through education, training, or work activities; after 12 months, they must engage in work activities	No cash benefit for a child born more than 10 months after initial receipt of AFDC, with exceptions

Note: In addition to the programs cited here, Virginia and Wisconsin have implemented other welfare reform programs authorized through federal waivers.

<sup>a</sup>Since our site visit, Florida implemented the Family Transition Program in six additional counties.

Source: Terms and conditions of the states' approved waivers and information obtained from officials in these states.

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## Welfare Reforms Implemented on Different Geographic Scopes

The geographic scope of states' implementation of their welfare reforms ranged from statewide to selected counties. Indiana and New Jersey implemented their welfare reform programs statewide. Indiana had an AFDC caseload of about 56,000 and New Jersey about 120,000 in September 1995. Virginia implemented its family cap and other new eligibility provisions statewide in 1995 and is phasing in its work requirement and time limit statewide over a 4-year period. The state began by implementing the full welfare reform program in five rural counties. We visited two of these counties, Culpeper and Fauquier, whose AFDC caseloads totaled about 400 at the time of our review. Virginia implemented its program in 19 counties and six cities within the first year of operation, which represented about 23 percent of the state's AFDC caseload. Florida and Wisconsin were each operating their programs in two counties when we made our site visits. In Florida, Alachua County had an AFDC caseload of about 4,000 and Escambia County about 5,900, which combined represented about 4 percent of Florida's total caseload. Wisconsin's program operated in Fond du Lac and Pierce Counties, which had a combined AFDC caseload of about 500 at the time of our site visits—approximately 1 percent of the state's caseload.

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## States' Work Requirement and Time Limit Provisions Vary

The work requirements of the states' welfare reform programs differ with regard to the time by which clients must begin engaging in work and what counts as a work activity. Virginia requires clients to engage in work within 90 days of signing personal responsibility agreements, Wisconsin after clients have been in the welfare reform program 12 months, and Indiana after they are granted an extension to the time limit on benefits. In Florida, the timing of work requirements depends on the terms of the employability plan developed for each client. The states also differ about which activities will satisfy their work requirements. For example, work activities that meet Virginia's requirement include unsubsidized employment, subsidized employment, and community work experience. In contrast, Indiana's work requirement specifies that clients must participate in a community work experience.

None of the programs in the states with time limits had been under way long enough for any clients to have reached the limits when we conducted our site visits. The programs' time limit provisions stipulate that in certain situations clients who reach the limits may continue to receive public assistance. In Florida, clients who have participated but reached the end of their time limits without having been able to obtain or hold a job will be provided an opportunity to work in a subsidized job. Indiana, Virginia, and

Wisconsin permit extensions of their time limits in limited circumstances. For example, clients in Wisconsin would be eligible for an extension if the local labor market precludes a reasonable job opportunity, they are unable to work because of disability or incapacity, or they need to care for a disabled dependent.

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## Family Cap Provisions Implemented With Relatively Few Management or Service Delivery Changes

The family cap provisions enacted by Indiana, New Jersey, Virginia, and Wisconsin generally stipulate that no cash benefits will be provided for children born more than 10 months after the program start date or the date of a family's application for or initial receipt of AFDC. These four states implemented their family cap provisions with relatively few management or service delivery changes. Staffs in these states informed clients about their family cap provisions through mailed notices, personal responsibility agreements, or face-to-face meetings. To further emphasize the significance of this provision to clients, Wisconsin also trained staffs to discuss with clients the impact that an additional child would have on their budgets and ability to work.

In implementing their family cap provisions, Indiana and Wisconsin also sought to increase clients' access to family planning services. Indiana approached this by contracting with health maintenance organizations to provide family planning services to AFDC clients under the state's new Medicaid program. Wisconsin, which instituted a family cap provision in its Work Not Welfare counties on January 1, 1995, and statewide a year later, budgeted funds for county grants to provide family planning education to clients.

Only one of the four states we reviewed identified any issues associated with implementing the family cap. New Jersey encountered an issue with regard to the treatment of income from other sources, such as child support payments, received on behalf of children subject to the family cap. Under federal rules, states collect child support payments for AFDC families. Families receive the first \$50 of child support collected each month and the state retains a portion of the remainder, which is based on its share of AFDC benefit payments. Since children subject to the family cap do not receive AFDC benefits, state officials in New Jersey believe that the family should receive the entire child support payment made on behalf of these children. However, New Jersey has received conflicting information from officials within HHS about the appropriate treatment of child support payments for these children, according to state officials. New Jersey officials have requested clarification from HHS on this issue.

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**Chapter 2**  
**States Make Major Changes to Design of**  
**Their Welfare Programs**

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While the family cap provision did not pose major implementation challenges for these states, the important issue of what effect the provision might have remains unsettled. An analysis by the evaluator of New Jersey's welfare reform program found no statistically significant difference between the birth rates of AFDC mothers who were subject to the family cap in New Jersey and those who were not. However, the evaluator noted that this finding should be regarded as preliminary because the analysis was based on limited data.<sup>5</sup> New Jersey officials noted that, while there has been no statistically significant difference in birth rates between the experimental and control groups, there was a 12-percent decrease in births for both groups.

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<sup>5</sup>Michael J. Camasso, The State University of New Jersey: Rutgers, Letter to Rudolf Myers, New Jersey Department of Human Services (New Brunswick, N.J.: June 14, 1995). For a discussion of this analysis and some of the data issues, see the presentations by Michael Camasso, Rudolph Myers, and Peter Rossi in *Addressing Illegitimacy: Welfare Reform Options for Congress*, a conference held in Washington, D.C., on Sept. 11, 1995, by the American Enterprise Institute for Public Policy Research.

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# States View Changing Staffs' Culture and Clients' Expectations as Critical to Welfare Reform

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Florida, Indiana, Virginia, and Wisconsin made fundamental changes to the operations and management of their welfare programs to implement time limits on benefit receipt and work requirements. These states viewed changing the culture of welfare office staffs and the expectations of welfare clients as critical to their welfare reform efforts. Time limits and work requirements increase the importance of helping clients obtain employment quickly, which often was not a priority for staffs or clients under the traditional welfare program. These states used various approaches to increase staffs' focus on helping clients obtain jobs and motivate clients to take greater responsibility for moving off welfare.

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## Increasing Staffs' Focus on Clients' Employability

Traditionally, staffs have been trained to focus on assuring accurate eligibility determinations and benefit payments and enrolling clients in education, training, and work activities. However, they have not always been directed to place a strong emphasis on placing clients in jobs.<sup>6</sup> To facilitate implementing their new work requirements and time limits, the states we reviewed are using diverse approaches to concentrate more of their staffs' energies on helping clients obtain employment. These approaches include setting job placement goals, working to reduce staffs' preoccupation with clients' barriers to self-sufficiency, and having staffs explore options other than welfare with persons applying for benefits.

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## Establishing Job Placement Goals and Monitoring Performance

To help welfare staffs understand its new emphasis on moving clients into work quickly, Indiana established performance measures linked to the state's welfare reform objectives. Before introducing its reform program, the state's JOBS program was oriented to educating and training welfare clients for better-paying jobs—a human capital investment approach. To signal the shift in emphasis of its welfare reform program, staffs were instructed to follow Indiana's new Work First philosophy: to make getting a job the first priority for clients, supplemented by education and training. The state developed a script for staffs to use at the initial eligibility meeting with applicants; the script is designed to focus the meeting on job placement and assistance rather than entry into the welfare system.

Indiana established annual job placement goals for each county office to help motivate staffs to follow the Work First philosophy. Counties report monthly to the state on their performance in meeting their job placement goals, and county directors' annual performance evaluations are based in part on their job placement performance. For the first 10 months of the

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<sup>6</sup>See GAO/HEHS-95-113, May 19, 1995.

state's 1996 fiscal year, 88 of Indiana's 92 counties were meeting their annual job placement goals, according to state officials. To reinforce job placement goals, some counties set monthly goals for the number of clients staffs should refer to contractors for job placement. A year earlier, Indiana had prepared for the welfare reform program by adopting performance-based contracts for job placement contractors. Program managers told us that the job placement goals have helped focus staffs on clients' employment and generated healthy competition among staffs and counties.

Working to meet the job placement goals generated some early implementation issues in Marion County, which includes the state's largest city, Indianapolis. Local job placement contractors voiced concerns that they were not receiving a sufficient number of client referrals, according to the county program director. The county identified two sources of this problem. First, many clients who were referred did not show up for their scheduled orientations with the contractors, who would work only with those clients who did appear. To address this problem, the state changed the wording of its contracts with job placement contractors to specify that they were expected to work with all referred clients, including those who failed to attend their orientations. In addition, the county had clerical staff call clients to remind them of their scheduled orientations. Second, staff encountered difficulties in developing an initial pool of clients to refer to job placement contractors. Typically, a 20- to 40-day period elapsed before staff could assign clients assessed to be job-ready to any program activities, including job placement. This delay arose because clients assessed to be job-ready are subject to time-limited benefits and are provided an opportunity to appeal their assessment. The county sought to increase the number of referrals to job placement contractors through such measures as referring clients who had not yet been assessed.

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### **Reducing Staffs' Focus on Clients' Barriers**

Wisconsin and Florida faced a challenge implementing their reform programs, because some staff were so preoccupied with first addressing clients' barriers to self-sufficiency that they were not devoting enough effort to quickly placing clients in jobs. Job placement is of greater importance in a time-limited benefit environment than under the traditional AFDC program. These states sought to shift their staffs' focus to looking at the positive qualities of their clients rather than the reasons clients could not work, such as their lack of self-esteem or work experience. One county in Wisconsin worked to change staff culture



through the persistent efforts of local managers, and Florida responded by revising the focus of the activity plans staff develop for clients.

The director of the welfare office in Fond du Lac County, Wisconsin, told us that he had devoted much of his implementation efforts to encouraging staff to stop focusing on clients' barriers to self-sufficiency and instead focus on their positive characteristics and employability. He explained that the traditional AFDC program had a procedural focus—staff helped clients complete paperwork to establish and maintain benefit eligibility. However, to implement Wisconsin's welfare reform program, staff were encouraged to empower their clients to become self-sufficient. The director illustrated the shift in focus that has occurred by citing an example of how staff treat Hmong clients,<sup>7</sup> a population that faces psychological, language, and other barriers. Before Wisconsin's welfare reform program, these clients typically were placed in English-as-a-second-language classes and not assigned to work activities. However, since the reform program began, Fond du Lac County managers have encouraged staff to find ways to place Hmong clients in jobs. Staff responded by hiring Hmong job coaches to temporarily accompany these clients to work and help them handle any problems that arise, such as communicating with others on the job. Other ways that the county approached the language issue were to place many of the Hmong in production jobs that do not require English language skills or in companies with bilingual staff.

Florida worked to change staffs' culture by revising the focus of the activity plans staffs develop for clients in the welfare reform program. Initially, staffs developed two plans for each client: (1) a self-sufficiency plan establishing measures to address various barriers clients faced, such as inadequate shelter, lack of child care, or substance abuse and (2) an employability plan specifying activities designed to result in employment. The self-sufficiency plan, however, tended to cause some staff to focus too much on clients' barriers and why clients were unable to engage in work activities, according to Florida's welfare reform administrator. When clients met with staff to complete their employability plan, about 10 to 14 days after development of the self-sufficiency plan, staff and clients tended to focus on the barriers to employment identified in the self-sufficiency plan. Staff were attempting to first address all the barriers clients faced and then help them find employment, instead of initially focusing on how to move them quickly into employment. In response, Florida combined the

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<sup>7</sup>The Hmong are refugees from Laos.

employability and self-sufficiency plans into a single plan that makes clients' employability the first order of business for staffs.

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### Having Staffs Explore Options Other Than Welfare With Applicants

Wisconsin helped staffs change the way they think about assisting clients by training them to explore options other than welfare with persons applying for AFDC benefits. Before the state's work requirements and time-limited benefit reforms, staffs automatically processed applicants to determine their eligibility for benefits. Under the reforms, staffs are instructed to help clients determine whether applying for benefits is the most appropriate choice. Staffs encourage applicants to consider the advantages of not starting the 24-month time clock for AFDC benefits and explore other options that might enable them to support their families. These options may include obtaining a job or increasing hours at their current job, obtaining child support, or taking advantage of other resources, such as housing assistance or food stamps. Staffs also assist applicants who decide to pursue options other than AFDC by providing various services, such as suggesting job possibilities and making referrals to specialists who can help them obtain child support. In an early study, Wisconsin reported that Fond du Lac County and Pierce County diverted about one-third of the applicants—over 300 families—from applying for AFDC benefits in the first 8 months of the state's welfare reform program. About 45 percent of diverted applicants indicated that they would try to support their families through obtaining child support, obtaining a job, moving in with others who could help support them, or other means.<sup>8</sup>

Virginia's welfare reform program includes a diversion program that is quite different from the one in Wisconsin. To help divert individuals from long-term public assistance, welfare office staffs in Virginia examine with each AFDC applicant the reasons he or she is applying for assistance. Families who are in crisis but are otherwise self-sufficient are offered a one-time payment, equivalent to up to 120 days of AFDC benefits, made directly to a provider for services such as housing or transportation. Families that receive a diversion payment are ineligible for AFDC benefits for 160 days. In the first 9 months of Virginia's welfare reform program, 261 cases received diversion payments; in about two-thirds of these cases, the payments were used for housing or utilities, according to state data.

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<sup>8</sup>Of the remaining applicants who were diverted, 15 percent moved out of state or out of the pilot counties; 15 percent wanted to avoid the work and training requirements after considering their family needs, such as a full-time college student who did not want to be away from the family additional hours; and 25 percent did not indicate a reason for not following through with their applications for AFDC. See Division of Economic Support, Wisconsin Department of Health and Social Services, Work Not Welfare: Progress Report, January-August 1995 (Madison, Wis.: Dec. 1995).

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## Preparing Clients to Assume Greater Responsibility

While the states we reviewed devoted considerable effort to increasing staffs' focus on clients' employability, they also worked to change clients' expectations about welfare. For example, an Indiana official told us that a key challenge for the state was to learn how to break the entitlement mentality—a view that public assistance is a guaranteed benefit. With time limits ending the guarantee of benefits, the states believed that they needed to find ways to help all clients realize that finding a job was in their best interest. The states used various approaches to encourage greater client responsibility for moving off welfare, including setting higher expectations, expanding financial incentives to work and save money, and strengthening sanctions for dealing with noncompliant clients.

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## Encouraging Clients Through Setting Higher Expectations

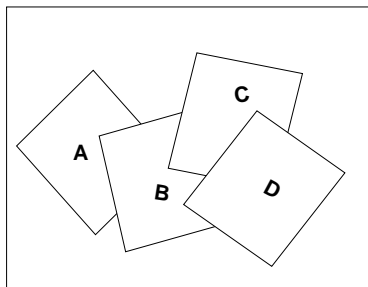
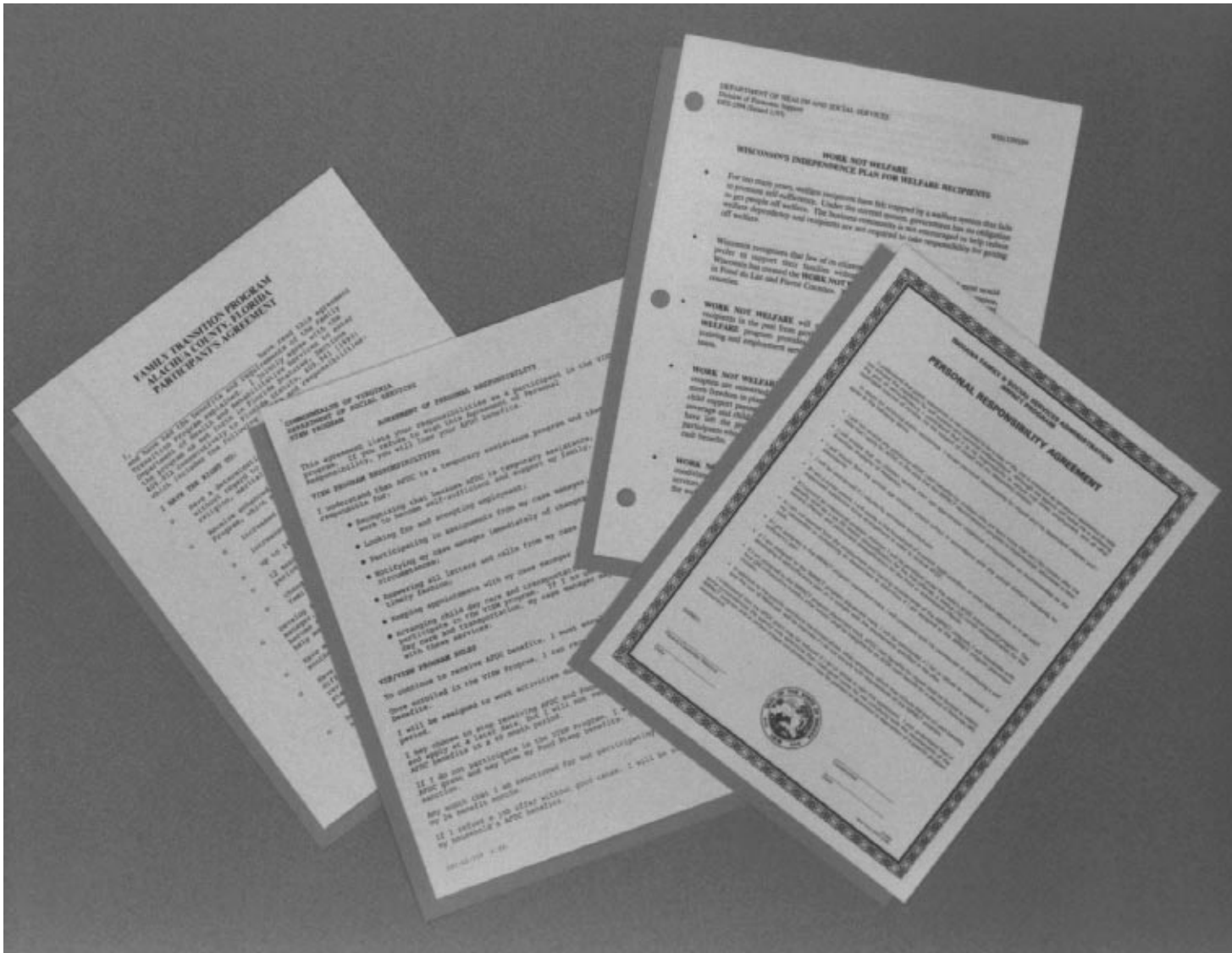
Clients in the states' welfare reform programs are being asked to take greater responsibility for their lives through working, managing money, and meeting their families' needs. States have used several approaches to establish higher expectations, such as requiring clients to sign personal responsibility agreements and changing the way benefits are paid.

## Requiring Clients to Sign Personal Responsibility Agreements

Florida, Indiana, Virginia, and Wisconsin require clients in their welfare reform programs to sign personal responsibility agreements that specify the responsibilities clients must assume in exchange for receiving public assistance (see fig. 3.1). The responsibility to participate in program activities designed to culminate in employment is one of the major expectations set by these agreements. For example, Indiana's agreement stipulates that public assistance is intended to be temporary, not a way of life, and that becoming self-sufficient through work is expected to be the personal goal of clients. More than 39,000 clients in Indiana had signed a personal responsibility agreement as of the end of April 1996, and about 3,100 clients were sanctioned for failure to sign an agreement, according to Indiana officials.

**Chapter 3**  
**States View Changing Staffs' Culture and**  
**Clients' Expectations as Critical to Welfare**  
**Reform**

**Figure 3.1: Personal Responsibility Agreements**



- A** - Alachua County, Florida
- B** - Virginia
- C** - Wisconsin
- D** - Indiana

The personal responsibility agreements also establish expectations of greater family responsibility for clients. For example, Florida's agreement requires clients with school-age children to have a conference each grading period with school officials—unless there is a good reason for not doing so—and have preschool children immunized. In Indiana and Virginia, minor parents are required to live with their parents or in some other setting supervised by an adult and also attend school.

### Changing the Way Benefits Are Paid

Wisconsin set higher expectations for clients by establishing a benefit payment system designed to more closely resemble the world of a day's pay for a day's work. Clients in Wisconsin's welfare reform program earn their benefits by participating in education, training, or work activities for an assigned number of hours per week. If they fail to complete the assigned number of hours without having a good reason, their benefits are proportionately reduced. For example, if a client assigned to participate 40 hours completes only 30 hours, the client's benefits are reduced the equivalent of 10 hours times the minimum wage.<sup>9</sup> In contrast, a client who fails to participate in JOBS activities under Wisconsin's traditional AFDC program is subject to a fixed benefit reduction equal to only the client's portion of the family's AFDC benefit. During the last 5 months of 1995, an average of 57 cases each month in Wisconsin's welfare reform program had their benefits reduced because of failure to complete assigned hours of activity without good cause, based on state data.

In addition, Wisconsin "cashed-out" food stamp benefits. AFDC clients eligible for food stamps do not receive the standard coupons, but instead have the value of their food stamps included in their AFDC benefit checks.<sup>10</sup> This places greater responsibility on clients to determine how best to meet their families' needs. To help assure that benefits are used as effectively as possible to provide adequate food for their families, clients are required to participate in 12 hours of family nutrition education.<sup>11</sup>

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<sup>9</sup>Under this formula, clients who do not complete any hours of assigned activities could have their benefits reduced to nothing.

<sup>10</sup>Food stamp benefits are thus also subject to reduction if clients who are not exempt from Food Stamp program employment and training requirements do not complete their assigned hours of activity. However, the food stamp portion of a client's benefit may not be reduced below \$10.

<sup>11</sup>Wisconsin established a similar pay-for-performance system for AFDC clients statewide in its Pay for Performance/Self-Sufficiency First demonstration project, implemented on March 1, 1996.

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## Motivating Clients by Increasing Financial Incentives

Setting higher expectations for clients may have limited effectiveness in ending welfare dependency if they do not perceive that they will be better off working. The states we reviewed increased financial incentives by revising the provisions that regulate the treatment of clients' earned income and assets because they did not believe these provisions provided sufficient incentive to clients to work or save money.

Florida, Indiana, Virginia, and Wisconsin modified their provisions relating to the treatment of earned income to permit clients to keep more of their AFDC benefits or retain them for longer periods of time while working. Under federal law, clients' benefits are reduced and eventually terminated as their earned income increases. However, clients who obtain employment are eligible to have some of their earned income disregarded in calculating their AFDC benefits. As shown in table 3.1, Florida and Virginia increased the amount of earned income that can be disregarded. Indiana modified its provision to provide that clients' benefits would be calculated at the time of their entry into employment and would remain at that level even if their earnings increased, subject to certain limits.<sup>12</sup> To help clients make a more stable transition to the workforce, Florida, Virginia, and Wisconsin extended the length of time that their income disregards would be available. This change responds to concerns that families may experience a significant decline in their standard of living when benefits are reduced or discontinued after existing federal income disregards expire.

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<sup>12</sup>Indiana also freezes the amounts of food stamp benefits for the first 6 months AFDC clients are employed.

**Chapter 3**  
**States View Changing Staffs' Culture and**  
**Clients' Expectations as Critical to Welfare**  
**Reform**

**Table 3.1: States Revised AFDC Rules on Income Disregards, Asset Limits, and Vehicle Asset Limits**

<b>Program</b>	<b>Income disregards</b>	<b>Asset limits (excluding vehicles)</b>	<b>Vehicle asset limits</b>
<b>Current federal AFDC law</b>			
	\$90 of earned income disregarded monthly; in addition, \$30 of earned income and 1/3 of remainder disregarded for first 4 months, and \$30 of earned income disregarded for next 8 months	1,000	1,500
<b>Florida</b>			
Family Transition Program	\$200 of earned income and 50 percent of remainder disregarded each month with no time limit other than overall time limit on benefits	\$5,000	\$8,150 <sup>a</sup>
<b>Indiana</b>			
Indiana Manpower Placement and Comprehensive Training Program	Clients' benefits calculated at time of entry into employment and frozen at that level until their time limits end or their monthly family incomes equal or exceed federal poverty guidelines	1,500	No change
<b>Virginia</b>			
Virginia Independence Program	All earned income disregarded for up to 24 months if earnings plus AFDC benefits are equal to or less than federal poverty guidelines	5,000	7,500
<b>Wisconsin</b>			
Work Not Welfare	\$90 of earned income disregarded monthly; in addition, \$30 of earned income and 1/6 of remainder disregarded each month with no time limit other than overall time limit on benefits	No change <sup>b</sup>	No change <sup>c</sup>

<sup>a</sup>Florida's waiver permits the state to increase this amount annually.

<sup>b</sup>Some clients in Wisconsin's Work Not Welfare program are part of an experimental group in a statewide Special Resource Account demonstration project that allows clients to set aside up to \$10,000 for the purpose of educational advancement or improving employability.

<sup>c</sup>Some clients in Wisconsin's Work Not Welfare program are part of an experimental group in a statewide Vehicle Asset Limit demonstration project that allows clients to have vehicle assets of up to \$2,500.

Source: Waiver terms and conditions of the states' welfare reform programs and federal statutory provisions.

As shown in table 3.1, Florida, Indiana, and Virginia modified their asset limits or vehicle asset limits. Higher asset limits enable clients to save

money that can be used to deal with situations that might otherwise undermine their transition off welfare, such as a vehicle breakdown. By permitting clients to own more valuable cars, higher vehicle asset limits may enable them to obtain more reliable sources of transportation to work.

Virginia's provisions constitute an especially broad expansion of work incentives for clients. The state disregards all earned income for up to 24 months as long as earnings plus AFDC benefits are equal to or less than federal poverty guidelines. Moreover, families receiving AFDC can establish savings accounts of up to \$5,000 and own motor vehicles with a fair market value of up to \$7,500. In the view of state officials, increasing financial incentives to clients who get jobs is a critical change that will help ensure the long-term success of the state's welfare reform initiative. Virginia officials believe that disincentives to work were intrinsic in previous programs because AFDC benefits were immediately reduced or the case closed when clients became employed. In its welfare reform program, the state allows clients to use lower-paying jobs as stepping-stones to self-sufficiency through the increased amount of disregarded income combined with the increased allowable amounts of savings and vehicle assets.

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### **Strengthening Sanctions to Encourage Client Compliance**

Expanding financial incentives for clients to work and save may encourage some clients to comply with program requirements. Under federal law, states can sanction clients who fail to participate in JOBS activities without good cause by reducing their AFDC benefits. The sanction reduces only the adult's portion of the AFDC benefit, not the portion designated for children. The first sanction lasts until the client agrees to participate, the second for a minimum of 3 months, and the third for at least 6 months. All the states we reviewed determined that they needed stronger measures to deal effectively with clients who fail to meet their participation requirements. As discussed below, they strengthened their sanctions in various ways, such as including food stamp benefits in the sanctions, increasing the size of the benefit reduction, applying sanctions more quickly, increasing the length of sanction periods, and requiring clients to demonstrate compliance before sanctions would be lifted.<sup>13</sup>

Wisconsin strengthened its sanctions by adding clients' food stamps to the value of their AFDC benefit checks and basing the amount of these checks on the number of hours of activity clients complete. This change responds

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<sup>13</sup>Many of these changes required waivers of federal statutory requirements.



to a frequently voiced criticism of traditional AFDC sanctions—namely, that they have little effect on some clients because their food stamp benefits, which are partly based on the clients' household income, are increased to compensate for much of the reduction in their AFDC cash benefits.

Virginia increased the size of the benefit reduction and made it easier to apply sanctions more quickly in its welfare reform program. For the first sanction, a family's entire AFDC benefit is terminated for 1 month or until the client complies, whichever is longer. A family's entire benefit is terminated a minimum of 2 months for the second sanction and a minimum of 3 months for the third and subsequent sanctions.<sup>14</sup> In addition, clients can be sanctioned more quickly because Virginia eliminated its conciliation process. This process had provided noncompliant clients an opportunity to avoid receiving a sanction by demonstrating compliance or indicating that they intended to comply. The state eliminated the conciliation process because it found the process administratively burdensome and considered the sanction to be too far removed from the act of noncompliance to affect clients' behavior.<sup>15</sup>

Indiana increased the length of sanction periods and imposes sanctions more frequently in its welfare reform program. The first sanction now applies for a minimum of 2 months, the second for at least 12 months, and the third for a minimum of 36 months, regardless of when the clients rectify the noncompliance. In addition, Indiana does not allow individuals to apply for AFDC for 90 days after voluntarily quitting employment. The number of AFDC clients sanctioned in the first 5 months of program implementation was about 150 percent higher than the number sanctioned the previous year for the same months. Concerned about the increase in the number of sanctions, the director of Indiana's Division of Family and Children told us that he was considering hiring a consultant to determine the reasons for clients' noncompliance and recommend ways to increase their program participation.

Florida strengthened its sanctions in response to complaints by staff about clients who game the system. In some cases, clients would delay responding to notices of noncompliance until the last possible day and avoid receiving a sanction by saying that they would agree to comply, even though they did not always follow through on this agreement. Florida now requires clients who are not meeting their participation requirements to

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<sup>14</sup>The months in which a family's benefits are terminated are counted as part of the 24 months allowed for receipt of cash benefits.

<sup>15</sup>Clients retain the right to appeal sanctions and receive a fair hearing.

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**Chapter 3**  
**States View Changing Staffs' Culture and**  
**Clients' Expectations as Critical to Welfare**  
**Reform**

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demonstrate compliance for up to 10 days to avoid having sanctions imposed. In addition, the state reduced the conciliation period from 21 days to 10 days.

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# States Solicit Employer and Community Involvement in Reforming Welfare

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As a result of instituting time-limited, employment-focused welfare reforms, the states we reviewed had to determine how to move clients more quickly into employment and off welfare. In response, the states sought to forge stronger links with employers and community organizations to take advantage of resources, such as job opportunities and child care, that these groups could provide. While the states had used these resources to some extent in the past, they made a more systematic effort to solicit employer and community involvement in their welfare reforms by publicizing their welfare reform programs, establishing various types of community advisory groups, and working to improve their ability to enlist employers' support in finding jobs for clients.

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## Meetings and Promotional Materials Used to Inform Communities About Welfare Reforms

One approach states used to generate community interest and involvement was to disseminate information about the objectives and key features of their welfare reform programs. Providing such information helps educate communities about the roles they can play to assist reform efforts and the benefits they may achieve from welfare reform.

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## Holding Community Meetings

Virginia's Department of Social Services held a statewide summit, hosted by the governor, to bring together employers, churches, and employment and training organizations to explain the state's welfare reform program. In addition, the department has helped various localities hold community involvement meetings. At a community meeting in Fauquier County, county officials identified areas in which community organizations could assist the program, such as by helping provide child care and transportation for clients. Florida's two welfare reform pilot counties each established a speakers' bureau. County officials have made presentations about the program to civic and fraternal organizations, social service agencies, and churches. In Wisconsin, each pilot county hosted a community training event, sponsored by the state, to introduce the welfare reform program to residents, businesses, and service agencies. Pierce County, Wisconsin, combined its community training with a job fair to bring job seekers together with employers. Indiana officials have held numerous speaking engagements with organizations throughout the state to discuss Indiana's welfare reform program.

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## Developing Promotional Materials

States and counties developed various materials to help publicize their welfare reforms, such as videotapes, brochures, and posters. For example,

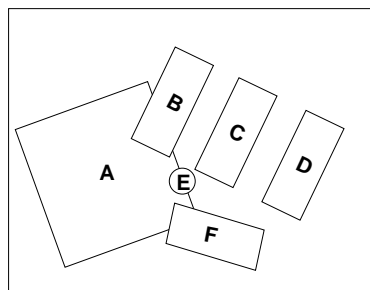
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as shown in figure 4.1, Virginia developed different versions of a videotape for employers, churches and nonprofit organizations, and clients. The employer version notes that to ensure success the state had to reform welfare by involving the whole community. Alachua County, Florida, developed a brochure targeted to businesses and public agencies that explained how its welfare reform program could help employers reduce their labor costs and improve their bottom lines. The brochure emphasizes the program's ability to provide qualified applicants to meet employers' specific needs and cites the financial incentives available to employers for hiring program clients.<sup>16</sup>

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<sup>16</sup>For example, the brochure notes that employers who hire clients for on-the-job training can be reimbursed up to 50 percent of the wages paid during training and those who hire clients to fill newly created positions can be reimbursed a portion of clients' wages.

Figure 4.1: Examples of Welfare Reform Promotional Materials



- A - Virginia
- B - Alachua County, Florida
- C - Alachua County, Florida
- D - Alachua County, Florida
- E - Virginia
- F - Virginia

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**Institutionalizing  
Community  
Involvement Can Be  
Difficult but  
Beneficial**

Each of the states we reviewed sought to take advantage of community resources by establishing advisory groups that included representatives from business, government, and community organizations. As depicted in table 4.1, the responsibilities of these groups generally focused on helping clients obtain employment. Indiana obtained an especially widespread level of community involvement, with over 3,000 citizens and officials participating on 92 local welfare reform planning councils throughout the state. States encountered various challenges working with community advisory groups, including determining their appropriate roles, informing members about the characteristics of welfare clients and the welfare system, and recruiting a sufficient number of members. However, the states generally found that, as they worked to address these challenges, community involvement provided significant benefits for the clients in their welfare reform programs, such as better access to jobs.

**Chapter 4**  
**States Solicit Employer and Community**  
**Involvement in Reforming Welfare**

**Table 4.1: States Established Various Types of Community Advisory Groups to Help Implement Welfare Reforms**

<b>Type and location of advisory groups</b>	<b>Responsibilities</b>
<b>Florida</b>	
Community review panels in pilot counties	Review cases of clients not complying with program requirements and sufficiency of services provided to them
Enterprise development task force in Alachua County	Develop opportunities for clients to start their own businesses and help identify and expand training and job opportunities for clients
<b>Indiana</b>	
Local planning council in each county statewide	Identify scope of AFDC clients' needs and existing community resources, recommend programs and resources to assist in providing services to clients, and compile list of public service work opportunities
Welfare-to-work task force in Scott County	Help address clients' barriers, such as difficulties obtaining transportation and child care
<b>Virginia</b>	
State advisory commission on welfare reform	Recommend ways to generate jobs for clients and evaluate incentives designed to promote business participation in welfare reform
State welfare reform work groups	Explore innovative ways to address implementation issues, involve the community in implementation, and work to create a local seamless design by involving all staff
Local community advisory groups	Help develop and implement local plans for welfare reform
<b>Wisconsin</b>	
Community steering committee in pilot counties	Obtain job and training sites for clients; foster clients' entrepreneurial efforts; serve as mentors for clients; ensure that training and education programs are relevant to community business needs; coordinate a Children's Services Network that helps provide services, such as health care and food, to children whose parents lose cash benefits; and identify child care and shelter resources and expand child care availability

Source: Written materials on the states' welfare reform programs, supplemented by information from state and local officials.

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## Determining Appropriate Roles for Advisory Groups

One challenge some states experienced working with community advisory groups was helping them determine their appropriate roles. For example, the enterprise development task force in Alachua County, Florida,<sup>17</sup> encountered some uncertainty about its role. As set out in program legislation, the task force was to develop opportunities that emphasize enterprise development for clients. However, the legislative language does not elaborate what this role entails. In addition, program staff working with the task force expressed reservations about limiting the role of the task force to helping clients start their own businesses. For example, staff voiced concerns about whether clients would be willing to assume the risks involved in starting a business and be able to obtain bank financing. In light of the more pressing need at the time to develop a range of training and job opportunities for clients in the program, staff proposed that the role of the task force be broadened to include these activities. Members of the task force agreed and subsequently focused much of their efforts on these activities. However, they have expressed interest in working to develop entrepreneurial opportunities for clients and have invited speakers to address this topic at recent task force meetings.

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## Informing Community Members About Welfare Clients and the Welfare System

Another challenge states encountered in working with community advisory groups was informing members about the characteristics of welfare clients and the welfare system. For example, counties in Indiana and Wisconsin faced issues such as addressing members' misconceptions of welfare clients and members' requests for client data that were difficult to satisfy.

### Scott County, Indiana

The mayor of Scottsburg, Indiana, established a welfare-to-work task force to assist the welfare office in Scott County with implementing the state's reform program.<sup>18</sup> A welfare office representative who served on the task force told us that the biggest challenge working with the task force was informing members about the welfare system and changing their perceptions of clients. Task force members requested that the welfare office survey clients to find out about barriers clients face as well as their attitudes toward welfare. The county welfare director told us that the results of the survey showed that clients wanted to work and generated enthusiasm among task force members for supporting the program.

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<sup>17</sup>Members of the task force include representatives from private sector employers and the Job Service Employer Council.

<sup>18</sup>Members of the task force include the mayor, county welfare director, personnel managers of local companies, child care experts, a welfare office case manager, and members of the local Private Industry Council.



The community task force has been instrumental in helping obtain job opportunities for clients, according to the county welfare director. For example, the task force sponsored a meeting for representatives of some of the area's large manufacturers. Former AFDC clients who had obtained jobs told their success stories and attendees were encouraged to provide current AFDC clients opportunities for employment. Subsequently, some of these manufacturers hired program clients (and in some cases waived their General Equivalency Diploma requirement to enable clients to qualify for employment) and allowed the welfare office to begin handing out their employment applications.

Fond Du Lac County,  
Wisconsin

Educating members of the community steering committee in Fond du Lac County, Wisconsin,<sup>19</sup> about welfare clients proved to be a challenging experience for both the committee members and the county welfare office. Some committee members initially knew very little about the welfare system and were unaware that resources such as child care assistance and the JOBS program already existed, according to the director of the county Department of Social Services. Committee members wanted to obtain baseline data on the welfare reform program and determine, for example, how many clients would require training, jobs, and child care. Members told us, however, that the county director often responded to their requests by saying the data were not available, taking a long time to provide the data, or providing data in a different format than requested. Committee members had difficulty understanding the obstacles the county director faced in meeting their requests for data. For example, the county director told us that obtaining data from the state's automated welfare system was difficult because the state was modifying the system to accommodate the welfare reform program.

As committee members continued working with the county director, and learned more about program clients and the welfare system, working relations improved dramatically. The committee formed several subcommittees and enlisted additional community members to assist with its work. The chairman of the steering committee, who is the executive director of a local business, became a strong advocate for the program. As a result of the improved working relations, local employers are much more likely to hire AFDC clients than they were before Wisconsin's welfare reform program began, according to the county director.

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<sup>19</sup>The committee consists of representatives of business, government, and educational organizations.

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## Recruiting Sufficient Community Volunteers

Florida's experience with community review panels illustrates the substantial administrative effort that may be required to coordinate community involvement. These panels were created by Florida's welfare reform legislation to serve as independent entities to evaluate the sufficiency of the welfare department's delivery of services to clients and the cases of clients who have not complied with program requirements. State law requires that each panel consist of seven members and include a member of the local health and human services board, a member of the private industry council, a client or former client in the welfare reform program, two members of the local business community, one member of the education community, and one member-at-large. Review panels typically meet for 4 to 5 days each month. Escambia County encountered difficulties recruiting enough community members to ensure a quorum for panel meetings. The county had recruited a pool of 67 members for the review panel at each of its two program sites, but still encountered problems obtaining the required mix of panelists.

Despite these administrative difficulties, Florida state and county officials reported that the panels are very beneficial. The panels bring a third-party perspective to the evaluation of clients that in some cases differs from the perspective of program staff. For example, the panels have identified barriers and issues that were not identified in clients' self-sufficiency or employability plans, and also served as a resource for career counseling. In addition to helping document client noncompliance, the panels help create informed citizens who can serve as advocates for welfare reform, according to Florida's welfare reform administrator.

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## States Increase Efforts to Work With Employers to Obtain Jobs for Clients

As we reported previously, JOBS programs nationwide generally had not forged the strong links with local employers that can be important to helping AFDC clients gain work experience and find jobs.<sup>20</sup> In contrast, the welfare reform programs in the states we reviewed were placing a strong emphasis on working with employers to help clients obtain jobs. As discussed earlier in this chapter, one approach states used to generate employer involvement was through establishing community advisory groups. In addition, the states used various approaches to increase their effectiveness working with employers, such as expanding incentives for employers to hire clients, responding to job openings from employers more quickly, and providing employers with job-ready clients.

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<sup>20</sup>GAO/HEHS-95-113, May 19, 1995, and GAO/HEHS-95-28, Dec. 19, 1994.

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## Expanding Employer Incentives

Some states expanded the incentives that can be provided to employers to hire program clients. For example, one provision of Virginia's welfare reform program authorizes the payment of the cash value of clients' AFDC and food stamp benefits to employers for up to 6 months in exchange for their providing clients with jobs. This provision, called the Full Employment Program, is targeted to clients eligible for both AFDC and food stamps who are unable to find unsubsidized employment. Instead of receiving AFDC and food stamps, these clients receive wages paid by their employers. Under the terms of Florida's welfare reform program, the state is authorized to pay employers who hire hard-to-place clients an amount equal to 70 percent of what the clients would have received in AFDC benefits for up to 1 year. Hard-to-place clients include AFDC recipients who, in the preceding year, have been unable to hold any job for at least 3 months or have held more than two jobs. Indiana expanded incentives to employers by extending to up to 24 months the period in which the cash value of clients' AFDC benefits can be diverted to employers who hire them.

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## Responding to Job Openings More Quickly

Another approach to help staffs work more effectively with employers is to provide them with the capacity to respond quickly to employers' needs. Fond du Lac County, Wisconsin, developed the means to dramatically decrease the amount of time it took to respond to employers who notified county staff that they had job openings. Matching clients to job openings had involved a time-consuming process of manually reviewing case files to determine which clients had appropriate skills for specific job openings. A member of the community steering committee recommended that the county attempt to replicate the ability of private employment agencies to respond within an hour to job requests. The county obtained a software program that enables staff to capture information on client skills and job interests in a database so that they can respond within half a day to employers with a list of potential client matches.

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## Providing Employers With Job-Ready Clients

Wisconsin state officials told us that the community steering committees helped educate the welfare agencies about some of the primary qualities local employers sought in employees, such as reliability and the ability to follow instructions. The steering committees maintained that the welfare agencies should not spend a lot of time training clients in specific job skills, but leave this to employers. Fond du Lac County, Wisconsin, provides a 2-week workshop to help prepare clients for seeking employment. The workshop covers subjects such as motivation, budgeting, stress management, nutrition, and parenting.

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In the initial months of program implementation, Culpeper County, Virginia, was sending employers its most job-ready clients—those who had received some job-readiness training through the JOBS program. However, county officials expressed a concern that new clients may encounter difficulties obtaining and keeping jobs when they are required to engage in a job search without having received some prior job-readiness preparation. With the help of the local Chamber of Commerce, Culpeper County developed a job-readiness class covering topics such as motivation, job-keeping skills, and money management.

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# Service Delivery Redesigned to Provide More Intensive Support for Clients

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To help implement time limits and move clients quickly into work, the states we reviewed also redesigned their service delivery structure. They believed that their clients needed more intensive support and coordinated services than were being provided under their previous AFDC program. The approaches states used to redesign their service delivery included creating a new staff role to improve service coordination, bringing job team members together at a single location, increasing staff interaction with clients, and developing closer links to community resources to expand the availability of child care and transportation.

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## Case Manager Role Created to Coordinate Services

To prepare clients to become self-sufficient before the end of the time limit, Florida changed its service delivery by creating a case manager role. Case managers are responsible for coordinating and brokering a comprehensive set of services clients might need to become employed before their time limit expires. The two Florida counties we visited chose different approaches in assigning these responsibilities and faced different implementation issues. Escambia County assigned case manager responsibilities to its eligibility staff, whereas Alachua County created case manager positions distinct from those of eligibility and JOBS staff.

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## Eligibility Staff Assume Case Management Responsibilities

Escambia County expanded the roles of its existing staff to include both eligibility and case management responsibilities. As eligibility workers, their responsibilities included determining eligibility for AFDC and calculating benefit amounts. Now their role also includes case management activities such as overseeing client activities and coordinating support services.

Staff performing the combined role of eligibility worker and case manager have experienced difficulties adjusting to their new roles. One Florida administrator told us it has been difficult to get new case managers to use their judgment and be creative, because as eligibility workers they focused on following strict rules and procedures. Staff who before believed that they had little discretion in their jobs experienced a difficult adjustment to the new expectations that they would now make decisions that could significantly influence clients' lives. As a consequence, the program experienced some staff turnover. To help them adjust to their expanded role, Escambia County provides case management training. A local college conducts an on-site program for case managers during their lunch hour several days a week. In addition, the American Public Welfare Association conducted a training course for case management supervisors.

Another difficulty staff experienced performing in this combined role was trying to manage their workloads. Despite reductions in the number of cases these staff worked with, determining eligibility under new program rules was so time consuming they did not have enough time to perform their new case management responsibilities, which included conducting home visits, facilitating client staffing, and processing noncompliant cases for review by a community panel. For example, their computer system was not able to accommodate new income disregards, so staff had to calculate benefit amounts by hand. The staff told us that, while they recognized the importance of providing intensive case management services to clients facing a time limit, eligibility determination took up most of their time. To reduce the staffs' stress level and workload, the county limited the number of clients entering the reform program.

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### **New Case Manager Positions Created**

In contrast to Escambia County, Alachua County maintained existing eligibility determination and JOBS staff roles and added new case manager positions. The county kept the case manager role separate, believing that mandatory elements of eligibility would take too much time and not leave enough time to provide important case management services to clients.

The new case manager positions generated some confusion about staff roles. JOBS staff and case managers initially were not clear about their roles and in some instances their responsibilities seemed to overlap. Traditionally, JOBS staff were responsible for placing clients in education and training programs and arranging support services clients needed, such as mental health counseling and housing assistance. Now, case managers are working intensively with clients to arrange these support services. JOBS staff told us that while it was difficult to give up part of their traditional role, this has allowed them to devote more time to other responsibilities, such as monitoring clients' program activities.

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### **Collocated Case Management Teams Established to Improve Services to Clients**

Collocation of staffs is a key component of welfare reform implementation in Florida and Wisconsin. These states brought a variety of staffs together at one location and formed case management teams to help quickly provide a comprehensive set of services that clients might need to obtain employment before they reach the end of their time limits. While both counties in Florida experienced some logistical problems locating staffs at a single office, staffs in both states reported that collocation enabled them to better serve clients. Indiana has directed local welfare offices to take advantage of opportunities for collocation as current leases expire.

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Variety of Services  
Provided at a Single  
Location

Florida's pilot counties each brought together a variety of services at a single location to provide efficient, one-stop shopping for clients. Alachua County established a core team of staff who work most directly with clients and a larger team whose members provide other support services as needed. The core team, coordinated by a case manager, also includes an eligibility worker who determines eligibility and benefit amounts and an employment and training specialist who coordinates all education, training, and employment activities. Core team members' offices are clustered together. They interact frequently, both informally and formally, at regularly scheduled meetings to help ensure clients receive the comprehensive set of services they need to become employed before their time limits expire. Members of the larger team located on-site with the core team include child support enforcement analysts, community health nurses, and child care specialists. Escambia County, the other Florida county we visited, provides additional support for its clients with mental health and substance abuse counselors on-site.

Like Florida, Wisconsin also collocated staffs to create case management teams. During the early planning stages of its demonstration, Pierce County decided to collocate all staffs working with clients. Before the collocation, case managers and eligibility staff were located in cities that are about 15 miles apart. In addition to the case manager and eligibility worker, other members of the case management team who are collocated at the Pierce County Jobs Center include job employment and training case managers, child welfare staff, and representatives from a local technical college. Clients are commonly included at case management team meetings when their cases are discussed. Social workers are also assigned to case management teams to help meet the needs of more difficult-to-place clients, such as those requiring counseling services. The social workers assess barriers to these clients' employment, provide counseling services, and link them to the resources they need to become employed.

Indiana has adopted a policy that local public assistance offices are to collocate with workforce and job placement agencies, as well as other social service agencies, as current leases expire. The policy is intended to help facilitate a coordinated approach to job placement and self-sufficiency attainment for clients.

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Collocating Staffs Creates  
Some Logistical Issues

The experiences of both Florida counties highlight the importance of allowing adequate time for planning and implementation tasks so that all

components are in place when clients enter the program. Given the new time limits on benefit receipt, delays caused by start-up problems can have a significant impact on clients. Escambia County began enrolling clients 3 months after it was selected as a pilot county and experienced problems with the short time frame because workers' office space was not ready when the program officially began—leases for office space had not been signed and office equipment had not been obtained. In Alachua County, the establishment of an on-site health clinic was delayed until the physical space could be renovated and needed equipment installed. In addition, collocating JOBS staff with eligibility staff in both counties required a contract between two state departments that was not finalized until 5 months after the program began. As a result of the delay, some of the employment and training services provided by JOBS staff were not in place until about 10 months after the program began.

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Collocated Teams  
Reported Improved  
Communication,  
Teamwork, and Service  
Delivery

Staffs on collocated case management teams in Florida and Wisconsin reported better communication and teamwork and more efficient services provided to clients. Staffs told us that the more frequent interaction between team members yields quicker service for clients, better knowledge of clients' barriers, and a greater knowledge of services available to assist clients. These staffs told us that collocation has made it much easier to coordinate services for clients. Before collocation, clients sometimes received different directions from JOBS and eligibility staff about which activities they should perform. Now, periodic meetings are held to discuss cases and coordinate services among team members.

Case management teams in Florida and Wisconsin told us that clients also benefit from the collocated team approach because services are more efficiently delivered. For example, before collocation, time was often lost when clients were sent notices to go to several different locations for appointments with service providers. With collocation, clients can meet with several members of their management team on the same day and sometimes at the same time to resolve issues quickly. Teams also told us that clients are more likely to use certain services when they are available at the welfare office. According to case managers in Alachua County, having a mental health counselor on-site is beneficial because clients may be willing to talk to a counselor but would not go to a mental health center because of the stigma attached. Collocating a health clinic at the welfare office made it easier for clients because transportation between different locations is time consuming and not easily available to some clients.



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## States Increased Staffs' Interaction With Clients

Aware of the more serious consequence of clients “falling through the cracks” under time-limited benefit receipt, the states we visited increased the frequency of staffs' contact with clients. For example, Fauquier County, Virginia, redesigned its assessment process to quickly obtain more detailed information about clients. At the start of the assessment process, staff in Fauquier County visit clients in their homes. Staff believe that home visits are an efficient way for them to get critical information that they would not be able to get otherwise about the services clients need to be able to work. For example, while it was not an objective of the home visits, staff found some families in need of child protection services. The home visits help staff assess a client's job-readiness, current support system, and the kind of community in which the client lives.

Before implementing its welfare reform program, Fond du Lac County, Wisconsin, learned how critical it is to monitor and provide support to clients once they enter a training program. After learning that a business in town needed welders, the county contracted with a local high school to provide a 3- to 4-week welding course for clients. However, county staff underestimated the amount of monitoring needed and did not find out soon enough that some clients did not show up for the course. Now, case managers do a great deal more monitoring of clients. For example, case managers receive daily attendance reports from the local technical college and follow up with absent clients.

Concerned about former clients who may lose employment and cycle back onto AFDC, some of the states we visited increased the services provided to clients after they begin working. Florida established a Bootstrap training program for clients who no longer qualify for cash assistance due to employment. The program allows these clients to participate in JOBS education and training activities to provide them the opportunity for job advancement. Vigo County, Indiana, monitors clients 2 weeks after job placement and then monthly for 6 months. At the request of the community steering committee, staff in Fond du Lac County, Wisconsin, formally follow up with clients and employers 90 days after employment begins.

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## Establishing Necessary Support Services

In addition to increasing interactions with clients, states worked to provide clients with the support services they needed to become employed. Two issues the states frequently encountered as more clients participated in program activities and became employed were the increased demand for child care and transportation. States worked to

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increase the availability of these services by using their own resources in new ways and developing closer links to existing community resources.

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States Use Program  
Resources and Work With  
Community Groups to  
Meet Child Care Needs

As states expand their work requirements, more AFDC clients will have to find child care to work or participate in program activities. Our prior work has shown that in some states, the supply of certain kinds of child care is limited, such as infant care, part-time care, and care during nonstandard work hours.<sup>21</sup> The states we reviewed worked to expand the availability of different kinds of child care by using program resources and developing closer links to community organizations.

In Culpepper County, Virginia, the need for infant care exceeded the capacity of the only infant care center, and clients were being placed on a waiting list. To address this shortage, the county is using state funds to create a new infant care center. In Wisconsin, Pierce County is considering developing a child care cooperative where clients can exchange child care services with one another.

States are also reaching out to community groups to increase the supply of child care for their clients. One of the biggest child care issues states faced in implementing their reform programs was finding after-hours care for clients working late shifts. The community steering committee in Fond du Lac County, Wisconsin, worked with local day care providers to extend their hours for parents working late shifts. States are also reaching out to local churches to increase the supply of child care. For example, staff in Marion County, Indiana, arranged for churches to pick clients' children up from school and provide after-school care. Virginia is working with volunteers from churches and nonprofit organizations to wrap around existing child day care operations and increase the hours of service available.

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States Develop Creative  
Solutions to  
Transportation Issues

The welfare reform programs in the states we reviewed also addressed the issue of providing transportation for working clients. Finding transportation was most difficult in rural areas where there was no public transportation; however, urban areas also experienced transportation difficulties. For example, in some urban areas, public transportation was not available close to employers or was not available to clients working late shifts.

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<sup>21</sup>Welfare to Work: Child Care Assistance Limited; Welfare Reform May Expand Needs (GAO/HEHS-95-220, Sept. 21, 1995).

States developed creative solutions to these transportation issues. For example, Virginia is using county and city school buses to transport clients to community work experience sites. The state also allows welfare agencies to purchase surplus state and county vehicles for clients to lease, purchase, or use to travel to work. The welfare reform programs in Virginia and Wisconsin will pay for some clients' car repairs and provide gas subsidies. In addition, some clients in Fond du Lac County are allowed to provide transportation services to other clients as part of their work experience activities.

Some states are also working with employers and their communities to provide transportation for clients. For example, Marion County, Indiana, worked with its public transportation system and local employers to get bus stops near large employers' offices and to have bus service available for clients completing late shifts. In addition, Pierce County arranged for a local bank to provide low-interest loans for clients to purchase cars.

Some counties have found community volunteers to provide transportation for clients. Scott County, Indiana, worked with employers on its community task force to develop a volunteer transportation program. They handpicked volunteers, selecting retired persons they considered reliable and good role models. These volunteers drive clients to and from work and also serve as mentors to clients. Fond du Lac County, Wisconsin, also established a community volunteer transportation service. The service is managed by the County Volunteer Coordinator and staffed by volunteer drivers using county vans or their own vehicles. Staff request rides for clients needing transportation to and from appointments, training, and work.

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# Concluding Observations and Comments From HHS and States

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Because the existing welfare system has not been successful in preventing long-term dependency, some states are making profound changes to the structure and operation of their welfare systems. Much can be learned from the experiences of the states we reviewed. To implement time limits and work requirements, these states fundamentally changed the way they do business. They focused their efforts on changing staffs' culture and clients' expectations, seeking greater involvement from their communities, and redesigning their service delivery structures. To date, however, most of their changes have been implemented on a relatively small scale, within a few counties or small metropolitan areas. Thus, it is uncertain what additional implementation and operational issues these and other states could encounter as they move to implement welfare reform statewide or in larger metropolitan areas. For example, obtaining a sufficient number of jobs for clients or developing new sources of child care could prove to be more challenging for welfare reforms implemented on a larger scale.

It is too early to determine what effect the welfare reforms in the states we reviewed might have on moving people into employment and off welfare. State and local officials point to preliminary data that suggest that their program changes may be making a difference in the size of their caseloads. For example, over a 14-month period, the two Wisconsin pilot counties' combined caseloads decreased by over 40 percent since beginning the Work Not Welfare program. Between January 1, 1995, and December 31, 1995, Indiana experienced a 22-percent decrease in its statewide AFDC caseload, which state officials attribute to the implementation of Indiana's Work First philosophy. However, it is unclear whether these declines are directly attributable to the programs or to other factors, such as a strong economy, low unemployment rates, or in the case of Wisconsin, other welfare changes within the state. Because the programs in the states we reviewed are relatively new, no formal evaluations examining the effect of the reforms have been completed to date. At the time of our review, none of the programs had been operating long enough for recipients to reach the time limits.

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## Comments From HHS and States

We obtained comments on a draft of this report from HHS and the five states whose welfare reform programs are reviewed in the report. HHS and the states generally agreed with the report's findings but indicated various places in the report where they believed additional information would be useful. We incorporated their comments in the report as appropriate.

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# GAO Contacts and Staff Acknowledgments

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## GAO Contacts

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