

September 2004

# WELFARE REFORM

## Rural TANF Programs Have Developed Many Strategies to Address Rural Challenges



GAO

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Highlights of [GAO-04-921](#), a report to congressional requesters

## Why GAO Did This Study

About 49 million people, or 17 percent of the country's total population, live in rural communities, and 18 states have at least a third of their population in rural areas. Rural areas often have less favorable employment conditions than urban areas and have fewer public transportation options to help people get to and from work. Given these conditions and the Temporary Assistance for Needy Families (TANF) program's emphasis on moving recipients into jobs and on the path toward self-sufficiency, some have questioned how welfare reform is working in rural areas. To inform discussions of these concerns, GAO is reporting on (1) the size and distribution of the rural TANF caseload and how the caseload's size has changed over time, (2) the challenges and strengths that rural TANF programs have in implementing welfare reform, (3) the strategies being used to address these challenges, and (4) what the Department of Health and Human Services (HHS) is doing to help rural areas address these challenges. To obtain this information, we used multiple methodologies, including analysis of county-level caseload data, as well as site visits, a review of studies on welfare reform in rural areas, and numerous interviews with caseworkers, government officials and other experts.

[www.gao.gov/cgi-bin/getrpt?GAO-04-921](http://www.gao.gov/cgi-bin/getrpt?GAO-04-921).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Cynthia M. Fagnoni, (202) 512-7215, or [fagnonic@gao.gov](mailto:fagnonic@gao.gov).

## WELFARE REFORM

# Rural TANF Programs Have Developed Many Strategies to Address Rural Challenges

## What GAO Found

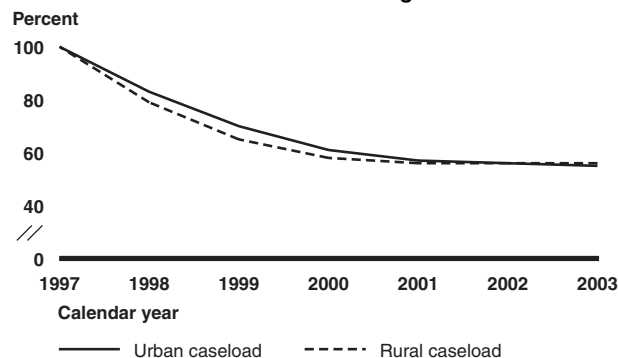
According to our analysis of 48 states, about 293,000 families living in rural counties received TANF cash assistance during an average month in 2003. Rural TANF families are about 14 percent of all TANF families, but the rural portion of individual states' TANF caseload ranges from 0.02 percent to 77 percent. Rural TANF families are concentrated in counties with disadvantaged conditions, including high unemployment and low median income. Since 1997, when welfare reform was implemented nationally, rural and urban TANF caseloads have declined by about the same amount—44 percent—when all reporting states' counties are aggregated.

The rural TANF caseworkers and service providers at sites we visited reported that transportation difficulties, job shortages, low wages, and lack of services, especially child care, challenged their efforts to help clients become employed and move toward self-sufficiency. However, they also cited strengths, including collaboration and personal attention to clients.

To address the challenges they face, the rural TANF programs we visited have employed a variety of strategies including nontraditional methods of connecting clients with services and cooperative arrangements that leverage resources. Some of the strategies adopted by rural TANF agencies take a more targeted approach, working to overcome one particular challenge or set of challenges that clients face, especially in the areas of transportation, employment, and child care.

The Department of Health and Human Services' Administration for Children and Families has undertaken several efforts that could assist TANF programs and recipients in rural areas. These include rural conferences, a demonstration project, technical assistance to rural programs, and a rural task force with representatives from different programs, including TANF. Plans are under way for an Earned Income Tax Credit (EITC) initiative targeting rural TANF recipients.

**Rural and Urban TANF Caseload Changes between 1997 and 2003**



Source: GAO analysis of data provided by 37 states on the average number of families receiving cash assistance under state TANF programs in each of the states' counties during months of 1997 through 2003.

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# Contents

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<b>Letter</b>		<b>1</b>
	Results in Brief	2
	Background	4
	The Rural TANF Caseload Is About 14 Percent of the National Caseload, Is Concentrated in Economically Disadvantaged Counties, and Has Declined at About the Same Rate as the Urban Caseload	6
	Rural Areas Present TANF Clients with Shortages in Jobs and Services but Also Foster Program Collaboration and Personal Attention to Clients	13
	Rural TANF Programs Transport Services to Clients and Leverage Resources to Provide Mentoring, Transportation, Job, and Child Care Assistance	20
	HHS Has Several Initiatives That Could Benefit Rural TANF Programs	34
	Concluding Observations	37
	Agency Comments and Our Evaluation	38
<b>Appendix I</b>	<b>Scope and Methodology of TANF Caseload Data Analysis</b>	<b>39</b>
<b>Appendix II</b>	<b>Comparisons of Demographic and Socioeconomic Characteristics of Counties with Different TANF Characteristics</b>	<b>42</b>
<b>Appendix III</b>	<b>TANF Caseload Data by State</b>	<b>44</b>
<b>Appendix IV</b>	<b>Comments from the Department of Health and Human Services</b>	<b>47</b>
<b>Appendix V</b>	<b>GAO Contacts and Staff Acknowledgments</b>	<b>50</b>
	GAO Contacts	50
	Staff Acknowledgments	50

---

---

**Bibliography**

51

---

**Related GAO Products**

53

---

**Tables**

Table 1: Comparison of Characteristics of Rural Counties with Different Proportions of Their Population on TANF	42
Table 2: Comparison of Characteristics of Rural Counties with Different Degrees of TANF Caseload Change, 1997-2003	43

---

**Figures**

Figure 1: Percentage of TANF Families, in Each State, Living in Rural and Urban Counties	7
Figure 2: Location of the Quarter of Rural Counties with the Highest Proportion of Families Receiving TANF	9
Figure 3: Rural and Urban Caseload Changes between 1997 and 2003	11
Figure 4: Rural and Urban Caseload Changes by State, 1997-2003	12
Figure 5: Customer Service Representative at Work Central's Call Center in North Carolina Using Geographic Software Program During a Call to a Customer	22
Figure 6: Mock Hotel Room for Housekeeping Training at Community College in Mississippi	31

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### **Abbreviations**

ABE	adult basic education
ACF	Administration for Children and Families
EITC	Earned Income Tax Credit
ERS	Economic Research Service
GED	general equivalency diploma
GOLD	Golden Opportunities for Lifelong Development
HHS	Department of Health and Human Services
MOE	maintenance-of-effort
OEI	Occupational Enterprises, Inc.
OFA	Office of Family Assistance
PREP	People Realizing Employment Possibilities
PRWORA	Personal Responsibility and Work Opportunity Reconciliation Act of 1996
TANF	Temporary Assistance for Needy Families
WIA	Workforce Investment Act

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United States Government Accountability Office  
Washington, DC 20548

September 10, 2004

The Honorable Charles E. Grassley  
Chairman  
The Honorable Max Baucus  
Ranking Minority Member  
Committee on Finance  
United States Senate

The Honorable John D. Rockefeller, IV  
United States Senate

About 49 million people—17 percent of the country’s total population—live in rural America, and 18 states have at least one-third of their population in rural areas. In general, rural areas have less favorable employment conditions—fewer employers, fewer job options, and higher average unemployment rates—than urban areas. Also, rural areas usually do not have the type of public transportation often available in urban areas to help people get to and from work. Welfare reform, which was implemented nationally through the Temporary Assistance for Needy Families (TANF) block grant program, emphasizes the need for welfare recipients to gain employment and move toward self-sufficiency. Given the conditions in rural areas that could affect TANF recipients’ abilities to get a job and go to work, some have questioned how welfare reform is working in rural areas.

Because of your interest in rural areas, you asked us to study welfare reform in these areas. This report presents information on (1) the size of the rural TANF caseload (that is, the number of families receiving monthly cash assistance), how that caseload is distributed, and how the caseload’s size has changed over time; (2) the challenges and strengths that rural TANF programs have in implementing welfare reform; (3) the strategies being used to address these challenges; and (4) what the Department of Health and Human Services’ (HHS) Administration for Children and Families (ACF) is doing to help rural areas address these challenges.

To learn about the rural TANF caseload, we collected and analyzed county-level caseload data, which we determined were of an acceptable

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reliability to use, from 48 states.<sup>1</sup> Appendix I provides additional information on the scope and methodology of our TANF caseload data analysis. To learn about the challenges and strengths of rural TANF programs in implementing welfare reform and about the strategies being used to address these challenges, we visited TANF caseworkers or service providers in one or more rural counties in nine states: Arkansas, Kentucky, Minnesota, Mississippi, New Hampshire, New Mexico, North Carolina, Virginia, and West Virginia. We selected locations to visit according to a combination of factors—their implementation of interesting strategies to address rural challenges for welfare reform, their high percentage of the population living in rural areas, and geographic diversity considerations. In three locations, we met with TANF clients to learn about the challenges they face in rural areas. We augmented our site visits with a review of studies on welfare reform in rural areas. We did not conduct site visits in urban areas and, therefore, do not address urban areas' challenges, strengths, or strategies for implementing welfare reform. To learn what ACF is doing to help rural areas address challenges in implementing welfare reform, we interviewed ACF officials and reviewed documents they provided or that we obtained from their Web sites. We performed our work from June 2003 through July 2004 in accordance with generally accepted government auditing standards.

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## Results in Brief

About 293,000 families living in rural counties received cash assistance under TANF programs during an average month in 2003 in the combined 48 states covered by our analysis. These families constitute about 14 percent of all TANF families in the 48 states. However, in most of the states, much more than 14 percent of the state's TANF families live in rural counties. For example, in South Dakota and Montana, 77 and 69 percent of the states' TANF families live in rural counties, respectively. TANF families are not distributed evenly across rural counties but are concentrated in counties that, on average, have disadvantaged conditions including high unemployment and a large portion of the population without a high school diploma. For example, rural counties with a high concentration of TANF recipients had an average unemployment rate of 7.8 in 2002 compared with 4.8 for counties with comparatively few TANF recipients. Since 1997, when welfare reform was implemented nationally,

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<sup>1</sup>The District of Columbia is included in this and subsequent counts of states in this report. Data from Arizona and Delaware are not included because we did not receive data from these states. Data from Wisconsin are not included because we did not receive reliable data from Wisconsin.

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rural and urban TANF caseloads have declined by about the same amount—44 percent—when all reporting states’ counties are aggregated. Yet for a number of individual states, rural and urban caseloads have declined at different rates, most commonly with rural caseloads declining more than urban caseloads.

The rural TANF caseworkers and service providers at sites we visited reported that transportation difficulties, job shortages, low wages, and lack of services, especially child care, challenged their efforts to help clients become employed and move toward self-sufficiency, although they also cited rural TANF program strengths of collaboration and personal attention to clients. The obstacles we identified during our site visits were also noted in several welfare reform studies. In some economically depressed areas, caseworkers believed their clients had a high prevalence of other problems such as very low education levels, domestic abuse, and medical conditions that the clients believe make them unable to work. On the other hand, TANF caseworkers and service providers we spoke with said their TANF programs have strengths that help them address the challenges posed in rural areas. First, they said they have used their connections in the community to develop collaborations with other social service providers, employers, and community institutions to help clients overcome problems and find jobs. Some rural TANF caseworkers also told us they were able to give their clients a lot of personal attention and their knowledge of the clients helped them address clients’ problems.

To address the challenges they face, the rural TANF programs we visited have employed a variety of strategies including nontraditional methods of connecting clients with services, cooperative arrangements that leverage resources, and efforts to increase transportation, employment, and child care options. To make TANF services more accessible to clients in remote locations, a number of programs offered mobile or phone-based services, including a call center, a mobile technology lab, and in-home services. Further, some rural programs capitalized on community networks, entering into collaborative arrangements with others in the community to transcend resource constraints and maximize opportunities for TANF clients to find work and become self-sufficient. For instance, many of the officials we interviewed had established close working relationships with other social service providers in their communities, as well as educators, private employers, banks, and individual members of the community. The rural TANF programs we visited confronted transportation barriers by supporting private vehicle ownership initiatives, sponsoring bus and van services, and hosting driver’s education classes for individuals who have never been licensed to drive. Some of the strategies being used to help



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clients find employment include providing wage subsidies and establishing workspaces in local manufacturing plants where clients can perform unpaid work while getting on-the-job training. Other employment strategies include providing specialized or skill-specific training programs and conducting comprehensive assessments of all new clients to determine the steps needed to help them become employed and move toward self-sufficiency. To increase child care quality and capacity in rural communities, some of the officials we interviewed had implemented initiatives to help or motivate existing in-home child care providers to become licensed or to encourage potential providers to enter the market.

HHS's Administration for Children and Families has planned and undertaken several initiatives that could assist TANF programs and TANF families in rural areas. Past efforts include several rural conferences where issues concerning rural TANF programs were discussed. In addition, the agency initiated a 7-year demonstration project to evaluate the effectiveness of rural welfare-to-work strategies, results from which are expected in 2007. Future efforts that might benefit rural TANF programs include an initiative designed to increase the number of TANF families residing in the Mississippi Delta region who claim the Earned Income Tax Credit.<sup>2</sup> Moreover, ACF has established a rural task force that is working to address rural concerns by sharing strategies currently being used by different programs, including TANF. Among the strategies the task force has focused on is the use of an e-mail Listserv to facilitate the distribution of information between ACF and rural service providers. We provided a draft of this report to HHS for its review. In its response, HHS said the draft was informative and did not disagree with any of the findings.

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## Background

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) established the Temporary Assistance for Needy Families program, often referred to as welfare reform because it fundamentally changed welfare policies. TANF has a goal of promoting work and helping welfare recipients move toward self-sufficiency. It also established work requirements for welfare recipients and set a limit of 60 months on the amount of time recipients can receive cash assistance.

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<sup>2</sup>The Earned Income Tax Credit is a refundable federal income tax credit for low-income working individuals and families. The credit reduces the amount of federal tax owed and can result in a refund check.

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Under TANF, states receive a family assistance block grant from the federal government that they can use to provide monthly cash assistance payments to families as well as to finance services for TANF clients or other low-income people to support their efforts to work. States can also combine their TANF funds with state funds and those from other federal programs that finance services such as child care, transportation, and training. States have flexibility to set their TANF policies, such as to define the specific activities that count toward the TANF work requirements and to set the number of months—up to a maximum of 60—for the cash assistance time limit. Further, states have flexibility in how they administer TANF; they can set policies at the state level or they can allow counties to set their own policies. The U.S. Department of Health and Human Services’ Administration for Children and Families administers the TANF block grant program and monitors states’ performance, such as whether states meet the targets for the percentage of TANF recipients who meet the work requirements. States’ federal TANF funding can be reduced if they do not meet the federally set targets.

Welfare caseloads declined dramatically in the years following welfare reform. Researchers have identified various factors that may have contributed to the caseload decline, such as welfare reform-related policy changes and economic growth, but there is no consensus about the extent to which the different factors contributed to the decline. Welfare caseload changes are only one element to consider in assessing how well welfare reform is working. Some of the other information that is needed for such an assessment includes what happened to families who left welfare, whether former welfare recipients are working and moving toward self-sufficiency, and whether those who continue to rely on welfare, including hard-to-serve clients, are getting the services they need to help them leave welfare.

Rural areas of the nation are diverse. The economic conditions, the characteristics of the population, and the geography differ from one rural area to another. For example, a rural area can be a retirement location on a coast, a coal-mining community in the mountains, or an agricultural community on a plain. A common characteristic of rural areas is relatively low population density. There are numerous definitions of what is meant by “rural.” The one used in this report was developed by the Office of Management and Budget and is based on a classification of counties as either metropolitan or nonmetropolitan. Metropolitan counties include both central counties with a large urbanized area and outlying counties that are economically tied to the central counties and display a level of “metropolitan character” based on population density, urbanization, and

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population growth. Counties that do not qualify as metropolitan are classified as nonmetropolitan. We refer to the metropolitan counties as “urban” and the nonmetropolitan counties as “rural.” Of the 3,141 counties in the United States, 2,052 are classified as rural.

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## The Rural TANF Caseload Is About 14 Percent of the National Caseload, Is Concentrated in Economically Disadvantaged Counties, and Has Declined at About the Same Rate as the Urban Caseload

Rural TANF families constitute about 14 percent of the total TANF monthly caseload for the 48 states covered by our study combined. However, when states are looked at individually, the rural portion of the TANF caseload ranges from 0.02 percent to 77 percent. Rural TANF families are not distributed evenly across rural America but are concentrated in counties that tend to have poor economic conditions. Finally, following national implementation of welfare reform, rural counties, as a group, had caseload declines similar to those experienced by urban counties. Yet in some states, there were substantial differences between rural and urban counties’ caseload changes.

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## TANF Families Living in Rural Counties Are About 14 Percent of the National Caseload but Form a Larger Percentage in Most Individual States

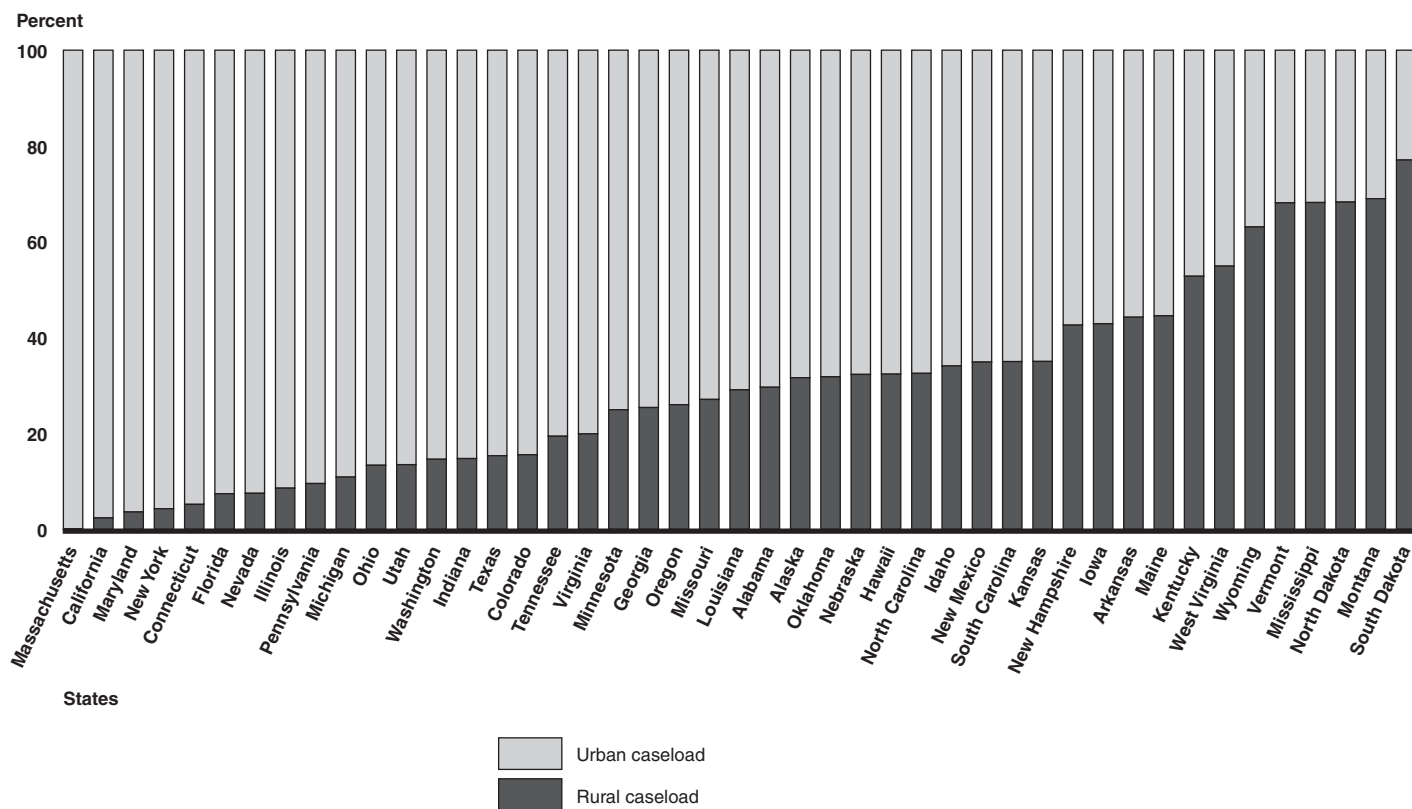
In 2003, during an average month, about 293,000 families living in rural counties received cash assistance under TANF programs of the combined 48 states included in our analysis.<sup>3</sup> (Three of the 48 states—the District of Columbia, New Jersey, and Rhode Island—do not have any rural counties and therefore do not have any TANF families living in rural counties.) The 293,000 families composed about 14 percent of the total number of TANF families in the 48 states. About 18 percent of families in the general population live in rural counties in the 48 states; therefore, TANF families are slightly less concentrated in rural counties in these combined states than is the general population. This is also indicated by the fact that 2.4 percent of all rural families received TANF cash assistance in the 48 states in 2003, compared with 3.1 percent of urban families.

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<sup>3</sup>Our analysis is based on an average of the monthly count of families who received cash assistance. Included in the count were families who received cash assistance paid for with federal TANF funds, as well as families who received cash assistance paid for with state maintenance-of-effort dollars required by the TANF block grant. In this report, we refer to all these families as TANF families.

Looking at states individually, the percentage of TANF families living in rural counties ranged from 0.02 percent in Massachusetts to 77 percent in South Dakota. The median for the 48 states was 26.6 percent. The rural TANF percentage for all 48 states combined—14 percent—is much lower than the median because several highly populated states with large TANF populations, most notably California and New York, have a very low percentage of TANF families living in rural counties. Figure 1 shows, for each state, the percentage of the state’s TANF families who live in rural counties as well as the percentage who live in urban counties.

**Figure 1: Percentage of TANF Families, in Each State, Living in Rural and Urban Counties**



Source: GAO analysis of data provided by 45 states with rural counties on the average number of families receiving cash assistance under state TANF programs during months of 2003.

Note: The District of Columbia, New Jersey, and Rhode Island, which have no rural counties, are not included in the figure.

When we compared, for each state, the percentage of the TANF families living in rural counties with the percentage of all families living in rural counties, we found that for most states, the two were very similar.

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However, there were several exceptions. For example, South Dakota has a higher proportion of rural TANF families than would be expected (77 percent of TANF families live in rural counties, compared with 58 percent of all families), and Nebraska has a lower proportion than would be expected (32 percent of TANF families live in rural counties, compared with 46 percent of all families). See appendix III for more information on individual states and their rural TANF caseload characteristics.

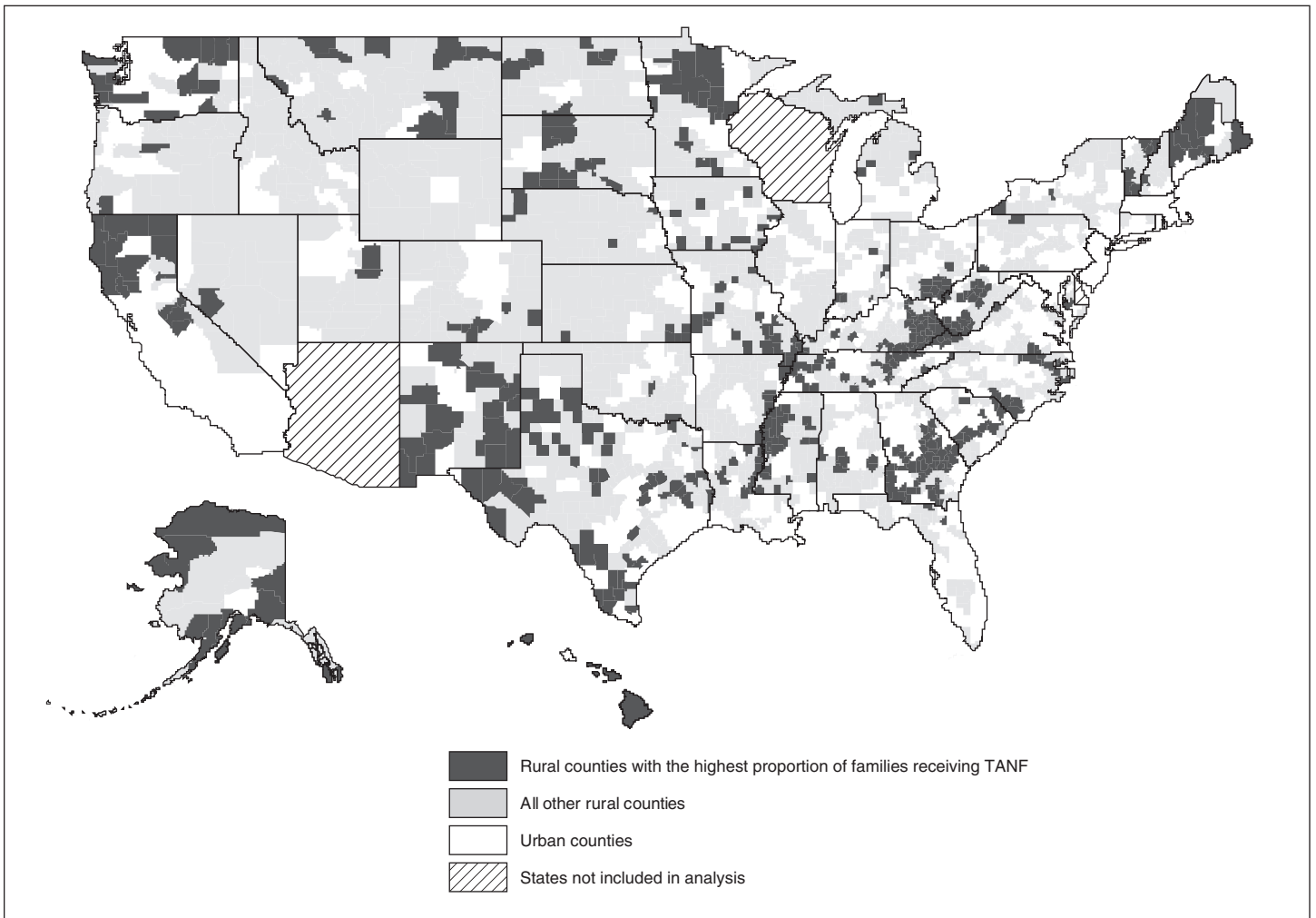
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### Rural TANF Families Are Concentrated in Relatively Few Counties That Tend to Have Poor Economic Conditions

The distribution of TANF families is uneven across rural counties, with some rural counties having very low numbers of TANF families and others having high numbers relative to all the counties' families. We found that about 150,000 (51 percent) of the about 293,000 TANF families living in rural counties live in only a quarter of the rural counties in the 48 states covered by our study. These counties have on average about 4.7 percent of all their families receiving TANF. On the other hand, the quarter of rural counties with the lowest proportion of TANF families have a total of only about 14,000 (4.9 percent) TANF families and, on average, only about 0.6 percent of all their families on TANF.

To determine how counties with different proportions of their families on TANF compared, we looked at demographic and socioeconomic indicators for the counties. We grouped rural counties according to the proportion of all their families on TANF and compared the counties with a high proportion of families receiving TANF to those with a low proportion. We found significantly worse socioeconomic conditions in the counties with a high proportion of all families receiving TANF. For example, counties with a high proportion of all families receiving TANF had, on average, significantly higher unemployment, lower median incomes, and proportionately more people without high school diplomas. See appendix II for more specific information about how different groups of counties compared. Figure 2 shows the location of the rural counties with the highest proportion of families on TANF.

**Figure 2: Location of the Quarter of Rural Counties with the Highest Proportion of Families Receiving TANF**



Source: GAO analysis of 2000 Census data and data provided by 45 states with rural counties on the average number of families receiving cash assistance under state TANF programs during months of 2003.

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**Nationally, Rural and Urban TANF Caseloads Have Declined Similarly, with Some Distinct Exceptions in Some States**

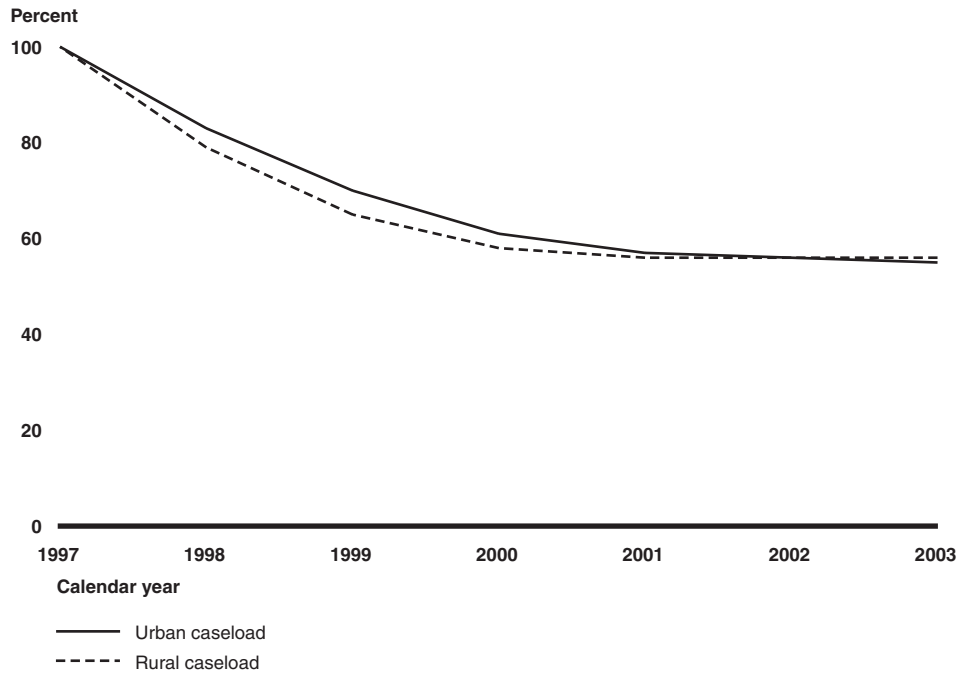
Rural and urban counties experienced about the same amount of caseload decline between 1997 and 2003. Specifically, the number of families, on average per month, receiving TANF cash assistance in rural counties in the 40 states covered by our analysis<sup>4</sup> decreased by 43.9 percent, and urban counties had a 44.1 percent caseload decrease.<sup>5</sup> However, as shown in figure 3, rural TANF caseloads declined somewhat more than urban caseloads from 1997 to 2001.

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<sup>4</sup>This analysis includes all states that provided reliable caseload data for the years 1997 and 2003. See appendix I for a list of those states.

<sup>5</sup>The number of all families living in rural counties grew at a lower rate from 1990 to 2000 than it did for urban counties. Because of this, without other offsetting factors, greater TANF caseload decline in rural counties than in urban counties might have been expected between 1997 and 2003. Specifically, for the 40 states included in our caseload change analysis, the percentage increase in all families was 6.0 in rural counties and 9.9 in urban counties from 1990 to 2000, according to decennial census data.

**Figure 3: Rural and Urban Caseload Changes between 1997 and 2003**



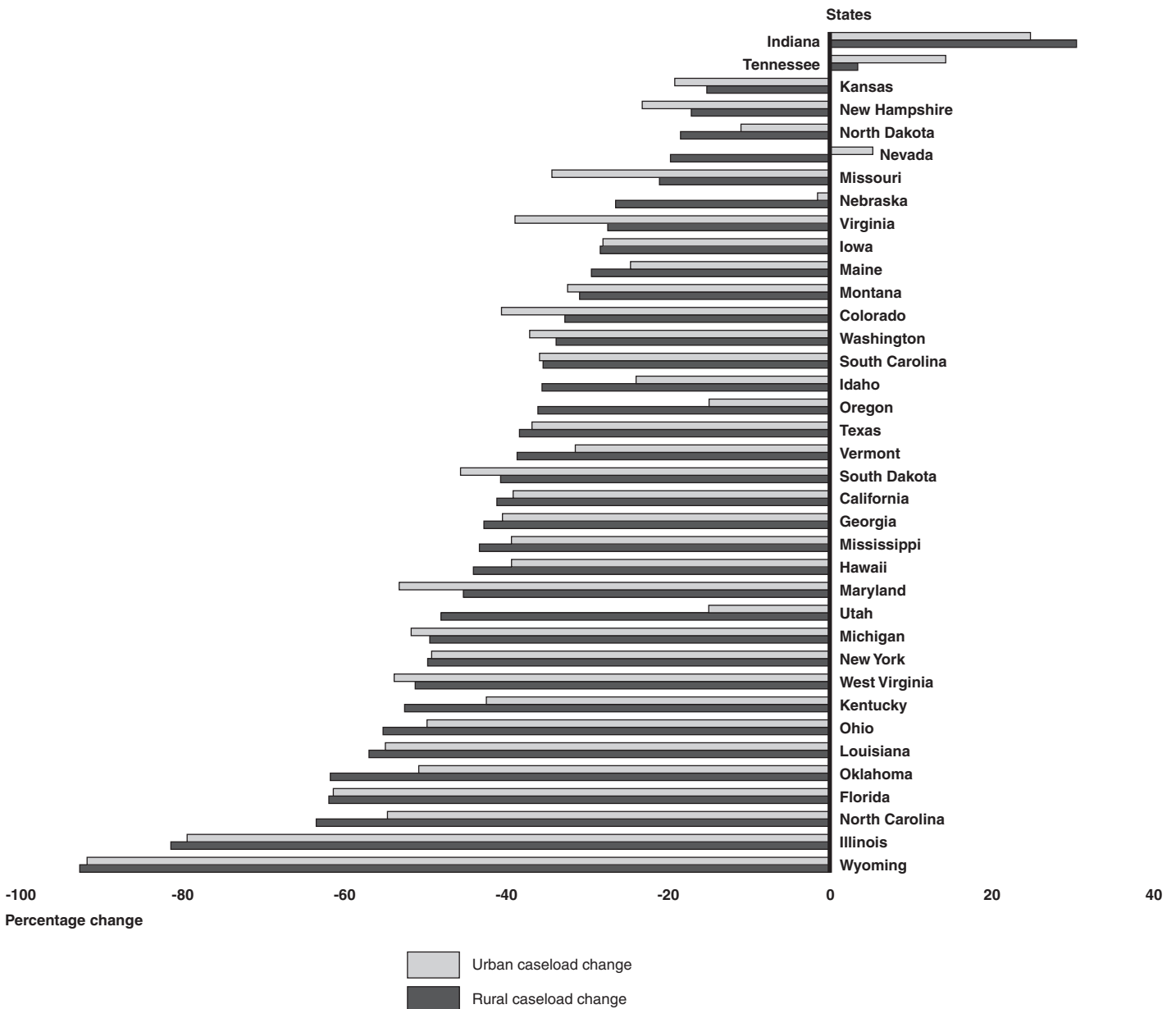
Source: GAO analysis of data provided by 37 states on the average number of families receiving cash assistance under state TANF programs in each of the states' counties during months of 1997 through 2003.

Note: The figure is based on data from states that provided reliable caseload data for all years 1997 through 2003. See appendix I for a list of these states.

The rural and urban caseloads in many states declined by about the same percentage over the 1997-2003 period. However, for other states, there were substantial differences between the percentage of caseload decline in rural areas and that in urban areas, as shown in figure 4.



**Figure 4: Rural and Urban Caseload Changes by State, 1997-2003**



Source: GAO analysis of data provided by 37 states on the average number of families receiving cash assistance under state TANF programs in each of the states' rural and urban counties during months of 1997 and 2003.

Note: Although Indiana, Nevada, and Tennessee show caseload increases for the period 1997-2003, their caseloads decreased in the earlier years and then began increasing around 2000 or 2001. The District of Columbia, New Jersey, and Rhode Island, which have no rural counties, are not included in the figure.

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To determine how counties with different levels of caseload size changes compare, we looked at socioeconomic indicators for the counties. Although it might be expected that counties with the greatest declines in caseload would have the most favorable socioeconomic conditions, we did not find that. We found that counties with the least caseload decreases had, on average, somewhat more favorable socioeconomic conditions, such as lower unemployment rates, higher median incomes, and proportionately fewer people without high school diplomas than counties with the greatest caseload decreases. Also, counties with the lowest caseload decreases had, on average, greater increases in unemployment rates and greater population growth than counties with higher caseload decreases. See appendix II for more specific information about how counties with different amounts of caseload change compared.

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## Rural Areas Present TANF Clients with Shortages in Jobs and Services but Also Foster Program Collaboration and Personal Attention to Clients

Several studies and our own site visits indicate that transportation shortages, fewer jobs, low wages, and a scarcity of ancillary services are common challenges to welfare reform in rural areas. In some economically depressed areas, other problems, such as very low education levels, are additional challenges to welfare reform. On the other hand, rural areas have strengths in implementing welfare reform in that they foster collaboration and personal attention to clients.

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## Lack of Transportation Limits Access to Jobs and Services

During our site visits, we found that for some TANF clients, transportation may be the primary obstacle to becoming or remaining employed. For example, a caseworker in Logan County, West Virginia, said that it is not uncommon for clients to say that if they had transportation, they would not need to be on TANF. She also said she had several clients for whom she could find jobs immediately if they had transportation to get there.

Transportation is a fundamental challenge for rural TANF recipients. Many cannot afford to own and operate a reliable private vehicle, and public transportation to get to and from training, services, and work is often not available. A 2001 Urban Institute study looking at welfare reform in

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12 rural locations in four states, for example, found that public transportation was seldom available.<sup>6</sup> Caseworkers and service providers in some counties that we visited said that their counties have very limited bus service, such as a bus that operates in the main town but not outside it. Also, these buses generally had limited schedules and were not available at night. Others said there were no bus systems with set routes although vans were available to give people rides. For example, in Harnett County, North Carolina, a caseworker said that the local transportation agency was very cooperative in arranging pickups for clients but that the service was expensive. In Duplin County, North Carolina, a caseworker said that clients could call a van service for rides, but the appointment has to be set up several days in advance. In Coahoma County, Mississippi, we heard that the bus route spans a 50-mile radius, and those who choose to use it may have to allot two or three hours to get to work.

The lack of valid driver's licenses was identified by several caseworkers and service providers as a problem for many clients. Clients may lack a driver's license either because they had never had one or because the license was suspended or revoked because of unpaid fines, no insurance, or driving under the influence of alcohol. Some caseworkers said that suspended driver's licenses could be an insurmountable problem because of the high fees for reinstating them. The Court Clerk in Memphis, Tennessee, who performed a review of unpaid traffic fines, said that the average amount owed by people in Memphis with a suspended driver's license was \$1,500 to \$2,000.

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### Few Available Jobs and Low Wages Hinder Movement toward Self-Sufficiency

Rural areas are reported to have average earnings levels 25 to 30 percent lower than those in urban areas,<sup>7</sup> and their unemployment rates are higher, on average, than those of urban areas. Rural areas also have less variety in the types of jobs available.<sup>8</sup> In our site visits, we found a consensus among rural TANF caseworkers that a shortage of jobs and the low wages paid by

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<sup>6</sup>Nancy M. Pindus. *Implementing Welfare Reform in Rural Communities*. Economic Research Service (Urban Institute) Feb. 2001.

<sup>7</sup>It might be argued that some of the earnings gap is offset by differences in the cost of living in urban and rural areas. On average, housing costs are lower in rural areas than in urban areas. However, little is known about how other personal costs differ, such as transportation, utility, grocery, and clothing costs, between rural and urban areas.

<sup>8</sup>Robert M. Gibbs. "Rural Labor Markets in an Era of Welfare Reform." In *Rural Dimensions of Welfare Reform*, edited by Bruce A. Weber, Greg J. Duncan, and Leslie A. Whitener, 51-75. Kalamazoo, Michigan: W. E. Upjohn Institute for Employment Research, 2002.

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available jobs pose a challenge to their efforts to help clients meet TANF work participation requirements and find employment that will help them become self-sufficient. A study of welfare reform in selected persistently poor rural areas in four states found that in many of the counties studied, “there were simply very few jobs to be had.”<sup>9</sup>

Caseworkers and service providers we interviewed also reported that their clients tend to have little work experience and low education levels, making them less competitive in the job market. In several areas, caseworkers and service providers said that workers that had previously been employed but who had been laid off were more likely to be hired for the few jobs available than were TANF clients. Several caseworkers also said they had some clients who could not find employment in the county because they had “burned their bridges” with every employer in town. Others noted that having a bad experience with one employer in a rural community could earn someone a bad reputation with all prospective employers because information about people spreads easily.

Studies looking at the earnings of current or former TANF clients have found low earnings in rural areas. The Urban Institute study of 12 rural locations in four states found that all locations reported that most jobs obtained by welfare recipients paid minimum wage and that few jobs offered opportunities for advancement.<sup>10</sup> A study by Mathematica comparing earnings of current or former TANF clients in rural and urban areas in Nebraska found that earnings were much lower in rural areas than in urban areas.<sup>11</sup> In addition, a 1999 study comparing selected urban and rural areas of Virginia found that the rural areas had a disproportionate number of women who were working but still lived below the poverty level.<sup>12</sup>

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<sup>9</sup>Mark Harvey, Gene F. Summers, Kathleen Pickering, and Patricia Richards, “The Short Term Impacts of Welfare Reform in Persistently Poor Rural Areas.” In *Rural Dimensions of Welfare Reform*, edited by Bruce A. Weber, Greg J. Duncan, and Leslie A. Whitener, 375-409. Kalamazoo Michigan: W.E. Upjohn Institute for Employment Research, 2002.

<sup>10</sup>Pindus.

<sup>11</sup>Michael Ponza, Alicia Meckstroth, and Jennifer Faerber. *Employment Experiences and Challenges among Urban and Rural Welfare Clients in Nebraska*. Mathematica, August 2002.

<sup>12</sup>Sarah Bosley and Bradford Mills. *How Welfare Reform Impacts Non-metropolitan and Metropolitan Counties in Virginia*. Rural Development Program for Community Vitality, Virginia Tech, September 1999.

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On the other hand, the welfare reform-related studies that have looked at employment in rural areas present a more positive picture. Of the two that used national samples to compare employment of single mothers in rural and urban areas,<sup>13</sup> one found that single mothers in rural areas were just about as likely to be working as those in urban areas,<sup>14</sup> and the other found that single mothers in rural areas were more likely to be working than those in urban areas.<sup>15</sup> The above-mentioned Mathematica study found that TANF clients living in rural areas in Nebraska were more likely to be employed than those in Nebraska's urban areas.<sup>16</sup>

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### Shortages in Child Care and Other Services Create Difficulties in Addressing Clients' Employment Barriers

"Lower population densities in rural areas make it more difficult to support some specialized services," according to an analysis of research on welfare reform in rural areas that cited specialized education and job training, formal paid child care, and mental health services as being less available in rural areas.<sup>17</sup> Caseworkers we met with also identified shortages in services as a problem that makes it difficult for TANF clients to address their barriers to working such as not having someone to care for their children, not meeting the basic education requirements for most jobs, having mental health issues that make keeping a job unlikely, and missing teeth or having other unattractive and unhealthy dental problems. In our site visits, caseworkers and service providers recounted different shortages in services from county to county, but they echoed much of the research literature:

- **Child care.** A lack of child care centers, infant and toddler care, or child care on nights and weekends was a commonly cited shortage

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<sup>13</sup>For both studies, the samples were taken from the Current Population Survey for a period in 1998 or 1999.

<sup>14</sup>Robert I. Lerman, Signe-Mary McKernan, and Nancy Pindus. "Welfare Reforms and Employment of Single Mothers: Are Rural Areas Keeping Pace?" *Rural America* 16 (2001): 22-27.

<sup>15</sup>Daniel T. Lichter and Leif Jensen. "Poverty and Welfare among Rural Female-Headed Families." *Rural America* 16 (2001): 28-35.

<sup>16</sup>This study looked at employment status 1 year after the sample of TANF clients was drawn. Therefore, those included in the study could have already left TANF.

<sup>17</sup>Greg Duncan, Leslie Whitener, and Bruce Weber. "Lessons Learned: Welfare Reform and Food Assistance in Rural America." In *Rural Dimensions of Welfare Reform*, edited by Bruce A. Weber, Greg J. Duncan, and Leslie A. Whitener, 455-470. Kalamazoo, Michigan: W. E. Upjohn Institute for Employment Research, 2002.

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identified in rural areas we visited. However, in two counties, we heard that there was a sufficient number of child care centers. A study that looked at welfare reform in selected persistently poor counties in four states found that finding reliable child care was a major barrier to employment for welfare recipients, that most recipients relied primarily on family and friends for child care, and that this type of child care was not always reliable.<sup>18</sup> Case studies of seven communities in Iowa found that “many low-income rural residents experience continuing problems in securing adequate and affordable care for their children,” that “child-care centers are a rarity in rural communities,” and that “most recipients rely on home day care providers or relatives to care for their children.”<sup>19</sup>

- **Education services.** Few options for adult basic education (ABE) and general equivalency diploma (GED) classes was identified as a problem in some areas. For example, in Dickenson, Virginia, the only adult basic education class meets one evening a week, and GED classes geared toward people with learning disabilities are not available. However, caseworkers in counties with community colleges often said that there was adequate availability of GED classes.
- **Mental health services.** In some areas, we heard there were long waits for mental health services and drug treatment programs were not available.
- **Dentists.** In some counties, service providers and TANF clients identified the lack of dentists who accept Medicaid as a severe problem.

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### Other Issues Hamper Employment Potential for Clients in Some Economically Depressed Areas

In some of the more economically depressed areas that we visited, caseworkers stressed that they often had a high prevalence of hard-to-serve clients with severe problems. These problems include very low education levels, many clients claiming disabilities, and family and personal problems.

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<sup>18</sup>Harvey and others.

<sup>19</sup>Cynthia Needles Fletcher, Jan Flora, Barbara Gaddis, Mary Winter and, Jacquelyn Litt. “Small Towns and Welfare Reform: Iowa Case Studies of Families and Communities.” In *Rural Dimensions of Welfare Reform*, edited by Bruce A. Weber, Greg J. Duncan, and Leslie A. Whitener, 201-229. Kalamazoo, Michigan: W. E. Upjohn Institute for Employment Research, 2002.

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- **Very low education levels.** In several areas, caseworkers mentioned that they had illiterate clients and clients with only a grammar school education. Caseworkers in Harlan County, Kentucky, and southwestern Virginia said this problem was acute in their areas. These caseworkers linked low education levels to the fact that, in the past, an education was not needed for a man to get a well-paying job in the areas' coal mines. Also, it was a commonly held view that women did not need an education to stay home and take care of the family. For almost all available jobs, people with very limited educations will be automatically disqualified, according to caseworkers and service providers we spoke with. Also, caseworkers said that they must require the clients to meet TANF work requirements, even if the clients cannot qualify for any available paying jobs with their current lack of education. Further, such clients need a GED to become employable, but attaining one can take years when the clients start off at the grammar school level.
  - **Clients claiming disabilities.** In two areas we visited—Harlan County, Kentucky, and southwestern Virginia—caseworkers said they have many clients who believe they are too disabled to work. The caseworkers said that while some of these clients might be able to qualify for disability payments from the Social Security Administration, others will not qualify and will remain on TANF.
  - **Family and personal problems.** A family background of welfare dependence, families who oppose women working outside the home, domestic violence, and substance abuse were identified as significant problems in some rural areas. In several areas, caseworkers and service providers mentioned that many of their clients come from families who were welfare-dependent and did not convey a work ethic to their children. In Harlan County, Kentucky, and southwestern Virginia, caseworkers and service providers said that some of their clients come from families who believe women belong in the home and who oppose the clients going to work. They also said that domestic violence is common among their clients.<sup>20</sup> For example, caseworkers in southwestern Virginia said they had had clients who had been beaten by their husbands when they attempted to work outside the home to meet TANF work requirements. Caseworkers also mentioned

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<sup>20</sup>For information on the prevalence of domestic violence among welfare recipients, see GAO, *Domestic Violence: Prevalence and Implications for Employment Among Welfare Recipients*, GAO/HEHS-99-12 (Washington, D.C.: November 24, 1998).

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substance abuse as a common problem among clients in several areas we visited.

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## Rural TANF Programs Foster Collaboration and Personal Attention from Caseworkers

Caseworkers and service providers cited strengths that their areas have in implementing welfare reform that they associate with the rural environment.

- **Collaboration.** Caseworkers and service providers said that the limited resources available in rural areas force people to work together to solve problems. They also said they often have personal contacts with employers and other community resources that provide a foundation for trust and can lead to job placements and other strategies to help clients. Also, caseworkers and service providers from different programs and agencies often get to know each other and can call each other directly, without going through another bureaucratic level, to get help in solving a client's problem. A report on the results of case studies in 12 rural counties in four states stated that the "positive attitude, resourcefulness, and resilience of the rural communities we visited are the most notable aspects of welfare reform implementation we observed." This study also found "flexibility of local caseworkers and other service providers in making alliances."<sup>21</sup>
- **Staff attention and knowledge.** Caseworkers in some rural areas expressed the view that they can give their clients more personal attention than their urban counterparts can offer because of a smaller caseload. However, caseworkers in other rural areas did not believe they had fewer clients than caseworkers in urban areas. Some caseworkers said they had considerable knowledge about their clients, which is helpful in addressing the clients' problems. For example, one caseworker said she had insight into some of her clients' lives because, at one time, their grandmothers and mothers had also been her clients. Authors of a study of welfare reform in Nebraska suggested that "rural case managers may be more successful at engaging their clients" in the TANF employment program because they found that rural clients were more likely than urban clients to participate in the program.<sup>22</sup>

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<sup>21</sup>Pindus.

<sup>22</sup>Ponza and others.



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## Rural TANF Programs Transport Services to Clients and Leverage Resources to Provide Mentoring, Transportation, Job, and Child Care Assistance

The rural TANF programs we visited have devised many ways to bring services to distant clients, and they have tended to leverage their resources by collaborating with one another and with community institutions, focusing effort as they did so on helping clients surmount rural shortages in transportation, child care, and jobs.

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## Rural Programs Devised Modes of Service Delivery That Transcend Geography

The rural TANF programs we visited have bridged distances to TANF clients with a variety of approaches ranging from bringing instructors and equipment to them to using technology to enable clients to access services without leaving home.

- **Virtual social services.** The Work Central Career Advancement Center in Rocky Mount, North Carolina, is a call center that equips social workers with telephones and sophisticated computer systems in an attempt to help former TANF clients and other low-income people achieve economic self-sufficiency. According to a state TANF official, the strategy has reduced the rate of return to TANF cash assistance in this area of the state—8 percent for Work Central’s customers compared with 15 percent for the state’s other former TANF clients. Work Central’s social workers, or customer service representatives, spend their days on the telephone with low-income people in 11 rural counties in eastern North Carolina providing specific information, such as job openings, or helping customers solve problems and develop plans for improving their economic situation. The representatives place regular follow-up calls to customers and will also connect them to service providers—staying on the phone if needed. The representatives use numerous computer tools, including an electronic case management system with information on past and current benefits received by the customers. Also, a geographic software program depicts the customer’s area and identifies nearby service providers, employers, and other area customers who might be incorporated into the customer’s support system, such as in carpooling or babysitting. The representatives also have Internet links to service providers that detail hours of operation and locations.
- **Itinerant courses and instructors.** A few of the rural TANF offices we visited sponsor training programs with traveling instructors. That is,

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courses may not be held in the same location year-round, but may be offered in more than one location over the course of the year to maximize clients' opportunity to enroll. To accommodate clients throughout a large New Hampshire county, for example, a 3-week life skills course was held alternately in the north and south sections. Another New Hampshire TANF program offered GED courses in different areas around the county.

- **Workforce mobile lab.** To give low-income residents access to computer training, a technical college in northeastern Arkansas outfitted a van with computers and transported it to various program sites throughout the county. A community development organization enlisted the van to conduct online self-guided training courses for participants. TANF clients were offered a pre-employment training curriculum, choosing from topics that included substantive GED preparation, skills assessments, and soft skills instruction.
- **Distance learning by videoconference.** In New Mexico, community college courses have been available to TANF clients by videoconference at several area high schools. According to staff, telecommunication has made it possible for many of the program's single mothers to take classes without having to drive 100 miles round trip from remote locations.
- **Bringing services into clients' homes.** Some programs we visited have sent counselors out to visit with clients in their homes, particularly when they do not have transportation. For example, the state of New Hampshire has contracted with a nonprofit organization to provide in-home counseling services for its hardest-to-serve TANF clients—individuals who demonstrate evidence of mental illness, substance abuse, or domestic violence. The home visits are conducted over a 90-day period on a flexible schedule that includes nonbusiness hours to accommodate family needs.

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**Figure 5: Customer Service Representative at Work Central’s Call Center in North Carolina Using Geographic Software Program During a Call to a Customer**



Source: GAO.

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## Rural TANF Programs Have Leveraged Their Resources through Collaboration and Partnerships

Partnerships and collaboration were a common practice for many of the rurally situated programs we studied. From state to state and agency to agency, caseworkers described collaborative arrangements between TANF offices and other government agencies, nonprofit service providers, educational institutions, private sector employers, and neighboring counties. These partnerships ranged from loose, ad hoc affiliations to, in one instance, a group of counties’ Departments of Social Services joining together to create a nonprofit entity to help TANF clients become employed. According to those we interviewed, the collaborations helped leverage local resources and spawned new strategies.

- **Other service providers.** Many of the rural TANF officials we visited explained that they convene regular meetings with other social service providers in their local areas to share ideas as well as information about community and program developments. For instance, TANF officials from Nicollet County in south central Minnesota said their eligibility and employment counselors participate in both monthly and

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quarterly meetings where ABE staff, public health officials, child protective services, and the local housing authority are all represented. Caseworkers and service providers cited these gatherings as a key component in building rapport with one another, learning about what partner agencies are doing, and fostering collective brainstorming sessions for solving difficult problems. The call center (Work Central) in Rocky Mount, North Carolina, partnered with the state employment agency and, as a result, receives advance updated job listings, which allows Work Central's customer service representatives to call their customers about suitable job openings the day before the listings are made available to the general public, according to Work Central administrators.

- **TANF programs in neighboring counties.** In 1998, the Departments of Social Services in eight jurisdictions in southwest Virginia with high unemployment joined together to create a nonprofit organization to help TANF clients become employed. The organization, called Occupational Enterprises, Inc. (OEI), started with a \$750,000 grant of welfare-to-work dollars from the state of Virginia and has since applied for and received numerous grants from governmental and private sources to finance its operations. OEI uses its grants to provide employment services for all TANF clients in the welfare reform program in the eight jurisdictions. By applying for grants on behalf of the combined population of all the participating rural counties, OEI can qualify for much larger funding amounts than it would if it were working with only one rural county. OEI managers believe that by covering many counties, they greatly reduce administrative expenses and can provide far more services than could be provided if each county were operating independently. This occurs because all locations benefit from the development of one program, and duplication of effort is avoided. Also, more staff people are available to collaboratively solve problems and support one another when needed. Further, instead of needing a staff person in each county who can provide a service or program, one or two staff can specialize and serve all locations. Recently, three additional jurisdictions have joined the original eight to be part of the OEI consortium.
- **Community colleges.** Often, service providers named their local community college as yet another key partner in the network of service providers working to assist TANF clients in finding work and becoming self-sufficient. The counties we visited in Mississippi and New Mexico, for instance, had designated the local community college as the contract provider of TANF workforce training services. In fact, Mississippi's governor was so pleased with the job placement rates of

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local community colleges that he proposed giving the community college system oversight of Workforce Investment Act (WIA) programs statewide.<sup>23</sup>

- **WIA collaboration.** WIA and TANF programs in Logan County, West Virginia, worked together to establish driver's education courses, using WIA funds, for welfare and workforce clients who had never obtained a license. New Hampshire officials took a similar approach, allocating a portion of their WIA funding to provide specialized computer training for TANF clients.
- **A local bank.** The Work Central Advancement Center in Rocky Mount, North Carolina, partnered with a local bank to offer bank accounts to Work Central customers in an effort to save customers the exorbitant fees charged by independent check-cashing services. Unlike a typical checking account, these accounts provide debit cards only and require that sufficient funds be available in order for a withdrawal to be made, thus eliminating the possibility of bounced checks, which Work Central learned had been at the root of many customers' problems with banks in the past.

In addition to the partnerships described here, program officials also described other collaborative arrangements, namely partnerships centered on employment and transportation that are described in other sections of this report.

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## Rural Programs Have Collaborated with Others to Provide Mentoring for TANF Clients

A number of rural TANF programs have provided TANF clients with more informal support from their communities in the form of mentors drawn from work sites, church congregations, or the community at large. According to officials we spoke with, the mentors offer advice and serve as role models, particularly for clients with a family history of welfare who lack experience in the workplace.

- **Mentoring in New Mexico.** Building on a state-level partnership between the New Mexico Aging and Long Term Care Department and the Department of Human Services, the state of New Mexico launched

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<sup>23</sup>The Workforce Investment Act was passed in 1998 to consolidate services of many employment and training programs, mandating that states and localities use a centralized service delivery structure—the one-stop center system—to provide access to most federally funded employment and training assistance.

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the Golden Opportunities for Lifelong Development (GOLD) Mentoring Program in 2000. Capitalizing on the state's sizable population of retired residents, the GOLD Mentoring Program pairs retirees with TANF clients in the same community, in hopes that mentors will fill gaps in caseworker service delivery and develop a level of rapport with clients that is not always possible for caseworkers, given the competing demands on their time. Mentors coach clients in a variety of contexts, including family and interpersonal relationships, pre-employment preparation and job search activities, as well as in clients' interactions with other government entities. For example, mentors told us that it was not uncommon for mentors to accompany clients to court appearances or for mentors to intercede on behalf of clients trying to navigate various government benefit systems.

- **Mentoring in Forrest City, Arkansas.** A community development corporation in Forrest City, Arkansas, operates a mentoring program for TANF clients that relies on unpaid volunteers from the community. Known as PREP, which stands for People Realizing Employment Possibilities, this program constitutes the support component of a local subsidized employment initiative. Specifically, the mentoring program was created to help TANF clients facilitate workplace problem solving and to provide a model of appropriate workplace norms and behaviors during subsidized job training arrangements with area employers. Mentors meet with clients about once a week to gauge progress and help resolve issues that have arisen. Although mentors do not necessarily work at the same location as their assigned clients, cognizant staff told us that mentors occasionally make workplace visits to clients' work sites.
- **Employer-based mentoring in southern Minnesota.** During the late 1990s, staff from a 10-county region in the southeastern part of Minnesota partnered to develop an employer-based mentoring program intended to help TANF clients acclimate to new work environments and deal constructively with conflicts to avoid termination, and to help area employers improve retention. The program trained mentors in conflict avoidance and resolution strategies and paired them with new hires. Although the primary goal of the program was to provide support for TANF clients entering the workforce, the service was made available to all new employees hired by a participating employer. By targeting all new employees, the program avoided identifying or possibly stigmatizing TANF clients in the workplace and also provided more of an incentive for employers to participate. All told, the program trained approximately 1,200 mentors in 475 organizations, some of which experienced marked improvements in their retention rates

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during that time. For example, one nursing home that employed a considerable number of TANF clients was concerned about its high staff attrition rates. After implementing the mentoring program, staff turnover at the nursing home dropped from 60 percent to 4 percent and eventually stabilized at about 20 percent, according to program staff.<sup>24</sup>

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### Rural TANF Strategies Have Targeted Shortages in Transportation, Jobs, and Child Care

The rural TANF programs that we visited had focused a substantial amount of their efforts on remedying at least one of three shortages they said prevented many TANF clients from finding or keeping employment—transportation, job options, and child care. In each area, they had tailored services to meet particular needs and were grooming clients for the particular opportunities that existed in their local markets. Some placement programs sought to remedy skill deficiencies to make clients more marketable, while others targeted the area employers, developing industry-specific training modules, outreach initiatives, and economic incentives in hopes of parlaying those relationships into jobs for TANF clients. Research suggests that training programs designed to reflect the needs of the local labor market tend to result in positive outcomes for participating clients.<sup>25</sup>

### Expanded Transportation Options

Rural TANF programs had implemented a variety of initiatives, ranging from private vehicle programs to dedicated transport vans to helping individuals acquire or regain their driver's licenses.<sup>26</sup>

- **Donated car programs.** A number of the rural program officials we spoke with advocated private vehicle ownership programs as the best solution to the transportation problems that affect many rural TANF clients. Specifically, supporters of private vehicle ownership contend that mass transit options can be insufficient and unreliable in rural areas and argue that to guarantee regular work attendance, clients must own their own cars. The Good News Garage, a nonprofit

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<sup>24</sup>This program was funded initially by a private foundation grant, and program administrators also collected a fee from participating employers to underwrite operating costs. However, after grant funding was exhausted, and as a result of the concomitant economic downturn (which decreased the demand for new workers), the program was all but discontinued in 2003.

<sup>25</sup>*Rural Welfare to Work Strategies, Research Synthesis*. Macro International Inc., June 10, 1999.

<sup>26</sup>For information about more transportation strategies in rural areas, see Pamela Friedman, *Transportation Needs in Rural Communities*. Rural Assistance Center, March 2004. [http://www.raonline.org/info\\_guides/transportation/issuenote.html](http://www.raonline.org/info_guides/transportation/issuenote.html)

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organization founded in Vermont but adapted in other parts of the country, has been a pioneer in this area, soliciting donated cars, evaluating and refurbishing them, and then placing them in the hands of TANF clients for a nominal fee. Because this program relies on donated, rather than purchased, cars, TANF clients in New Hampshire, for example, are only required to pay a fixed price of \$1,100, which may be paid by TANF or another benefit program, to partially cover the cost of refurbishing. Other variations on the Good News Garage concept require participants to enter into a lease agreement, where the purchaser agrees to pay a fixed monthly fee over a set period, at the end of which clients in good standing are given the title to the car. Most of these programs provide some type of support to client participants in the form of car repair clinics, referrals to modestly priced garages, even subsidies for insurance or repairs. The program administrators we spoke with cited a number of positive outcomes associated with private vehicle ownership: In the case of Good News Garage, program officials asserted that 75 percent of the TANF recipients who received vehicles subsequently left the welfare rolls. Further, a study examining the impact of Vermont's Good News Garage program on the earned income of participating TANF clients found that average incomes for participating clients rose \$220 per month after they had been outfitted with a vehicle.<sup>27</sup>

- **Car loan programs.** Other car programs seek not only to provide clients with vehicles, but also to help them raise their credit ratings in the process. Specifically, some programs focus on helping clients obtain new cars or finance newer vehicles through low-cost loans with generous repayment terms. For instance, in New Hampshire, a program called Wheels-to-Work offers a tax credit to dealerships in return for donations of high-quality used cars that can then be sold to low-income families for about half the cars' appraised value. Because the average cost to the client of these cars is around \$3,300, requiring most clients to obtain loans, Wheels-to-Work also serves as a mediator between clients and lenders. In Minnesota, a consortium of counties in the south central portion of the state received funding to launch a similar car loan program for TANF clients. In this instance, the consortium used the funding not to purchase or repair cars, but to establish a loan guarantee fund that facilitated the development of relationships with two area banks on the condition that the car program would guarantee

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<sup>27</sup>Marilyn T. Lucas and Charles F. Nicholson. "Subsidized Vehicle Acquisition and Earned Income in the Transition from Welfare to Work." *Transportation* 30 (2003): 483-501.



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25 percent of any defaulted loan. In addition to mediating between the bank and the loan applicant, staff affiliated with the car loan program also counseled applicants on consumer credit issues, provided insurance referrals, and established relationships with area car dealers. Although staff operated as mediators between the client and the lender, the program required clients to choose a preferred lender and act as the primary point of contact. By requiring clients to take loans and interact with the bank holding the loan, the program sought to improve clients' credit ratings, financial literacy, and confidence in dealing with financial institutions. According to officials overseeing the program, less than 30 percent of participating car owners defaulted on their loans.

- **Van, bus, and other dedicated transportation systems.** Instead of allocating resources for private vehicle ownership programs, some of the rural TANF programs we visited elected to subsidize clients' use of existing transportation systems, sponsor their own van transport service, or create reciprocal agreements with other social service programs already providing transportation (e.g., Head Start).<sup>28</sup> For example, Logan County, West Virginia, and Coahoma County, Mississippi, provide vouchers for clients to use the local fixed route bus system. Other localities have chosen to sponsor their own van services, but the distances separating relatively small numbers of clients drives up the cost of van services. For instance, according to one official in St. Francis County, Arkansas, the price of these services in his area was as high as \$2,000 per client per month. One West Virginia county suffering from limited public transportation partnered with the local Head Start program to secure the use of its van for TANF client transport when Head Start was not in session.<sup>29</sup>
- **Obtaining or reinstating driver's licenses.** To address the issue of clients who had never been licensed to drive, the local TANF program in Logan County, West Virginia, partnered with Workforce Investment

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<sup>28</sup>Head Start is the largest federal program supporting early childhood development and offers a range of services to families in communities nationwide, including educational, medical, dental, mental health, nutritional, and social services.

<sup>29</sup>To obtain more information on federal programs offering transportation services for low-income families, see GAO, *Transportation—Disadvantaged Populations: Some Coordination Efforts Among Programs Providing Transportation Services, but Obstacles Persist*. GAO-03-697 (Washington, D.C.: June 2003) and GAO, *Welfare Reform: Job Access Program Improves Local Service Coordination, but Evaluation Should be Completed*. GAO-03-204 (Washington, D.C.: December 2002).

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Board staff from the same locality to offer driver's education courses to their respective service populations. To help TANF clients deal with large unpaid traffic tickets and avoid having their driver's licenses suspended, program officials in Coahoma County, Mississippi, are exploring the possibility of working with local authorities to develop an incremental payment program for TANF clients. This initiative will be modeled after a program operated by the City Court Clerk's Office in Memphis, Tennessee. Although the Memphis program does not specifically target the TANF population, the goal is the same: to provide residents in danger of facing license suspensions because of unpaid fines an opportunity to establish an arrangement allowing them to make incremental payments and pay down those fines over time. According to the program's administrator, the incremental payment program has dramatically reduced the number of outstanding or inactive traffic fines and boosted the city's traffic fine revenue from \$4 million to approximately \$14 million annually.

Job Development, Job Training,  
and Tailored Employment  
Assessments

Rural TANF programs we visited have developed a variety of approaches to find employment opportunities for TANF clients, to provide training that will make TANF clients more marketable to area employers, and to assess clients' skills and barriers to employment.

- **Job development.** In several counties we visited, one or more staff had been given the responsibility of developing and maintaining contacts with employers so that when the employers had job openings, they would give TANF clients the opportunity to fill the openings. Also, caseworkers in several counties said they sometimes set up subsidized employment arrangements for clients. That is, the welfare program would pay all or part of a client's salary for a given period of time to encourage employers to give the clients a chance to learn the job and prove themselves good employees. Several caseworkers said that subsidized employment frequently turned into permanent (unsubsidized) jobs for clients. Also, caseworkers in some areas said they had set up unpaid job opportunities for clients to help them build work experience. In southwest Virginia, OEI established workspaces in two local manufacturing plants where their clients receive on-the-job training and perform unpaid work under the supervision of plant management. Under this arrangement, plant management agrees to forgive clients' mistakes and absences. Also, clients who turn out to be successful workers get priority for hiring at the plants. OEI has also established a downtown ceramics shop and store for Appalachian crafts where TANF clients work, unpaid, to learn what is expected of

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them in the workplace and to develop work experience that can help them obtain and retain paid employment.

- **Skill-based training.** Some of the TANF programs we visited offered skill- or industry-specific training programs designed to help clients develop skills relevant to a particular local employer or industry. For example, administrators affiliated with the local community college in Coahoma County, Mississippi, formed a partnership with a large local casino-hotel complex, one of the few employers in the county with a need for low-skilled workers. Community college officials, working in conjunction with casino personnel, developed a curriculum to teach TANF clients relevant hospitality skills including housekeeping, valet, security, and cashier services. The casino also funded the construction of a mock hotel room in one of the classrooms at the college to give students an opportunity for firsthand experience in chemical safety and other housekeeping protocol. Instructors monitor students' progress and refer job-ready participants to hiring personnel at the casino. According to staff at the community college, TANF clients feel that participants in the training program have a better chance of being hired by the casino than do those who submit an application independent of the program. Casino officials also said that the retention rate for those referrals tends to be considerably higher than the industry standard.

**Figure 6: Mock Hotel Room for Housekeeping Training at Community College in Mississippi**



Source: GAO.

To encourage a local manufacturer to employ TANF clients, program officials in northern New Hampshire's Coos County invited the employer to assist in designing a 10-week course for TANF clients that would impart the skills necessary for assembling prefabricated modular homes. When the corporate catalyst for the project began to experience financial difficulties and was forced to temporarily suspend hiring, program officials explained that some of the clients who participated in the training were hired by other employers who could capitalize on their new skills. A local TANF agency in Goodhue County, Minnesota, also emphasizes practical skills and helped the local community college develop a short-term welding course that covered the fundamentals and laid the groundwork for participants interested in pursuing certification.

- **Certified computer training courses.** At least two of the states we visited also sponsored computer training for TANF clients culminating in industry-recognized certification. For instance, New Hampshire's TANF program gives some clients the opportunity to enroll in an intensive 14-week computer training course designed and certified by Microsoft. Curriculum topics include word processing, spreadsheets,

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and presentation software. Program officials in one New Hampshire county told us that among its first cohort of graduates from the computer training program, all but one had left TANF at the time of our interview. In Coahoma County, Mississippi, TANF recipients can participate in 4-week computer training certification courses consisting of instruction in the basic use of computer hardware, software, networks, and the Internet.

- **Microenterprise.** In some of the New Mexico communities we visited, weak economies and job scarcity prompted program officials to pursue microenterprise ventures (also known as self-employment) as a viable alternative for TANF clients seeking work. Specifically, an Albuquerque-based nonprofit specializing in training and technical assistance for small business start-ups developed a training program specifically for TANF clients interested in starting their own businesses. Microenterprise staff provide TANF clients with consulting expertise as well as financial literacy training and other instruction in basic business principles. In addition, the group also maintains an online marketplace for clients to sell their products. The group has assisted TANF clients in launching a wide array of businesses, from arts and crafts to landscaping and child care.
- **Scheduling accommodations.** In the state of West Virginia, TANF officials have structured a 6-week life skills and pre-employment training course for TANF clients such that each week constitutes a discrete module not dependent upon other modules to be understandable. This allows TANF clients to enroll at the beginning of any week, rather than having to wait several weeks for the course to begin again. In addition, the stand-alone format of West Virginia's training makes it possible for clients to enroll and obtain credit for individual modules as their schedules allow. In Harnett County, North Carolina, enrollees in GED classes have the option of performing the preparation work in a classroom environment or of engaging in more individualized self-paced learning.
- **Comprehensive screening and assessment.** OEI, a nonprofit organization that performs employment services for TANF clients from 11 counties in southwest Virginia, developed an assessment tool and process for all new clients. The assessment, which is managed by a licensed clinical social worker and registered nurse, screens for a number of problems that the OEI staff believe are very common among clients in their area, such as learning disabilities, domestic violence, substance abuse, and physical and mental health problems. The assessment also evaluates clients' educational attainment; legal, family,

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and employment histories; transportation and child care needs; skills; and employment goals. The results of the assessment provide the foundation for decisions about appropriate activities for promoting individual employment and self-sufficiency as well as client aptitudes for various types of work.

- **Screening to assist clients claiming disabilities.** Program officials in Harlan County, Kentucky, employ a “good cause” specialist, a dedicated caseworker responsible for visiting clients who claim either to have disabilities severe enough to prevent them from working or to have primary caregiver responsibility for a family member with a disability. The visits to clients’ homes are intended to give the caseworker an opportunity to assess clients’ living situations firsthand, learn more about the clients’ claimed disabilities, and identify any activities the clients are already doing that might be parlayed into countable work activities. For example, program officials in Harlan County noted that on a number of occasions, the good cause specialist’s visit to a client’s home uncovered existing child or elderly care arrangements with the potential to be expanded into small businesses that would not only count toward the work requirements but also could further clients’ self-sufficiency goals. Staff members related one anecdote where a TANF client had claimed a medical exemption as a result of responsibilities stemming from the care of her disabled mother, rather than a medical condition of her own. Staff members were able to arrange day care for the client’s mother, and the client was able to return to work.

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## Increased Child Care

To produce a larger, more stable, better-trained corps of child care providers, child care administrators in some local communities have mounted child care initiatives to help meet community needs.

- **Building capacity among current child care providers.** As part of a short-term pilot program in Harlan County, Kentucky, the local child care referral group partnered with Early Head Start staff to expand the number of openings for infants and toddler-age children.<sup>30</sup> To accomplish that goal, a dedicated staff member developed lesson plans and a curriculum that provided a foundation for certification. In the state of Kentucky, certified providers are allowed to care for more children than uncertified providers and also qualify for larger per child

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<sup>30</sup>In 1994, Congress established Early Head Start, a program that performs much the same function as its counterpart, Head Start, but serves a different demographic, namely, expectant mothers as well as infants and toddlers from birth to age three.

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state subsidy payments. Staff launched the program by visiting current providers in their homes to share certification information and deliver safety equipment such as cabinet latches, fire extinguishers, and safety gates. In addition, the initiative's primary point person also hosted periodic discussion groups that were conducted at a central location.

Although the pilot program was only funded for 1 year, program administrators told us that approximately 15 of the original 20 participants maintain their certification, and an additional 2 have gone on to receive advanced certification allowing them to care for up to 12 children in their homes. They credited the initiative for giving rise to Harlan County's first child care slots open to infants and toddlers. In addition, one staff member mentioned that the training and subsequent increase in income shifted perceptions among participating child care providers, prompting them to view child care as a profession rather than as a temporary measure for generating additional household income. Program officials went on to say that in their experience, another benefit of increasing the number of home-based child care slots stemmed from the ability and willingness of in-home child care providers in their community to offer after-hours care, a service that center-based facilities had not succeeded in doing.

- **Recruiting new providers.** In a remote St. Francis County, Arkansas community, human services staff coordinated with child care specialists from Little Rock to increase the availability of child care in the area. Staff utilized church networks and storefronts to heighten community awareness about the need for child care providers and followed up with an informational session for interested community members. After attending the informational session, potential providers were directed to enroll in licensing training. As a supplement to the licensing curriculum, staff spearheading the recruiting effort also partnered with the Small Business Administration's local office to offer a voluntary 6-week business planning component. Ultimately, the outreach program yielded four or five new child care providers.

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## HHS Has Several Initiatives That Could Benefit Rural TANF Programs

HHS's Administration for Children and Families has planned and undertaken several initiatives that could assist TANF programs and TANF families in rural areas. Several ACF offices with different responsibilities are involved in these initiatives.

- **Conferences addressing rural TANF issues.** In September 2003, ACF and the Department of Labor jointly sponsored a 2-day rural conference for one of ACF's 10 regional offices. The conference was designed to

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improve service delivery to families in rural areas by offering rural service providers an opportunity to discuss strategies for addressing challenges. Collaboration with community partners was emphasized. Officials from 9 counties across 5 states participated in the conference. ACF sponsored similar conferences in 1999 and 2000 that were geared toward sharing rural welfare-to-work strategies. Approximately 11 states and 4 regions were represented at each year's conference. Topics covered at these conferences included transportation strategies, child care strategies, and economic and community development.

- **Demonstration projects.** ACF's Office of Planning, Research, and Evaluation is currently sponsoring a demonstration project to evaluate the effectiveness of welfare-to-work strategies being used in rural areas of Illinois and Nebraska. These two states are testing different approaches to addressing employment barriers common in rural places. For example, the Illinois Future Steps program offers intensive, employment-focused case management including job placement assistance and postemployment support assistance. Future Steps staff support and monitor clients' progress closely through regular meetings and home visits. The second program, Building Nebraska Families, focuses on improving the basic life skills of hard-to-employ people so they can participate in job search and job training activities, as well as address personal and family barriers to self-sufficiency. Educational services are provided mainly through home visits and cover subjects such as household management, parenting, and decision making. A complete evaluation of the effectiveness of these interventions will be available in 2007.<sup>31</sup>
- **Technical assistance to TANF programs.** ACF's Office of Family Assistance (OFA), which is responsible for administering the TANF block grant, provides technical assistance to TANF programs. One means through which technical assistance is provided is the Welfare Peer Technical Assistance Network. The purpose of the network, which was started in 2000, is to provide technical assistance and facilitate information exchanges among states, counties, and community-based organizations about promising practices and lessons learned in implementing welfare reform. The network provides technical assistance in response to specific requests from state or local TANF programs. If the technical assistance

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<sup>31</sup>For a summary of the implementation experiences for the programs involved in the demonstration project, see Andrew Burwick, Vinita Jethwani, and Alicia Meckstroth. *Implementing Welfare-to-Work Programs in Rural Places: Lessons from the Rural Welfare-to-Work Strategies Demonstration Evaluation*. Mathematica Policy Research, Inc., April 2004. The report is available at <http://www.acf.hhs.gov/programs/opre/>.



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involves a site visit or teleconference, usually only the programs that requested the assistance are included. However, other interested parties may be included. Summaries and results of these meetings or conference calls are posted on ACF's Web site.<sup>32</sup> Three of the nine technical assistance events that occurred during January through June of 2004 were focused on rural TANF programs. One such event was a teleconference among six states to discuss approaches to developing work experience sites in tribal and nontribal rural areas.

- **Promoting use of the Earned Income Tax Credit.** ACF is also planning an expansion of an initiative designed to increase the number of low-income families in the Mississippi Delta region that claim the Earned Income Tax Credit (EITC).<sup>33</sup> The follow-on strategy is expected to focus more on rural areas. While not yet implemented because of funding constraints, an expansion of the Delta EITC initiative would train volunteers from local universities and community colleges to prepare tax returns for rural low-income families and ensure that they apply for the EITC.<sup>34</sup> The initiative would specifically target those families in the Delta region that have recently left TANF. To accomplish this, the agency plans to collaborate with the Internal Revenue Service, universities and community colleges, as well as private companies.
- **ACF's Rural Initiative Task Force.** As a part of HHS's agencywide initiative to strengthen rural families and communities, ACF has established a rural task force to bring together ACF officials from across

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<sup>32</sup>The Welfare Peer Technical Assistance Network Web site is located at <http://peerta.acf.hhs.gov/>.

<sup>33</sup>The following states within the Mississippi Delta region will be the focus of ACF efforts to increase the number of families claiming the EITC: Alabama, Arkansas, Kentucky, Louisiana, Mississippi, Missouri, and Tennessee.

<sup>34</sup>Some experts suggest that there may be higher financial incentives to work in rural areas than in urban areas. This is because average incomes are lower in rural than urban areas, and since the EITC and food stamps are the same throughout the country, families relying on earnings plus federal benefits achieve higher relative incomes in rural than in urban areas. See Robert Lerman, Amy-Ellen Duke, Jesse Valente. *Do Income Support Levels and Work Incentives Differ between Rural and Urban Areas?* Washington, D.C.: the Urban Institute, 1999.

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the different ACF programs, including TANF.<sup>35</sup> Officials in both headquarters and regional offices participate in monthly meetings of the Rural Task Force and discuss rural concerns and share strategies. One activity the task force is undertaking is the development of a rural e-mail Listserv in order to improve communication between ACF and rural entities. The rural Listserv would provide a firm source of communication between ACF and rural partners and share information such as training opportunities, grant opportunities, technical assistance, and other issues of concern to rural areas.

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## Concluding Observations

Rural counties shared in the nation's dramatic declines in TANF caseloads that followed national implementation of welfare reform. However, these national caseload declines do not necessarily mean that welfare reform has been successful or that conditions are not challenging welfare reform in rural areas. First, changes in the number of all families are likely to affect the number of TANF families, and the number of all families in rural areas is growing at a lower rate than that of urban areas. Therefore, without other offsetting factors, rural areas' TANF caseloads should be expected to decline more (or grow less), proportionately, than urban areas' caseloads. Second, data on caseload declines do not reveal whether those who left the caseload are employed and moving toward self-sufficiency, which are essential pieces of information for assessing the success of welfare reform. Third, many rural areas have experienced significant caseload declines but still have a high proportion of their families receiving TANF. Whether TANF recipients in these communities will be able to find jobs and become self-sufficient depends, in part, on the conditions in the communities where they live, such as the availability of jobs, transportation, child care, and dental and medical care. The disadvantaged socioeconomic conditions in these communities are likely to pose challenges to the clients' ability to leave TANF and become self-sufficient. Rural TANF programs we visited have developed some strategies to help them address the challenges their clients face, but the challenges continue.

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<sup>35</sup>In 2001, the Secretary of HHS initiated an HHS-wide rural initiative by appointing a cross-department task force to explore options and opportunities for strengthening rural America. The HHS Rural Task Force members are charged with examining ways to improve and enhance health care and human services for rural Americans. Among the HHS Rural Task Force accomplishments is the establishment of the Rural Assistance Center (RAC). RAC is an online national resource for rural health and human services information. RAC's Web site is located at <http://www.raconline.org>.

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ACF has paid attention to rural areas in its administration of the federal TANF block grant and has several efforts under way, such as its rural demonstration study and its rural task force, that should be helpful in addressing rural challenges. ACF can build upon these efforts by continuing to look for ways to support rural TANF programs and by continuing to support activities like the Mississippi Delta EITC initiative and the creation of a rural e-mail Listserv that could help spread the word about interesting strategies being used in rural areas.

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## Agency Comments and Our Evaluation

We provided a draft of this report to HHS for its review. A copy of HHS' response is in appendix IV. In its response, HHS said the report was informative and did not disagree with any of the findings. HHS noted that ACF has undertaken several activities focused on rural TANF, as cited in the report. Further, HHS said it plans to establish a link to the final report on its Welfare Peer Technical Assistance Network Web page to facilitate rural TANF providers' access to the report. HHS also provided technical comments on the draft, and in response to these comments, we made changes where appropriate.

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As agreed with your offices, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days after its issue date. At that time we will send copies of this report to appropriate congressional committees and other interested parties. We will also make copies available to others on request. In addition, the report will be available at no charge on GAO's Web site at <http://www.gao.gov>.

If you have any questions concerning this report, please contact me or Clarita Mrena at (202) 512-7215. See appendix V for other contributors to this report.



Cynthia M. Fagnoni, Managing Director  
Education, Workforce, and  
Income Security Issues

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# Appendix I: Scope and Methodology of TANF Caseload Data Analysis

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To address questions about the rural Temporary Assistance for Needy Families (TANF) caseload, we collected and analyzed county-level TANF caseload data from states. Below are details about these data and the analysis.

- **Time period covered by caseload data.** We obtained average monthly caseload data for the years 1997 through 2003. These data show the number of families who received cash assistance, on average, during the months of each year. Average monthly caseload is calculated by adding the caseload for each month of the year and dividing by the number of months. For some states, for some years, (primarily 1997 and 2003), the caseload data we obtained are for fewer than 12 months of the year. For most states, the data are for the calendar year, but for some states (noted in app. III) the data are for the state fiscal year.
- **Number of states covered by analysis.** Different states were used for the different analyses included in the report.
  - Analysis of 2003 rural and urban TANF caseload data (used to determine the percentage of TANF families living in rural areas) covers 48 states, including the District of Columbia. The states not covered are Arizona, Delaware, and Wisconsin because we were not able to obtain reliable caseload data from these states in time for our analysis.
  - Analysis of 2003 rural only TANF caseload data (used in figs. 1 and 2 and table 1 of app. II) covers 45 states—all states from which we were able to obtain reliable caseload data, except the District of Columbia, New Jersey, and Rhode Island, which do not have rural counties.
  - Analysis of rural and urban caseload changes for the period 1997 through 2003 (used in fig. 3) covers 37 states that provided reliable caseload data for each of those 7 years—California, Colorado, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, and Wyoming.
  - Analysis of rural caseload changes for the years 1997 to 2003 (used in fig. 4 and table 2 of app. II) covers 37 states that provided reliable caseload data for the years 1997 and 2003 and that have rural counties—California, Colorado, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New York, North Carolina, North Dakota, Ohio, Oklahoma,

Oregon, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, and Wyoming.

- **Types of cases included in caseload data.** The cases included in our data are families in states' welfare programs, including families who received cash assistance paid for with TANF funds and families whose cash assistance was paid for with state maintenance-of-effort (MOE) dollars<sup>1</sup> required by the TANF block grant.<sup>2</sup> Some states have moved families from a program paid for with TANF dollars to one paid for with MOE dollars, and we included such families in our data in order to get a complete picture of the rural welfare caseload and how it has changed over time. In the report, we refer to all the cases in our data as TANF cases. A small number of cases from tribal TANF programs may be included in some states' data, but generally, cases from tribal TANF programs are not included in our data.
- **Data reliability check.** To check the reliability of the data we collected from states, we compared the TANF caseload data we collected from each state (a combined total for all counties in a state) with ACF's statewide caseload data for the years 1997-2003.<sup>3</sup> When we found significant differences between the two sets of data, we identified reasons that would account for the differences.<sup>4</sup> When we were unable to account for the differences, we excluded from our analysis the data for the year or years for which there were unaccountable differences.
- **Demographic and socioeconomic data.** In our analysis, we used data on county demographics and socioeconomic characteristics, such as population, unemployment rates, and median income. The U.S. Department of Agriculture's Economic Research Service (ERS) provided

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<sup>1</sup>For more information on the programs that provide cash assistance using state maintenance-of-effort dollars, see GAO, *Welfare Reform: With TANF Flexibility, States Vary in How They Implement Work Requirements and Time Limits*, [GAO-02-770](#) (Washington, D.C.: July 5, 2002).

<sup>2</sup>The caseload data we collected from states often differ from the TANF caseload data the Administration for Children and Families (ACF) reports for states because the data we collected includes MOE cases and may have been computed using different time periods and criteria than data used for the ACF caseload.

<sup>3</sup>ACF does not have TANF caseload data by county; therefore, our reliability check was done at the state level.

<sup>4</sup>We considered differences of over 10 percent of the ACF data to be significant. Examples of reasons for differences between the caseload data we collected from states and ACF data are the use of different time frames and criteria for computing the data.

data for our analysis that it compiled from the Bureau of the Census and the Bureau of Labor Statistics. In addition, ERS provided data that it developed on counties' classifications that we used to determine whether counties were rural or urban. In order to determine the proportion of the general population receiving TANF cash assistance, we divided 2003 TANF caseload data (TANF families) by 2000 Census data on the number of families in each county. We estimate that our resulting percentage is, on average, biased upward by about 0.1 percentage point.

# Appendix II: Comparisons of Demographic and Socioeconomic Characteristics of Counties with Different TANF Characteristics

To determine how counties with different TANF caseload characteristics compared, we put counties into four groups and looked at the demographic and socioeconomic characteristics of each group. Table 1 shows the characteristics of groups of counties with different proportions of the population receiving TANF. Table 2 shows the characteristics of groups of counties with different degrees of TANF caseload change from 1997 to 2003.

**Table 1: Comparison of Characteristics of Rural Counties with Different Proportions of Their Population on TANF**

Rural counties grouped according to the proportion of their population receiving TANF	County characteristics							
	Average unemployment rate in 2002	Average poverty rate in 2000	Average median income in 2000	Average percentage African American in 2000	Average percentage of families headed by single mothers with children in 2000	Average percentage of population with no high school diploma in 2000	Average percentage change in caseload, 1997-2003	Average percentage change in number of all families, 1990-2000
Lowest proportion	4.8	11.6	\$35,300	2.0	6.4	19.3	-51.3	4.4
2nd lowest proportion	5.6	12.8	\$34,300	5.2	7.7	22.5	-35.3	6.5
2nd highest proportion	6.4	14.8	\$32,700	9.5	9.1	25.3	-29.9	6.2
Highest proportion	7.8	19.6	\$29,300	15.4	11.5	29.9	-21.0	4.9

Source: GAO analysis of data provided by the Economic Research Service derived from the Bureau of the Census and the Bureau of Labor Statistics, in combination with data provided by 45 states with rural counties on the average number of families receiving cash assistance under state TANF programs during months of 2003.

Note: The counties are grouped into quarters, with the 25 percent of counties with the lowest proportion of the population on TANF in the row for "lowest proportion" and so forth. Each quarter includes 496 or 497 counties. Data for the District of Columbia, New Jersey, and Rhode Island are not included because they do not have rural counties.

**Appendix II: Comparisons of Demographic  
and Socioeconomic Characteristics of  
Counties with Different TANF Characteristics**

**Table 2: Comparison of Characteristics of Rural Counties with Different Degrees of TANF Caseload Change, 1997-2003**

Rural counties grouped according to degree of caseload change from 1997 to 2003	County characteristics							
	Average unemployment rate in 2002	Average change in unemployment rate, 1997-2002	Average number of families in 2000	Average percentage change in number of all families, 1990-2000	Average median income in 2000	Average percentage of families headed by single mothers with children in 2000	Average percentage of population with no high school diploma in 2000	Average percentage change in caseload, 1997-2003
Greatest decrease	5.9	0.04	6,113	3.7	\$32,400	8.2	23.5	-72.9
2nd greatest decrease	6.5	-0.03	6,665	6.0	\$31,600	9.2	26.0	-50.6
3rd greatest decrease	6.0	0.04	6,034	5.6	\$32,400	9.0	24.8	-33.2
Increase and least decrease	5.6	0.41	5,673	6.7	\$34,600	7.9	22.9	18.9

Source: GAO analysis of data provided by the Economic Research Service derived from the Bureau of the Census and the Bureau of Labor Statistics, in combination with data provided by 34 states with rural counties on the average number of families receiving cash assistance under state TANF programs during the years 1997 through 2003.

Note: The counties are grouped into quarters, with the 25 percent of counties with the most caseload decrease in the row for "greatest decrease" and so forth. Each quarter includes 432 or 433 counties.



# Appendix III: TANF Caseload Data by State

	Average monthly TANF caseload in CY 2003		Percentage of TANF caseload in CY 2003		Percentage change in TANF caseload CY 1997-2003		CY 2003 TANF caseload as a percentage of number of all families in 2000		Percentage change in number of all families, 1990-2000	
	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural
Alabama	13,628	5,741	70.4	29.6			1.6	1.6	9.3	9.8
Alaska	3,620	1,674	68.4	31.6			3.6	3.2	14.5	9.6
Arkansas	6,120	4,859	55.7	44.3			1.5	1.5	16.3	6.1
Arizona <sup>a</sup>	.	.								
California	466,980	11,340	97.6	2.4	-39.2	-41.2	6.1	5.5	9.8	6.8
Colorado <sup>b</sup>	12,561	2,313	84.5	15.6	-40.6	-32.8	1.4	1.5	26.0	25.2
Connecticut	21,131	1,158	94.8	5.2			2.6	1.5	0.8	3.3
Delaware <sup>c</sup>										
District of Columbia <sup>d</sup>	17,071	0	100.0	0.0	-27.2		15.0		-7.6	
Florida	55,663	4,460	92.6	7.4	-61.4	-62.0	1.4	1.6	18.8	21.1
Georgia	43,579	14,848	74.6	25.4	-40.5	-42.8	2.6	3.4	24.7	14.1
Hawaii <sup>e</sup>	9,190	4,400	67.6	32.4	-39.4	-44.1	4.5	5.4	3.0	21.8
Idaho	1,151	595	65.9	34.1	-24.0	-35.6	0.6	0.5	33.5	16.0
Illinois	36,367	3,413	91.4	8.6	-79.5	-81.5	1.4	0.8	6.6	-0.9
Indiana	45,214	7,832	85.2	14.8	24.7	30.4	3.7	2.1	8.5	4.7
Iowa	11,398	8,560	57.1	42.9	-28.8	-27.6	2.9	2.3	7.7	-1.4
Kansas	9,836	5,303	65.0	35.0	-19.2	-15.3	2.3	1.9	10.9	-1.8
Kentucky	15,089	16,883	47.2	52.8	-42.5	-52.6	2.5	3.4	9.4	6.6
Louisiana	16,578	6,804	70.9	29.1	-55.0	-57.0	1.9	2.3	6.0	3.2
Maine	6,775	5,443	55.5	44.6	-24.7	-29.5	3.5	3.7	4.4	1.2
Maryland	27,780	1,041	96.4	3.6	-53.3	-45.3	2.2	1.4	8.0	12.2
Massachusetts	44,773	8	100.0	0.0			2.9	0.1	3.3	33.1
Michigan	65,357	7,988	89.1	10.9	-51.8	-49.5	3.2	1.7	3.6	9.6
Minnesota <sup>f</sup>	34,238	11,379	75.1	25.0			3.9	3.1	12.1	5.9
Mississippi	6,285	13,482	31.8	68.2	-39.4	-43.4	2.0	3.1	15.6	6.4
Missouri	32,742	12,174	72.9	27.1	-34.4	-21.1	3.1	2.9	7.0	7.6
Montana <sup>g</sup>	1,911	4,252	31.0	69.0	-32.5	-31.0	2.3	2.7	8.8	12.4
Nebraska	8,200	3,916	67.7	32.3	-1.6	-26.5	3.5	1.9	10.9	0.8
Nevada <sup>h</sup>	11,267	914	92.5	7.5	5.3	-19.8	2.6	1.5	63.4	39.2
New Hampshire	3,262	2,422	57.4	42.6	-23.2	-17.2	1.6	2.0	10.4	9.0
New Jersey	41,599	0	100.0	0.0	-57.5		1.9		5.7	

**Appendix III: TANF Caseload Data by State**

	Average monthly TANF caseload in CY 2003		Percentage of TANF caseload in CY 2003		Percentage change in TANF caseload CY 1997-2003		CY 2003 TANF caseload as a percentage of number of all families in 2000		Percentage change in number of all families, 1990-2000	
	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban	Rural
New Mexico	10,716	5,744	65.1	34.9			3.7	3.3	21.8	12.4
New York	180,519	8,093	95.7	4.3	-49.3	-49.8	4.3	2.0	2.8	-1.0
North Carolina	27,366	13,198	67.5	32.5	-54.7	-63.5	1.9	1.9	20.9	13.4
North Dakota	1,040	2,241	31.7	68.3	-11.0	-18.5	1.5	2.3	8.1	-7.0
Ohio	75,104	11,582	86.6	13.4	-49.8	-55.3	3.1	1.9	2.4	3.7
Oklahoma <sup>i</sup>	10,060	4,695	68.2	31.8	-50.9	-61.8	1.8	1.3	9.3	2.7
Oregon	13,106	4,605	74.0	26.0	-15.0	-36.1	2.0	2.1	18.1	9.5
Pennsylvania	78,718	8,308	90.5	9.6			2.9	1.6	0.6	3.2
Rhode Island	14,136	0	100.0	0	-25.1		5.3		1.8	
South Carolina	12,803	6,895	65.0	35.0	-35.9	-35.5	1.6	2.5	15.0	13.6
South Dakota	637	2,141	22.9	77.1	-45.7	-40.7	0.8	1.9	15.1	1.3
Tennessee	57,664	13,897	80.6	19.4	14.3	3.4	5.2	3.1	14.3	13.6
Texas <sup>j</sup>	116,857	21,183	84.7	15.4	-36.9	-38.4	2.6	2.8	21.9	7.9
Utah	8,173	1,275	86.5	13.5	-15.0	-48.1	1.7	1.9	30.3	24.3
Vermont	1,574	3,365	31.9	68.1	-31.5	-38.7	3.2	3.1	12.4	6.5
Virginia	25,481	6,333	80.1	19.9	-39.0	-27.6	1.7	2.1	14.1	6.2
Washington	46,685	7,985	85.4	14.6	-37.2	-33.9	3.6	4.1	17.6	16.6
West Virginia <sup>k</sup>	7,064	8,610	45.1	54.9	-53.9	-51.3	2.6	3.7	2.0	-1.8
Wisconsin <sup>l</sup>										
Wyoming <sup>m</sup>	62	106	36.9	63.1	-91.8	-92.7	0.2	0.1	6.6	8.2

Source: GAO analysis of data provided by the Economic Research Service derived from the Bureau of the Census and the Bureau of Labor Statistics, in combination with data provided by 48 states on the average number of families receiving cash assistance under state TANF programs in 2003.

Note: CY = calendar year. Unless otherwise noted, caseload data include families receiving monthly cash assistance under state TANF programs and under programs funded with state maintenance-of-effort dollars, if the state has such a program.

<sup>a</sup>We did not obtain data from Arizona.

<sup>b</sup>Colorado data include families receiving diversion payments, as well as families receiving monthly cash assistance.

<sup>c</sup>We did not obtain data from Delaware.

<sup>d</sup>District of Columbia caseload data were obtained from ACF.

<sup>e</sup>Hawaii data for 1997 and 1998 are for state fiscal year.

<sup>f</sup>Minnesota data include some families (about 10 percent of the total caseload) who are no longer receiving cash assistance but are receiving federally funded food assistance. According to a Minnesota official, Minnesota has integrated food assistance into its welfare program, and some families in the program who have begun working are no longer eligible for cash payments but are eligible for food assistance.

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**Appendix III: TANF Caseload Data by State**

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<sup>9</sup>Montana data are for state fiscal year.

<sup>9</sup>Nevada data are for state fiscal year.

<sup>9</sup>Oklahoma data are for state fiscal year.

<sup>9</sup>Texas data are for state fiscal year.

<sup>9</sup>West Virginia data are for state fiscal year.

<sup>9</sup>We did not obtain reliable data from Wisconsin.

<sup>9</sup>Wyoming data for two counties, Northern Arapaho and East Shoshone, are not included because changes in caseload over the period would largely be attributable to movement from state- to tribal-run programs rather than participants moving off TANF.

# Appendix IV: Comments from the Department of Health and Human Services



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Washington, D.C. 20201

AUG 30 2004

Ms. Cynthia M. Fagnoni  
Managing Director  
Education, Workforce, and  
Income Security Issues  
United States Government Accountability Office  
Washington, D.C. 20548

Dear Ms. Fagnoni:

Enclosed are the Department's comments on your draft report entitled, "Welfare Reform—Rural TANF Programs Have Developed Many Strategies to Address Rural Challenges" (GAO-04-921). The comments represent the tentative position of the Department and are subject to reevaluation when the final version of this report is received.

The Department provided several technical comments directly to your staff.

The Department appreciates the opportunity to comment on this draft report before its publication.

Sincerely,

A handwritten signature in cursive script, appearing to read "L. Morris".

Lewis Morris  
Chief Counsel to the Inspector General

Enclosure

The Office of Inspector General (OIG) is transmitting the Department's response to this draft report in our capacity as the Department's designated focal point and coordinator for Government Accountability Office reports. OIG has not conducted an independent assessment of these comments and therefore expresses no opinion on them.

**COMMENTS OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) ON THE GOVERNMENT ACCOUNTABILITY OFFICE'S (GAO) DRAFT REPORT "WELFARE REFORM: RURAL TANF PROGRAMS HAVE DEVELOPED MANY STRATEGIES TO ADDRESS RURAL CHALLENGES" (GAO-04-921)**

HHS appreciates the opportunity to comment on the GAO's draft report. It is informative and well written. It is very strong in providing excellent examples of creative strategies utilized by local Temporary Assistance for Needy Families (TANF) programs to address rural challenges. The report also does a good job of highlighting the work the Administration for Children and Families (ACF) has been doing with these programs.

**GAO Concluding Observations**

*Rural counties shared in the nation's dramatic declines in Temporary Assistance for Needy Families (TANF) caseloads that followed national implementation of welfare reform. However, these national caseload declines do not necessarily mean that welfare reform has been successful or that conditions are not challenging welfare reform in rural areas. First, changes in the number of all families are likely to affect the number of TANF families, and the number of all families in rural areas is growing at a lower rate than that of urban areas. Therefore, without other offsetting factors, rural areas' TANF caseloads should be expected to decline more (or grow less), proportionately, than urban areas' caseloads. Second, data on caseload declines do not reveal whether those who left the caseload are employed and moving toward self-sufficiency, which are essential pieces of information for assessing the success of welfare reform. Third, many rural areas have experienced significant caseload declines but still have a high proportion of their families receiving TANF. Whether TANF recipients in these communities will be able to find jobs and become self-sufficient depends, in part, on the conditions in the communities where they live, such as the availability of jobs, transportation, child care, and dental and medical care. The disadvantaged socioeconomic conditions in these communities are likely to pose challenges to the clients' ability to leave TANF and become self-sufficient. Rural TANF programs we visited have developed some strategies to help them address the challenges their clients face, but the challenges continue.*

*ACF has paid attention to rural areas in its administration of the federal TANF block grant and has several efforts under way, such as its rural demonstration study and its rural task force, that should be helpful in addressing rural challenges. ACF can build upon these efforts by continuing to look for ways to support rural TANF programs and by continuing to support activities like the Mississippi Delta EITC (Earned Income Tax Credit) initiative and the creation of a rural e-mail Listserv that could help spread the word about interesting strategies being used in rural areas.*

**HHS Response**

GAO's analysis is based on the county level data that it received from 48 States (which includes the District of Columbia). GAO found that 239,000 families or 14 percent of all TANF families live in rural areas. However, those 239,000 families are unevenly dispersed across those 48 States representing a low in one State of 0.02 percent but a high in another State of 77 percent. Additionally, 51 percent of the 239,000 families living in rural areas live in only 25 percent of the rural counties in the 48 States. Since the implementation of TANF in 1997, rural TANF caseloads like urban TANF caseloads have declined at about 44 percent.

As part of its study, GAO visited rural counties in nine States. We agree with GAO that TANF recipients in rural communities experience the same barriers as TANF recipients in urban areas, but transportation difficulties, limited employment opportunities, low wages, and lack of services, especially child care, create additional challenges. We also agree that rural areas are diverse with great disparity in economic conditions, characteristics of the population and geography.

As the report describes, some rural communities have exercised tremendous creativity and resourcefulness in designing programs to meet the needs of their families. We appreciate GAO documenting a number of the specific strategies that rural areas have developed to tailor services not only to their TANF and low-income populations, but also to the resources and economic opportunities available in their areas. We are confident that many rural TANF communities will find your report helpful as they look to expand and enhance the services they provide. Once this report is published, we plan to create a link from our Welfare Peer Technical Assistance Network web page (which can be found at <http://peerta.acf.hhs.gov/>) to facilitate rural TANF providers' access to this information.

In recognition of the special challenges that rural areas encounter in assisting rural TANF families as they move from welfare to work, ACF has initiated several activities focused on rural TANF. As cited in the draft GAO report, these activities have included conferences, demonstration projects, technical assistance to TANF programs, and promoting the use of the EITC. In addition, ACF created a rural task force with representatives from an array of ACF programs in both the regional and central offices to discuss issues and share strategies. Much of our technical assistance focused on rural issues comes in response to requests from States. We will continue to work with States to plan how our technical assistance in the future can best serve their needs.

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# Appendix V: GAO Contacts and Staff Acknowledgments

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## GAO Contacts

Clarita Mrena, (202) 512-3022  
Kathy Peyman, (202) 512-9536

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## Staff Acknowledgments

In addition to those named above, Kenneth Adams, Tiffany Boiman, Amy Buck, Cindy Decker, Lise Levie, Angela Miles, Jerry Sandau, and Jay Smale made key contributions to this report.

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