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Workfare Programs in Rural America: Joblessness in Ohio's Appalachian Counties

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In 1988 the Family Support Act was passed into law requiring welfare recipients to participate in work experience programs to receive their welfare benefits. This paper questions the effectiveness of mandatory workfare programs in rural impoverished regions of the United States. The Appalachian counties of Ohio are used as a case example to demonstrate the problems in implementing workfare programs in economically distressed regions where limited job opportunities exist. Implications for policy are examined, alternatives to mandatory work programs are discussed, and further research to determine the utility of workfare programs is called for.

On October 13, 1988, President Reagan signed the Family Support Act into law. This welfare reform act requires that one adult in each two-parent household participate in job search and community work experience programs by 1994. Known as “Workfare,” this law is intended to get people off welfare and into jobs (Bradshaw, 1988). The Family Support Act requires that each state operate jobs opportunities and basic skills programs that will provide education, training, and employment assistance for families receiving welfare. Welfare recipients with preschool children are required to participate and are to receive transportation and child care assistance. This push for employment assumes that the job market can provide employment for those who are to be educated and trained. There are no special provisions for economically distressed regions with limited employment opportunities such as those found in rural America. This paper discusses the shortcomings of mandatory workfare programs in impoverished rural areas. In many instances
the establishment of workfare programs in rural areas has reduced welfare caseloads but has not created more than minimal employment for the working poor. This paper explores successes and failures of workfare programs in Ohio and in other parts of the country. Policy implications are discussed, alternatives to workfare programs are offered, and subsequent conclusions are examined in view of special problems of rural poverty.

The nation's largest rural population is found in Appalachia. This mountainous region includes 397 counties in 13 states and extends from Alabama to New York (Appalachian Regional Commission, 1985). The state of Ohio provides a unique case example of a single state divided between urban and rural areas. Twenty-eight of the state's 88 counties border the Ohio River and are designated as part of the Appalachian region. The Appalachian Regional Development Act of 1965 called for a commission of governors in the region. This commission of governors was established "...to reduce or eliminate the social and economic problems that were perceived to be endemic in the area as a consequence of isolation and neglect" (Watts, 1983, p. 226). The Appalachian counties of Ohio are part of the more rural, less prosperous region of this highly populated state that is at the forefront of voluntary development of workfare programs.

Workfare in Ohio During 1980–1990

The Omnibus Budget Reconciliation Act of 1981 gave states permission to develop alternative approaches to providing welfare assistance. In November, 1981, the Ohio legislature passed House Bill 694 allowing counties to establish work programs for employing recipients of Aid to Families with Dependent Children (AFDC), Aid to Families with Dependent Children where the principal wage earner is unemployed (AFDC-U), or General Assistance (GA). In June of 1982, Ohio Senate Bill 530 established the Ohio Fair Works Program which was implemented on a demonstration basis in 5 counties in March of 1983. In December, 1982, legislation mandated the Ohio Department of Human Services to provide employment and training programs to welfare recipients throughout the state. Implementation began in 5 counties in 1983 on a phase-in basis. In October, 1988, 29 Ohio
counties had a mandatory work program, with one county being located in the state’s Appalachian region (Lowe, 1988). As a result of the Family Support Act’s creation of Job Opportunities and Basic Training Program (JOBS) for welfare recipients, the state of Ohio plans to have mandatory work programs, JOBS programs, in every county by January, 1991 (Bradshaw, 1988).

In Ohio, the early workfare program consisted of four primary components: community work experience, subsidized employment, job club, and education and training programs (Potomac Institute for Economic Research, 1985). The heart of workfare programs across the country, as well as in Ohio, is the Community Work Experience Program (CWEP). Sixty percent of participants in CWEP in Ohio are employed by public agencies or private nonprofit corporations (Potomac Institute for Economic Research, 1985). CWEP participants are not paid a wage and the number of hours that they are required to work each month is equal to the amount of their grant divided by the minimum wage. Subsidized Employment Program (SEP) participants are employed in full-time jobs by for-profit firms and are compensated at market wages. SEP participants’ grants are given to the employer as reimbursement for the cost of hiring and training welfare recipients and for paying participants through company payroll processes. In 1985, only 1% of the workfare participants in Ohio were in the SEP program.

In the Job Club Program, participants receive two weeks of classroom instruction in job seeking techniques and six weeks of supervised job search. In the education and training program they are assigned to a course of study that will increase their employment potential. Participation in education and training is limited to 2 years. Approximately 20% of workfare participants are in education and training programs and about 15% are in Job Club (Potomac Institute for Economic Research, 1988).

The Ohio Fair Work Program began on a demonstration basis in 5 nonrandomly selected counties. Two major evaluations of this demonstration project were completed through contractual agreements with external evaluators (Potomac Institute for Economic Research, 1985, 1988). These evaluations are strikingly different in methodology and reported outcomes.
A summary of findings from the 1985 evaluation reports that: (a) Consistent with overall economic improvement, welfare caseloads leveled off throughout the state of Ohio between 1981 and 1983. Thus, “only a portion of the change in welfare dynamics in the demonstration counties can be credited to the work programs themselves” (Potomac Institute for Economic Research, 1985, p. 6). (b) There was some success in putting welfare recipients into jobs and reducing welfare caseloads at least temporarily. (c) There was great diversity among programs administered at the local level, particularly in regards to the enforcement of mandatory participation in workfare programs. (d) Large numbers of welfare recipients eligible to participate in workfare programs were placed in a pending category due to a lack of appropriate work sites, lack of space in job club or training courses, and failure to complete the initial assessment. In the pending category, individuals had no programmatic responsibilities and often no contact with the program. It has been estimated that about 30% of welfare recipients are active workfare program participants (Potomac Institute for Economic Research, 1988). (e) CWEP was the mainstay of the program, 50% of active participants; SEP was virtually nonexistent, 1% of active participants. (f) Caseload declines varied between 8% and 15% with the cost savings from welfare caseload reduction offsetting workfare program costs by 50%. The researchers remarked in the report that the program will never be able to pay for itself. One estimate places the cost of the five-county demonstration project for 1983 and 1984 at $2,000,000 (Potomac Institute for Economic Research, 1985). This is clearly an underestimate of cost associated with workfare in Ohio. State and federal dollars allocated for the demonstration counties in just the 1984 year totaled $2,409,983 (Office of the Budget, 1990). Similar data for 1983 are unavailable but can be conservatively estimated at $2,000,000 for program implementation in this initial year.

The second evaluation of the demonstration project included the period from 1983 through 1987 and reported the five-year period as positively contributing to cost savings in welfare caseloads. The findings of this evaluation conclude that: (a) There was a noted significant reduction in welfare caseloads in all
five demonstration counties. AFDC rolls were reduced by 7.9%; AFDC-U was reduced by 36.5%; and General Assistance was reduced by 30%. (b) The reduction in welfare caseloads saved Ohio approximately $20,000,000 (Potomac Institute for Economic Research, 1988).

It is apparent that the final reports of these two evaluation include conflictual findings. The 1985 evaluation looked at the rate of welfare applications and the rate of case terminations between counties with work programs and those without work programs. Hidden costs for future consideration were identified from workfare's budgetary needs such as its impact on other state programs; administrative costs; additional staff; program planning assistance; development of a statewide funding formula; technical assistance and training; and ongoing program monitoring and evaluation (Potomac Institute for Economic Research, 1985).

The 1988 evaluation predicted welfare caseload trends and concluded from regression analysis that caseload reduction was cost effective. The data set used cross-sectional time series quarterly data. Factors used to predict caseload trends included unemployment rates, caseloads before workfare program implementation, population, poverty rate, rural population, population density, and percent of work force in manufacturing for each of the 5 demonstration counties; and statewide caseload statistics. “To calculate the welfare savings, the estimated caseload reductions are simply multiplied by the average monthly welfare benefit in Ohio during August 1987” (Potomac Institute for Economic Research, 1988, p. 26). This calculation does not include federal and state money spent in support of workfare in determining cost savings. Federal and state money allocated to the 5 demonstration counties during the 1984 to 1987 period, totals at least $9,110,542 (Office of the Budget, 1990). If the $2,000,000 allocation estimated by the authors for 1983 were included, the total of federal and state money allocated would be about $11 million. These federal and state funding allocations offset the $20 million savings claimed in the final report of the Potomac Institute for Economic Development (1988).

Several other important factors determining cost savings from work programs are missing from this evaluative study:
(a) data reporting the actual number of AFDC, AFDC-U, or GA recipients who were active participants in workfare programs; (b) distinction of welfare cases that closed in response to workfare program employment versus factors such as death, marriage, relocation, or employment without participation in the workfare program; (c) an accounting of expenses directly involved in delivery of workfare program opportunities; (d) inclusion of administrative, staff and office space costs carried by each county; and (e) caution in projecting findings from the nonrandom demonstration project to the entire state of Ohio. It must be noted that of the five counties involved, three are adjacent to major Ohio cities, one includes several small factory towns, and one is a central storage and processing location for a major oil company. None of the 5 counties are Appalachian or are among the 39 poorest counties in Ohio according to 1989 poverty indicators (Ohio Poverty Indicators, 1989).

Poverty in the Appalachian Region of Ohio: A Case for Workfare?

Between 1980 and 1987, poverty has increased in the Appalachian region of Ohio from 15.6% to 19.6%. In 1987 the poverty rate in the 28 Appalachian counties was above the rate of the 10 largest urban areas in Ohio (14.3%), and above the remainder of the state as well (10.8%) (Ohio Poverty Indicators, 1987). "During the 1970s, poverty rates in Appalachia declined significantly. This improvement was entirely erased in the 1980s, and Appalachian poverty is now more severe than it was 17 years ago" (Ohio Poverty Indicators, 1987, p. 47). All of the 15 Ohio counties with the highest 1987 poverty rates are from the Appalachian region with poverty encompassing as much as 36.8% of the population. The poverty rate has increased by more than 90% between 1980 and 1987 in many Appalachian counties (Ohio Poverty Indicators, 1987).

In Ohio’s 28 Appalachian Counties, there are approximately 249,000 people living below the poverty level. As a means of identifying the near poor, a poverty rate of 125% was projected for 1987 (Ohio Poverty Indicators, 1987). Seventeen of the top twenty counties with 125% or greater poverty rates are from the Appalachian region. In four Appalachian counties, 40% of the
population have incomes below 125% of the poverty level. There are other indicators that poverty continues to be a way of life for residents of Appalachian counties in Ohio. With the decline of manufacturing and coal mining industries unemployment continues to be high. There are few labor intensive industries left in southeastern Ohio. Any increase in jobs has been in the service area which offers salaries to employees. Unemployment rates continue to be higher in Appalachian Ohio than in the rest of the state. Appalachian counties had an unemployment rate of 13.4% in 1985, as compared to 9.3% for the non-Appalachian counties (Ohio Department of Development, 1985). Appalachian counties had higher unemployment in 1987 than non-Appalachian counties, 10.32% as compared to 7.32%. All of the Appalachian counties were above the statewide unemployment rate of 7.0%. Five counties with unemployment rates above 13% were located in the Appalachian region of the state (Ohio Labor Market Information, 1987). These unemployment figures underestimate the actual occurrence of unemployment as many workers in this region have become discouraged and are no longer seeking employment. There is a large amount of underemployment evidenced by a substantial proportion of working poor who are not included in the official unemployment figures.

Limitations of Mandatory Work Programs in Reducing Poverty

It is proposed that the implementation of the Ohio Fair Work Program will be much more difficult in Appalachian counties than in other parts of Ohio. In May of 1987 the first workfare program was implemented in one Appalachian county in southeastern Ohio. The following factors make finding jobs for welfare recipients difficult: (a) high unemployment rates, (b) high poverty rates, (c) scarcity of adequately paying jobs, and (d) rural isolation.

West Virginia, a state adjacent to Ohio, has a nondiversified economy similar to that of the Appalachian region of Ohio. "The West Virginia Work experience program failed to raise either earnings or employment rates, nor was there a reduction in welfare dependency. The rural nature of the state and high
unemployment was thought to limit job opportunities and the success of the program..." (Interagency Low Income Opportunity Advisory Board, 1988, p. 76–88). These are the same kinds of pragmatic problems that confront workfare programs in Appalachian Ohio and other similarly impoverished rural-break areas.

David Ellwood (1988) argues that most workfare programs do not address the real problems for welfare recipients, i.e., the need for an improved job market, adequate wages and more secure jobs. Ellwood (1988) believes that the goals should be "...to replace welfare with something that gives people real options, a real chance to be independent, and a real reason to work. Mixing work and welfare is not the answer. We need a new direction" (p. 154).

There is a strong belief among legislators that individually-oriented programs such as workfare can move people off welfare. However, research findings do not support this belief. "Enhanced job search skills and mandatory work requirements will do little if employments prospects are dim" (Nichols-Casebolt and McClure, 1989, p. 78).

Despite these findings, victims of poverty continue to be blamed for their situation. Kane (1987) has stated that the causes of poverty have traditionally fluctuated between structural and attitudinal factors. He says that one side of this argument is that poverty is caused by a lack of jobs, education, or job skills, i.e., structural causes beyond the control of the individual. The other side states that people are poor and jobless because of personal pathology that causes them to devalue education and middle class values. These antieducation and antimiddle class values are passed on intergenerationally resulting in a self-perpetuating situation. This attitudinal view, better known as the culture of poverty view, was first postulated by Oscar Lewis (1966) and has been the dominant understanding of poverty and policy development. Goodwin (1983) states that research findings consistently show that the workfare concept is based on faulty assumptions that welfare dependency is caused by a preference for welfare and that there are jobs available in the private sector that would allow welfare recipients to adequately support their families. Murray (1984) argues that the high welfare
benefit levels created by the War on Poverty have actually promoted welfare dependency, rather than self-sufficiency among the poor. This culture of poverty model has been utilized consistently by conservatives to argue for cutting welfare benefits (Kane, 1987).

Policy Implications

Goodwin’s research (1983) should prompt us to reassess the effectiveness of workfare programs and to question the validity of success claims such as those cited by the Potomac Institute for Economic Research (1988). Goodwin refers to a study conducted in Massachusetts where 1,000 ADC fathers were found to be eligible for workfare and were randomly assigned to either the workfare experiment or to a control group. In the experimental group, 63% of the fathers had unsubsidized employment during the program as compared to 57% of those with unsubsidized employment in the control group. There was no discernable difference between workfare participants and nonparticipants. It appears that most of the experimental group would have found employment with or without the assistance of the workfare program (Goodwin, 1983).

Another study reports similar difficulties with work program outcomes.

For the AFDC-U applicants — primarily men from two-parent households — the results are mixed. Both programs substantially reduced welfare costs but did not increase employment significantly, with the result that taxpayers gained but the welfare applicants did not. A final judgement on the programs’ effectiveness for this group depends on the relative weight given to these outcomes...the findings offer valuable evidence on the potential and limits of job search and work experience in increasing employment and reducing welfare dependency. (Manpower Demonstration Research Corporation, 1986, p. vii)

Rein (1982) states that workfare “provides poor work situations, and no salaries; and although the program is supposed to prepare recipients for labor-market jobs, it is difficult to see
how, under these conditions, it can provide either training or motivation” (p. 225). If we assume that community work experience (workfare) only provides poor work situations, no financial incentive and little training, then why is the program flourishing at this point in time? The additional burdens of high unemployment and high poverty rates in Appalachian counties act as barriers to the operation of a successful workfare program. If the program is not providing the participants with job skills and employment, it can be questioned whether workfare functions to foster discouragement of welfare applications and under-utilization of welfare benefits (Goodwin, 1983).

Nancy Goodban (1985) assessed the psychological impact of welfare dependence and raised the issue of stigmatization of those individuals who are devalued for being poor and on the public dole. The concern is raised that the welfare system induces guilt, shame, and stigmatization. If so, workfare without long-term employment will most likely force people to either not apply for welfare or leave the system prematurely.

Alternatives to Mandatory Work Programs in Impoverished Rural Areas

Appalachian counties in Ohio typify many rural areas found throughout the country. Widespread unemployment, underemployment, inadequate social and economic supports for private sector growth, substandard housing, inadequate educational systems, and extensive poverty can be found in many isolated, sparsely populated areas. Social welfare policies and programs that support systemic development of social and economic structures, including private sector job development, must be put into place. Blaming the unemployed as “unemployable” perpetuates structural deficits and faults the victim rather than the system. The working poor, those difficult to place in employment and those who are unemployed, need to be helped by federally assisted programs designed to reverse the long-term poverty in rural areas. Specific policies and programs need to be developed to enable individuals to find adequate employment. The following recommendations modify mandatory work programs and have both short-term and long-term benefits.
**Job Development Program**

Real jobs need to be developed in rural regions such as Appalachia. A minimum wage job can provide pay for real work and reduce welfare dependence and unemployment. Providing minimum wage jobs will restore a sense of self-worth and dignity to workers. In many rural areas, initial attention must be given to the inadequacy of social and economic support systems that underpin local economies. A comprehensive, economic development plan that goes beyond cosmetic road building and sewage system installation is called for to meet the basic needs of those individuals living in rural areas. Tax incentives could be expanded to include wage supplements for a one-year period payable to new industries that recruit and hire 90% of their workforce from the local population. Enforcement of requirements to hire "trainees" or those hired on supplemental funds must be implemented in order for employment efforts to be effective. In addition to tax incentives, rural areas need to be marketed as rich in natural and human resources.

One means of marketing local resources is through cooperatives of local people. Task forces comprised of community leaders, consumers and public representatives need to be developed to assess resources and needs and to build local cooperative organizations for producing and marketing goods. Increasing capital availability in rural counties and small towns is a priority. Minimum wage floor compliance by employers, ethical employment practices and retention of newly developed jobs could be addressed through such task forces.

**Supporting Real Employment**

One requirement of private sector industry is that knowledge and skills of local populations be adequate to support both labor-intensive operations and technical functions in manufacturing or service industries. Government subsidy of educational programs in impoverished rural areas is called for in order to upgrade local populace knowledge and skill levels for employability in private sector industry. The problem of illiteracy affects at least 20 million adults in the United States, many of whom live in rural areas. Of rural illiterate individuals, 13% live below
the poverty line (Levitan and Shapiro, 1987). Special programs need to be developed to promote the retention and graduation of high school students. Students between ages of 14 and 21 who are enrolled in high schools or vocational programs could receive funding to encourage education and skill development. This type of subsidy would provide students with the experience of earning a wage and building confidence in their ability to be meaningfully employed. Affordable day care, dental care and medical care need to be provided to those living at or near the poverty level.

*Governmentally Funded Jobs Programs*

The preservation of natural resources in rural areas is crucial to the well-being of present and future generations. Therefore, job development in long-term restoration of forests, waterways, wildlife, soil crop development and resource utilization is appropriate in protecting the environment while providing meaningful employment for many.

*Quality of Life Supports*

Opportunities for emotional, educational, and personal growth should be realities for all people, not just those who can afford such "privileges." Education concerning family living — health, child care, parenting and marriage needs to be woven throughout K–12 curricula. Support programs need to be established to provide high school students with the necessary competence, knowledge, and skills to encourage their attendance and completion of post-secondary education. Housing starts, trade schools, cultural and recreational activities are important in retaining youth in rural areas.

*Support Those in Transition*

Job development, employment, governmental subsidies and quality of life supports are all important in launching both young people and previously unemployed or working poor into meaningful job patterns. Ellwood (1988) wisely proposes a transitional system of support and recommends five significant
welfare reforms: (a) ensure that everyone has medical protection; (b) make work pay so that working families are not poor, raise the minimum wage, expand the earned income tax credit, and make the child care tax credit refundable; (c) adopt a uniform child support assurance system and make absent fathers pay for child support; (d) convert welfare into a transitional system designed to provide short-term financial, educational, and social support for people who are trying to cope with a temporary setback; and (e) provide minimum-wage jobs to persons who have exhausted their transitional support. Ellwood (1988) believes that these five recommendations will provide the necessary support to working poor and single parent families, assist people having temporary difficulties and offer hope to all people that they can find employment if they are willing to work. He believes that these five recommendations, while not new, can encourage individuals to seek employment and can make employment experience rewarding.

Conclusions

The future of workfare policy can only be influenced by empirical observation and utilization of research methods to test the current success of workfare programs. A strong research effort is needed to address some important questions about workfare programs in impoverished rural regions in the United States. Quantitative and qualitative studies need to address several questions. (a) Can welfare dependency and inadequate social and economic supports be separated? (b) To what extent do workfare programs reduce welfare dependency in rural impoverished areas? Of those who find jobs through a workfare program, how many would have found employment without the help of such a program? Does the employment of workfare participants take jobs away from others in the community who are not on workfare? How effective will this program be once the most employable participants are employed and the program is extended to all welfare recipients across the state? (c) What are the social and economic values of the community service work performed by the participants? (d) How cost-effective is the workfare program? What are the additional costs incurred by other departments outside the welfare department as
a result of the implementation of workfare programs? (e) What is the level of community support for the program? (f) How do participants in the program "really" feel? How effective is workfare in increasing their employability and improving their skills? How effective is workfare in producing new jobs that are "real" jobs? (g) How might Ellwood's suggested programs impact poverty in rural areas such as Ohio's Appalachian region? (h) What is a feasible and more equitable way to approach the problem of poverty and welfare dependency?

These are some of the many research questions that need to be addressed. Social welfare policy makers need to be provided with empirically based analysis of work programs if they are to reconsider workfare programs from an informed perspective. If education, training, and work programs are proven to be effective, voluntary participation will occur. If not, these programs need to be made more effective. In making programs mandatory, clients are not empowered to solve their own problems. Without research based advocacy, there is a strong likelihood that the people of impoverished rural America will continue to have little voice in the workfare programs in which they are forced to participate.

References


