

Multiple Work Supports and Services May Help Low-Wage Workers Climb the Economic Ladder

By Mike Fishman

Programs that rely on retention and advancement policies to help low-wage workers retain jobs and move beyond poverty, could play an important role in helping TANF and former-TANF recipients achieve self-sufficiency—a goal of welfare reform.

The impetus for retention and advancement policies has been concern that welfare reform may only result in moving recipients off cash assistance, but not out of poverty. The advent of time limits on benefit receipt has also created concerns that job loss and subsequent welfare recidivism could lead to recipients exhausting their cash assistance prior to finding stable employment.

The U.S. Department of Health and Human Services (DHHS) and the Department of Labor (DoL), funded the Employment Retention and Advancement Demonstration (ERA) to test innovative approaches in eight states. Together, the 15 programs can vastly increase understanding of both the challenges and opportunities for helping low-wage workers succeed. Some of the demonstrations built on and strengthened already existing programs. Using an experimental design, the evaluators, MDRC and The Lewin Group, have already learned much about program design and implementation.

Early Efforts Separated Retention and Advancement Elements

Research tells us that many welfare recipients and low-skilled individuals work, but job loss is common, wages are low, fringe benefits are rare, and advancement is limited. Steady work, higher initial wages, and benefits are associated with higher wages over time. It is also clear that education is linked to higher wages.

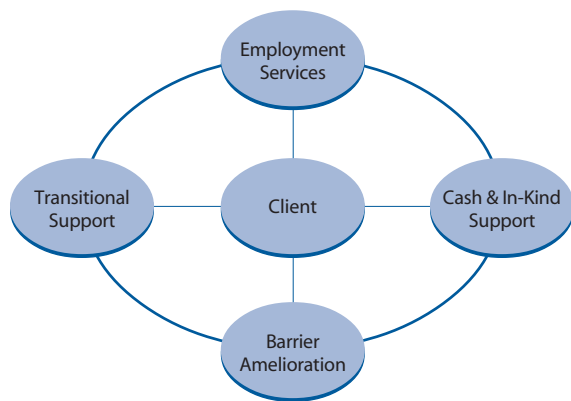
Note from Research Forum Director—Barbara B. Blum

This article provides a short introduction to the literature on employment retention and advancement strategies and describes a group of interventions being tested in a national evaluation. Its author, Mike Fishman, is a senior vice president of the Lewin Group, one of the evaluators of the current demonstrations of employment retention and advancement services. He sees good news emanating from the demonstration sites; but it is tempered with challenges for the future.

Evaluations of welfare employment programs in the 1980s and 1990s demonstrated that welfare-to-work programs that are either employment-focused (also known as labor force attachment models) or education-focused (also known as human capital development models) can moderately increase employment and earnings. Pre-employment programs that are a hybrid of these two approaches (i.e., that initially stress education and training for some people but job search strategies that focus on higher paying jobs with benefits for others), such as the Portland site in the National Evaluation of Welfare-to-Work Strategies (NEWS), produced the strongest results. However, while these approaches affected employment and earnings, none had a strong impact on overall income. There is some evidence that linking significant financial incentives to work, as employed in the Canadian Self-Sufficiency Project (SSP) and the Minnesota Family Investment Program (MFIP), can raise families out of poverty.

The Post-Employment Services Demonstration (PESD), evaluated by Mathematica Policy Research, was the first systematic attempt to increase employment retention among welfare recipients. While there were very small statistically significant impacts for the total period of employment and reduced welfare benefits in one site, the demonstration failed to produce significant impacts on job retention or earnings in any of the four demonstration sites. It is thought that while the project succeeded in reaching out to new workers, the case managers were not sufficiently trained or empowered to provide either employment counseling or rapid access to needed work supports (e.g., transportation, child care).

Successful Models Depend on Links to Services in the Community



The diagram above presents the array of domains that a program might need to address to promote job retention and advancement. Since no single agency or organization is responsible for providing all of these supports and services, an effective program would need strong linkages to many service providers in the community to address the multiplicity of client issues. Such a program might need to help clients with:

- Employment issues—ranging from initial career assessment and planning, to job search, job development, soft job skills, and vocational training.
- Barriers to work—such as poor literacy or limited English skills, mental health problems, domestic violence, and substance abuse.
- Access to services—such as transportation, child care, uniforms or work tools, as well as available cash and in-kind supports ranging from food stamps to housing to the EITC.
- Transition issues—including learning how to get along with co-workers and supervisors, managing conflicts on the job and at home as a result of employment, and building contingency plans for problems that could develop with child care or transportation arrangements.

ERA Interventions Combine Variety of Strategies

The 15 ERA sites developed a variety of strategies to target specific populations and used diverse service delivery mechanisms.¹ The sites focused on five main strategies.

- **Pre-employment Strategies.** These approaches are designed to engage current TANF recipients *before* they find jobs. Sites used two perspectives to provide “front end” services. Some sites (Texas and Salem) engaged clients from the beginning, either at the start of TANF benefit receipt or prior to employment, and continued the relationships following initial employment. Others, like Los Angeles, focused solely on the pre-employment period; this site tested a job club model designed to help clients find better jobs based on the belief that quality of initial employment was a key factor in retaining employment and advancing over time.
- **Post-employment Case Management.** These approaches are designed to begin *after* clients, both current and former TANF recipients, find employment. In some sites, the case managers were employees of the welfare agency (South Carolina, and Los Angeles); in others, they were part of the workforce system (Medford and Eugene, Oregon), and in still others, they were employed by community-based or private organizations (Illinois and Riverside). In all sites, the case workers seek to help clients with both retention and advancement issues, although some sites have a more systematic focus on advancement. Rapid reemployment has also emerged as an important service. In all sites except Illinois, client participation in post-employment services is voluntary.
- **Post-employment Education and Training.** Riverside also tested alternative approaches for delivering post-employment education and training. The welfare office operated one model in which clients were strongly encouraged to participate in education or training while also working at least 20 hours a week. In the second model, the workforce system serves working clients who could reduce their hours (below 20) to participate in education and training.
- **Incentives.** Several sites used incentives to encourage clients to participate in program activities or to reward them for milestone achievements, such as maintaining employment, getting a raise, or completing a course. Texas provided a more substantial incentive

¹ MDRC’s report on early intervention experiences describes the site designs in some detail. See: <www.mdrc.org/publications/356/overview.html>.

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for maintaining employment and engaging in post-employment services—\$200 per month for a one-year period after a client leaves welfare for work.

- **Employer-based strategies.** The Cleveland site targeted newly hired, low-wage workers employed by participating employers recruited by program staff. All program services—case management, “Lunch and Learn,” and supervisory training—were provided at the employment site. Supervisory training focused on helping firstline supervisors better manage their direct service workers.

Engagement, Training, Attitude, Barriers Pose Challenges²

The sites encountered several significant challenges in delivering retention and advancement services.

- **Sustaining client engagement was difficult.** A majority of sites were successful in making initial contact with 70-80 percent of the clients targeted for participation. However, maintaining client contact was a problem. Many clients came in for initial meetings but failed to follow through on activities. Sites tried to address this problem by creating motivational materials and “sales pitches” that focused client attention on the purpose of the program and why it was in their interest to participate. Sites also attempted to contact and reengage clients who had lost touch with the program. Despite these efforts, many clients simply chose not to participate.
- **Program staff needed significant retraining.** Program staff recruited into the program usually had social services or welfare experience but did not have training as career advisors. Working with volunteers was also new to many of them. Staff training focused on how to market services to volunteers, how to use labor market information, how to counsel clients on job retention and advancement, and how to work with employers. Jodie Sue Kelly, an experienced

workforce consultant, developed checklists for staff. But many staffers were not comfortable pressing clients about their work experiences, and they often did not get past the “tipping point” where clients actively shared their work problems and issues. Furthermore, staff implemented the checklists and other techniques designed to engage clients around employment issues to varying degrees.

- **Low-wage employers are not always “employee friendly.”** Many of the clients worked for employers who have strict work policies that proved very challenging. Policies on absenteeism and punctuality offered little room for error among clients with tenuous or unreliable child care and transportation arrangements. Clients often had limited input into work schedules, making it difficult to balance work, family, and sometimes, education. While some sites reached out to employers to help their clients work out issues, many staff persons were uncomfortable intervening in this area.
- **Client barriers are real.** Program participants faced very real problems with transportation, substance abuse, depression, domestic violence, poor literacy and basic skills, disabilities, and criminal records. Program staff faced difficulty balancing efforts to help clients solve these problems and focusing their attention on employment. While efforts were made to concentrate on employment issues, interviews with staff revealed that client retention problems often were caused in part by an inability to manage life challenges. Sites and individual workers had to find their own balance between dealing with client barriers and emphasizing employment.

Access to Services, Staff Commitment, Client Resilience is Encouraging

While many challenges exist to helping participants succeed in the labor market, there are many reasons to be encouraged:

- **Work supports more readily available to low-wage workers in post-TANF era, particularly child care.** While there were some issues around access, interviews with case managers rarely revealed that clients

²The observations documented here are based upon direct contact with many of the ERA sites, as well as discussions with MDRC staff working with the programs observed. They do not necessarily reflect the views of MDRC, the U.S. Department of Health and Human Services, or the U.S. Department of Labor.

were encountering problems with child care. This appeared to be the result of increased resources to support child care for post-TANF workers and low-income workers in general. Case managers also reported few problems around access to food stamps or Medicaid.

- **Abundance of education and training opportunities.** There are a wide variety of free or low-cost education and training opportunities in most communities. Many programs provided assistance to clients in accessing student grants and loans and in some cases paid for registration and books. In addition, many of the programs were offered at times that were appropriate for working students.
- **Increased understanding of the needs of welfare recipients in the workforce system.** In many of the sites, there was a strong partnership between the welfare and workforce systems, perhaps aided by the availability of Welfare-to-Work (WtW) money. Interviews with workforce staff revealed a growing understanding of the needs of welfare recipients. The dedicated welfare-to-work resources provided the workforce system with something concrete to offer, such as providing short-term intensive vocational training through proprietary schools. For many clients this was a welcome alternative to inexpensive, but lengthy, community college programs.
- **Strong commitments within the welfare system.** Most of the ERA sites are sponsored through state and county welfare systems. TANF funds were used to support program development and implementation in these local systems. With a few exceptions, no additional resources were provided by the federal government to support local program delivery. Over the course of program implementation, states went from having TANF surpluses to facing significant funding deficits. However, many states maintained funding support for the ERA programs—many beyond the period during which they were required to recruit participants—because of their commitment to addressing job retention and advancement among their clients. In some states, the programs have been curtailed or phased out due to budget shortfalls. In addition to funding, the states and counties provided strong, consistent leadership and a commitment to continuous program improvement.
- **Local staff exhibited creativity.** At the delivery level, local staff demonstrated enormous creativity in designing programs that met the perceived needs of their clients and in making adaptations over time. Staff worked

evenings and weekends; met with clients at their homes, their workplace, during breaks, and at local restaurants. They designed creative marketing materials, hosted potluck celebrations and workshops, and invented unique solutions to specific client problems. Interviews with case managers revealed a strong commitment to helping participants achieve their goals.

- **Participants demonstrated resilience and motivation.** Interviews with case managers revealed numerous examples of clients who surmounted significant barriers to stay employed, mix work and education, and advance in the labor market. These participants' successes helped case managers remain optimistic about their ability to make a difference in their clients' lives.

Working with Employers, Boosting Wages, are Future Challenges

Successful ERA programs face ongoing challenges: motivating voluntary participants to remain engaged in services and activities; training staff to work with volunteer participants and to offer employment services to clients whose work schedules often limit their ability to participate, and helping participants access nonemployment services. In addition, there are several issues involving employers and wages that could be addressed in future demonstration projects:

- **Bringing employers into the process.** Working effectively with employers remains a significant challenge to programs focusing on worker retention and advancement. While most of the ERA sites made some effort to work with employers, only the Cleveland site was employer-based. It is not sufficient to “parachute” a predefined program model into an employment site. Rather, service providers need to find ways to integrate program services—such as supervisory training, “Lunch and Learn,” and on-site case management—into existing employer human resources programs. Such integration will involve a culture change process at the employment site. Promoting low-wage worker retention and advancement is not solely an issue for the workers themselves. To be successful, the employer must share ownership of the issue and participate in the solution. Demonstrations of projects with these goals are needed to move the field forward in this area.
- **Exploring creative use of employer intermediary organizations.** One way to reach out to employers is to work through organizations that currently function as employer intermediaries, such as temporary agencies and Employment Assistance Programs (EAPs). Temporary agencies often function as the first em-

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ployer of low-wage workers. Demonstrations could explore the extent to which temporary agencies can extend their purposes to include more active retention assistance to workers and whether they can work more effectively with employers to serve as a bridge to permanent employment. EAPs often contract with employers to provide a range of assistance to their workers. While the primary focus of EAPs has become substance abuse and mental health issues, they could take on the whole range of work support assistance needed to help with retention and advancement. Testing a model of this sort with an eye to determining whether it could become self-sustaining over time could be useful. A key component of such a model should be a focus on making changes in the overall work environment, not just on providing supports to incumbent low-wage workers.

- **Testing new wage supplementation strategies.** While many of the demonstration states had substantial earnings disregards in place for TANF recipients, no ERA sites tested explicit wage supplementation strategies. However, there is substantial evidence that wage supplementation can increase employment and help families escape out of poverty. There is also reason to believe that a range of noncash work supports alone will not be sufficient to substantially raise the incomes of many single-parent families. It would be helpful to build on the Canadian Self-Sufficiency Project and the Minnesota Family Investment Program by testing a variety of wage supplementation strategies together with some of the interventions being tested in ERA.
- **Creating a locus of responsibility for supporting low-wage workers.** Currently there is no single governmental body that is responsible for supporting low-wage workers. In the late 1990s, many welfare agencies became involved in retention and advancement services for current and/or former recipients in order to help recipients move from welfare to work and to reduce recidivism. Many states have also used TANF money to support child care for all low-wage workers, and state health and human services agen-

cies have moved aggressively to enroll working households into Food Stamps and Medicaid programs. The workforce investment system provides a range of employment services to all workers; however, their focus traditionally has been helping unemployed workers access jobs rather than on retention and advancement issues. The variety of issues that confront low-wage workers is broad and they have limited time available to work with a multiplicity of service agencies. Colocating administration and resources for these services in one place might help workers. Testing alternative models could indicate if access to work supports among low-wage workers improved.

Learning From New Approaches is Key to Effective Strategies

Creating effective strategies for increasing the retention and advancement of low-wage workers is a relatively new arena. The ERA impact study will provide a host of insights into what works for whom and which interventions offer additional promise. Over the last 30 years, we have seen the goal of the welfare system shift dramatically from providing modest income support to single-parent families to moving clients into work and off welfare. Ultimately, the goal should be to help families move out of poverty and become self-sufficient.

There is now broad recognition that assisting these new earners to become stable members of the labor force, who are working toward higher wages and better benefits, is a key component of an effective anti-poverty strategy. It is critical that we keep testing new approaches and evaluating them using rigorous random assignment methods so that we can learn from our experiences.

States should be encouraged to implement low-cost experiments to test alternative approaches. Basing impacts on readily available administrative sources such as welfare records and Unemployment Insurance (UI) wage data can keep costs down while providing states with reliable information on what does and does not work.

Employment Retention and Advancement Demonstrations—Target Populations and Service Strategies

STATE	LOCATION	TARGET GROUP	PRIMARY SERVICE STRATEGIES
Advancement Projects			
ILLINOIS	Cook County (Chicago) and St. Clair County (East St. Louis)	Welfare recipients who have worked at least 30 hours per week for at least six consecutive months	Combination of services with customized incentive programs that promote career advancement. Includes targeted job search assistance, education and training, assistance in identifying and accessing career ladders.
CALIFORNIA	Riverside County Phase 2	Newly employed welfare recipients working at least 20 hours per week	Test of two ERA programs to promote participation in education and training activities in combination with employment: the Work Plus group requires that participants work at least 20 hours per week, and the Training Focused group is not subject to a specific work requirement.
Placement and Retention (Hard-to-Employ) Projects			
MINNESOTA	Hennepin County (Minneapolis)	Long-term welfare recipients who were unable to find jobs through standard welfare-to-work services	In-depth family assessment; low caseloads; intensive monitoring and follow-up; emphasis on placement into unsubsidized employment or supported work with referrals to education and training, counseling, and other support services.
OREGON	Portland	Individuals who are cycling back onto welfare and those who have lost jobs	Team-based case management; job search/job readiness components; post-employment follow-up services; mental health and substance abuse services for those identified with these barriers; supportive and emergency services.
NEW YORK	New York City PRIDE (Personal Roads to Individual Development and Employment)	Welfare recipients whose employability is limited by physical or mental health problems	Two main tracks: (1) Vocational Rehabilitation (VR): clients meeting state/federal eligibility requirements receive unpaid work experience, job search/job placement services, and retention services tailored to account for medical problems; (2) Work-Based Education: those who do not meet VR eligibility requirements participate in unpaid work experience, job placement services, and adult basic education.
	New York City SACM (Substance Abuse Case Management)	Welfare recipients with a substance abuse problem	Intensive case management to promote participation in substance abuse treatment, links to mental health and other needed services.
Projects with Mixed Goals			
CALIFORNIA	Los Angeles County EJC (Enhanced Job Club)	Welfare recipients who have been referred to job club	Job search workshops promoting a step-down method designed to help participants find a job that pays a “living wage” or has advancement opportunities.
	Los Angeles County RFS (Reach for Success)	Newly employed welfare recipients working at least 32 hours per week	Stabilization/retention services, followed by a combination of services to promote advancement, such as education and training, career assessment, targeted job development.
	Riverside County PASS (Post-Assistance Self-Sufficiency)	Individuals who leave welfare with employment or who become employed within 12 months following case assistance termination	Intensive, family-based support services delivered by community-based organizations to promote retention and advancement.
OHIO	Cleveland	Entry-level low-wage workers who have been in their current jobs less than 6 months with employers who make under 200% of the poverty line	Regular on-site office hours for counseling/case management and access to supportive services; Lunch & Learn meetings for social support and presentations; newsletter for workers and employers; and supervisory training for employer supervisors.

Employment Retention and Advancement Demonstrations—Target Populations and Service Strategies

STATE	LOCATION	TARGET GROUP	PRIMARY SERVICE STRATEGIES
Projects with Mixed Goals			
OREGON	Medford	Employed former welfare and food stamp recipients	Individualized services delivered by case managers and career counselors, including stabilization/retention services; combination of services to increase enrollment in education and training and to promote advancement through “work-based” strategies.
	Eugene	Employed current and former welfare recipients	Same as Medford Site.
	Salem	Welfare applicants	Pre-employment: job search assistance combined with career planning. Post-employment: education and training; employer linkages to promote retention and advancement.
SOUTH CAROLINA	6 rural counties in Pee Dee Region	Individuals who left welfare (for any reason) between October 1997 and December 2000	Individualized services delivered by case managers, including reemployment and support services; advancement services, including job search, career counseling, and education and training; and individualized incentives used to encourage program participation, retention, and advancement.
TEXAS	Corpus Christi, Fort Worth, and Houston	Welfare applicants and recipients	Individualized team-based case management; monthly stipends of \$200 for those who maintain employment and complete activities related to employment retention and advancement plan.

Source: Martinson, K. & Anderson, J. (2003). *Service delivery and institutional linkages: Early implementation experiences of employment retention and advancement programs*. New York, NY: MDRC <www.mdrc.org/publications/356/overview.html>.

RESEARCH FORUM

The Research Forum, an initiative of the National Center for Children in Poverty, Columbia University, encourages collaborative research and informed policy on welfare reform and vulnerable populations. The Research Forum's ultimate goal is to identify and promote strategies that protect and enhance the well-being of low-income children and their families.

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