

oppaga Progress Report



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Legislature Improves Welfare Reform in Florida

at a glance

The number of families receiving Temporary Assistance for Needy Families (TANF) cash assistance in Florida has increased slightly over the past year, but is still 38% below the number receiving assistance in December 1998. However, the problem of relatively low wages for Welfare Transition Program participants continues. Welfare Transition Program participants earned an average wage of \$7.04 per hour during Fiscal Year 2001-02, which is 68% of Workforce Florida, Inc.'s standard for a financial self-sufficient wage (\$10.35 per hour). Program participants continue to be hindered in getting better paying jobs by low educational skills and literacy levels.

The Legislature addressed our January 2000 recommendations for improving welfare reform outcomes. The Legislature amended the law to

- promote the placement of former welfare recipients in better-quality jobs and
- require the development of additional post-employment services to assist former welfare participants who are working and the working poor achieve long-term financial self-sufficiency.

Purpose

In accordance with state law, this progress report describes actions by the Legislature in response to

our 2000 program review on the Work and Gain Economic Self-Sufficiency (WAGES) program.^{1,2}

Background

Program. To take advantage of the flexibility provided to states by the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the 1996 Legislature created the WAGES Program to develop opportunities for public cash assistance recipients, remove barriers to employment, and end reliance on welfare.

The federal act ended entitlement to welfare assistance for eligible families (Aid to Families with Dependent Children) and replaced it with the Temporary Assistance to Needy Families (TANF) block grant. The WAGES Program's goal was to move welfare recipients from welfare dependency to economic self-sufficiency by emphasizing work and personal responsibility. To accomplish this goal, the program provided participants with services designed to remove barriers to employment. These services included eligibility determination, employment services, childcare services, and teen pregnancy prevention.

In 2000, the Florida Legislature passed the Workforce Innovation Act that merged the WAGES Program's employment-related services into a

¹ Section 11.51(6), *Florida Statutes*.

² *Program Review: WAGES Caseload Declines; the Program Faces Participant Employment Challenges*, [Report No. 99-30](#), January 2000.

Progress Report

newly created Welfare Transition Program, which is part of the state's broader workforce development system.³ Welfare transition services are intended to assist families currently on welfare to become employed and economically self-sufficient; to help prevent at-risk families from going on welfare; and to assist former welfare recipients who have recently entered the workforce in retaining their jobs and upgrading their skills.

Program Organization. The Agency for Workforce Innovation administers the Welfare Transition Program. Welfare transition services are provided to current or former WAGES Program temporary cash assistance recipients who are moving to economic self-sufficiency. Welfare transition services include

- initial assessment services prior to placement in an employment service;
- referral to diversion and relocation programs;
- pre-placement services, including assessment, staffing, career plan development, work orientation, and employability skills enhancement;
- job placement services necessary to secure employment;
- employment retention services;
- transition services, including childcare and transportation; and
- education and job training services to help former WAGES participants move into higher paying jobs.

Workforce Florida, Inc., serves as the principal workforce policy organization for the state. Workforce Florida, Inc., provides policy direction and oversight of the Agency for Workforce Innovation's administration of the Welfare Transition Program. At the local level, 24 regional workforce boards are responsible for providing welfare transition services. The regional workforce boards oversee the provision of workforce, welfare, and employment services through the one-stop service system. The regional workforce boards presently operate a total of 163 one-stop service centers.

Resources. The Welfare Transition Program is funded by TANF funds allocated from the Employment Security Administration Trust Fund. The Department of Children and Families passes TANF funds through to the Agency for Workforce Innovation. AWI administers Welfare Transition Program funds and distributes them to the regional workforce boards. In Fiscal Year 2001-02, the Legislature appropriated \$175.6 million and 26 positions to the Welfare Transition Program.

Previous Findings

Our prior review reported that WAGES caseloads had decreased substantially due to the program's emphasis on work participation, time limits on benefits, and a strong economy. Adult WAGES participants who were working earned more cash income than they had received from state cash assistance. However, most did not yet earn enough to be self-sufficient. Also, many adult WAGES participants experienced difficulty finding permanent work or retaining jobs. They also faced challenges in finding better paying jobs, such as having low educational skill and literacy levels. To address these concerns, we recommended that the Legislature

- require the agency that administers the program to promote the placement of former program participants in better-quality jobs and
- require the agency that administers the program to develop additional post-employment services to assist former participants who are working and the working poor achieve long-term financial self-sufficiency.

The Legislature has passed legislation that addresses our recommendations.

³ Chapter 2000-165, *Laws of Florida*.

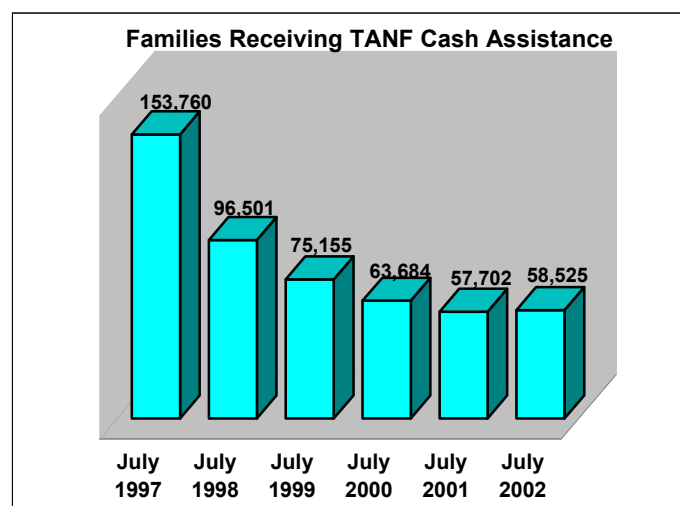
Current Status

Cash assistance caseloads have continued to significantly decrease, but many Welfare Transition Program participants still earn less than Workforce Florida, Inc.'s self-sufficiency standard

The number of families receiving TANF cash assistance has increased slightly over the past year, but is well below the level of prior years. The number of families receiving assistance fell from 95,019 in December 1998 to 58,525 in July 2002 (a decrease of 38%). (See Exhibit 1.)

Exhibit 1

The Number of Families Receiving TANF Cash Assistance Has Significantly Declined Since July 1997



Source: Agency for Workforce Innovation.

However, the problem of relatively low wages for Welfare Transition Program participants also continues. Workforce Florida, Inc., reports that Welfare Transition Program participants earned an average wage of \$7.04 per hour during Fiscal Year 2001-02. This average wage was 68% of Workforce Florida, Inc.'s standard for a financial self-sufficient wage (\$10.35 per hour).⁴ Workforce Florida, Inc.,

⁴ Workforce Florida, Inc., uses a regionally adjusted Lower Living Standard Income Level for a family of three for Florida as an indicator of a financially self-sufficient wage. The Annual 2001 Lower Living Standard Income Level for a family of three for Florida was \$10.35 per hour.

also indicates that the factors we identified in our prior report, such as program participants' having low educational skills and literacy levels, continue to hinder participants from obtaining better paying jobs.

The Legislature improved the process of placing participants into better quality jobs

An important goal of the Workforce Innovation Act of 2000 was to promote the placement of former WAGES participants into quality jobs. To help accomplish this goal, the act authorized the creation of the Better Jobs/Better Wages Council within Workforce Florida, Inc. This council's purpose is to assist families transitioning from welfare, former welfare recipients working in low-wage jobs with limited mobility, and underemployed adult workers in improving their job-related skills and getting higher paying jobs. The Better Jobs/Better Wages Council is also responsible for overseeing the state's welfare transition strategies.

A strategy implemented by the council was establishing retention incentive training accounts to help former public cash assistance recipients advance into higher skilled, higher paying jobs. Retention incentive training accounts may be used to pay for tuition, fees, educational materials, mentoring, and related transportation and childcare costs. In Fiscal Year 2000-01, the council allocated \$4.9 million to the regional workforce boards for these accounts, and a total of 1,345 accounts were awarded to former public cash assistance recipients.⁵

The Better Jobs/Better Wages Council also established the Career Advancement and Retention Challenge Grant. This grant provides funds to the regional workforce boards to train Welfare Transition Program participants in industries and occupations that are vital to Florida's economy. In Fiscal Year 2001-02, the council allocated \$4.1 million to this grant. As of June 2002, \$2.9 million of this grant had been spent and a total of 734 clients were enrolled in grant-funded training activities.

⁵ Workforce Florida, Inc., stopped providing direct funding for retention incentive training accounts in December 2001. However, the regional workforce boards can choose to fund retention incentive training accounts from their allocations.

The Legislature expanded the provision of transitional support services to help program participants achieve financial self-sufficiency

During the period covered by our previous report, WAGES participants could receive transitional transportation, childcare, and training and education services. The 2000 Legislature amended the law to expand eligibility for these services. (See Exhibit 2.) These changes were made to help former cash assistance recipients and the working poor progress toward becoming financially self-sufficient.

Exhibit 2

The 2000 Legislature Expanded Eligibility for Transportation and Child Care Services

	Prior to Workforce Innovation Act of 2000	After Workforce Innovation Act of 2000
Transportation	Transportation services available for up to one year	Transportation services for up to two years
Child Care	Childcare services available for up to two years if the client received cash assistance for three of the prior six months	Cash assistance eligibility criteria for receiving childcare services eliminated
Income Limit	Services available to families with an income less than 185% of the federal poverty level (FPL)	Services available to families with an income that does not exceed 200% of the FPL

Source: OPPAGA.

The Legislature also passed the Passport to Economic Progress Act in 2001 that provided incentives and services to assist current and former cash assistance recipients in becoming self-

sufficient.⁶ Under this Act, the Legislature authorized Workforce Florida, Inc., in conjunction with the Department of Children and Families and the Agency for Workforce Innovation, to implement the Passport to Economic Progress demonstration program in Hillsborough and Manatee counties. The demonstration program provides for a wage supplement for full-time workers who leave welfare so as to bring a family's income up to 100% of the federal poverty level for up to one year. In addition, the demonstration program extends transitional services for up to four years after a person leaves welfare. Workforce Florida, Inc., is to report the results of the demonstration program to the Legislature in January 2003.

The 2001 Legislature also established individual development accounts to assist those persons moving from welfare to financial self-sufficiency.⁷ These accounts allow current cash assistance recipients to deposit earned income into a savings account for education and training, first-time home purchase, or costs associated with capitalizing a business. The savings are matched by unrestricted federal, state, local, or private funds and can be withdrawn for the intended purposes after the recipient stops receiving cash assistance. However, Agency for Workforce Innovation staff said that no regional workforce boards are currently using individual development accounts.

It will be important for Workforce Florida, Inc., and the Agency for Workforce Innovation to monitor the implementation of these initiatives and determine whether they are helping families moving from welfare and the working poor achieve financial self-sufficiency.

⁶ Chapter 2001-175, *Laws of Florida*.

⁷ Chapter 2001-96, *Laws of Florida*.

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Project supervised by Tom Roth (850/488-1024)

Project conducted Marcus D. Mauldin (850/487-9236)

John W. Turcotte, OPPAGA Director