Virginia’s Welfare Reform Initiative: Follow-Up of Participant Outcomes
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Preface

In 1997, the Virginia General Assembly changed the course of welfare in Virginia by passing a major welfare reform law. The employment component of this new law – the Virginia Initiative for Employment, Not Welfare (VIEW) – prescribed tougher work requirements and imposed sharp limits on the amount of time recipients could receive benefits. At the request of the General Assembly, JLARC completed an evaluation of VIEW in 1998. That review focused on the changing caseload trends and the labor market outcomes of participants who were required to participate in the program.

Based on the significant reductions witnessed in the State's welfare caseloads and the higher employment levels observed among recipients of cash assistance, the preliminary findings from that review were positive overall. However, based on some concerns about the generally low levels of employment among certain groups of welfare recipients, and the low overall earnings for recipients, the General Assembly directed JLARC to conduct a follow-up review of the VIEW participants who were selected for the original study.

This follow-up study reveals that the caseload reductions which marked the early success of the program have continued. Currently, the average caseload for the State's welfare program is slightly more than 36,500 recipients per month. This represents a decline of 50 percent from the levels that were observed prior to the passage of welfare reform in Virginia. Also, consistent with the results of the first study, this review indicates that the movement towards self-sufficiency for welfare recipients has continued. Although recipients continue to earn wages that fall substantially below poverty, employment rather than public assistance is responsible for a larger portion of their total resources (defined as food stamps, TANF benefits, and income).

Still, two areas of concern remain. First, the employment level for the entire study group does not appear stable. The post-program employment rate for the study group, which reached 54 percent in the previous review, declined to 47 percent in the second year of follow-up. Second, the most significant challenge faced by the Department of Social Services remains those welfare recipients who have multiple barriers to employment. While the employment levels for this group are noticeably higher than they were before welfare reform was implemented, two out of three “hard-to-serve” welfare recipients had no reported wages two years after they were first assessed for VIEW. These findings underscore the challenge DSS faces in its efforts to ensure that welfare recipients are able to find and retain employment at levels that will minimize their financial hardships when their benefits expire.

On behalf of JLARC staff, I would like to thank the Department of Social Services and Virginia Employment Commission staff whose assistance helped make this study possible.

Philip A. Leone
Director

October 25, 2000
In 1998, JLARC completed an evaluation of Virginia’s welfare reform program that was passed into law in 1995. That review focused on the changing caseload trends and the labor market outcomes of participants who were required to participate in the employment component of the Virginia’s welfare reform program. Based on the significant reductions witnessed in the State’s welfare caseloads and the higher employment levels observed among recipients of cash assistance, the preliminary findings from the review were positive overall.

At the same time, the persistently high levels of unemployment among certain categories of welfare recipients, and the generally low earnings levels observed for those recipients who found work, raised some concerns about the capacity of the State’s welfare reform program to achieve its stated long-term goal of self-sufficiency for many welfare recipients. Based on some of these concerns, the General Assembly passed Item 16M of the 1999 Appropriation Act directing JLARC to conduct an annual follow-up review of the labor market experiences and welfare participation rates of the VIEW participants selected for the original study. This study provides an update of the outcomes reported in JLARC’s initial study through the use of 12 additional months of wage and benefits data.

The general findings of this review indicate that the caseload reductions that have characterized the early success of the program have continued (see figure, top of next page). Since welfare caseloads reached an apex in 1995 — averaging 73,000 recipients per month — they have fallen by nearly 50 percent and now average slightly more than 36,500 recipients per month. Additionally, the welfare participation rate among the original cohort of recipients tracked by JLARC for this study had fallen to 25 percent as of July 1999.

From the standpoint of participant self-sufficiency, whether due to the welfare policies, a strong economy, or both, a movement toward a greater reliance on income rather than TANF payments has continued for many recipients. This trend is evidenced by a strong increase in the average percent of recipient resources that is from income and a strong decrease in the average percent of recipient resources that is from TANF payments (see figure, bottom of next page).

However, as with JLARC’s first study of this issue, an examination of the economic...
Welfare Caseload Trends in Virginia

Pre- to Post-Program Changes in the Composition of Total Resources for VIEW-Mandatory Recipients in the First Study Group
outcome indicators also reveals some limitations in what recipients have achieved. The post-program employment rate for the study group that once reached 54 percent in the previous review has declined to 47 percent in the second year of follow-up. While the income earned by recipients, on average, has been sufficient to replace TANF benefits, the average quarterly total resources of the group has not improved. Moreover, 77 percent of the total sample of recipients who worked in 1998 still earned wages that were below the poverty level. The percent with earnings below the poverty level was less for the group with two or more years since their VIEW assessment than the group with just one or two years since their assessment (74 percent compared to 80 percent). These recipients do, however, receive other benefits such as food stamps or daycare assistance, which are not reflected in their earnings.

Finally, the most significant challenge faced by the Department of Social Services (DSS) remains with those welfare recipients who have multiple barriers to employment. This group includes those recipients for whom at least three of the following “risk” factors were observed: (1) no employment in the year prior to VIEW, (2) four or more children, (3) on welfare for 70 percent or more of the time since the birth of the oldest child, and (4) non-high school completion. Comparing the fourth quarter prior to VIEW with the fifth quarter post-VIEW, the “hard-to-serve” group made considerable progress in both employment and earnings. The employment rate improved from about three percent to about 32 percent (and moved to 37 percent by the seventh quarter), and average quarterly earnings improved from $74 to $977 (see figure, next page).

The challenge for DSS is to address the high proportion of this group that continues to be unemployed. Even with the progress observed, 63 percent of this “hard-to-serve” group were not employed in the seventh quarter post-VIEW. Further, their earnings level, which is typically less than half the amount of their counterparts, did not improve from the fifth to seventh quarters. Two years after their initial assessment for VIEW, on average, only 29 percent of the total resources for this “hard-to-serve” group could be attributed to earned income. Perhaps related to this trend was an increase in the proportion of hard-to-serve recipients who returned to the public assistance rolls at the end of the two-year follow-up period.

These findings underscore the challenge DSS faces in its efforts to ensure that welfare recipients are able to find and retain employment at levels that will minimize their financial hardships when their benefits expire. For the hard-to-serve population, the agency has developed a strategic plan that is designed to “improve and enhance” the VIEW service model, which presently emphasizes job search. However, the strategic plan prescribes a broad set of criteria to identify the hard-to-serve population, and this could lead to the mistargeting of resources. Also, as many of the services described in the strategic plan are provided by agencies outside of the department, DSS officials must take a number of actions in the coming months to ensure that the plan is implemented.

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

III
Pre- to Post-Program Changes in Average Quarterly Earnings for the Highest and Lowest Risk Groups in the VIEW Mandatory Population

Key:

- Total Sample
- High Risk VIEW Mandatory Cases
- VIEW Mandatory Cases with Zero Risk Factors

The chart shows the average quarterly earnings for the highest and lowest risk groups before and after the VIEW assessment. The x-axis represents the time relative to the VIEW assessment, while the y-axis shows the average quarterly earnings. The chart indicates a comparison between pre- and post-program changes for different quarters.
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In 1995, Virginia initiated major changes to its cash assistance program for low-income parents and their children — the Aid to Families with Dependent Children (AFDC) program. Two of the most significant changes represented sharp departures from the benefits policy and participant work requirements that have been historically associated with AFDC. First, moving away from the entitlement features of AFDC, Virginia now limits the welfare benefits that it pays to low-income parents under a block grant program referred to as Temporary Assistance for Needy Families (TANF). Also, the General Assembly authorized stringent work requirements through the State's welfare employment program, known as VIEW (the Virginia Initiative for Employment, Not Welfare) as a condition for the continued receipt of cash benefits.

Proponents of Virginia's reform efforts contended that major changes in the AFDC program were needed for several reasons, including the unintended consequences associated with participation in the program. Because AFDC provided cash assistance to able-bodied recipients without, in many cases, enforceable work requirements, some felt the program had evolved as a demeaning barrier to self-sufficiency, which effectively robbed program beneficiaries of their incentive to work. According to those who held this view, Virginia's new policies rectified this problem by allowing local welfare agencies to limit cash benefits and force certain groups of recipients immediately into the work force so that their "journey to self-sufficiency" could begin.

Critics of Virginia's reforms contended that the State's new employment program for welfare recipients would cause many poor women to accept sporadic, low-paying employment in the secondary labor market to satisfy the program's work requirement. It was feared that once they reached their time limit on benefits, these recipients would have no meaningful job skills, a limited work history, and insufficient income with which to support either themselves or their children.

Toward the end of 1998, JLARC staff completed an evaluation of Virginia's welfare reform program focusing on the changing caseload trends and the labor market outcomes of participants in the VIEW program. The preliminary findings from the review were positive overall, including substantial reductions in the State's welfare rolls and increased employment levels among former recipients. However, certain findings raised some concerns about the capacity of the State's welfare reform program to achieve its stated long-term goal of self-sufficiency for many welfare recipients. Based on some of these concerns, the General Assembly passed Item 16M of the 1999 Appropriations Act, directing JLARC to conduct an annual follow-up review of the labor market experiences and welfare participation rates of the VIEW participants selected for the original study.

This report presents the results from this follow-up review. The remainder of this chapter summarizes the key changes Virginia made to its employment program
for welfare recipients as a part of the legislative reforms, provides updated information on the State's welfare caseload trends, and outlines the approach that was used to conduct the follow-up study.

**VIRGINIA'S WELFARE REFORM PROGRAM**

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

Notwithstanding some of the eligibility changes, the cornerstone of the new law is the work-related policy changes to welfare that were proposed through VIEW. This program gives most non-exempt recipients 90 days to find work (with the assistance of local welfare agencies) before facing an obligation to participate in community work programs. Most notably, under the State's new Virginia Independence Program, once a recipient has received assistance for 24 months, all cash benefits are terminated for a minimum period of two years. Considered "tough and principled" reforms, the primary goal of the program is to provide welfare recipients with the opportunity and incentive they need to move off public assistance.

In the initial review of Virginia's welfare reform program, JLARC staff observed significant caseload declines among VIEW recipients, and found that roughly one-half of the participants in VIEW were employed nine months after completing their assessment. However, employment levels for those recipients with multiple barriers were generally low, and the earnings for the typical recipient were below the poverty level.

Since that time, the unprecedented decline in welfare caseloads that were observed in the first study has continued. Still, because there are sharp distinctions between leaving welfare, finding work, and leaving poverty, several key issues remain for this follow-up study. Most notably, there are questions as to whether the overall employment rates that were observed for VIEW participants can be sustained and their earnings improved, and whether a larger portion of those recipients who are considered hard-to-serve can find work.

**Virginia's Welfare Program Restructured with Strict Limits on Benefits**

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

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

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

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

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


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

To establish a program to promote these goals, the State developed provisions in statute and in regulations that addressed: eligibility changes, requirements for an employment and work program, program exemptions, and benefit time limits.

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

Another change required parents to have their children immunized in order to receive the full amount of their cash grant. In addition, benefits were linked to school attendance in order to discourage truancy. Also, in order to discourage household formation among young unwed adolescents, teenage parents who are the heads of their own households are prohibited from receiving cash assistance under the new VIP eligibility guidelines. Figure 1 indicates the number of TANF cases for each of two VIP-related sanctions applied in FY 1999. According to DSS staff, the value of these policies is their potential for deterring behavior that would have occurred in the absence of the policies, and not in the number of sanctions they produce.
Model for Employment and Work Program. Clearly, the centerpiece of Virginia’s reform efforts is the work-related policy changes authorized as a part of VIEW. Reminiscent of some of the program models that were established under federal workfare legislation adopted in the 1980s, the VIEW program places an emphasis on immediate employment or work experience for welfare recipients. Outlined in Section 63.1-133.49 of the Code of Virginia, the statute requires the Department of Social Services to “endeavor to develop placements for VIEW participants” that will result in independent employment. The importance placed on finding immediate employment is revealed in the sequencing of activities for VIEW. According to statute, the department shall work to place all non-exempt able-bodied recipients into a job within 90 days following their registration in VIEW.

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

Note: Data on the number of sanctions imposed in FY 1999 for failure to immunize children were not available.
Unlike previous welfare reform initiatives, if a welfare recipient who is required to participate in VIEW elects not to do so, local welfare departments are authorized to sanction TANF recipients up to the full amount of their cash grant and, in some cases, their food stamps as well. Previous welfare reform programs allowed for reductions based only on the needs of the custodial parent. This meant that recipients who did not comply still received a monthly check, the amount of which was based on the needs of the children in custody of the recipient.

**VIEW Exemptions.** For a number of reasons, when the legislation authorizing VIEW was passed, the General Assembly granted exemptions from the requirements of the program to ten different categories of individuals. Some of the more notable exemptions are as follows:

- parents or caretakers of a child under 18 months of age who personally provide care for the child;
- youths who are under the age of sixteen;
- individuals with medical conditions that prevent them from working or participating in training;
- persons who are sixty years of age or older;
- individuals who are the sole caregivers for someone who is disabled; and
- females who are in at least their fourth month of pregnancy.

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

Recognizing that some welfare recipients do not have the skills to benefit from the VIEW’s emphasis on an immediate and mandatory job search, the 1998 General Assembly amended the work requirement for those recipients with significant barriers to employment. Specifically, under Section 63.1-133.49 (E) of the Code of Virginia, VIEW participants who meet two or more of the following criteria can be placed in a vocational education program rather than job search:

- have less than a high school education;
- have reading or math skills that are below the eight grade level;
- have been unemployed for a period of six months during the two years prior to their VIEW assessment date; or
• are in a treatment program for substance abuse or are receiving services through a family violence treatment program.

The Code of Virginia further stipulates that those welfare recipients who are eligible for vocational training can be placed in such a program only with their consent. Moreover, prior to the placement, the local department of social services must secure a promise of employment from an employer provided that the participant completes the program, is qualified, and the employer has a job opening.

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

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

**Welfare Caseloads Continue to Decline in Virginia**

One of the most significant developments in Virginia’s welfare system has been the recent and sharp decline in the number of people receiving public assistance. As Figure 2 illustrates, three years before the Congress passed the Family Support Act in 1988, a monthly average of nearly 60,000 families received cash benefits in Virginia from the AFDC program. Soon after the passage of the Family Support Act and the subsequent implementation of the Job Opportunities and Basic Skills (JOBS) program, caseloads in Virginia began a consistent upward increase that started in 1990. For example, in the year that JOBS was implemented, the average monthly caseload in Virginia was just under 55,000 families. By 1992, this figure had increased to more than 68,000 – an increase of 24 percent. Two years later the caseload increases reached their highest levels, averaging more than 73,000 families a month in 1994. However, in 1995 — the year that Virginia began the phase-in of its welfare reform program in five localities — the trend in AFDC caseloads changed. Specifically, caseloads dropped ten percent, from 73,000 in 1995 to slightly more than 66,000 in 1996. By the
end of 1998, with welfare reform in effect in each of the 122 local welfare offices across the State, the average number of families on assistance was down to 41,000 cases.

Since JLARC completed its 1998 evaluation of the program, the decline in caseloads has continued. Based on the 12-month period in 1999, the average number of families on AFDC was down to 36,500. This means that since welfare caseloads reached an apex of 73,000 in Virginia in 1994, they have declined by 50 percent in a five-year time span – in this case, an average annual rate of decrease of 13 percent.

Notwithstanding the caseload trends, there are important questions about welfare reform in Virginia that cannot be addressed through a cursory review of caseload data. In the last 15 years, caseload changes in Virginia have tended to coincide with fluctuations in the economy irrespective of the type of employment programs that were in effect for welfare recipients. In other words, as the numbers of unemployed persons in the Commonwealth have increased, welfare caseloads have gone up. Conversely, as unemployment levels have decreased, welfare caseloads have dropped as well (Figure 3).
While some of the recent declines in the State’s caseloads are undoubtedly due to policy changes enacted through the current welfare reform program, a portion of the decline may be a function of the economic growth the State has experienced. This is perhaps best illustrated by some of the findings from a recently completed study of Virginia’s welfare reform conducted by Mathematica Policy Research, Inc. In its study, Mathematica compared labor market outcomes for a sample of TANF recipients to those of welfare recipients who had been randomly assigned to a comparison group that was not subject to the new welfare reform requirements. The recipients in the comparison group received their benefits under the old rules of AFDC, and some were subject to the employment-related policies of VIEW’s predecessor program, JOBS.

As Table 1 reveals, two years after receiving services, the differences in labor market outcomes and welfare participation patterns between these two groups were statistically significant for some measures, but fairly minimal in magnitude. Com-
pared to the control group, TANF recipients had a 2.9 percent higher employment rate, had $193 more in quarterly earnings, had $17 less in quarterly welfare benefits, and were 0.8 percent more likely to be employed and not receiving TANF benefits.

The minimal size of the statistically significant impacts reported in Table 1 suggests that the overall employment levels achieved by VIEW recipients were not impacted much by the services that are provided through the program. Because the VIEW program typically does not provide job specific skills training services that could improve the human capital of those on welfare, there is a possibility that a significant portion of these recipients could return to public assistance should the economy begin to falter.

A January 1999 JLARC report, Virginia’s Welfare Reform Initiative Implementation and Participant Outcomes, assessed employment levels and the average earnings for a sample of welfare recipients, as well as for sub-categories of the sample, based on “risk factors” for unemployment. The four factors used to define risk were: no high school diploma or equivalent certificate, four or more children, on welfare for 70 percent or more of the time since the birth of the oldest child, and no reported wages in the year prior to VIEW implementation.
Some of the key JLARC staff study findings from the initial review of the State’s welfare reform program are summarized by graphics on the next two pages. In terms of employment levels, the data show that nearly 50 percent of those who were required to participate in VIEW were working three quarters (nine months) following their assessment (Figure 4). However, the rates were significantly lower for those welfare recipients with multiple barriers to employment. Moreover, the quarterly earnings for both the total sample and the sub-group of high-risk recipients were only $1,000 and $600 respectively – considerably below the poverty level. Finally, while income accounted for a larger portion of the total resources of welfare recipients three quarters after their VIEW assessment date, income represented only 25 percent of total resources (Figure 5) for the at-risk population. In light of these findings, as well as those from the study by Mathematica Policy Research, Inc., it is important to track the longer-term labor market and welfare participation trends of those who receive VIEW services.

JLARC FOLLOW-UP REVIEW

The purpose of this review is to update the employment, earnings, and welfare participation outcomes for the VIEW-eligible population that was selected for the initial JLARC study of welfare reform in Virginia. After the legislation authorizing the VIEW program was passed in 1995, officials from the Department of Social Services decided to phase in the program over 13 different time periods rather than begin statewide implementation immediately. Accordingly, the program was not fully implemented in each of the State’s 122 local welfare offices until October of 1997. Because of the later start for some of the local offices, in the first study JLARC staff could only track participant outcomes for the study sample over a period of one year. With this follow-up report, the post-program period is extended for an additional 12 months.

To replicate the methodology used for the initial study, JLARC staff designed this review to focus on changes in the labor market experiences and welfare participation patterns of the original study sample, using the additional 12 months of data. Further, State staff at the Department of Social Services and the 21 local welfare offices were questioned concerning the progress being made in developing special programs for welfare recipients that have significant employment barriers as defined by the legislation passed by the 1999 General Assembly.

The Original Study Sample

One primary goal of the first study was to develop a sample of VIEW participants that would allow for an assessment of the program participation patterns, labor market outcomes, and welfare participation trends for a representative sample of the VIEW-eligible population. Because there are 122 local social services offices in the State, a detailed examination of each local office was not feasible. Moreover, a straight random selection of a sample of VIEW participants would not have been sensitive to
Pre- to Post-Program Comparisons of VIEW-Mandatory Population Based on Individual Risk Factors

**Figure 4**

**Pre- to Post-Program Comparisons of VIEW-Mandatory Population Based on Individual Risk Factors**

**KEY**
- Total Sample (n=990)
- Zero Risk Factors (n=203)
- High Risk Cases (n=132)

**Employment Levels**

<table>
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<tr>
<th>Time Relative to VIEW Assessment</th>
<th>4th Quarter Pre-VIEW</th>
<th>1st Quarter Pre-VIEW</th>
<th>Quarter in Program</th>
<th>1st Quarter Post-VIEW</th>
<th>2nd Quarter Post-VIEW</th>
<th>3rd Quarter Post-VIEW</th>
</tr>
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<tr>
<td>Percent Employed</td>
<td>0%</td>
<td>10%</td>
<td>20%</td>
<td>30%</td>
<td>40%</td>
<td>50%</td>
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**Average Quarterly Earnings**

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<th>Time Relative to VIEW Assessment</th>
<th>4th Quarter Pre-VIEW</th>
<th>1st Quarter Pre-VIEW</th>
<th>Quarter in Program</th>
<th>1st Quarter Post-VIEW</th>
<th>2nd Quarter Post-VIEW</th>
<th>3rd Quarter Post-VIEW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in Average Quarterly Earnings</td>
<td>$0</td>
<td>$200</td>
<td>$400</td>
<td>$600</td>
<td>$800</td>
<td>$1,000</td>
</tr>
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**Notes:** The first interval on horizontal axis is a longer period. “High risk” cases involve three or more risk factors. For readability, trend lines for one and two risk factors are not included on these graphics.

**Source:** JLARC staff analysis of wage data provided by the Virginia Employment Commission. Data to create risk scale was collected from VIEW participant files.
Pre- to Post-Program Changes in the Composition of Total Resources for VIEW Mandatory Recipients, by Level of Risk

**RISK FACTOR = NONE**

- **1st Quarter Prior to VIEW**
  - Average Total Resources = $1,945
  - 34% INCOME
  - 32% TANF
  - 33% FOOD STAMPS

- **"In Program" Quarter**
  - Average Total Resources = $2,375
  - 31% INCOME
  - 35% TANF
  - 33% FOOD STAMPS

- **3rd Quarter Following VIEW Assessment**
  - Average Total Resources = $2,283
  - 52% INCOME
  - 23% TANF
  - 24% FOOD STAMPS

**RISK FACTOR = THREE OR MORE**

- **1st Quarter Prior to VIEW**
  - Average Total Resources = $1,911
  - 1% INCOME
  - 54% TANF
  - 45% FOOD STAMPS

- **"In Program" Quarter**
  - Average Total Resources = $1,922
  - 5% INCOME
  - 51% TANF
  - 44% FOOD STAMPS

- **3rd Quarter Following VIEW Assessment**
  - Average Total Resources = $1,784
  - 25% INCOME
  - 33% TANF
  - 42% FOOD STAMPS

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

**Source:** Wage data provided by the Virginia Employment Commission. Food stamp and TANF benefit data provided by the Department of Social Services from VACIS.
the DSS phase-in dates and would have required JLARC staff to visit numerous local offices to examine only a small number of case files. Therefore, to accomplish the multiple objectives of the sampling plan, JLARC staff stratified the universe of local DSS offices according to their phase-in dates and selected 21 localities to be included in the study.

Selecting Recipients for the Sample. The sampling frame for the original study was all 18,482 TANF cases in which an adult recipient was either newly approved for TANF, or moved into the program from AFDC within the first 12 months of VIEW implementation in the subset of 21 localities examined for the study. In those local offices with caseloads exceeding 160 recipients, a total of 160 recipients were randomly selected for the study. For those offices with less than 160 cases, the entire caseload was selected. Based on this methodology, JLARC staff examined 2,454 of the 2,883 files that were selected. This was an 85 percent completion rate. Missing files and time constraints were factors that affected the completion rate.

Table 2 lists the sample size for each local office in the study. In calculating sample-wide estimates based on the data collected, a weighting approach was used to account for the fact that different proportions of participants were included in the sample. Without such weights, data collected from local offices with small caseloads would have had a disproportionate impact on the sample-wide estimates. The weighted sample size is presented in the fourth column of Table 2.

Once data on each of the 2,454 sample members were collected, JLARC staff first needed to identify those recipients who were required to participate in VIEW (commonly referred to as VIEW-mandatory). Next, among this group, only those recipients for whom a period of at least four-quarters of data was available, starting with the quarter in which they were assessed for the program, were selected to be a part of the initial study group.

As shown in Figure 6, a total of 990 recipients met these criteria and therefore provided the sample for the initial study of labor market outcomes and welfare participation trends. Using the additional 12 months of labor market and benefits data, this group was tracked for the follow-up study as well. Moreover, with this additional data for this study, it was possible to examine preliminary outcomes for a second study group – those 763 recipients whose initial VIEW assessment date occurred too late to be included as a part of the first study group. The economic outcomes for these welfare recipients, one-year following their initial VIEW assessment date, are summarized in Appendix C of this report.

Economic Outcomes Updated

Recognizing that the success of VIEW will be measured not only by aggregate drops in TANF caseloads, but also by the rate of employment among VIEW participants, this study reports on the recipients’ labor market changes and welfare partici-
## Table 2

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

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

Source: For each selected case, JLARC staff reviewed the case information log maintained by DSS caseworker, the client’s case information document from the Department of Medical Assistance Services, the DSS VIEW service supplements, and all of the generic case documents maintained by DSS in the TANF eligibility files.
Economic Outcomes. As with the initial study, the major component of this review was an analysis of the labor market outcomes for welfare recipients after they completed their initial VIEW assessment. There is a special interest in tracking these outcomes for persons who have left VIEW for any reason, including those who voluntarily left the program, those who may have been forced off for non-compliance with VIEW requirements, and those who have reached their two-year time limit for benefits. While the caseload declines reported for Virginia provide strong evidence that many recipients are no longer relying on cash grants for support, questions remain about whether they are still working, how long they have been working, and how much money they are earning.

This analysis addressed some of these questions using the updated wage data from the Virginia Employment Commission (VEC) and TANF benefit payment data
from the Department of Social Services. With these data, JLARC staff were able to analyze changes in the pre- and post-program employment rates, earnings levels, and TANF payment amounts for recipients who were VIEW mandatory over a two-period (including the quarter in which they were assessed for VIEW).

Status of Special Programming for At-Risk Welfare Recipients

As noted earlier, the 1999 General Assembly significantly amended the language authorizing the work requirement in VIEW by allowing persons with employment barriers to participate in vocational skills training programs as an alternative to enrolling in the job search component of VIEW. Further, to ensure that DSS establishes the necessary programming to address the problems of VIEW participants who have multiple barriers to employment, the General Assembly passed Item 404 (4c) of the 1999 Appropriations requiring the department to develop and implement a comprehensive plan for serving at-risk welfare recipients through VIEW.

The final aspect of this study examines the progress the department has made in developing and implementing special programming for welfare recipients with multiple barriers to employment. Through document reviews and structured interviews with State officials, the following research questions were developed and addressed:

- What is the implementation status of the department’s plan for serving at-risk welfare recipients?
- Are the benchmarks outlined in the plan being met by the State?
- Have the funding sources to implement this plan been identified?

REPORT ORGANIZATION

The remaining chapter of this report presents the results of JLARC staff’s follow-up review of welfare reform in Virginia. The first part of Chapter II presents data on the economic outcomes for VIEW participants. The last part of that chapter discusses JLARC staff’s findings concerning DSS’ implementation of its programs for hard-to-serve welfare recipients.
II. Economic Outcomes for the VIEW-Mandatory Population

When JLARC staff completed an initial review of Virginia's welfare reform program at the end of 1998, most of the indicators used to gauge the success of the State's welfare employment program provided reasons for optimism. Foremost among these was the unprecedented drop in welfare caseloads, coupled with rising post-program employment rates for the VIEW-mandatory population that exceeded 50 percent. Furthermore, while recipients were drawing wages that were below official poverty thresholds, their level of earnings was significantly higher than was witnessed in the year prior to their VIEW assessment date.

As these results were based on only one year of post-program data, the General Assembly directed JLARC to conduct a follow-up study focusing on the labor market outcomes and welfare participation rates of the original study group. Using an additional 12 months of wage and welfare benefits data, this chapter presents the results of the study.

The general findings of this review indicate that the caseload reductions, which have characterized the early success of the program, have continued. At the end of the two-year period of follow-up, less than one-quarter of the original study group was still on public assistance. Furthermore, whether due to the reform, a strong economy, or both, a movement toward a greater reliance on earned income rather than TANF payments has continued for many recipients. This trend is evidenced by a strong increase in the average percent of recipient resources that is from income and a strong decrease in the average percent of recipient resources that is from TANF payments.

However, an examination of the economic outcome indicators also reveals some limitations in what recipients have achieved. The post-program employment rate for the study group reached 54 percent in the previous review, but declined to 47 percent in the second year of follow-up. While the income earned by recipients, on average, has been sufficient to roughly replace TANF benefits, the average quarterly resources of the group have not improved ($1,861 per quarter before VIEW, versus $1,842 per quarter in the seventh quarter after VIEW). Although two years have passed since some of these recipients were initially assessed for VIEW, about 77 percent of the recipients who worked in 1998 still earned wages that were below poverty, and about half of the recipients in the sample earned no more than 50 percent of the poverty threshold. In sum, recipients in the sample typically continue to have relatively limited reported resources, but more of what they have is earned.

Additionally, recipients who are considered “hard-to-serve” have made considerable progress from very low levels of employment and earnings, but still lag substantially on both indicators compared to other recipients. Sixty-three percent of this group had no reported wages two years after their VIEW assessment date. Moreover, their average quarterly earnings level, which is typically less than half the amount of...
their counterparts, rose considerably (as a percent increase) for several quarters post-
VIEW, but peaked at $977 and then declined to $924 at the end of the two-year follow-
up period. Perhaps related to this decline was an increase in the proportion of hard-to-
serve recipients who returned to the public assistance rolls at the end of the two-year
follow-up period.

These findings underscore the challenge DSS faces in its efforts to ensure that
welfare recipients are able to find and retain employment at levels that will minimize
their financial hardships when their benefits expire. For the hard-to-serve population,
the agency has developed a strategic plan that is designed to “improve and enhance”
the VIEW service model, which presently emphasizes job search. Still, many of the
services described in the strategic plan are provided by agencies outside of the depart-
ment. Therefore, DSS officials must take a number of actions in the coming months to
ensure that this strategic plan is successfully implemented.

TRENDS IN EMPLOYMENT, EARNINGS, AND WELFARE
PARTICIPATION RATES FOR VIEW-MANDATORY RECIPIENTS

When the legislation authorizing VIEW was passed in 1995, its clear focus
was on immediate employment for all welfare recipients who were not exempt from
participating in the program. With its requirement that participants find employment
within 90 days or face assignment to a community work experience program, recipi-
ents understood that employment was both the main goal and expectation of the new
program. The philosophy of this approach is that the economic interests of welfare
recipients are best served when they attach themselves to the labor market rather
than delay entry into the labor market by spending time in education and skills train-
ing activities.

In a strong economy, this approach can be expected to raise the overall em-
ployment and earnings levels of welfare recipients immediately, as was observed in
J LARC’s first study of VIEW. However, because recipients do not receive job training
skills that could reduce their competitive disadvantage in the labor market, a key ques-
tion with this approach is whether the employment and earnings levels obtained in the
short run can be sustained. This section of the chapter examines this issue by focusing
on the changes that have occurred in the employment and earnings levels of VIEW-
manditory welfare recipients, based on an additional 12 months of wage data.

Employment Levels for VIEW-Mandatory Population
Show Evidence of Decline, While Rates for Those
with Multiple Risks Improve But Remain Low

In Section 63.1-133.49(a) of the Code of Virginia, the General Assembly di-
 rects DSS “to enhance opportunities for personal initiative and self-sufficiency” among
welfare recipients by “promoting the value of work and developing job placements that
will enable participants to develop job skills that will likely result in independent employment.” To accomplish this objective, welfare recipients must not only be able to find employment but retain those jobs so as to avoid a future reliance on public assistance.

In the first year following their assessment for VIEW, welfare recipients were able to find work in significant numbers. However, because these jobs were typically in the secondary labor market — a market characterized by low wages, no benefits, and frequent employment changes — there are questions about the stability of this work. The next section of this chapter assesses the stability of the employment and earnings trends that were observed in the first study, using the additional wage data collected from the Virginia Employment Commission.

**Approach for Economic Analysis: Data Sources and Study Group.** To conduct this analysis, JLARC staff replicated the approach used in the initial study in two ways. First, for the employment and earnings measures, JLARC staff relied on wage files provided by the Virginia Employment Commission (VEC). These files provide quarterly earnings for all persons who work in non-agricultural employment in the Commonwealth. At the time of the initial study, only four quarters of data were available (including the quarter in which the participant was assessed for the program) to track participant employment and wage changes. With this study, four additional quarters of wage data were available, allowing JLARC staff to extend the period of follow-up by one full year. The limitation of the VEC wage file is that it does not include the wages for persons who are self-employed or who work in neighboring jurisdictions such as the District of Columbia or bordering states.

Once the data sources were identified, JLARC staff examined employment and earnings outcomes for the same study group used for the initial review. Specifically, all sample members who were assessed for participation in the VIEW program as early as the summer of 1995 and as late as the summer of 1998 were again included in the study.

**Employment Changes Observed During the Second Year of Follow-Up.** Figure 7 provides an update of the employment trends for the study group based on the additional VEC wage data. As shown, after the first quarter post-VIEW, when the employment rate for the total sample was 54 percent, the percent employment figure for the sample group declined to 50 percent in the third quarter post-VIEW. While this was a statistically significant decrease from the first quarter, it still meant that one-half of the VIEW-mandatory population was employed. Since that time, however, the decline in employment levels has continued. As illustrated, one year later in the seventh quarter following their VIEW assessment, the employment rate for the VIEW-mandatory population had declined to 47 percent.

**Outcomes for Recipients Who Did Not Participate in VIEW.** Figure 7 also provides separate employment rate trends for those welfare recipients who allowed the employment service worker to close their TANF case rather than submit to the requirements of VIEW. These individuals, who accounted for 27 percent of the sample
used for this analysis, represent the recipients who some believe have historically used the welfare system not out of need, but as a supplement to unreported income.

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

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

The data in Figure 7 indicates the employment declines for those who closed their cases, which began in the first quarter following their VIEW assessment, continued through the fifth quarter before increasing slightly by the seventh quarter. Specifically, 55 percent of those who closed their cases were employed in the quarter in which they were assessed for the program. By the fifth quarter, this rate had dropped sharply to 41 percent. By the seventh quarter of the post-program period, this rate increased to 45 percent but this still represented an 18 percent decline from their previous high rate of 55 percent (in the quarter in which they were initially assessed for VIEW).

Employment Trends for the High-Risk Population. As noted in the first JLARC study of Virginia’s welfare reform program, those welfare recipients who are chronically dependent on the system present one of the biggest challenges for an “employment-first” program like VIEW. Typically these individuals have fewer employment skills, lower education levels, and significant family problems. When legislation for the VIEW program was being considered, there was spirited debate around the issue of whether these recipients could experience a successful transition to the labor market without the aid of additional employment services that have been traditionally provided to this population.

Accordingly, to facilitate a separate analysis of study group members who are long-term welfare recipients or are at risk of such dependency, JLARC staff established a risk scale using four factors that have been associated with chronic dependency. As noted in Chapter I, these were: (1) no employment in the year prior to VIEW, (2) four or more children, (3) on welfare for 70 percent or more of the time since the birth of the oldest child, and (4) non-high school completion. Using these factors, each member of the study group was categorized and ranked according to the presence or absence of these factors. Through this classification process, it was possible to determine if those recipients who are high-risk (with three or more risk factors present) experience similar changes in their pre- to post-VIEW labor market outcomes to those who are categorized as no risk.
In the initial study, JLARC staff’s analysis of the employment levels based on observed risk levels revealed that high-risk welfare recipients experienced significant gains in their post-program employment levels. This group’s employment rate in the fourth quarter pre-VIEW was three percent, but in the third quarter following initial VIEW assessment, it was up to 33 percent. As shown by the data in Figure 8, when the follow-up period is extended for another year, VIEW-mandatory recipients with at least

![Figure 8: Pre- to Post-Program Changes in Employment Levels for the VIEW Mandatory Population Based on Individual Risk Factors](image)

**Notes:** Percentages are based on weighted observations as described in Chapter I. Only those recipients who were determined to be VIEW-mandatory, have either zero or three or more risk factors, and had at least seven quarters of follow-up data available are included in the analysis. Total number of unweighted cases is as follows: total sample, 335; zero risk factors, 203; three or more risk factors, 132. Appendix B-2 provides sampling errors and the results of statistical tests for the estimates presented in this figure.

**Source:** JLARC staff analysis of wage data provided by the Virginia Employment Commission and VIEW program data collected by JLARC staff from local program files.
three or more of the aforementioned risk factors also experienced an increase in their employment since the third quarter following their initial assessment (from 33 to 37 percent). Comparatively, the employment rates for those with no risk dropped over this same time period (from 69 to 64 percent). Here it should also be noted that two years following their VIEW assessment date, the employment levels for those welfare recipients who have no risk were lower than rates observed for this group one year before they entered VIEW.

Still, as in the first study, a key finding based on these data is reflected in the differences observed in the overall employment levels between these two groups. While those VIEW-mandatory recipients who were characterized as hard-to-serve at the time of their initial VIEW assessment have experienced a substantial increase in their employment levels since the fourth quarter pre-VIEW, their overall rate of employment of 37 percent means that more than six out of ten of these recipients did not work during the seventh quarter following their initial VIEW assessment. By comparison, the seventh quarter employment rate of 64 percent for those with no risk is substantially higher than the rate for those considered high-risk.

Earnings Decline Observed for VIEW-Mandatory Recipients, and Wages for Most Recipients Remain Below Poverty

Closely related to the issue of whether welfare recipients are able to find employment is the question of how much they earn once a job is secured. As with the employment data, participant earnings levels were examined on a quarterly basis over the additional 12-month period available from the updated VEC wage files.

Findings from the first JLARC study of the post-program earnings levels generally indicated that the overall earnings of the VIEW-mandatory recipients increased substantially from the pre- to post-VIEW period. However, the earnings levels for most of the recipients who were employed in 1998 fell considerably below the official poverty thresholds.

Earnings Trend for Total Sample of VIEW Participants. When the data are examined over an additional four quarters for the total VIEW-mandatory sample, earnings appear to increase sharply from the third to fifth quarter of the follow-up period (Figure 9). As shown, the average earnings in the third quarter for the total VIEW-mandatory sample were $969. By the fifth quarter this figure had increased to $1,479 — a 52 percent increase — and remained at the level through the seventh quarter of the follow-up period. Because employment levels over this same period actually declined, this earnings increase must be attributed to either higher wages among recipients or more hours of work.

Throughout the time period from the fourth quarter pre-VIEW to the fifth quarter post-VIEW, the group of recipients who allowed their cases to be closed showed greater earnings than those persons assigned to a VIEW component. However from the time of the VIEW assessment, that gap began to narrow, and was about $83 in the
fifth quarter. Furthermore, the earnings level for those who closed their case after the VIEW assessment dropped precipitously (from $1,580 to $1,176) from the fifth to seventh quarters, while earnings for those assigned to a VIEW component continued to rise (from $1,497 to $1,578).

**Pre- to Post-VIEW Earnings Changes According to Risk Levels.** In Figure 10, the earnings data are analyzed separately based on the participant risk levels.

---

**Figure 9**

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

<table>
<thead>
<tr>
<th>Time Relative to VIEW Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>4th Quarter Pre-VIEW</td>
</tr>
<tr>
<td>T Total Sample</td>
</tr>
<tr>
<td>VIEW Assessment</td>
</tr>
</tbody>
</table>

**Notes:** Percentages are based on weighted observations as described in Chapter I. Only those recipients who were determined to be VIEW-mandatory and had at least seven quarters of follow-up data available are included in the analysis. Total number of unweighted cases is as follows: total sample, 893; number of recipients who closed their cases, 291; and number of recipients who participated in VIEW, 602. Appendix B-3 provides medians and the results of statistical tests for the estimates presented in this figure.

**Source:** JLARC staff analysis of wage data provided by the Virginia Employment Commission and VIEW program data collected by JLARC staff from local program files.
In general, the earnings trends over the extended follow-up period for those recipients with no risk and those considered high-risk resemble the trends for the total sample, with one exception. Earnings for both groups rise significantly from the third to fifth quarters. However, by the seventh quarter, a decline is observed in the earnings level of both groups.

![Figure 10](image-url)

**Pre- to Post-Program Changes in Average Quarterly Earnings for the Highest and Lowest Risk Groups in the VIEW Mandatory Population**

Notes: Percentages are based on weighted observations as described in Chapter I. Only those recipients who were determined to be VIEW-mandatory, have either zero or three or more risk factors, and had at least seven quarters of follow-up data available are included in the analysis. Total number of unweighted cases are as follows: zero risk factors, 203; three or more risk factors, 132. Appendix B-4 provides medians and the results of statistical tests for the estimates presented in this figure.

Source: JLARC staff analysis of wage data provided by the Virginia Employment Commission and VIEW program data collected by JLARC staff from local program files.
For both groups, average quarterly earnings were substantially higher after program participation. However, there is a notable difference in overall earnings across the two groups of recipients. Consistent with the findings of the first JLARC study, those welfare recipients categorized as having no risk earned significantly more than their high-risk counterparts throughout the follow-up period. For example, in the fifth quarter following their VIEW assessments, those recipients with three or more risk factors earned an average of $977. Two quarters later, this figure had actually decreased to $923. Those with no risk factors, by comparison, earned $1,930 in the fifth quarter and $1,675 in the seventh quarter.

Comparison of Income to Poverty Standards. Under the State's current welfare guidelines, the initial test of eligibility for TANF applicant is based on the State's standard of need. However, once a TANF recipient is assessed and approved for participation in VIEW, the federal poverty standard is used to determine continued eligibility for TANF. If the VIEW participant's earned income exceeds the federal poverty level, their TANF case will be closed. Because of this clear link between the poverty standard and eligibility for welfare in the first study, JLARC staff conducted an earnings analysis for persons in the sample who were employed to determine the proportion whose income exceeded the federal poverty threshold for 1998.

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

The shortcoming of this approach is that it assumes that welfare recipients will earn the same amount of wages in the second half of the year as they did in the first half. Because many welfare recipients work sporadically in the secondary labor market, which is characterized by low-wage employment, limited health benefits, and frequent job turnover, this assumption can be tenuous. In this study, the need for such an assumption was eliminated because earnings data were available for the study group for each of the four quarters in 1998. Using this full year's worth of data supplemented by their federal earned income credit, JLARC staff were able to generate a better estimate of the proportion of VIEW-mandatory recipients who had earnings above the poverty level in 1998.

Figure 11 reports the results of this analysis and reveals the difficulty welfare recipients are having with earning wages above the poverty level. As shown, 77 percent of those in the study sample had earned income in 1998 at a rate that was below the 1998 poverty level. Approximately one-half of the sample had earnings that were
no more than 50 percent of the poverty threshold. The percent below poverty was less for the group with two or more years since their VIEW assessment than the group with just one or two years since their assessment (74 percent compared to 80 percent). The fact that 74 percent of the recipients who were VIEW mandatory were below the poverty level at a time two or more years since VIEW assessment may reflect their lack of specific job skills to attract employment that pays more than poverty level wages. It is important to note that these recipients do receive other benefits (such as food stamps and daycare assistance), which are not reflected in their earnings.
TRENDS IN WELFARE PARTICIPATION RATES

According to the Code of Virginia, two of the principal goals of welfare reform are to give Virginians living in poverty the opportunity to become self-sufficient and to allow these families to contribute to their own self-sufficiency. One indicator of how well the State’s welfare reform program is moving in this direction is the degree to which welfare recipients are leaving the public assistance rolls.

In the initial examination of this issue, JLARC staff found that welfare caseloads for the study group substantially declined and recipients increasingly replaced their TANF payments with earnings in the post-program period. Presented here is JLARC staff’s analysis of another year of welfare caseload and payment changes for these recipients.

Indicating a continued move towards self-sufficiency, the results of the analysis show that the study group as a whole is continuing to move off public assistance and replace their welfare payments with earnings. However, the trend in welfare participation for those recipients categorized as high-risk appears to have reversed itself, showing a slight increase in the last time period observed in this follow-up study. More important, despite an increase in their earned income as a portion of their “total resources,” public assistance — TANF payments and food stamps — still accounts for the majority of their economic resources.

Movement Towards Self-Sufficiency Continues for Many Recipients, But Further Progress for Those Considered High-Risk May Require Greater Effort

Citing the goals outlined in the Code of Virginia for welfare reform, officials at DSS caution against using the poverty status of welfare recipients as a litmus test of the success of the program. Rather it has been suggested that more attention should be paid to whether welfare recipients discontinue, in whole or in part, their past reliance on public assistance and continue to contribute to their own self-sufficiency after being assessed for VIEW. Accordingly, the next section of this chapter focuses on the two-year welfare participation trends for the study group and examines the degree to which these individuals continue to move towards economic independence.

Changes in TANF Caseloads and Payment Levels. The initial JLARC welfare reform study found that the VIEW program was highly successful in reducing the welfare caseload and payments by the third quarter after recipients were assessed for VIEW. The level of participation in TANF for the study group decreased from virtually 100 percent at the time of their VIEW assessment to 48 percent by the third quarter following this time period. Moreover, average quarterly welfare payments received by the study group dropped by $332 in the same time period.

Figure 12 shows the welfare participation rate and average quarterly benefits received by the first study group through the seventh quarter post-VIEW. The de-
Figure 12

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

Notes: The first interval on horizontal axis is a longer period. “High risk” cases involve three or more risk factors. For readability, trend lines for one and two risk factors are not included on these graphics.

The number of unweighted observations for the total sample is 990, for three or more risk factors is 132 and for zero risk factors is 203. Average quarterly TANF benefit amounts include zero values.

Source: JLARC staff analysis of TANF payment data provided by the Department of Social Services.
creasing trend in welfare caseload generally continues for the study group as a whole through the last quarter, when the participation rate is at a post-program low of 32 percent. The average quarterly welfare payments also continue to decrease for the entire study group in the post-program period.

However, the trend for the hard-to-serve population, those recipients facing three or more risk factors, is different in the last quarter examined. The participation rate and average quarterly payments reached a post-program low in the fifth quarter of 48 percent and $457 respectively. But, by the next quarter, participation and payment levels increased somewhat. In the seventh post-VIEW quarter, the level of participation increased slightly to 51 percent, and the average quarterly payments increase by over 15 percent to $527. While it is too soon to determine whether the level of welfare participation and corresponding payments for this group will continue to increase, given their previously discussed difficulties in finding employment, this trend warrants close scrutiny from DSS.

Figure 13 provides a breakdown of the open and closed cases and sheds light on the situation of hard-to-serve welfare recipients. Specifically, a higher percentage of the open cases (24 percent) are recipients who are facing three or more barriers to employment as opposed to closed cases (11 percent), further illustrating the difficulty experienced by this group in leaving welfare.

Changes in Composition of “Total Resources” as a Measure of Self-Sufficiency. If welfare reform in Virginia were assessed based on caseload reduction alone, all of the cases that were closed would be considered successes. However, as the previous figures illustrate, many recipients left the VIEW program for reasons other than full-time employment. Therefore, to explore the change in the recipients’ actual economic situation, irrespective of their status on welfare, JLARC staff compared the composition of resources for these recipients both before and after their VIEW assessment date. This analysis is accomplished in two parts. The first part focuses on whether the welfare recipients in the study group are replacing their TANF and food stamp payments with earnings. The second part of the analysis examines whether recipients’ total resources over time are increasing, indicating an improvement in their economic situation and possibly a move towards self-sufficiency.

To conduct this analysis, JLARC staff constructed a “total resources” variable defined as the combination of TANF payments, earnings, and food stamp benefits. For each recipient, the percent reliance on these three types of resources was calculated. Then, for each resource, the average of the percentages across all recipients was calculated. This variable was compared in pre-VIEW and post-VIEW time periods. The initial JLARC study concluded that in the first three-quarters following VIEW assessment there was a clear shift away from reliance on public assistance in the study group as a whole. An examination of the trend based on risk, however, showed that the outcomes for those recipients facing three or more risk factors were different. By the third post-VIEW period, income accounted for only one-quarter of total resources, based on the average of recipient percentages.
As shown in Figure 14, the trend in shifting away from public assistance continued for the group as a whole through the extended follow-up period. By the seventh quarter post-VIEW, income accounted for almost half of the study group’s total resources (up from 16 percent at VIEW assessment). TANF payments, which represented 43 percent of this group’s resources in the first quarter prior to their assessment date, and 26 percent in the third quarter following their assessment, were down to only 20 percent of the group’s total resources by the seventh quarter.

However, the rate at which those recipients facing three or more risk factors replaced their welfare payments with earnings has slowed (Figure 15). Further, the proportion of their resources that can be attributed to earnings remains relatively low. Specifically, the average percentage of total resources attributable to earnings for this population increased from 25 percent of total resources in the third quarter post-VIEW to only 29 percent in the seventh quarter post-VIEW. This means that on average, two years following their VIEW assessment, more than 70 cents of every dollar of total resources for hard-to-serve recipients was from some form of public assistance. In comparison, only 38 cents of every dollar of total resources for those with no risk could be attributed to some type of public assistance.
Finally, regardless of the recipients’ risk levels, data on the change in the level of resources of the VIEW-mandatory group indicate their economic situation during the time period assessed has not improved in terms of the total resources they have available to meet their basic needs. Figure 16 shows that over time average total resources have not steadily increased. Rather, average total resources have fluctuated each quarter, showing no continuous upward trend. By the seventh quarter following their VIEW assessment, the total resource level for the study group is only slightly higher than was observed one year before these recipients were assessed for participation in the program.

Considered together, the findings presented in this chapter underscore the skills training needs of welfare recipients. Unless some effort is made to upgrade their skill levels, welfare recipients are unlikely to attract employment that pays above poverty level wages. Moreover, as many of the individuals who continue to rely heavily on public assistance will have to leave welfare under the time limit constraints of the reform, the total resources available to these recipients appears likely to decline. These problems will be especially acute for those recipients with multiple employment barriers. In the last section of this report, a brief overview is provided of DSS’ plans and progress in improving the employment skills of the hard-to-serve welfare population.
**Chapter II: Economic Outcomes for the VIEW-Mandatory Population**

**Pre- to Post-Program Changes in the Composition of Total Resources for VIEW-Mandatory Recipients in the First Study Group by Individual Risk Factor**

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

**Notes:** Percentages are based on weighted observations as described in Chapter I. Total unweighted cases for zero risk factors is 203 and for three or more risk factors is 132. Missing values are not included in the analysis.

**Source:** JLARC staff analysis of wage data provided by the Virginia Employment Commission and food stamp and TANF benefit data provided by the Department of Social Services from VACIS.

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**Figure 15**

*Figure 15: Pre- to Post-Program Changes in the Composition of Total Resources for VIEW-Mandatory Recipients in the First Study Group by Individual Risk Factor*

**RISK FACTOR = NONE**

- **VIEW Assessment**
  - 4th Quarter Pre-VIEW: 55% Income, 34% TANF, 20% Food Stamps
  - 1st Quarter Pre-VIEW: 50% Income, 26% TANF, 24% Food Stamps
  - 1st Quarter Post-VIEW: 56% Income, 21% TANF, 23% Food Stamps
  - 3rd Quarter Post-VIEW: 64% Income, 13% TANF, 23% Food Stamps
  - 5th Quarter Post-VIEW: 62% Income, 17% TANF, 21% Food Stamps
  - 7th Quarter Post-VIEW: 62% Income, 17% TANF, 21% Food Stamps

**RISK FACTOR = THREE OR MORE**

- **VIEW Assessment**
  - 4th Quarter Pre-VIEW: 49% Income, 54% TANF, 4% Food Stamps
  - 1st Quarter Pre-VIEW: 17% Income, 35% TANF, 47% Food Stamps
  - 1st Quarter Post-VIEW: 26% Income, 33% TANF, 41% Food Stamps
  - 3rd Quarter Post-VIEW: 26% Income, 28% TANF, 46% Food Stamps
  - 5th Quarter Post-VIEW: 29% Income, 34% TANF, 37% Food Stamps
  - 7th Quarter Post-VIEW: 29% Income, 34% TANF, 37% Food Stamps
One of the major recommendations of JLARC’s 1999 report on Virginia’s welfare reform program was that the Department of Social Services should develop a comprehensive strategic plan for targeting additional job-specific education and skills training to hard-to-serve TANF recipients. This recommendation was based on the initial
study findings that illustrated the difficulties some TANF recipients were experiencing in trying to find employment even in a robust economy. The findings from this follow-up report further emphasize the need to focus additional resources on this population to help them move towards self-sufficiency.

In December 1999, DSS submitted its strategic plan, Virginia’s Welfare Reform: Employment Strategies for the Hard-To-Serve, to the Senate Finance and House Appropriations Committees. As a part of the plan, DSS has defined a service strategy that includes a formal screening process and assessment plan for identifying hard-to-serve TANF recipients, a program model to offer a range of service options for the targeted population, and a plan for funding and delivering these services through local coordination. In addition, the department is planning a “full-scale evaluation” of the programs for the hard-to-serve once these services are in place statewide.

The key elements of this plan are briefly summarized in Exhibit 1. However, it is important to note that most of the activities that the department has scheduled for implementation to carry out the strategic plan have future completion dates. Specifically, nine of the 16 “actions” identified in the plan are scheduled to be completed during the period from March to October of this year. Staff work on two other activities, which were to be completed in February, continues.

Given that DSS is in the early stages of plan implementation, an assessment of the progress being made in executing the plan statewide would be premature at this time. Nonetheless, there are certain aspects of the plan that warrant close scrutiny.

The first aspect warranting scrutiny concerns the criteria for the identification of the hard-to-serve. In its plan, DSS staff identifies 13 different factors that they believe can be used to define the hard-to-serve TANF recipient (Exhibit 2). However, in an effort to ensure that localities have the maximum flexibility in defining their hard-to-serve population, the plan does not prescribe a set of criteria that local staff must use to identify this population. Instead, DSS urges localities to give special consideration to factors such as the participant’s employment history.

Further, while some of the barriers identified by DSS are likely predictors of long-term unemployment or chronic dependency among TANF recipients, others may not be. Additionally, the plan provides no clear definitions or guidelines that would help localities develop specific targeting criteria. For example, localities are left to decide what is a low educational level, a literacy issue, a chronic health problem, or an ongoing civil entanglement. Without more explicit prescriptions, there is a danger that localities will use the broad guidelines and target resources on many TANF recipients whose actual risk for long-term unemployment is minimal. Such mis-targeting would obviously undermine the intent of the strategic plan and perpetuate problems of unemployment and dependency for the true hard-to-serve recipient.

A second aspect warranting scrutiny relates to service delivery. Recognizing that no single agency can address the diverse needs of TANF recipients who are consid-
## Exhibit 1

### Key Elements of the Department of Social Services Strategic Plan for Hard-to-Serve Welfare Recipients

<table>
<thead>
<tr>
<th>Program Element</th>
<th>Plan of Action</th>
<th>Implementation Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identifying Hard-To-Serve TANF Recipients</td>
<td>Local DSS staff and/or specialized professionals will receive a guidance package to identify screening tools and a list of barriers that can be used as criteria to identify “hard-to-serve” TANF recipients. Using the results of the screening activities, DSS will “refine estimates of the hard-to-serve” recipients on TANF.</td>
<td>February 2000</td>
</tr>
<tr>
<td>Comprehensive Assessment</td>
<td>TANF recipients who are “screened in” based on the presence of employment barriers will receive a comprehensive assessment to determine the severity of their barriers and the possible remedies to reduce the impact of this barriers on future employment opportunities. Those services needed to mitigate the impact of these barriers will be integrated in the VIEW program model.</td>
<td>April 2000</td>
</tr>
<tr>
<td>Service Coordination Planning</td>
<td>Because the continuum of services planned for the hard-to-serve will require collaboration among local public and private agencies, DSS will take a series of steps to link programs across local agencies and blend services. These steps include: award grants to encourage partnerships, disseminate information on model local partnerships, and fund regional training programs on coordination.</td>
<td>November 1999 to October 2000</td>
</tr>
<tr>
<td>Treatment and Employment Services</td>
<td>Through collaboration among local agencies, hard-to-serve TANF recipients will receive “immediate access” to a range of treatment and employment-related services to help them reduce the impact of their employment barriers and become self-sufficient. Services will include but not be limited to: substance abuse treatment, outpatient counseling, relapse prevention and education, residential treatment, job search, supported work, apprenticeship training, basic education, and job-specific training.</td>
<td>July 2000</td>
</tr>
<tr>
<td>Program Evaluation</td>
<td>DSS will develop a “full process study” that defines the implementation process for hard-to-serve TANF recipients and identifies those factors that both facilitate and impede the progress of the program.</td>
<td>July 2000</td>
</tr>
</tbody>
</table>

Exhibit 2

**Employment Barriers of the Hard-to-Serve**

<table>
<thead>
<tr>
<th>Personal Barriers</th>
<th>Family and Situational Barriers</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Learning disabilities, low educational levels, and literacy issues</td>
<td>• Domestic Violence</td>
</tr>
<tr>
<td>• Substance abuse</td>
<td>• Family and child issues</td>
</tr>
<tr>
<td>• Mental illness</td>
<td>• Homelessness or housing instability</td>
</tr>
<tr>
<td>• Other disabilities and chronic health problems</td>
<td>• High unemployment areas</td>
</tr>
<tr>
<td>• Poor or no employment history</td>
<td>• Inadequate transportation and child care</td>
</tr>
<tr>
<td>• Criminal records or ongoing civil or criminal entanglements</td>
<td></td>
</tr>
</tbody>
</table>


...ed hard-to-serve, the strategic plan emphasizes the need for local caseworkers to coordinate service delivery among several agencies. In fact, the plan identifies 13 different agencies through which State-level coordination is to occur and a variety of local agencies. However, as with the targeting criteria, the strategic plan provides minimal details on how these various local agencies will be linked together in an organized coordinated system of service delivery for TANF recipients who are at-risk of long-term unemployment. Because many of the agencies identified in this plan have different missions, funding levels, and face different program requirements, bringing these entities together around a single purpose will be a major challenge for both the department and local caseworkers.

**Recommendation (1).** The Department of Social Services should modify its strategic plan by providing more prescriptive criteria for identifying welfare recipients who are considered “hard-to-serve.”
# Appendixes

<table>
<thead>
<tr>
<th>Appendix</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A</strong></td>
<td>Study Mandate</td>
<td>A-1</td>
</tr>
<tr>
<td><strong>B</strong></td>
<td>Sampling Errors and Results of Significance Testing for Data Tables Present in this Report</td>
<td>B-1</td>
</tr>
<tr>
<td><strong>C</strong></td>
<td>Results of Analysis for Second Study Group</td>
<td>C-1</td>
</tr>
<tr>
<td><strong>D</strong></td>
<td>Agency Responses</td>
<td>D-1</td>
</tr>
<tr>
<td><strong>E</strong></td>
<td>JLARC Staff Notes to DSS Response</td>
<td>E-1</td>
</tr>
</tbody>
</table>
Appendix A

Study Mandate

Item 16 M - 1999 Appropriation Act

Labor Market Experiences and Welfare Participation Rates

The Joint Legislative Audit and Review Commission shall conduct an annual follow-up review, beginning in fiscal year 2000, of the labor market experiences and welfare participation rates for welfare recipients, using the sample of individuals that was selected in 1998 for its study of welfare reform. This review shall include an analysis of the participant wage files maintained by the Virginia Employment Commission, and the welfare benefit files and VIEW program files maintained by the Department of Social Services.
Appendix B

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

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

### Figure B-1
Sampling Errors Associated with Figure 7

<table>
<thead>
<tr>
<th></th>
<th>4th Quarter Pre-VIEW</th>
<th>1st Quarter Pre-VIEW</th>
<th>In Program Post-VIEW</th>
<th>1st Quarter Post-VIEW</th>
<th>3rd Quarter Post-VIEW</th>
<th>5th Quarter Post-VIEW</th>
<th>7th Quarter Post-VIEW</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sampling Error</td>
<td>Sampling Error</td>
<td>Sampling Error</td>
<td>Sampling Error</td>
<td>Sampling Error</td>
<td>Sampling Error</td>
<td>Sampling Error</td>
</tr>
<tr>
<td>Total Sample</td>
<td>36%</td>
<td>3%</td>
<td>33%</td>
<td>3%</td>
<td>40%</td>
<td>3%</td>
<td>54%</td>
</tr>
<tr>
<td>Participated in</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VIEW</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Closed Case</td>
<td>***33% 4%</td>
<td>**31% 4%</td>
<td>*36% 4%</td>
<td>54% 4%</td>
<td>52% 4%</td>
<td>*51% 4%</td>
<td>50% 4%</td>
</tr>
</tbody>
</table>

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

### Figure B-2
Sampling Errors Associated with Figure 8

<table>
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<tr>
<th>VIEW Mandatory</th>
<th>4th Quarter Pre-VIEW</th>
<th>1st Quarter Pre-VIEW</th>
<th>In Program Post-VIEW</th>
<th>1st Quarter Post-VIEW</th>
<th>3rd Quarter Post-VIEW</th>
<th>5th Quarter Post-VIEW</th>
<th>7th Quarter Post-VIEW</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sampling Error</td>
<td>Sampling Error</td>
<td>Sampling Error</td>
<td>Sampling Error</td>
<td>Sampling Error</td>
<td>Sampling Error</td>
<td>Sampling Error</td>
</tr>
<tr>
<td>High Risk</td>
<td>*3%</td>
<td>3%</td>
<td>*1%</td>
<td>2%</td>
<td>*23%</td>
<td>7%</td>
<td>*34%</td>
</tr>
<tr>
<td>Zero Risk</td>
<td>*69%</td>
<td>6%</td>
<td>*67%</td>
<td>6%</td>
<td>*59%</td>
<td>7%</td>
<td>*77%</td>
</tr>
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</table>

Note: Between group differences in percentages and means are statistically significant at the following levels:
* the .01 level
** the .05 level
*** the .10 level
### Figure B-3

**Sampling Errors Associated with Figure 9**

<table>
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<tr>
<th></th>
<th>4th Quarter Pre-VIEW</th>
<th>1st Quarter Pre-VIEW</th>
<th>In Program Post-VIEW</th>
<th>3rd Quarter Post-VIEW</th>
<th>5th Quarter Post-VIEW</th>
<th>7th Quarter Post-VIEW</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Sample</strong></td>
<td>$518 $74</td>
<td>$433 $66</td>
<td>$564 $78</td>
<td>$593 $88</td>
<td>$969 $98</td>
<td>$1,479 $149</td>
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<tr>
<td><strong>Participated in VIEW</strong></td>
<td><em>$413 $76</em></td>
<td><em>$369 $73</em></td>
<td><em>$330 $60</em></td>
<td><em>$708 $83</em></td>
<td><em>$876 $105</em></td>
<td><em>$1,497 $179</em></td>
</tr>
<tr>
<td><strong>Closed Case</strong></td>
<td><em>$635 $142</em></td>
<td><em>$582 $140</em></td>
<td><em>$1,014 $195</em></td>
<td><em>$1,239 $197</em></td>
<td><em>$1,178 $200</em></td>
<td><em>$1,580 $278</em></td>
</tr>
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</table>

*Note: Between group differences in percentages and means are statistically significant at the following levels:*

* the .01 level
** the .05 level
*** the .10 level

### Figure B-4

** Sampling Errors Associated with Figure 10**

<table>
<thead>
<tr>
<th>VIEW Mandatory</th>
<th>4th Quarter Pre-VIEW</th>
<th>1st Quarter Pre-VIEW</th>
<th>In Program Post-VIEW</th>
<th>3rd Quarter Post-VIEW</th>
<th>5th Quarter Post-VIEW</th>
<th>7th Quarter Post-VIEW</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>High Risk</strong></td>
<td><em>$74 $89</em></td>
<td><em>$10 $24</em></td>
<td><em>$156 $77</em></td>
<td><em>$502 $175</em></td>
<td><em>$604 $192</em></td>
<td><em>$977 $284</em></td>
</tr>
<tr>
<td><strong>No Risk</strong></td>
<td><em>$1,269 $217</em></td>
<td><em>$988 $190</em></td>
<td><em>$1,133 $208</em></td>
<td><em>$1,428 $207</em></td>
<td><em>$1,567 $233</em></td>
<td><em>$1,931 $334</em></td>
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</table>

*Note: Between group differences in percentages and means are statistically significant at the following levels:*

* the .01 level
** the .05 level
*** the .10 level
## Figure B-5
### Sampling Errors Associated with Figure 11

<table>
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<th>At or Above Poverty</th>
<th>Total Sample</th>
<th>Sampling Error</th>
<th>One to Two Years</th>
<th>Sampling Error</th>
<th>Two or More Years</th>
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<tr>
<td>50-99 Percent of Poverty</td>
<td>22%</td>
<td>3%</td>
<td>20%</td>
<td>4%</td>
<td>26%</td>
<td>5%</td>
</tr>
<tr>
<td>&lt;50 Percent of Poverty</td>
<td>28%</td>
<td>3%</td>
<td>27%</td>
<td>4%</td>
<td>28%</td>
<td>5%</td>
</tr>
<tr>
<td>At or Above Poverty</td>
<td>50%</td>
<td>4%</td>
<td>53%</td>
<td>5%</td>
<td>46%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Note: Between group differences in percentages and means are statistically significant at the following levels:
* the .01 level
** the .05 level
*** the .10 level
### Figure B-6
Sampling Errors Associated with Figure 12

#### TANF Participation Rates

<table>
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<tr>
<th></th>
<th>4th Quarter Pre-VIEW</th>
<th>Sampling Error</th>
<th>1st Quarter Pre-VIEW</th>
<th>Sampling Error</th>
<th>1st Quarter Post-VIEW</th>
<th>Sampling Error</th>
<th>3rd Quarter Post-VIEW</th>
<th>Sampling Error</th>
<th>5th Quarter Post-VIEW</th>
<th>Sampling Error</th>
<th>7th Quarter Post-VIEW</th>
<th>Sampling Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 Risk Factors</td>
<td>*46% 7%</td>
<td></td>
<td>*78% 6%</td>
<td></td>
<td>66% 7%</td>
<td></td>
<td>***48% 7%</td>
<td></td>
<td>*32% 6%</td>
<td></td>
<td>*32% 6%</td>
<td></td>
</tr>
<tr>
<td>3+ Risk Factors</td>
<td>*84% 6%</td>
<td></td>
<td>*97% 3%</td>
<td></td>
<td>71% 8%</td>
<td></td>
<td>***57% 8%</td>
<td></td>
<td>*48% 9%</td>
<td></td>
<td>*51% 9%</td>
<td></td>
</tr>
<tr>
<td>Total Sample</td>
<td>66% 3%</td>
<td></td>
<td>88% 2%</td>
<td></td>
<td>69% 3%</td>
<td></td>
<td>48% 3%</td>
<td></td>
<td>37% 3%</td>
<td></td>
<td>32% 3%</td>
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#### TANF Benefit Amounts

<table>
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<tr>
<th></th>
<th>4th Quarter Pre-VIEW</th>
<th>Sampling Error</th>
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<th>Sampling Error</th>
<th>1st Quarter Post-VIEW</th>
<th>Sampling Error</th>
<th>3rd Quarter Post-VIEW</th>
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<th>Sampling Error</th>
<th>7th Quarter Post-VIEW</th>
<th>Sampling Error</th>
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</thead>
<tbody>
<tr>
<td>0 Risk Factors</td>
<td>*$367 $63</td>
<td></td>
<td>*$627 $58</td>
<td></td>
<td>**$502 $60</td>
<td></td>
<td>*$381 $65</td>
<td></td>
<td>*$242 $58</td>
<td></td>
<td>*$268 $60</td>
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</tr>
<tr>
<td>3+ Risk Factors</td>
<td>*$850 $94</td>
<td></td>
<td>*$990 $68</td>
<td></td>
<td>**$634 $95</td>
<td></td>
<td>*$568 $110</td>
<td></td>
<td>*$457 $107</td>
<td></td>
<td>*$527 $111</td>
<td></td>
</tr>
<tr>
<td>Total Sample</td>
<td>$595 $32</td>
<td></td>
<td>$738 $27</td>
<td></td>
<td>$552 $29</td>
<td></td>
<td>$438 $34</td>
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<td>$292 $29</td>
<td></td>
<td>$277 $29</td>
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</table>

Note: Between group differences in percentages and means are statistically significant at the following levels:
* the .01 level
** the .05 level
*** the .10 level
### Figure B-7
**Sampling Errors Associated with Figure 13**

<table>
<thead>
<tr>
<th>Reasons for Case Closure</th>
<th>Sampling Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>VIP Sanctions</td>
<td>4% 1%</td>
</tr>
<tr>
<td>VIEW Sanctions</td>
<td>6% 1%</td>
</tr>
<tr>
<td>Benefits Expired</td>
<td>7% 2%</td>
</tr>
<tr>
<td>Categorically Ineligible</td>
<td>9% 2%</td>
</tr>
<tr>
<td>Non-Compliance with Eligibility</td>
<td>23% 3%</td>
</tr>
<tr>
<td>Earned Income</td>
<td>26% 3%</td>
</tr>
<tr>
<td>Unearned or Deemed Income</td>
<td>2% 1%</td>
</tr>
<tr>
<td>Moved out of Area</td>
<td>4% 1%</td>
</tr>
<tr>
<td>Applicant Request</td>
<td>17% 2%</td>
</tr>
<tr>
<td>Other</td>
<td>1% 1%</td>
</tr>
</tbody>
</table>

### Figure B-8
**Sampling Errors Associated with Figure 14**

<table>
<thead>
<tr>
<th>Sampling Error</th>
<th>Reasons for Case Closure</th>
<th>Sampling Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>*Open Cases</td>
<td></td>
<td>24% 3%</td>
</tr>
<tr>
<td>Zero Risk Factors</td>
<td>20% 3%</td>
<td>Zero Risk Factors</td>
</tr>
<tr>
<td>One to Two Risk Factors</td>
<td>11% 2%</td>
<td>One to Two Risk Factors</td>
</tr>
<tr>
<td>Three or More Risk Factors</td>
<td>69% 3%</td>
<td>Three or More Risk Factors</td>
</tr>
</tbody>
</table>

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

### Figure B-9
**Sampling Errors Associated with Figure 15**

<table>
<thead>
<tr>
<th>Sampling Error</th>
<th>Open Cases</th>
<th>24% 3%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Search</td>
<td>46% 3%</td>
<td></td>
</tr>
<tr>
<td>Job Readiness</td>
<td>13% 2%</td>
<td></td>
</tr>
<tr>
<td>Work Experience</td>
<td>8% 2%</td>
<td></td>
</tr>
<tr>
<td>Working Full-Time</td>
<td>21% 3%</td>
<td></td>
</tr>
<tr>
<td>Pending</td>
<td>4% 1%</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>6% 2%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sampling Error</th>
<th>Closed Cases</th>
<th>76% 3%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Search</td>
<td>39% 3%</td>
<td></td>
</tr>
<tr>
<td>Job Readiness</td>
<td>15% 2%</td>
<td></td>
</tr>
<tr>
<td>Work Experience</td>
<td>6% 2%</td>
<td></td>
</tr>
<tr>
<td>Working Full-Time</td>
<td>30% 3%</td>
<td></td>
</tr>
<tr>
<td>Pending</td>
<td>4% 1%</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>5% 1%</td>
<td></td>
</tr>
</tbody>
</table>

*Note: Between group differences in percentages and means are statistically significant at the following levels:*
* the .01 level
** the .05 level
*** the .10 level
### Figure B-10
**Sampling Errors Associated with Figure 16**

<table>
<thead>
<tr>
<th></th>
<th>4th Quarter Pre-View</th>
<th>1st Quarter Pre-View</th>
<th>1st Quarter Post-View</th>
<th>3rd Quarter Post-View</th>
<th>5th Quarter Post-View</th>
<th>7th Quarter Post-View</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>25%</td>
<td>16%</td>
<td>33%</td>
<td>39%</td>
<td>46%</td>
<td>47%</td>
</tr>
<tr>
<td><strong>TANF</strong></td>
<td>38%</td>
<td>43%</td>
<td>32%</td>
<td>26%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td><strong>Food Stamps</strong></td>
<td>37%</td>
<td>41%</td>
<td>35%</td>
<td>34%</td>
<td>34%</td>
<td>33%</td>
</tr>
</tbody>
</table>

### Figure 11
**Sampling Errors Associated with Figure 17**

<table>
<thead>
<tr>
<th></th>
<th>4th Quarter Pre-View</th>
<th>1st Quarter Pre-View</th>
<th>1st Quarter Post-View</th>
<th>3rd Quarter Post-View</th>
<th>5th Quarter Post-View</th>
<th>7th Quarter Post-View</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Zero Risk Factors</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Income</strong></td>
<td>55%</td>
<td>34%</td>
<td>50%</td>
<td>56%</td>
<td>64%</td>
<td>62%</td>
</tr>
<tr>
<td><strong>TANF</strong></td>
<td>20%</td>
<td>32%</td>
<td>26%</td>
<td>21%</td>
<td>13%</td>
<td>17%</td>
</tr>
<tr>
<td><strong>Food Stamps</strong></td>
<td>24%</td>
<td>34%</td>
<td>24%</td>
<td>23%</td>
<td>23%</td>
<td>21%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>3rd Quarter Pre-View</th>
<th>1st Quarter Pre-View</th>
<th>1st Quarter Post-View</th>
<th>3rd Quarter Post-View</th>
<th>5th Quarter Post-View</th>
<th>7th Quarter Post-View</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Three or More Risk Factors</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Income</strong></td>
<td>2%</td>
<td>0%</td>
<td>17%</td>
<td>26%</td>
<td>26%</td>
<td>29%</td>
</tr>
<tr>
<td><strong>TANF</strong></td>
<td>49%</td>
<td>54%</td>
<td>35%</td>
<td>33%</td>
<td>28%</td>
<td>34%</td>
</tr>
<tr>
<td><strong>Food Stamps</strong></td>
<td>48%</td>
<td>46%</td>
<td>47%</td>
<td>41%</td>
<td>46%</td>
<td>37%</td>
</tr>
</tbody>
</table>
### Figure 12
**Sampling Errors Associated with Figure 18**

<table>
<thead>
<tr>
<th></th>
<th>4th Quarter</th>
<th>1st Quarter</th>
<th>1st Quarter</th>
<th>3rd Quarter</th>
<th>5th Quarter</th>
<th>7th Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pre-View</td>
<td>Sampling Error</td>
<td>Pre-View</td>
<td>Sampling Error</td>
<td>Post-View</td>
<td>Sampling Error</td>
</tr>
<tr>
<td><strong>0 Risk Factors</strong></td>
<td>$2,034</td>
<td>$210</td>
<td>$2,241</td>
<td>$199</td>
<td>$2,372</td>
<td>$199</td>
</tr>
<tr>
<td><strong>3+ Risk Factors</strong></td>
<td>$1,748</td>
<td>$170</td>
<td>$1,911</td>
<td>$140</td>
<td>$1,931</td>
<td>$219</td>
</tr>
<tr>
<td><strong>Total Sample</strong></td>
<td>$1,681</td>
<td>$75</td>
<td>$1,861</td>
<td>$68</td>
<td>$1,977</td>
<td>$83</td>
</tr>
</tbody>
</table>

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

Results of Analysis for the Second Study Group

**Figure C-1**
Pre- to Post-Program Changes in Employment Levels for the VIEW-Mandatory Population for the Second Study Group

<table>
<thead>
<tr>
<th></th>
<th>4th Quarter Pre-VIEW</th>
<th>1st Quarter Pre-VIEW</th>
<th>Quarter in Program</th>
<th>1st Quarter Post-VIEW</th>
<th>2nd Quarter Post-VIEW</th>
<th>3rd Quarter Post-VIEW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Sample</td>
<td>32% 3%</td>
<td>38% 3%</td>
<td>42% 4%</td>
<td>55% 4%</td>
<td>52% 4%</td>
<td>50% 4%</td>
</tr>
<tr>
<td>Participated in VIEW</td>
<td>*26% 4%</td>
<td>*33% 4%</td>
<td>*33% 4%</td>
<td>56% 4%</td>
<td>51% 4%</td>
<td>49% 4%</td>
</tr>
<tr>
<td>Closed Case</td>
<td>*43% 7%</td>
<td>*53% 7%</td>
<td>*65% 7%</td>
<td>57% 7%</td>
<td>53% 7%</td>
<td>56% 7%</td>
</tr>
</tbody>
</table>

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

**Figure C-2**
Pre- to Post-Program Changes in Employment Levels for the VIEW-Mandatory Population Based on Individuals Risk Factors for the Second Study Group

<table>
<thead>
<tr>
<th>VIEW Mandatory</th>
<th>4th Quarter Pre-VIEW</th>
<th>1st Quarter Pre-VIEW</th>
<th>Quarter in Program</th>
<th>1st Quarter Post-VIEW</th>
<th>2nd Quarter Post-VIEW</th>
<th>3rd Quarter Post-VIEW</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Risk</td>
<td>*7% 5%</td>
<td>*2% 3%</td>
<td>*7% 5%</td>
<td>*41% 9%</td>
<td>*39% 9%</td>
<td>*38% 9%</td>
</tr>
<tr>
<td>No Risk</td>
<td>*57% 9%</td>
<td>*62% 8%</td>
<td>*69% 8%</td>
<td>*71% 8%</td>
<td>*64% 8%</td>
<td>*54% 9%</td>
</tr>
</tbody>
</table>

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

C-1
### Figure C-3
Pre- to Post-Program Changes in Average Quarterly Earnings for the VIEW-Mandatory Population for the Second Study Group

<table>
<thead>
<tr>
<th>Quarter</th>
<th>4th Quarter Pre-VIEW</th>
<th>1st Quarter Pre-VIEW</th>
<th>Quarter in Program</th>
<th>1st Quarter Post-VIEW</th>
<th>2nd Quarter Post-VIEW</th>
<th>3rd Quarter Post-VIEW</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$441</td>
<td>$77</td>
<td>$497</td>
<td>$64</td>
<td>$533</td>
<td>$67</td>
</tr>
<tr>
<td>Total Sample</td>
<td>Participated in VIEW</td>
<td>$316</td>
<td>$14</td>
<td>$440</td>
<td>$39</td>
<td>$269</td>
</tr>
<tr>
<td>Closed Case</td>
<td>$861</td>
<td>$136</td>
<td>$600</td>
<td>$61</td>
<td>$1242</td>
<td>$104</td>
</tr>
</tbody>
</table>

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

### Figure C-4
Pre- to Post-Program Changes in Average Quarterly Earnings for the VIEW-Mandatory Population Based on Individuals Risk Factors

<table>
<thead>
<tr>
<th>VIEW Mandatory</th>
<th>4th Quarter Pre-VIEW</th>
<th>1st Quarter Pre-VIEW</th>
<th>Quarter in Program</th>
<th>1st Quarter Post-VIEW</th>
<th>2nd Quarter Post-VIEW</th>
<th>3rd Quarter Post-VIEW</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Risk</td>
<td>*$48</td>
<td>$44</td>
<td>*$29</td>
<td>$36</td>
<td>*$62</td>
<td>$49</td>
</tr>
<tr>
<td>No Risk</td>
<td>$1046</td>
<td>$341</td>
<td>*$874</td>
<td>$162</td>
<td>*$994</td>
<td>$239</td>
</tr>
</tbody>
</table>

Note: Between group differences in percentages and means are statistically significant at the following levels:
* the .01 level
** the .05 level
*** the .10 level
### Figure C-6
TANF Participation Rates and Benefit Amounts for the Second Study Group

#### TANF Participation Rates

<table>
<thead>
<tr>
<th></th>
<th>4th Quarter</th>
<th>1st Quarter</th>
<th>2nd Quarter</th>
<th>3rd Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pre-VIEW Sampling Error</td>
<td>Pre-VIEW Sampling Error</td>
<td>Post-VIEW Sampling Error</td>
<td>Post-VIEW Sampling Error</td>
</tr>
<tr>
<td>0 Risk Factors</td>
<td>*57% 9%</td>
<td>**96% 3%</td>
<td>*64% 8%</td>
<td>***53% 9%</td>
</tr>
<tr>
<td>3+ Risk Factors</td>
<td>*86% 6%</td>
<td>**87% 6%</td>
<td>96% 4%</td>
<td>**84% 7%</td>
</tr>
<tr>
<td>Total Sample</td>
<td>74% 3%</td>
<td>89% 2%</td>
<td>69% 3%</td>
<td>58% 4%</td>
</tr>
</tbody>
</table>

#### TANF Benefit Amounts

<table>
<thead>
<tr>
<th></th>
<th>4th Quarter</th>
<th>1st Quarter</th>
<th>2nd Quarter</th>
<th>3rd Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pre-VIEW Sampling Error</td>
<td>Pre-VIEW Sampling Error</td>
<td>Post-VIEW Sampling Error</td>
<td>Post-VIEW Sampling Error</td>
</tr>
<tr>
<td>0 Risk Factors</td>
<td>*$381 $55</td>
<td>*$608 $44</td>
<td>*$579 $40</td>
<td>***$449 $69</td>
</tr>
<tr>
<td>3+ Risk Factors</td>
<td>*$797 $65</td>
<td>*$746 $68</td>
<td>*$806 $57</td>
<td>**$787 $83</td>
</tr>
<tr>
<td>Total Sample</td>
<td>$577 $27</td>
<td>$640 $23</td>
<td>$671 $21</td>
<td>$512 $33</td>
</tr>
</tbody>
</table>

Note: Between group differences in percentages and means are statistically significant at the following levels:
* the .01 level
** the .05 level
*** the .10 level
### Figure C-7
**Reasons for Case Closure for the Second Study Group**

<table>
<thead>
<tr>
<th>Reasons for Case Closure</th>
<th>Sampling Error</th>
<th>Sampling Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>VIP Sanctions</td>
<td>3%</td>
<td>1%</td>
</tr>
<tr>
<td>VIEW Sanctions</td>
<td>8%</td>
<td>2%</td>
</tr>
<tr>
<td>Benefits Expired</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>Categorically Ineligible</td>
<td>7%</td>
<td>2%</td>
</tr>
<tr>
<td>Non-Compliance with Eligibility</td>
<td>20%</td>
<td>3%</td>
</tr>
<tr>
<td>Earned Income</td>
<td>25%</td>
<td>3%</td>
</tr>
<tr>
<td>Unearned or Deemed Income</td>
<td>6%</td>
<td>2%</td>
</tr>
<tr>
<td>Moved out of Area</td>
<td>6%</td>
<td>2%</td>
</tr>
<tr>
<td>Applicant Request</td>
<td>20%</td>
<td>3%</td>
</tr>
<tr>
<td>Other</td>
<td>1%</td>
<td>1%</td>
</tr>
</tbody>
</table>

### Figure C-8
**Closed and Open Cases by Risk for the Second Study Group**

<table>
<thead>
<tr>
<th>Risk Factors</th>
<th>Sampling Error</th>
<th>Sampling Error</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Open Cases</strong></td>
<td>41%</td>
<td>3%</td>
</tr>
<tr>
<td>Zero Risk Factors</td>
<td>11%</td>
<td>3%</td>
</tr>
<tr>
<td>One to Two Risk Factors</td>
<td>18%</td>
<td>3%</td>
</tr>
<tr>
<td>Three or More Risk Factors</td>
<td>71%</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Closed Cases</strong></td>
<td>59%</td>
<td>3%</td>
</tr>
<tr>
<td>Zero Risk Factors</td>
<td>18%</td>
<td>3%</td>
</tr>
<tr>
<td>One to Two Risk Factors</td>
<td>14%</td>
<td>3%</td>
</tr>
<tr>
<td>Three or More Risk Factors</td>
<td>68%</td>
<td>4%</td>
</tr>
</tbody>
</table>

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

### Figure C-9
**Component at Case Closure for the Second Study Group**

<table>
<thead>
<tr>
<th>Component</th>
<th>Sampling Error</th>
<th>Sampling Error</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Open Cases</strong></td>
<td>41%</td>
<td>3%</td>
</tr>
<tr>
<td>Job Search</td>
<td>32%</td>
<td>4%</td>
</tr>
<tr>
<td>Job Readiness</td>
<td>16%</td>
<td>3%</td>
</tr>
<tr>
<td>Work Experience</td>
<td>6%</td>
<td>2%</td>
</tr>
<tr>
<td>Pending</td>
<td>3%</td>
<td>1%</td>
</tr>
<tr>
<td>Working Full-Time</td>
<td>34%</td>
<td>4%</td>
</tr>
<tr>
<td>Post Secondary</td>
<td>4%</td>
<td>2%</td>
</tr>
<tr>
<td>Other</td>
<td>7%</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Closed Cases</strong></td>
<td>59%</td>
<td>3%</td>
</tr>
<tr>
<td>Job Search</td>
<td>44%</td>
<td>4%</td>
</tr>
<tr>
<td>Job Readiness</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>Work Experience</td>
<td>5%</td>
<td>2%</td>
</tr>
<tr>
<td>Pending</td>
<td>4%</td>
<td>2%</td>
</tr>
<tr>
<td>Working Full-Time</td>
<td>34%</td>
<td>4%</td>
</tr>
<tr>
<td>Post Secondary</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>Other</td>
<td>7%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Note: Between group differences in percentages and means are statistically significant at the following levels:
- * the .01 level
- ** the .05 level
- *** the .10 level
## Figure C-10
Composition of Resources for Total Sample for the Second Study Group

### Composition of Total Resources for Total Sample

<table>
<thead>
<tr>
<th>Income</th>
<th>4th Quarter Pre-VIEW Sampling Error</th>
<th>1st Quarter Pre-VIEW Sampling Error</th>
<th>Quarter in Program Sampling Error</th>
<th>1st Quarter Post-VIEW Sampling Error</th>
<th>2nd Quarter Post-VIEW Sampling Error</th>
<th>3rd Quarter Post-VIEW Sampling Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>19% 3%</td>
<td>17% 3%</td>
<td>19% 3%</td>
<td>31% 3%</td>
<td>35% 3%</td>
<td>39% 3%</td>
</tr>
<tr>
<td>TANF</td>
<td>39% 3%</td>
<td>41% 3%</td>
<td>41% 3%</td>
<td>33% 3%</td>
<td>29% 3%</td>
<td>25% 3%</td>
</tr>
<tr>
<td>Food Stamps</td>
<td>42% 4%</td>
<td>42% 4%</td>
<td>41% 3%</td>
<td>36% 3%</td>
<td>35% 3%</td>
<td>36% 3%</td>
</tr>
</tbody>
</table>
## Figure C-11
Composition of Resources by Risk for Second Study Group

### Composition of Resources for Those with Zero Risk Factors

<table>
<thead>
<tr>
<th></th>
<th>4th Quarter Pre-View</th>
<th>Sampling Error</th>
<th>1st Quarter Pre-View</th>
<th>Sampling Error</th>
<th>Quarter in Program</th>
<th>Sampling Error</th>
<th>1st Quarter Post-View</th>
<th>Sampling Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income</td>
<td>39%</td>
<td>8%</td>
<td>28%</td>
<td>8%</td>
<td>31%</td>
<td>8%</td>
<td>44%</td>
<td>9%</td>
</tr>
<tr>
<td>TANF</td>
<td>28%</td>
<td>8%</td>
<td>35%</td>
<td>8%</td>
<td>35%</td>
<td>8%</td>
<td>27%</td>
<td>8%</td>
</tr>
<tr>
<td>Food Stamps</td>
<td>33%</td>
<td>8%</td>
<td>38%</td>
<td>8%</td>
<td>34%</td>
<td>8%</td>
<td>29%</td>
<td>8%</td>
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</table>

### Composition of Resources for Those with Three or More Risk Factors

<table>
<thead>
<tr>
<th></th>
<th>4th Quarter Pre-View</th>
<th>Sampling Error</th>
<th>1st Quarter Pre-View</th>
<th>Sampling Error</th>
<th>Quarter in Program</th>
<th>Sampling Error</th>
<th>1st Quarter Post-View</th>
<th>Sampling Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income</td>
<td>2%</td>
<td>3%</td>
<td>1%</td>
<td>2%</td>
<td>3%</td>
<td>3%</td>
<td>15%</td>
<td>6%</td>
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<tr>
<td>TANF</td>
<td>49%</td>
<td>9%</td>
<td>49%</td>
<td>9%</td>
<td>46%</td>
<td>9%</td>
<td>40%</td>
<td>9%</td>
</tr>
<tr>
<td>Food Stamps</td>
<td>48%</td>
<td>9%</td>
<td>50%</td>
<td>9%</td>
<td>51%</td>
<td>9%</td>
<td>45%</td>
<td>9%</td>
</tr>
<tr>
<td>Risk Factors</td>
<td>4th Quarter</td>
<td>1st Quarter</td>
<td>Quarter in Program</td>
<td>1st Quarter</td>
<td>2nd Quarter</td>
<td>3rd Quarter</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-------------------</td>
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<td></td>
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</tr>
<tr>
<td></td>
<td>Pre-VIEW</td>
<td>Sampling Error</td>
<td>Pre-VIEW</td>
<td>Sampling Error</td>
<td>Post-VIEW</td>
<td>Sampling Error</td>
<td>Post-VIEW</td>
<td>Sampling Error</td>
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<tr>
<td>0 Risk Factors</td>
<td>$1,882</td>
<td>$326</td>
<td>*$2,126</td>
<td>$183</td>
<td>*$2,175</td>
<td>$211</td>
<td>**$2,326</td>
<td>$190</td>
</tr>
<tr>
<td>3+ Risk Factors</td>
<td>$1,660</td>
<td>$136</td>
<td>*$1,626</td>
<td>$130</td>
<td>*$1,810</td>
<td>$122</td>
<td>**$2,042</td>
<td>$192</td>
</tr>
<tr>
<td>Total Sample</td>
<td>$1,671</td>
<td>$79</td>
<td>$1,846</td>
<td>$71</td>
<td>$1,937</td>
<td>$68</td>
<td>$2,000</td>
<td>$79</td>
</tr>
</tbody>
</table>

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

Agency Responses

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

This appendix contains the response from the Department of Social Services.
Mr. Phillip A. Leone, Director
Joint Legislative Audit and Review Commission
Suite 1100, General Assembly Building
Capitol Square
Richmond Virginia, 23219

Dear Mr. Leone:

The purpose of this letter is to transmit comments from the Department of Social Services on the Exposure Draft of the JLARC report, Virginia Welfare Reform Initiative: Follow-up of Participant Outcomes.

The Department appreciated the opportunity to discuss this draft with you and Mr. Wayne Turnage on August 23, 2000. It was very helpful to have a face to face exchange of views and to review some of your background data before making final comments on the report. Thank you for listening to our concerns and making several of our recommended changes.

Our comments are offered in the spirit of clarifying and elaborating upon the information in the report and in the hope that they will add to the understanding gained by Virginia citizens who use this material.

We look forward to working with you in the future.

Sincerely,

Sonia Rivero
Commissioner

Enclosure
The Department of Social Services appreciates the overall positive tone of the subject report, but also suggests that it is not as positive as, in fact, the actual results of Welfare Reform would indicate. Following is information that testifies to the very positive nature of our outcomes in Welfare Reform so far.

The Virginia Closed Case Study: Experiences of Virginia Families One Year After Leaving Temporary Assistance for Needy Families (the Closed Case Study), November 1999, completed by the Institute for Public Policy Research, Center for Public Administration and Policy at Virginia Tech contains findings indicating, in general, a very positive outcome for families one year after TANF case closure:

- 60 percent of the respondents were employed when their case closed or within a month after leaving VIEW;
- 85 percent had worked at some time since their case closed;
- Nearly 50 percent worked steadily in the year after leaving TANF;
- Former TANF recipients earned $1,067 a month on average at their current or more recent job, slightly less than the federal level for a family of three ($1,138);
- More than three-fourths of the current or most recent jobs held by respondents at the time of the interview were full-time (defined as working more than 30 hours per week);
- Half of the jobs offered health benefits and paid vacation;
- One-third of the jobs offered sick leave.

Even more encouraging findings of this study were:

- Average household incomes increased by forty percent after leaving TANF;
- Twenty-eight percent of households had incomes above the federal poverty level at the time of the interview compared with 13 percent with incomes above federal poverty level the month they left TANF.

The VIP VIEW monthly reports also continue to report employed rates for open TANF cases at close to 70 percent. The findings of the JLARC report confirm that the VIEW Program has assisted families to move from dependence on public assistance to successfully replacing more of the TANF benefit over time with earnings.

The Department’s response to the JLARC report is divided into two categories. The first category contains comments of a general nature about the report findings; the second category is more specific, and relates to interpretation of the data in the report.

**General Comments:**

1. **Definition of Poverty**

The U. S. Department of Health and Human Services does not limit family income to individual earnings in calculating the federal poverty level. Neither should the JLARC study be limited to an assessment of individual earnings only as an indicator of economic success. Lacking in this report is a comprehensive assessment of whether other income
and benefits available to post-TANF families contributes to moving family income above the federal poverty level, for example child support, day care subsidies, tax credits, etc.

2. The Report Recommendation

JLARC’s Recommendation: “The Department of Social Services should modify its strategic plan by providing more prescriptive criteria for identifying welfare recipients who are considered "hard-to-serve."

DSS’s Response: There are barriers to employment that are specific to individuals and families and others that are specific to localities. It is the position of DSS that the local departments of social services staff who manage VIEW cases know the needs of the individual and the family best. What may be a barrier to employment for one individual, for example a learning disability, may not be a barrier to another who has learned to compensate or overcome a particular barrier. Assessments and service plans for VIEW participants are individualized based on the needs of that individual.

DSS does not want to limit the local agency staff in meeting the individualized needs of their clients by prescribing specific criteria for identifying the "hard-to-serve." Limiting definitions to specific criteria may have the perverse result of attempting to fit persons into narrow categories and may actually hamper the possibilities of tailoring services for individual needs. In addition, placing a label on an individual may have the result of having the person place a lower expectation for success upon himself.

Comments on Data Interpretation:

1. VIP/VIEW Program Impact (pp. 10-14, 29)

TANF caseloads declined by 58 percent from June 1995 to August 2000. While the economy probably facilitated these declines, the VIP/VIEW program also had an impact. At the same time, the estimated mandatory VIEW caseload declined by 74 percent. Virginia’s VIP VIEW Impact Study also shows that there was a statistically significant difference of 2.9 percent at the .001 level for employment rates between the VIP/VIEW treatment group and the AFDC/JOBS control group. Although, a healthy economy is a facilitator, Figure 3 shows that after implementation of welfare reform, the TANF caseload declined at a faster rate than the unemployment rate, giving further evidence of a VIP/VIEW program effect.

2. VEC Data Limitations

The JLARC study uses VEC data to assess employment rates and quarterly earnings. VEC data is not a complete picture of employment for TANF recipients. VDSS administrative data shows TANF recipients who are employed in situations that are not reported to VEC – like federal employment, self-employment, some day care situations, and some temporary employment. Furthermore, VEC data only covers employment in Virginia. Both open and closed TANF cases can and do find employment in Washington D.C. or other contiguous states.
VEC data also has a lag time before it is complete for any given quarter. The last quarter reviewed in the JLARC study was July 1999, with VEC data drawn in December 1999. It is VDSS’ experience from working with the VEC data for all of its VIP/VIEW evaluations that the VEC data is often not complete until after the 2nd quarter following the month of employment. This is particularly true for new employment, which is the status for many VIEW participants. The VEC data lag could account for the apparent decline in employment and earnings “7 quarters after VIEW assessment.” Therefore, it cannot be concluded that there is, or is not, a decline 7 quarters after VIEW assessment based on VEC data. Additional data is needed to verify these findings.

3. **Using Cases that Closed Before Enrolling in VIEW as a Control Group  (pp. 31-36)**

JLARC points out in its report that this group cannot and should not be considered a control group. The Department agrees that it is not a valid control group for all of the reasons that JLARC states and more. Therefore, it is confusing that the report analysis treats “cases that closed before enrolling in VIEW” as a comparison group.

4. **Using VDSS Administrative data to determine the percent leaving due to earned income (pp.45-46)**

The Closed Case Study shows that the VDSS administrative data resulting from the code “reason for leaving” is not always consistent with the TANF participant’s perspective on why their case was closed. A high 49 percent of the respondents to the closed case survey disagreed with the administrative data. Where administrative data said closed for a sanction, 27.4 percent reported they actually closed for excess income. Where administrative data said closed at client’s request, 19.2 percent reported closed for excess income. Since such a large proportion of the case closures were actually due to excess income and are not included in this analysis, it is unclear what the analysis implies.
Appendix E
J LARC Notes to DSS Response

(Page 1, first three paragraphs)

Study findings on the employment levels, earnings, and caseload trends of VIEW mandatory recipients are based on a representative sample of the VIEW mandatory population (both open and closed cases). DSS refers to a more limited sample of recipients who closed their cases between July and October 1997. JLARC staff research shows that cases which are closed have a lower proportion of recipients who:

- Are female and African-American;
- Have never married;
- Are without a high school diploma or GED; and
- Have a high-risk for chronic welfare dependency (based on their education level, number of children, pre-VIEW work history, and length of time on welfare since the age of their oldest child.

The aforementioned characteristics are associated with lower employment and longer periods of welfare dependency. Thus, the outcomes cited in the department’s response might significantly overstate the employment levels and earnings for the VIEW mandatory population (which includes both open and closed cases), and these outcomes should not be treated as estimates of the outcomes for recipients who are VIEW mandatory. JLARC’s study sample is better suited for that purpose.

(Page 1, last paragraph)

The report does not, as the department’s comments suggest, use individual earnings as the only indicator of economic success. Instead, we calculate the total resources available to the recipient from TANF, food stamps, and income and then track changes over time in the proportion of these resources that can be attributed to income versus public assistance.

The federal poverty level is used to determine whether the recipients had earned income in 1998 that exceeded the poverty level. The report does not state that individuals who earned less than poverty level wages were actually living below the federal poverty standard. In fact, the report acknowledges that individuals may have other resources that allow them to live above the federal poverty standard.
This analysis was conducted simply to evaluate what proportion of recipients found employment that paid wages which were higher than the federal poverty standard.

(Page 2, last paragraph)

The Virginia Employment Commission (VEC) employment data is the most reliable and most commonly used source of outcome data for labor market studies. The data covers 95 to 98 percent of all employers in Virginia. Further, JLARC staff estimates of employment levels from the VEC data for the VIEW mandatory sample virtually match those employment figures that were provided through a telephone survey of a sample of VIEW participants.

Finally, the reporting “lag” in the VEC data, cannot possibly be the cause for the employment decline observed in this study as that decline occurs in the fifth quarter following the recipients’ assessment for VIEW. The latest time period represented by the fifth quarter of follow-up in this study is December, 1998. As JLARC staff did not collect data from the VEC until November 1999, the agency had nearly 12 months to update the wage file before it was used for this study.

(Page 3, last paragraph)

The report does not state that the closed cases represent a control group for the study. In fact, nearly one page of narrative is dedicated to discussing why those cases could not be so used. We report the employment trends of those who close their cases because the study mandate requires it. The fact that one group is not a control group for the other, however, does not mean that the employment trends of the two groups cannot be reported and compared. The two groups can be compared to the differences in the trends between the two groups (but not to make an interpretation about the effect of VIEW).

(Page 4, last paragraph)

At the time JLARC staff conducted the study, the department did not inform us that its administrative data were not reliable. Based on these comments, we have removed references to that data from the report.
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