

Tracking County Responses to Welfare Reform

New Hanover County

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The Policy Context

As with Pender County, a robust economy and low unemployment rate have been key factors in the ability of New Hanover County to place Work First recipients in jobs. Economic growth has ranged recently from 4-7% and the unemployment rate only 3.5%. The combination of these statistics with a population increase of 30 percent from 1990 to 1999 (120,000 to 156,000), and another increase of 15% predicted by 2010 (156,000 to 180,000), has produced a multitude of entry level service jobs in places like hotels, restaurants, nursing homes and home health care (Chamber of Commerce, 1999). The Work First caseload has dropped from 2,608 cases (6,499 individuals) in 1996-97 to 902 cases (1,872 individuals) in June 2000 (New Hanover County, 2000). However, as will be discussed later, the Work First manager notes that the preponderance of service jobs is also a mixed blessing, because the pay is minimal.

The County is fairly republican and conservative (all five county commissioners white republicans), so the emphasis on work and benefit time limits plays well. This conservative political philosophy was the prime motivation for the county's pursuit of electing status (discussed in more detail below). However, there was a group of people who didn't believe welfare reform would work, and the DSS Chief Planner believes that opposition caused delays. However, as the rolls have dropped and people have found jobs, even those originally opposed have been surprised at the outcomes, particularly the low level of appeals and recidivism. The DSS Director also notes that the Social Services Board is split politically, were not that involved – the implication being that they cancel each other out. Overall, although partisan politics was a major factor in the electing

process, implementation has not been very political. The county commissioners have allowed the DSS staff to implement the plan and be fairly flexible about involving others.

Time Frame – Highlights

Fall, 1997: County Commissioners appoint committee to develop plan for electing county application.

January, 1998: County submits application for electing status.

Spring, 1998: County advised to drop mandatory drug testing component of plan or face being dropped from consideration for electing status; county commissioners agree to settle for drug screening approach instead.

October, 1998: County “wins the right to run welfare,” i.e., granted electing status (Star News, 1998)

Fall, 2000: County must decide whether to reapply for electing status.

Decision Dynamics

Opting for Electing Status

New Hanover County opted to apply for electing status, and the ensuing decision process proved to be quite interesting. The following discussion summarizes what can be very different perspectives of this process by several key actors. From a county commissioner’s perspective (although there are five commissioners, one in particular took the lead on welfare reform), he had been part of a statewide committee studying welfare reform for two years. Given the chronic complaining about the state of welfare, there was the feeling that counties should have the opportunity to “go to bat” and take their shot at welfare reform. As a member of this committee, he felt obligated to push for

his county to apply for electing status. Furthermore, the county commissioners were increasingly dissatisfied with a process where they essentially just “paid the bill” without any real say or understanding of the welfare program. From the DSS perspective (represented by the DSS Director and Chief Planner), the decision was political and driven by one influential county commissioner, with encouragement from the conservative faction of the State Assembly. The county commissioners, all republican, saw electing status as an opportunity to gain control of social welfare processes they previously had not possessed. The bottom line is that the decision to apply for electing status was a *fait accompli* with no outside voices involved.

The DSS points out that this decision represents the first time the county commissioners were directly involved in a decision regarding welfare, with the DSS input largely ignored. This was a deliberate strategy on the part of the county commissioners, who perceive the liberal leanings among the DSS staff as part of the problem with welfare. In other words, the commissioners believed they could get a fresher perspective by keeping DSS out of the decision. However, even the DSS staff believed the county could do a better job than the state at providing work incentives for welfare recipients, and the state plan did have unnecessary duplication. Nonetheless, if asked, the DSS staff would have recommended against applying for electing status because of the tight timeframe to formulate a proposal and the potential for different eligibility criteria across the state.

One other perspective on the decision process is provided by the county manager’s office (represented by the county manager and his deputy). In their view, the decision to apply for electing status was made by the county commissioners without much difficulty

because it was consistent with their political philosophy. They have a strong work ethic that they want the community to share. The commissioners are not opposed to the concept of providing for the poor, but they are concerned with the proliferation of the current welfare system. They are also concerned that government assistance is not being targeted to those who really need the services. A second factor is the desire to gain more control of the welfare system at the local level. Historically, welfare has been a program established at the federal level, “manipulated” by the state, and handed down to the county level where the job is basically to implement the manual. This process has been frustrating because while local employers complain they cannot find people to work, the county commissioners have had their hands tied with regards to creating incentives for the welfare population to move into work.

Planning Process

According to the county commissioner, the county followed the legislative guidelines as to who should be appointed to the planning committee, i.e., representatives of the board of the county commissioners, the county board of social services, the area mental health board, the local public health board, local school systems, the business community, and community –based organizations representing the population to be served (Saxon, 1997). However, since the legislation did not stipulate how many individuals had to be on the committee, they deliberately tried to keep the group small to enhance efficiency. The New Hanover County planning committee consisted of the five sitting county commissioners, two members of the Board of Education, two members of the Social Services Board, a representative of the Chamber of Commerce, a member of the board of

Southeastern Mental Health, and a representative of the local United Way. One of the county commissioners also doubled as a member of the Board of Health.

The county commissioner suggests that the most influential individuals in the planning process were the DSS staff, because the planning committee had to rely heavily on them for information about the welfare program. He didn't perceive the press as playing much of a role; they were typically negative, "no friend of ours," but the committee was not influenced by press coverage. He views the participative process as "visible as visible can be." Although they never had a large audience or public input, the county commissioners attended the meetings and the time and location of the meetings were publicized.

In contrast to the county commissioner perspective, the DSS views the planning process as more narrow and closed. The planning committee appointed was deliberately homogenous with very little minority representation (the lack of controversy should therefore not be surprising). The public involvement was also quite limited, although the meetings were advertised. Two possible explanations for the low level of public involvement are the lack of organization and empowerment of the lower income community, and fear of funding repercussions if members of human service organizations "stuck their necks out" and challenged the county commissioners. Overall, the planning process was not very organized. There were many "big issue" discussions but few specifics, no real agenda at the meetings or a step-by-step process. Committee members did not seem to go over the draft plans comprehensively, but rather picked up on things that caught their eye and focused on that. The commissioners and committee members tried to isolate themselves from the DSS staff to avoid being influenced, but eventually

had to turn to them for information because of the limited planning deadline they were working under.

The county administrator representatives had yet another perspective. In their view the planning process, although appearing to be somewhat open, was largely driven by the ideas of one county commissioner, with a deputy county administrator and DSS planner doing the translating and writing. Part of the issue was that those appointed to the planning committee, such as the school board representative, didn't participate. The lack of public involvement in the process also reflects that welfare reform is not a "hot button" issue in the community; furthermore, there is no advocacy system for welfare recipients. The lack of time to develop a plan (approximately three months) made it difficult to be very concrete; thus the original plan was very nebulous. There was inadequate time to bring together the people and information you need to determine how elements of the program would really work and how much it would cost. Many potentially significant costs, such as computerization, were unknown.

Interaction with State DSS

The most significant conflict in the planning process involved mandatory drug testing. There was some disagreement on the committee over this proposal, particularly the mandatory testing of "protective payees" who are often aunts, uncles, or grandparents who receive the welfare check for the children when the parents are deemed unfit for whatever reason. The county commissioner argued that if you are receiving the money, you should be tested no matter who you are. Ultimately, the county commissioners relented and exempted protective payees from testing. However, the state DSS still

expressed serious reservations about the constitutionality of this policy, to the point that they initially did not recommend the county's plan to the State Assembly for selection as an electing county. When told that insistence on mandatory drug testing would prevent their inclusion as an electing county, the county commissioners agreed to a drug screening requirement, which means individuals are tested only if they fail a screening process administered by DSS staff (e.g., a combination of questions and visual evaluation). The county commissioner believes that prior disagreements between the county commissioners and the state DSS over staffing levels in the child protective services area was also a factor.

Expectations

In retrospect, it appears that there were two distinct sets of expectations on the part of the county commissioners and the DSS. The county commissioners saw the electing option as an opportunity to be more involved in the shaping and direction of the welfare program, something they felt little control over. The DSS staff were apprehensive about the involvement of the county commissioners; they feared significant changes in the program would lead to many more sanctions and appeals and harm to clients.

Administratively, there was a degree of concern over the DSS being micromanaged by the county. The actual outcomes will be discussed later in the paper under program implementation and researcher assessment.

Goals, Objectives, or Program Priorities

The general philosophy of the program espoused at the beginning of Work First in 1998 will first be addressed, and then a discussion of the specific welfare reform objectives or goals two years later will be presented. In terms of the initial general philosophy, the county commissioner stated that the original plan reflects that family well-being is best served in the long term by programs that promote work and anti-dependency. In his opinion, the old welfare system could not distinguish between those who legitimately need help and want to “play by the rules” and those who are “freeloaders.” The core philosophy is we want to help all those who want to help themselves. He noted that the State DSS was “caught off guard” by the county’s willingness to spend \$1 million more on the new program, but the county commissioners’ philosophy is that you sometimes need to invest more in the short-term in order to ultimately pay less in the long-term. The concept is to spend money to remove any immediate obstacles, such as transportation and day care, so that people can become self-sufficient and leave the welfare rolls.

The DSS agreed that given the conservative composition of the county commissioners and their criticism of the welfare program, they were surprised that they were willing to spend an additional \$1 million. The most innovative part of the plan is guaranteed funding for day care slots to cover second and third shift jobs, regardless of whether they are utilized. The commissioners specifically stated that they didn’t want any cost analysis until the end – they did not want cost to constrain them.

From the county administrators’ perspectives, the original plan was not revolutionary since many of the initiatives would have been done as a standard county. The most

important components are provisions for day care and transportation to keep people in jobs, as well as expansion of job training programs (in addition to the day care plan mentioned above, the plan called for donated public or private vehicles identified as surplus to be allocated to needy welfare clients; stationed Employment Security Commission staff in the DSS offices to facilitate employment registration, job location and placement; and a new initiative with Cape Fear Community College to provide short-term job training). Overall, the main philosophy reflected by the plan is that anti-dependency and welfare-avoidance is the key to welfare reform, and that large numbers of people on welfare is a burden to society.

Two years later after more experience with implementing the plan, there are more specific responses regarding the multiple goals of welfare reform and their relative importance (i.e., reducing the welfare rolls, securing and retaining workforce participation, reducing state and local expenditures, ensuring the well-being of children, and reducing child and family poverty). The county commissioner notes that as a citizen, all of these goals are important, but as a commissioner, there are only so many dollars to deal with. He believes the bottom line is the well-being of our children and adults, but points out that unless we change our entire economic system there will always be haves and have-nots.

The DSS respondents emphasize that reducing the welfare rolls and achieving workforce participation are the current priority, but that may have to change as they are now dealing with a pool of clients who are either exempt from work requirements (e.g., under 18, medical problems), or dealing with significant barriers to work. They work very closely with protective services, foster care and other agencies to ensure the well

being of children, but there is a good deal of skepticism regarding the degree to which child and family poverty is being reduced. Although people are leaving the rolls and taking jobs, they are not earning enough income to rise above poverty levels. Furthermore, many of them do not have the education and skills to rise to better jobs (assuming they exist). They all agree the major goal has been decreasing the welfare rolls, not reducing expenditures. Indeed, supportive services like day care and subsidized transportation cost more than simply providing a monthly stipend. For example, day care expenditures approach \$8-\$9 million per year today compared to only \$1 million several years ago. There also is more flexibility today with the money they have. For example, the county administrator notes that benefit diversion has been very successful in New Hanover County. This program helps prevent people from going on the welfare rolls by diverting a lump sum of benefits they would otherwise receive to help families get through a financial crisis like a car repair. She states that the county is at 130% of the state goal for benefit diversion.

In terms of disagreement among major actors on the primary goals of welfare reform, the main source of controversy over the long term appears to be expenditures. As the welfare rolls drop, savings from reduced payments have been offset because of the increases in provision of services such as day care and transportation to support the transition of welfare recipients into work. Although this phenomenon may be acceptable in the short term (indeed, under state law the county is required to maintain their appropriation at the same level as county expenditures for FY 1995-96, known as Maintenance of Effort), it may become more of an issue to a conservative board of county commissioners in the future. This issue will likely be significant at the state and

national levels as well. The other source of disagreement may be over the changing composition of the remaining welfare rolls. As the more job ready clients leave the rolls, the DSS is left with a pool of clients who are largely either exempt from work or very difficult to place because of serious work obstacles. As a result, meeting existing state goals regarding welfare roll reductions and work participation may become impossible. The DSS believes the current goals need to be revised to reflect this change in the welfare population.

Program Implementation: 1998-2000

Greater Autonomy/Discretion/Choice

Overall, the sense in New Hanover County is that autonomy under welfare reform has not been as great as expected. The DSS Director does note that there is more flexibility with the Maintenance of Effort (MOE) funds – you have to spend to a certain level (90%), but there is less control over how the county uses the funds. The DSS Planner suggests that the autonomy is more talk than reality – there is still an enormous amount of regulation, eligibility requirements and paperwork that could be relaxed. Another problem is the number of things you really cannot do because of restrictions with the computer system. On paper, you can now contract with almost anyone to do almost anything, but you don't see it happening because of larger systemic issues that are beyond the control of social services (e.g., lack of an adequate public transportation system). The Work First Manager stresses more flexibility in the way staff can be used.

The county commissioner and county administrator have interesting perspectives. Despite their status as an electing county, the county commissioner doesn't see a whole

lot of change. He notes, “things are pretty much driven by the number of clients, which drives the number of staff, which drives the size of the building...” Surprisingly, the county commissioner thought the county’s application for electing status “fell through.” From the county administrator’s perspective, there remain many strings and regulations; in fact, she is surprised to hear that Work First is aimed at more local autonomy and devolution. She points out that New Hanover County has been hampered by uncertainty regarding their electing status. She suggests that a lack of communication regarding their status may have hindered more initiatives to date.

All respondents agree that under Work First there is more participation of a greater number of nonprofit firms, but the sense is that it has been less than initially expected.

County DSS Organizational Change

The county DSS planner notes that there has been a palpable culture change in the DSS, particularly with the front-line caseworkers, whose jobs have changed from determining eligibility and then ensuring a check was sent in a timely manner to assessing skills, identifying and addressing employment barriers and getting people jobs. There is also a greater sense of satisfaction for those caseworkers who are truly driven to help the poor; they have more tools and resources to promote self-sufficiency. The other point raised by several of the interviewees is that the institution of time limits has made a significant difference by creating a sense of urgency to find work that simply was not there before. The message in the mutual responsibility contracts is also more meaningful now that the welfare staff have more tools to help clients transition into the workforce (e.g., assistance for transportation, day care, health benefits, job skills training).

The structural changes in how services are delivered has also reinforced the shift in focus and attitude from merely determining eligibility to finding work. As with Pender County, the prior system which separated eligibility specialists and social services workers has been replaced by a system where generally one worker coordinates all benefits and services. A more consistent message of mutual responsibility, work and self-sufficiency is now being delivered.

The county commissioner is not aware of any major changes in the culture or structure of DSS, but the commissioners have not been very involved in the program after the initial process to apply for electing status – the DSS interacts mainly with the social services board.

Changes in County/State Relations

From the county DSS perspective, relations with the state are not optimal. There has been much recent turnover at the state level, with newer political appointees having less understanding of the counties replacing more experienced staff with greater institutional memory. The DSS planner emphasizes that state policies keep changing, particularly with respect to funding streams. There is confusion over which funding sources are open and closed, and where funds can be spent. The Work First manager echoes the difficulties created by turnover at the state level, with definitive answers hard to obtain.

Interestingly, the county administrator and county commissioner don't perceive any problems at the state level. It has always been the county commissioner's perspective that the state and county DSS folks are a "pretty homogenous group," and they don't

want the county commissioners involved. The county manager believes relations between the county and state have always been “solid and up front.”

Chief Successes of Welfare Reform

The DSS Director notes the positive focus on getting clients into the workforce. He admits to being pleasantly surprised by the success of the program. The DSS planner emphasizes the realization of the importance of subsidized childcare and transportation to the point where the federal government is expanding these services to the working poor as well. The Work First manager echoes the emphasis on work and daycare/transportation as a positive, as well as the increased collaboration with other agencies (Employment Security, Vocational Rehabilitation, Southeast Center on Mental Health). She also notes the importance of looking at the client as a whole person, not just a recipient of isolated services to remove barriers. She also believes that under Work First the regulations covering different programs have been meshed together better, and is positive about the follow-up program they are instituting, where the client’s case stays open with the same worker for four months to identify any support services needed to stay on the job.

Shortcomings focus on the type of jobs being obtained and the dim long-term prospects for self-sufficiency of clients in service oriented jobs. All of the DSS staff are concerned about the deemphasis on longer-term education and training that prepares people for better jobs. The DSS planner sees a lack of long-term planning. What

happens if there is a recession? What can be done to help people placed in entry-level jobs to move up? She fears that many of the clients are trapped in low-level jobs without the skills to go any further. The Work First manager is concerned about the lack of attention on infrastructure issues such as affordable housing and public transportation. Self-sufficiency is a myth if people cannot afford housing or transportation to and from work. The county commissioner's concern is on the rising cost of services like day care and transportation, and the plight of all the child-only cases on the welfare rolls. Work First is not addressing the needs of these children – he wonders what chance they have to be productive adults.

Involvement of a Wider Range of Players

There is definitely a wider group of the professional human service organizations involved in welfare under Work First, including Employment Security, Health Department, Southeastern Mental Health, YWCA's Welfare to Work program, Cape Fear Community College, and the Council of Government's Workforce Development Board. The County Administrator is impressed by the creation of the New Hanover County Coordinating Council and its program, "Success for Families at Risk," where a group of representatives from different agencies meet to review and work on cases of hard to place families (i.e., those who have used up more than half of their 60 month lifetime benefit limit). This wider involvement of the professional community has brought a greater understanding of the complex barriers welfare recipients face – it's not simply a matter of laziness or lack of motivation.

However, there is general disappointment in the involvement of groups outside of the professional human services community. For example, under the initial planning process to apply for electing status, the county commissioners were very involved, and this process resulted in a much greater awareness and appreciation for the complexities of the welfare system. However, since that time the county commissioners have had little involvement. The faith community's involvement has also been less than expected. The DSS Director suggests that church organizations have good intentions initially, but pull away when they experience how difficult the challenges can be. The DSS staff also are somewhat uncomfortable with the church-state issue, i.e., churches using public funds to preach a religious faith. In terms of the community at large, welfare reform is not a very salient issue right now. The DSS Director suggests that they may be victims of their own success – since the rolls have dropped so drastically, people believe poverty is going away.

Researcher Assessment

New Hanover County is an interesting picture. There have been successes, but behind every success are serious questions that need further examination. These are discussed below under three themes: reduction of the welfare rolls, changes in the structure and culture of the DSS, and community involvement.

The 70% reduction in the rolls and movement of welfare recipients into work is a positive, but how much of this success is simply due to a robust service economy? How will these people fare in the long-term in entry-level jobs after day care and transportation funds run out, particularly in a recession? Will the State revise its success measures to

account for the fact that an increasingly higher percentage of the pool of welfare recipients is comprised of exempt or very hard to place families? New Hanover County has been one of the most successful of the urban counties moving people into jobs, but how can people remain in these jobs over the long-term with the present inadequate public transportation system? There is a serious disconnect between where welfare recipients live and the location of employment opportunities.

Positive changes have occurred in the structure and culture of the DSS Work First program. Services are more centralized and streamlined. Work First clients are now receiving a more consistent message of mutual responsibility, work and self-sufficiency. However, why are DSS staff still so frustrated about the constantly changing nature of policies and regulations? Why are the funding streams so complex and shifting? Why are county/state relations on the decline?

Finally, greater involvement of a wider range of players within the professional human service community is a positive. More people in this professional community are aware that there are larger issues that affect more than just the welfare population, like affordable housing and reliable public transportation, that must be addressed if all segments of the population are to benefit from the robust economy. However, why is it so difficult to involve people in the community beyond the traditional human service organizations, such as the faith community? Why has the county's electing status had so little impact? Part of the problem is that the State Assembly took so long to approve the electing counties (although the scheduled starting date was July, 1998, electing counties did not really get started until January 1999 because of a prolonged legislative session). Because of the delay, the county commissioners lost interest and even shifted county

funds targeted for day care under Work First to the general fund. After initial involvement, the county commissioners have had little to do with the Work First program, and it seems that the program has continued to primarily be the isolated concern of the DSS and the social services board. At this point in New Hanover County, it is fair to say that electing status has not produced what the county commissioners originally hoped for – more involvement and control of the welfare program by local elected officials.

Another major reason for the small impact of electing status was due to electing counties not wanting to be “delinked” from the state computer system and not wanting to complete separate applications for Medicaid and Work First. To avoid this situation, changes had to be minimal.

However, the DSS planner indicates that they will recommend that New Hanover County reapply for electing status this fall for financial reasons. Electing counties are only required to spend 90% of their Maintenance of Effort (MOE) level, and they also have access to surplus federal money not spent for cash assistance. The bottom line is the financial incentive to remain an electing county is significant.

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