

Tracking County Responses to Welfare Reform

McDowell: Politics and Culture in an Electing County

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McDowell County, located in the western foothills region, is the fifty-seventh largest county in North Carolina. Economically, it is one of the more depressed in the state ranking eighty-second in income per capita. While McDowell ranks thirtieth in the number of manufacturing jobs, manufacturing wages are 13 percent below the state average, and nearly a third of the full time workforce lives in poverty. The county's *Welfare Reform Plan* underscores the problem: "The socio-economic conditions existing for persons living within the borders of McDowell County generally fall below state averages in most areas... McDowell County has long had a history of poverty level and below poverty level house-holds. Our infrastructure and economic base in manufacturing and retail have lagged behind for many decades." (p. 3)

Yet, despite this relatively bleak picture, the county ranked eighty-first in the number of AFDC recipients and eighty-ninth in the percentage of county residents receiving AFDC benefits, suggesting an ingrained cultural animosity toward welfare programs. In McDowell, economic development, not welfare assistance, is the priority. The *Reform Plan* argues that economic growth is the key to welfare reform: "the presence of an historically dedicated workforce will continue to broaden and expand the economic stability of McDowell County and will further contribute to assisting those involved with the Work First Program find and keep decent full time jobs." (p. 4)

McDowell's welfare reform effort thus occurred in a context of extensive poverty and a culture that discourages government assistance. The result was a controversial and divisive process that ultimately led to the county adopting the Electing option. The plan that emerged, however, is relatively moderate and made more so by court challenges and political change. By

July 2000 a consensus emerged among county officials that Work First was a success and that the county should retain its Electing status.

This report examines McDowell's experience with welfare reform. The first part reviews the political context in which reform occurred and recounts the events surrounding the plan's adoption. Part two describes the plan and the innovations it incorporated. The third section examines the rocky path to implementation which forced the county to modify some of its original ideas and the fourth part discusses the advantages and disadvantages of the plan as seen by those who implement it. The last section reviews the importance of political culture and policy entrepreneurs in shaping McDowell's experience with welfare reform. The Appendix contains a time line of major events in the chronology.

The Policy Context and Decision Dynamics, 1997-1998

McDowell is a politically conservative county. While registered Democrats outnumber Republicans by nearly two to one, the county regularly votes Republican in most state and national races. The Republican candidate for U.S. congress, for example, generally receives between 60 and 70 percent of the county's vote.

The county is governed by a five-member Board of Commissioners who serve four year terms, with two elected at-large in presidential election years and three in off-year elections. While this arrangement normally prevents dramatic shifts in the Board's composition, the 1990s witnessed marked changes in power. The 1992 elections gave Democrats a 4-1 majority, an alignment that became 5-0 when the sole Republican switched parties. In 1994, however, Republicans seized an open seat and defeated an incumbent and in 1996 defeated two more Democratic incumbents to gain a 4-1 edge.

Thus, welfare reform came before the Commission in a highly charged partisan environment. The four Republican Commissioners were first time members and the only holdover was the party switcher who had been reelected as a Democrat in 1994. While welfare reform was not an issue in the 1996 election, the results were pivotal in dictating the course of change as the two commissioners elected that year played central roles in the process. One of the newly elected members said the welfare discussions provided an opportunity for the new Board of Commissioners to be more “aggressive” in implementing social and economic change and “lead a trend that has been fomenting for the last decade.” Arguing that the people in McDowell want to help the needy, he emphasized that they also wanted welfare to be “a temporary fix.” The idea of reform, he continued, “is popular with voters and fits the national mood.” Noting that the current DSS director had been in the position for 27 years, he claimed it was time to attack the institutionalization of poverty in and to break the dominance of an entrenched and bloated bureaucracy.

The Republican majority was anything but cohesive, however. A controversy centering around an incentive package for economic development alienated one of the Republicans elected in 1994 and in October 1997 he announced he would not run for reelection as a Republican, citing disparaging remarks made about him by a colleague, and a threat from a fellow commissioner that he “had better get on the bandwagon” (*McDowell News* 1997b). Another controversy erupted in December 1997 when the holdover Republican chair was ousted by an alliance of the two newly elected Republicans and the man originally elected as a Republican in 1990 who had switched parties.

In November 1997 the Commission appointed a Planning Committee of 12 people. Membership consisted of the two Republican Commissioners elected in 1996 and representatives

from several groups and community agencies including, the Board of Mental Health, McDowell Technical Community College, the county's Health Board, the business community, the State Employment Commission, and the school system. The committee's composition immediately generated criticism. The disenchanted Republican Commissioner, for example, claimed the list "contained approximately six members of the Executive Committee for the Local Republican Party... I don't think there has ever been a more blatant stacking of a committee" (*McDowell News* 1997c). Another official agreed, calling the committee's construction "a blatant example of politics." Instead of the usual practice of discussing possible members based on who would be interested and helpful, the Commissioners summarily ratified a preordained ticket, he said.

Notably absent from the Committee were DSS officials, as the only representative from the agency was a clerical worker described as "a reliable Republican vote." Said one disenchanted DSS worker, "I would not have chosen the same people. There were too many on it who didn't understand what was going on." Another said, "They needed more people who were involved in the day to day operation of the programs... The people on the committee didn't know the details. Several never seemed to understand, for example, that DSS is bound by certain regulations."

One participant agreed, arguing that the selection dynamic was "purely and simply politics," and that "only those directly involved understood the process." The result, he claimed, was a group that knew little about welfare programs. "It was clear they wanted change, but they didn't think the changes out clearly. They didn't know what they were doing. It was change for change sake."

The Commissioners who served on the Committee shrugged off such criticisms. One claimed the charges of political bias were incorrect saying "I was unaware of that [political bias]

and I was the one what made up the committee.” The other indicated such complaints were irrelevant. “Why don’t you go before all the boards and see whether they are making political appointments,” he said (*McDowell News* 1997c).

When the Planning Committee convened on November 19, 1997, it was ostensibly faced with two issues. First it had to decide whether McDowell would apply for Electing or Standard status, and second it had to write a plan for implementing the Work First program. The first issue was barely discussed. One participant indicated the decision to apply for Electing status appeared to have been made at least a month before the Committee was appointed. “The Committee simply manipulated the outcome. I didn’t hear any arguments in favor of going Elected, they just decided to do it.” Another participant said, “It was obvious from the start this was the direction the county was headed. There was no public debate or discussion on the issue. It was a foregone conclusion.” The appearance of State Representative and welfare reform activist, Cherie Killian Berry, before the committee corroborates this interpretation. The *Plan* claims merely that Berry “spoke to the group about the process and history of welfare reform... [and] answered questions on how local reform programs might be structured” (p. 5). One participant interpreted her comments differently, however, claiming Berry encouraged the group “to go to the limit, go to the extremes.” This participant also noted that this attitude alarmed DSS officials and contributed to “a climate of mistrust.”

Another participant agreed that tensions existed, but claimed that several people made a concerted effort to make the process work. The Committee members, he said, “were clearly conservative, but they were also committed to improving the system.” This participant maintained that the Committee did seek advice from DSS and the county manager’s office and this input kept the Committee from getting “totally unreasonable.” He also detected in the group a “genuine

willingness to listen to professionals and learn from them and even some recognition that the system actually worked better than they thought.”

The Committee’s chairman defended the Electing status choice as in line with the wishes of the County Commission. He argued that by adopting a new approach, the Committee was simply seizing an “opportunity” for changing the way the TANF program was administered. He maintained that the Board wanted to “elevate” people out of poverty by creating better jobs and providing better education and that this could best be achieved if the county gained control of how money was spent at the local level.

While the chairman blamed others for the tension surrounding the deliberations, he did claim the conflict was productive and healthy. Going after “sacred cows,” he said, does create a divisive political climate, but it also makes voters conscious of the issues and aware of what their government is doing with their money. Not surprisingly, a major theme of his 1996 election campaign was to make government more open to public inspection and reverse the general apathy of county voters.

Three groups were noticeably absent from the decision process-- state legislators, the DSS Advisory Board and the public. One participant described the two state senators as “distant” and the local representative as “uninterested in changing the system.” Since all three were Democrats and the Committee was dominated by Republicans, it is unlikely the three would have had an impact even if they were interested in the issue.

The DSS Advisory Board was also not involved in the decisions and its chair, a Democratic party official, was described as “not happy at all with the process or the decisions.” Had the Advisory Board been formally consulted, however, its influence would have been undermined by its own internal disputes. After the 1996 election, the County Commissioners

expanded the Advisory Board from three to five positions and appointed two of its members to join two people appointed by the Social Service Commission in Raleigh. These four were responsible for selecting the fifth member but an impasse quickly ensued. The people appointed by the state commission supported an Episcopal cleric from the county seat while the Commissioners insisted on one of two men, both ministers in fundamentalist churches. The Advisory Board remained deadlocked from June to October 1997 when the Superior Court Judge for the 29th District appointed a moderate Republican to resolve what he called a “political and philosophical impasse.”

Finally, there was no formal involvement from community groups. The *Welfare Reform Plan* claims input did occur informally through “discussions by various members of the committee...with members of the general public, officials of the local community college system and business community” (p. 5) but one participant argued the contacts were idiosyncratic and there was no effort to systematically coordinate public input. He noted that no ministers or representatives of nonprofit organizations were involved nor were representatives of the Chamber of Commerce. He also claimed there was no real effort to solicit comments as the only official public hearing was scheduled immediately before the Commission meeting at which a formal vote on the Plan was to be taken. One of the Commissioners on the Planning Committee disagreed. “Since November, the committee has held numerous meetings to develop this plan,” he said, “however, the general public has been mostly absent from the meetings. Thus far, no one has shown up. I hate it that no one has shown up” (*McDowell News* 1998b). The lack of participation from county nonprofits and churches is understandable, however, given their fragmented nature. One participant said the churches have never been a major political or policy

force in the county anyway and the Planning Committee's ten week timetable made it even more difficult for the poorly coordinated faith and charity communities to overcome their inertia.

By January 13, 1998, the Committee had finished its work and scheduled a public hearing for January 27, to solicit public comment on the Plan. The meeting was postponed by bad weather for two days and despite being "well-publicized," it was poorly attended. That same evening the Commissioners adopted the Plan by a 4-1 vote with the alienated Republican dissenting. While he gave no reasons for his vote, one of the Commissioners from the planning committee attributed his opposition to "politics."

The Plan and Its Implementation

The *Plan* adopted by the Commissioners delegates the administration of Work First to DSS although the Commissioners retain "overall Program Responsibilities" (p. 10). It contains four central components: an emphasis on job training and employment, new qualification criteria, an in-house appeal process, and county commitments to help clients.

The employment focus involves two basic activities. The first is the establishment of a one-stop JobLink Center which is described as "a cooperative effort between local agencies to provide employment services to Work First participants" (p. 8). Incorporating the efforts of DSS, McDowell Tech, the Employment Security Commission, Job Training Partnership Act, McDowell County Public Schools, Vocational Rehabilitation, McDowell Partnership for Children and Families, and Intensive Probation Services, JobLink emphasizes preemployment training, human resource development, and basic skills.

The *Plan's* second employment provision is a Work Experience Service Program which places individuals who had not secured paid employment within 90 days of entering the Work

First Program in county departments where they are “assigned duties... which shall be judged commensurate with their particular skills and talent” (p. 11). The *Plan* claims this program provides participants with “assistance in the areas of experience in a work environment, social skills and an understanding of discipline and responsibility in the work place which should further strengthen their opportunities for finding paid work and moving off Work First more quickly.” Moreover, the report continues, the program “will indicate to the applicant that the community desire to move them from welfare into paid work is real and immediate” (p. 16).

The second and most controversial part of the *Plan* governs eligibility criteria. While it adheres to state guidelines regarding Work First Diversion Assistance and the use of the Mutual Responsibility Agreement (MRA), the *Plan* incorporates six distinctive exceptions to state Work First eligibility requirements. First, McDowell requires applicants to assume “sole responsibility” for the documentation necessary to enroll in the Work First Assistance Program arguing this “demonstrates at the outset that responsibility will be a requirement through their entire time on the program” (p. 15).

The next two eligibility requirements are related to the Plan’s employment emphasis. One requires the applicant be willing to participate, if necessary, in the Work Experience Service Program described above. The second ordered applicants without high school diplomas or a General Education Development certificate (GED) to take the Comprehensive Adult Student Assessment System test (CASAS) administered by McDowell Tech. The test allows the College and DSS to determine if it is “profitable” to have the recipient “in an educational program” and serves as the introduction step into the JobLink Center. The *Plan* said this requirement provides applicants an opportunity to move “into an educational environment... which might not otherwise present itself in their lives” (p. 15).

The CASAS provision was a compromise between people on the Committee who insisted that all Work First participants attain at least a GED and school officials who maintained that not everyone is prepared to undertake GED work. CASAS is a series of standardized tests, each with a different emphasis such as social language, consumer economics, health, community resources, and domestic skills. McDowell specifically opted for the test that examines competency in a workplace context. In addition to measuring a person's readiness to complete a GED program, the scaled results also give some indication of the person's employability and readiness for work.

A fourth eligibility provision requires Work First applicants to agree to in-home visits by DSS workers. Listing the provision among its "innovative strategies," the *Plan* claims this provision would "have a powerful impact within the county" (pp. 16-17). The final two eligibility requirements proved to be the most troublesome. The *Plan* specifies that Supplemental Security Income (SSI) payments from the Federal Government be counted with other income sources when determining eligibility, and requires applicants to be tested for drug use and enter a treatment program if the tests are positive. The controversies these provisions generated are discussed in the next section.

A new appeal process is the Plan's third component. Since Electing counties establish their own procedures, all appeals need to be done in-house. The *Plan* calls for the hearing and first appeal to be conducted within DSS with a final second appeal to be the filing of a petition for Judicial Review in Superior Court.

The Plan's final component is the county's commitment to provide four essential services to help people gain and keep employment and provide for their families. First, recognizing that Work First would likely increase the demand for child care positions, the *Plan* promises a policy

to meet that demand. Second, the *Plan* commits the county to helping solve transportation problems by establishing a mileage reimbursement schedule for people driving the participants to work or classes and requiring case managers to provide for other methods of transportation. The *Plan* also commits DSS and the Board of Commissioners to consult with the McDowell County Transportation Planning Board should transportation become a major issue. Third, the County promises to continue benefits to people testing positive on the drug screening test, provided they make progress in a rehabilitation program run by Foothills Area Mental Health. Finally, the *Plan* commits the county to increasing child support orders and collections for Work First families.

Given the tensions generated by the planning process, county officials were surprisingly satisfied with the outcome. The chairman was enthusiastic, saying the *Plan* creates a welfare program which “requires something in return from the recipient but in the meantime creates an opportunity for them to help themselves get out of a bad economic situation” (*McDowell News* 1998a). While he didn’t expect the county to save any money he did applaud the plan’s work training and life skills emphasis.

McDowell’s Director of Social Services also praised the work emphasis. While less than enamored with the decision process, he was relieved that most of the changes in the final *Plan* were relatively minor. He thought, for example, that counting SSI payments as income made sense and, since drug testing was now done at county expense for employers anyway, there was a de facto requirement already in place. He also considered the CASAS life skills exam a good idea and said the home visits and making clients responsible for documentation were good innovations. All in all, he saw the *Plan* as moderate and reasonable and far less punitive than he feared it might be.

The Director's primary concern was funding. Arguing that experiments were essential in welfare programs, he maintained, however, that it was better to let more affluent counties test the waters. Faced with limited resources, he was apprehensive about the County's ability to meet the new demands. He wasn't convinced either, that the Planning Committee really understood the barriers created by the transportation and child care problems and expressed concern that the Board of Commissioners could not be relied upon to appropriate the resources necessary to overcome these difficulties. While he was skeptical that any real savings would be realized by the plan, he also feared that any left over money would be directed away from social services.

McDowell's County Manager agreed with the DSS Director's general assessment. "We acted with moderation in a way that will enhance our programs," he said. "With the exception of SSI, this is nothing we couldn't do as a standard county." He also noted that political officials acted cautiously in a policy area to which they are philosophically opposed. The result, he concluded, was a *Plan* which "gave the county a chance to innovate and do something positive while serving the interests of people not receiving assistance." It made sense, he continued, in the context of a political climate that reflected a frustration with mandated welfare programs that appeared inefficient. To his mind these pluses more than outweighed the practical disadvantages surrounding liability, start up costs, and possible administrative disruptions. While he too was concerned about longer range problems and expected little in the way of savings, he foresaw only minor difficulty in implementing the *Plan* and making it effective. "The county administration will make it work," he said. "As professionals we will enthusiastically make it successful for the good of the county."

The Pitfalls of Implementation, 1997-2000

Problems with the *Plan* surfaced even before it was approved by the Commissioners. A week before the final vote was taken, the county received a letter from the American Civil Liberties Union (ACLU) and the North Carolina Justice and Community Development Center. The letter argued that mandatory drug tests might be grounds for a lawsuit, prompting the Planning Committee's chairman to declare, "I think what the ACLU is doing is making an attempt to frighten counties unnecessarily" (*McDowell News* 1998c). Within a month, however, state officials warned McDowell that mandatory drug testing would endanger the county's application for Electing status. A recommendation from the Department of Health and Human Services (DHHS) stated, "Drug testing without 'suspicion' can be problematic. The attorney general's office is of the opinion that this approach is likely to result in a legal challenge... [and] is 'unlikely... to pass constitutional muster.'" DHHS also noted that the McDowell Plan's Community Work Experience Program did "not contain a clear intent to adhere to the requirements of the Fair Labor Standards Act" and the appeal process did not mention a right of representation (*McDowell News* 1998d).

In the face of this pressure, the Committee deleted the mandatory drug test although it did preserve two provisions relating to substance abuse. First it permitted the Income Maintenance Caseworker to employ a screening tool to "determine if substance abuse issues are present" (p. 12). The mechanism, however, was changed from a urine to a verbal test in which applicants are asked "a series of questions designed to detect drug abusers." Second, it retained the provision that participants in the Work Experience Service Program had to pass the same preemployment drug screening procedure normally required by the agency in which they were placed.

These concessions were made reluctantly. The Commissioner who chaired the Planning Committee accused the state of trying to manipulate county behavior by not allowing sufficient

time to make revisions. “I won’t cut any slack here. I am quite bitter about that. I think during a lot of the negotiations, things were put in by opponents (of welfare reform) to trip us up. I think the time line is one of them” (*McDowell News* 1997a). Timing was only one complaint the chairman leveled against DHHS. He also argued requiring county plans to be approved by DHHS was a mistake because the agency’s officials were “not helpful in any way” and their input was “negative and discouraged innovation. The subtle pressures not to innovate were clear.” He contended that DHHS’ attitude simply made McDowell’s County Commissioners more “adamant about resisting state control.”

The county said it would implement the changes on “the first day of the month 45 days after approval as an Electing County” (p. 17). Since the state drawing was held until October 8, 1998, the *Plan* should have been implemented on December 1. However, delays in putting together the state budget and gaining federal review and approval pushed the formal date to September 1, 1999, 19 months after the Commissioners approved the plan. In the interim, the November 1998 elections dramatically altered the political environment. The two Republican incumbents were defeated, as was the Republican turned Democrat who lost in the primary. The new Commissioners were a moderate Republican and two Democrats, one of whom had been defeated as an incumbent in 1996 when he ran for a third term. The newly elected Republican sided with the two chosen in 1996 to appoint the chairman of the Welfare Reform Planning Committee as the Chair of the Board of Commissioners.

Despite the delays, the county went ahead and implemented parts of the *Plan*. The visitation policy started in May 1998, and in July 1998 the JobLink Career Center was officially opened with Governor Hunt the ceremony’s featured speaker. Still, the September 1999 date is important because it was then that McDowell started counting SSI benefits as part of an

applicant's income when determining eligibility. In November 1999, Legal Aid filed a petition for judicial review of the provision on behalf of a woman whose great-grandchild suffered a substantial reduction of Work First cash assistance because his brother received SSI benefits. The petition claimed that part of McDowell's *Plan* contradicted federal law, and violated "the due process and equal protection clauses of the United States Constitution." It also maintained the policy undermined "both the statewide Work First goal with respect to 'child well-being' outlined in the state's Work First plan and adopted in McDowell County's Work First plan" (*McDowell News* 2000c). After consulting with state officials, the county attorney advised the Commissioners not to contest the case and the Board reluctantly sought permission from the state to drop the SSI requirement from their eligibility determination formula.

Several DSS officials were unhappy with the county's decision. They considered the provision to be justified and claimed DHHS had earlier issued a preliminary opinion that the SSI eligibility stipulation was consistent with federal law. Part of their concern probably emanated from the likelihood that dropping the requirement would make it more difficult for the county to reach its participation quotas. Settling the case, however, was probably dictated by pragmatism as the petition went much further than just challenging the SSI provision. It also contended that the County Commissioners and the state DHHS failed to comply with the notice and public comment provisions under state law before adopting the county's plan and that DHHS "exceeded its authority in approving McDowell County's Work First plan." These claims represented a more fundamental challenge to Work First and welfare reform, issues that neither the county nor the state likely wanted to confront.

A second major controversy erupted at the same time. As part of the county's commitment component, the *Plan* pledges to increase child support orders and collections for

Work First families by 10 percent or better. In November 1998 Commissioners decided to privatize the operation by negotiating a contract with Service Design Associates which developed the automated child support system used by the state and ran the collections operations in five other North Carolina counties. The company promised that all seven employees then working for the county's DSS child support program would be hired by the private firm with a recommended salary increase of 20 percent and improved benefits and chances for advancement. When it also agreed to a cap on management costs, and to rent space in the county administration building, the county began negotiations (*McDowell News* 1998f).

McDowell's DSS director opposed the privatization strategy, claiming the agreement would increase spending and hurt morale in his department. He also noted two facts: the county already collected more than \$6.60 to every dollar that was invested, a ratio better than the state average and that the county ranked fifth in collecting child support. The company, represented by a former director of the state's Child Enforcement System, countered that McDowell's collections were on the decline and the county was losing potential profits. Under the contract, Service Design promised the county a minimum annual profit of \$10,000 per year for two years with no cost to the county for running the program and no liability. It intended to collect more child support by locating more absent parents, establishing paternity, establishing more orders for child support and enforcing, reviewing, and modifying existing orders (*McDowell News* 1998f).

The deal was signed in February 1999 and the company, now called Corrivantis, assumed responsibility for collections. In July, however, the federal government announced "that any payment made to the county is considered revenue and is not reimbursable." The government also said it "would expect 66 percent of any money paid to the county" to be returned to the

federal government. The result, according to the county's DSS director, is to "put the company in the position that they can't possibly hold the county blameless" (*McDowell News* 1999d).

Since the federal ruling dramatically reduced the funds to which the county would have access, the County Commissioners voted 3-2 to renegotiate the contract (the two supporting the company were the Republican reform advocates elected in 1996). But when Corrivantis, now involved in legal disputes over similar issues in New Hanover and Davidson Counties, announced a cutback in staff working on McDowell's caseload, and fell behind on their rent payments, all the Commissioners rebelled (*McDowell News* 1999d). At the November Commission meeting the Republican elected in 1998 accused the company of knowing about the coming federal ruling when they were negotiating with the county. "There is a strong inference here that yes, they did know this was the case," he said. "You can paint a skunk and it's still going to stink. And this stinks" (*McDowell News* 1999e). He continued his attack at the December meeting when he told the company's president, "... you appear to be a slick operator... you didn't negotiate with us in good faith" (*McDowell News* 1999f). The commissioners then voted unanimously to terminate the contract.

One county official put the blame squarely on the Commissioners. "They embraced private contracting without thinking," he said. "It was a new company with no track record. The staff thought it was a terrible idea and refused to recommend that course of action but the decision was made without their input." Another official described the decision as a "disaster" estimating that the county lost between \$60,000 and \$100,000 in unrealized revenues in the deal. In addition, he claimed service deteriorated and complaints increased. The company "upset the attorneys, the courts, the clients, county officials, everyone." Ultimately the program was

returned to DSS and, in the words of one official, “is working well; the employees are more satisfied and comfortable and the success of our collection rate is impressive.”

Within DSS, the transition to the new *Plan* was considerably smoother and was achieved primarily by reorganizing and redesigning the responsibilities of existing staff. The Work First Employment Program Supervisor, for example, has worked for DSS for seventeen years, and the Income Maintenance Supervisor for more than twenty. The county also opted to keep cash managers and case workers separate. It took some time, however, for DSS to fully embrace the changes as the controversies surrounding the planning process sapped morale. “The fact that we had so little input into the planning phase was discouraging,” said one DSS worker. The pressure to make early quotas also took a toll. “We had more than 300 cases at the beginning,” said another worker, “which was extremely difficult to handle, particularly with all the new changes. When so many changes keep coming, it can be hard to adapt.”

A county official not affiliated with DSS described the transition process within the agency as remarkably smooth. Noting that the staff was skeptical and disillusioned at the beginning, primarily because of their exclusion from the planning process, he emphasized that their professionalism made the program work and allowed the agency to adapt. This observer claimed DSS workers have come to appreciate “the flexibility of the new system and continue to develop new ideas as they move along.” The DSS Director agrees, saying agency morale is good and has improved as people have settled into a routine and people outside DSS “have realized we were and are the source of good ideas.”

Three factors helped DSS make the transition. The first was the assistance of DHHS officials in the regional offices. Said one worker, those people have been “extremely helpful and supportive. We have learned to avoid the people in Raleigh. They just are not much help. The

locals understand both the state projects and our local concerns.” Second, declining rolls (the list dropped from 300 to below 50 by spring 2000) have made the caseworkers’ jobs more manageable and given them a greater sense of control. “We are on top of everyone,” said one worker, “We know what they are doing. We have seen all of them and are in a good position to help them.”

Finally, the ability of DSS workers to shape the day to day operations and procedures of the program has increased their sense of participation in the process. The intake procedure, for instance, was designed by the workers themselves. Applicants for Work First are given a “green folder” when they first apply for the program. In addition to a list of “Work First Guiding Principles” and addresses and phone numbers of employment services operating in the county, the packet contains a summary of the main points of Work First and a fact sheet with the benefits and eligibility requirements of eight other programs including Medicaid and Food Stamps. The folder also includes a series of forms including a Personal Information Form, a Work First Employment Fact Sheet, a master job application, and a Job Search Report and time card. The applicant is then assigned a benefits worker who reviews the folder’s contents with the client. During this interview, the applicant signs a “Mutual Responsibility Agreement.” When the benefits worker confirms that agreement has been reached, the applicant is assigned one of two Work First caseworkers and is referred to JobLink for their CASAS test if necessary. Clients are also told to expect an unannounced home visit. An applicant who fails to appear for the interview or refuses to sign the agreement, accept a home visit, or take the test has their application denied.

The applicant must also sign a waiver authorizing the program to obtain personal information from other agencies or employers. This provision contradicts the Reform Plan’s first

eligibility requirement which made all applicants responsible for providing necessary information. The discrepancy between practice and *Plan* results from the federal requirement that the county gather such information on its own before enrolling a person in the Medicaid or Food Stamp program and workers found it easier to go ahead and collect the data themselves. Said one, “politically, it was a good idea to put it in the Plan, but in reality it is much easier if we do it ourselves.”

Since McDowell has no sustained church and nonprofit network, welfare policy implementation is primarily a government function. The JobLink component of the Work First effort, however, has marginally expanded community participation. McDowell Tech has been, in the words of one county official, “very aggressive and willing to assume new responsibilities and tasks and is becoming an important force in the community.”

The CASAS requirement, and the hope that many welfare recipients will earn their GED, created a niche for the school in the administration of Work First, a role they have expanded with three grants. Developed with the assistance and guidance of the Isothermal Planning Commission for Region C, two of the programs, Welfare to Work, and Mom’s and More, are funded with TANF money. The other, Pathways to Employment, is paid for by the Community College System. All three complement the County’s Work First efforts and rely heavily on the Human Resource Development courses offered by McDowell Tech through JobLink. The Pathways to Employment program offers basic job skill classes on office management and customer service and is designed for people with little or no work experience. Welfare to Work is a more encompassing program devised to help people attain self-sufficiency by preparing them for a career, not just a job. In its recent accreditation review of the school, the Southeastern Association of Colleges awarded a commendation to McDowell Tech for its JobLink efforts.

JobLink generally, and McDowell Tech specifically, maintain, what officials describe, as “excellent relationships” with DSS even though the agency has little impact on the actual programs. DSS workers are included on JobLink’s management team and several of the programs mesh well. For instance, while DSS can help participants purchase automobiles, the Welfare to Work program can pay for things Work First cannot such as car insurance and driving instruction. One JobLink official claimed that it was “JobLink with its cooperative effort and one-stop orientation that allows Work First to succeed.”

The Balance Sheet

Despite a rocky development and implementation process, McDowell officials generally agree on the advantages of welfare reform and the Work First program. Said one official, “it was a good decision in retrospect. The process was misguided... but the policy decision was positive; the end result beneficial.” Two obvious benefits stand out: a 75 percent reduction in welfare cases and additional funds-- in the neighborhood of a quarter of a million dollars-- which Electing status allows the county to roll over to the next fiscal year and shift to other programs. Much of this money has been transferred to the under funded and understaffed child protective services program.

The County’s Work First Plan’s emphasis on job training, employment and personal responsibility is considered the major improvement over the old AFDC program. The first page of the “green folder” given to new applicants lists the “Work First Guiding Principles,” the first two of which are “employment is the foundation of our society” and “all families have a responsibility for themselves and for their children.” According to one DSS worker, this “sets the tone right from the beginning. The important step is emphasizing the client’s responsibility and

laying out expectations.” Another added “we are sending a message-- self-sufficiency and working to support yourself are good and worthy goals and that it is up to the clients to address problems. We will help, but it is fundamentally their responsibility.” The CASAS requirement is singled out as a cost-effective innovation that puts applicants in touch with McDowell Tech, opening up possibilities the clients might not have otherwise considered. Similarly, the Work Experience program is seen as a success although JobLink’s achievements have limited participation in it. It is the in-home visits, however, that elicited the most praise. DSS workers claim these reduce the number of people they see who do not qualify, and relieves them of the responsibility of trying to detect fraud.

In general, DSS workers are pleased with the flexibility the program allows. While there is still a tendency, especially on the part of more senior employees, to rely heavily on DHHS field officers for interpretations of state regulations, administrators and case workers are coming to appreciate how the freedom from excessive regulation can be used to tailor assistance to individual needs. Work First, said one JobLink official, “gives the local people a real chance to be creative and adjust and adapt to the needs of the local population.”

DSS workers and county officials, however, split on their evaluation of the other two components of the plan-- the appeals process and longer term county commitments. DSS has found the appeals procedures time consuming and there is a sense that allowing state officials with their greater expertise in the law and the nuances of policy to handle the cases would be more efficient. Since county officials have received no appeals themselves, they do not see the process as excessively cumbersome.

When the *Plan* was first presented, there was apprehension about the county’s willingness and ability to deal with longer term issues such as child care and transportation. The

influx of Smart Start funds has alleviated the most pressing concerns about child care and, while problems such as the low pay for day care workers and the relative dearth of slots for school age children remain, child care is less of a worry than it once was.

Transportation, on the other hand, remains a significant problem from DSS' perspective. Since the county has no public transportation system, clients without vehicles often find it difficult to get to work. "There are jobs there if we can just get people to them," said one DSS official. While the county does reimburse people who give rides to Work First participants, the piecemeal system taxes case workers. There are two primary alternatives. The first is to contract with community providers. One agreement is in place with a local minister but the single van he operates is insufficient and there are as yet no other providers. The second possibility is to apply for state "125 Funding." This program would create an integrated county government transportation system which would coordinate the transportation programs run by different departments. Opposition to this alternative comes from agencies reluctant to place the vehicles they now individually control under the direction of someone else and from the Commissioners who do not want to commit the matching funds the state would require. Said one county official, "We have chosen not to go that route. DOT studies show we are very efficient in our cost per mile. I am unaware of a transportation problem." Since the county's Transportation Advisory Board has consistently recommended against participating in any state program, the Commissioners do not see transportation as a pressing concern and have shown no interest in subsidizing any such grant. There is a cooperative effort by some people, however, to gather data to persuade both the Transportation Advisory Board and the Commissioners that pursuing state funding would be a wise investment.

The difference in DSS' and county officials' perceptions is attributable to the immediate experiences of Work First employees. As the number of families enrolled in Work First declines, a greater percentage of the people with whom DSS deals constitute, what one labeled, "hard-core" cases. Generally these clients can be grouped into one of two categories. The minority are people who "just won't cooperate." These include the recipients "who do not believe their benefits will be exhausted. They do not take the threats seriously." The majority though, are people who are either ill and incapacitated but for whom benefit diversion is not possible, are needed in the home for some reason, or who suffer from some cultural deprivation that impedes their progress. As the number of people enrolled in Work First declines, workers invest increased energy in these cases. Their complexity, however, lowers the success rate making it difficult for the county to make its participation rate. One worker explained that, while DSS is trying to work with everyone in as individualized a manner as possible, "it is hard to know what to do to help some of the remaining people." She is convinced that more flexibility is needed in the system and a greater diversity of resources must be made available if more progress is to be made.

Overall, though, a general consensus has emerged among McDowell officials that the Work First reform is successful and that the county made a good choice by adopting Elected status. They also agree that it should retain that designation. What opposition there is to remaining an Electing county stems from a philosophical opposition to the dual categories and a belief that one system would reduce inconsistencies and fragmentation across the state.

DSS officials do support changes in the program such as counting hours invested toward a GED certification in participation hours, and loosening the limits on two-parent family performance, but these tend to be incremental adjustments rather than major policy shifts. As

long as the state allows counties to fine tune new regulations to fit local conditions McDowell officials seem content with the current policy direction.

Politics and Culture in an Electing County

Welfare reform was not a major concern in McDowell County. It was not an issue in the 1996 Board of Commissioners election and was not even included on the Commissioners' list of 14 Annual Goals for 1997-1998 (McDowell County Commissioners, 1997). When the state legislature provided the stimulus, however, one of the Commissioners seized the opportunity and guided the process by which McDowell became an Electing county. As one official put it, "the original change was made by conservatives who mistrusted DSS and saw welfare as a monolithic giant. They approached the issue with the idea that any change was good." The Commissioner agreed, saying, "It was time to shake things up."

Policy entrepreneurship on welfare was possible because in McDowell's political culture, "welfare," in the words of one official, "is a push button issue that lurks in the background." The culture isolates the welfare effort and allows change to be imposed from the outside. One DSS employee thought her agency was "treated like a step child. The public doesn't trust us or appreciate us until they need us." The predominance of anti welfare values in the county indicates that McDowell's Plan might be more punitive than its rhetoric suggests. While the CASAS and JobLink programs indicate an interest in helping people become self-sufficient workers, it is difficult to escape the sense that McDowell's program reflects a fundamental mistrust of welfare recipients. For instance, the *Plan* defends including SSI payments as part of family income by claiming the requirement indicates "community awareness and a growing intolerance for those who are seen as double-dipping" (pp. 15-16). One Commissioner

applauded the *Plan* saying the changes were “long needed” and there was general public support to “stop the abuses and to reduce the amount of money wasted in the program.”

Another good illustration is the eligibility requirement that applicants submit to in home visits by DSS caseworkers. The *Plan* claims the visits are necessary to identify “other problems which may exist in the home environment” (p. 16). Their stated purpose is to help case workers recognize “potentially explosive situations with spousal/child abuse” and “child development problems” (p. 17). The report also argues that the visitation requirement allows “tailoring the program for each family as an individual case instead of just another of many cases” and makes sure “that the home environment is the best it can be for the situation and demonstrating to the client that DSS Workers have their best interests and those of their family at heart” (p. 17). In short, the visits are presented as a progressive effort to formulate long term strategies to help people reestablish themselves.

The visitation requirement was indeed singled out by DSS employees as one of the most valuable innovations in the program but for reasons not mentioned in the original plan. Praise for the visits was based solely on their ability to detect and reduce fraud. Cash workers particularly like the visits because in many cases they may have suspected fraud, but could do little to prove it. One DSS official claimed the provision allows the Department to catch fraud “up front” saving the agency a lot of time and effort. It is an innovation that the agency has long favored and he believes the state should adopt it as a standard procedure for all programs. In the first five months of the *Plan*’s formal operation, 109 home visits resulted in 17 disqualifications, the majority of which were withdrawn by the applicant (*McDowell News* 2000b).

The local newspaper even profiled one of DSS’s two fraud investigators in a feature story, describing her as the county’s “first line of defense in trying to prevent people from

collecting more money or more food stamps than they are entitled to.” The Investigator said the county’s fraud hotline provides more leads than any other source. “We love for people to call and report Welfare fraud when they have enough information... We check out all the calls. My plea to the public is please help us,” she said. The article also quotes the investigator as warning, “people should know we’re going to be knocking on their doors. They can expect to see us.” It notes too, that she has even “gone to homes late at night with a sheriff’s deputy to catch people who are trying to con the system” (*McDowell News* 1999b).

The DSS Director claimed the attitude reflected by the story is good for the program because it placates elements of the public’s mistrust. This is a conservative county, he pointed out, “and we have to remain in tune with the county mind set. The public applauds the efforts we make at reducing fraud the most.” Recognizing reality does not mean giving in to it though. Periodically, the local newspaper carries a status report on the county’s welfare programs and the Director uses these as forums to attack stereotypes that lie at the heart of the county’s mistrust of welfare clients. Attributing declining welfare roles to an improving economy, for example, he said, “The economy is good, which I think flies in the face of the misconception that these people don’t want to work” (*McDowell News* 1997e). A year later he argued, “It is not an accurate statement that most folks get on welfare to stay forever. Most folks are on welfare temporarily and want to work, so when the economy is good they go to work” (*McDowell News* 1998d). And in the most recent profile he said, “I think a large part of it [declining welfare rolls] is attributable to the people themselves. They really don’t want to be on public assistance. They prefer working and supporting their families... I think there’s been a misconception for years that people didn’t want to work. We’re in a good economy. There are jobs and many of these people

have found employment on their own without us being involved.... As soon as most of them can find work, they go to work” (*McDowell News* 1999c).

The Director is also conscious of his department’s public image. While he is willing to acknowledge others’ efforts in securing jobs for welfare recipients, he emphasizes his agency’s role, “Whatever it takes to get them [welfare recipients] employable is what we we’re trying to do... the steady decline in welfare recipients is due to the efforts of social workers and others involved in Work First to move people toward employment and self-sufficiency” (*McDowell News* 1998e).

The Commissioner who chaired the Planning Committee flatly denied punitive motives, however, claiming that the Board of Commissioners was not adopting reform because they wanted to punish TANF recipients. The Board doesn’t want “to punish,” he said, “they want to see behavior changed.” Indeed, the *Plan* indicates a desire to expand ownership of the county’s poverty problem. “It is this committee’s intent to bring the religious community, the business and industrial community, the education community and the medical community into more in-depth discussions of how they might become more involved in bringing public assistance recipients out of their socioeconomic problems and into more productive and responsible roles which benefit both them and their children” (p. 5).

That this will be difficult is indicated by the weak networks among relevant agencies that characterize McDowell’s polity. Still, agencies such as JobLink provide institutions through which such networks might evolve. It has provided a forum, for instance, for entrepreneurs like McDowell Tech to develop ways of addressing fundamental problems such as the cultural deprivation which characterizes many of Work First’s clients. The ability of these new participants to shape the county’s approach to welfare depends on a stable policy environment.

There are indications that after three years of turmoil, stability and routine will characterize McDowell's welfare policy.

In May 2000, the entrepreneur who spearheaded the writing and adoption of the *Work First Plan* was defeated for reelection in the Republican primary. Combined with the changes in the 1998 election, this means that at most, only one of the five Commissioners who passed the original *Plan* will be serving when the new plan is submitted in January 2001. The three commissioners elected in 1998 appear to be less interested in continuing the trend established by the first Plan. Said one county official, "the new Commissioners are far more willing to listen. They show more trust in DSS and are more moderate and less ideologically driven. They are conservative but they demonstrate greater pragmatism." Another official agreed, saying that Commissioners now pay little attention to welfare issues. They are "uninterested" and "quite satisfied" because the numbers are down and there are no obvious problems or scandals. It is unlikely, though, that the Commission will backtrack either. The sense that Electing status was a wise choice and the apparent success of the Work First efforts suggests that any new plan will contain only minor changes. At a planning workshop held in February 2000, for example, the Commissioners set a list of 18 goals for themselves. The only items that could be even remotely connected to the welfare effort were items pledging to "develop workforce training" and "renovate the Department of Social Services Building" (*McDowell News* 2000a).

There is also no indication as to how the new plan will be drafted. The original Planning Committee has met several times since they completed their original task, but their status, especially with the primary defeat of the Chairman, is in doubt. It is clear, however, that DSS will push for a greater say when the plan is redrafted. Said one worker, "it is essential for success that the committee get input from people who do the job. We must have a say."

While dramatic change is unlikely, uncertainty about the future, particularly about the economy, makes planning difficult. The County Manager, for example, says that while the county government is in good health financially, the nature of McDowell's economy (approximately 20 percent of the manufacturing related jobs are in the volatile woodworking and textile industries) makes it susceptible to economic fluctuations. Neither he nor the DSS Director are clear about what will happen to the Work First effort if the economy lapses into a recession.

The only real long term solution, the County Manager claims, is economic development and diversification. Thus, he echoes the basic theme and purpose of *McDowell's Welfare Plan* quoted at the beginning of this report. In McDowell, welfare reform is not an isolated issue, but is a component of a larger agenda. Even as Work First participants seek economic self-sufficiency for their families, the county seeks it for itself. The fate of welfare clients, and of the working poor, is tied to the success of the county's larger objective. McDowell's political culture would not allow it to be any other way.

Appendix 1: Major Events in McDowell's Welfare Reform Effort

November, 1996	Two new Republicans are Elected to the Board of Commissioners.
November, 1997	The Welfare Reform Planning Committee is appointed and convenes.
January, 1998	The Board of Commissioners votes 4 to 1 to approve the <i>Plan</i> submitted by the Committee and submit it to the state.
January to March, 1998	State officials warn McDowell officials against including mandatory drug testing in the Plan.
May, 1998	Home verification visits begin.
July, 1998	The JobLink center opens in downtown Marion.
October 8, 1998	Republican legislators conduct the drawing. McDowell is chosen and awarded Electing county status.
November, 1998	Three new Commissioners two Democrats and a moderate Republican are elected.
November, 1998	Contract negotiations with Service Design Associates for child support collections services begin.
February, 1999	The Commissioners sign the contract with Service Design Associates.
July, 1999	The Federal Government announces new regulations governing child support collections.

September 1, 1999	McDowell's <i>Work First Plan</i> is formally instituted. The County starts considering SSI payments when determining eligibility.
November, 1999	A suit challenging the SSI provision is filed in Superior Court. The county relents and files a request to drop this part of their <i>Plan</i> with the state.
December, 1999	The Commissioners vote to dissolve their contract with Service Design, now called Corrivantis.

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