



Housing Assistance Council

**CASE STUDIES ON
RURAL HOUSING
AND WELFARE REFORM**

\$7.00
May 2001

Housing Assistance Council
1025 Vermont Avenue, N.W.
Suite 606
Washington, DC 20005
202-842-8600 (voice)
202-347-3441 (fax)
hac@ruralhome.org (e-mail)
<http://www.ruralhome.org> (world wide web)

ISBN 1-58064-114-8

This report was prepared by Christopher Holden, Theresa Singleton, Leslie R. Strauss, and Ruth Wielgosz of the Housing Assistance Council (HAC). The work that provided the basis for this publication was supported by funding under Cooperative Agreement H-21132 CA with the U.S. Department of Housing and Urban Development (HUD). Ndeye Jackson served as Government Technical Representative. The substance and findings of that work are dedicated to the public. HAC is solely responsible for the accuracy of the statements and interpretations contained in this publication and such interpretations do not necessarily reflect the views of the United States Government.

HAC, founded in 1971, is a nonprofit corporation that supports the development of rural low-income housing nationwide. HAC provides technical housing services, loans from revolving funds, housing program and policy assistance, research and demonstration projects, and training and information services. HAC is an equal opportunity lender.

TABLE OF CONTENTS

Executive Summary 1

 Economy and Employment 1

 Transportation 1

 Childcare and Healthcare 2

 Housing Impacts 2

 Collaborative Efforts 2

Introduction 3

 Methodology 3

 Background 4

Chicot County, Arkansas 10

 Local Economy 10

 Housing Conditions and Programs 12

 TANF and Other Poverty Programs 14

 Impacts and Expectations 16

Colusa County, California 20

 Local Economy 20

 Housing Conditions and Programs 23

 TANF and Other Poverty Programs 25

 Impacts and Expectations 27

Crawford County, Indiana 29

 Local Economy 29

 Housing Conditions and Programs 31

 TANF and Other Poverty Programs 34

 Impacts and Expectations 37

Greene County, New York 39

 Local Economy 40

 Housing Conditions and Programs 42

 TANF and Other Poverty Programs 44

 Impacts and Expectations 50

McKenzie County, North Dakota	53
Local Economy	53
Housing Conditions and Programs	55
TANF and Other Poverty Programs	57
Impacts and Expectations	61
Rutland County, Vermont	64
Local Economy	64
Housing Conditions and Programs	66
TANF and Other Poverty Programs	70
Impacts and Expectations	73
Wise County, Virginia	76
Local Economy	77
Housing Conditions and Programs	79
TANF and Other Poverty Programs	82
Impacts and Expectations	85
Summary of Findings	89
Economy and Employment	89
Transportation	90
Childcare	91
Health Insurance	91
Impact on Housing	91
Collaborative Efforts: Filling the Gaps in a Limited Service Infrastructure	92

EXECUTIVE SUMMARY

This report provides a profile of the initial reaction to welfare reform in seven rural counties around the country that have high rates of welfare use, with a focus on how welfare reform is likely to impact access to affordable housing in rural areas. The case studies provide a baseline portrait of the intersection of housing need and welfare reform in rural communities.

The counties examined are geographically diverse, economically diverse, and racially/ethnically diverse. They represent a cross-section of America's rural communities, and their study highlights not only the rural challenges to implementing welfare reform, but also innovative approaches that have been developed to meet the housing and social service needs of welfare clients in rural areas.

Case studies were prepared for Chicot County, Ark., Colusa County, Calif., Crawford County, Ind., Greene County, N.Y., McKenzie County, N.D., Rutland County, Vt., and Wise County, Va. Case study research included interviews with local experts in the fields of housing, social service provision, and economic development. Depending on what types of agencies were present in each county, interviews were conducted with staff at nonprofit housing organizations, community action agencies, public housing agencies, social service or welfare agencies, and economic development or business recruitment agencies. A more detailed summary of findings can be found at the conclusion of this report.

Economy and Employment

Housing and social service providers noted the difficulties they faced moving welfare clients into good paying jobs with benefits in the economic environments characteristic of the counties studied. Most of the case study counties have economies dependent on seasonal activities, extractive industries, or a single large employer. Agriculture and tourism provide jobs with low wages, are seasonal occupations, and job opportunities may fluctuate widely in response to weather. For example, drought tends to reduce the number of agricultural workers needed in a farming community, while a lack of snow has a negative impact on the number of jobs in areas dependent on the ski industry.

Transportation

Few rural areas have reliable public transportation, especially transportation networks that connect remote, smaller towns with county population centers. At the same time, most of the housing and social service providers in rural counties are located in county population centers. In many cases, the primary providers of housing assistance and supportive services are multi-county organizations headquartered in neighboring counties. Many rural welfare clients do not own their own vehicles, and those that do often have older automobiles that are unreliable. In a few of the case study counties, local agencies have tried to provide assistance for car repair, car purchase, or car insurance. Some of the states and counties studied have adopted measures to make it easier for rural welfare clients to purchase or maintain cars, such as grants or loans for maintenance and purchase, or raising the allowable value of the cars that welfare clients may own.

Childcare and Healthcare

Housing and social service providers in each of the counties studied observed that not enough childcare was available to meet the needs of welfare households, especially single mothers, making the transition to work. Lack of transportation and remote locations complicate efforts to connect welfare clients to childcare providers. In addition, many of the daycare centers that do provide childcare services operate only during standard business hours, which makes it difficult for welfare recipients working in retail and service jobs that require night and weekend work. One case illustrates how a Head Start program had to extend its operations to accommodate welfare clients working nonstandard hours.

Health insurance was also noted by housing and social service providers as a significant impediment to welfare recipients maintaining their employment. Medicaid coverage is only available up to 12 months after recipients find work. Housing and service providers worried that a medical emergency could severely impact on a family's finances once their coverage expires. State and federal efforts to extend additional coverage to the children of welfare recipients are reflective of measures to address this concern.

Housing Impacts

Because welfare reform had only been recently implemented in most of these counties at the time the research was conducted, housing providers generally had not considered the ways that welfare reform may impact the housing situations of public assistance clients. However, affordable housing organizations in each county pointed to substantial need for owner-occupied rehabilitation services, new affordable rental projects, and more rental assistance. They felt that welfare reform's impact on housing would most likely be felt when benefit time limits affect the welfare caseload. Some predicted substantial increases in homelessness, but most felt that deferred maintenance by low-income homeowners and more doubling up among low-income households, both owners and renters, would be the most likely outcomes. They also expressed concern that their current housing assistance resources would be inadequate to meet the needs of tenants currently receiving housing subsidies if their incomes dropped, while still trying to extend services to low-income households living in unsubsidized housing.

Collaborative Efforts

In a number of the counties studied, collaborative initiatives have been pursued to address the limitations of the social service infrastructure typical of many rural areas. These collaborations have allowed small nonprofit housing organizations, local governments, county welfare offices, community action agencies with geographically large rural jurisdictions, and other agencies working with welfare recipients to pool their financial and professional resources. The case studies illustrate how collaborative ventures have contributed to welfare-to-work efforts, housing development, and efforts to link employment training networks regionally. Funding to support network building would be a valuable resource in rural communities where service organizations must often work in isolation, serving a population dispersed throughout the open countryside.

INTRODUCTION

The reform of the nation's welfare system has generated much study on how well it will foster economic independence and family self-sufficiency. Little research, however, has examined the ways welfare reform will impact clients' housing situations, and even less work has explored the impact of welfare reform on clients living in rural communities. This report profiles the initial reaction to welfare reform in seven rural counties around the country that have high rates of welfare use, with a focus on how welfare reform is likely to impact access to affordable housing in rural areas. These case studies provide a baseline portrait of the intersection of housing need and welfare reform in rural communities. The Housing Assistance Council (HAC) hopes to return to these counties at a future date to update information about welfare reform's impact on rural welfare clients and their housing.

Methodology

HAC conducted site visits in seven rural counties with high rates of welfare assistance. HAC staff collected quantitative and qualitative data from national and local sources regarding the potential impacts of welfare reform in these counties, with special attention to housing issues.

Case study counties all have high rates of welfare use. The Department of Agriculture's Economic Research Service provided 1995 data on Aid to Families with Dependent Children (AFDC) program usage by county. All counties selected are among the highest ranking rural counties in welfare usage within their states. Counties with high rates of welfare receipt were sought in order to provide more useful insights into the challenges of implementing welfare reform in a rural context, and because advocates in these counties were more likely to have initiated innovative housing and service models in response to welfare reform that may be replicable in other rural areas.

Counties were also selected in order to achieve a diversity of state Temporary Assistance to Needy Families (TANF) plans, geographic location, low-income housing needs and economic opportunity. In order to select counties in states with a diversity of TANF plans, states were examined for the choices they made implementing TANF. The states selected for case studies included Arkansas, California, Indiana, North Dakota, Virginia, New York, and Vermont. Arkansas, Indiana, North Dakota, and Virginia represent states with more restrictive welfare programs. These states place shorter time limits on receipt of welfare than provided in the federal legislation, deny assistance to drug felons, establish a family cap, require work activity sooner than 12 months after enrollment, require community service after two months of receiving benefits, or end child support pass-throughs. California, New York, and Vermont have less restrictive programs. These states provide additional state-funded assistance or exemptions after clients reach benefit time limits, continue assistance to legal immigrants, extend transitional childcare subsidies beyond 12 months, increase child support pass-throughs, or provide "fill-the-gap" payments in emergencies.

Case studies were prepared for Chicot County, Ark., Colusa County, Calif., Crawford County, Ind., Greene County, N.Y., McKenzie County, N.D., Rutland County, Vt., and Wise County, Va.

Background information collected for each county includes data on a number of variables: median income, poverty rate, housing quality, housing affordability overcrowding, rurality, regional economic history, unemployment rate, rate of welfare program use, educational attainment, and other relevant data as available.

Onsite interviews were conducted with housing and social service providers, although some interviews for Chicot and Colusa counties were conducted by telephone.¹ In each case, HAC staff interviewed the primary providers of affordable housing in the county, such as a housing authority, nonprofit housing developer, or affordable housing coalition. In addition to speaking with local affordable housing experts, HAC staff conducted interviews with staff at the social service agencies administering welfare programs in these counties. When possible, other social service providers working with welfare recipients, such as staff at community action agencies, were interviewed. In addition to seeking information about their programs and services, HAC staff also asked those being interviewed about the impact of welfare reform on welfare caseloads, access to affordable housing, income levels, and employment rates.

Background

On August 22, 1996, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) repealed the entitlement programs AFDC, Job Opportunities and Basic Skills Training (JOBS), and Emergency Assistance, replacing them with the TANF block grant program. Although eligibility for AFDC meant clients were automatically eligible for Medicaid and Food Stamps, welfare reform de-linked eligibility for these programs from TANF eligibility. PRWORA also enacted numerous changes to Food Stamps, Supplemental Security Income (SSI), Child Support Enforcement, the Social Services Block Grant (SSBG), the Earned Income Tax Credit (EITC), and other childcare, child nutrition, and sex education programs. In common usage, the term “welfare reform” has come to refer to the program changes made by PRWORA. Program changes enacted through PRWORA include different funding levels, new flexibility for states to establish their own program regulations, stricter eligibility criteria, and deadlines for states to achieve certain targets related to recipients’ behavior.

PRWORA requires states to submit a plan every two years to the U.S. Department of Health and Human Services for spending its TANF allocation. Indian tribes may develop separate TANF programs with the cooperation of the affected state(s). Each state or tribe’s initial plan was due on July 1, 1997. States with approved waivers for welfare reform experiments under AFDC were given the option to continue any provisions of the waivers that were in contradiction with the rules for TANF established under PRWORA. By 1996, 43 states and the District of Columbia had waivers in place. Some of these waivers covered demonstration programs in just a few counties, while others affected states’ entire AFDC caseloads.

¹Interviews were initially conducted onsite in these counties. Staff turnover necessitated the participation of different HAC research staff, who clarified the information from onsite interview notes by conducting follow-up telephone interviews. In addition, because of the sensitive nature of the politics associated with welfare reform issues, respondent anonymity has been maintained in this report. Only those opinions expressed by local housing and social service experts are presented in the report, with HAC recommendations noted separately.

The TANF block grant allocation is based on each state's recent AFDC spending. In order to receive the full amount, a state must fulfill the "maintenance of effort" requirement, which means that it must continue to spend approximately as much on TANF and related programs as it previously did on AFDC, JOBS and Emergency Assistance. If a state develops its own welfare program, funded entirely from state revenues and therefore not governed by TANF rules, the money spent on this program counts toward the maintenance of effort. In addition, PRWORA established a contingency fund of \$2 billion to assist states in the event of caseload increases during a national or regional recession.

PRWORA gives states the option to contract with for-profit or nonprofit contractors to administer any aspect of TANF. States may also delegate program design and administration to the county level.

Under the rules for TANF, states must set a lifetime limit of 60 months or less for individuals to receive welfare benefits. States may exempt up to 20 percent of their caseloads from this limit. In addition, TANF requires states to increase the work participation of their welfare clients, with states that move established percentages of their clients into work receiving additional TANF funds. All TANF recipients must participate in work activities after 24 months of assistance, but states may set a shorter deadline. Any legal paid employment counts as work activity, as does actively seeking employment. Other work activities include unpaid work for private or public employers, also commonly referred to as "workfare." Education counts as a work activity if it is geared toward receiving a high school diploma, a GED certificate, or if it is both job-related and last no longer than 12 months. However, recipients must also complete 20 hours of other work activities per week in addition to their schooling. Various exemptions apply to teenage parents, parents with a child under six, and those with a certifiable "good cause" not to participate. TANF clients have a right to appeal local TANF administrators' decisions regarding work participation requirements and sanctions imposed for not meeting them.

Welfare reform also restricted immigrant access to public benefits. The legislation established several categories of non-citizens, and eligibility for assistance varies by immigrant category and by type of federal, state, or local assistance. Generally, TANF and Medicaid benefits are restricted to "qualified aliens." Qualified aliens are persons who have been lawfully admitted for permanent residence, granted asylum, admitted as a refugee, paroled (admitted) into the United States for at least one year, had their deportation withheld, or had been granted conditional entry prior to April 1, 1980. This category was broadened by the 1996 Illegal Immigration Reform and Immigrant Responsibility Act to include victims of domestic violence who no longer live with their batterers, where the need for benefits is connected to the abuse and the victims have begun the process of becoming legal permanent residents under the Violence Against Women Act. Qualified aliens who were in the country prior to welfare reform's enactment on August 22, 1996, may receive "federal public benefits," even if they did not receive the benefits prior to the law's enactment. "Federal public benefits" is a broad term that includes "public and assisted housing." Non-citizens who do not meet the definition of

“qualified aliens” remain eligible for only a few specified types of federal public benefits, primarily in the area of emergency assistance from shelters or food pantries.²

Although PRWORA originally barred immigrants from receiving SSI benefits, the Balanced Budget Act of 1997 reinstated these benefits for immigrants residing in the country before the enactment of welfare reform and for those who are now or become blind or disabled. Immigrants arriving after August 22, 1996, however, generally cannot receive SSI benefits. In addition, immigrant eligibility for Food Stamp assistance was curtailed under welfare reform, but was restored for some immigrants under the Agricultural Research, Extension, and Education Reform Act of 1998. Retroactive to November 1, 1998, Food Stamp eligibility was restored to immigrants who were in the United States prior to welfare reform’s enactment, and who were receiving benefits or assistance for blindness or disability, younger than 18, or aged 65 and older at the time of welfare reform’s enactment. However, most immigrants in the country before August 1996 do not fall under this extension, and remain ineligible for Food Stamp benefits.³ States may use their own funds to provide public assistance to immigrants not eligible for federally funded programs.

The Food Stamp program, which serves adults without dependents as well as families, remains an entitlement program under PRWORA. However, Food Stamp recipients are now subject to work requirements similar to those required of TANF recipients. Food Stamp recipients between 18 and 50 years old without dependents must work at least 20 hours per week, either at an unsubsidized job, workfare job, or other work program. While job search activities do not count as work activity for Food Stamps, other job training programs do count as work activity. These include Job Training Partnership Act (JTPA, superseded by the Workforce Investment Act, or WIA, as of 1999) programs, Trade Adjustment Act programs, or any other state-approved job training programs. Those who do not fulfill the work requirement will only be eligible for three months of food stamps in any 36-month period. States may seek federal exemption waivers for areas that have significant unemployment, and may exempt ten percent of the Food Stamp caseloads from the work requirements.

The Food Stamp exemption waiver is an especially important provision for many nonmetropolitan areas, where 64.5 percent of households with incomes below the poverty level have at least one member working, but much of this work is part-time or seasonal.⁴ In addition, the effort to move welfare recipients into work is particularly challenging in areas with severe and persistent poverty. The majority of persistent poverty counties in the United

²Department of Justice, Notice: “Specification of Community Programs Necessary for Protection of Life or Safety Under Welfare Reform Legislation,” effective date August 23, 1996, *Federal Register*, August 30, 1996, pp. 45985-86.

³U.S. General Accounting Office, *Welfare Reform: Many States Continue Some Federal or State Benefits for Immigrants*, July 1998, pp. 1-3.

⁴Housing Assistance Council, *Taking Stock of Rural Poverty and Housing for the 1990s*, 1994, 18-19.

States are nonmetropolitan.⁵ Out of 546 persistent poverty counties, 98 percent are nonmetropolitan, and 93 percent are rural, with no urbanized population greater than 20,000. Sparsely settled rural counties with urbanized populations no greater than 2,500 made up almost 40 percent of all persistent poverty counties. All told, almost one in four rural counties has experienced persistent poverty.⁶ Counties with persistent poverty also usually experience significant unemployment levels, particularly those that depend on industries with seasonal employment, such as agriculture.

Although welfare reform did not implement any significant changes to assisted housing programs, it is very likely to have an impact on programs administered by both the U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of Agriculture's Rural Housing Service (RHS, formerly the Farmers Home Administration). This is because there is significant overlap between the welfare recipient population and households living in public or assisted housing. More than 50 percent of households living in assisted housing received cash assistance in 1993 through AFDC, SSI, or General Assistance programs. Also, the proportion of income assistance recipients that receive housing assistance has risen over the last fifteen years. Between 1981 and 1995, the proportion of income assistance clients receiving housing assistance rose from one-fifth to one-third.⁷ In addition, assisted housing clients are more likely to be long-term welfare users. For example, AFDC beneficiaries receiving HUD housing assistance in 1994 were on welfare for an average period of 57 months, while those without HUD assistance received welfare benefits for an average of 37 months.⁸ Changes in welfare client incomes brought on by welfare reform are likely to have consequences for the administration of federal housing programs. In addition, because of this substantial overlap between welfare and assisted housing clients and the longer average welfare stays of welfare clients receiving housing assistance, federal housing programs are likely to be important assets for welfare clients as they try to achieve economic self-sufficiency.

Although welfare recipients in assisted housing have exhibited longer periods of welfare receipt than welfare recipients without housing assistance, some studies have suggested that welfare recipients in assisted housing have higher employment rates and greater gains in earnings than their counterparts who lack housing assistance. Access to affordable housing can stabilize family situations and leave more funds in family budgets for work-related expenses such as a car purchase and maintenance, food, child care and work clothes. Recipients of tenant-based Section 8 vouchers also have the option of using their housing assistance to relocate from

⁵Persistent poverty counties are those with poverty rates greater than 20 percent for each of the last four decennial censuses.

⁶Mark Nord, "Overcoming Persistent Poverty – And Sinking Into It," *Rural Development Perspectives*, vol. 12, no. 3, June 1997, U.S. Department of Agriculture, Washington, D.C.

⁷Sandra J. Newman, ed., *The Home Front: Implications of Welfare Reform for Housing Policy*, Urban Institute, 1999, p. 2.

⁸G. Thomas Kingley and Peter Tatian, "Housing and Welfare Reform: Geography Matters," in *Home Front*, p. 81.

remote areas to county population centers where jobs and services are located. In addition to the employment-related benefits of housing assistance, housing subsidies may also contribute to other desirable outcomes as welfare clients make the transition to work. Studies have shown that children in families that move frequently tend to less well in school, as do children who live in neighborhoods with concentrated poverty. By stabilizing family finances, or providing the means to relocate from high poverty areas through Section 8 vouchers, children's school performance may be enhanced.⁹ Public housing or Section 8 assisted projects can also provide central locations for provision of services to tenants who receive welfare. Housing authorities also have resources that can supplement the training and services available through state TANF programs. For example, Section 8 voucher holders may participate in HUD's Family Self-Sufficiency program, which assists clients with accessing local services designed to enhance employability and earnings. This program also includes escrow accounts that may be used for education, transportation, or home purchase.¹⁰

Welfare reform may have a number of impacts on rural affordable housing sponsors and their clients. In the case of welfare clients living in publically assisted housing, benefit reductions or cutoffs due to time limits or sanctions will impact how sponsors allocate housing subsidies. In public housing, housing with project-based rental assistance, and for clients with Section 8 tenant-based rental assistance, tenants pay approximately 30 percent of their income for rent¹¹ and the federal government pays the remainder. If a tenant's welfare benefits are reduced, rental assistance will rise to compensate for the tenant's reduced rent obligation. This may result in some housing authorities and affordable housing sponsors seeking additional rental assistance, serving more clients with higher incomes and fewer with very low incomes, or perhaps reducing the number of tenants in total that they can assist. In addition, housing authorities receive Section 8 administrative funding based on the number of households they serve, and if lower tenant incomes lead to fewer households receiving Section 8 vouchers, housing authorities will experience a reduction in their administrative funding for the program. Large urban housing authorities, because of economies of scale, will probably not experience substantial funding losses, but small housing authorities typical of many rural

⁹Center on Budget and Policy Priorities, "Why Housing Matters to Employment and Welfare Reform," *Rural Voices*, Volume 6/Number 1, Winter 2000-2001, published by Housing Assistance Council, Washington, D.C. See also Barbara Sard and Jeff Lubell, *The Value of Housing Subsidies to Welfare Reform Efforts*, Center on Budget and Policy Priorities, Washington, D.C.: February 24, 2000.

¹⁰For information on a number of HUD-funded programs can contribute to employment and increased earnings, see Barbara Sard and Jeff Lubell, *Outline of How Federal Housing Programs Can Help Provide Employment and Training Opportunities and Support Services to Current and Former Welfare Recipients*, Center on Budget and Policy Priorities, Washington, D.C.: revised April 19, 2000.

¹¹Households with Section 8 vouchers may pay up to 40 percent of their income for housing if they lease units with rents above the payment standard established by HUD. HUD only pays the difference between 30 percent of these households' monthly income and the payment standard, with the tenants contributing the additional amount necessary to cover the rent.

areas may find this funding reduction compromising their ability to administer the Section 8 program.¹²

TANF may also be a resource to help welfare recipients stabilize their housing situations. States may use TANF funds to provide housing assistance to their clients. With the sharply reduced welfare caseloads in most states, housing assistance may be an attractive option funded with unspent TANF funds to assist families making the transition to work.

Changes in the Food Stamp program may also have an impact on assisted housing tenants. Currently, food stamps are not counted when calculating household income for HUD or RHS housing assistance. If low-income families experience a reduction in their food stamps, they will not see a corresponding increase in the amount of rental subsidy available to them. They are likely to use more of their limited funds for food instead of housing. This could place assisted housing tenants in the position of having to choose between paying the rent or purchasing food.

Welfare reform is expected to bring many changes into the lives of welfare recipients, and their access to decent, affordable housing is likely to be affected by its successes or failures. Rural areas, lacking the social service infrastructure and affordable housing resources typical of large cities, may face unique challenges fostering self-sufficiency among program participants. The case studies that follow reveal the concerns of housing and social service providers in rural counties around the nation. Although each of these counties has unique features – different economies, geography, history, and demographics – those who serve low-income households in these counties express many common concerns about their clients' prospects in the years to come. Housing and service providers in a number of these counties have also developed innovative approaches to assist clients making the transition from welfare to work. These examples may prove useful to other rural communities meeting the challenges raised by welfare reform.

¹²Barbara Sard and Jennifer Daskal, *Housing and Welfare Reform: Some Background Information*, Center on Budget and Policy Priorities, Washington, D.C.: revised November 5, 1998.

CHICOT COUNTY, ARKANSAS

Chicot County, located in the southeast corner of Arkansas, is a part of the Mississippi River Delta region. Living conditions in the county reflect trends that have long defined this region. Concentrated poverty, deteriorated housing stock and a stagnant economy constrain the quality of life for many in this county and the region. Chicot County is one of the eight counties that make up the “lowlands,” an area marked by the economic isolation of its African American population. The county has one of the lowest median household incomes in the state, \$18,815 in 1995; a high rate of unemployment, 8.7 percent; and one of the highest rates of poverty in the state at 40.5 percent. Compounding these issues of poverty, the county has been losing population at an alarming rate; almost 15 percent of the population migrated out of Chicot County since 1980.¹³

In addition to poverty, race defines and divides Chicot County. White flight accounts for a large percentage of the decreasing population; since 1990, there was a higher net out-migration of whites than nonwhites from the county (-22.8 percent vs. -15.2 percent). The county is currently 56.4 percent black and 42.6 percent white. The majority of the county’s African American population (85 percent) resides in the county’s three cities of Dermott, Lake Village, and Eudora. The white population is almost evenly divided between the cities (45.8 percent) and the outlying unincorporated places (54.1 percent). This racial segregation, coupled with the extreme poverty, low income and high rates of unemployment defines opportunities for Chicot County residents and has affected the county’s ability to implement welfare reform.

On July 1, 1997 the state of Arkansas implemented its version of welfare reform, the Transitional Employment Assistance (TEA) program. This statewide program is administered through the Division of County Operations within the Department of Human Services (DHS). In order to increase community involvement in the process of implementing the new welfare system, counties are required to establish local coalitions that include government agencies, business interests, and a variety of service organizations.

Local Economy

Issues of poverty and unemployment disproportionately affect Arkansas’ rural population. While there has been a general improvement in the economic condition of the state of Arkansas, these benefits have not trickled down to many of the state’s rural areas. Unemployment among nonmetro residents rose from 5.8 to 6.5 percent from 1995 to 1996. Earnings are lower for rural workers than urban workers, \$19,900 and \$22,000, respectively, and the per capita income for nonmetro residents is consistently lower than that of metro residents (\$16,313 and \$20,266). Poverty among the state’s nonmetro residents has also been slowly increasing in recent years; the nonmetro poverty rate increased from 21.7 percent in

¹³The descriptive statistics presented in this study reflect data gathered from the 1990 Census and subsequent updates, unless otherwise noted.

1980 to 22.2 percent in 1990. The 1996 poverty rate in rural Arkansas was 22.5 percent, which is 63 percent higher than the national rate.¹⁴

Chicot County reflects these rural trends in poverty and income, and much of this can be accounted for by its economic foundation. Identified by the U.S. Department of Agriculture's (USDA) Economic Research Service (ERS) as having a farming dependent economy, Chicot County has experienced economic lags because of this dependence.¹⁵ As of 1994, there were 6,068 employed people in the county (up from 5,004 in 1990); 12.5 percent of the employed population worked in natural resource-based industries. This represents a decrease of over 5 percent from 1990. Farming accounted for almost 30 percent of the county's workforce earnings.¹⁶ The other major industry in the county, manufacturing, employed 23.9 percent of the workforce, up from 17.3 percent in 1990.

There has been job growth in Arkansas generally in recent years, and in Chicot County, as well. Employment rate data show that 500 jobs were added to Chicot County from 1990 to 1995.¹⁷ The location of these jobs has been spatially concentrated, however. Of the 174 employers in the county, most are located in the three cities and only 15 are located in the outlying unincorporated townships.¹⁸ The major employers in the county include the Delta Regional Unit of the Arkansas Department of Corrections, Eudora Garment Corporation, Southern Farm Fish Processors, and Chicot Memorial Hospital. Average earnings from these industries range from \$248 per week (apparel and textile production) to \$667 per week (paper and allied products).¹⁹ Thirteen percent of Chicot County total earnings are from manufacturing, the majority of which are from work in the low paying apparel and textile sector.²⁰

Despite the slight growth in jobs in Chicot County, county social service workers are adamant that there are simply not enough jobs to employ its residents.²¹ Unemployment is high in the

¹⁴Arkansas Rural Development Commission, *Rural Profile of Arkansas*, 1997.

¹⁵*The Revised ERS County Typology: An Overview*, Economic Research Service, U.S. Department of Agriculture, December 1994. ERS classifies counties as farming-dependent if farming contributed a weighted annual average of 20 percent or more of total labor and proprietor income over the 3 years from 1987 to 1989.

¹⁶*U.S. Economic Census*, 1992.

¹⁷See the *1996 Chicot County Profile*, Cooperative Extension Service, produced by the University of Arkansas, USDA, and County Governments for an extensive description of Chicot County economic indicators.

¹⁸*U.S. Economic Census*, 1992.

¹⁹*1996 Chicot County Profile*.

²⁰Sarah Breshears, Sherryl Dahlstrom, Gregory Hamilton, and Laurie Banks-Montminy, *A Profile of Chicot County, Arkansas*, University of Arkansas at Little Rock, 1997.

²¹Department of Human Services, *Chicot County*, 1998.

county, consistently outpacing that of the state. In 1995, the county's unemployment rate of 8.7 percent was almost twice as high as the statewide rate of 4.9 percent.²² A significant part of this high unemployment is due to the decline in jobs in the agricultural sector. Farm employment has decreased by more than 60 percent since 1964 and the gain in other employment sectors has simply not compensated for this level of decline.²³

Also contributing to the high unemployment rates in the county is a reported tendency among Chicot County employers to hire workers from other counties. County social service providers revealed that many Chicot County residents believe that local factories do not want to hire local workers. Instead, the employers routinely bus workers in from surrounding counties to fill open positions. It appears to many residents, and some Department of Human Services (DHS) staff members, that employers question the competency of local residents. This may be linked to the level of educational attainment among county residents, which is among the lowest in the state. Little more than half (51 percent) of Chicot County's population age 25 years and over have a high school diploma, and only 8.3 percent have a college degree.

Several economic indicators for the county have improved in recent years. Both earnings and per capita income have increased for county residents since 1990. County per capita income increased from 1990 to 1994 from \$10,560 to \$13,888, a 16 percent increase. Earnings per job increased in Chicot County from \$16,294 in 1990 to \$20,906 in 1994. Median household income in the county was \$15,508 in 1993 and increased to \$18,815 in 1995. However, it must be acknowledged that despite these increases, Chicot County's income figures are still among the lowest in the state.

Despite increased wages and earnings, Chicot County is classified by the ERS as an area of persistent poverty and as transfers dependent.²⁴ Chicot County has had the third highest poverty rate in the state since the 1970s. Since 1979, the county has had poverty rates of over 40 percent, which is more than twice as high as the state poverty rate. Poverty is much worse for the county's female-headed households, as 69 percent of these households fell below the poverty line in 1990, compared to 32.3 percent of all Chicot County families.

Housing Conditions and Programs

Chicot County's greatest housing concern is quality; however, affordability problems and the limited availability of housing assistance are also significant problems. Many of the county's

²²1996 *Chicot County Profile*.

²³Breshears, et al., 1997.

²⁴An area of Persistent Poverty is one where the poverty rates are 20 percent or more of total population in each of the last four decennial censuses: 1960, 1970, 1980, 1990. An area is considered Transfers Dependent if more than 25 percent of the population is dependent on transfer payments for their income. Transfer payments include all support payments from federal, state, and local governments.

units are dilapidated and much of the housing stock is identified as below standard.²⁵ Of the 6,191 total housing units in the county, there are a great number of “uninhabitable shacks,” according to a regional analysis. While housing costs are generally low in the county, this does not preclude a high rate of housing cost burden. Despite overwhelming need, there are few housing resources available to Chicot residents.

There are 5,557 occupied housing units in Chicot County. The majority (69 percent) of all units are owner-occupied, and 31 percent are renter occupied. Because of their affordability and availability, almost one-fifth of all county residents live in mobile homes.²⁶ The 1990 median property value for owner-occupied units was \$26,700, which is the lowest property value in the lowlands and a little more than half of the state median housing value of \$46,000. The median rent in Chicot County was \$266 per month, which is also among the lowest in the state.

Despite low rental and ownership costs, affordability is an enduring problem in the county. Median owner costs for those maintaining a mortgage were \$412 per month in 1995. This does not translate into affordable housing for many Chicot County households, as 891 owner occupants (23 percent) spent more than 30 percent of their income on housing. Housing cost burden is somewhat more prevalent for renter households. Of the 1,608 renter households, 902 (56 percent) paid more than 30 percent of their incomes on housing in 1995. Given the low incomes of many Chicot County residents, this level of housing cost burden is not surprising.

Housing assistance opportunities for both renters and owners are limited in Chicot County. There has been a general reduction in the allocation of federal funds to the county in recent years. Funding and assistance to the county from the Rural Housing Service (RHS) declined by more than 20 percent, and funding from the Department of Housing and Urban Development (HUD) declined by 8.5 percent from 1996 to 1997. RHS program funding obligated in Chicot County dropped from \$2.1 million to \$1.7 million, while HUD-funded programs received almost \$200,000 less from 1996 to 1997.²⁷ The major assistance program in the county, Section 8, is administered by The Lake Village Housing Authority (LVHA). The LVHA has 230 vouchers available for the entire county. Since the county has such a high rate of housing cost burden, there is a tremendous need for additional rental assistance.

The lack of housing assistance in Chicot County is further exacerbated by the fact that there are no homeless facilities within the county. Local housing providers note that individuals and families needing emergency or transitional shelter must travel to Greenville, Mississippi, which

²⁵Federal Reserve Bank of St. Louis, *Rural Economic Development: A Profile of Eight Rural Areas Located in the Lower Mississippi Delta Region*, 1995.

²⁶The industry that builds these units prefers the term “manufactured home,” but the Bureau of the Census uses “mobile home” to refer to any housing unit built in a factory and towed to its site on its own chassis and wheels (once there, the wheels may be removed). If a permanent room is added, the decennial Census does not count the unit as a mobile home.

²⁷Census Federal Funds Data, 1996 and 1997.

is 15 miles across the state line, or travel one and a half hours to Warren, Arkansas for shelter. This is a difficult undertaking for many Chicot County households, as more than 25 percent are without a vehicle. There are no resources available within the county for homeless families. Again, given the high rate of housing cost burden, 32 percent of county households, many people in the county could be one paycheck away from needing these services.

TANF and Other Poverty Programs

Welfare recipients in the state of Arkansas are more likely to be rural than urban.²⁸ Over a quarter of all rural Arkansans derive their income from transfer payments. Thus, any changes to the welfare system are bound to have a great impact on rural areas of the state.

The reformed welfare program requires each county to create a local TEA coalition to aid in the planning, coordination, and oversight of TEA goals and strategies. These coalitions bring together representatives of government agencies, businesses, childcare providers, churches, civic groups, and nonprofit organizations. The design of the program reflects a desire to generate a sense of community involvement and investment in the welfare reform goals. Chicot County has had to implement this program to transition people from public assistance to work in the context of constraining employment and poverty trends that have defined the area for many years.

TEA integrates the former AFDC and JOBS programs. Under TEA, benefits are made available to needy Arkansas families with a child or children under the age of 18, and a countable income equal to or below \$223 per month.²⁹ Recipients of TEA must participate in work activities or they will lose all benefits. Some first-time applicants are immediately directed into work and others are given a one-time loan to take care of immediate needs. Upon entering into the TEA program, families must sign a Personal Responsibility Agreement (PRA), which outlines the parents' responsibilities to their children. Adult recipients must also sign an employment plan, which establishes the job search process for the clients.

There are several work options available to clients under TEA:

- ⊞ unsubsidized employment in the private sector;
- ⊞ subsidized employment in the private or public sector (targeted to those recipients who lack a work background);
- ⊞ micro-enterprise (self-employment);
- ⊞ time-limited on-the-job training (OJT);
- ⊞ time-limited work experience (non-paid, in order to learn workplace skills);
- ⊞ time-limited community service work;

²⁸Chicot County Department of Human Services, 1998.

²⁹See the *Arkansas Department of Human Services Handbook*, 1998 for a complete description of the TEA program.

- ⊞ education in conjunction with part-time work or community service; and
- ⊞ skills training, in conjunction with part-time work or community service.

Arkansas recently passed an amendment to its 1997 welfare law that increased attention to and resources for education and training, including post-secondary education. TEA recipients will, under these new regulations, be allowed to obtain the training and education needed to access well-paying jobs. If a recipient does not have a high school diploma, he or she will be allowed to combine diploma or GED courses with employment and work experience. At least 700 recipients will be allowed to enroll in vocational educational courses designed to prepare them for high-growth, high-wage occupations, and at least 400 qualified recipients will be allowed to enroll in post-secondary courses leading to a two-year or four-year college degree, or a five-year teaching degree. For those pursuing training or education, work requirements will not exceed fifteen hours per week.³⁰

Various support services continue to be provided through the TEA program, including:

- ⊞ *Childcare* - one year of childcare assistance is provided at no cost, as long as the family income remains below the maximum amount. Following the first year, the family will receive an additional two years of childcare assistance on a sliding fee scale.
- ⊞ *Medical Care* - one year of Medicaid assistance will be provided at no cost, as long as the family income remains below the maximum amount. Following that first year, the family will be provided Medicaid for up to two years on a sliding fee scale.

There is a 24 month total time limit for TEA participation. The benefits clock began running July 1, 1998 for welfare clients enrolled at that time.

There is a high level of participation in public assistance programs, including AFDC/TEA, Food Stamps and the Free/Reduced Lunch Program, among Chicot County residents. This is typical of Arkansas' rural counties in its Lower Mississippi Delta region. Chicot County had the third highest AFDC participation rate in the state in 1995 at 35.6 percent, while Lee and Phillips counties, also in the Delta region, had even higher participation rates, at 41.1 and 44.1 percent, respectively. The high rate of public assistance use in Chicot County may be due in part to the increasing number of female-headed households in the county. In 1990, 32 percent of Chicot County households were female-headed, compared to 15 percent for the state of Arkansas.³¹ The connections between female-headed households and poverty have been well documented and are known to contribute greatly to the need for public assistance. It will be important to continue to monitor how well Chicot County female-headed households negotiate the reformed welfare system as their experiences may serve as an indicator of future assistance needs.

³⁰*Human Services Handbook.*

³¹1990 Census.

The county has attempted to provide its TEA recipients with an assortment of resources that they may need to transition from welfare to work. The Chicot County Governor's Collaborative received a \$300,000 welfare-to-work grant to support the Transforming Communities program, which provides welfare recipients with academic classes and job readiness workshops. Recipients will be paired with mentors through this program, who will help them gain skills and build resources to transition from welfare to work.³²

During the first ten months of TEA, the number of families receiving public assistance in the state of Arkansas dropped by 8,162 families, or 38 percent. By November 1997 there were 15,135 cases; almost 6,000 recipients had been placed into unsubsidized employment. The caseload decline in Chicot County has not been as dramatic, although the county has made strides to move its welfare recipients into unsubsidized employment. Caseload reduction has been slow in the county; in 1980, there were approximately 3,100 Chicot residents receiving benefits. This decreased to 2,500 individuals in 1990, and 2,000 in 1995. Despite the employment limitations in the county, administrators were able to place 151 recipients in unsubsidized work from July 1997 to August 1998. This was one of the highest job placement rates in the state.³³ The local TEA coalition of service providers and businesses played a significant role in placing so many of the county's welfare clients in jobs.

Welfare benefits have traditionally been very low in Arkansas; however, benefits under the reformed system are even lower. The state ranked 45th out of the 50 states in terms of its AFDC/TEA benefits in 1997. A typical Arkansas family received a \$377 benefit and an additional \$315 a month in food stamps for a combined annual income of \$8,304 under the old system.³⁴ Benefits are even lower under TEA; a family of four receives \$247 a month under TEA and an additional \$315 a month in food stamps for a combined annual income of \$6,744. Given this low level of income, families would have to rely much more heavily on any other assistance they are receiving in order to survive. County welfare administrators clearly suggested that for those recipients transitioning to TEA, housing assistance had become more important because of the low benefit level.

Impacts and Expectations

Chicot County welfare staff, despite changes in the system, did not expect it to have much impact on local residents. Several providers stated that terminating welfare payments would not drastically affect recipients because benefits have always been so low that recipients have become adept at finding ways to get additional money "under the table" and from other support sources. There are, however, a number of other issues of concern that were revealed through this case study.

³²*Chicot County Spectator*, 7/15/98.

³³Chicot County DHS, 1998.

³⁴Children's Defense Fund, *Race to the Bottom*, Washington, DC, 1998.

Welfare rolls have dropped significantly in the state, and to a lesser extent in Chicot County. Welfare administrators are pleased with this reduction and view it as a success. At this writing, there is no way to determine how effective TEA has been for former recipients. The state of Arkansas has not adopted or implemented a tracking system that would permit the state to contact former recipients and determine their current incomes as of 1999.³⁵

A General Accounting Office (GAO) study found that former welfare recipients in South Carolina and Wisconsin reported experiencing greater levels of deprivation under welfare reform. For example, many families reported an inability to buy food. These deprivations can have a traumatic impact on all facets of the recipient's and a dependent child's life.³⁶ Washington County, another rural Arkansas county, has experienced a considerable increase in the number of female prisoners since welfare reform has been implemented. Women are writing an increasing number of "hot checks," according to county officials, most claiming that it is to buy food for their children.³⁷ In rural areas, where the economy is not booming and people are losing benefits, it is possible that crimes such as these may increase as people become desperate. While similar information is not available for Chicot County, there has been a noted increase in property crimes since the late 1990s.³⁸

The 1998 Children's Defense Fund report, *Race to the Bottom*, collected survey data from several states which show that only 30 to 60 percent of parents who leave welfare find work. Of those who do find employment, they tend to remain poor, as their wages are low and these positions are often part-time.³⁹ In Chicot County, the opportunities to find well-paying, full-time employment are limited. One of the region's most prominent and promising employers, the paper mill, has been committed to training local residents to work at the mill. However, the mill is located outside of Chicot County, which makes transportation difficult.

Childcare is also an area of concern for former welfare recipients in Chicot County. As of 1995, there were seven home childcare facilities and 15 licensed childcare sites in the county.⁴⁰ These facilities provide a total of 697 slots, which represents only one slot for every 19.5 children in the county. While this is consistent with other counties along the Mississippi Delta,

³⁵According to DHS staff, DHS contracted with a private firm in October 2000 to conduct a leaver study survey. This study will provide the tracking information needed by DHS to determine how former welfare recipients are faring in the workplace and the success of the TEA program in moving clients to self-sufficiency.

³⁶*Center for Law and Social Policy Update*, 6/18/99.

³⁷*Dermott Gazette*, 6/24/99.

³⁸While arrests in Chicot County have declined in the 1990s in general, arrests for property crimes, including burglary, theft, etc, have increased in the county. See Chicot County DHS Report, 1998.

³⁹*Race to the Bottom*.

⁴⁰Chicot County DHS Report, 1998.

it will be difficult to place an increased number of children in these limited spots as TEA forces their parents to find employment. Building additional centers is viewed as an impractical solution to the childcare shortages in rural areas because of distance and scattered populations. In rural areas the difficulties associated with transporting children to daycare forces many parents to rely on informal care (i.e. family members and friends).⁴¹

Lastly, welfare reform has taken on a racial dimension in Chicot and other rural counties of the Mississippi Delta region that had been unanticipated, but could be extremely significant. Some have criticized TEA and its implementation, charging that white welfare recipients have been moved to work more effectively than African-American recipients. As of 1995, 44.1 percent of all Arkansas welfare recipients were white, 55.2 percent were African American and .3 percent were Hispanic.⁴² This is consistent with welfare rates in the south as a whole, as southern recipients are much more likely to be African American and much less likely to be Hispanic than in the nation as a whole.⁴³ The data show that in two years the percentage of African Americans in the state TEA program has grown from 51 percent in 1997 to 62 percent in 1999. For the same time period, the percentage of whites has fallen from approximately 47 percent to 36 percent. Allen Smith, the president of the Fort Smith Chapter of the NAACP, commented on this phenomenon by saying, "I think there is a greater effort to find jobs for whites than there is for blacks. Even if the jobs aren't worth a damn, that still puts us at a tremendous disadvantage."⁴⁴

Human Services Department staff members have denied any suggestion that race has been a factor in job placement. They argue that the economy is playing a large role in determining the success of those coming off welfare. In those areas of the state that are thriving economically, there are simply fewer African-Americans. The African American population of Arkansas is primarily concentrated in the lower Mississippi Delta region and the economic boom that has helped so many other places has not reached these areas.

Regardless of whether this disparity is racially or spatially driven, the issue is bound to have increasing importance in Chicot County, as the majority African American share of the population is projected to increase.⁴⁵ If the current rate of out-migration by white residents continues, by 2010 the population of Chicot County will be 16,049, with 39.4 percent being white and 60.6 percent nonwhite. Thus, if efforts are not made to create employment opportunities for rural people of color, there will be an even greater population reliant on this reformed and reduced welfare system.

⁴¹Chicot County DHS Report, 1998.

⁴²Chicot County DHS Report, 1998.

⁴³Children's Defense Fund, 1998.

⁴⁴*Arkansas Democrat-Gazette*, 6/19/99.

⁴⁵Breshears, et al., 1997.

Chicot County illustrates some ways that segregated housing patterns may shape the outcomes generated by the reformed welfare system. In a political and economic system that is geared to moving people off of public assistance and into paying positions, racially segregated living patterns will continue to limit the jobs that are available to African Americans in rural Arkansas. Other housing-related conditions may also be affected as a result of this reform. Substandard housing affects not only the individuals forced to live in these conditions, but also the quality and safety of the childcare that is being made available in home-based facilities. Reduced welfare support and housing assistance will increase the cost burden that affects a high percentage of Chicot County households.

COLUSA COUNTY, CALIFORNIA

Colusa County lies on the northern edge of California's Great Central Valley, a region renowned for its beautiful landscape and the bounty of its fields.⁴⁶ This region produces over 25 percent of the nation's table food, and Colusa County is the nation's top rice producer. As an agricultural county, Colusa County is home to a large farmworker population and thus, reflects many of the trends and needs that are indigenous to rural areas and those populated by farmworkers.

In this small county of 17,596 people, 76 percent are white, 0.5 percent black, 2.1 percent American Indian, 2.2 percent Asian, and 33 percent Hispanic. While the poverty rate in Colusa County is only slightly higher than that of the state of California, 17 percent and 16.5 percent respectively according to 1990 Census data, the county falls behind the state in several other socioeconomic indicators. The median household income for Colusa county was 30 percent lower than the state median household income in 1990, at \$24,912 for the county and \$35,798 for the state. Per capita income for Colusa County, \$12,402, was 76 percent of that for the state, \$16,409.⁴⁷

In the summer of 1997, the California state legislature adopted a welfare reform plan, California Work Opportunity and Responsibility to Kids (CalWORKs). This program, which was implemented January 1, 1998, replaced GAIN (Greater Avenues for Independence, the state's waiver program) and gave the individual counties the discretion to design programs that would fit the needs of their residents within the state program outline.

Colusa County is a study in contrasts. While the surrounding countryside is beautiful and lush, life in Colusa County can be difficult for many residents. In the midst of considerable wealth, there is a large and growing population of people in poverty. Beautiful mansions for the wealthy are bounded by ramshackle, makeshift farmworker housing. In a county marked by chronic unemployment and a growing rate of poverty, implementing welfare reform has been a challenging task.

Local Economy

Colusa County is predominantly a farming community; the majority of the land, 61 percent, is devoted to agriculture, and a large percentage of the county's workforce is employed in this industry. In 1997, Colusa County had the highest proportion of employment in farming and agriculture in the region, 43 percent, and also one of the highest unemployment rates in the state (18 percent). Reliance on agriculture shapes the Colusa County economy.

⁴⁶It is important to note that while some state reports and regional analyses do not include Colusa County in the Central Valley region, there is a mixed perception among area residents and in various reports on the region. See Kenneth Umbach, "A Statistical Tour of the California Central Valley," California Research Bureau, 1997.

⁴⁷The data in this case study reflect the 1990 Census unless otherwise noted.

As California has rebounded from a recession in the mid-1990s, many areas have benefitted with job growth and an expanded economy, including Colusa County. There was growth in the number of jobs in every industry in the county from 1990 to 1996, with the exception of construction and mining. From 1990 to 1995, there was 92 percent growth in manufacturing payrolls in the county.⁴⁸ This has not translated into very many jobs, however, given the low base number of manufacturers in the county and the number of jobs these firms offer. Manufacturing provided only 9.6 percent of county jobs, compared to agriculture's 32 percent. Most Colusa County-based employers are small businesses; in 1994, 77 percent of all the employers in the county employed nine or fewer workers.⁴⁹

Despite the total growth in jobs in the county, unemployment is still high. The 1997 unemployment rate was 18.3 percent, down from 19.7 percent in 1995 and 20 percent in 1994. Colusa County has had the state's second highest unemployment level for many years.⁵⁰ Part of this unemployment can be accounted for by the seasonal nature of the farming industry. Also, job growth in the county's other job sectors has not been strong enough to absorb new job seekers.⁵¹

The dominance of the agriculture industry also impacts the earnings of county residents. In 1996, Colusa County's per capita income of \$21,727 was 80.5 percent of the state of California's, ranking the county 28th out of 58 counties in terms of per capita income.⁵² As for personal income Colusa ranked 52nd out of 58, with a median household income of \$28,030. Despite a growth in the total number of jobs from 1990 to 1996, there has not been a concomitant growth in total earnings in the county; total earnings in the county dropped by 7.3 percent in that same period. Changes in the farming sector accounted for a significant amount of this decrease. As the number of farming jobs increased by 18.9 percent, earnings from this industry actually decreased by 21 percent.⁵³

Given its large farmworker population (43 percent of the workforce), Colusa County is presented with a unique earnings and poverty dynamic. Because of the seasonal nature of the industry, an overwhelming percentage of the population is out of work for large parts of the year. Many residents must then find ways to supplement the meager wages they receive from farm work, and many still remain in poverty. According to the 1995-97 National Agriculture

⁴⁸U.S. Census, *Economic Reports*, 1992.

⁴⁹ U.S. Census, *County Business Patterns*, 1996.

⁵⁰ "Statistical Tour."

⁵¹ These are year-end unemployment averages. Given Colusa County's dependence on agriculture and the seasonal nature of this industry, unemployment increases dramatically during the winter months. For example, the unemployment rate in the county increased to 27.8 percent in December 1996.

⁵²California Department of Finance, 1997.

⁵³U.S. Census, *Economic Reports*, 1992.

Workers Survey (NAWS), the average earnings of California farmworkers in 1990 was \$7,320 per year, and three of five farmworker families had incomes well below the poverty level.⁵⁴ This level of poverty limits the housing alternatives available to this population and contributes to a reliance on public assistance as an additional source of income.

Despite recent declines in unemployment and a local economy which has been growing, a great number of Colusa County residents are still in poverty. With poverty rates that are generally higher than other Central Valley counties, Colusa County's poverty rate has been on the rise in recent years.⁵⁵ In 1990, 13 percent of the population lived in poverty. By 1995, this figure had increased to 17.3 percent. Almost half of the people living in poverty (1,308) are children under the age of 18.

In the midst of the extensive poverty in Colusa County, there is a small, but powerful, wealthy population. The proximity of very wealthy and very poor groups shapes social and economic interactions in the county and affects the dynamics of community life. Tensions between the two populations often run high. Officials from agencies that provide services to farmworkers report that there is a great deal of resentment between farmworkers and county landowners. According to one service provider, "The farmworkers feel as if the farmers don't care about them. Attempting change through local politics is impossible. County government is dominated by the farmers and landowners."

Compounding these difficulties is the fact that for many farmworkers English is their second language. One in five Colusa County residents are foreign born.⁵⁶ Language barriers may pose additional challenges for welfare recipients in the context of the passage of the "English Only" proposition in California.⁵⁷ California residents without English skills are concerned that they may have increasing difficulty accessing much-needed resources in this environment.

Even among the non-farmworker residents there is a sense that the county does not adequately respond to the needs of low-income households. Residents point to the lack of public transportation and nonprofit organizations, as well as the paucity of government assisted housing and public facilities, such as parks and recreation areas, as evidence of the county's disregard for its low-income residents. State and local welfare administrators communicated that many county residents believe that this neglect reflects the priorities of the county's wealthy landowners.

⁵⁴U.S. Department of Labor, National Agricultural Workers Survey, 1995-97.

⁵⁵See "Statistical Tour."

⁵⁶1990 Census data.

⁵⁷In June of 1998, California voters approved Proposition 227, which virtually eliminated bilingual education classes with its decree that children in the nation's most populous state should be taught "overwhelmingly" in English. Criticisms have been lodged by various organizations that this measure represents a step towards continued language-based restrictions.

Staff at California's Department of Housing and Community Development also noted a lack of social service and nonprofit housing organizations in Colusa County, and that the lack of social service providers affects the administration of social services in the county.

Housing Conditions and Programs

Lack of decent, affordable housing for low-income residents is a significant problem in Colusa County. Many of Colusa County's seven thousand housing units are in need of structural maintenance. Over one quarter of the total housing units, 1,800, have at least one serious housing problem. This is more than double the state proportion of deteriorated units, 12 percent.⁵⁸ Unlike surrounding counties that have organizations to address these issues, there is a definite lack of housing assistance providers in Colusa County. The absence of housing assistance compounds the other housing concerns of this small county, given the growing number of people in poverty and the special needs of the farmworkers.

Reflecting the economic and employment status of its residents, the area's housing stock is an odd patchwork of beautiful old farmhouses, lovingly restored and renovated by the county's landowners, a few new single-family housing developments, and ramshackle trailers and shelters hastily constructed for the county's farmworker population. Given the population growth that has been occurring in the state over the last few years, the state Department of Housing and Community Development estimates that Colusa County will need an additional 1,875 affordable housing units by the year 2003.⁵⁹

There has been some significant housing development in Colusa County over the last eight years. In 1990, there were 6,295 housing units in the county. By 1998 there were 7,042, an increase of over 10 percent. Most of the housing development that accounts for this increase occurred in the private development of single-family units. The majority of all housing units in the county, 64 percent, are owner-occupied, and 36 percent are renter-occupied. This is a higher rate of homeownership than the state of California as a whole, where 56 percent of housing units are owner-occupied. Local housing administrators find that the predominance of mobile homes and low housing values account for these high rates of ownership.

Mobile homes represent a large but declining percentage of housing units in Colusa County; in 1990 there were 811 mobile homes, 13 percent of the total housing units; by 1998 the number and proportion had declined to 787, or 11 percent. The median housing value in the county is \$68,900, which is much lower than housing values in the surrounding counties.⁶⁰ However, purchasing a home is difficult, if not impossible, for many Colusa County families, especially for farmworker families. One county administrator estimated that nearly 80 percent of the farmworker population lives below the federal poverty guideline of \$13,650 for a family of

⁵⁸Department of Housing and Community Development, *California's Housing Stock*, 1998.

⁵⁹California Department of Finance, 1998.

⁶⁰*California's Housing Stock*.

three. In a county where the median home price is close to \$70,000, it seemed highly unlikely to the administrator that even a small number of farmworker families would be able to move out of cramped rental units or substandard farmworker shelters and into their own homes.

As in most rural areas, there are few multifamily units in Colusa County; in 1990 there were 692 multifamily rental units. By 1998, some development had occurred and there are now 921 multifamily rental units. The median contract rent in Colusa County was \$272, and more than two-thirds of the available rental housing, for those units charging cash rent, had a contract rent below \$399.⁶¹ While rents in the county are among the lowest in the region, affording these units is still a problem for residents, given the low wages of many workers.

Housing affordability is of great concern for both renters and owners in Colusa County. Almost one in five homeowners are cost burdened, paying more than 30 percent of their income for housing, and more than a quarter, 26 percent, of renters are similarly burdened. Housing assistance to aid these families is limited. While there is a housing authority in the county, residents seeking assistance from this office are often instructed to contact the state Department of Housing and Community Development in Sacramento. It is very possible that requests for assistance are misplaced or those requesting aid become frustrated because of the distance between Colusa County and the state capital.⁶²

Housing for the farmworker population presents an additional problem. Older motels can be found in every small town in Colusa County and often serve as shelter for farmworkers and their families. These rundown motels are one of the few shelter options for migrant workers, who often are forced to sleep as many as ten in a room during the picking season. There is one public housing facility, which also serves as a shelter for farmworkers, in the entire county. Clean, safe, and equipped with a preschool and daycare center, it is one of Colusa County's few affordable housing success stories. The waiting list often extends beyond the picking season, however, and many families are then forced to find space in motel rooms or board with family and friends until space is available. This need to "double up" contributes to the problem of overcrowding, which is prevalent in this county.⁶³ Overall, there are 731 overcrowded units in Colusa County, 13 percent of the county's occupied housing units. Rental units tend to be somewhat more overcrowded than owner-occupied units, with an average of 3.0 persons per unit compared to 2.7 persons per unit.

Some federal programs have been used to mitigate housing problems within the county. There are three HUD Section 8 projects which provide 102 subsidized rental units in Colusa County. Almost 260 units in six projects have been constructed using RHS Section 515 funding. The

⁶¹1990 Census.

⁶²HAC staff called the Colusa County Housing Authority (CCHA) to determine if information concerning Section 8 housing was available. CCHA staff instructed HAC staff to call the state office in order to get that information. Upon calling the state office, the HAC staff person was told to call the local county housing authority.

⁶³Overcrowding occurs when there is on average more than one person per room in a unit.

county has not, however, made use of any other federally funded or state-supported development programs in recent years. Local administrators point to the lack of nonprofit agencies within the county as the main reason for this lack of development. State administrators indicated that local organizations could serve as agents of change for county residents.

TANF and Other Poverty Programs

Welfare reform has been a difficult undertaking in California. With almost 1 million families on public assistance in 1995, the state has one of the largest welfare populations in the nation. Thus, ending welfare as an entitlement and moving families from welfare to work requires a major philosophical and economic shift for hundreds of thousands of people. With its considerable and enduring unemployment problem, Colusa County is in the difficult position of having to place former recipients into jobs that are simply nonexistent.

Under CalWORKs, each county is required to submit a County Plan to the state Department of Social Services which details how the county will provide necessary training and support services, partner with the local private sector, and identify the range of welfare-to-work services that the county will offer.⁶⁴ Although counties have to conform to general program guidelines established by the state, they are given wide latitude in developing their own welfare programs and choosing strategies to implement their initiatives.

As of July, 1999, single-parent CalWORKs recipients in Colusa County are required to work 32 hours per week in order to receive any benefits, and at least one unemployed parent in two-parent households must participate in 35 hours of work activities per week. Welfare-to-work activities include: unsubsidized employment; subsidized private sector employment; subsidized public sector employment; work experience that helps provide job skills (limited to 12 months); on-the-job-training; self-employment; community service; adult basic education; job skills training directly related to employment; vocational education and training; job search and job readiness assistance; education directly related to employment; satisfactory progress in secondary school; mental health, substance abuse, and domestic violence services, and; other activities necessary to assist an individual in obtaining unsubsidized employment. There is a 60-month lifetime limit for the receipt of aid for adult caretakers.

With less than 400 adult recipients per year on average, Colusa County has one of the smallest welfare recipient populations in the state. State administrators suggested that rural areas like Colusa County have a particularly difficult time administering this welfare program because of their small size. Smaller population size means smaller grants, and therefore a reduced ability to provide services to their clients. Welfare providers were anxious about what they considered to be unique concerns for these small rural areas.

In addition to the shortage of well-paying, full time jobs, the lack of existing social service infrastructure is one of the biggest problems facing welfare administrators attempting to

⁶⁴California Department of Social Services, *Key Components of CalWORKS*, 1998.

implement reform in Colusa County. Despite the obvious need among the county's poor and farmworker families, there are very few social service resources in Colusa County. Those requesting services are often directed to agencies outside of the county, usually to Yuba City, which is just under an hour away or to Chico City in Butte County.

One specific area of need in Colusa County is for drug and alcohol dependence services for recipients. A Colusa County welfare administrator estimated that nearly 30 percent of the county's welfare recipients would require treatment for alcohol or drug abuse before they could move successfully from welfare to work. Under CalWORKS, drug or alcohol dependents will not be excused from working because of their addiction. However, resources for treatment have been cut dramatically. For many addicted persons, this lack of institutional support will mean even greater hardship. There are no treatment facilities within Colusa County, and the modest state grant of \$45,000 the county receives under new welfare legislation will not even come close to meeting the cost of adding a staff member, much less building a treatment center. Nor will Colusa County residents find much help in neighboring counties: in nearby Siskiyou County, treatment funds were slashed from nearly \$1 million a year to \$46,000 a year under the new legislation.

County caseworkers acknowledge that moving individuals from welfare to work is ideal, yet they are unsure of how Colusa County will achieve this given the county's lack of resources, such as childcare centers and public transportation. Given the modest grant that the county receives for welfare support and administration, a little over \$750,000, it is going to be difficult to fund these kinds of expensive programs. Furthermore, caseworkers stress that they are skeptical about the ability of the existing local economy to support those coming off the welfare rolls. One welfare staff person commented that, "The jobs are not there. Period. And this is with an economy that is stronger than it's been in decades - imagine what will happen with a recession."

Beyond the state-run support programs, there are few local assistance agencies in the county and there are wide gaps in the services that they offer. Several churches in the area run "food closets" where individuals and families can receive basic groceries. Similar programs that provide clothing and blankets for poor families are also active in the county. To receive any sustained social service assistance, Colusa County families must travel to neighboring counties. Given Colusa County's lack of public transportation, this is often an impossible undertaking for the 41 percent of county welfare families without access to an automobile.

State administrators are impressed with the drop in welfare rolls across the state and confident that welfare reform will continue to be successful.⁶⁵ In a 10 month period, the number of families on welfare in California dropped by more than 100,000, or 12 percent. The state estimates that it saves approximately \$54 million a month with the reduced rolls. Even in counties with double-digit unemployment, like Colusa County, there has been a steady decline in welfare rolls. Colusa County has seen a 30.5 percent drop in its welfare rolls since 1996.

⁶⁵California Department of Social Services, 1997.

Whites have left the system at a slightly higher rate than Hispanics, with a 31.5 percent drop for white recipients, as compared to a 27 percent drop for Hispanics since 1996.

Impacts and Expectations

Given the programmatic restrictions of welfare reform and the state of the local economy, county caseworkers and clients alike are anxious about the future of welfare reform in rural Colusa County. Welfare rolls in the county are decreasing, and from 1996 to 1998, the county welfare department reported a 30 percent decline in its caseload. There were, however, several concerns identified by local social service administrators about the future of reform and quality of life for former recipients.

Overall, county caseworkers see reform and the drop in the rolls as a positive accomplishment for their clients. While the county keeps records of current participants and those leaving the rolls, there is no method of tracking clients once they are employed. Caseworkers were uniformly interested in this population; most wondered how their former clients were doing with their jobs and how their families were faring. Funds have not been allocated to track former recipients to determine their progress and thus, there is no way, in the administrators' view, to measure the true success of the CalWORKS program.

In addition to the good economy, several Colusa County administrators and caseworkers suspect that the drop in rolls should also be attributed to clients leaving welfare out of their frustration with the newly imposed work requirements. One county welfare staff person remarked that many farmworker families who formerly received assistance have decided they did not want to participate in California's mandatory "work first" policy, which requires that they secure employment almost immediately after receiving benefits. Instead, they are saving their meager salaries from the picking season and combining them with unemployment payments. The administrator was convinced that stretching these limited funds would be a serious financial hardship for these families, many of whom are barely making ends meet with full support. And, this administrator is also concerned that this will probably create or exacerbate housing cost burden for the farmworker families who pursue this route. Without housing assistance, which is extremely difficult to access in the county, farmworker and other low-income households will not have adequate wages to keep themselves housed.

Among clients who are complying with the new requirements under welfare reform, caseworkers are somewhat afraid that they may fall through the cracks at some point in the future. County administrators seem resigned that even if families manage to find work and get off of welfare, they will always teeter along the poverty line. California's "work first" policy was cited by some as a cause. With the focus being shifted from training and education to work, clients are left with little opportunity to improve their skills and obtain higher-paying employment. Instead, they will continue to work in unskilled jobs, which often pay poverty level wages.

One county welfare administrator had this to say about the CalWORKS program, "I hate to admit it, but I really think it's the kids who might someday benefit from welfare reform, not their parents." She commented that working parents are an excellent role model for children,

and that this would give the children the incentive to develop skills that might lead to more personally and financially rewarding careers. Recent programs in the Colusa County public school system seem to reflect this “investment in the future” approach to welfare reform. The school district has created a mentor program for students, which focuses on building skills that will assist students in finding careers.

There is a widespread perception among county caseworkers that while reforming the welfare system was necessary, the benefits of these actions would be felt in the future generation. In the context of the county’s high unemployment rates, the predominance of low wage jobs, and the demands of a reformed welfare system, Colusa County caseworkers have adopted a “wait and see” position that is not proactive towards current needs. This will be a difficult wait for Colusa County residents who are in need, especially without the aid and assistance of local service organizations.

CRAWFORD COUNTY, INDIANA

Situated among the foothills of the Appalachian mountains and less than an hour's drive away from Louisville, Kentucky, Crawford County has none of the Midwestern flatness that characterizes Indiana. Much of the county's land is taken up by the Hoosier National Forest, and it has several limestone cave systems characteristic of the Appalachian range. The steep terrain, combined with the deforestation that has taken place since the first white settlers arrived in 1815, make the county prone to flooding from the creeks that feed the Ohio River, which forms its southern border.⁶⁶ Following several bad floods in the 1990s, the county seat of English began relocating to higher ground.

In 1995, Crawford County's population was estimated to be 10,442, or only 271 more people than in 1940. By 1970, the population had dropped to a low of 8,033, but subsequently has been increasing to its present level.⁶⁷ The county's rural character seems unaffected by Interstate 64, which crosses the county on its way between St. Louis and Louisville. The county has one junior/senior high school and more than 50 churches, and residents share a strong sense of community. There are four towns large enough to sustain their own governments: English; Marengo, site of the county's only traffic light; Leavenworth, which is on the Ohio River; and Milltown, which straddles the border with Harrison County to the east. In 1990, 99.5 percent of county residents were white.⁶⁸

Crawford County is one of the poorest in the state. According to the 1990 Census, with 18.5 percent of its residents living below the poverty level, it had the third highest poverty rate among all Indiana counties. The tax base is small due in part to the large amount of county land that is owned by the National Forest Service. However, it does have a vibrant nonprofit sector whose members are collaborating to address the needs of county residents in the face of welfare reform.

Indiana had two different AFDC waivers approved between 1994 and 1996, but Crawford County was not one of those included in these reform experiments. Indiana's TANF plan went into effect on October 1, 1996. Three agencies are responsible for welfare reform's implementation in the state; The Family and Social Services Administration, the Department of Workforce Development, and the Department of Commerce.

Local Economy

Crawford County is one of the poorest counties in Indiana. This is largely due to a scarcity of jobs in the county. In 1990, 57.5 percent of Crawford County workers commuted to jobs in

⁶⁶E.C. Roberts, *English, Indiana: Memories of Main Street*, Indiana University Press, 1991.

⁶⁷U.S. Census Bureau, *1940-1990 Census*, cited at Indiana Department of Workforce Development website, <http://www.dwd.state.in.us/images/lmi/nacrawfa.gif>.

⁶⁸1990 Census.

other counties, compared to a statewide average of 24.7 percent.⁶⁹ The recent opening of a factory in Crawford County may lower this rate considerably. According to the U.S. Department of Agriculture's (USDA) Economic Research Service (ERS), no single industry is the predominant source of income for residents, which could be a positive factor in future economic development efforts.⁷⁰

Between 1986 and 1996 Indiana's unemployment rate ranged between 4.7 and 6.7 percent, while Crawford County's ranged between 6.8 and 11.6 percent. In 1996, the county's unemployment rate of 9.9 percent was the highest in the state, compared to the state rate of 4.9 percent. The county's unemployment rate decreased to 8.0 percent in 1997, still the second highest rate in the state.⁷¹ For Crawford County workers, in 1995 average annual income was \$16,171, compared with the statewide average of \$25,382.⁷² Crawford County's per capita income in the same year was the lowest in Indiana, \$14,154; statewide, per capita income was \$21,517.⁷³

Because of the terrain and the national forest, agriculture is not a large part of the economy. The biggest local employer is the school system, with 213 employees, although not all work full-time. The newly opened Jasper Engines and Transmissions factory is the second largest employer with 170 positions, and Mulzer Crushed Stone is third with 160. Most other jobs in the county are in retail and food service, or state government.⁷⁴ Restaurants at the Carefree truck stop provide about 100 jobs, again not all full-time. In addition, many residents commute to factory jobs in neighboring counties. People earning middle class incomes are few in the county, consisting mainly of business owners, teachers, government administrators, those who commute to the Louisville area, and some lawyers, doctors and bankers.

Housing and social service providers estimated that a single person with one child could live on wages of about \$7.00 per hour, including maintaining a car, if the job included health insurance. Jobs at the bigger companies, including Mulzer and Jasper Engines, meet those conditions, but other low-skill jobs usually do not.

⁶⁹1990 Census.

⁷⁰Economic Research Service website: <http://www.econ.ag.gov/epubs/other/typolog/TYP89IN.TXT>.

⁷¹Indiana Department of Workforce Development, *Labor Market Information*, Local Area Unemployment Statistics cited at Indiana Department of Workforce Development website, <http://www.dwd.state.in.us/images/lmi/nacrawfb.gif>.

⁷²*Labor Market Information*.

⁷³*Indiana Per Capita Income by County in 1995*, cited at University of Indiana website, <http://www.iupui.edu/it/ibrc/EDIN/Datafiles/pcpi95.html>.

⁷⁴Cinergy/PSI Partners in Development, *Crawford County, Indiana: A Community Resume*, 1997.

A job gap study was conducted in Indiana in 1997 to compare the numbers of low-skill jobs and low-skill workers. It found a ratio of three workers to every job in Indiana, and four to five workers for every job in a five-county region that included Crawford County. The report also concluded that less than 4 percent of low-skill jobs in Indiana pay wages high enough to lift a family of three out of poverty.⁷⁵

Economic development activities in Crawford County were performed strictly on a volunteer basis until the Economic Development Commission (EDC) was founded in September 1997. With some state pass-through money, the county board of commissioners was able to create a staff position for the EDC. This person provides expertise to local businesses and a number of local and regional boards and committees on start-up strategies, flood plain relocation, and funding sources. The greatest achievement of the EDC so far has been convincing Jasper Engines and Transmissions, a company that refurbishes automotive parts, to open a factory in Crawford County. Incentives were necessary to attract Jasper Engines, such as state money for on-the-job training and to allow the county to purchase the land and upgrade the nearby roads. Necessary sewer improvements were funded by a Rural Utilities Service grant. Although some residents were opposed to a factory opening, most people are pleased with the new jobs it has generated, which pay \$7.50 per hour with benefits to start, with opportunities for raises and advancement. Since January 1998 Jasper Engines has hired 170 workers, and plans to expand to 500. The company has also pledged to hire welfare recipients.

Building on this first year of success, the EDC has plans to attract another new company as soon as the sewer system can be expanded to accommodate additional facilities. Other plans include getting Crawford County designated as an Enterprise Zone, starting a revolving loan fund for small businesses, and obtaining more operating funds for EDC activities. Other local ideas for economic development include competing for the state's last riverboat gaming license and investing in Marengo's Main Street businesses to allow them to capture spending from tourists who come to view the Marengo Cave, a local attraction. Controversy is ongoing over whether it is necessary to extend zoning to the remaining unzoned portions of the county to promote economic development. Unlike many rural areas that rely on agriculture, extractive industries, or a single large employer, Crawford County's relatively diverse job base may limit the severity of an economic downturn on welfare clients' employment prospects.

Housing Conditions and Programs

Like most rural counties, Crawford County has a high proportion of homeowners, 85.2 percent as of 1990, while the state homeownership rate was 70.2 percent.⁷⁶ Property values have gradually increased over the past two of decades, accompanying the rise in population,

⁷⁵Paul Kleppner and Nikolas Theodore, *Work after Welfare: Is Indiana's Booming Economy Creating Enough Jobs?*, Midwest Job Gap Project, Chicago, Il., 1997.

⁷⁶U.S. Bureau of the Census, *USA Counties 1996*, cited at Census Bureau website, <http://www.census.gov/statab/USA96>.

although they have mounted more noticeably since Jasper Engines opened its factory. Some new and expensive homes are being built near the factory to attract its higher-paid employees.

Frequent flood damage adds to maintenance costs, and when those costs cannot be met, contributes to poor housing conditions in the county. Flooding is a particularly significant issue in the county seat of English, which is in the process of relocating to higher ground due to the severity of flooding. Although considerable federal funding has been made available for these efforts, it cannot pay for the whole process. Some people continue to live in the flood plain because they are either unable or unwilling to pay to move into new houses in the new town. In addition to flood-related damage, housing quality problems are found throughout the county. Both low-income homeowners and the landlords of low-income renters often find it difficult to afford upkeep and repairs. Lack of water and wastewater systems is common.

Although Crawford County's housing is inexpensive compared to much of the country, residents' low incomes mean that housing affordability is a serious problem. Among all Crawford County households, 24 percent pay more than 30 percent of their monthly income for housing. Renters are more likely to have housing cost burden than owners in the county, with 49 percent of renter households cost-burdened compared to 18 percent of owners. Sometimes tenants will agree to work on repairs in lieu of a security deposit or some portion of the rent. Housing and social service providers agreed that shortages exist for affordable one-, three-, and four-bedroom units, and handicap-accessible units of any size.

According to housing and social service providers, many Crawford County households end up living doubled-up with friends or family, or inhabiting substandard homes. Other people arrange to live in an outbuilding or mobile home on their family's property and carry water from the main house. In more desperate circumstances, people live in barns and old buses. At least two families in the county are known to live in old school buses that have had electricity extended to them. Apart from the people living in barns and buses, there are few people experiencing long periods without shelter in Crawford County. However, the lack of visibly homeless households may be related to the lack of homeless assistance and shelter within the county. The nearest homeless and domestic violence shelters are outside the county, which means that in order for a person to be formally identified as homeless, he or she must leave Crawford County. People do sometimes live in their cars for a week or two, but usually they can find someone to take them in for short periods if they ask families or friends.

Not surprisingly, TANF clients are regularly among the poorly housed. An estimated 50 percent of welfare households are living in overcrowded or poor quality housing. Many are on the waiting list for Section 8 rental assistance. Given the grant amounts for TANF families, \$229 for two people, it is difficult for welfare recipients without a rental subsidy to avoid housing cost burden.

A number of housing assistance programs are available to Crawford County residents. Almost all of them are administered through Lincoln Hills Development Corporation, one of the two Community Action Agencies serving the county. Since the early 1990s, Lincoln Hills has administered HUD's tenant-based Section 8 rental assistance program. Crawford County has no public housing or developments with project-based Section 8 subsidies. In August 1998, 39

households were using Section 8 rental assistance in private rental units, and 55 households were on the waiting list. The wait for a Section 8 voucher or certificate ranges from six to twelve months. Receiving one does not guarantee being able to use it. Sometimes people are unable to find a rental unit that meets HUD's requirements for physical quality, bedrooms per person, and Fair Market Rent. Housing providers in the county expressed a variety of opinions concerning challenges that clients face in using Section 8 rental assistance. One informant stated that landlords are reluctant to go through HUD's process of housing quality inspection and approval, which they feel is too cumbersome and time-consuming. Another stated that many units do not meet HUD's quality standards, while an additional informant explained that since rents increased following Jasper Engines' arrival, the Fair Market Rents may be set too low to secure housing meeting quality standards.

Lincoln Hills has developed five affordable housing projects in Crawford County. Three of these were financed under HUD's Section 202 program for elderly and disabled tenants. These projects have a total of 123 units, and are located in English, Marengo, and Milltown. More recently, Lincoln Hills developed Village Apartments of Marengo. This 24-unit family project was financed with HOME funds and Low Income Housing Tax Credits (LIHTC).

Lincoln Hills has also developed a project in English, called Hartford Place Apartments. Completed in 1996, it was financed with Indiana Housing Finance Agency tax credits, a Federal Home Loan Bank loan, and a loan from the Rural Housing Service (RHS, an agency of the U.S. Department of Agriculture, whose programs are administered at the state and local level by Rural Development offices) Section 515 rural rental housing program. Of the 24 units, 20 are subsidized by RHS rental assistance, and the remaining four are rented at Fair Market Rents. A high proportion of the tenants are TANF recipients. RHS rules prohibit tenants from operating businesses out of their apartments, which could supplement the incomes of welfare recipients.

The waiting lists for the five projects have approximately 120 people in total. Most tenants' incomes are so low that they need Section 8 or RHS rental assistance. Because of their high quality, these projects may constitute most of the rental housing that would meet Section 8 housing quality standards in the county. In addition to Hartford Place Apartments, RHS' multifamily housing programs have funded the 12-unit Ohio View Apartments in Leavenworth. Built in 1981, this project is owned by a private, for-profit developer.

Other housing programs administered by Lincoln Hills include weatherization, homeless outreach, rehabilitation of owner-occupied housing, and relocation of low-income homeowners from the flood plain in English. Flood relocation money is available from a variety of sources: the Federal Emergency Management Agency, the Indiana Housing Finance Authority (IHFA), and RHS. Even so, some people have not been able to afford to move out of the flood plain, as new housing generally costs more than the buyout value of their current homes.

Hoosier Uplands Economic Development Corporation, the other Community Action Agency serving Crawford County, has a program to help landlords rehabilitate their rental properties. In exchange for reserving the units for low-income tenants for five or ten years, landlords can

get matching funds for repairs from the federal Small Cities Community Development Block Grant (CDBG) program administered through IHFA.

A number of other organizations administer homeownership programs in Crawford County. The EDC provides homeownership counseling. A newly formed nonprofit called Southern Six built four houses in the county in 1997, and plans to build four more every year. Habitat for Humanity built at least two houses in the county in the five years prior to 1998. Also, the Southern Indiana Center for Independent Living promotes homeownership for people with disabilities. IHFA has a statewide program for first-time homebuyers. Rural Development administers the RHS single-family housing programs in the county. One challenge encountered by Rural Development staff in extending these programs to Crawford County households is that many prospective clients have requested assistance to purchase homes that do not meet RHS physical quality standards.

TANF and Other Poverty Programs

Significant components of Indiana's welfare reform plan are a 24-month lifetime limit for adult recipients, a requirement that recipients participate in community service after two months of assistance, and a family cap provision.⁷⁷ Since the inauguration of Governor Frank O'Bannon in January 1997, the state agencies responsible for welfare reform implementation (the Family and Social Services Administration, the Department of Workforce Development, and the Department of Commerce) have been responsive to suggestions from social service advocates. The car asset allowance for TANF recipients was raised from \$1,500 to \$5,000, Medicaid coverage was expanded to children living at up to 150 percent of the poverty level, and a controversial requirement that mothers participate in work activities 12 weeks after giving birth was indefinitely suspended.⁷⁸ The workfare program for TANF recipients is called Indiana Manpower Placement and Comprehensive Training (IMPACT).

Crawford County's rate of TANF assistance was 1.8 percent of the population as of June 1997, the same as Indiana's statewide rate of program use. In the same month, Crawford County's rates of participation were significantly higher than the state average for Food Stamps (9.8 percent, compared with 5.8 percent), and Medicaid (11.3 percent, compared with 7.0 percent). In 1997, five TANF clients and nineteen Food Stamp clients received sanctions for not complying with work requirements.⁷⁹ According to the county IMPACT Director, the original workfare program caseload is down from 90 clients to 35 as of June 1998.

Case study interviewees expressed a variety of perspectives on the quality of life that TANF benefits can sustain in Crawford County. Benefits are no more than 27 percent of the federal

⁷⁷American Public Welfare Association (APWA) Welfare Reform Information Center, *State-by-State Welfare Reform Policy Decisions*, APWA, Washington, D.C.: 1997.

⁷⁸Indiana Coalition on Housing and Homeless Issues, unpublished document, 1998.

⁷⁹Indiana Family and Social Services Administration, *1997 State Fiscal Year Demographic Trend Report: Division of Family and Children Selected Assistance Programs*, 1997.

poverty level, or \$229 per month for a two-person family and \$346 for a four-person family.⁸⁰ The county IMPACT Director stated that even this level of benefits pays more than low-wage, part-time work, and that clients sometimes return Food Stamps because they do not need them all; however, she also said that many clients live doubled-up in order to make ends meet. Staff at county nonprofit organizations felt that it is almost impossible to live on TANF benefits, and that many clients turn to non-governmental assistance programs, such as food pantries, at the end of the month.

Indiana hired an independent contractor to evaluate its workfare program. In September 1997, the contractor, Abt Associates, concluded that clients remaining on the welfare rolls are the most disadvantaged and have the most significant barriers to employment, and families leaving the TANF program for employment do enjoy greater self-sufficiency but remain vulnerable. This is because most clients have found work in low-wage jobs with no health insurance and have difficulty securing important services such as childcare.⁸¹

All interviewees spoke highly of the caseworkers at Crawford County's Housing and Community Services Office, the agency which administers TANF and Food Stamps, among other programs. Caseworkers have a low rate of turnover, and almost all are long-term residents who see their jobs as reflecting an ethic of service to others in their community. Working in small rural communities allows caseworkers to interact more closely with clients on a regular basis. Their informal contacts with clients at stores, schools, and other community venues promote trust and communication.

The Crawford County Housing and Community Services Office has undergone reorganization as a result of welfare reform. Caseworkers can no longer specialize in one or two programs, but must know about all the possible programs in the area that may assist their clients. Once the client is enrolled in TANF, if aged 18 through 59, she or he must also develop an employment plan with the IMPACT coordinator. People with disabilities are exempt from IMPACT, but everyone else must draw up a self-sufficiency and employment plan with the IMPACT coordinator, and receives referrals to the relevant resources.

Approximately 20 percent of the caseload do not have a high school diploma. These clients are referred to literacy, adult basic education, or GED programs that are held in the county's high school, public library, and alternative school. All other clients are referred to Blue River Employment Services, a local nonprofit agency that contracts to provide IMPACT services. Blue River's staff person meets at least one hour a week with every client to provide job leads; job search advice, which sometimes includes writing a resume for the client; and education on various job skills from personal hygiene to conflict resolution. She also drives clients to job interviews when her schedule permits. An employee from the Indiana Department of

⁸⁰1997 State Demographic Trend Report.

⁸¹David J. Fein, *The Indiana Welfare Reform Evaluation: Presentation on Early Findings*, Abt Associates, Inc., Chicago, Il., 1997.

Workforce Development comes in every week to enroll clients in the statewide computerized Job Service Matching System and the state unemployment insurance program.

If clients have not found work after four weeks of job search and job readiness training, the limit established in the national welfare reform legislation, they may be placed in a Work Experience Program. In Crawford County these assignments usually mean helping out at the public library or working as a clerk or cleaner at a school or the courthouse. Blue River may also refer IMPACT clients to the Job Training Partnership Act (JTPA) program, run by another local nonprofit contractor, River Valley Resources.

Most of JTPA's clients are not IMPACT referrals, as the program is open to anyone who meets income guidelines. Clients can receive many different kinds of job training for a period of up to two years. JTPA provides financial aid for people to attend technical programs, not only for tuition but also for course supplies, clothes, childcare, and emergency car expenses. During their enrollment, JTPA staff counsel clients as needed to overcome any training or employment obstacles. Many IMPACT clients complete an eight-week office skills program offered through JTPA. JTPA also offers on-the-job training for people having difficulty getting hired for a variety of reasons, such as lack of experience or skills in the desired field, or a past felony conviction. JTPA staff will find a suitable employer for a client and draw up an agreement covering an estimated period of training; during this time JTPA pays half the employee's wages and provides supportive services to clients through technical courses. The employer must pay at least \$7.50 per hour with benefits. JTPA also helps people who want to pursue four-year degree programs by advising them on applications and financial aid, but this option is not available for TANF recipients.

Those county residents who remain dependent on TANF or Food Stamps for their income face several significant barriers to becoming economically self-sufficient. Transportation was identified by one informant as the top barrier, and the facts seem to bear this assessment out. There is no public transit in the county, except for vans that are available for elderly people living in the Section 202 housing. Most IMPACT clients do not own a vehicle, in part because the value of most cars and trucks exceeded the \$1,500 asset limit for welfare eligibility, prior to being raised to \$5,000 as part of welfare reform. One social service provider believes that IMPACT clients often fail to do their mandated 100 hours of job search per month because of transportation and childcare problems, and are sanctioned as a result. The Housing and Community Services Office does have "Barrier Buster" funds from the state to pay for car insurance, repairs, and loans up to \$1,000 for car purchase. The Housing and Community Services Office also works with a local used car lot to obtain good deals for clients.

Childcare is another serious barrier to economic self-sufficiency in Crawford County. The root problem is that most parents, even with state and federal subsidies, cannot afford to pay rates sufficient to support a viable daycare business or nonprofit program. A childcare voucher is available for IMPACT clients, and covers \$50 per week for 40 hours of care. However, the length of time it takes to process the reimbursement has created cash flow problems for providers. A nonprofit daycare center has had to close because of these financial constraints. As of 1998, there were approximately five licensed daycare providers in the county, but they have had trouble finding clients because unlicensed care is cheaper. For infant care and

second- and third-shift time periods, only unlicensed care is available. Changes to the Childcare Voucher program in 1998 may improve its effectiveness, but local service providers feel the state needs to approve more realistic market rates for reimbursement.

Besides TANF and Food Stamps, Crawford County has a few other resources to assist poor households. Lincoln Hills Development Corporation, as the county's principle Community Action Agency, is the largest source of assistance. Its services include rental housing development and management, child welfare and parenting skills training, energy assistance, a food pantry, Head Start, and the administration of childcare vouchers. Many of its clients are also current and former welfare recipients. Since the implementation of TANF in the state, many clients have stopped receiving welfare benefits but continue to rely on Lincoln Hills' programs.

Area churches are another common source of help for low-income. Many local churches participate in the state's Depression-era "poor relief" program, which provides emergency cash assistance. This program has an annual budget of only \$18,000 and can give a maximum of only \$800 per household each year. Additional programs are provided by a range of government and nonprofit offices, such as Blue River Development Services, The Economic Development Commission, the USDA extension office, Hoosier Uplands Economic Development Corporation, the Youth Service Bureau, and the Crawford County Foundation.

Impacts and Expectations

Welfare reform has not yet had significant observable effects on Crawford County affordable housing programs, but it is likely that any TANF recipients who lose benefits without finding full-time work will need increased housing assistance. If they already live in federally subsidized units, such families will be eligible for an increase in subsidy. If they live in market-rate housing, they may not be able to pay the rent and risk losing their shelter, living in cars or with family or friends. Reflecting this concern, one interviewee had observed an increase in doubling-up among TANF client households.

In general, Crawford County residents seem energized by welfare reform, although many feel apprehension as well. Most TANF recipients are proud of their accomplishments under IMPACT, such as working more or obtaining a GED. These accomplishments have also created positive feelings towards TANF recipients from other community residents. Some TANF recipients are getting married because the AFDC disincentive has been removed, and some have responded to the family cap by deciding to avoid future pregnancies, although it cannot be predicted if birthrates will actually decline. Some clients are moving out of the county to find jobs, but some others have moved in from other counties for similar reasons.

Not all TANF clients have responded positively to welfare reform. A county employee noted that Work Experience Program participants she supervised lacked motivation and pride in their work. However, not all negative responses to TANF can be attributed to "attitude problems." Certain families may find it harder to comply with IMPACT's work requirements: those living far from town, single parents, people without cars, and large families. They fear that TANF's stricter regulations will result in their being cut off from assistance before they are able to find

adequate earned income. Some county residents who currently have adequate earned income are apprehensive that welfare will no longer serve as a safety net if they suffer an economic setback or family crisis.

Housing and social service providers predicted that the majority of welfare recipients will find jobs, but will probably not earn enough to raise their standard of living above that provided through TANF and Food Stamps. They feel a lot depends on the state of the local economy, which at present does not have enough jobs to absorb the entire welfare caseload, especially not at wages that can keep a family at the poverty line or above. An economic downturn before any more businesses are brought into the county by the Economic Development Commission could hurt IMPACT clients' job prospects. Supportive services, particularly childcare, medical insurance, and transportation, are also critical for families' ability to rely on earned income. The Children's Health Insurance Program, available through many states' reformed welfare systems, is expected to be very helpful in this regard.

Housing and social service providers in Crawford County predicted there will definitely be some TANF clients, perhaps up to 20 percent of the caseload, who will fail to become self-sufficient by the end of their time limits. Service providers worry that these clients will cycle on and off Food Stamps indefinitely and barely survive with assistance from other programs and their families. Some clients may "fall through the cracks" if IMPACT's services do not provide them with the long-term support, education, or special assistance they need. For example, people with mental illness may exhaust their time limits or be sanctioned before gaining self-sufficiency if they have not been diagnosed and directed to treatment.

Informants also worried about the possible noneconomic impacts of welfare reform on Crawford County recipients. Fear of the time limit might discourage women from leaving abusive partners, according to one person interviewed. Other housing and social service providers were concerned about families not receiving adequate food assistance or medical care, which in turn could lead to parents' losing custody of their children on the grounds of neglect. Everyone interviewed expressed a great deal of caution concerning their predictions, and emphasized that nobody really knows what will happen in Crawford County when the first people start to reach the TANF time limits.

Crawford County has made a good start at implementing and managing welfare reform. So far, planning has focused mainly on the labor market, as is appropriate given the new work policies instituted under TANF. Although there are limited resources, there is local interest in addressing the education, healthcare, childcare, and transportation needs of the county's TANF recipients and working poor households. Crawford County has begun an impressive amount of coordination and planning to deal with welfare reform. The Step Ahead Council, a coalition of human services providers, meets monthly to share information and coordinate programs; Step Ahead frequently deals with welfare reform-related issues. The state-mandated local Welfare Planning Council plans to study the labor market in Crawford and surrounding counties, then set up partnerships with employers to train welfare recipients and direct them to local employment opportunities. Like other basic household needs, addressing housing needs will contribute to any comprehensive approach adopted by county service providers to promote family self-sufficiency.

GREENE COUNTY, NEW YORK

Rip Van Winkle slept in the Catskill Mountains in the early 1800s. Samuel Wilson, the original “Uncle Sam,” lived there at about the same time. Generations of New Yorkers vacationed there in the late 1800s and the first half of the 1900s. More recently, New York City residents bought second homes there, and in the 1970s and 1980s the county’s population increased much faster than that of New York state as a whole.

The local population concentrates in the Hudson River Valley in the county’s eastern half, where the land rolls gently. The New York State Thruway passes through that area as well. The western half is part of the Catskill Mountains, which are geologically classified as part of the Appalachian Plateau. This western area, which locals call “the mountaintop,” is more sparsely populated and poorer than the eastern side. Some westbound roads climb gently and steadily across the county, while others twist sharply upward in deep “cloves” between mountains. Two ski resorts in the west, and numerous motels and inns towards the east, bespeak the county’s history as a vacation area. Much of the southwestern part of the county is included in Catskill National Park, which extends into several other counties to the south and west, and slightly to the east, of Greene County.

Close links between Greene and Columbia counties are possible because of the Rip Van Winkle Bridge spanning the broad river. A number of organizations serve both counties, although several, including the Chamber of Commerce, have closed their Greene County operations while remaining open in Hudson, a city of about 8,000 population in Columbia County. Greene County’s hospital has closed, for example, leaving county residents to drive east to Hudson or west to Oneonta.

Albany, the state capital, is a 45-minute drive north of Catskill, the county seat, and Schenectady is slightly farther north. “The City” – New York City – is about two and a half hours south. Greene County is divided into 14 townships and five incorporated villages (Athens, Catskill, Coxsackie, Hunter, and Tannersville), but social services, economic development, and planning efforts seem generally to be conducted countywide rather than by the smaller local jurisdictions.

The 1990 Census counted 44,739 residents in the county. The Village of Catskill is by far the largest population center, with a 1990 population of 4,690, compared to 2,789 in Coxsackie and 1,708 in Athens, the next largest villages. In the same year, a study prepared for the county Planning Department estimated that 42,499 people considered their principal residences to be elsewhere but owned homes in Greene County – thus there are almost as many seasonal occupants as year-round inhabitants.⁸²

⁸²*Greene County Data Book: 1990 Population Characteristics* (Cairo, NY: Greene County Planning Department, August 1993), 1 (citing “Greene County’s Hidden Population,” August 1990, by Envision Communications for Greene County Planning Department, Greene County Economic Development Office and Greene County Promotion Department).

Greene County's population is overwhelmingly white; non-Hispanic white residents accounted for 91 percent of inhabitants in 1990. As is the case in other parts of the country, poverty levels are much higher for people of color in Greene County; while the poverty rate was 9 percent for white residents in 1989, it was 24 percent for African Americans, 17 percent for Hispanics, and 26 percent for other minorities. Median household income for the county as a whole was \$27,469 in 1989.⁸³

Even before federal welfare reform legislation was enacted, New York state gave counties the authority to administer AFDC and child welfare services. That arrangement continues under the state's TANF plan, which went into effect on December 2, 1996. New York subsequently enacted its own Welfare Reform Act of 1997, signed into law by Governor George Pataki on August 20, 1997. The state version of TANF, replacing AFDC and using federal funds, is called Family Assistance. A second new program, Safety Net Assistance, is funded with state monies and replaces the state's former Home Relief program, aiding those who are ineligible for Family Assistance.

Local Economy

Local residents tend to describe Greene County's economy in terms of tourism and manufacturing, although government employment is important in the area as well. Many of the area's jobs are seasonal or part-time, although a variety of efforts are underway to attract new full-time, year-round positions. Although the county's economy has been stronger than that of many other places in the United States, its poverty rate was almost 10 percent in 1989, and in 1994 unemployment stood at 8 percent.⁸⁴

For the 1990s, USDA's Economic Research Service classifies Greene County's economy as government-based, because in the years 1987-89 government contributed more than 25 percent of total labor and proprietor income. County residents attribute that figure either to the area's close ties to Albany via commuters or to the significant numbers employed by the local prisons – two in Coxsackie in Greene County, and one across the river in Hudson.

While agriculture and certain industries like tanning have been important parts of Greene County's economy at various points in its history, tourism has been an essential activity there for nearly two centuries. Catskill Mountain House, America's first mountain hotel, operated from 1824 to 1963. From 1894 to 1918 a cable-car line carried guests up the mountain to reach the hotel or its competitor, the Hotel Kaaterskill, which operated from 1881 until it was destroyed by fire in 1924. The Kaaterskill claimed to be the largest resort hotel in the world, accommodating 1,200 visitors at a time. Neither building survives.⁸⁵

⁸³Greene County Data Book, 2, 7.

⁸⁴U.S. Bureau of the Census, *USA Counties 1996*, <http://www.census.gov>.

⁸⁵Mabel Parker Smith, *Greene County, New York: A Short History* (Catskill, NY: Greene County Board of Supervisors, 7th ed., 1979), 12-13.

In the late 1800s and early 1900s, skiing was not yet a factor in the local economy, but extended families came to stay in Greene County's resorts for entire summers. As the second half of this century began, summer vacations tended to be only about two weeks. By the 1980s, summer and winter tourism concentrated on weekend visits, with a number of relatively affluent New York City residents buying second homes in the Catskills. Small but exclusive condominium developments were built near Greene County's largest ski centers. Tourism remains the county's second largest source of employment, according to residents, but for only certain parts of the year: a ski season of perhaps four months, a less lucrative summer vacation season focused largely on the two months from July 4 through Labor Day, and a fall season attracting visitors for day trips or weekends when the leaves are colorful. There is relatively little tourist activity in the spring and late fall.

Thus, many of the retail and service jobs in the county are seasonal, and they are located in different parts of the county in different seasons: the western "mountaintop" area during the winter and the mid-eastern portion in the summer. Office jobs are clustered in the larger towns in the eastern part of the county. There are some manufacturing jobs in the county as well. A button factory, for example, reportedly pays wages as low as fast food and retail employers, but provides benefits to its employees.

Main Street in downtown Catskill, the old center of the local economy, now includes numerous empty storefronts. At the edge of town, however, strip malls and fast food restaurants are thriving. There is also a Wal-Mart store in Hudson, a 20-minute drive from Catskill, and in 1999 Wal-Mart began seeking local approvals to open a "super center" outside Catskill. One longtime resident says the downtown stores closed gradually beginning in the mid- or late-1980s, and notes that by the late 1990s even the occupied buildings often contain offices rather than the stores they once housed. Yet some of the buildings seem to have been carefully restored, and residents say new businesses often open on Main Street, although they tend not to survive long. An association of downtown businesses is working to revitalize Main Street on a lasting basis.

Despite this decline, residents report little noticeable out-migration of people, either before or after welfare reform began. They characterize those most likely to move into the county as retirees from New York City. While younger families may move from New York City to the county, reportedly they tend to move back again, presumably disappointed by the lack of job opportunities or by the relative quiet of rural life. One local service provider explains that Greene County resists developing additional affordable housing because residents fear a "beacon effect" that would draw people from New York City to their more pleasant region. Public housing authority staff estimate they get only two applications a year from people moving from the City.

The county seems to have many potential advantages for economic development. The Catskill Mountains' hiking trails and ski slopes make increased tourist activity an option, while the Rip Van Winkle Bridge ensures the Hudson River is not a barrier to the east, and the New York State Thruway provides easy access to New York City and Albany. Some business development efforts were occurring even before welfare reform was enacted. For example, the county Planning Department has used federal Community Development Block Grant (CDBG) funds to

make loans to local businesses in which 51 percent of the jobs are for low- and moderate-income people. In 1996 or 1997 the department began making CDBG microenterprise loans as well, and staff there believe these loans' benefit to low-income residents is much higher. Some of the microenterprise borrowers are low-income people, and others provide employment. Their businesses include tent rentals, farming, a small sawmill, a restaurant, and a variety of stores.

Other economic efforts were getting underway in 1998, including creation of a new Chamber of Commerce in Greene County. The former Columbia-Greene Chamber of Commerce became Columbia County's alone at some point, and for many years Greene County had no formal association of business interests.

The overall impact of such efforts is unclear. Persons interviewed for this case study disagree about the extent to which new jobs are being created in the area, citing either the opening of new businesses or the closing of others in the mid- to late-1990s. Interviewees do agree that most of the new jobs are low-skill, low-wage, part-time service positions that do not provide benefits such as health insurance. Many of the lost jobs were full-time and paid higher wages.

Housing Conditions and Programs

Greene County has more than enough housing units for its residents, according to those who follow housing issues there. Most of the county's housing units are single-family detached houses. Many homes in the county are vacant, including – but by no means limited to – former vacation homes. Not surprisingly, the county has a high proportion of seasonal units; reportedly their owners are often quite willing to rent them out in the off season. The 1990 Census found that 11 percent of Greene County's housing units were mobile homes. Residents say the mobile home parks in the county are in decent condition, but some of the manufactured homes scattered through the area are physically inadequate, particularly those whose residents cannot afford to install septic systems or dig wells.

Most Greene County housing advocates do not consider affordability to be a problem in the area. For example, one says that working families generally do not live in the public housing units in Catskill because the rent (which is based on their incomes) is too high. Reportedly, they can find less expensive privately owned housing. Yet 1990 Census data show that 77 percent of the county's renters with incomes under \$20,000 were cost burdened, paying more than 30 percent of their incomes for housing. That figure may explain why the waiting list for Section 8 rental assistance is two and a half years long. Even those who receive Section 8 vouchers or certificates have particular difficulty locating affordable units with three or more bedrooms.

Housing quality problems may also explain the demand for housing assistance. Local housing providers report that the county's primary housing need is rehabilitation. Many homes have deteriorated over time, or have never been updated to include indoor plumbing.

Available housing assistance programs in the county include 80 units of public housing, 244 Section 8 certificates, 80 Section 8 vouchers, and limited emergency grants available from the

federal Emergency Food and Shelter Program. County residents have also received aid from the U.S. Department of Agriculture's Rural Development (formerly Farmers Home Administration) programs and other sources.

Greene County's public housing is a series of two- and three-story buildings clustered on a single site in Catskill. Built in 1958, they look pleasant and well cared for, after an extensive renovation and modernization process that took several years, ending in early 1998. The development includes eight one-bedroom units, 34 with two bedrooms, 30 with three bedrooms, six with four bedrooms, and two with five bedrooms.

An average of two public housing units turn over each month, according to housing authority staff. The waiting list is about a year long, and growing. The longest wait is for one-bedroom units, staff explain, since they are usually occupied by elderly residents who tend not to move often.

Other county residents live in privately owned housing and receive government Section 8 rental assistance, funded by HUD and administered by the state Division of Housing. In Greene County, the local administering agency is the county Planning Department. Most of the time 95 to 96 percent of the county's Section 8 certificates and vouchers are in use, while the holders of the rest are looking for housing. Reportedly it is difficult to find three-bedroom units in Greene County at appropriate rent levels that meet HUD's quality standards; one- and two-bedroom units, once hard to locate, are now in adequate supply. With turnover of only one or two recipients each month, the waiting list is approximately two and a half years long. Most of the units rented by Section 8 recipients are clustered in the county's larger towns. Program staff note these locations are accessible to stores, but not necessarily to available jobs.

As of June 1998, 45 percent of Greene County certificate recipients and 54 percent of voucher holders were elderly or disabled. Data on sources of income are not readily available, so it is not clear how many of the remaining households are receiving public assistance. The program administrator notes that if a client loses Section 8 aid for fault, he or she also loses public assistance. But if a public assistance recipient is sanctioned, losing that income either temporarily or permanently, HUD's Section 8 assistance amount simply increases to make up for the lost income. As useful as it may be, given the long waiting list for Section 8, this aid seems unlikely to become available for former public assistance recipients unless they were receiving it – or were on the waiting list – before they lost their public assistance.

Section 8 clients are eligible for HUD's Family Self-Sufficiency (FSS) program. Under this arrangement, a participant agrees to take steps towards economic self-sufficiency, such as obtaining job training. Planning Department staff help to establish and meet goals. When the participant is employed, his/her income increases and therefore his/her share of the rent increases. The Planning Department saves the difference between the old rental amount and the new amount, keeping it in an escrow account until she or he no longer needs assistance, up to five years maximum. At the end of that time, the Planning Department gives the participant the money in the escrow account, which may be several thousand dollars.

In addition to Section 8 and FSS, the Planning Department also administers the Emergency Food and Shelter (EFS) program, distributing funds provided through the Federal Emergency Management Agency. Under a national formula, in 1998 the county received \$8,800 to make small grants to households in emergency situations, regardless of income level. For example, EFS can fund one month of utility payments so that utilities are not shut off while residents work out a payment plan, or one month's rent or mortgage payment, or food assistance. The county's 1998 funds assisted 28 families and were used up before the end of May. In 1997 the same \$8,800 amount lasted well into the summer. Planning Department staff believe this change is connected to welfare reform, although they cannot document that conclusion.

In 1997, the county government was planning a campaign to solicit donations for EFS purposes, although staff recognized that advertising the program could backfire. If the public as a whole becomes more aware of the program, requests for aid could increase faster than donations.

The county has one shelter for victims of domestic violence, some of whom then move from the shelter into public housing units. There is no shelter for other homeless persons; the county's Department of Social Services pays for motel rooms for short-term stays. Nor are there units designated for transitional housing, which might provide subsidized rents and assistive services for people moving from homelessness or domestic violence to independence.

Catskill Mountain Housing (CMH), a nonprofit founded in 1981, provides a variety of housing services in Greene County. The group's largest area of activity is in rehabilitation of owner-occupied housing, for which it provides loans and grants using funds from HUD, Rural Development, the state Department of Housing and Community Renewal (DHCR), and its own revolving loan fund. The loan fund can also be used for closing costs or rental security deposits. In addition, CMH has developed and manages 108 units of rental housing for seniors and persons with disabilities. It provides housing counseling, and works with local banks to provide a program for first-time homebuyers. Designated a Rural Preservation Company by the state, CMH receives administrative funding from DHCR as well as other sources.

CMH focuses on homeowners because there are other sources of assistance for low-income renters in the county. Because most of CMH's programs serve those who own or can afford to buy a home, it has very few clients who receive public assistance. The elderly and disabled residents of its apartment units receive SSI and Food Stamps but are unlikely to be affected by welfare reform. It is possible that some persons with disabilities may be considered able to work, and required to seek employment, but CMH is not aware that any of its tenants with disabilities are in that situation.

TANF and Other Poverty Programs

As the local administering agency, Greene County's Department of Social Services (DSS) is an essential actor in implementing the state's welfare reform scheme. It operates the state's TANF program, called Family Assistance (FA), as well as a state-funded Safety Net Assistance (SNA) program.

The FA program provides cash assistance at the same levels as AFDC, and adopts the federal lifetime limit of 60 months. The 60-month clock began on December 12, 1996, ten days after the state's TANF plan went into effect. Hardship exemptions are available for those with physical or mental impairment, victims of domestic violence, and people receiving SSI. FA includes several provisions intended to help families transition to work. For example, a family can earn an amount equal to the federal poverty limit without losing any FA benefits. Childcare assistance is provided for FA participants, and is guaranteed for those with children under age 13 who need care in order for the adult to work; when FA is terminated or a participant becomes ineligible, she or he is guaranteed transitional childcare for 12 months. Several categories of assets are exempted in determining eligibility for FA, including a car valued at up to \$4,650.

FA recipients are required to engage in work activities "as soon as possible," and no later than 24 months after beginning to receive benefits. Persons who are ill or incapacitated, caring for a family member who is ill or incapacitated, victims of domestic violence, or age 60 or older are exempt. Pregnant women are exempt for 30 days before their due date, and for three months after a child is born. In a two-parent family one person must work at least 35 hours a week. A single parent must work at least 20 hours per week in 1997 and 1998, 25 hours in 1999, and 30 hours in 2000. Acceptable work activities include subsidized or unsubsidized employment, community service, high school education, 12 months of vocational education, two years of post-secondary education directly related to employment, a public or nonprofit sector work experience program if sufficient private sector employment is not available, and a few other activities. Each "social service district" (that is, each county or New York City as a whole) is penalized if 25 percent of its single-parent caseload is not participating in these activities in 1997, with the requirement increasing by 5 percent each year until it reaches 50 percent in 2002. Each social service district must develop a plan every two years describing how education, work, training, and supportive services will be provided.

The state-funded SNA program serves several categories of individuals who are or become ineligible for FA, including adults with no dependent children, children under age 18 with no children and no adult relatives, legal immigrants who are ineligible for FA under federal law, families whose head of household is abusing drugs or alcohol or fails to comply with drug or alcohol screening or treatment, and families who have reached the 60-month FA time limit. Some of these categories of individuals can receive limited cash benefits, with a 24-month lifetime cap unless they are disabled. Others can receive only "restricted cash" benefits. This means that payments for such things as housing and utilities are made directly to the provider, with the welfare recipient only eligible to receive up to 20 percent of his or her total benefit amount as cash.

Both FA and SNA are operated by counties. Thus the commissioner of the county Department of Social Services (DSS) has the most significant voice in making decisions about administering welfare reform. The county legislature votes on some welfare-related issues; for example, it passed an ordinance requiring the use of managed care systems for publicly assisted health insurance.

DSS has changed because of welfare reform, according to its commissioner. The agency has needed to develop new partnerships with other agencies, and extensive internal changes have been required as well. One of its new relationships is with the Greene County Council on the Arts, a nonprofit in Catskill that received a DSS contract to administer a state "Work Now" grant intended to place TANF recipients in community service jobs. The program, called Community Art Works, locates unpaid placements for TANF recipients needing work experience. The positions are with churches and local nonprofit organizations and are not necessarily related to the arts. The program director, a former public assistance recipient herself, reports that a few of her clients have been hired by the organizations for which they volunteered.

Community service "employers" are not required to provide job training, although some have undertaken to provide it, particularly in computer skills. Community Art Works attempts to place participants in jobs matched to their abilities. Those without specialized skills may receive placements involving maintenance, cleaning, or washing cars for the police or sheriff's departments. During the school year, some are crossing guards, and in the winter some shovel snow. An upcoming effort to clean up Catskill's Main Street will use some of the workfare participants.

The number of hours each recipient works is determined by the amount of TANF funds she or he receives. Some of the placements are full-time and some are part-time, so some clients have more than one part-time placement. DSS covers workfare recipients' transportation costs for two months, and childcare costs for the entire time they are enrolled in the program. While participating, each applicant is required to apply for six jobs in every two-week period, and to accept any job that is offered.

To help with the job searches, Community Art Works, and the Catskill Community Center in which it is located, provide several additional services. For example, help in preparing resumes is available. Also, there is a computer terminal at the community center containing a state Department of Labor database of area jobs. The terminal can be used by anyone, not just FA recipients, and the database is updated by a Department of Labor staff person who visits once a week to help job seekers. A placement program called ACCESS helps connect workers with jobs, as well, and pays the fee to the employer that is usually paid by employees. Community Art Works' project director also tries to develop her own job listings, calling employers to ask whether they have work available. Even seasonal work at resorts is appropriate, she says, since it provides both pay and experience. However, another interviewee dismisses the idea of resort jobs being useful for welfare recipients, saying their seasonal nature makes them appropriate only for students.

The program began operation in July 1997 and served 56 clients in its first five months of operation. In its second five months that figure almost doubled to 111. Community Art Works does not track the fate of its clients over time, but does record their reasons for closing their cases. Of the first 56 clients, 47 cases have been closed. Sixteen (34 percent) were employed and one was in school, whereas 24 cases (51 percent) were closed because the recipients were sanctioned. Six others "closed their own cases," usually because they "decided they didn't want to work," according to the project director.

The proportions are very different for the second five months, January-May 1998. It is not clear what caused the change. Of 111 cases, 83 were closed. Fifty-five (66 percent) were employed and only 16 (19 percent) were sanctioned. Others closed their own cases, moved out of the area, went to school, or discontinued for medical or other reasons. Community Art Works is not aware of anyone leaving the program because of transportation or childcare problems, even though transportation assistance lasts only two months. Three participants moved out of the area, although it is not known whether they moved to find jobs, to obtain education, to live with family members, or for some other reason.

While Community Art Works provides one essential service for welfare-to-work clients, DSS also has had to adjust its own perspective and activities to fit the new system. The agency happened to be in the midst of a management review process when welfare reform started, so it was poised to make changes quickly. The needed changes have been extensive, however. Welfare reform has doubled DSS's workload, according to the commissioner, without doubling its staff.

In addition, retraining is needed for DSS "social welfare examiners," whose jobs formerly focused on filling out forms properly but now emphasize providing what the clients need for support. For example, if someone says she has lost her job and needs public assistance, previously the DSS examiner might have simply begun processing her request. Now the examiner needs to ask questions to find out why the applicant lost her job and what can be done to help her regain it – for example, if her daycare arrangements fell through, finding alternative daycare may prevent the need for her to receive public assistance at all. Examiners, who are required to have high school diplomas and one year of clerical experience, have not been prepared for this kind of case management. Even caseworkers, who have college degrees, must now handle more aspects of the assistance system for their clients, rather than specializing in a certain area and referring clients to someone else for information about housing or SSI. The commissioner reports that about half her staff are doing well with this new system and half are not. She expects some will need to be reassigned to other types of work eventually.

While welfare reform has given DSS more "clout" to insist that a client look for work rather than accept public assistance, it has also reduced the agency's flexibility to help a client determine what is best for her. For example, someone interested in healthcare cannot receive LPN certification and then stay in school to become an RN; she is required to take any LPN work she can get, and further education is up to her once she is out of the welfare system.

Any bumps in the adjustment to the new system seem not to have had a significant impact on the generally positive view of DSS by other social service and housing providers in the county, who describe the agency as effective and cooperative. In fact, most staff of nonprofit organizations and government entities in Greene County believe the varied service providers cooperate well with each other, although at least one individual thinks coordination could be significantly improved.

Despite generally positive feelings towards DSS, some interviewees express concern about inconsistencies in the way welfare reform requirements are applied – for example, in the

imposition of sanctions. Anecdotally, DSS workers have sanctioned many public assistance recipients since welfare reform took effect. Sanctions are imposed for varying lengths of time, depending on the infractions involved. Benefits can be reinstated if a recipient resolves the problem for which she or he was sanctioned, perhaps by providing missing paperwork or rescheduling a canceled job interview. Individual DSS workers have some discretion about when they impose sanctions, and at least one interviewee believes this leads to inconsistent enforcement.

Local housing and service providers identify several distinct barriers faced by Greene County welfare recipients attempting to move to self-sufficiency. First, the availability of transportation is said to be a significant issue. There is no effective public transportation for commuters within the county, or from the county to other economic centers. The county's only regularly scheduled bus service uses a single vehicle to carry residents between Catskill and other towns, running each route on only one or a few days each week. A shuttle within Catskill operates only from 10:55 a.m. to 2:35 p.m. on weekdays. While there are some jobs within walking distance for those who live in Catskill, these are reportedly "saturated," with few openings. Even those who can walk from home to work may need transportation, most likely to get children to daycare.

There is no commuter transportation to places in other counties either, leaving private automobiles as the only way to get to jobs being created in Albany, Schenectady, or Kingston. At least one organized welfare-to-work initiative did not fare well, reportedly in part because of transportation problems: a large bank with a processing center in Kingston worked with Greene County's Department of Social Services to hire a number of welfare recipients, but after several months only a few were still working there. One problem with the program was that it did not provide transportation for the 40-minute commute, so workers car pooled when possible but suffered if their arrangements became unreliable.

Recognizing the need for automobile transport, Greene County's Department of Social Services has made funds available for small loans to TANF recipients for car repairs and one month of car insurance. Recipients are required to obtain competitive estimates of repair costs.

Also in response to welfare reform, the county Planning Department has hired a consultant to coordinate the county's various providers of unscheduled transportation. These include the Planning Department itself – which owns one small bus and is purchasing a second in 1998 – as well as organizations that work with elderly persons and people with disabilities, DSS, and Community Action of Greene County, Inc., each of which provides some sort of transit service for its clients, many of them using private operators. Previous experience with planned bus routes has not been encouraging. The Planning Department has experimented with a regular route between Cairo and Catskill, and a route from Catskill to the community college across the river in Hudson. A private operator briefly established a route that ran from Catskill to the college, into the city of Hudson, and to the Wal-Mart on Hudson's outskirts. Despite positive responses to advance surveys, none of these routes attracted enough riders to be financially viable. The Planning Department hopes that with more DSS clients needing transit, and with its consultant receiving half of any savings generated, the new effort will be more successful.

Case study interviewees do not perceive childcare to be as significant a problem for Greene County residents as transportation. Citing the county's numerous Head Start centers and a variety of private daycare providers, they explain that childcare during standard working hours is widely available. They are less certain about the adequacy of care available to parents who work nonstandard hours, such as evenings or weekends, except for those who can rely on relatives. There is no childcare center at the public housing development in Catskill, though at least one person believes it would be very helpful for residents trying to move from welfare to work.

Another need that poses serious obstacles for some rural residents is job training, but training opportunities seem to be reasonably available to Greene County residents. A community college in Hudson serves Greene County, and provides childcare on-site for students. DSS has provided transportation from the public housing development in Catskill to the college for training in important skills like computer use. The community college has also provided courses in basic job skills such as locating job openings, applying for a job, dressing appropriately for work, and speaking more formally.

Other assistance potentially necessary to support current and former welfare clients includes the existing housing aid described above, as well as a reasonably effective and accessible social safety net. The emergency assistance available in the county resembles that in most rural areas. For example, DSS has limited funds available to cover one month's rent or utility payments and some area churches can make small grants.

Numerous programs use a community room at the housing authority office in Catskill to provide services to public housing residents and other low-income area residents. These include WIC, a food cooperative, immunizations for schoolchildren, and a rape prevention initiative.

Further aid for Greene County residents is provided by Community Action of Greene County, Inc., which covers both Greene and Columbia counties. The community action agency (CAA), which has 85 employees in the two counties, administers several social service programs, including Head Start, special education, a Senior Companion program for seniors to help each other, four food pantries throughout the two counties, and the cooperative food ordering program that uses the public housing authority's community room as a distribution point. The agency's director is particularly proud of the CAA's domestic violence program, which not only provides shelter for victims, but also works with entire families to resolve abusive situations. The CAA hopes to obtain funds to develop transitional housing for survivors of domestic violence. Its only other housing program is weatherization for low-income households. Since there is also a need for weatherization for those with incomes too high to qualify for assistance, the CAA created Energy Plus, a for-profit subsidiary that charges clients for its work and supplements the weatherization work of other for-profit contractors in the area.

The CAA has created an additional program to respond to welfare reform. Using federal Community Services Block Grant funds obtained through the state, the agency will provide intensive case management to 25 families attempting to leave the public assistance system. Called Community Services/Family Development, the program is aimed at hard-to-serve

families. It will include counseling and services both individually and in groups. The program is structured with a ratio of 16 clients for one caseworker, compared to DSS's ratio of 80 clients per staffer.

Impacts and Expectations

Greene County's major housing needs, both before and after welfare reform, appear to be rehabilitation of owner-occupied homes and rental assistance for low-income renters. Serious efforts are underway to address these problems but, as seems to be true everywhere, need outpaces aid.

Some early impacts of welfare reform on housing programs have been identified by county housing providers. For example, Housing Authority staff report that approximately 20 of their 80 public housing units are occupied by public assistance recipients, while many of the others are elderly residents who receive SSI and are not affected by welfare reform. Among those who are affected, reactions are reportedly mixed. A number have found jobs, some have undertaken job training, and some continue to rely on their skills to "work the system." Efforts in the latter category include earning money unofficially, for example, by babysitting.

Catskill Mountain Housing staff report a small and short-lived increase in requests for loans from people who have recently begun working, presumably as a result of welfare reform. Most are not eligible, however, because their wages do not cover their expenses, so they would not be able to repay a loan.

Planning Department staff believe their Family Self-Sufficiency program fits perfectly with the goals of welfare reform, but have been surprised to find that welfare reform has not increased interest in the program. Like many other FSS program administrators around the country, the Planning Department has always found it difficult to interest clients in FSS.⁸⁶ In September 1997, anticipating that welfare reform would increase the program's appeal, they held special sessions to make sure clients knew about it. Attendees seemed enthusiastic, and 18 signed a list expressing interest, but in the end only two committed to participate. Staff identify transportation as a major obstacle for would-be participants, and say childcare has not been a noticeable problem.

Identifying welfare reform's impact on moving welfare recipients to self-sufficiency is more difficult than describing its early effect on housing. Like other areas, Greene County did not collect data on clients who left the system. Even when data are available on welfare reform's first 18 months, there is not always a clear link between the reforms and the observable changes. DSS's case load has dropped, but the agency does not know where its former clients are or whether they are employed. Reportedly the teen birth rate has gone down in Greene County in recent years – as is true nationwide – perhaps in part due to an understanding that there is "no more free ride" via public assistance.

⁸⁶Housing Assistance Council, *Mobility and Economic Self-Sufficiency of Section 8 Participants in Rural Areas* (Washington, DC: Housing Assistance Council, 1997).

Another presumed impact is a 15 percent increase in demand for the CAA's food pantry donations over a one-year period after the new TANF regulations went into effect. In addition, the CAA finds that fewer children are eligible for the agency's special education services than previously, because the federal definition of disability was changed, requiring recipients to be more seriously disabled in order to receive benefits. Unfortunately, the agency does not have accurate past records for all its programs, so it is not able to determine whether it has experienced a change in demand overall.

Social service and housing providers do describe an immediate psychological effect on many of their clients. People impacted by welfare reform, particularly the new TANF time limits, reportedly received and circulated information quickly, and took it seriously, when the new requirements were enacted. Providers saw a "flurry" or "burst" of activity, with numerous people finding jobs fairly quickly and others enrolling in training or community work activities. Some report that their clients are "scared" or "worried" about what will happen to them, while others say clients are remarkably calm.

Not all recipients are reacting positively, service providers agree. Some of the county's public assistance recipients are angry, and have even threatened service workers. Others have developed inventive excuses for noncompliance. Service providers worry that some of their clients do not seem to understand the potential seriousness of their situation. The most difficult, they say, may be those whose families have been dependent on public assistance for generations.

The social services commissioner reports that, as of June 1998, those who have left the welfare rolls are the most employable, and the process will become more difficult with remaining clients having greater employment barriers. The director of one local service agency believes local residents have the skills and job histories needed to move from welfare to work, and the primary problem is a lack of jobs in the area. He predicts that while it might take one year for job markets elsewhere to absorb the cream of their local crop of public assistance recipients, in Greene County that process could take two years.

Service providers all have stories about individual welfare recipients they know who are struggling to become independent. Usually the story features a young single mother with one or two small children, proud to have found a job at a fast food restaurant, but facing childcare costs, worrying about not being home when school ends, needing reliable transportation, and relying on Medicaid for health insurance. This repeated pattern helps identify a set of core factors that provide serious challenges for county residents seeking to replace public assistance with earnings: the available types of jobs, health insurance, transportation, and, in some cases, childcare.

As noted, local observers seem to agree that jobs available in the county, or those likely to be created, are mostly at minimum wage, often part-time, and usually without benefits such as paid health insurance. Persons interviewed for this case study disagree about whether sufficient numbers of jobs are available for public assistance recipients seeking work. One insists that there are enough jobs, even if not all are ideal. Another states firmly that the county is not doing enough to lure industry and jobs to the area by, for example, developing

more infrastructure such as sewer systems that would be needed by new plants. A third reports having thought for years that when New York City's economy did well, Greene County would prosper too, but as the City thrived in early 1998 Greene County was still waiting for the spillover.

The availability of health insurance is repeatedly cited as an essential factor in enabling the county's public assistance recipients to become self-sufficient. Reportedly, many who are finding work within the first year of the TANF program are still relying on Medicaid for health insurance. It will be available, however, only for the first year of employment.

While some Greene County public assistance recipients might eventually leave the county to find work, service providers have not yet noticed this happening. In some circumstances, DSS workers may encourage a client to move. They say that they will not suggest that a client with family in the area should move out of the county to find work, but that they may propose moving "off the mountain" into the eastern part of the county where there are more full-time jobs. On the other hand, if a young, single client has family connections in a place outside the county where jobs may be available, they may suggest she or he move there.

Putting these challenges together to predict what will happen next is a puzzle for county service providers. All seem to agree that reforms in the welfare system were needed, and that time limits have roused some recipients to find jobs before they might have otherwise. They are baffled, however, about what will happen to some public assistance recipients when their time limits run out. Some envision people living on the streets; one speculates that drastic turn of events would be necessary to make the county take seriously the need to care for its residents. Another believes the state legislature will eventually be forced both to broaden the exceptions to the Family Assistance program work requirements, so that more recipients can get Safety Net Assistance – only 20 percent of which can be cash under current state law – and to change SNA's noncash assistance requirements. Heavy lobbying by the New York City government is expected on these issues.

McKENZIE COUNTY, NORTH DAKOTA

McKenzie County is located in western North Dakota, on the border with Montana. On the county's eastern end is the Fort Berthold reservation, home to the Three Affiliated Tribes (Mandan, Hidatsa, and Arikara). The county lies in the heart of North Dakota's badlands, with wide, open prairie punctuated with gullies and gorges. The county is sparsely settled, with only a few small population centers. Residents of the open countryside live far from one another in ranch houses and mobile homes set far back on long driveways from the road. Winters are typically harsh, with freezing temperatures and blowing snow making it hard to reach jobs from the remote areas of the county. The rugged territory has fostered a sense of independence among McKenzie County residents. Due to the sparsely settled nature of western North Dakota, much of the social service and affordable housing infrastructure serving McKenzie County is administered by groups with multi-county jurisdictions headquartered outside the county.

The county's population has fallen somewhat in the last twenty years. McKenzie County had a population of 5,779 in 1995, down from 6,383 in 1990 and 7,132 in 1980.⁸⁷ Approximately 85 percent of county residents are white, and Native Americans are about 14 percent of the county's population. Watford City, the largest town and the county seat, had a population of 1,784 in 1990.⁸⁸ Smaller towns in the county include Alexander, Arnegard and Keene. The 1990 Census showed a county poverty rate of 18.4 percent.

North Dakota's welfare reform program was instituted in July 1997, but has been phased in gradually among the state's counties. McKenzie County's Social Services office only began operating under the new welfare rules in March 1998. Serving a dispersed population poses challenges for social service and affordable housing providers working in the county, and as of June 1998 the effects of welfare reform on service provision are generally not known since the program's implementation is so new to McKenzie County.

Local Economy

While local government and the service sector provide the most employment in McKenzie County, agriculture and oil drive the county's economy. Booms and downturns in these sectors have a significant impact on the work available to the county's low-income residents. There is also a growing service sector, with a casino on the Fort Berthold reservation contributing to the growth in service jobs. One local observer described McKenzie County as "a rich county with a lot of poor people." Owners and operators of agricultural and oil businesses tend to have relatively high earnings, while those who provide labor in these industries tend to have very low incomes. The county's income distribution is thus somewhat polarized. Approximately 28 percent of county households had incomes below 50 percent of the median

⁸⁷U.S. Bureau of the Census, USA Counties 1996 CD-ROM.

⁸⁸*Community Data, Watford City, North Dakota, McKenzie County*, compiled by McKenzie County Job Development Authority, June 1997.

income, and approximately 27 percent had incomes above 150 percent of the median, according to the 1990 Census.⁸⁹

McKenzie County had an unemployment rate of only 2.5 percent in 1995, lower than the statewide rate of 3.3 percent and the rate for the state's nonmetropolitan counties, 3.9 percent.⁹⁰

In 1995, McKenzie County ranked first among North Dakota's counties in petroleum production, fourth in cattle, and between seventh and tenth on a number of agricultural products. Sugar beets and small grains are the primary agricultural products grown in the county. Service and retail jobs account for approximately 30 percent of employment in the county, with oil production and agriculture providing approximately 12 percent of the county's jobs, and government employment providing approximately 19 percent. The service industry accounted for about 40 percent of jobs in the county.⁹¹

Most of the jobs available for low-income residents pay between minimum wage and seven or eight dollars per hour. Very few of the jobs available in services, agriculture or oil production provide fringe benefits such as health insurance or pensions. Some larger agricultural firms have processing operations in the county, such as seed or fertilizer plants. Processing jobs pay in the same range as field work, but carry health and retirement benefits.

Very few people commute outside the county to work. However, owing to the county's size and dispersed population, most people who live outside of the few county population centers have lengthy commutes.

McKenzie County's economy is very sensitive to fluctuations in the agricultural sector and the oil market. According to a number of housing and social service providers, prices for the county's main agricultural products in 1998 were at their lowest since the farm recession of the 1980s. In 1997, oil prices began to drop, which resulted in reduced exploration for new oil sites in the county. Both of these recent trends mean that there are fewer job opportunities for low-income workers in these sectors, and slightly lower wages and fewer benefits for the jobs that remain.

Some economic development programs are available to serve McKenzie County. The Tri-County Regional Development Council (TCRDC) is a community development agency located in neighboring Williams County. While TCRDC uses Community Development Block Grant (CDBG) funds to support housing rehabilitation, the organization also administers an economic development contract funded by the state government, and has received economic development planning funds through the U.S. Department of Commerce's Economic

⁸⁹1990 Census.

⁹⁰1990 Census.

⁹¹*Community Data.*

Development Administration. TCRDC also sponsors solid waste improvements within its service area. Part of TCRDC's economic development work includes assisting with the development of business plans for self-employed clients, some of whom are low-income individuals and households working towards self-sufficiency. TCRDC staff noted that the agency used to be actively involved with zoning and land use issues in regard to affordable housing and community facilities development, but that the agency is now primarily focused on administering its economic development and CDBG funds.

Watford City has also been designated a pilot site for a Center of Excellence in Rural America by the Western Governors' Association (WGA). With support from WGA, local officials and local business leaders are collaborating to develop a technology center in Watford City. The project will include teleconferencing technology, and will hopefully attract investment in the area's economy by technology companies.

Because McKenzie County's economy is primarily tied to agriculture and oil, with little diversification into manufacturing or other industry sectors, downturns in the price of agricultural products and oil have a significant impact on the fortunes of the county's low-income residents. Most housing and social service providers interviewed felt that the recent drop in oil prices has had more of an impact on the county's low-income households than has welfare reform. The availability of service jobs is also tied to the health of oil and agriculture, since price drops for these commodities reduce the number of jobs available seasonally and impacts wages for people still working in these sectors. All housing and social service providers interviewed also believed that the primary issue for low-income workers is not a lack of jobs (as evidenced by the low unemployment rate and the growth in service jobs), but rather, a problem with underemployment. Agricultural and oil work is seasonal, so workers in these sectors must patch together a series of jobs to work consistently throughout the year. Service jobs do not pay enough to support families, and workers in these jobs must often hold more than one to cover their expenses.

Housing Conditions and Programs

McKenzie County had 2,301 occupied housing units in 1990, of which 74.3 percent were owner-occupied.⁹² Many of the homes in the open countryside are mobile home units or small ranch houses, which are set back on long driveways from the highway and spread out away from nearby dwellings. Almost all of the new housing construction over the last ten years has occurred in or near the county's population centers of Watford City, Arnegard, Alexander, Rawson and Mandaree. No new rental housing has been built in the last ten years.

All housing and social service providers interviewed felt that there are not enough decent quality, affordable housing units in the county. The county has a general shortage of rental units adequate for families with children, and a particular shortage of units with three or more bedrooms to serve larger families. When asked to rate the quality of the county's affordable housing stock, all housing and social service providers ranked the housing quality as between

⁹²1990 Census.

“fair” and “poor.” Overcrowding is a limited problem, but a persistent one nonetheless. One social service provider noted it was most commonly found among households living on the reservation. The more prevalent housing problems are substandard housing (structural deficiencies, lack of weatherization, and antiquated heating/plumbing) and housing cost burden. A couple of housing and social service providers also felt that substandard housing problems were more prevalent among renter households than owner households.

When asked what people do when they can't find decent quality, affordable housing, housing and social service providers noted similar trends. Younger people are tending to move into the county's population centers, and to the larger population centers in neighboring counties, like the City of Williston just to the north of McKenzie County. Older people are moving into Watford City and to neighboring cities like Williston to be closer to medical and aging services. However, many households do not have the means to relocate, and so settle for the dilapidated or expensive housing they currently occupy. Housing and social service providers have not noticed any increase in homelessness in the county over the last year since welfare reform was instituted in North Dakota.

There are a number of assisted housing options available to low-income households in McKenzie County, although most of the available housing assistance is administered by agencies located outside of the county.

The Stark County Housing Authority (SCHA) has a three-county jurisdiction, encompassing Stark, Dunn and McKenzie Counties. In its three-county service area, SCHA administers approximately 280 Section 8 certificates and vouchers, 100 units of Section 8 new construction rental housing, and 23 units of Section 23 leased housing that were converted to Section 8 certificates in 1990. In McKenzie County, SCHA administers 20 Section 8 new construction units and approximately 26 Section 8 certificates. The Section 23 leased housing units that were converted to Section 8 certificates are also located in McKenzie County. SCHA maintains its waiting list on a county-by-county basis, and in June 1998 there were approximately 40 households on the McKenzie County waiting list.⁹³

Other housing services have been provided by TCRDC. TCRDC has used CDBG funds for housing rehabilitation within its service area, some of which has been done in McKenzie County. From late 1996 to June 1998, TCRDC had rehabilitated 11 homes in Watford City, six in Alexander, and 11 in Arnegard. In 1998, TCRDC was also in the process of rehabilitating 18 homes throughout the county's open countryside. Approximately 75 percent of the clients served have been single, elderly people, with the remainder being families with children.

The Community Action Development Program (CADP) in Stark County, a community action agency with an 11 county service area that includes McKenzie County, also administers housing programs. CADP operates homeless shelters in Dickinson (Stark County) and Williston (Williams County) that are open to people from McKenzie County. CADP has been certified as a Community Housing and Development Organization (CHDO) under the HOME program,

⁹³Information provided by the Stark County Housing Authority.

and has used HOME funding for at least two programs. CADP has done rehabilitation work using HOME funds from the state, and has also used its HOME funds to provide security deposit assistance for low-income renters. Approximately 60 units have been rehabilitated since 1994, with one of these located in McKenzie County. Although CADP has provided security deposit assistance to about 250 clients since 1994, this service has not yet been used in McKenzie County. Most of the deposit assistance has been used in Williston and Dickinson, since these are the area's largest population centers and have the largest rental markets. CADP's other housing-related programs include weatherization and emergency fuel assistance, funded by the Federal Emergency Management Agency (FEMA). CADP also provides housing counseling services, and has been certified by HUD as a housing counseling organization.

CADP plans to purchase and rehabilitate 11 rental units in McKenzie County, and Section 8 rental assistance from SCHA will help make the units affordable.

The U.S. Department of Agriculture's (USDA) Rural Housing Service (RHS) has a Rural Development office in Williston that provides housing services to McKenzie and neighboring counties. Since 1991, Rural Development has made a total of 14 loans for housing and repairs. Rural Development has made eight low-income Section 502 direct loans, four very low-income Section 502 direct loans, and two very low-income Section 504 loans. The two Section 504 loans were for repairs, with both households relying on Social Security for their incomes, and both households receiving fuel assistance.

There is one project built with Section 515 multifamily housing funds in McKenzie County. The owner prepaid the loan on the project in 1997. Prepayment is the process whereby a project owner may pay off the remainder of a government loan and lease the project's units on the private market without having to conform to program regulations or income restrictions. Rural Development staff were not able to provide information about the income levels of current occupants in these units.

TANF and Other Poverty Programs

North Dakota's reformed welfare reform program is called TEEM, or the Training, Education, Employment and Management Program. The McKenzie County Department of Social Services (DSS) is comprised of two units; the Economic Assistance unit, whose staff administer TEEM, food stamps and other cash assistance programs; and the Social Services unit, whose staff oversee foster care, child protection programs, daycare licensing, in-home care for elderly residents, and other supportive services.

TEEM was adopted by the state in July 1997, but has been phased in among the state's counties gradually. As of June 1998, McKenzie County had only been operating under the TEEM guidelines for three months. New clients are given an orientation on the TEEM rules when they apply for benefits, but DSS staff must "convert" four current clients each per month from the AFDC rules to the TEEM program. With three full-time case workers and approximately 94 cases, DSS staff estimate that conversion will likely be complete by the end of summer 1998. Given the recent state of program implementation in the county, most housing and social

service providers felt that it was too early to predict many of the possible impacts that may arise from welfare reform.

TEEM requires clients over the age of 16 and not in school to be assessed for job readiness. Clients must participate in work activities for 20 hours per week, and 25 hours starting October 1, 1998. Exemptions to the work requirement are made on a case-by-case basis, and are granted temporarily until the client is able to participate. Exemptions can be made for clients with a disability or incapacity, those over age 60, those caring for a household member who is disabled, or those caring for a dependent child under four months of age. Allowable work activities include paid employment, on-the-job training, unpaid work experience, community service, and providing childcare for another recipient doing community service. Clients may also participate in job search and job readiness activities with a limit of four weeks with this as the sole activity. McKenzie County is served by a JOBS program for adults, and a JTPA program. Housing and social service providers noted the high quality and motivation of students in these programs, but that program graduates often have to relocate in order to match their new skills to available jobs. Clients may be sanctioned for failure to participate in work activities, including failure to attend appointments with the JOBS program coordinator, absences from work and other related causes. Any month in which a client is sanctioned counts against the lifetime time limit on benefits. In addition, clients can lose all benefits if any member of the household goes on strike.

Other allowable activities include working toward a high school diploma, a GED, or education directly related to employment, but participation in another work activity may also be required. Vocational training may be allowed as a work activity as long as the client lacks a marketable job skill and will complete the training within 12 months, or within 24 months if the training is paired with another allowable work activity. All housing and social service providers felt strongly that McKenzie County schools provide high quality education, even those in the county's smaller towns. However, they also noted that there are few job opportunities outside of services, agriculture, and oil.

The program has a lifetime benefits limit of 60 months. While TEEM benefit payments are somewhat higher than those provided under AFDC, benefits are capped based on family size. No increase in benefits will be made if a client conceives a child while participating in TEEM.

TEEM clients are eligible to receive Medicaid, as well as a range of other supportive services available through DSS. Family planning services are available to TEEM recipients, as is the Childcare Assistance Program, which will pay a percentage of childcare costs directly to the service provider. Providers must be either licensed or an approved relative in order to receive payment. TEEM case managers also provide referrals for their clients to programs administered through other agencies, particularly job training programs such as JOBS and JTPA. DSS also administers the Low Income Energy Assistance Program (LIHEAP), which provides energy assistance to low-income households.

As of June 1998, DSS had 94 TEEM clients. In addition, 206 clients received food stamps, 689 received medical assistance, and 129 received energy assistance through LIHEAP. Some clients receive assistance through more than one of these programs. DSS clients are either white or

Native American. Many of the DSS services besides TEEM are at least partially funded through Social Services Block Grant (SSBG) funds provided by North Dakota's Department of Human Services. SSBG program records for McKenzie County show that approximately 25 percent of adults using DSS services are Native American (41 out of 166 adult clients), but 65 percent of children served are Native American (96 out of 148 children). Single-parent, female-headed households are the largest client group served through TEEM. Most clients rely on public assistance as their primary source of income, but DSS staff note that a few of their TEEM clients rely primarily on wages. Public assistance includes TEEM benefits, food stamps, Medicaid, and Tribal General Assistance, emergency assistance available to residents of the Fort Berthold reservation. The typical family size for TEEM households in McKenzie County is between three and four persons.

Statewide data from the North Dakota Department of Human Services indicates that caseloads have been reduced, the percentage of the caseload employed has remained steady, and the number of individuals participating in JOBS program activities has grown since welfare reform was implemented. In June 1997, the month before the TEEM program was implemented, the AFDC caseload was 10,992 individuals, with 4,013 receiving AFDC grants. The total number of eligible caretakers was 3,358. Of these, 985 were employed, representing 29 percent of eligible caretakers. There were also 898 participating in JOBS program components. In October 1998, there were 8,085 individuals in the TEEM program, a 26 percent reduction since June 1997. There were 3,011 households receiving TEEM benefits, a caseload reduction of 25 percent. There were 2,320 eligible caretakers in October 1998, a 31 percent reduction, of which 700, or 30 percent, were employed. Individuals enrolled in JOBS program components numbered 1,174, which was a 31 percent increase in JOBS participation over that in June 1997. Although the welfare caseload has dropped, and the employment rate of eligible caretakers in the program has held steady, there has been increased participation in employment training and readiness activities.⁹⁴

The implementation of the TEEM program in McKenzie County has prompted a number of changes in how staff must administer welfare assistance. The most immediate change for DSS staff is that case management now takes more time per client. Each client now goes through an in-depth interview and assessment to draw up a self-sufficiency plan, and case managers must invest more time in directing clients to the range of services they will need in order to move towards self-sufficiency. In addition, since current AFDC clients must convert to the new program, they too must go through the assessment process.

There have also been some early impacts on clients. DSS staff observed that some clients chose to go off of public assistance so that they would not begin using up their lifetime time limit of benefits. However, a number of these clients have come back on assistance, primarily because of difficulties finding jobs that pay enough to meet their expenses. All housing and social

⁹⁴Data on AFDC and TEEM caseloads is from a monthly review of program activity prepared by the North Dakota Department of Human Services. These reports were discontinued in July 1997 while the data elements and reporting criteria were revised in response to the implementation of TEEM. The reports were resumed in September 1998.

service providers also noted that welfare recipients have expressed uncertainty and fear concerning welfare reform, especially in regards to the time limits on benefits and sanctions for not meeting work requirements.

When asked what they thought some likely future impacts might be, housing and social service providers voiced similar concerns. Many housing and social service providers were concerned that there are not enough job-readiness resources, especially for clients with more severe problems who will need more help making the transition from welfare to work. However, the two most common issues raised by housing and social service providers were insufficient childcare support and the limited transportation options for many welfare households in the county.

All housing and social service providers agreed that low-income households lacking cars have a difficult time maintaining employment, since there is no public transportation in the county except for buses meeting the transportation needs of elderly residents. Many low-income workers and welfare clients who do own cars have older vehicles in very poor condition. Housing and social service providers also noted that some low-income workers hitchhike to work, with many of the hitchhikers going to work at the reservation's casino. Given the harsh winters, lack of a sound vehicle means even greater difficulty reaching work for many months of the year. Most TEEM recipients in McKenzie County do not own cars, and some of those that do may only make limited use of their vehicles. The reason for this is that Fort Berthold reservation does not require residents to have a drivers license or automobile insurance, whereas the state of North Dakota requires both these things in order to operate a vehicle off of the reservation.

Most childcare in McKenzie County is private, in-home care obtained through informal channels such as "word of mouth." Some housing and social service providers felt that there is enough childcare available in the county, although others believed there is a shortage of quality daycare. However, all housing and social service providers agreed that very little of the available childcare is affordable to households with low incomes. In addition to informal childcare, there are limited public childcare programs. Stark County's CADP administers a Head Start program. In addition, the state provides childcare subsidies through the Childcare Assistance Program. This program pays a percentage of childcare costs for JOBS program participants, TEEM recipients making the transition from welfare, and low-income families at risk of going on welfare. The amount of subsidy is determined using a sliding scale based on client income, with the state's portion of the payment going directly to the childcare provider. Housing and social service providers all cited transportation and childcare as the largest expenses that must be absorbed by low-income workers.

Nonprofit organizations also help meet the needs of low-income households moving towards self-sufficiency. The community action agency, CADP, provides a range of social services to clients in its 11-county service area in addition to its housing work. CADP's 85 staff administer a total of 48 programs in 12 major categories of assistance.

CADP has a self-reliance case management program that provides counseling services to help low-income clients move towards self-sufficiency. They also assist with client budgeting (payee

case management), and provide family planning services. CADP administers a Head Start program, and manages an activity center for area residents with mental illness. CADP has also received funding from the U.S. Department of Transportation for prevention programs focused on drug and alcohol abuse education and seat belt safety. Finally, CADP participates in the Region VIII Children's Services Coordinating Committee, a coalition of organizations sharing experience and resources to address western North Dakota's childcare, child health coverage, and parenting service needs.

CADP staff were not able to provide specific data on the number of clients served, but provided some information on their caseloads for 1997. In 1997, CADP recorded 57,960 total contacts in its entire service area, of which approximately 10,845 contacts were with clients living in CADP's Region I, a three county service area that includes McKenzie County. Any individual client may have multiple contacts with the agency, which accounts for the large numbers in an otherwise sparsely settled service area. Approximately 97 percent of clients are white, with most of the remaining clients Native American. About half of the clients served have very low incomes; the remainder mostly have low incomes. The average family size for households using CADP programs is 3.7 people. Approximately 30 percent of client households are single-parent, female-headed households. CADP staff note that many of their single-parent clients have remarried while participating in the agency's programs, reducing the total number of female-headed households served. CADP staff also observed that the relative scarcity of well paid jobs in the area means that many two-parent households have sought help from its programs. Even area residents with good educations may have trouble securing employment with good pay in the region. CADP staff estimate that approximately 17 percent of the clients served have four-year college degrees. Approximately 40 percent of client households rely on TEEM benefits for their income, and approximately 60 percent receive some form of housing assistance.

Impacts and Expectations

Since welfare reform had only been implemented in McKenzie County shortly before this study, housing and social service providers had few opinions concerning the possible impacts it may have on their low-income clients and their housing needs. Nonetheless, housing and social service providers expressed some common concerns about the possible future impacts of welfare reform.

In addition to the county's size, remote location, and widely dispersed population, there is limited public transportation, childcare or social service infrastructure located within the county. Many of the agencies that provide job training, housing and other supportive services have multicounty jurisdictions that include McKenzie County, and are located in nearby counties. McKenzie County's remote rural character thus has an impact on the implementation of welfare reform, affecting the services and the jobs accessible to welfare clients.

Most housing and social service providers noted that the majority of affordable housing work has been done in McKenzie County's population centers. A shortage of affordable housing in decent condition, especially in the open countryside outside of incorporated population centers,

was also noted by housing and social service providers. Finding affordable larger units with three or more bedrooms, and finding them in decent condition, is especially difficult. Remote areas have been, and will remain, more difficult to serve. Especially in regards to transportation and childcare needs, welfare recipients living in the open countryside will probably face additional barriers when making the transition to work. TCRDC staff foresee a greater demand on the agency's CDBG funds for daycare programs and facilities, especially as more welfare recipients must secure full-time work.

CADP staff made similar observations. They anticipate that they will have to spend time working with funders to make their services more flexible, so that they will better serve clients whose benefits reach time limits. CADP staff also expect that more clients, especially single-parent, female-headed households, will be moving into work activities, and so daycare services will experience greater demand in the region. Finally, CADP staff think that, as time limits begin taking effect, a greater number of clients will be making repeat visits for follow-up services.

Although employment among TEEM recipients has remained at about the same level as under AFDC, there are some signs that the new program is promoting more client movement into work activities. Despite reductions in the TEEM caseload, a greater percentage of TEEM recipients were participating in JOBS program employment training than was the case under AFDC. Program participation is not exactly the same as achieving self-sufficiency, but no data are available concerning employment outcomes for former TEEM recipients who have left public assistance.

Most housing and social service providers felt that some welfare recipients will certainly make the transition to work and self-sufficiency, but that many will also remain on welfare. Among the clients becoming self-sufficient, housing and social service providers felt that many have the skills to take advantage of work programs and would make the transition to work regardless of welfare program changes. Those that remain on the welfare rolls are likely to have greater barriers to employment, and will require greater resources and attention if they are to be served. While housing and social service providers generally thought it too early to tell if there would be cost impacts to their programs, most noted the need for more in-depth case management and obtaining more flexible funding from a wider variety of sources to serve these clients.

Housing and social service providers consistently expressed the belief that economic changes will have more effect on low-income residents than welfare program changes. This is especially true due to the dependence of the county's economy on oil and agriculture. However, if this observation holds true, welfare clients who reach their benefit time limits may find themselves in a difficult situation if the oil or agricultural sectors experience a downturn in the next five years. Given that all housing and social service providers believed the county's job base to be inadequate to meet the needs of welfare clients seeking work with adequate pay, fluctuations in agriculture and oil could have a strong impact on the fortunes of welfare households.

Informally, the various organizations and government agencies serving the county regularly seek one another's support for particular projects or client needs. However, there has not yet been a formal effort to establish a collaborative, working group or other forum to collectively address the possible impacts of welfare reform. Since most of the agencies serving McKenzie County's low-income residents have multi-county jurisdictions and are located outside of the county, developing a collaborative response to welfare reform issues will be more difficult than if the groups were located within the same county in a larger population center. The effort to coordinate housing and social service provision will likely be a challenge faced by local agencies in the next five years.

RUTLAND COUNTY, VERMONT

Rutland County is located in the central section of Vermont, on its western border with New York. While Rutland City is the second largest city in the state, the remainder of the county is very rural. Farms and hillside clearings dot the rolling, wooded landscape. Many residents live in small houses or mobile homes remotely located on winding dirt and gravel roads through mountainous country.

Small population centers serve as hubs for the large number of residents living out in the forested countryside. Since Vermont is a small state, most programs are administered through state agencies with offices located in county population centers, with county government comprised of only a few officials (judges and sheriffs, primarily). State-funded services in Rutland County, then, must be accessed primarily in Rutland City.

Rutland County had a population in 1995 of 62,732, an increase of more than 4,000 residents from 1990, when the population was 58,347. Rutland City has approximately 30 percent of the county's population, or just over 18,000 residents. As of 1998, 10.4 percent of county households lived below poverty. There are few minority residents in the county, with white residents accounting for 99 percent of the population.⁹⁵

Vermont's welfare reform program has been in place since July 1, 1994. Vermont's was the first statewide welfare demonstration program to receive a waiver from the U.S. Department of Health and Human Services. The waiver program, called Aid to Needy Families with Children (ANFC), continues as the state's TANF program.

In Rutland County, an informal collaborative has developed between local housing organizations, which hopes to expand its membership with the participation of economic development and social service organizations. In 1997, active groups in the collaborative included Rutland County Community Land Trust, Rutland West Neighborhood Housing Services, USDA/Rural Development, and NeighborNet. Other organizations began attending the collaborative's monthly meetings in 1998. This group's work has involved finding both informal and formal ways member organizations may work together to address the needs of low-income residents, with a particular focus on the possible housing and service needs arising from welfare reform.

Local Economy

Although Rutland County offers a variety of opportunities accessible to low-income job seekers, service and retail work is the most prominent area of employment for these residents. Rutland County is home to or near to some of the most prominent ski resorts in New England, and

⁹⁵ *1998 Housing Demand Update for Rutland County, Vermont*, prepared by Planning Decisions, Inc., for Vermont Department of Housing and Community Affairs, Vermont State Housing Authority, Vermont Housing Finance Agency, Vermont Housing Conservation Board, and the Vermont state office of the U.S. Department of Agriculture/Rural Development, Draft, June 12, 1998, 1.

skiing and tourism have long been major contributors to the local economy. Even though unemployment is low, a large proportion of the jobs available are low-skill, have odd hours, lack benefits, and in many cases are seasonal. Underemployment is thus a major concern of organizations and agencies that serve low-income clients in Rutland County.

In 1996 Rutland County's unemployment rate was 5.3 percent, while Vermont's was 4.6 percent. Rutland County's unemployment rate increased slightly from the county's 1995 unemployment rate of 4.7 percent.

Very few people commute outside of the county for work. Of those that do, social service and housing providers note the primary reason is to seek employment better suited to their skills or jobs with more flexible hours.

Major employers in Rutland County include General Electric, Central Vermont Public Service, Rutland Hospital, the Diamond Run Mall, Castleton State College, and the Killington and Pica Peak ski resorts. Over half the job growth in the county since 1992 has been in the retail sector, associated with the opening of the Diamond Run Mall in 1995.⁹⁶

While 19.5 percent of Rutland County employees work in manufacturing jobs, the retail and service sectors provide employment for the largest number of workers in the county. Retail employees comprise 24.4 percent of employed persons, and service employees are the largest employed group, about 34.8 percent of all employed persons in the county. This distribution of employment opportunities reflects the significance of tourism to the region's economy. Killington ski area, one of the largest in the northeast, is just east of Rutland City, and a number of other major ski areas are located in surrounding counties. Construction has grown in the county since 1992, primarily in response to the recovery of the seasonal housing market near the ski resorts.

There has been a decline over the last couple of years in the number of manufacturing jobs available. General Electric has a plant in Rutland City, although it has reduced its workforce since 1995. Tam Brands was one of the area's largest employers, but closed its plant in 1997. The manufacturing jobs provided by these and other companies are desirable for low-income, low-skill workers, since they generally have pay rates above the minimum wage and provide fringe benefits. With fewer manufacturing jobs, social service and housing providers have noted increased competition for vacancies with manufacturing firms in the area.

Rutland County has experienced most of its job growth since 1995 in the retail trade and in the service sector, particularly in response to the needs of the tourist industry. Social service and housing providers note that while the increase in these jobs has limited growth in the area's unemployment rate, they are not nearly as desirable as those in manufacturing. Without the high wages and fringe benefits typical of manufacturing jobs, housing and social service providers felt it will be difficult for welfare recipients to transition into work without substantial support in the areas of health coverage, childcare, and transportation (since the ski

⁹⁶*Housing Demand Update, 2.*

areas are located outside of Rutland City). As one social service provider noted, Rutland County is in a “time of prosperity marked by gross underemployment.”

Housing Conditions and Programs

According to the 1990 Census, there were 23,690 occupied housing units in Rutland County. The homeownership rate was 68.4 percent, with 31.6 percent of units occupied by renters. Households headed by a person age 65 or older occupied 23 percent of the county’s housing units, and 59 percent of all housing units had two or fewer persons. There were almost 7,500 vacant units in the county, but 77 percent of these were for seasonal or recreational use. Rutland County also has a sizeable number of mobile homes, with over 2,800 mobile home units in the county as of January 1998.⁹⁷

A group of local service and housing agencies noted that low-cost, “slum” housing was being demolished or upgraded around the county, particularly in Rutland City. Many low-income tenants have been forced to double up or pushed into homelessness. The demolition of older, substandard units has also contributed to tightening the portion of the rental market accessible to those with low incomes. Anecdotally, housing providers noted that much of the new housing built over the last few years was either single-family homes not affordable to low-income households or housing for seasonal, recreational use.

Social service and housing providers noted a lack of affordable housing units for larger households. There is also a shortage of single-room-occupancy (SRO) units to accommodate single people or people with special needs, particularly people making the transition from homelessness.⁹⁸ The affordable housing that is available was generally described as being in substandard condition or needing rehabilitation. This housing is also expensive for low-income households. In 1990, over 43 percent of Rutland County’s renter households paid more than 30 percent of their monthly income for rent, and 24 percent of homeowners were similarly cost-burdened.⁹⁹ In order to deal with costs, many households have doubled up, and a couple of social service and housing providers noted that a large proportion of poor families with children live in overcrowded conditions.

There was some disagreement among housing and social service providers concerning what people do when they cannot find affordable housing in good condition. Some housing and social service providers felt that people were more likely to seek places to rent in the county’s smaller towns, since costs are lower than in Rutland City. Others felt that people were more likely to focus their housing searches on Rutland City, since most of the units available in smaller towns are single-family homes, which rent for more than very low-income households

⁹⁷*Housing Demand Update*, 5. Unless otherwise noted, data in this paragraph are from the 1990 Census.

⁹⁸*Housing Demand Update*, 22.

⁹⁹1990 Census.

can afford. Both trends are probably occurring to some degree among Rutland County's low-income households.

Social service and housing providers have also noted an increase in homelessness, which reflects a statewide trend. Since 1990, the number of Vermonters who are homeless and at risk of homelessness has more than tripled. Large families (four or more people) are one of the fastest growing groups of homeless people in the state, comprising 37 percent of the state's homeless population in 1996, with their numbers increasing by 405 percent from 1990 through 1996.¹⁰⁰ Affordable housing activity in Rutland County, by both government agencies and nonprofit providers, has in recent years been targeting gaps in the continuum of housing needs experienced by the county's low-income households.

Rutland County has over 1,000 assisted apartments available for low- and moderate-income renters, but this meets only 25 percent of the demand for rental housing from households earning less than 80 percent of area median income. Subsidized apartments are available for about half of the low-income elderly renters who need them. For families, this ratio is one-in-five.¹⁰¹ Although assisted housing sponsors in Rutland County did not have specific data on the number of ANFC recipients among their clients, each housing provider interviewed indicated that ANFC provided income and services to a large number of the households they assisted. Therefore, much of the housing assistance provided by government agencies and nonprofit organizations had some impact on the housing choices available to ANFC households.

The county has a total of 780 units with project-based assistance, 337 units of tenant-based assistance, and 287 housing units with other sources of project assistance. Project-based subsidies include public housing, Section 8 New Construction, Section 202 elderly housing, and Rural Development Section 515 rental housing with either Section 8 rental assistance or RHS Section 521 rental assistance. Tenant-based subsidy refers to Section 8 vouchers or certificates, and examples of other project assistance include Low-Income Housing Tax Credits, state funding, or RHS Section 515 units without rental assistance.

The Rutland Public Housing Authority (RPHA) manages 210 units of public housing in the county, and approximately 50 total certificates and vouchers.¹⁰² The Vermont State Housing Authority (VSHA) administers the majority of tenant-based rental assistance used in the county, which is approximately 287 certificates and vouchers. The average time Rutland County households spend on a waiting list for Section 8 rental assistance is 48 months, which is almost twice the statewide average of 28 months.¹⁰³

¹⁰⁰Vermont Affordable Housing Coalition, *1997 Vermont Housing Survey*, August 1997, 3.

¹⁰¹*Housing Demand Update*, Table 13, 11.

¹⁰²*Housing Survey*, 15.

¹⁰³*Housing Demand Update*, 13.

VSHA has a homeownership program, called MOVE, to assist low- and moderate-income first-time homebuyers. Households must have incomes between \$15,000 and \$48,700. The MOVE program provides below-market interest rates, low downpayments of about 5 percent, and 30 year terms. Data are not currently available on the number of Rutland County households assisted through the MOVE program, but the Housing Demand Update for Rutland County indicates that the program allows a wide range of housing choice for households in the middle of the program's income range, but more limited choice to those with very low incomes.¹⁰⁴ Because the interest rates in the program are not low enough to bring homeownership within reach of most very low-income households, households at the bottom of the income range cannot afford larger or newer homes that are more costly. This limits their choices to smaller homes or those that require substantial rehabilitation.

Rural Development has also financed affordable housing in Rutland County. From FY1996 through May 31, 1998, Rural Development provided 47 Section 504 very low-income repair loans and grants, and 14 Section 502 direct homeownership loans. Rural Development also guaranteed 52 mortgages through the Section 502 guaranteed loan program during this period. Five Section 515 rental developments were sponsored in the county, one of which is in Rutland City, with the rest located in smaller population centers throughout the county. These developments have 150 total units, of which 105 have rental assistance. Three of the projects provide housing for elderly residents (73 units), and all of the units for elderly tenants have rental assistance.

The Rutland County Community Land Trust (RCCLT) was established in 1989, and acquired its first property in 1991. RCCLT provides rental housing development and management services, with a goal to provide a "continuum of housing opportunities" for Rutland County's low-income households. RCCLT manages projects providing congregate living for people with mental illness, senior housing, and rental housing for families; it also owns two mobile home parks. RCCLT commits to maintaining the perpetual affordability of their projects, holding the land in trust on rental projects and mobile home parks. RCCLT also assists families with the purchase of their own homes through grants and low-interest financing. The land beneath the home is owned by RCCLT, and the client households have a long-term ground lease with RCCLT that stipulates the conditions under which the property may be sold, limits the amount of equity upon resale, and guarantees that new owners will be low- or moderate-income households.

RCCLT housing serves between 250 and 300 people. There are about 15 to 20 senior households, 10 households with a disabled family member, and 60 family households. The majority of tenants have incomes less than 50 percent of area median income. RCCLT's tenants are generally the working poor, or have ANFC, SSI or Social Security as their primary sources of income. Approximately half of their tenants are working, and about 75 percent of tenant households are single-parent, female-headed households.

¹⁰⁴*Housing Demand Update*, 16.

RCCLT projects are not subsidized through federal or state deep subsidy programs like Rural Development's Section 515 rental housing program. While rents are low, most tenants still pay about 50 percent of their monthly income for rent. RCCLT staff estimate that ANFC recipients pay between 50 and 70 percent of their income for rent. Some RCCLT tenants receive Section 8 rental assistance, and RCCLT encourages all of the organization's clients to apply for Section 8 vouchers and certificates. All RCCLT clients have incomes making them eligible for Section 8, but because of the long waiting lists, few have been able to receive rental assistance.

RCCLT staff noted a great need for family housing in Rutland County, particularly affordable rental housing with three or more bedrooms to serve large families. This area need was echoed by all social service and housing providers contacted for this study. RCCLT's focus on rental housing rehabilitation and management addresses some of the most pressing needs of the county's low-income renter households, especially given the great need for affordable rental housing for larger families. In addition, its homeownership services complement the work being done by Rutland West Neighborhood Housing Services.

Rutland West Neighborhood Housing Services (Rutland West) focuses primarily on improving homeownership opportunities within the county. Rutland West does rehabilitation work on single-family homes and multifamily rental units and provides low-interest loans for low-income homebuyers. Rutland West also engages in foreclosure intervention and runs an innovative homeownership center which provides homebuyer counseling and other services to promote low-income homeownership.

In 1997, over 380 families contacted Rutland West for help with homeownership, housing rehabilitation and emergency housing services. The organization also rehabilitated 30 units of affordable rental housing and 23 single-family homes. More than 286 area residents received homeownership counseling, and 23 families purchased their first homes after attending homebuyer information seminars at the Homeownership Center. Rutland West also assisted thirteen families with foreclosure intervention, and eight additional families were assisted in refinancing their homes, improving their cash flow. Housing rehabilitation remains the core service performed by Rutland West.

Rutland West is a member of the national NeighborWorks network (sponsored by the Neighborhood Reinvestment Corporation), was the first chartered NeighborWorks organization, and is a leader among rural NeighborWorks groups. Rutland West also serves as the fiscal agent for an alliance of rural NeighborWorks organizations that manages a small revolving loan fund. The loan fund has provided short-term financing for 17 projects around the country, consisting of 167 units of affordable housing.

The Homeownership Center offers introductory homebuyer information seminars, individual counseling, home inspections, housing rehabilitation, and foreclosure intervention services. The Homeownership Center also provides loan packaging services, with access to a variety of first and flexible second mortgage products in partnership with local lenders, VHFA, Rural Development, and the Rutland West regional revolving loan fund.

Rutland West's regional revolving loan fund offers first and soft second mortgage originating, with \$3 million in receivables and \$1.5 million in equity. Rutland West also has lines of credit with local partner banks to supplement the work of the loan fund. The loan fund supports between \$300,000 and \$400,000 in direct construction and rehabilitation management per year.

Rutland West's programs have helped many Rutland County residents achieve the dream of homeownership, and many others to retain and maintain older homes. Rutland West has also been a strong player in the development of the Rutland Collaborative, which promises greater coordination of housing services among different local providers, and increasing partnerships in meeting the county's affordable housing needs.

The Bennington-Rutland Opportunity Council (BROC) is a community action agency serving both Bennington and Rutland counties. BROC is involved in community services and outreach, nutrition education, community development, housing work, economic development, microbusiness development, energy conservation and weatherization.

BROC offers homeless assistance with intervention to prevent evictions and efforts to help homeless individuals and families find permanent housing. Other related services include tenant education and counseling, tenant/landlord advocacy, and providing information concerning homeownership opportunities. BROC also does a substantial amount of energy conservation and weatherization work. Free home inspections to assess energy efficiency needs are offered, and weatherization and rehabilitation are performed to make clients' homes safer and more affordable to maintain. A related BROC program provides emergency fuel and utility assistance, which helps low-income families pay fuel bills and provides intervention services with utility companies. This program was once administered by the Department of Social Welfare (DSW), and is one of the programs contracted out by the state in response to welfare reform, with a goal of improving the amount of DSW staff resources that could be devoted to intensive case management under ANFC. This is an example of how partnerships with local service organizations have helped the state maintain service provision while restructuring the social service delivery system under ANFC.

TANF and Other Poverty Programs

Vermont's ANFC program establishes work requirements for welfare recipients, with work incentives provided in addition to penalties for failure to meet work requirements. The program also makes a range of services available to recipients in order to foster family self-sufficiency. When Vermont received its welfare reform waiver in 1994, welfare recipients were assigned to three test groups. The first group comprised 60 percent of welfare recipients, who received their benefits under the new ANFC rules. The second group, 20 percent of the caseload, received welfare payments under the AFDC rules, but were offered access to employment training and incentives, with no time limits on securing employment. The final group, 20 percent of the caseload, received their benefits according to the AFDC rules. After the federal welfare reform law took effect in July 1997, all new applicants for welfare benefits were assigned to the group operating under the new ANFC rules.

After 30 months of receiving ANFC, single parents with one or more children under the age of 13 are required to work part-time (20 hours per week). Single parents whose children are 13 years or older are required to work full-time. In two-parent households, families are obligated to immediately seek and accept employment, and if unsubsidized work is not obtained within 15 months of receiving ANFC benefits, they are required to work full-time in a subsidized job.

Wages for subsidized work are subsidized by the family's ANFC benefit. Parents who do not comply with the work requirement will have their ANFC benefits reduced as a sanction, and if noncompliance continues, must report to their Social Welfare office three times per month. At these visits, ANFC benefits are paid directly to vendors (rent, utilities, and other bills) on behalf of the recipient, who receives no cash benefit in person. While Vermont will sanction noncompliance with the work requirement, the state will not entirely cut off a household for noncompliance. The state also does not have a time limit upon receipt of benefits, as long as recipients continue to meet the terms of their work requirements and remain income-eligible. One social service provider felt that Vermont will probably resist the imposition of benefit time limits, and may explore the use state funds to continue benefits when ANFC recipients reach the federal time limits.

Those ANFC recipients who hold unsubsidized jobs have the first \$150 plus 25 percent of the balance of their monthly earnings disregarded in calculating their ANFC benefit, as long as they remain income-eligible for the program. ANFC also extends Transitional Medicaid coverage from 12 to 36 months following termination of the ANFC grant due to earnings. ANFC benefit calculations also exclude one vehicle when determining a family's resources, an important consideration in a largely rural state where public transportation is limited.

Within the county, it is difficult to hold a job without owning a car. A bus system does operate in the county, but it primarily serves Rutland City. Other townships within the county must make arrangements with the bus company to ensure bus stops, and many have not done so. Also, the few bus routes that do reach the more remote townships in Rutland County have more sporadic timetables, and do not generally run during the odd hours many service workers require. Social service and housing providers note that if a household does not own a car, workers in the household often must arrange transportation with neighbors or relatives, or else hitchhike or bicycle to work. The limited reach of the bus system thus impacts access to jobs for residents of the remote regions in the county, especially during the winter when travel over the mountainous roads becomes slow and dangerous.

Childcare is available to low-income workers in Rutland County, but it is not plentiful and generally not available outside the standard work hours of nine to five, Monday through Friday. Most households secure childcare in informal settings, such as with neighbors and relatives. Social service and housing providers estimated the average cost of childcare at between \$3.00 and \$3.50 per hour, whether for private childcare or in daycare centers. The Department of Social Welfare (DSW) provides childcare subsidies for individuals transitioning off of welfare.

In addition, ANFC recipients qualify for other services to help them transition off of welfare and into work. ANFC clients may take advantage of Reach Up, Vermont's JOBS program,

which was expanded by one-third to enable it to support families making progress toward self-sufficiency. DSW case workers also work with families to develop individualized self-sufficiency plans, and refer parents to local education, training, and support resources. The ANFC program has encouraged DSW to develop partnerships with local service providers, improving the network that serves many of the needs of low-income residents.

ANFC clients have been referred to skills development resources available through the local schools, Castleton State College, and the local community action agency. The Retired Senior Volunteer Program (RSVP) and Vermont Associates are groups that also run job training and placement programs. Rural Development is partnering with the state's Small Business Development Corporation to support microenterprise development, and BROCC also administers a microbusiness program to help low-income clients start their own businesses.

As a community action agency, BROCC provides a wide range of social services in addition to its housing work. BROCC runs a Family Economic Development Program, which provides intensive counseling for low-income families to set goals of economic self-sufficiency and self-reliance. BROCC also offers emergency food assistance through a variety of programs. Finally, BROCC offers technical assistance to low- and moderate-income individuals who wish to start or expand their own businesses. BROCC received \$4 million from the state to support this program.

Approximately 10 years ago BROCC administered a Head Start program, a JOBS program, and a transportation program. The agency no longer runs these programs due to administrative constraints and funding difficulties.

From October 1997 through March 1998, BROCC served 4,620 individuals, representing 1,750 households. Single-parent, female-headed households were 25 percent of all households served. More than 60 percent of households served received Food Stamps. Only about 21 percent of households served had income solely from employment. Households depending on ANFC as their primary source of income comprised almost 29 percent of BROCC clients. Only 14 percent of all households served by BROCC had incomes above the poverty level. Among BROCC's clients, 163 individuals were homeless between October 1997 and March 1998, representing 81 households. Of these households, 25 had at least some earnings from employment, and 18 relied upon ANFC.

DSW staff estimated that between 75 and 80 percent of ANFC recipients are single-parent, female-headed households, with the typical household size between three and four persons. Less than 25 percent of ANFC clients receive any form of housing subsidy.

A number of program and administrative changes have been made as part of the welfare reform restructuring. The administration of some programs has been contracted out to local service providers. In Rutland County, the local community action agency has taken over administration of the emergency fuel assistance program. Administration of medical assistance once done by local DSW offices has been centralized, so that local DSW offices may devote more staff resources to case management. In addition, the population eligible to receive

medical assistance was expanded, making this support available to a wider range of the low-income population trying to succeed in the world of work.

The ANFC program has shown some initial success. Fewer households are receiving assistance. The number of households receiving ANFC benefits has fallen from 10,006 in June 1994 to 6,916 in October 1998. A greater percentage of ANFC households are working, from 18.5 percent in June 1994 to 27 percent in 1998. The average monthly earnings of ANFC households have also risen. ANFC households had an average monthly income of \$329 in June 1994, rising to \$478 in October 1998. As of January 1999, DSW was beginning to track clients who had left the program, but had not finished collecting information on the status of former clients.¹⁰⁵

While acknowledging the initial success of the program, DSW staff and other social service and housing providers feel that those clients who have found employment had the fewest barriers to securing and maintaining jobs, and that the clients remaining on ANFC will require greater assistance to make the transition to work. Although Vermont has provided a range of services to help ANFC clients achieve self-sufficiency, most social service and housing providers agreed that the benefit levels still do not adequately meet the needs of client households. With high housing costs, and limited transportation and childcare resources in the county, housing and social service providers felt that many ANFC clients will still face challenges making the transition from welfare to work.

Nonprofit organizations have supplemented the resources available to ANFC clients through DSW. The county's community action agency plays a prominent role assisting ANFC households in their efforts to achieve self-sufficiency, and in meeting emergency shelter needs. Taken together, the services offered by Rural Development, RCCLT, and Rutland West have met a wide range of Rutland County's affordable housing needs, both for ANFC clients and other low-income households in the area. The collaborations between public agencies and nonprofit organizations have improved the range of assistance available to welfare clients trying to achieve economic self-sufficiency in this county.

Impacts and Expectations

Vermont's ANFC program is one of the most generous and innovative welfare programs in the country. In addition, housing providers in Rutland County have worked hard to coordinate their assistance through the Rutland Collaborative, with a focus on planning more effective ways to assist ANFC recipients with housing services as they make the transition from welfare to work. However, housing and social service providers noted gaps in the range of affordable housing opportunities available to ANFC clients and other very low- and low-income residents. Rutland County housing and social service providers generally praised Vermont's ANFC program, but expressed concerns that benefit levels do not adequately cover the costs of housing, transportation, and childcare so that ANFC clients can maintain employment in the

¹⁰⁵Figures are from the Vermont Department of Social Welfare.

event of an economic downturn or reaching benefit time limits should the state have to implement them.

The Rutland Collaborative has identified several gaps in the affordable housing market that have not yet been targeted by area housing providers. The group has also made special efforts to identify the most pressing housing needs of welfare recipients, especially the needs they are likely to have as they transition off public assistance. Rutland County housing and social service providers have therefore done much of the groundwork needed to coordinate their services and pool their resources to better assist ANFC clients.

Housing and social service providers identified a need for more affordable housing that can accommodate large families. They noted especially a need for rental units with three or more bedrooms affordable to very low-income households. They also cited a need for more SRO housing, particularly for those with special needs such as homeless individuals. RCCLT and the Rutland Community Building collaborative are working with the Rutland County Parent/Child Center and other participants to plan a project that serves single teenage mothers in a supervised environment. This project is a direct response to the provisions of Vermont's welfare reform program, which requires that teenage parents either live at home or in an approved supervised setting in order to receive ANFC benefits. RCCLT would also like to help develop transitional housing for individuals and families moving from homelessness. Although Section 8 rental assistance is available in the county, housing and social service providers observed that Section 8 applicants must spend a long time on waiting lists before rental assistance becomes available.

In general, Vermont's ANFC program has had a limited impact on welfare clients' access to assisted housing programs in the county. Welfare reform did spur the formation of the Rutland Collaborative, and the collaborative's efforts to develop a housing initiative for teen mothers is a direct response to welfare program requirements. In addition, housing and social service providers observed that ANFC households pay a larger percentage of their income for housing than do other very low- and low-income households. All social service and housing providers also agreed that the shelter allowance available through ANFC does not adequately cover the cost of housing in the county.

Changes in the administration of ANFC have focused on improving the time available for DSW caseworkers to provide more extensive assistance to clients. Some services previously administered locally have been centralized to state offices, and other services have been contracted out to local nonprofit agencies. These administrative changes have allowed caseworkers to focus more attention on helping their clients become ready for employment.

One indicator of welfare reform's success in Vermont is that there has been an increase in employment among ANFC recipients. From 1994 to 1998, there was a 46 percent increase in the percentage of ANFC households reporting earnings, and a 45 percent increase in the average monthly incomes of ANFC households. However, housing and social service providers all expressed concern that a large portion of ANFC clients appeared to be moving into service and retail jobs. Their concerns included the low wages of these jobs, the lack of fringe benefits, and the impact of working odd hours on clients with young children. Additionally, since

Rutland County's economy is very reliant on tourism and recreation, service employment opportunities can fluctuate seasonally. The availability of these jobs is sensitive to economic downturns and to weather-related impacts on the ski industry. The Rutland Collaborative has been joined by the Rutland Economic Development Corporation, and collaborative participants have been actively exploring ways to attract more steady and better paying employment for low-income households in the county. Housing and social service providers all noted that ANFC households residing in the more remote, rural areas of Rutland County will face additional challenges achieving self-sufficiency, due primarily to the difficulty of securing affordable, reliable transportation and childcare.

Social service and housing providers also agreed that those who remain ANFC clients will be more difficult to serve. These clients generally have greater barriers to employment, and local housing and social service groups are anticipating that greater case management and increased services are likely outcomes as local organizations attempt to meet the self-sufficiency needs of these clients. All local organizations interviewed observed a heightened sense of anxiety among clients receiving welfare, particularly concerning the imposition of sanctions for not meeting the ANFC work requirements and the possibility of benefit time limits in the future.

Vermont's welfare demonstration has a number of positive features, and ANFC clients also need not worry about benefit time limits, at least for the next few years. However, enough needs in Rutland County remain that the organizations serving ANFC clients are concerned about what may happen in a "cushionless" system that can be sensitive to economic downturns and housing market shifts. The positive result of this concern has been greater cooperation and sharing of resources among the nonprofit organizations and government agencies working on behalf of the county's most vulnerable residents.

WISE COUNTY, VIRGINIA

One of the westernmost counties in Virginia, Wise County is part of central Appalachia, with both the steep hills typical of the region and also a broad flat plateau. Coal mining has been the key factor in Wise County's economy for over a century – first as the primary source of income and employment, and more recently as the reason for insufficient numbers of jobs.

Beginning in the late 1880s, coal mining brought railroad lines, people, and relative prosperity to the area. Wise County was once dotted with coal camps, towns owned and controlled by coal companies. Miners, who included persons of British background, African Americans, and Eastern Europeans, lived in company-owned houses and were paid in company currency called "scrip," which could be spent only at company-owned stores. In the 1950s, large numbers of jobs disappeared as coal mining operations were mechanized. County residents began leaving the area to work in industrial centers like Detroit and Chicago. The population loss has continued over the decades since, with only a temporary reversal in the 1970s when the national oil embargo briefly increased the demand for coal. In 1998, Wise County was reportedly producing record amounts of coal, but the process is now highly mechanical and requires relatively few workers.

Most of the coal camps have disappeared, and in the late 1990s the county's population is concentrated in its one city and six incorporated towns: the City of Norton (an independent entity under Virginia's local government system), Appalachia, Big Stone Gap, Coeburn, Pound, St. Paul, and Wise (the county seat). The county's population is overwhelmingly white, with only 2.3 percent minorities.

Residents still leave the area. Wise County's population fell from 52,021 in 1950 to 39,573 in 1990, and the decline has continued. The Census Bureau estimates that as of July 1, 1998 there were 38,599 county residents, a 2.5 percent drop since 1990. Locals report that their former neighbors' destinations have changed since the 1950s. Rapidly growing cities like Charlotte and Atlanta are now popular sites for those seeking jobs in construction, carpentry, or manufacturing.

Those who remain in the county face challenges. For example, in 1990 only 52 percent of county residents age 25 and older had high school educations, compared to 75 percent in the entire state of Virginia. The same year, Wise County's poverty rate was 21.6 percent, compared to 10.2 percent in Virginia as a whole. Median household income was \$19,594 in 1990 and, according to the University of Virginia's Cooper Center for Public Service, \$22,599 in 1996.

Welfare reform in Wise County began in July 1995 under the Virginia Independence Program, for which the state received a federal waiver. The program's jobs component was phased in and took effect in Wise County in October 1997. The numbers of welfare recipients and Food Stamp applicants in the county decreased from 1996 to 1998, but the county does not have data available to indicate why this happened or whether people leaving the rolls were becoming self-supporting. Social service providers and government agencies have been working together to improve job opportunities for county residents. Those interviewed could not identify any

impacts of welfare reform on housing, although they did specify several types of housing needs present in the county.

Local Economy

Wise County has a variety of resources to offer prospective employers, but nothing has replaced mining as a solid core for the local economy. The county's unemployment rate was 11.1 percent in 1991 and 11 percent in 1994, compared to 5 percent in the state as a whole. It rose further, to 17 percent, in 1995.¹⁰⁶ The 1990 Census found nearly 48 percent of Wise County's residents lacked a high school diploma or GED.

Wise County's economy is considered mining-dependent, according to the Economic Research Service (ERS) of the U.S. Department of Agriculture, because mining contributed 15 percent or more of total labor and proprietor income from 1987 to 1989. The Wise County Chamber of Commerce reports that 17 percent of county workers are employed by the coal industry.¹⁰⁷ Much of the mining in the area is underground, since the coal that could be stripped easily from the surface has already been taken, but some surface mining continues ("Strip mining" is no longer an appropriate term, since reclamation laws now require surface-mined areas to be returned to their approximate original contours). Mineworkers' unions, once a major force in the region, reportedly lost many of their members and much of their power during the 1980s, and by the late 1990s very few of the local miners are union members. Mining jobs remain by far the best paying opportunities in the area.

ERS also classifies Wise County as "transfers-dependent." Federal, state and local transfer payments contributed 25 percent or more of total personal income from 1987 to 1989. Other significant sectors of the economy include services, government and retail. Residents identify timbering and agriculture as important also, although local planning district figures reported by the county Chamber of Commerce show only 0.3 percent of county workers involved in agriculture, forestry and fishing.¹⁰⁸

The county has more stores and restaurants – including Wal-Mart and similar department stores – than many of the surrounding counties, so residents of southern Kentucky and other parts of southwestern Virginia shop there. Nevertheless, as is typical in much of rural America, stores in downtown Norton and Wise have closed, while the strip malls on their edges flourish. Local culture does impact national restaurant chains, as evidenced by signs at McDonald's and Hardee's advertising biscuits prepared "from scratch," and the inclusion of biscuits and gravy on apparently all breakfast menus.

¹⁰⁶Lenowisco Planning District Commission, "Wise County, Virginia and the City of Norton: Facts at a Glance," flyer, April 1997, citing Virginia Employment Commission figures.

¹⁰⁷Wise County Chamber of Commerce, "Wise County & The City of Norton, Virginia," flyer, undated, citing Lenowisco Planning District figures.

¹⁰⁸Chamber of Commerce.

Wise County is a local educational center as well as a retail area. Clinch Valley College, the only four-year college in the region, was opened outside Wise in 1954 to help combat the effects of the declining coal industry. Clinch Valley is now a branch of the University of Virginia, and one local housing advocate reports that the college is expected to change its name to the University of Virginia at Wise. In addition, Mountain Empire Community College is located in Big Stone Gap.

Banking services seem to be generally available in the county as well. The 1990s expansion of super-regional banks is evident; giants like NationsBank and First Union have bought out some small local lenders. Other local banks still exist, and reportedly some local bankers have opened new operations in branches closed by the super-regionals.

Major new additions to the local economy were opening in 1998: two prisons, one in Big Stone Gap and one in Pound. Another was being planned for neighboring Lee County. The federal and state governments, which operate the two Wise County prisons, did not make commitments to hire local residents, but local efforts to develop the facilities were based strictly on the assumption that jobs and spill-over economic benefits would be available to local people. A representative of Big Stone Gap's town government, which owns the prison there and sold revenue bonds to finance its construction, states that local residents will get all but 40 or 50 of the 425 jobs in his town and 425 in Pound. Indirect benefits will accrue to area businesses providing supplies to the prisons, motels and restaurants catering to visitors, and others.

Another growing part of Wise County's economy is care for elderly residents. The county's population is aging, residents note, so healthcare workers are increasingly important. Healthcare is far more readily available in Wise County than in many remote rural areas: the county boasts three hospitals in addition to clinics and nursing homes.

The county and others in southwestern Virginia are working hard to attract additional employers. These efforts began in the 1980s, well before state or federal welfare reform was enacted. Telemarketers and a mail order fulfillment business are among those listed. Industrial parks have been constructed to provide the infrastructure employers need, with some successes, such as a furniture plant that opened in the 1990s.

Retailers like Wal-Mart and Kmart have provided new jobs as well, although generally they do not provide health insurance or other benefits to workers. One social service provider notes hopefully that McDonald's reportedly has begun providing benefits to some workers in other parts of the country.

Wise County is both similar to and different from the surrounding area. The seven southwestern Virginia counties are often considered as a whole, but local observers report clear differences in their economies. Dickenson County's unemployment rate is higher than Wise County's, for example, because Dickenson County was even more dependent on coal than Wise County. In contrast, Scott and Lee counties were historically more reliant on farming than on mining, and Lee County has been the least successful at new economic development. Scott County's economy is stronger than the others, because it borders Tennessee and the

Johnson City-Kingsport-Bristol (“Tri Cities”) metropolitan area, where industries provide more entry-level jobs than on the Virginia side. Some Wise County residents do commute to Tennessee, but the drive is about an hour and a half each way.

Like most rural areas, Wise County has no effective public transportation for commuters. Mountain Empire Older Citizens, a local nonprofit, operates van service on a limited schedule, and can respond to some calls as needed. For example, their vans help clients to reach the Department of Social Services office, located several minutes’ drive from the center of the town of Wise. Mountain Empire has also received a grant from the state department of transportation to coordinate local transportation services – for example, by obtaining contracts with private taxi companies.

Wise County does have numerous advantages: a community college, a four-year college, railroads, an airport that can accommodate small jets (not always easy in the steep Appalachian mountains), and “four-lane” highways. It does not, however, have an interstate highway, and residents cite that deficiency as an important problem in attracting employers, despite the interstate-quality four-lane state highway linking the county to the closest interstate, 40 miles away. Whatever the reasons, new job growth has been in relatively low-paying, low-benefit sectors, and in corrections.

Housing Conditions and Programs

Local housing and service providers cannot clearly identify ways in which welfare reform has impacted area housing conditions, although they report serious housing problems in Wise County. They describe a shortage of decent housing in the area, and a great need for rehabilitation because many homes are relatively old. Infrastructure, such as water and septic or sewer systems, is also needed. Soil in the area often does not percolate, making installation of septic systems difficult. Suitable building sites for new homes are hard to find. These problems existed before welfare reform, however.

The homeownership rate is high in Wise County, as it is throughout Appalachia and much of the rest of rural America. The 1990 Census identified 14,513 occupied housing units in the county, with a 76.4 percent homeownership rate. Reportedly even those with little income often own their homes, consisting of a “house trailer” or a small house built on family land. The financial benefits of such a situation can limit residents’ options for moving away to find work, since housing is not necessarily as readily available or as inexpensive in other areas. Residents may be able to sell their homes to move – reportedly the housing market is reasonably strong in Wise County, or at least stronger there than in some neighboring areas such as Dickenson County. Wise County’s prison development is expected to lead to increased housing demand as well, although one local housing provider states that as a rule local contractors do not build “spec” houses – that is, they build new homes only when commissioned by purchasers, not speculatively for unknown potential purchasers.

Rehabilitation is much needed in the county because most of the housing stock is old, according to individuals who operate housing programs there. Corroborating these comments, the Rural Development office serving the area reports high demand for its Section 504 home

repair loans. According to the 1990 Census, 27 percent of county homes were built before 1950, and another 21 percent between 1950 and 1970. Some of the old coal camp housing in the county is still occupied, although most of those units are dilapidated. Reportedly some residents purchase coal company houses in order to tear them down and reuse the materials to build a new structure on the site.

A quarter of the county's housing stock is mobile homes. The operator of a county housing rehab program is skeptical about the quality of mobile/manufactured homes in the county. While his program can renovate such units, he says they try to avoid them because the homes continue to deteriorate relatively quickly.

Cost burden is a problem for many Wise County residents as well. In 1990, nearly half the renters in the county (49 percent) and 15 percent of owners paid more than 30 percent of income for their housing.¹⁰⁹

Housing assistance for Wise County residents is available, but limited. There is no nonprofit housing developer there, although the Appalachian Service Project is considering expanding into Wise County from neighboring Lee County. Rural Areas Development Association, Inc. (RADA), a community action agency, covers the same area as the Lenowisco planning district, which takes its name from the places it serves: Lee County, the City of Norton, Wise County, and Scott County. RADA also makes some of its services available in Dickenson and Buchanan counties. Its housing activities include rehabilitation, weatherization, and emergency services.

While the level of housing need in Wise County seems to warrant additional assistance, federal housing programs are already well used there. A local USDA Rural Development office based in neighboring Scott County administers USDA's Rural Housing Service programs. A Rural Development staffer spends at least one day each week in Wise County taking applications, overseeing USDA-funded construction and rehabilitation, and assisting aid recipients. He reports that very few of his clients receive welfare. Perhaps a third of them receive SSI, divided about evenly between elderly persons and people with disabilities.

In addition to the Rural Development office, Wise County boasts three separate housing authorities. One, in the city of Norton, operates a small public housing development.

The second, the Wise County Housing Authority (HA), serves the rest of the county outside Norton. It operates numerous programs in eight different locations. It owns or manages 395 rental units, scattered countywide. These include 193 public housing units, 175 units funded by the Rural Housing Service's Section 515 program, and 25 units for elderly tenants developed using the Low Income Housing Tax Credit. It administers close to 600 Section 8 certificates and vouchers. It assists would-be homeowners with HUD homeownership assistance funds, a lease-to-purchase program, and silent second mortgages for families buying homes with RHS Section 502 loans. Services available to residents also include training in financial responsibility and management.

¹⁰⁹1990 Census.

The county's third housing authority works in the town of Big Stone Gap, where it shares staff and offices with the town's Office of Housing and Community Development, the nonprofit Big Stone Gap Virginia Housing Corporation, and the for-profit Wallens Development Corporation. Together, these entities provide many of the same types of assistance as the county HA. Public housing is an exception: the 20 public housing units in Big Stone Gap are owned by the Wise County HA.

One observer states that Big Stone Gap has the best housing in the county, probably a direct result of the work of its housing and development office, of which the town's housing authority is a part. The town conducted a housing assessment in the late 1970s and began an intensive redevelopment effort in 1979, still underway in 1998. It identified eight particularly needy neighborhoods in the town of 4,700 people, and systematically set about revitalizing them. By 1998 six were complete and the seventh was underway. Using Community Development Block Grant funds, the town has installed or upgraded water and sewer systems, rehabilitated homes, and created parks. Homeowners receive loans, not grants, to cover rehabilitation costs, and their repayments feed a revolving loan fund.

Big Stone Gap's HA director reports that most of the homeowners his agency assists are elderly people receiving SSI. Similarly, 45 of the 60 homeowners on RADA's Wise County waiting list for housing repairs are elderly. These people are not likely to be impacted by welfare reform. On the other hand, the other 15 on RADA's list, and many of the housing authority's rental clients, are low-income single parents, and many receive income assistance. Since HUD allows housing authorities to establish their own Section 8 priorities, before welfare reform took effect the Big Stone Gap HA had begun targeting its approximately 120 Section 8 units to people who are working, even if part-time. Most of the working tenants reportedly hold low-paying service jobs at places like McDonald's.

The Wise County Housing Authority obtained a Family Investment Center grant from HUD in 1995. Its most important impact, according to the HA director, has been the partnerships created with other local agencies to prepare residents for employment. Approximately 20 agencies participate, including the county departments of social services and health, local Head Start programs, vocational schools, and advocacy groups. Required to cooperate, they learned more about each other's work, where they duplicated efforts, and where gaps existed. The director believes this groundwork will be helpful in making welfare reform effective in the county.

The Wise County HA also has undertaken housing rehabilitation with sources such as HUD Community Development Block Grant (CDBG) monies. It was difficult, however, to locate enough experienced local contractors to do the rehabilitation work needed. Seeing an opportunity, the agency established a program to train its residents in rehabilitation skills. The result, called "If I Had a Hammer," is funded by the Appalachian Regional Commission, the state Department of Education, the CDBG program, and HUD Public Housing Development funds. Vocational and adult education providers have assisted in training efforts. In its first year of operation, about 20 people received training. Staff believe at least four of them were working in construction jobs by the end of that year, while a fifth was working in the HA office and purchasing a home she helped rehabilitate. Clients of the Big Stone Gap HA are also

eligible to participate, and some have. The Hammer program has received positive attention for addressing several problems at once – job training, housing rehabilitation, and providing workers needed in the area – including a feature article in the Appalachian Regional Commission’s journal.¹¹⁰ It won a Best Practices Award from HUD in 1999 for outstanding and innovative use of HUD assistance to better serve families and communities.

The county HA’s Family Self-Sufficiency (FSS) program is available to public housing residents and Section 8 recipients, including those receiving aid through the Big Stone Gap HA. Like FSS programs in other areas, FSS here has not generated much enthusiasm, either before or after welfare reform. In mid-1998, about 50 of the nearly 800 eligible households had registered, and only 26 or 27 were actively participating. Staff do not understand why. They speculate about reasons such as the insecurity of self-sufficiency compared to the (former) reliability of regular government assistance, particularly for those who grew up supported by such assistance. Other possibilities may include a lack of motivation, or a lack of understanding.

Regional efforts may be another useful step in meeting Wise County’s housing needs. The directors of ten housing authorities in southwestern Virginia meet monthly and have formed a nonprofit housing development organization. Its first project, underway in 1998, is for elderly residents in Abingdon, in Washington County. One of the directors involved explains that the group found they had common interests in their efforts to provide housing in their rural jurisdictions, and faced different challenges than housing authority directors in the rest of the state.

TANF and Other Poverty Programs

Virginia began reforming its AFDC program before welfare reform was federally mandated, receiving a federal waiver to implement the Virginia Independence Program (VIP) statewide in July 1995. VIP’s jobs component, dubbed the Virginia Initiative for Employment not Welfare (VIEW), was phased in, beginning in some parts of the state in July 1995. The southwestern part of the state, including Wise County, was the last to begin implementing VIEW, in October 1997.

VIP imposes a family size cap, so that benefits do not increase for an aid recipient who has an additional child after nine months of receiving benefits. It requires compliance with compulsory school attendance laws and mandates child immunizations. Mothers must help establish paternity, or lose benefits after six months. Parents who are minors must live with a parent or other adult. VIP also provides diversionary assistance, one-time cash aid equivalent to 120 days of benefits to eligible applicants who have experienced a temporary loss of income. A family accepting the diversionary assistance is not eligible for more benefits for 160 days.

¹¹⁰Carl Hoffman, “Hammering Home Skills,” *Appalachia: Journal of the Appalachian Regional Commission* 31 (Sept.-Dec. 1998): 18-21.

Virginia emphasizes work to a greater degree than most other states; Wisconsin and Massachusetts are the only others requiring TANF recipients to work as soon as Virginia does.¹¹¹ VIEW requires able-bodied parents to begin work within 90 days of beginning cash benefits unless they have children under 18 months old. By one estimate, about half the state's VIP caseload must participate in VIEW.¹¹² The state uses the federal lifetime benefits limit of 60 months, but limits recipients to only 24 months of cash benefits at a time, as well as up to one additional year of noncash transitional benefits such as childcare, transportation, and Medicaid. After receiving cash benefits for 24 months and noncash for 12, a recipient must leave the rolls for 24 months before becoming eligible again. For recipients who meet specified hardship exceptions, the benefits period can be extended for an additional three months to one year. Noncompliance with requirements results in a complete loss of benefits for the entire family.

Training can be combined with employment, but training and education alone are discouraged. VIEW effectively eliminated the opportunities for high school education, job skills training, and higher education previously offered under the state's version of the federal Job Opportunities and Basic Skills Training (JOBS) program. With exceptions only for hardship, VIEW requires immediate employment, with first preference for unsubsidized private sector employment. Second preference is for subsidized employment, with participants receiving an amount equivalent to the value of their food stamp and VIP benefits. Those who cannot find an unsubsidized or subsidized job receive a community work experience placement.

To assist and encourage work, all VIEW participants are guaranteed childcare and transportation assistance. In addition, the program includes an earned-income disregard more generous than in many other states:¹¹³ within the two-year time limit, recipients can earn up to the federal poverty level without losing VIP benefits. The state also provides an asset disregard for ownership of a car valued at up to \$4,500, and allows recipients to have savings of up to \$5,000 for education or home purchase.

As implemented in Wise County, the VIEW process begins with an "employment service worker" at the county Department of Social Services assessing a client's skills and job readiness. Then the client is required to make 20 employment-related contacts within six weeks. If she or he does not find a job, she or he is placed in a community work position at a nonprofit or public agency. Clients can also receive assistance in finding a GED program, obtaining childcare, or meeting other needs related to work readiness.

VIEW enables the county to provide more employment assistance than it could previously. A study by Mathematica Policy Research, Inc. reported that when VIEW replaced the former JOBS program in October 1997 the county had a waiting list of more than 300 clients seeking

¹¹¹LaDonna Pavetti, Nancy Wemmerus and Amy Johnson, *Implementation of Welfare Reform in Virginia: A Work in Progress*, Mathematica Policy Research, Inc., 1999, xi.

¹¹²*Implementation*, 65.

¹¹³*Implementation*, 18.

employment assistance, and the VIEW funds enabled it to eliminate the backlog. Job searches were undertaken by almost all (98 percent) of the county residents who were receiving assistance both when VIP was implemented in July 1995 and when VIEW was implemented 16 months later, and who were required to participate in VIEW. After six months, half of them (53 percent) had not progressed beyond the job search stage. About a third (between 29 and 37 percent) had obtained employment.¹¹⁴

According to the Mathematica study, Wise County Department of Social Services staff expected “a significant portion” of their caseload to participate in community work placements eventually because of the limited job market in the area. To help them find paid employment, the county did hire an experienced jobs developer.¹¹⁵ HAC researchers were told that some of the participating agencies have hired people who were initially community work placements. The downside, however, is that after an agency hires a worker it does not need another community work beneficiary. Also, bearing out the reported need for basic training, one agency director complains that the VIEW participant he hired as a secretary cannot spell. Only 37 percent of those participating in the county’s VIEW program in its first six months had a high school diploma or equivalency degree.¹¹⁶

In addition to VIP, a variety of social service programs are available in the Wise County area. The school districts administer Head Start programs. RADA provides Emergency Food and Shelter (EFS) funds from the Federal Emergency Management Agency for short-term food, shelter and utility costs. Generally, RADA’s top priority is service to elderly persons, then to those with disabilities; some, but not the majority, of their clients receive SSI or VIP. There are no shelters for homeless persons in the area, although there is a shelter for domestic violence victims in Norton, and another in Scott County.

RADA provides warehouse space for a food pantry, and some churches provide food assistance. There are no ongoing feeding programs in the area, however. Mountain Empire Older Citizens does provide elderly persons with noon meals at congregate sites, and home delivery of meals for house-bound clients.

One social service provider describes a failed attempt to organize local churches to coordinate the limited assistance they can afford to give. They “all want to do their own thing,” he found. Local nonprofits do report strong partnerships among local service providers and government agencies, however.

¹¹⁴*Implementation*, 64, 71, 118. The different percentages for clients who had obtained employment were reported for different sample populations.

¹¹⁵*Implementation*, 78, 79.

¹¹⁶*Implementation*, 66.

Impacts and Expectations

Before welfare reform took effect, the housing programs available in Wise County addressed part, but not all, of the area's housing needs. The homeownership rate is high, and hundreds of subsidized rental units are available. Almost half the county's renters are cost burdened,¹¹⁷ however, indicating a great need for additional rental assistance. Cost burden is a problem for many owners as well, and anecdotal evidence indicates that the need for rehabilitation assistance exceeds the supply.

Welfare reform did not have any immediate impact on this situation, according to local experts. The Rural Development staffer serving Wise County reported no visible influence on housing in the first nine months of welfare reform's implementation. Similarly, staff at RADA, the local community action agency providing rehabilitation and emergency housing assistance, saw no change in demand for their aid in that time. One local service provider predicted that welfare reform will lead to increases in homelessness and crime, but had not seen those results in 1998.

Welfare reform – or other causes – did seem to affect the number of county residents receiving income assistance. Wise County's Department of Social Services reports that its caseload fell from about 1,000 cases in February 1996 to just over 700 in February 1998. Over the same time period, Food Stamp recipients decreased from about 3,600 to about 3,200. The agency does not know why either reduction occurred, but believes they were not due to increased employment, since the county's unemployment rate did not change. The agency has not tracked turnover rates, the amount of time recipients have stayed on public assistance, their reasons for leaving, or other information.

Even if such data existed, it would not be possible to determine whether welfare reform was changing Wise County residents' moves from welfare to work, because there are no pre-VIP records tracking program outcomes. Social service and housing providers generally believe that public assistance recipients take welfare reform seriously, but their assessments of their clients' reactions vary.

The director of the county Department of Social Services expected that clients would be "scared and resistant" as welfare reform began, but has found them to be very cooperative. He attributes that attitude to a strong work ethic. Another social service provider believed that some clients, even those who would like to become self-sufficient, are scared at the prospect of losing the security of Food Stamps, Medicaid, and monthly checks in favor of an hourly wage and uncertain medical insurance. Some saw signs that some VIP recipients do not understand welfare reform's requirements, or at least do not understand the seriousness of its potential results for those who do not try to find work. Others pointed out that some clients need to learn some extremely basic work skills, such as the need to get to work on time, clean and decently dressed every morning.

¹¹⁷1990 Census.

In contrast to the comment about a strong work ethic, some social service and housing providers expressed concerns about a lack of motivation on the part of recipients – a “culture” of not taking responsibility. One predicted that intensive work with clients, more than anyone was providing in the first year of Wise County welfare reform, will be required to provide that motivation. Beyond leading a horse to water, he said, you must make the horse thirsty.

Others suggested that recipients are applying for disability status as a way of circumventing VIEW’s new work requirements. Some service providers speculated reluctantly that some doctors will help these individuals make their claims. One referred to an epidemic of “bad back disease.” Their real disability, said a colleague, is a lack of education and work experience. Less generously, another suggested that people who have learned to “work the system” need to be forced to be responsible for themselves, even if some get hurt in the process. He identified the worst offenders as fathers who do not take responsibility for their children.

RADA staff reported an increase in applications for EFS short-term emergency assistance from people with disabilities. This phenomenon might be related to welfare reform: if former welfare recipients are being certified as disabled, the numbers of people with disabilities who are eligible for assistance might be increasing.

The most readily identifiable changes in Wise County focus on economic development efforts and employment training programs. For example, a variety of state government agencies and many local entities from seven southwestern Virginia coal counties joined forces in a funding application to the federal Department of Labor (DOL). The coalition included county governments, school systems, colleges, community action agencies, hospitals, coal companies, other private employers, the state employment commission, and others. They envisioned a project providing intensive case management, including training and mentoring, for hard-to-serve public assistance recipients. National competition for the funds was stiff, however, and in early June 1998 the Virginia group’s application was rejected. Seeing the assistance as essential to the success of welfare-to-work efforts in the coalfields, the group then applied for a second round of funds.

RADA, which joined the group applications to DOL as well as applying on its own, reports it was given two reasons for the applications’ rejection. The program cost per participant was considered too high, and the \$6.50 per hour wage estimated for participants finding jobs was considered too low.

Other joint efforts in southwestern Virginia have been undertaken by the Lenowisco Planning District; for example, the district has started an entrepreneur incubator. Wise County residents interested in economic development are painfully aware of the differences between their southwestern corner of the state and northern Virginia (in the Washington, D.C. metropolitan area), where by one report there are 19,000 “surplus” jobs. Many of those jobs are in telemarketing and technology fields, and therefore – at least in the eyes of local partisans – could easily be shifted to southwestern Virginia.

Several training activities underway in the county do focus on technology. For example, when the state provided upgraded computers for county departments of social services, the outdated computers were given to community colleges for computer training programs.

Training for construction workers is available through the county housing authority's If I Had a Hammer program. HA staff would like to expand that program to train healthcare workers too. There is also talk of training daycare providers, since anyone caring for more than five children must receive state certification.

Some efforts include education in more general skills as well. Local banks have conducted sessions on how to use a checking account and manage funds. Several programs, including FSS, If I Had a Hammer, and Department of Social Services aid, have covered skills such as resume preparation and how to present oneself in a work situation. These sessions can backfire, however, noted one provider, since they can harm the participants' self-esteem.

Additional barriers to self-sufficiency remain, of course, in Wise County as in other places. Social service and housing providers identify transportation, childcare, and health insurance as particularly important. One social service provider said that even before VIP was enacted, people working part time without benefits would rely on government programs and social service agencies for health insurance and other assistance.

Because cars are essential for transportation in the area, the group of agencies that applied unsuccessfully for federal Department of Labor funds wanted to help recipients purchase cars, but received inconsistent responses when they asked whether the funds could be used for such a purpose. In a similar effort, a community action agency serving two nearby counties was also attempting to obtain money to set up a revolving loan fund for automobile purchases. The CAA would purchase used cars and resell them to individuals who could not otherwise afford them. The loans would bear no interest. New loans would be made as old ones were repaid.

Attempts to improve the availability of childcare in the area seem to be meeting with more initial success. Reportedly there are not enough slots available in the area, especially in late afternoon. As a result, Head Start, which once operated from 6:00 a.m. to 7:00 p.m., and then reduced its hours, in mid-1998 was considering expanding them again.

Anticipating an increased need for childcare as a result of welfare reform, RADA implemented a new childcare resource and referral service in conjunction with a similar agency in nearby Tennessee. The Appalachian Regional Commission funded the program for 15 months beginning in spring 1998. While the level of initial inquiries demonstrated a clear interest in the service, its use and impact were not yet known at the time this research was conducted. Focusing on in-home providers rather than centers, the program includes training for providers. RADA is more concerned about ensuring quality care than about helping small providers obtain state licenses, but intends to help with the licensing process as well.

Employers' failure or inability to provide health insurance is also often mentioned as a barrier for would-be workers in Wise County. Interviewees could not identify any good solutions to fill this gap beyond the 12 months of Medicaid provided by the state.

Given all the uncertainties, providers in Wise County hesitated to predict the longer term results of welfare reform. The lack of local jobs was mentioned repeatedly as a major problem in making welfare reform effective. A study of Virginia's welfare reform efforts notes that Wise County's high unemployment rate may lead to automatic hardship exemptions from time limits for VIP/VIEW participants who comply with program requirements.¹¹⁸ Several interviewees saw attracting new employers as the only possible solution, and could not imagine success without new jobs. At least one believed the state is focusing serious attention on aiding its southwestern corner. Another emphasized the need for employers to become involved in the service providers' efforts, and to accept the time commitment required to hire and train former welfare recipients.

Those working to make welfare reform succeed in Wise County disagreed on one possible solution. One social service provider was horrified that the application for DOL funds included relocation assistance to help area residents move elsewhere. Others said, however, that the area simply cannot create enough new jobs for all who need them. Referring to housing and social services as well as jobs, one county service provider summed up the thoughts of many: "We can't do it on local resources."

¹¹⁸*Implementation.*

SUMMARY OF FINDINGS

Welfare reform poses numerous challenges for states seeking to move their public assistance clients into work and towards self-sufficiency. Organizations serving rural communities may also encounter additional, special challenges implementing welfare reform. Agencies serving low-income clients in sparsely settled areas work in environments with limited social service infrastructures and housing assistance resources. In addition, the economies of many rural areas provide few opportunities for high paying employment, since in many cases the economies are dependent on agriculture, extractive industries, tourism, or a single large employer. These factors add a unique dimension to the work of housing and social service providers working in America's small towns and rural countryside.

Because many of the counties visited had implemented welfare reform shortly before the research was performed in Spring 1998, few direct impacts of welfare reform on rural housing were noted. However, housing and social service providers documented early trends they felt might have an impact on housing in the future, focusing many of their concerns on the period when benefit time limits may affect many current welfare recipients. The following is a summary of commonly expressed observations and opinions from local interviews.

Economy and Employment

Most of the counties studied do not have enough jobs available to accommodate all of the welfare recipients trying to move into the workforce. For the most part, the employment available to clients making the transition from welfare to work are service or retail jobs. In almost all cases these jobs do not provide benefits. They also often require employees to work nonstandard hours, and in many cases, provide employment only on a seasonal basis.

Jobs with high wages, or those providing fringe benefits, are often in economic sectors particularly sensitive to price fluctuations. Extractive industries and agriculture may provide good wages, and in some cases substantial fringe benefits, but a drop in price for a single commodity may force local companies to lay off many workers. In Wise County, the coal industry plays this role, while in McKenzie County, oil price fluctuations have an immediate impact on local employment. In Colusa County, frost or other weather-related factors can in any given season have an immediate economic impact on much of the county's low-income population. Two counties, Greene County and Rutland County, are very dependent on tourism. In both counties, a winter with little snow means fewer jobs for low-skill workers. In the case of Crawford County, although the economy is not dependent on a single employer or industry, most of the jobs available are in the retail and service sectors.

Social service and housing providers in these counties felt strongly that welfare reform will only work if more jobs are created in their region. By this they meant jobs with high wages and benefits. Additionally, many of the service providers believed that diversifying the job base and making these counties less dependent on single industries would help in their regions' efforts to move more welfare clients into good paying jobs with benefits.

Housing and social service providers also noted the strong work ethic in their rural communities, an ethic they felt was shared by many welfare recipients. Given support, service providers felt that many of these families would enter the workforce, at least in low-wage jobs. Working in small communities means that most housing and social service providers are not only familiar with each others' programs, but also personally acquainted with many of their clients, and therefore more cognizant of their individual circumstances and needs. This sense of community, noted by at least some housing and social service providers in each of the counties studied, can be a significant asset in meeting the employment and housing needs of rural low-income households negotiating the new environment of welfare reform.

Transportation

Lack of transportation was cited by housing and social service providers in each county as one of the most significant barriers to employment. In most cases, the only public transportation consists of vans for elderly residents. In the few instances where countywide public transportation exists, there are few routes, and they often do not reach the smallest towns. It is difficult to run public transportation in sparsely settled areas, since the routes to remote parts of counties are long, and the ridership is not large enough to make these routes cost-effective.

Given the limited public transportation in these counties, low-income households must either have a car of their own or rely on others for rides to work, arrangements which are often unreliable. However, many welfare clients do not have their own car, and if they do, it is often an older vehicle that is not reliable. Most state welfare systems place a ceiling on the value of a welfare client's car when determining client assets, and low limits for this asset discourage clients from buying a car. In a few of the counties studied, states had raised the allowable value of welfare clients' cars. In many cases, low-income residents must hitch hike to work, a difficult task in sparsely settled areas, or places like Vermont or North Dakota where severe weather may be a problem.

A number of the case study counties have car-related assistance available or in the planning stages. In Greene County, N.Y., state assistance may be used for emergency car repairs or to help purchase car insurance. Vermont's welfare program disregards the value of one car per family when determining applicants' assets. In Crawford County, Ind., the state raised the asset allowance for welfare clients' automobiles, and state assistance is available to fund repairs or help with car purchases. Welfare clients participating in Crawford County's JTPA employment training program can receive some assistance for car-related expenses. In a county nearby to Wise County, Va., a community action agency is trying to set up a fund to provide car loans to welfare recipients, and funding for car purchases was included in the failed application for U.S. Department of Labor welfare-to-work funds submitted jointly by Wise and other southwestern Virginia counties. In the absence of efficient public transportation, the assistance available for purchasing and maintaining automobiles plays a vital role in helping welfare clients find and keep new jobs.

Childcare

The lack of affordable childcare was cited in each county as another significant barrier to employment, especially for single mothers. Remote locations and sparse populations complicate childcare service in rural areas. Limited public transportation and lack of private vehicles make it difficult for many welfare clients to drop off children and still make it to job interviews or work on time. When daycare is available, it is often concentrated in a county's largest town. This can place a burden on residents living in remote areas, especially if their jobs are not in the county seat or population center. In addition, although wages are generally lower in most rural areas than in cities, childcare costs are not proportionately lower in the rural setting. Housing and social service providers interviewed generally felt there was a need for more childcare assistance in their counties. Welfare department staff in a number of the counties observed that many clients make informal care arrangements with neighbors or family, but these arrangements often fall through. Finally, formal daycare often does not provide child supervision past standard working hours. However, many of the low-wage service and retail jobs being taken by welfare recipients require evening and weekend work. Some rural childcare providers are adjusting their hours to address this kind of need, such as the Head Start program in Wise County.

Health Insurance

Most welfare clients in these rural counties, as is true throughout much of the nation, are finding employment in low-wage, low-skill retail and service jobs that do not provide benefits. These welfare clients may continue to receive Medicaid for up to 12 months after finding employment. However, social service case workers expressed concern that their clients will not be able to advance into positions where they will receive health insurance and other fringe benefits before their Medicaid coverage runs out. They worry that their former clients will either continue to work without health insurance, or will have difficulty paying for basic necessities, such as food, rent or utilities, if a medical emergency strikes.

Impact on Housing

Because the implementation of welfare reform has been so recently accomplished in most of the counties studied, housing and social service providers had not considered the possibility that welfare reform might have an impact on the housing situations of welfare clients. In those cases where the intersection of housing need and welfare reform has been considered, with only a couple of exceptions, little local action has been taken to plan for welfare-related housing needs or coordinate housing and services. Two exceptions were Wise and Rutland counties, where housing and service collaboratives have been developed. However, because housing is arguably the most expensive of life's necessities and contributes substantially to family stability, almost all housing and social service providers felt that increasing opportunities for welfare recipients to access good quality, affordable housing will be an important contribution to the success of welfare reform.

In all of the counties examined, demand for rehabilitation services among low-income homeowners exceeds the resources available. Each of these counties also has substantial need

for rental assistance and the development of subsidized rental projects to meet the needs of low-income renters. In most of the counties, housing and social service providers observed that finding decent quality, affordable rental housing is especially difficult for single parents and large families. Although these housing needs existed prior to welfare reform's implementation, local housing and social service providers felt that these needs are most likely to be exacerbated by welfare reform in the future, especially once benefit time limits take effect.

Overall, housing and social service providers agreed that welfare reform's impact on housing in rural areas will not be fully felt until benefit time limits went into effect in their states. Although welfare caseloads are dropping in each of the states studied, housing and social service providers noted that a number of households receiving assistance will have great difficulty making the transition from welfare to work. These households will be most likely to lose their benefits to time limits. A few people interviewed felt that homelessness will increase in their areas when this happens, but most expressed general concern that not enough resources will be available to help these families stabilize their housing situations. Many thought that low-income homeowners will not be able to afford maintenance to address significant health and safety hazards, and that renters will have difficulty paying their rent or utilities. They also fear that even if literal homelessness does not increase, their areas are likely to see an increase in families doubling up to lower their housing costs. To a greater or lesser degree, if these trends appear with the advent of time limits, local housing organizations were concerned that it will stretch their budgets trying to meet the greater needs of current clients, while trying to extend additional assistance to new clients. Although these issues have not yet arisen in any of the counties studied, these concerns were prominent among all the housing and social service providers interviewed.

Collaborative Efforts: Filling the Gaps in a Limited Service Infrastructure

In a number of counties, notably Colusa, Greene, and McKenzie, many housing and social services are provided by organizations with multi-county jurisdictions. Most of these groups and agencies are located in neighboring counties. This makes it harder for low-income households to hear about available services, and given the distance or rugged terrain of these rural counties, welfare clients often have difficulty visiting these organizations. It also is more difficult for multi-county organizations to develop collaborative housing and service plans, since in many cases multi-county service organizations may have jurisdictions that only overlap to a small degree. Nonetheless, the most effective measures taken by rural housing and social service providers in the counties studied involve the development of collaborative initiatives to better meet the needs of low-income households generally and welfare clients in particular.

Rural housing and social service agencies are often smaller than their urban counterparts. Rural areas, particularly those that are very sparsely settled, have fewer professional and financial resources available to develop new service programs or housing projects. By pooling their resources, rural housing and service organizations can make the most of their human and financial capital, and target local needs in a more holistic manner.

The Rutland Collaborative in Vermont is able to address gaps across the full continuum of the county's housing need because its member organizations provide housing services that run the gamut from homelessness assistance, to subsidized rental housing, and to affordable homeownership. For example, tenants renting apartments owned by the Rutland Community Land Trust can receive information about homeownership classes at Rutland West's homeownership center. If some of these tenants make the transition to homeownership, they not only build assets for their own families, they also open up subsidized apartments for other low-income households. Additionally, the Rutland Collaborative has been able to pool the financial resources and professional skills of the member organizations to develop a project filling a housing need fostered by welfare reform. Teen mothers cannot receive welfare assistance unless they live with family, or in a "supervised setting." The Rutland Collaborative, as of 1998, was well underway planning the development of a small rental project that will house teen parents who cannot live at home. It will also be the focal point for the service provision these teen parents will need to move to self-sufficiency.

Wise County in Virginia is involved in collaborative ventures on a regional scale. The directors of ten housing authorities in southwest Virginia meet monthly and have formed a nonprofit housing development organization. Its first project, underway in 1998, is for elderly residents in nearby Washington County. This collaboration taps into the common interests of these rural housing authorities, and allows them to pool their resources to meet challenges they feel are not shared by less rural parts of the state.

Other collaborative efforts have focused on moving welfare clients into employment, and some of these have involved housing organizations. The Wise County Housing Authority received a Family Investment Center grant from HUD in 1995, which required the housing authority to develop partnerships with approximately 20 local service agencies. The housing authority's director felt that one of the most significant benefits from the project is the knowledge gained by all the groups about each other's work, where they duplicate efforts, and where service gaps exist. In Arkansas, the reformed welfare system requires each county to create a local coalition of public agencies, private service providers, churches, and businesses. This coalition has played a significant role in moving a large number of welfare clients into jobs in one of the poorest counties in the state. Indiana also requires counties to establish Welfare Planning Councils involving local service providers and businesses. In addition, Crawford County, Ind., has an informal collaborative, the "Step Ahead Council," which is a coalition of human service providers who meet monthly to share information and coordinate their programs. Finally, the community action agency serving McKenzie County in North Dakota participates in the Region VIII Children's Services Coordinating Committee, an informal collection of child service providers in a multicounty jurisdiction that includes McKenzie County.

Wise County has also joined in regional efforts to coordinate economic development efforts and employment training programs. A variety of state agencies and local entities from southwest Virginia's rural counties joined together in a funding application to the U.S. Department of Labor. They proposed a regional project providing intensive case management, including training and mentoring, for hard-to-serve welfare recipients. Although the application was rejected in June 1998, this group continues to work together and has applied for Department of Labor funds again.

Collaborative ventures have proven very useful for rural housing and social service providers trying to improve housing and employment opportunities for welfare recipients. Funding to develop new collaborative networks between rural housing and service organizations, and to support the ongoing work of existing collaborative efforts, would help rural communities better coordinate scarce resources to assist their low-income residents. Small rural organizations and public agencies are often hindered in their work by isolation, limited financial resources, and retention of professional staff. Through this kind of collaboration, some rural areas have been able to develop creative new housing assistance models, more holistic service provision, and increased movement of welfare clients into jobs. Rural communities have a long history of working together in this fashion, from barn raisings to quilting bees. New collaborative ventures are a strategy in the same vein, pooling scarce resources to improve the prosperity of rural communities.

This report profiles the initial impacts of welfare reform in seven rural counties around the United States, and highlights the intersection between access to affordable housing resources and changes in social service delivery brought on by welfare reform. Employment in low-paying seasonal and extractive industries typical of many rural areas; lack of public transportation linking small, remote towns with services and jobs in county population centers; limited child care resources; and the need for greater collaboration between rural affordable housing and social service providers were issues raised in each of the rural counties studied. Although the report highlights the challenges these rural communities have encountered in implementing welfare reform, it also provides examples of innovative collaborations linking social service and housing assistance provision.

ISBN 1-58064-114-8