

WRP

Final Report on Vermont's Welfare Restructuring Project

Vermont's Welfare Restructuring Project (WRP) was one of the earliest statewide reform programs initiated under waivers of federal welfare rules granted before the passage of the 1996 federal welfare reform law. Operating statewide from 1994 to 2001, WRP required single-parent welfare recipients to work in a wage-paying job after they had received cash assistance for 30 months, and it offered minimum-wage community service jobs to those who could not find regular, unsubsidized jobs. If a recipient did not comply with the work requirement, the state took control of her grant, used the money to pay her bills, and required her to attend frequent meetings at the welfare office. The program also included modest financial work incentives to encourage and reward work. Vermont's current welfare program shares many features with WRP.

MDRC evaluated WRP under contract to the State of Vermont. Between 1994 and 1996, welfare applicants and recipients were assigned at random to WRP or to the Aid to Needy Families with Children (ANFC) group, which remained subject to the prior welfare rules. (A third group received WRP's incentives but was not subject to the work requirement.) WRP's effects were estimated by comparing how the groups fared over a six-year follow-up period.

Key Findings

- **WRP increased employment and reduced reliance on cash assistance for single-parent families.** The WRP group was slightly more likely to work than the ANFC group initially, and the difference grew much larger when parents began reaching the work requirement. At the peak, the employment rate for the WRP group was 10 percentage points higher than for the ANFC group. Over six years, the WRP group earned an average of about \$500 (9 percent) more per year than the ANFC group and received about \$300 (12 percent) less per year in cash assistance payments. The work requirement was needed to generate these effects: WRP's financial incentives alone did not lead to increases in employment, probably because the incentives were not substantially different from those under the prior rules. WRP had few effects for two-parent families, who make up a small percentage of Vermont's welfare caseload.
- **WRP had little effect on family income, material hardship, or child well-being.** The WRP group's higher earnings were largely offset by their lower welfare payments; as a result, average income for the WRP group was about the same as average income for the ANFC group. However, consistent with the program's goals, members of the WRP group derived a greater share of their income from earnings and a smaller share from public assistance. Because WRP did not raise family income, it is not surprising that it also had few effects on hardship. WRP also had few effects on child outcomes.
- **WRP's work requirement was implemented as planned, but, contrary to initial expectations, very few community service employment positions were needed.** WRP's planners anticipated that a large-scale community service employment (CSE) program would be needed for parents who could not find unsubsidized work after the 30-month point. In fact, only 3 percent of single parents in the WRP group ever worked in a CSE position. Less than half the WRP group ever received 30 months of assistance, and most of those who were subject to the work requirement (which was usually part time) were able to find unsubsidized jobs in the extremely healthy economic climate that existed throughout the study period.
- **WRP saved money for taxpayers.** The WRP group received few services that were not also available to the ANFC group. Thus, the program's net cost was low and was more than offset by the public assistance savings it generated.

WRP differed from most states' approaches to welfare reform. Most important, welfare receipt was not time-limited, and grants were not reduced or closed if recipients failed to meet the work requirement. The evaluation's generally positive results show that there are diverse paths to the widely supported goals of increasing employment and reducing reliance on cash assistance.