

Job Retention and Advancement Among Welfare Recipients: Challenges and Opportunities

Research Synthesis

Prepared for:

**Administration for Children and Families
U.S. Department of Health and Human Services
Task Order Number 5
Contract Number 282-98-0016**

Prepared by:

**The Lewin Group
Johns Hopkins University**

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Barbara J. Murphy, M.S.
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Mike Fishman

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Job Retention and Advancement among Welfare Recipients: *Challenges and Opportunities*

EXECUTIVE SUMMARY

Interest in job retention and advancement among welfare recipients was heightened among government officials, social service providers, academics, and the general public when Congress enacted Public Law 104-193 on August 22, 1996. The Personal Responsibility and Work Opportunity Reconciliation Act changed the focus of the welfare system from income support to work. There has been considerable research to date on a number of welfare-related issues including the duration of welfare spells, characteristics that are associated with long spells, and the impacts of demonstration programs that attempt to help women avoid dependency. But despite numerous evaluations, there is limited information available on the effectiveness of programs and services designed to help welfare recipients *retain* and *advance* in jobs.

To help build knowledge about how best to help welfare recipients sustain employment and advance in the labor market, the Administration for Children and Families (ACF) issued planning grants to 13 states.¹ The *Employment Retention and Advancement Project* is designed to help states implement and refine their employment, retention, and advancement strategies. At the request of ACF, The Lewin Group compiled a summary of the research on the employment patterns of welfare recipients and services that have attempted to help recipients remain in jobs and advance in the labor market.

SECTION I: BACKGROUND

(1) The strong economy creates opportunities but few good jobs for low-skilled workers. In recent years unemployment has been at historically low levels, but the economy appears to be bifurcating between high-skill and low-skill jobs. Stagnant wages, few fringe benefits, non-standard hours, and little opportunity for advancement often characterize the jobs that are available to many low-skilled workers.

- Overall, the real hourly wages for low-skilled workers has not kept pace with inflation; in fact, they fell 13% between 1973 and 1995.
- Less educated workers are less likely to have jobs with fringe benefits. One study found that about one-third fewer high school dropouts had job-related health insurance than did college graduates.
- A large minority of low-educated, working mothers—over 40%—worked evenings, nights, or weekends. Most reported that it was a requirement of the job.

¹ California, Illinois, Maryland, New Jersey, North Carolina, Ohio, Rhode Island, South Carolina, Tennessee, Texas, Virginia, Washington, and Wisconsin.

- Those with low levels of education are less likely to advance in the labor market. An analysis of the National Longitudinal Survey of Youth (NLSY) found that less than half of female high school dropouts ever worked in a “good” job² between ages 18 and 27, compared to almost three-quarters of all women.
- There also has been a lack of income mobility among the least-skilled workers. An analysis of the Panel Study of Income Dynamics found that 54% of individuals in the lowest income quintile in 1968-1970 were still there two decades later. Most who experienced upward mobility moved into the second-lowest quintile. Almost 80% of welfare recipients remained in the lowest quintile.

(2) Welfare recipients are a heterogeneous group. Most worked in the past and will do so again in the future. But, for many, their ability to retain jobs and advance to better ones will be limited by low education levels and limited skills.

- About half of all AFDC recipients left welfare within 12 months and 70% did so within 24 months, according to an analysis of the NLSY.
- The caseload at any point in time, however, is largely comprised of long-term recipients for whom job retention and advancement will be more problematic. This group of recipients is more likely to lack a high school diploma and recent work experience.
- Many also have low skill levels. One survey, for example, found that one-third of welfare recipients tested in the lowest quintile for prose literacy (compared with 20% of all adults).
- While almost all recipients (91%) had some prior occupational experience, those with no work experience were considerably more disadvantaged in terms of education and skills levels.
- The types of jobs held by welfare recipients are similar to those held by low-skilled workers in general. An analysis of the NLSY found that women who leave welfare are employed primarily in entry-level jobs with low wages, few fringe benefits, and high turnover.
- Welfare recipients, like other women with low levels of education, are less likely to advance in the labor market. Only 25% of women who received welfare worked steadily in good jobs by their late 20s (compared with 40% of all women).
- Many welfare recipients face at least one barrier to employment, including child care, transportation, or more personal issues such as substance abuse. A study of one urban county found that the probability of working 20 or more hours per week declines as the number of barriers rises, from 70% of women with one barrier to 36% of those with four to six (out of 14) barriers.

² A “good” job was defined as a job that paid \$8.00 or more per hour (1993 dollars) for 35 or more hours per week.

SECTION II: STRATEGIES FOR IMPROVING JOB RETENTION AND ADVANCEMENT

(1) Employment strategies. There is a considerable amount of research on strategies to help welfare recipients enter the labor market, but little research on how to help them retain their jobs and advance. However, the prior research does have implications for retention and advancement efforts.

- One strategy, employment-focused programs, aims to get participants into the labor force as quickly as possible, and these programs range from minimal job-search only programs to mixed-strategy programs that offer an array of services. Education and training-focused programs, on the other hand, aim to improve employability by building human capital.
- Evaluation follow-up periods are often inadequate to determine the full effect of programs.
- Research suggests that for women who are not likely to leave welfare on their own, employment-focused programs can moderately increase employment and earnings and reduce welfare payments. Programs in Riverside and Portland provide good examples.
- Research on education and training-focused programs is mixed. There is some evidence that impacts for participants may increase over time. Evaluations of JOBS programs in Grand Rapids and Atlanta found that earnings impacts increased between year one and year two.
- Thus far, there is no evidence that either approach helps welfare recipients escape poverty. Earnings impacts often result from higher rates of employment, not higher wages.
- Specific program components, such as assessment, seem promising, but remain untested.
- A number of on-the-job training program evaluations have found increases in earnings. Some also found reductions in welfare receipt. These programs tend to be more successful with motivated and better-educated clients. The findings from evaluations of vocational training programs are similar.
- Evaluations suggest that supported work programs may be more successful at helping the hardest to serve (e.g. those without a high school diploma/GED and long-term welfare recipients) find employment. In addition, participants in supported work programs tend to have larger earnings than their control group counterparts due to getting jobs with higher paying wages.
- Thus far, there is scant evidence that basic skills training increases employment rates or earnings, or decreases welfare receipt.
- Evidence suggests that many women who leave welfare lose their jobs fairly quickly. Helping former recipients find new jobs before their TANF benefits are exhausted, is a critical service. Re-employment services could be provided at one-stop career centers. Also, women who have significant work experience may be eligible for unemployment insurance.

- Post-employment programs may need to consider how to combine education and training with work requirements if welfare recipients are to increase their skills and advancement potential.

(2) *Many welfare recipients face a number of barriers to obtaining and keeping a job.* Some barriers are environmental (lack of adequate child care and transportation problems), while others are more personal (lack of social support, domestic violence, mental health problems, and substance abuse).

- Estimates of the prevalence of barriers vary according to the study. One study suggests half of welfare recipients lack a car or driver's license, one-fourth suffer from depression, and one-fifth are victims of domestic violence.
- One of the more typical barriers to employment retention is child care. An analysis of the NLSY found that the type of care can affect job retention: women who placed their children in center-based or non-relative care worked considerably longer than women who relied on relatives for child care.
- Timely identification of barriers, either during assessment, life skills training, or ongoing case management, is important if women are to retain their jobs. Dealing with serious barriers, however, is outside the domain of most case managers' expertise. Establishing links with appropriate community agencies or programs is important for the purpose of referrals.
- There are numerous approaches to barrier removal. Some involve public agencies, such as the Bridges to Work program, which shuttles women between their neighborhoods and suburban jobs. In the private sector, some medium and large-size organizations are using Employee Assistance Programs to identify impediments to work and make suitable referrals. However, while these programs seem to be common sense approaches to barrier removal, they have not been subjected to rigorous evaluation.

(3) *In the post-TANF environment, policies to “make work pay” attempt to help women provide an adequate standard of living for their families and move toward self-sufficiency.*

- There are a number of existing programs available to employed welfare recipients that can supplement earnings or offset the cost of necessary commodities (such as food, housing, and health insurance).
- By one estimate, the Earned Income Tax Credit (EITC) lifted almost 5 million people out of poverty in 1996. Assessments of the proportion of eligible households that use the EITC vary. Some suggest that 80% to 90% utilize the credit. Still, some eligible wage earners do not claim it, and the proportion who utilize the advance form of the credit remains low.
- Data on the utilization of Food Stamps suggests that many eligible working poor families fail to take advantage of this program.
- States could implement a number of programs to augment the incomes of low-income working families, including a state EITC, a refundable Child and Dependent Care Tax Credit, and earned income disregards for TANF benefits.

(4) Providing support for the transition. Entering the workforce for the first time, or after a long absence, can be a daunting task. Challenges include expenses associated with working; meeting the demands of the workplace; dealing with the lack of support by family and friends; finding a new job following job loss; and generally balancing work and family life.

- Many states have tried a case management approach to address the needs of recipients. A key component of the Post-employment Service Demonstration projects, for example, was the provision of intensive case management. Florida's Family Transition Program experimented with enhanced case management in two counties. Evaluations of both programs found that clients used the services and found some aspects helpful. However, there is no evidence that these services led to better employment outcomes.
- Life skills training is another service that could potentially facilitate employment and increase the likelihood of job retention. Services might include assistance with budgeting, job etiquette, developing goals, and building self-esteem. Life skills training seems like a common sense approach to helping recipients overcome barriers to employment and job retention, but there is no research evidence to suggest that such programs help recipients find jobs or stay employed.
- Support groups comprised of other participants who are going through similar changes can boost client morale and help participants deal with problems as they arise. A case study of a program in the West Humboldt Park neighborhood of Chicago, for example, found that after monthly support groups were implemented, case managers had to deal with fewer emergencies because participants knew that they had a scheduled time to discuss pressing issues. While this program shows promise, there is no systematic evidence to support the effectiveness of support groups.

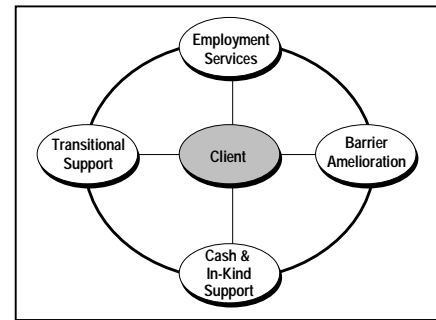
SECTION III: CONCLUSIONS

Reviewing the research on effective programs and strategies leads us to conclude that states will face two significant and related challenges as they design interventions to foster the employment retention and advancement of welfare recipients: (1) a Service Design and Delivery Challenge and (2) a Service Management Challenge.

The first challenge addresses the design and delivery of individual service components. There is a significant body of evaluation literature on employment and training services for welfare recipients. Some employment services can increase employment levels and overall earnings, but they have been less successful at sustaining gains over time or increasing hourly wages. However, past services have not focused on helping recipients retain employment and advance in the labor market. As outlined earlier, there are certain components and strategies that offer significant promise in this area. However, the research literature on barrier amelioration, helping the working poor to access non-welfare income and in-kind supports, and providing transitional support is much less helpful.

The second issue addresses the Service Management Challenge. Beyond the success of specific programs and components, there is a larger issue facing states as they seek to move welfare recipients from welfare to work. **Given the wide variety of services and supports that many welfare recipients will require to escape poverty, how can states structure their service systems to provide the numerous programs and supports that individuals will need?** The difficulty is increased by the fact that individuals will need different services at different points in time. Further, given the heterogeneity of the welfare population, targeting services appropriately and efficiently becomes a key issue.

The Service Management Challenge is conceptualized in the figure to the right. It illustrates the fact that, at any given point in time, a client may need assistance in accessing one or more of the identified service clusters. Some needs will be more pressing than others. Some will require short-term, quick turnaround responses, while other needs must be addressed over a longer time frame. “Solutions” in one area may create needs in other areas.



States may experiment with a variety of approaches to address these challenges. These include designating a single case manager or point of contact for each client, creating information systems that link client information across service systems to facilitate cross-system coordination, and co-locating services to facilitate client access. All of these approaches must confront the challenge of managing service delivery across traditional service system boundaries. All will require significant retraining of local welfare workers.

There are no easy answers to service delivery and service management challenges. As states design new strategies for increasing the job retention and advancement of welfare recipients, they will need to keep both challenges in view. It will not be sufficient to address only one dimension of the problem; rather, there need to be more effective approaches for delivering specific services and supports *and* better management of the delivery of the broad array of services and supports that many families will need to escape poverty.

SECTION I: BACKGROUND

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INTRODUCTION

Interest in job retention and advancement for welfare recipients was heightened among government officials, social service providers, academics, and the general public when Congress enacted Public Law 104-193 on August 22, 1996. The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) changed the focus of the welfare system from income support to work. There has been considerable research to date on a number of welfare-related issues including the duration of welfare spells, characteristics that are associated with long spells, and the impacts of demonstration programs that attempt to help women avoid dependency. But despite interest in programs that help foster self-sufficiency among welfare recipients, there is limited information available on the effectiveness of programs and services designed to help welfare recipients retain and advance in jobs.

To help build knowledge about how best to help welfare recipients sustain employment and advance in the labor market, the Administration for Children and Families (ACF) issued planning grants to 13 states.³ The *Employment Retention and Advancement Project* is designed to help states implement and refine their employment, retention, and advancement strategies. At the request of ACF, The Lewin Group compiled a summary of the research on the employment patterns of welfare recipients and services that have attempted to help recipients get jobs and remain employed.⁴ The first section of the synthesis discusses the state of the economy, the characteristics of workers in the low-wage labor market, and the employment prospects of welfare recipients. The second section explores what is known about: (1) strategies to improve job retention and advancement among welfare recipients; (2) overcoming barriers to employment; (3) strategies for making work pay; and (4) transitional service issues.

Section I: Background. This section provides the context for thinking about the employment, job retention, and advancement prospects of welfare recipients.

- **Chapter 1** summarizes key welfare reform provisions, as well as the state of the economy and the nature of the jobs it is creating. Also, literature on job advancement among low-skilled workers is reviewed.
- **Chapter 2** reviews the characteristics of welfare recipients, their employment prospects, and job trajectories.

³ California, Illinois, Maryland, New Jersey, North Carolina, Ohio, Rhode Island, South Carolina, Tennessee, Texas, Virginia, Washington, and Wisconsin.

⁴ This research synthesis builds on the employment retention and advancement research conducted by Mathematica Policy Research, Inc., the National Governors Association, and the Welfare Information Network.

CHAPTER 1: WELFARE REFORM

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 repealed the 61-year-old Aid to Families with Dependent Children (AFDC) program and replaced it with Temporary Assistance to Needy Families (TANF). The new law changes the nature of the welfare system by eliminating its entitlement status. The unlimited federal matching funds that characterized the AFDC program were replaced with fixed block grants.⁵ In addition, PRWORA mandates a five-year lifetime limit on federally funded benefits (although states can exempt up to 20% of their caseloads), and recipients are required to work after two years.⁶ States, too, will be affected by the employment status of their welfare clients, because the U.S. Department of Health and Human Services (DHHS) will levy financial sanctions against states that do not move an increasing proportion of their caseloads into the labor force each year. (By 2002, 50% of single-parent families must be working at least 30 hours per week.)

Perhaps the most radical element of PRWORA is the devolution of the design, implementation, and management of welfare programs to the states. They determine the underlying philosophy of the program, the population that will be served, the size of the grant, whether there should be mandatory activities, and, if so, what types of sanctions recipients face for not participating.

Most states also have some unexpected financial flexibility that may affect the services they offer. In all but one state,⁷ caseloads have been declining since 1994, while state block grant amounts have remained fixed.⁸ Most states currently have more funds available for their programs than would have been available under the old AFDC system.

- Ten states surveyed by the U.S. General Accounting Office (GAO) indicate that they will use the windfall to fund intensive services that aim to foster self-sufficiency and reduce current and future caseloads. Others are setting aside funds to protect against costs associated with future caseload growth that could result from a recession (GAO, 1998b).

As a result of PRWORA, there has been an increased demand for information about effective practices that help welfare recipients obtain and retain employment.

⁵ Under AFDC, the federal government reimbursed states for approximately 55% of their expenditures. TANF converted the federal share into a block grant. Under the maintenance of effort rule, states are required to spend at least 75% of “historical state expenditures” on behalf of eligible families (U.S. House of Representatives, 1998).

⁶ Or earlier at state option.

⁷ Hawaii experienced caseload growth, as did two U.S. territories, Guam and the Virgin Islands (U.S. House of Representatives, 1998).

⁸ Each state’s block grant equals federal payments for AFDC, Emergency Assistance (EA), and JOBS and was calculated using one of three methods: average payments in fiscal years 1992-1994; payments in fiscal year 1994; or, payments in fiscal year 1995 (U.S. House of Representatives, 1998).

1. The strong economy creates opportunities.

The new welfare reform law was passed at a time when a strong economy continues to generate a significant number of jobs. As McMurrer and Sawhill (1998) note, “Welfare reform, in short, could not have come at a better time.” Despite the increasing size of the labor force, the national unemployment rate has been at historically low levels in recent years.

Thus far, the U.S. economy has been able to absorb increasing numbers of jobseekers.

- Between 1964 and 1989, for example, the labor force grew by 2 million per year as baby boomers and women entered in large numbers. About 95% of these jobseekers were able to find employment (Burtless, 1995).
- The rate of job creation was also strong between 1993 and 1997, when about 10 million new jobs were created, and the unemployment rate fell, despite a 6% increase in the size of the labor force (McMurrer & Sawhill, 1998).
- McMurrer and Sawhill argue that the labor market will assimilate the estimated 140,000 welfare recipients who will join the labor force each year between 1997 and 2002.

Even with growth in the labor force, the unemployment rate continues to hover at historically low levels. According to the Bureau of Labor Statistics (BLS), the unemployment rate for working-age whites (ages 16 to 64) fell from 4.9% in 1995 to 4.1% in the first seven months of 1998. The unemployment rate among the black working-age population is higher, but also declining. It stood at 10.4% in 1995 and 9.4% in 1998. The unemployment rate for Hispanics was between those of whites and blacks (Bureau of Labor Statistics, 1998a).

- The unemployment rate for women with children varied by marital status. In 1997, the unemployment rate for all mothers with children under age 18 was 5.5%, compared to 10.5% for mothers who are widowed, divorced, separated, or never-married (Bureau of Labor Statistics, 1998b).

2. Characteristics of the low-wage labor market.

The job market appears to be bifurcating. The growth in job creation and the corresponding low unemployment rate are good news for welfare recipients and policymakers. The nature of the jobs being created, however, will affect the ability of welfare recipients to achieve self-sufficiency. There is an abundance of high-paying jobs that require many years of education and specific skills. At the same time, there has been rapid growth in occupations that do not require a college, or even a high school diploma. Low wages, non-standard hours, and few opportunities for advancement characterize the latter jobs. These jobs, however, often require either prior experience or demonstrated skills, suggesting that new entrants to the labor market may face stiff competition from workers currently or recently employed in the low-skill market. This can be especially problematic in urban areas with a large supply of low-skilled labor.

The projected growth of occupations appears to support the bifurcation theory. According to BLS projections, technology-related jobs are heavily represented among the 10 occupations that will grow the fastest each year between 1996 and 2006.

- The three fastest-growing occupations will be: database administrators/computer scientists (estimated annual growth of 118%), computer engineers (109%), and systems analysts (103%). All three generally require advanced education or skills.
- Of the next seven fastest-growing occupations, five are low skill, low wage: personal and home care aides (expected to grow 85%), physical therapy aides and assistants (79%), home health aides (76%), medical assistants (74%), and occupational therapy assistants and aides (69%) (BLS website).
- Jobs in the manufacturing industry, which in the past provided decent wages to low-skilled workers, are expected to decline about 0.2% each year between 1996 and 2006.

3. Wages for less-skilled workers have not kept pace with inflation.

- In 1979, 4% of workers earned less than \$5.00 per hour (1992 dollars). By 1992, 10% of workers, and 25% of high school dropouts, did so (Blank, 1995). Adjusting for inflation, the average dropout, working full time, saw wage increases of about \$0.07 per hour per year (or 1.2%) during his or her 20s. Those with three or more years of college education saw wage increases in the order of \$0.45 per hour per year (or 5.7%) (Burtless, 1995).
- Overall, the real hourly wages for low-skilled (production and non-supervisory) workers fell 13% between 1973 and 1995. In contrast, during these years the wages of workers in the 90th percentile of earners increased 31% for men and 42% for women relative to those in the 10th percentile (Tilly, 1996).

Low benefits characterize jobs in the low-wage economy. In addition to low pay, lack of benefits can be problematic for single parents. In addition, health care is important to families and can pose a considerable barrier to employment. The Multi-City Study of Urban Inequality surveyed between 1,600 and 4,000 adults in Atlanta, Boston, Detroit, and Los Angeles about their educational attainment and the occupational category of the last or current job (Holzer & Danziger, 1998). Eight hundred employers in each city were also surveyed about their most recent job openings. The study found:

- Health benefits were available to fewer high school dropouts than to college graduates (64% vs. 91%), and families of workers who were dropouts were also less likely to have access to benefits than the families of college graduates (Holzer & Danziger, 1998).
- Among the labor force as a whole, the proportion of workers covered by health insurance fell from 63% in 1979 to 56% in 1993. The number of paid days off declined from 20 to 17 between 1977 and 1989 (Tilly, 1996).

Many low-skill jobs require work during non-standard hours. A study of low-educated, working mothers ages 18 to 34 found that more than four in ten worked evenings, nights, or weekends when child care can be difficult to secure. The most likely to work non-standard hours were cashiers (39.5%), nurse aides (41.4%), and waitresses (49.2%). Of those who worked non-standard hours, 37% stated that it was “requirement of the job” (Presser & Cox, 1997).

Low-wage jobs often require previous experience or competencies in skill areas. The Multi-City Study found that while the majority (75%) of newly filled jobs did not require a college education, more than half (54%) called for a high school diploma or GED, and 22% accepted high school dropouts.

- Over half of the non-college jobs, however, required experience with specific tasks, such as computer use, working with customers, and reading/writing or arithmetic skills. Two-thirds required previous occupational experience.
- Many of the adults with low levels of education lacked the characteristics and experience required for the available jobs. Less than 60% of high school dropouts had job-related experience with specific tasks and reading/writing and arithmetic. More than 90%, however, had some occupational experience (Holzer & Danziger, 1998).

4. Job advancement among low-wage workers is limited.

There is a great deal of interest in whether low-end jobs are a temporary step on the career ladder that will lead, eventually, to a better experience. Some suggest that cycling through a series of jobs represents a natural progression from entry-level employment to positions with more responsibility.

Cycling may lead to improved outcomes for some, but evidence suggests that the prospects for upward job mobility among high school dropouts are limited. One study used the National Longitudinal Survey of Youth (NLSY)⁹ to examine women's transitions from "bad" to "good" jobs during their 20s. A "good" job was defined as a job that paid \$8.00 or more per hour (1993 dollars) for 35 or more hours per week. The findings include:

- Less than half of high school dropouts (47%) ever worked in a good job between ages 18 and 27, compared to almost three-quarters of women in general.
- Only 15% of high school dropouts worked steadily in good jobs by age 27, compared to about 40% of women in the overall sample.
- The average woman did not advance quickly: she took four years to transition from a bad job to a good one; one-quarter took six years (Pavetti & Acs, 1997).

The lack of upward job mobility could be due to a number of factors. High school dropouts might lack the necessary skills to advance to a good job. Women with low levels of education might have weaker labor force attachment. For example, women with lower levels of education were more likely to have at least one spell of unemployment between 1991 and 1995. Over half of women with a GED (52.6%) had at least one spell of unemployment, compared with 47.4% of

⁹ The NLSY has tracked a cohort of 12,000 males and females since 1979, when they were ages 14 to 22. To determine job trajectories, the researchers used a sub-sample of 2,000 women observed each year between ages 18 and 27.

women with fewer than 12 years of school, 39.2% of high school graduates with a diploma, and 26.9% of college graduates (BLS website).

Income mobility among low-skill, low-wage workers appears to be limited. Gottschalk and Danziger (1998) analyzed the Panel Study of Income Dynamics (PSID) and found little evidence of income mobility among the poorest families over the past two decades. The researchers used two different time frames to measure mobility: annual accounting periods (1990 to 1991), and the average of three-year accounting periods (1968-1970 and 1989-1991). For each year, individuals were placed into an income quintile based on their income-to-needs ratio (family income divided by the federal poverty line).¹⁰

- Using three-year averages (1968-1970 and 1989-1991), the researchers found that 54% of individuals in the lowest income quintile in 1968-1970 remained there in 1989-1991.
- There were differences by demographic group: whites were more likely to move out of the lowest quintile than were non-whites (53.6% vs. 28%).
- Fewer than half of those with less than a college education (45.5%) moved out of the lowest quintile. Welfare recipients had the lowest probability (22.2%) of moving from the bottom (Gottschalk & Danziger, 1998).¹¹

¹⁰ This measure adjusts income for family size, since the federal poverty line differs by family size. Family income includes all cash income (such as transfers), but not in-kind income (i.e. food stamps).

¹¹ Similar results were found when single years (1968 and 1991) were compared instead of three-year averages. Measuring mobility between 1990 and 1991 yielded the lowest estimate: 75% of those in the lowest quintile did not move. About 20% moved from the lowest to the second lowest quintile. Thus, about 95% of poor individuals stayed poor.

CHAPTER 2: EMPLOYMENT PROSPECTS FOR WELFARE RECIPIENTS

1. Recipients are a heterogeneous group, and many will face challenges in the labor market.

Designing interventions to help welfare recipients find and maintain jobs will be complicated by the fact that women on welfare are a heterogeneous population.¹² Some will find work more easily due to a variety of personal and environmental factors. It is also important to note that the research discussed below was conducted prior to the passage of PRWORA. The behavior of welfare recipients may change in many ways as a result of welfare reform. For example, the presence of time limits might encourage women to retain jobs that they might have otherwise quit. Some women will be diverted from applying for assistance. The caseload will change, as women with higher skill levels leave welfare for work while more disadvantaged women remain.

Welfare recipients are a heterogeneous group. Pavetti (1995, as cited in U.S. House of Representatives, 1998) uses monthly data from the NLSY to estimate the length of time women on welfare spend in the system.¹³ She found that first-time recipients were relatively evenly distributed between: high school graduates and high school dropouts; women younger than 24 and those who are older; and white and non-white women. Never-married women outnumber divorced and separated women by a margin of six to four. (See **Table 1.**)

Pavetti also found that **exits from welfare are common.**

- About 56% of women leave within 12 months of going on welfare; 70% do so within 24 months.
- Almost 80% of welfare spells end within 3 years.

It is important to note, however, that these estimates are for women who *ever* received welfare (as opposed to those currently on the rolls) (Pavetti, 1996).

¹² It should be noted that in the past a minority of welfare families were enrolled in the AFDC-Unemployed Parent (UP) program and thus had two parents present. The proportion of all AFDC families in the UP program increased from 4% in 1970 to 6.6% in 1996. Individuals in the AFDC-UP families differed from those in basic AFDC in that they were more likely to have current work experience. This was in large part due to the eligibility rules of the UP program, which were more like Unemployment Insurance than basic AFDC. The principal wage earner must have been unemployed (that is, work less than 100 hours per month), but have worked in 6 of the past 13 quarters (U.S. House of Representatives, 1998). Because individuals in the UP program had recent work experience, it was expected that they would find work more quickly.

¹³ The NLSY reflects the experience of younger women and is not necessarily representative of the larger welfare population.

TABLE 1
TIME ON WELFARE BY INDIVIDUAL CHARACTERISTICS AT
BEGINNING OF SPELL

Characteristics at beginning of spell	% of <i>all</i> first-time recipients	% expected to spend 24+ months on AFDC	% expected to spend 60+ months on AFDC
Education			
<9 years	13.0	75.3	63.4
9-11 years	34.0	66.2	40.0
12+ years	53.0	48.2	24.3
Work experience			
No recent	38.7	67.1	44.9
Recent	61.3	52.0	28.3
Age			
Under 24	52.7	64.5	41.9
25-30	24.9	51.9	25.6
31-40	19.3	48.4	28.3
Over 40	3.1	51.1	25.2
Race			
White/other	55.6	50.9	26.7
Black	28.4	66.4	41.4
Hispanic	16.0	66.9	50.7
Marital Status			
Never married	58.2	65.5	43.1
Ever married	41.8	47.2	23.0
No. of Children			
One	57.2	57.0	35.8
Two	33.2	58.2	31.9
Three	7.5	58.7	35.9
Over three	2.2	71.0	43.1

Source: Pavetti (as cited in U.S. House of Representatives, 1998).

When women who *currently receive* support are examined separately, a different portrait emerges.

- Almost 90% will spend more than two years on welfare, while 76% will exceed the five-year time limit (Pavetti, 1996).¹⁴

Pavetti also estimated the proportion of **women who will spend five or more years on welfare based on a number of characteristics.**

- Women with fewer than nine years of education were 58% more likely to reach the time limit than were women with 9 to 11 years, and 160% more likely to do so than women who graduated from high school. (See Table 1.)
- Women who were never married or who were under age 24 at the beginning of their first spell were also more likely to exhaust the five-year limit.
- Women with no recent work experience were 59% more likely to spend five years on welfare than were those with recent experience (45% vs. 28%) (Pavetti, as cited in U.S. House of Representatives, 1998).¹⁵

Many welfare recipients have low skill levels. While recognizing the diverse nature of the welfare population, a number of studies indicate that, as a group, women on welfare have low basic skills levels. One measure, the Armed Forces Qualifying Test (AFQT), is generally considered a good indicator of a person's problem-solving ability and future earnings. The AFQT was administered in 1980 to all participants in the NLSY.

- The average score of a female who, according to the NLSY, eventually went on welfare was below the 18th percentile (Zill, 1996).
- The 1992 National Adult Literacy Survey also indicates that women on welfare are academically disadvantaged compared to the general population. One-third of welfare recipients tested in the lowest quintile for prose literacy (compared with 20% of all adults), 37% tested in the lowest quintile for document literacy, and 40% in the lowest quintile for quantitative literacy. More than 7 in 10 scored in the bottom two quintiles for each of the three literacy categories (Zill, 1996).

Welfare demonstration program data also indicate low skill levels. The Teenage Parent Demonstration, which operated in Camden, New Jersey, Newark, New Jersey, and Chicago, Illinois, required program participants to enroll in school or a training course, or seek

¹⁴ The difference in exit rates between women who ever use welfare versus current recipients is largely due to the fact that the former group of recipients includes women who have been on welfare for 10 years and those who were on the rolls for just one month. The latter group—current recipients—is smaller, includes women who are in the midst of long-term spells, and, as time goes on, accumulates more long-term recipients.

¹⁵ Bane and Ellwood (1983) and Ellwood (1986) used annual data from the Panel Study of Income Dynamics, which, unlike the NLSY, is not limited to younger women. Taking into account multiple spells, the analysis of the PSID indicated that 30% of people beginning an AFDC spell, and 65% of people on AFDC at any point in time, would spend eight or more years on welfare.

employment. All first-time teenage mothers who were receiving AFDC were assigned to either the program or control group. Mathematica Policy Research evaluated the program.

- Baseline information collected at each of the sites indicated that the average participant read at the 8th grade level. The math grade equivalent was about the same (Maynard, 1993).

Low skill levels could be the result of dropping out of school at an early age, but there is also evidence that a significant minority of welfare recipients have learning disabilities.¹⁶

- Studies of former welfare-to-work programs in Ohio, Kansas, and Washington indicated that at 25% to 35% of participants had learning disabilities.
- In the Washington program, over 85% of the participants identified as learning-disabled had not been classified as such while they were in school.
- Between 5% and 7% of the participants in the three state studies were also deemed mildly mentally retarded (National Governors' Association, 1998).

Many welfare recipients have some work experience. The job experience of recipients tended to be concentrated in a few occupations with low wages and minimal fringe benefits. Holzer and Danziger looked at the job experience of welfare recipients in general, as well as those who dropped out of high school. They found:

- Forty percent of all recipients had occupational experience in labor/service jobs, while 37% had experience in clerical/sales.
- Most (91%) had prior occupational experience.
- One-third, however, had no on-the-job-related experience with reading/writing and arithmetic.

When recipients with no high school diploma or GED were analyzed apart from the broader welfare population, the findings were more negative.

- While most (89%) had occupational experience, half had no on-the-job-related experience with reading/writing and arithmetic.

An analysis of the NLSY conducted by Anu Rangarajan and her colleagues at Mathematica Policy Research (MPR) found that welfare recipients who had never worked were significantly more disadvantaged in terms of potential employment than were recipients with some experience.

¹⁶ Learning disabilities are identified by the federal Interagency Committee on Learning Disabilities as disorders that cause difficulties in listening, speaking, reading, writing, and reasoning. Mathematical and social skills also may be compromised.

- For example, 54% of recipients who had never worked had AFQT scores below the 10th percentile (compared with 23% of those with employment experience).
- Another variable that could potentially affect employment is having a car/driver’s license. Non-working welfare recipients were considerably less likely to have either than were working welfare recipients (37% vs. 70%) (Rangarajan, Schochet, & Chu, 1998).

Welfare recipients face a number of barriers. In addition to low levels of education and lack of work experience, many women on welfare experience a number of personal and health problems.

Starting in 1997, the Women’s Employment Study (WES) tracked a random sample of 753 single mothers on welfare in an urban Michigan county to determine the prevalence of barriers to employment.¹⁷ The study measured education, work experience, job skills, workplace norms, mental health and substance abuse problems, physical health, and domestic violence (Danziger et al., 1998).

As the first two columns in **Table 2** indicate, the welfare recipients in the WES were more likely to experience a barrier than were women in the general population.¹⁸

**TABLE 2
BARRIERS TO EMPLOYMENT**

Barrier	%WES with barrier	% National pop. with barrier	WES working 20 hrs./wk., with barrier	WES working 20 hrs./wk., no barrier
No car/license	47.3%	---	46.7% **	58.5%
Depression	26.7%	12.9%	46.5%	60.7%
Alcohol dependence	2.7%	3.7%	70.0% **	56.5%
Drug dependence	3.3%	1.9%	40.0% *	57.5%
Health problem: mother	19.4%	---	37.0% **	61.7%
Health problem: child	22.4%	---	47.5% **	60.1%
Domestic violence	14.9%	3.3%	55.4%	57.1%

* Difference between columns 3 and 4 significant at the 0.10 level

**Difference between columns 3 and 4 significant at the 0.05 level.

Source: Danziger et al. (1988).

¹⁷ Individuals exempted from Michigan’s work requirement, as well as women under age 18 or over 55, were excluded from the study. This might underestimate the prevalence of barriers to employment.

¹⁸ Barrier measurement: For depression and substance abuse, diagnostic screening batteries for 12-month prevalence using the Composite International Diagnostic Interview; for physical health, recipients asked questions from the SF-36 Health Survey; for domestic violence, Conflict Tactics Scale. Note: substance and alcohol abuse rates may be under-reported, since they are considerably lower than rates found in other studies of welfare recipients in national samples (see, for example, Jayakody, Danziger, & Pollack, 1998 as cited in Danziger et al., 1998).

The third and fourth columns of Table 2 indicate how the proportion of women working 20 hours per week differs by presence of a barrier. For example, women with a car or license are about 25% more likely to work 20 hours per week than are women with no car or license. Women without health problems are 67% more likely to work than are women with health problems. Interestingly, however, women with alcohol problems were 24% more likely to work 20 hours per week than were those with no alcohol barrier.¹⁹

When multiple barriers are present, the probability of employment declines further. Danziger and her colleagues used data from the WES to determine the probability that a woman would work at least 20 hours per week by number of barriers. As expected, the probability of working declines as the number of barriers rises (see **Table 3**).

**TABLE 3
EMPLOYMENT PROBABILITIES BY NUMBER OF BARRIERS**

Number of barriers	Probability of Working 20+ Hours/Week*
0	78.2%
1	70.2%
2-3	56.4%
4-6	36.1%
7+	4.7%

*For these estimates, the authors narrowed the WES data to respondents who were African American, living in an urban census tract, ages 25 to 34, and has a child under age two.

2. Patterns of employment: Research suggests that many welfare recipients will get jobs, but job mobility is limited.

Despite the fact that many women on welfare have low skill levels and limited work experience, many do find work. But, like the low-skilled men and women who fill the ranks of the working poor, most former recipients remain poor or near poor.

As noted earlier, many women who go on welfare leave relatively quickly. Pavetti found that about half of welfare exits were work related, and that many women who left for work eventually returned.

- Almost half (45%) returned to welfare within one year of exiting. Almost 60% had returned within two years. Women who left welfare for work, however, were slower to return than were women who left for other reasons. About 39% of women who left for work returned within one year, compared with 50% of women whose exits were related to other factors (Pavetti, as cited in U.S. House of Representatives, 1998).

¹⁹ Substance abuse will be discussed further in Section II.

Using NLSY data, Rangarajan et al. (1998) studied the employment patterns of 800 women who found a job while on welfare or within three months of exiting welfare. Follow-up interviews were conducted after two years and five years.

- Over one-third of newly employed recipients worked in service-related occupations and another 26% in clerical jobs.
- The average recipient earned \$6.50/hour (1997 dollars), although 40% earned \$5.50 or less.

About 50% were employed full time. About half of the full-time workers had paid vacation benefits, and 40% had some form of health benefit. Almost 30% worked evening or night shifts, and another 17% worked variable shifts.

Rangarajan and her colleagues found that the majority of women (75%) lost their jobs within one year.

- The rate of job loss was highest during the first four months after starting a job (13% to 15%), slowed to 10% during months five and six, and then fell to 5% to 6% for the remaining months. The median sample member *worked five months*.

The authors conclude that the first four to six months are critical to job retention efforts. If women stay employed after six months, they are considerably less likely to lose their jobs (Rangarajan, Schochet, & Chu, 1998).

The reasons for job loss varied. The most common reasons, cited by 35% to 45% of the sample, were workplace-related: they were laid off or fired. Another 10% to 15% quit because they were pregnant or had other family concerns. About one-third were re-employed within three months. Forty percent, however, were still not working one year later.

Only a small proportion of the sample was employed steadily from the time of their initial jobs through the two-year and five-year follow-ups. On average, the women in the study were employed for about 50% of the weeks during the study period. The women also experienced job turnover. The average recipient had two different employment spells during the two-year period and three during the five-year period. About one-third had four or more employment spells (Rangarajan, Schochet, & Chu, 1998).

- Those who did sustain employment tended to have higher starting wages (\$8.00/hour or more), fringe benefits, and did not combine welfare with work.
- Placing children in center-based or non-relative care was also associated with job retention.
- While education and skills were associated with finding employment, they had only a small effect on retention. The local unemployment rate and AFDC package also were not related to whether a woman retained her job.

Other researchers have used local administrative data. Lane et al. (1998) used administrative data, including automated income-maintenance records and quarterly employment and earnings data submitted to the Department of Labor, to follow the paths from welfare to work among a

sample of Baltimore women. Records were collected for all women who applied for welfare between July 1989 and June 1990.²⁰ Twenty-five quarters of earnings and employment data (July 1990 to September 1996) also were collected. Of the original sample, 54% held some type of job during this observation period. Of those who worked, about half continued to receive welfare, while half made a full transition to work.

Using the records of the women who had work experience, Lane and her colleagues were able to distinguish a number of transition patterns.

- The most common pattern, representing the transitions of 47% of the women who held a job at some point, was cycling from welfare to a job and back to welfare.
- The next largest group (38%) transitioned from welfare reciprocity to combining welfare and work to work only. The remainder either transitioned from work only to welfare only, or from work to welfare to work again (Lane et al., 1998).

A number of occupations and employer characteristics seemed to be related to “successful” outcomes (that is, recipients’ jobs lasted four quarters and they did not reapply for welfare). Lane found that individuals who worked in public administration, health services, and social services were more likely to have successful employment outcomes. Business services, the occupation area that hired the most recipients, was associated with unsuccessful outcomes (Lane et al., 1998).

Thus, welfare receipt is not static, but labor force attachment appears tenuous, at least for a significant proportion of women. Those who retain jobs for at least six months seem to be at a lower risk of job loss.

3. Like the larger working poor population, job advancement and income mobility among welfare recipients appears to be limited.

According to MPR, a small fraction of the sample worked consistently during the two- or five-year follow-up periods after starting work.

- Only 31% of the sample worked for 75% or more of the weeks during the two year follow-up period; 29% did so during the five-year follow-up.

Those who were employed during the fifth year of the study saw gains in earnings and fringe benefits.²¹

- Earnings (in 1997 dollars) rose from \$9,253 to \$12,263, although most of this growth was due to increased hours and weeks worked. Wages, however, did increase about 10%.

²⁰ Yielding a sample of 15,535. Of this sample, 8,413 held a job during the 25-quarter follow-up period.

²¹ It should be noted that women who were employed in the fifth year of the study were not representative of the larger sample. For example, they had higher levels of education and higher AFQT scores.

- Women employed during the fifth year were more likely to have health coverage than during their initial jobs (62.3% vs. 47.5%) and paid vacation (73% vs. 54%).

Whether women are moving into “better” jobs is not so clear. In terms of experiencing higher earnings *or* having access to more fringe benefits, about 70% of welfare recipients moved to better jobs. However, between 30% and 40% of the sample were in lower-paying jobs, suggesting that labor force attachment alone will not necessarily lead to higher-paying jobs or self-sufficiency (Rangarajan, Schochet, & Chu, 1998).

Pavetti and Acs (1997) used the NLSY to simulate transitions from bad to good jobs among women who received welfare during their 20s.²² (As noted previously, a “good” job was defined as a job that paid \$8.00 or more per hour (1993 dollars) for 35 or more hours per week.)

- Only 25% of women who received welfare worked steadily in good jobs by their late 20s (compared with 15% of high school dropouts and 40% of all women). About 40% worked steadily in bad jobs. The remainder worked sporadically, if at all.
- The job prospects for welfare recipients without a high school diploma were even less promising. Only 14% worked principally in good jobs by age 27. One-third worked steadily, but in a bad job. Over half (52%) worked infrequently.

Many former welfare recipients also experienced slow wage growth and earnings below the poverty line, even after five years in the labor market. One study followed the wage patterns of women who received welfare at some point between 1979 and 1981 (as opposed to all low-skill workers). In 1996 dollars, earnings for a woman in this sample rose \$0.07 per year, from \$7.00 per hour in 1979 to \$7.77 per hour in 1990. The “potential” earnings of a full-time worker rose from \$14,000 in 1979 to \$15,540 in 1990 (McMurrer & Sawhill, 1998).

A number of occupations and employer characteristics seemed to be related to job retention. For example, a survey of employers conducted by the Urban Institute found that the hospitality industry provided entry-level workers with opportunities for upward mobility. Employers in this industry noted that they prefer to hire from within and stress the importance of employees proving themselves on the job. While employers in the health care industry also said there were opportunities for upward mobility, they cautioned that a lack of education could prove to be a significant barrier for entry-level workers because many positions require an associate’s or bachelor’s degree (Pindus et al., 1997).

Conclusion. Welfare recipients seeking to sustain employment, provide an adequate standard of living for their families, and advance in the labor force face a number of challenges and

²² Because PRWORA differs from past welfare reform, the authors argue that the work experience of past welfare recipients is not a good indicator of the work effort of current recipients. Thus, they created a microsimulation model to simulate the job trajectories of current welfare recipients who will face a time limit. They make two assumptions: 1) employment experiences of current recipients will be similar to those of women with similar characteristics who never relied on welfare, and 2) the simulation relies on observed characteristics of current recipients; that is, it is not possible to incorporate potential behavioral changes into the model.

opportunities. The current economy is generating many new jobs; however, job growth is occurring in either high-skill, high-paying professions or low-skill, low-wage jobs. The low-wage jobs available to many welfare recipients offer little opportunity for advancement, provide few benefits, and often involve non-standard hours that are difficult for single parents to manage.

Many welfare recipients face other significant barriers to employment. Many of them have less than a ninth grade education, limited work experience, and face a range of personal and behavioral challenges. To overcome these obstacles and maintain employment, welfare recipients will need a variety of environmental supports, such as transportation, child care, and possibly mental health and substance abuse treatment. Even with these supports, it is expected that welfare recipients will experience a succession of jobs. It will be important to help them learn from each job experience and re-enter employment as quickly as possible.

It is also clear that there are limited opportunities for wage growth among low-skilled workers. This poses additional challenges for welfare recipients seeking to provide an adequate standard of living for their families. In the short term, it will be important to help newly employed welfare recipients access income supplements such as the Earned Income Tax Credit (EITC) and Food Stamps in order to increase their family's purchasing power. Medical benefits, often not provided in low-skilled jobs, will be important and housing supports for low-income, working families could also help ease the transition from welfare to work.

Longer-term policies should recognize the clear link between education and wage growth. Thus, strategies that enable welfare recipients to increase their educational and skill levels while working are likely to be vital to their advancement opportunities. However, time spent in education and training replaces time spent working or caring for one's family. Therefore, such strategies need to be developed within the context of the family's overall circumstances.

**SECTION II:
STRATEGIES FOR IMPROVING JOB RETENTION
AND ADVANCEMENT**

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INTRODUCTION

Past research indicates that while some employment and training programs have placed participants in jobs, increased earnings, and reduced welfare benefits, even the successful programs have had difficulty sustaining these positive impacts over time. As noted previously, labor market research indicates that most welfare recipients find low-wage jobs and have very little earnings growth over time. Thus, there is a tremendous need to implement and test services designed specifically to promote job retention and advancement.

While there have been many evaluations of programs that aim to get welfare participants employed, research on which services increase job retention or advancement is still in its infancy. Most of the literature that is available focuses on pre-employment services or removing barriers to employment. Because of this focus, the data provide information on whether participants find jobs, how much they earn, welfare receipt (number of months and/or amount received), and, occasionally, whether they keep those jobs for some period of time after treatment. While this provides limited descriptive information on what happens to participants in terms of retention and advancement, it does not necessarily provide information on whether these programs *promote* retention and advancement.

Furthermore, most of the available literature focuses on the JOBS²³ program and its precursors, or on variants of JOBS. This research focuses almost exclusively on services provided to single mothers on welfare.²⁴ It also occurred under the rules of the AFDC program, not under the time-limited environment of TANF. It is likely that the time limits will affect participants' behavior (e.g. they may be less likely to leave an initial job). It is equally likely that states will be serving a more disadvantaged population than they have in the past, as those who may previously have been exempted from participation in employment and training programs will now have to participate.

Section II: Strategies for Improving Job Retention and Advancement. This section discusses potential strategies for improving job retention and advancement that are roughly grouped into the following categories:

- **Chapter 1: Employment-related services** — services provided prior to employment (pre-employment services), during employment (post-employment services), and after job loss (re-employment services). These services focus both on getting recipients employed (or re-employed) and on helping them retain and advance in their jobs.

²³ Federally sponsored Job Opportunities and Basic Skills Training Programs, operated in conjunction with AFDC from 1988 through 1996.

²⁴ As noted in the previous section, a small portion of the welfare caseload is composed of two-parent families. Because historically this group has represented a small piece of the caseload, there is very little literature that looks exclusively at this group. Services to meet the needs of two-parent families may become more important in the TANF environment. Although two-parent families are still the exception, the stringent requirements States face in placing these families into jobs may mean that they consume a disproportionate share of employment and training resources.

- **Chapter 2: Barrier-removal services** — services that address specific barriers to finding and keeping a job. These barriers can range from lack of adequate child care or transportation to substance abuse or health problems. These services may be provided both prior to and after obtaining employment.
- **Chapter 3: Making work pay** — strategies that attempt to augment earned income by ensuring that newly employed TANF participants have access to other services or financial assistance for which they may qualify, such as the Earned Income Tax Credit, Medicaid, or Food Stamps.
- **Chapter 4: Providing support for the transition to work** — services, such as case management/service management, counseling, and mentoring, that help welfare recipients cope with the challenges of working.

Because the focus of most previous research has been on programs' effectiveness at placing participants into jobs, there are very few hard and fast conclusions regarding job retention and advancement services. Even so, there are conclusions that can be drawn from the available research findings that have implications for job retention and advancement. Thus, while the literature may not provide many answers to the question, "What services best help welfare recipients retain and advance in their jobs?" it can help policymakers better define the question and identify areas for further study.

CHAPTER 1: EMPLOYMENT STRATEGIES

Traditionally, welfare employment and training programs have focused on pre-employment services, and program success has been measured in terms of impacts on welfare receipt, increases in employment and earned income, and cost-effectiveness. Under TANF's rules, simply finding a job will not be enough. Welfare recipients must find jobs that enable them not only to leave welfare but to remain off welfare as well. And, they must do so before they exhaust their welfare benefits.

Past research indicates that steady employment among welfare recipients is not common. As noted in Section I, welfare recipients often cycled between work and welfare. Making a full transition to work after a single welfare spell was rare. Other studies support this finding:

Recent data from the **Postemployment Services Demonstration** (PESD) evaluation indicate that 25% of sample members lost their first job within three months, and almost 60% had lost their job within one year (Rangarajan, 1998b). Data from Project Match, a voluntary, Chicago-based program aimed at helping participants achieve self-sufficiency, show similar rates of job loss: more than half lost their first job within six months (Wagner et al., 1998).

Losing the first job is not necessarily bad. The first job can provide the employee with valuable workplace skills that can be transferred to a new job. In addition, the initial entry-level jobs generally do not pay wages high enough to help them escape poverty. Thus, if losing the first job leads to a better placement, the welfare client gains in the end. However, as noted in Section I, it may be years before welfare recipients transition from a “bad” job to a “good” job. For many recipients, this transition will take longer than their five-year lifetime limit on welfare. The challenge for states is to help speed this transition.

State welfare offices must now focus on what happens to participants after that initial job is obtained – how can they help new workers retain their jobs, or, in the event of job loss, obtain a new job? And in either situation, how can states help improve upward mobility?

As states implement employment and training programs under TANF, they will have to make a number of decisions relating to program design, such as the broad framework of the program. Will it focus on quick labor force attachment? Education and training? A combination of both? Within each framework, states can offer a number of services. They must decide what services to offer, when to offer them, and whether they will be universal or targeted to select groups. This section provides an overview of a number of specific services designed to help participants find, maintain, and advance in their jobs. Re-employment services are also discussed. When possible, service and program strategy effectiveness is included, as well as implications for job retention and advancement.

Before discussing the evaluation literature, a few caveats are in order. Evaluations differ in terms of design and populations studied.

- Evaluations use either an experimental design, where individuals are randomly assigned to receive the treatment or be in the control group, or a quasi-experimental design, where treatment status is not determined through random assignment. In an experimental design, random assignment generally assures that the treatment and control groups are well matched

on all relevant characteristics. Quasi-experimental designs, on the other hand, generally require fairly strong assumptions to provide unbiased estimates of the treatment effects, and the impact estimates are often sensitive to the assumptions made. For this synthesis, we have therefore restricted attention wherever possible to evaluations using experimental designs.

- Programs also differ in terms of the nature of participants. Some programs are voluntary and attract people who tend to be more highly motivated than those who are required to participate. Other programs are mandatory, and participants assigned to the program group generally receive sanctions if they do not take part in mandated activities. With mandatory program evaluations, it is important to keep in mind that the threat of a sanction may be the driving force behind any observed change in behavior, as opposed to specific program elements. Because they often serve quite different populations, one should be cautious in comparing results from programs serving different target groups.
- It may be misleading to compare impacts across studies because the proportion of the treatment group that actually receives services may vary across studies. Many of the evaluations reviewed provide impact estimates for the entire group assigned to receive the intervention as opposed to those who actually received the services. The proportion of the treatment group that actually participates in the intended treatment varies significantly across programs and depends on the aforementioned factors concerning mandatory versus voluntary programs, whether there are sanctions and how strict they are, and the motivation level of those in the experiment.
- Similarly, it is also important to note that many evaluations report aggregate earnings impacts for all participants in the treatment group, regardless of whether they found employment. There is often very limited information on specific impacts for subgroups of participants. Thus, it is possible that some participants obtain jobs that provide high enough wages to escape poverty, yet these achievements are not captured in the aggregate earnings statistics.
- Impacts on employment, earnings, or welfare receipt may be due to a variety of factors beyond the program's components or services offered. Program implementation, service delivery, staff quality, and the local economic environment, to name a few, may play a role in program outcomes.
- Finally, the impacts of an intervention can be understated because the control group participants often find services on their own or are offered program services after a given amount of time. A program may not appear to sustain effects because the control group will appear to "catch up." This phenomenon is often attributed to the control group's receipt of services elsewhere, as opposed to the effects of the treatment wearing off.

Despite these caveats, this is still a rich body of research from which to draw. The data available offer insight concerning the effects, both successes and failures, of program frameworks and specific employment and training components. While the conclusions that can accurately be drawn are limited, these experiments do provide information that has implications for job retention and advancement.

1. Program Framework

Much of the research regarding employment services focuses on the preferred strategy for providing those services -- an employment-focused strategy versus an education and training-focused approach.²⁵ Proponents of the employment-focused strategy argue that the best way to obtain job skills is on the job. Proponents of education and training-based approaches argue that the long-term gains in earning power of education and training-focused participants will exceed those of employment-focused participants, thus justifying the substantial up-front investment required for education and training-focused programs. In the current TANF environment, with time limits and work requirements, the debate over employment-focused versus education and training-focused programs may be moot.

- **Employment-focused programs** range from minimal, job-search only programs to mixed-strategy programs in which other services, such as short-term education and training, may be provided. In keeping with the philosophy of these programs, the focus of each element, including any education and training that may be provided, is on getting clients into the workforce as quickly as possible.
- **Education and training-focused programs**, on the other hand, are designed to improve present and future employability by reducing basic skills deficiencies and providing training and education that increase employment skills. Participants typically undergo a thorough up-front assessment to determine service needs and create an employment development plan. They are then assigned to various service components, such as basic skills training, vocational training, or higher education, based on their individual needs and career goals. Clients are encouraged to be selective and choose a job that fits with their long-term goals.

For those who are not likely to leave welfare on their own, studies of employment-focused programs indicate that they can moderately increase employment and earnings and reduce welfare payments. Research indicates that employment-focused strategies have been successful in getting welfare recipients employed.

- Compared to control groups, participants in employment-focused programs have significantly higher levels of earned income and lower utilization of welfare benefits two or more years after participating in the program. This is especially true of participants in “mixed strategy” programs. Evaluations of job search-only programs tended to show smaller impacts (Friedlander & Burtless, 1995; Plimpton & Nightingale, undated).

²⁵ This section often references a study conducted by MDRC for the Department of Health and Human Services and the Department of Education, which compared an employment-focused approach to an employment- and training-focused approach in three sites: Atlanta, Riverside County, and Grand Rapids. A fourth JOBS program in Oregon tested only a mixed-strategy employment focused program.

- Participants randomly assigned to **California's GAIN**²⁶ program, which was evaluated in six sites, were significantly more likely than the control group to have ever been employed during all five years of the follow-up. The proportion employed was highest in years three through five. In addition, the average number of months on welfare was significantly lower for program group participants than the controls during all five years of follow-up (Freedman et al., 1996).
- The results in **Riverside** were especially strong. After five years, the percent ever employed was almost 10 percentage points higher for the program group than the control group. Average total earnings over this period were 42% higher for the program group (a difference of \$5,038). The difference in the number of program participants who ever received AFDC compared to control group participants was statistically significant in years one through four, while the average AFDC payments to the program group were significantly lower during all five years. Compared to the control group, the program group averaged AFDC payments that were \$2,705, or 15%, lower over five years (Freedman et al., 1996).

These evaluations also indicate that all subgroups experienced gains in employment and earnings, and reductions in welfare.

- The evaluation of the **Riverside GAIN** program compared participants who were in need of basic skills to those who were not.²⁷ Compared to the control sub-groups, average earnings over five years were higher and statistically significant for both program sub-groups: \$1,184 per year among those not in need of basic education, and \$902 per year among those in need of such education. Both groups also had lower AFDC payments during the five-year follow-up: \$530 per year and \$544 per year, respectively (Freedman et al., 1996).
- The **Portland JOBS** evaluation explored earnings and welfare receipt among three sub-groups: those with a high school diploma/GED, those without a high school diploma/GED, and those deemed “most disadvantaged.”²⁸ Compared to the control sub-groups, the earnings over two years were significantly higher for all three program sub-groups, with the largest gains accruing to the participants with the most education: \$2,146 for high school/GED graduates, \$1,277 for those with no secondary degree, and \$1,116 for the most disadvantaged.²⁹ Cumulative AFDC payments over two years were significantly lower for all three program sub-groups, when compared to their control group counterparts. Again, those with the most education saw the largest declines (Scrivener et al., 1998).

²⁶ GAIN began in 1988. The general program model first screened participants for basic education needs. Those in the program group were required to participate in a sequence of activities based on their employability and education. Emphasis on services differed by site. Riverside and San Diego (and later Los Angeles) focused on rapid labor force entry. Alameda, Tulare, and Butte counties had a more traditional education and training approach.

²⁷ Those without a GED or high school diploma were deemed in need of basic skills.

²⁸ They are “a subgroup of non-graduates who did not work for pay in the year prior to program entry and had received AFDC for more than two years prior to program entry.

²⁹ These differences (compared to the control group) are statistically significant at the 1% level.

These studies, and others, including evaluations of the JOBS program in Grand Rapids and Atlanta, also indicate that while employment-focused programs do produce employment and welfare impacts for more disadvantaged recipients, they are generally not as large as those for less disadvantaged recipients (U.S. Department of Health and Human Services & U.S. Department of Education, 1997).

The literature suggests that employment-focused programs may not help welfare recipients escape poverty. Even those programs that have successfully increased employment and earnings and reduced welfare payments do not lift families out of poverty.

- The increases in employment rates and earnings are generally quite modest. For example, a recent evaluation of a mixed-strategy employment-focused program in **Portland** (which has shown some of the largest impacts of any employment-focused program to date) found earnings gains of about \$1,800 over two years (Scrivener et al., 1998). While these gains are substantial, they are generally not large enough to escape poverty. In Portland, employment rates for participants were 11 percentage points higher than for control group members. However, a substantial minority of participants (nearly 30%) remained unemployed.
- Findings from evaluations of employment-focused programs indicate that, over time, control group members begin to catch up to those in the treatment group. For example, the difference in earnings between the control group and the employment-focused treatment group grew from year one to year two in only two of the four JOBS sites (Atlanta and Portland). As mentioned earlier, this trend could be due to the control group members receiving their own services, or being eligible for the intervention services after a given amount of time. This is consistent with previous research that indicates that successful programs have difficulty sustaining positive impacts five years after treatment (Friedlander & Burtless, 1995; Freedman et al., 1996, as cited in Strawn, 1998b).

Research on education and training-focused programs has been inconsistent. A recent analysis of the two-year impacts of education and training-focused JOBS programs in Riverside,³⁰ Atlanta, and Grand Rapids found mixed results for different subgroups of participants. Overall, the Atlanta and Grand Rapids programs produced significant positive impacts on AFDC receipt and delayed (second year) impacts on earnings and employment³¹.

Subgroup analysis indicates that employment and earnings impacts are fairly strong for participants with a GED or high school diploma. Yet, for those lacking these credentials, statistically significant increases in earnings or employment are generally quite small and often non-existent. Those without a diploma or GED certificate in Grand Rapids and Riverside experienced small impacts on the percent ever employed and the quarterly employment rate³².

³⁰ Riverside, unlike Atlanta and Grand Rapids, limited its employment and training-focused program to participants without a high school diploma or GED only. Overall findings for the three sites cannot be accurately compared. As a result Riverside findings are only discussed in subgroup analysis.

³¹ Impacts were, *generally*, significant in the second year of follow-up but not in the first.

³² Atlanta participants experienced no significant increases in employment.

For this subgroup, only participants in Grand Rapids experienced significant earnings impacts while all three sites had significant impacts on AFDC receipt (for one year in Atlanta and both years in Grand Rapids and Riverside). For those with a diploma or GED certificate, employment, earnings, and AFDC impacts were significant for virtually every year of follow-up (U.S. Department of Health and Human Services & U.S. Department of Education, 1997).

There is some evidence that impacts for education and training-focused program participants may increase in the long run. From year one to year two in the Atlanta and Grand Rapids JOBS demonstrations, the percent of participants with a high school diploma or GED who were ever employed grew, their earnings increased, and AFDC receipt decreased³³. The findings were similar for those without a high school diploma or GED (U.S. Department of Health and Human Services & U.S. Department of Education, 1997).

It should be noted, however, that after two years, the earnings gains were still smaller than those achieved by employment-focused programs. These findings are similar to those from other evaluations, such as the evaluation of the GAIN program sites in California that emphasized education and training (Riccio et al., 1994; Plimpton & Nightingale, undated). Some theorize that these results are due, at least in part, to the short two year follow-up period.

The most recent long-term evaluation of an education and training-focused program took place at the **Center for Employment and Training (CET)** site in the Minority Female Single Parent Demonstration³⁴ which followed participants for five years. The evaluation revealed that employment and earnings impacts for the program group did diminish, but this was largely due to the control group catching up. It should be noted that almost 60% of control group members received services through the California GAIN program. (Zambrowski & Gordon, 1993). There is still a need for additional long-term follow-up on education and training programs in order to draw reliable conclusions concerning their potential.

For both employment-focused and education- and training-focused programs, earnings impacts are often attributable to higher rates of employment, not to better-paying jobs. In both the Grand Rapids and Riverside County sites, there was no evidence that earnings impacts for employment-focused participants were attributable to participants finding better jobs (i.e., receiving higher hourly wages) than control group members (U.S. Department of Health and Human Services & U.S. Department of Education, 1997). Evaluations of education and training-focused programs have come to a similar conclusion: in those programs in which there were significant impacts on earnings, they were generally due to higher employment rates, not higher wages (Strawn, 1998b).

Implications for job retention and advancement: Employment-focused programs, particularly mixed-strategy programs, have had success in increasing employment rates and earnings and

³³ Although the control group members also saw gains in earnings and reductions in welfare, the year to year change for the program groups were more pronounced and the differences with the control group were statistically significant.

³⁴ This program is discussed more thoroughly later in the chapter.

reducing welfare payments. However, for the most part, the program participants who find jobs do not earn enough to escape poverty. Furthermore, many of these programs have difficulty sustaining strong impacts over time because the control group catches up. Education and training-focused programs have also had some success in increasing earnings and employment. Yet, the gains have not proven to be large enough over the follow-up period to enable families to escape poverty. There is some early evidence, though, that some education and training-focused programs may show promise with respect to sustaining stronger impacts over the long run.

Post-employment programs may want to consider strategies for combining education and training with work in an effort to increase skills and advancement potential. The research does not provide direction as to which strategy would work best for job losers. Tests of post-employment programs and alternative re-employment strategies would be informative.

2. Service Components

a) Assessment.

Assessment can be a useful tool to determine if recipients face major barriers to employment, to target specific services, and to gauge employment skills and interests. In theory, a good assessment would enable caseworkers to determine at intake the particular blend of services each participant will need. Assessment could be repeated upon employment to identify any barriers that may prevent job retention. Again, assessment could be used after job loss to identify factors that contributed to job loss in order to address these issues in the context of finding a new job.

Assessment can help states conserve their resources by focusing on those most in need of assistance and providing only needed services. Research to date suggests that the most employable welfare participants (those new to welfare, with recent work history, and few barriers to employment) are unlikely to need or benefit from employment and training interventions (Gueron & Pauly, 1991). Similarly, certain groups who find employment (those who are most employable or who are in relatively high-wage jobs or jobs with benefits) are more likely than others to remain employed (Rangarajan, Schochet, & Chu, 1998). To the extent that those who are likely to leave welfare or maintain employment on their own can be identified, states can conserve their resources by minimizing services to this group and concentrating on those who are less likely to leave welfare or sustain long-term employment without intervention.

Some barriers and service needs may be difficult to identify up front. Certain barriers, such as a lack of child care or adequate transportation, are likely to be readily apparent. Others, such as mental illness, basic skills deficiencies, substance abuse, or domestic violence may be more difficult to identify and may require a special assessment. These additional assessments may be costly and time-consuming.

Two new approaches to profiling based on “at-risk” characteristics have been developed, but have not yet been fully tested. A substantial amount of research has attempted to identify factors that correlate with welfare dependency or lack of employability. Based on this research, two methods of profiling welfare participants have been proposed: the first attempts to identify those least likely to become employed; the second attempts to identify those most likely to need job retention and advancement services. Neither of these models has been evaluated to determine if it accurately predicts service needs of welfare recipients.

- The first approach is based on the Worker Profiling and Reemployment Services (WPRS) system that each state has implemented, which identifies unemployment insurance recipients who are most likely to exhaust their benefits without finding employment. Those identified are then targeted to receive special re-employment services designed to shorten the length of time between jobs. Based on the statistical model used in the WPRS, researchers at the Upjohn Institute have developed a similar model, using information generally available at assessment,³⁵ for predicting at intake a welfare recipient's probability of becoming employed (Eberts, 1997). Based on this probability, states could determine what service or services an individual recipient may need.
- The second approach, developed by researchers at Mathematica Policy Research, is based on data from the NLSY.³⁶ Using this data, the researchers have developed a multivariate checklist that could be used by program staff to identify those who are mostly likely to need job retention services. By weighting certain client characteristics at the time of initial employment, program staff could determine who is at high risk for an adverse employment outcome.

Implications for job retention and advancement. (1) Given the employment prospects of welfare recipients, states may need to perform repeated assessments on individuals – at intake, after initial employment, and after job loss. (2) In the context of time limits, a key question will be, how do you effectively use assessment to identify needs? At this point there are no answers to this question. Strategies that profile TANF participants so that appropriate services can be targeted hold some promise, but have not been tested so we do not know whether they will positively impact job retention and advancement. In order to answer this question, states may want to test profiling approaches, such as those suggested by researchers at the Upjohn Institute and Mathematica Policy Research, to determine whether or not they are useful.

b) Job Search.

Traditionally, job search is a pre-employment or re-employment activity and is conducted either individually or as part of a job club or other group job search program. While the primary goal of job search is to get participants employed, job search and job search training can also be used to help participants find better jobs with higher wages.

Job search programs, offered alone or in combination with other services, have consistently increased employment rates. However, programs that offer only job search have rarely led to significant impacts on wages or a reduction in welfare receipt (Gueron & Pauly, 1991; Plimpton & Nightingale, undated).

³⁵ Model characteristics include whether the applicant is a single parent, age, educational attainment, previous participation in employment and training activities, and employment history.

³⁶ Mathematica examined 1979 to 1994 NLSY survey data on women who began working while on AFDC or within three months of leaving AFDC and identified eight characteristics that could be used to target retention and advancement services. These characteristics include: being a teen mother, being employed less than half time in the year preceding initial employment, lacking a high school diploma or GED, having a preschool child, receiving less than \$8.00 per hour (1997 dollars) as starting pay, receiving no fringe benefits on the job, lacking a driver's license, and having health limitations.

Implications for job retention and advancement. (1) While job search is often an important component of an employment and training program, job search offered alone as a pre-employment service is unlikely to help participants find jobs that enable them to escape poverty. (2) Given the likelihood that participants will lose the first job they find, job search assistance after job loss is critical to ensuring that participants become re-employed as quickly as possible. (3) Because many welfare recipients find low-wage jobs, job search efforts could be designed to focus on helping participants move on to a better job.

c) Work Experience.

Work experience, also known as community work experience, workfare, or community service employment, provides a way for participants who have not been able to find a job to gain employment skills (and to meet TANF work participation requirements). Under these programs, recipients are generally required to work in return for their welfare benefits.

Previous research on work experience programs in the 1980s found that unpaid work experience did not increase participants' employment or earnings (Brock, Butler, & Long, 1993, as cited in Strawn, 1998b). However, the programs evaluated tended to be short in duration and were provided in conjunction with job search only. Two other workfare programs have been evaluated as well, with similar results.

- An evaluation of workfare in San Diego found some evidence of earnings impacts, but these impacts varied when labor market conditions changed.
- An evaluation of workfare for two-parent families in West Virginia found no impacts (Gueron & Pauly, 1991).

Work experience combined with other training activities may hold more promise.

- The **Baltimore OPTIONS program** combined work experience, on-the-job training, job search, basic skills education, and classroom training. Compared to control group members, Options participants saw earnings gains that continued for five years after program completion. There was no data on wage rates, so it is not possible to know if higher earnings were due to higher wages or more hours worked. The results were largest for applicants who had a previous spell on AFDC, particularly those with low prior earnings. However, given that Options did not have statistically significant welfare impacts, these results suggest that the program's greatest success was in helping those who were already likely to become employed find better jobs.

Implications for job retention and advancement. (1) Work experience programs, while they may provide participants with important employment skills, are less likely to affect participants' long-term prospects. (2) Programs such as Baltimore Options that combine work experience with other services, may be more likely to sustain impacts and help participants find "good" jobs. However, these impacts may be concentrated among the moderately disadvantaged. (3) There is no evidence that these programs affect welfare reciprocity.

d) *On-the-job Training.*

On-the-job training is employer-provided, subsidized training in the workplace. It is generally available to both welfare and non-welfare participants who are working in unsubsidized jobs that they usually retain after training is completed. OJT is funded through employment and training funds or by employers.

Research indicates that OJT has consistently produced significant increases in earnings for participants.³⁷

- The evaluation of the **Job Training Partnership Act (JTPA)**,³⁸ found that welfare recipients assigned to receive OJT and/or job search had greater earnings than the control group (Orr et al., 1996, as cited in Strawn, 1998b; Plimpton & Nightingale, undated; GAO, 1996).
- The **Maine Training Opportunities in the Private Sector (TOPS)** program also resulted in significant earnings impacts for participants when compared to the control group.³⁹ The experimental group averaged earnings that were 31% higher than those of the control group (\$7,344 vs. \$5,599 in 1995 dollars). Positive impacts were sustained over the entire follow-up period (Greenberg & Shroeder, 1997). Differences in the number of AFDC recipients and AFDC dollar amounts were insignificant.
- The **New Jersey On-the-Job Training Program (New Jersey OJT)**⁴⁰ placed participants with employers and offered job search assistance, unpaid work experience, and, if needed, referrals to education programs or training. The evaluation found that the program group had higher earnings than the control group. While the difference was statistically significant, it was small (11%). There was no significant difference between the two groups in terms of employment rates. Welfare payments to the participants, however, were significantly smaller. This suggests that some of the gains in earnings may have accrued to participants who might not have left welfare on their own (Plimpton & Nightingale, undated).
- The earnings increases for welfare recipients in the JTPA evaluation and the Maine program were due to a combination of higher wages and more hours worked. In other words, part of the earnings differential was due to participants finding better jobs than did non-participants.

Implications for job retention and advancement. (1) On-the-job training programs show some promise in terms of job retention and advancement. Participants had higher hourly wages and

³⁷ It should be noted that OJT operated on a small scale and served only a narrow slice of the welfare population.

³⁸ JTPA was a voluntary program for economically disadvantaged youth and adults. In August 1998, it was replaced by the Workforce Investment Act (WIA). An evaluation using an experimental design was conducted in 16 sites between 1987 and 1989. The on-the-job training was also promising for adults who did not receive AFDC, but none of the JTPA strategies was effective for male or female youth.

³⁹ Maine TOPS was a voluntary program that targeted unemployed women on AFDC. Women had to apply. Applicants were randomly assigned to experimental and control groups. Many women were screened out of the program (e.g. those with child care, transportation, health, and other barriers).

⁴⁰ New Jersey OJT was evaluated between 1984 and 1987.

were likely to sustain impacts over time. (2) As Maine TOPS indicates, on-the-job training programs show promise, but they tend to work with motivated clientele.

e) Supported Work.

Supported work is similar to work experience, except that jobs are typically in the private sector. The impacts of supported work tend to be stronger than those resulting from work experience programs. This is due, in part, to the fact that supported work programs, unlike workfare or unpaid work experience, provide a more intensive intervention and include support services in conjunction with the employment experience. For example, in the National Supported Work Demonstration discussed below, participants' work demands were gradually increased, they were employed as part of an on-the-job peer group, and they were given on-going support from program staff.

- An evaluation of the **National Supported Work Demonstration** found that AFDC participants in the treatment group earned more than did control group members after program completion. The National Supported Work Demonstration was a highly structured program that provided up to 18 months of subsidized employment along with other training and support services to more disadvantaged welfare recipients.⁴¹ Earnings gains in the third year after beginning the program were 23% higher for participants compared to control group members (Gueron & Pauly, 1991). These impacts were sustained over time; by the sixth, seventh, and eighth years after completion, average annual earnings were about \$1,000 higher than they would have been in the absence of any intervention (Couch, 1992, as cited in Plimpton & Nightingale, undated).

Earnings gains were primarily due to higher hourly rates and more hours worked (Strawn, 1998b). This is especially significant given that the demonstration specifically targeted services to very disadvantaged, long-term recipients. In fact, research indicates that supported work had the greatest success with the hardest to serve recipients: those with no work history, who lacked a high school diploma or GED, or who were long-term welfare recipients (U.S. Department of Labor, 1995, as cited in Strawn, 1998b)⁴².

- **The AFDC Homemaker-Home Health Aide Demonstration**⁴³ involved up to two months of classroom training, followed by up to 13 months of supported work. In six of the seven sites, the program group experienced significantly larger earnings gains over two years than

⁴¹ A key feature of the National Supported Work Demonstration was gradual skill development so that, over time, participants worked their way up to regular work activities. Supported work also identified labor market niches that had not been filled and jobs with good wages.

⁴² The demonstration also targeted three other groups: ex-substance abusers following their rehabilitation treatment, ex-offenders who had been incarcerated in the past six months, and high school dropouts ages 17 to 20 who had been out of school at least six months (and 50% of whom had a criminal record). There were no statistically significant impacts on earnings, employment, or welfare receipt among the ex-offenders and high school dropouts. The ex-substance abusers saw minor increases in earnings, large decreases in criminal activity, but no significant gains in employment or declines in welfare receipt (Greenberg & Schroeder, 1997).

⁴³ This program operated from 1983 to 1986 in seven sites: Arkansas, Kentucky, New Jersey, New York, Ohio, South Carolina, and Texas.

did the control group. In four of the sites, the program group had higher employment rates and lower levels of welfare receipt than the controls (Plimpton & Nightingale, undated). Participants' earnings gains were sustained four or five years after exiting the program (Bell, Burstein, & Orr, 1987; U.S. Department of Labor, 1995, both as cited in Strawn, 1998b). These increases were due primarily to increases in hours worked, not better-paying jobs. Impacts on hourly wages were less consistent across sites (Gueron & Pauly, 1991)

Implications for job retention and advancement. (1) Supported work demonstrations show promise in terms of job retention and advancement. Participants had higher hourly wages and were likely to sustain impacts over time. (2) Disadvantaged participants may especially benefit from highly structured programs like the National Supported Work Demonstration. Participants in this program found better-quality jobs in terms of hourly wages and the number of hours worked, and the employment and earnings impacts were sustained for many years. (3) However, given the intensity and expense of the services provided, it may be difficult to implement this type of program on a large scale.

f) Vocational Training.

Vocational training programs, which train participants for specific careers, provide another avenue for welfare recipients to obtain skills that may lead to higher quality jobs. Participants generally complete some combination of education and on-the-job training to gain the requisite skills for their chosen career. Job placement following training may or may not be part of the program. For the most part, because welfare recipients tend to have low skill levels, vocational training has focused on careers that do not require high skill levels.

Research indicates that some of these programs have had modest success in helping participants obtain higher wages or work more hours than they may have in the absence of the training (Gueron & Pauly, 1991; Friedlander & Burtless, 1995, as cited in Brown, 1997).

➤ One site from the **Minority Female Single Parent Demonstration**, the **Center for Employment Training**,⁴⁴ had promising initial results. Thirty months after baseline interviews, the average monthly earnings were 45% higher among program participants than the control group. Two other MFSPD sites (Atlanta and Providence) had no effect on employment or earnings. A fourth site, in Washington, D.C., had modest gains in employment, but because the findings were inconsistent over time, the reliability of the results was questioned. Evaluators of the MFSPD attributed the positive findings at CET partly to the program design. Unlike the other sites, CET integrated job skills training with basic education. The program focused on training participants for occupations in demand, and the trainees were aggressively marketed to local employers. The other sites took a more traditional approach that focused on basic education followed by job training.

Because the CET findings were initially so promising, a follow-up study was conducted five years after the baseline survey. While program group members still had average monthly

⁴⁴ CET was one of the sites of the Minority Female Single-Parent Demonstration.

earnings that were 17% higher than the control group (\$667 vs. \$572),⁴⁵ the rate of increase since the 30th month was faster among the control group (41% vs. 32%).⁴⁶ There were no statistically significant differences between the program and control groups in terms of average monthly hours of work, average monthly percent employed, percent ever employed, or average hourly earnings (Zambrowski & Gordon, 1993)⁴⁷. A subgroup analysis found that the employment and earnings impacts were concentrated among women who had 12 or more years of education at the beginning of the program. In addition, the evaluation found no statistically significant reductions in welfare receipt.

Implications for job retention and advancement. (1) Vocational training programs provide participants with important job skills that enable them to find jobs, sometimes “good” jobs. However, as is the case with work experience programs, given their inability to sustain gains over time, more must be done post-employment to help participants continue to progress up the career ladder. (2) The CET program evaluation suggests that successful programs will need to establish links with the employer community to ensure participants are being trained for jobs in demand. (3) The CET evaluation findings were not promising for the most disadvantaged participants.

g) Customized Training.

Customized training programs are employer-based training programs in which education and training curricula are adapted to meet the needs of firms and workers. Because employers are involved in recruiting potential employees and developing the curricula, these programs may result in higher retention rates and better-quality jobs.

➤ **Marriott International’s Pathways to Independence** training program offers opportunities for former and current welfare recipients. The program begins with 60 hours of classroom training in completing resumes and applications, conducting interviews, financial planning, balancing work and family, and planning a career in the hospitality industry. The next stage of the program entails 120 hours of hands-on skills training. Trainees work directly with potential managers and supervisors who provide current, reality-based training. Job shadowing and hands-on practice complement the program format. Program participants are evaluated on their progress weekly.⁴⁸

Aside from teaching the technical skills necessary for entry-level employment within the company, Marriott also helps trainees in addressing factors such as appropriate behavior, communication skills, work ethic, punctuality, self-esteem, and personal issues including child care and transportation. Marriott helps employees overcome barriers through the

⁴⁵ Statistically significant at the 90% confidence level.

⁴⁶ About 60% of the control group found education and training services on their own, either through the new Greater Avenues for Independence program (GAIN) or other sources.

⁴⁷ As mentioned previously, this is partially due to control group members catching up to the program group.

⁴⁸ Marriott program costs are around \$5,000 per participant. In order to help offset the costs incurred by the company, Marriott enlisted the help of government subsidies and took advantage of the Work Opportunity Tax Credit. Funding is also received from community-based organizations, Job Corps, Private Industry Councils/Workforce Development Boards, and others (Schwab, 1998).

provision of a crisis hotline, child care and transportation assistance, and help in applying for the EITC. Marriott recognizes that the above factors influence an employee's ability to keep his or her job, and as a result, the company provides new employees with six months of job retention services (Schwab, 1998).

Program completion rates, and subsequent rates of employment, are very high. Upon graduation from the program, all employees are offered full-time employment including benefits. Over 1,200 welfare recipients (or 90% of enrollees) have graduated over the past seven years. The retention rate for these graduates is 90% three months after program completion and 65% after one year (Schwab, 1998). In some locations, the retention rate for Pathways to Independence graduates is better than that of employees hired through alternative methods (Hogan & Argentieri, 1998). The program, however, has not been subject to rigorous evaluation.

- The **Pep Boys Corporation** in Los Angeles planned to open dozens of automotive parts and service stores in the greater Los Angeles area. They collaborated with Private Industry Councils and the Urban League's Automotive Training Center to establish customized training programs for cashiers and customer service representatives and longer training programs for sales/parts representatives. Trainees are sought from communities where new stores are slated to open. In addition to providing jobs for area residents, the Pep Boys Corporation hopes that the training program will reduce employee turnover (Isbell, Trutko, & Barnow, 1996).

Implications for job retention and advancement. (1) There is some evidence that customized training programs may result in participants' obtaining higher quality jobs and holding onto those jobs for longer periods. Given the employer commitment involved, these jobs may also be more upwardly mobile. (2) Employers operating customized training programs are likely to be highly selective when deciding who can enter the program. Therefore, while results such as those from Pathways to Independence are quite positive in terms of job retention, these programs may "cream" the best participants and may not be available to the majority of the TANF population.

h) Basic Skills Training.

Based on 1995 AFDC Quality Control data, almost half of all welfare parents lack a high school diploma or GED. As noted earlier, many fall into the lowest quintiles on the AFQT, and a large body of research demonstrates that individuals with the lowest basic skills are the least likely to become employed or work steadily. Thus, it seems logical to conclude that providing welfare recipients with basic education will increase their ability to obtain and retain employment. The bulk of the research, however, does not support this conclusion.

- In a **1996 review of research** on basic education programs for welfare recipients, fewer than half of the programs were shown to increase participants' employment or earnings. When earnings did increase, it was usually due to increases in the number of hours worked, not higher paying jobs (Pauly, 1996, as cited in Strawn, 1998b). It is important to note, however, that programs that focus on basic education might fail to emphasize workplace or life skills, indicating that a number of factors might be at fault for stagnant employment or earnings.

- The GAIN evaluation found that in two of the three sites with basic education programs (Tulare and Butte), participants deemed to need education services experienced gains in average earnings over five years. However, it is not clear what role, if any, the basic education programs had in these impacts (Strawn, 1998b).
- The Portland JOBS evaluation found that participants who lacked a high school diploma or GED were over two times more likely to get a GED than their control group counterparts (16% versus 5%). However, as with the GAIN evaluation, the effects of GED attainment on employment and welfare receipt cannot be parsed out. Moreover, the evaluators note that case managers often did not refer participants with the lowest skills to basic education classes (Scrivener et al., 1998).

Most basic education programs do not greatly improve educational attainment. Few of the programs improve participants' scores on tests of basic skills.

- The **Even Start Family Literacy Program** was a two-generation approach to increasing basic skills.⁴⁹ Both parents and children were targeted. Program elements for parents included adult basic education, English as a Second Language, and GED preparation. Adults in both the experimental and control groups showed significant gains in literacy, but there was no difference between the groups. The experimental group was significantly more likely to obtain a GED than the control group (22.4% vs. 5.7%), but there were no differences between the groups in terms of financial resources, income, or employment status (Greenberg & Shroeder, 1997).
- The **New Chance** program targeted young, unmarried mothers who were high school dropouts.⁵⁰ Obtaining a GED or high school diploma was a central component of the first stage of the program. The experimental group was significantly more likely to obtain a GED than was the control group (45.2% vs. 33.4%). The program had no impact, however, on basic skill levels, AFDC receipt, or employment (Quint, Bos, & Polit, 1997).

Simply receiving a GED does not guarantee success in the workforce. In fact, aside from receiving an additional “credential,” GED receipt might not even distinguish a recipient from a high school dropout (Cameron & Heckman, 1993).

- Cameron and Heckman examined the differences in labor market outcomes between males who received a high school diploma and those who got a GED certificate. Using NLSY data on males ages 25 and 28, they found that, while GED recipients do have higher employment rates, wage rates, and annual earnings than dropouts, they do not fare as well as high school graduates. Furthermore, much of the difference in employment and earnings can be explained by factors such as years of schooling, post-secondary attainment, and cognitive ability (Cameron & Heckman, 1993, as cited in Boesel et al., 1998). When these three factors

⁴⁹ Even Start was voluntary, and operated from 1991 to 1994. The target population was low-income families.

⁵⁰ New Chance targeted unmarried females ages 16 to 22 who had their first child as a teenager and were high school dropouts. The program operated in 10 sites between 1989 and 1992 and was voluntary.

are controlled for, the differences between high school graduates, GED recipients, and high school dropouts disappear.

- This analysis was repeated for females in a second study. While this study did show statistically significant differences between GED recipients with 11 years of education and dropouts with similar educational levels, again, these differences were insignificant when post-secondary attainment and cognitive ability were controlled for (Cameron, 1994, as cited in Boesel et al., 1998).
- Another study focused exclusively on low-income women. Using data from the NLSY and from Washington State's Family Income Study (FIS), researchers found that there were no statistically significant differences among high school graduates, high school dropouts, and GED recipients in terms of hours worked. The findings for wage rates, though, were mixed. According to an analysis of the FIS, hourly earnings did not differ significantly for high school graduates, dropouts, and GED recipients. The analysis of the NLSY, however, found that GED recipients had higher hourly wages than did high school dropouts, but lower wages than did graduates. These differences disappeared when the researchers controlled for job experience (Cao, Stromsdorfer, & Weeks, 1995).

Other studies support the claim that GED recipients are not equivalent to high school graduates.

- A study performed at the **University of Wisconsin** determined that GED-certified individuals had lower college completion rates than did high school graduates who graduated in the bottom quintile of their high school class (31% vs. 41%) (Pawasarat & Quinn, as cited in Cameron & Heckman, 1993).

Thus, some argue that GED certification merely serves the purpose of satisfying “bureaucratically determined qualifications” for initial employment and program participation and does little in the way of helping recipients advance in the labor market.

Implications for job retention and advancement. Based on the research, it appears that basic education alone is unlikely to help the majority of participants obtain and retain jobs. As a result, a GED may need to be viewed not as an end in itself, but rather, as a stepping stone on a path of ongoing training and education designed to improve employability.

i) Post-secondary Education.

Research suggests that attaining a post-secondary credential has a positive effect on an individual's ability to advance to a better-paying job: those with a college education earn considerably more than individuals who have not attended college. Analysis of data from the NLSY indicate that women's hourly earnings increase by 19% to 23% when they obtain an associate's degree and by 28% to 33% when they obtain a bachelor's degree (Kane & Rouse, as cited in Cohen, 1998).

Under TANF, post-secondary education as a pre- or post-employment service becomes less feasible. Post-secondary education directly related to employment cannot count towards the first 20 hours of participation unless the participant is a teen parent. Non-vocational post-secondary education does not count at all towards the participation requirements.

Post-secondary education can be combined with work requirements. An innovative, yet untested approach being implemented in Riverside County, California combines community college courses with vocational education. The nine-month New Visions Self-Sufficiency and Lifelong Learning project's goal is to prepare welfare recipients for sustained employment and job mobility (Foster & Rogers, 1998).⁵¹ However, there is little research to suggest that post-secondary education for welfare recipients, when offered as part of an employment and training program, results in positive employment and earnings outcomes. This may be due at least in part to the fact that these services are offered to a small portion of the caseload (Plimpton & Nightingale, undated).

Implications for job retention and advancement. Given the correlation between higher educational attainment and wage rates, post-secondary education may have positive impacts on job advancement. However, to date there is no clear evidence that post-secondary education, when part of an employment and training program, will have favorable results.

3. Re-employment services.

Some welfare recipients, particularly women with past work experience, will be able to find a job and maintain employment. For others, however, the initial foray into the labor market will end quickly, often within six months. Because women no longer have the option of cycling between welfare and work, helping former recipients who lose their jobs find new ones, and find them quickly before TANF benefits are exhausted, becomes a critical service. In order to preserve TANF benefits, women with work histories should also know how to access the Unemployment Insurance system when they are between jobs.

There is some data to support the idea that participants' cycling through a variety of jobs is a natural progression. The data presented earlier on job trajectories provide evidence that some former welfare recipients will eventually transition from bad jobs to good jobs. However, as noted earlier, more disadvantaged welfare recipients are less likely to make this transition.

- Data from **Project Match** further illustrate this point. Project Match provided job placement assistance, guided individual job search, resume creation, interview training, individualized job-readiness training, volunteer/community service activities, and education (GED programs for example) to voluntary participants. Education and training combined with work experience was the most frequently recommended activity. Follow-up data on participants indicate that, at least for some participants, job turnover may be a positive, necessary step in attaining long-term employment and self-sufficiency (Wagner et al., 1998).

⁵¹ Clients must be high school graduates and working at least 20 hours per week. In Phase I, clients participate in 12 hours of educational activities each week at a community college. Courses include remediation in math, reading, and writing; workplace literacy skills; life skills; and employment and sustainability skills. Post-secondary credits are also available for courses on job readiness, guidance on college, career exploration, college success strategies, and computer literacy. In Phase II, clients spend 12 hours weekly in workplace experience programs such as internships, job-shadowing, apprenticeship, on-the-job training, or vocational education. They also enroll in entry-level community college courses

Project Match found that more than one-third of participants followed a steady employment path. About half of the steady employment group found steady jobs right away; the other half spent an average of two years cycling through the program, but eventually found steady jobs. For these participants, cycling through the system did eventually pay off in terms of long-term employment. It is important to note that participants who found steady employment tended to be older than the average Project Match participant, were more likely to have completed high school, and were more likely to have prior work experience.

The remaining two-thirds of participants, however, did not find steady employment during the five-year follow-up period. Forty percent of participants experienced unsteady employment patterns, characterized by cycling in and out of jobs and on and off welfare over time. In some instances, the unsteady employment group was improving over time (i.e., they experienced longer spells of employment and shorter spells of unemployment); however, this was not always the case. The remaining one-quarter of participants, the low/no employment group, worked very little during the five-year follow-up period. The low/no employment group was less likely to have completed high school, and members were younger than the average Project Match participant (Wagner et al., 1998). In other words, while there is some evidence that a pattern of cycling in and out of jobs can eventually lead to permanent employment, this may be less true for more disadvantaged welfare recipients.

Regardless of whether cycling through jobs is a normal progression, re-employment services are important. For those who are more readily employable, such as those in Project Match who did eventually find steady employment, re-employment services may be minimal (i.e., job search). For those who are less employable, re-employment services may need to be much more intensive and are likely to address barriers that contributed to job loss. In either case, timely intervention is critical. Participants who lose their jobs must know where to turn to get re-employment assistance so that the time between jobs is minimized. It is also important that re-employment services are available to participants who have left welfare for work so that those who have left welfare do not have to return in order to receive assistance.

- One way to make re-employment services available to all who need them is to utilize existing one-stop career centers or to collaborate with state employment services as they implement the **one-stop delivery systems** mandated through the Workforce Investment Act of 1998 (WIA). The WIA one-stop centers will integrate several employment and training programs, including Wagner-Peyser, Welfare-to-Work grants, vocational rehabilitation, and others. While there is no mandate that TANF employment and training services be included in these one-stop centers, states may do so if they wish.

Women who have work experience may be eligible for Unemployment Insurance (UI).⁵² If a former recipient accessed the UI system between jobs, she could get cash assistance without

⁵² Unemployment compensation is limited under permanent law to a maximum of 39 weeks. Regular state programs generally provide compensation for up to 26 weeks. Unemployed workers can get an additional 13 weeks if they reside in high unemployment states. Weekly benefits are determined by each state, but generally cover between 50% and 70% of weekly pre-tax wages.

exhausting her TANF benefits. It is also in a state's interest if a former welfare recipient goes on unemployment insurance since an unemployed TANF recipient counts against the state's mandated job participation requirements, while a woman receiving UI benefits does not (Foster, 1998).

Historically, there has been little interaction between AFDC and the UI program because each served a different population and purpose.⁵³ AFDC provided continuous cash assistance to eligible families with minimal work requirements, and, thus, gave recipients little incentive to work. UI provides short-term cash assistance to workers who satisfy certain monetary and non-monetary eligibility requirements. A worker must earn a specified amount during a 12-month period—usually the first four of five fully completed quarters. In addition, she must have earned a given amount in her second most productive quarter (Vroman, 1998). In addition, an applicant must prove that the job loss was through no fault of her own, although some states will grant benefits to a worker who quits for a “good cause” connected to employment (Foster, 1998).

- According to an analysis of the Survey of Income and Program Participation (SIPP), less than 2% of AFDC recipients received UI in the year prior to the survey, or went on to receive UI in the year following the survey (Hobbie, Wittenburg & Fishman, forthcoming).

In the future, there may be more interactions between the UI and welfare programs. Under TANF, recipients must meet strict work requirements. If welfare recipients increase their labor force participation, they could become eligible for UI in the event of a job loss. The UI system would then face new challenges. UI recipients differ from welfare recipients in many respects:

- UI recipients are more likely to be male (63% versus 15%), married (59% versus 20%), have a high school diploma (82% versus 56%), and live in a family with an income at least 125% of the poverty line (71% versus 13%).

The UI system will face barriers in extending assistance to former TANF recipients who lose their jobs. The monetary and non-monetary eligibility requirements may disqualify some former TANF recipients from UI. Given their levels of education and work histories, former recipients are likely to be employed in jobs that pay low wages and experience high turnover (e.g. child care, cook). Low earnings and sporadic work would violate the monetary eligibility requirements. Single parents are also more prone to experience child care and other family-related problems that could result in quitting a job. This, too, would disqualify a worker.

- Currently, 32 states disqualify workers who quit because of domestic obligations (Foster, 1998).
- Because many former TANF recipients will be entering the low-wage labor market, one proxy for how well the UI system will serve these individuals is how well it served low-wage workers. Analysis of SIPP data found that low-wage workers who stopped working were

⁵³ It should be noted that receipt of AFDC did not disqualify a woman from UI.

one-seventh as likely to receive UI benefits than workers with higher earnings (Hobbie, Wittenburg, & Fishman, forthcoming).

Several Organization for Economic Cooperation and Development (OECD) countries offer examples of how UI benefits might be extended to low-income women. For example, in many OECD countries:

- Work history is determined by hours, days, or weeks worked, as opposed to earnings.
- UI benefits are still available (but often reduced) to those who voluntarily quit.
- UI benefits are often available to those who seek part-time work (Gornick, 1998).
- Moreover, many OECD countries have Unemployment Assistance (UA) programs to assist individuals who are seeking work but do not qualify for UI, either because they have insufficient work histories or they have exhausted their UI benefits (Gornick, 1998).

Some states are adopting policies that might help extend UI benefits to former TANF recipients. Arizona, for example, provides UI benefits to those who voluntarily leave their jobs if they can prove “compelling personal circumstances” related to transportation, child care, or illness of a family member (Foster, 1998). States could adopt “alternate base periods” that would base eligibility on the previous four completed quarters. This would help TANF recipients who only have earnings for the past year. Another option would base eligibility on total hours worked instead of total earnings (Vroman, 1998). Program expansions usually involve trade-offs, however. As more women and part-time workers qualify for UI, the cost of the program will rise.

The UI system also can be used to expand employment opportunities to TANF recipients. For example, one state is not including UI benefits paid to laid off former welfare recipients in establishing employer tax rates. This “exemption” may create an incentive for employers to hire more former welfare recipients because they will not be obliged to pay taxes if the worker becomes unemployed. Another state is experimenting with a UI tax exemption for non-profit “job brokers.” Organizations that serve as brokers for hard-to-place TANF recipients would only pay UI taxes if the TANF recipients collect UI benefits. Finally, altering the UI taxable wage base would not expand employment opportunities, per se, but would make work more attractive. One state is proposing to raise the taxable wage base to the national average so that the UI tax is distributed more evenly. Currently, the wages of low-wage workers are taxed at disproportionately higher levels than are the wages of high-wage workers (Hobbie, Wittenburg, & Fishman, forthcoming).

Implications for job retention and advancement. (1) Because of the strict time limits on TANF, women who leave welfare for work and lose their jobs will need to become re-employed quickly, or face exhausting their welfare benefits. Re-employment services also can be used to help former recipients target jobs with better wages. (2) If women have significant time in the labor force before they lose their jobs, and if they do not quit voluntarily, Unemployment Insurance benefits could be used to provide support while they look for new work.

4. Conclusions.

This section presented a variety of findings on the effectiveness of services and strategies designed to improve employment rates, job retention, and advancement. As noted earlier, while a vast body of research has focused on pre-employment services, very little has been done concerning job retention and advancement specifically. Even so, there are conclusions that can be drawn from the available research findings that have implications for job retention and advancement.

Generally, these findings indicate that, while there are a number of services and strategies that have resulted in positive employment, earnings, and welfare receipt outcomes, there is still a long way to go toward lifting families out of poverty.

- **Employment-focused programs**, particularly mixed-strategy programs, have had success in increasing employment rates and earnings and reducing welfare payments. **Education and training-focused programs** have also had positive, if somewhat more modest, results. However, many participants who find jobs, through either method, do not earn enough to escape poverty. Furthermore, many employment-focused programs have difficulty sustaining strong positive impacts over time because the control group catches up. This may indicate the need for ongoing services that can help those who become employed continue to progress in their jobs (i.e., earn higher wages and work full-time) and retain those jobs. Education and training-focused programs may show some promise in sustaining longer impacts; yet, the long-term research in this area indicates that such programs also experience decreasing impacts over time. Again, this is largely due to control-group catch-up and, in some instances, may be due to a plateau in the program groups achievements.

Specific service components appear to successfully increase employment and earnings and reduce welfare payments and may have positive impacts on job retention and advancement. On-the-job training and supported work often resulted in positive employment and earnings outcomes and reductions in welfare receipt. In addition, supported work programs are often targeted to, and produce strong impacts for more disadvantaged participants. Participants in both types of programs generally have higher hourly wages and were likely to sustain employment and earnings impacts over time, which suggests that these programs could improve job retention and advancement.

Results are mixed for other service components and while some services may be necessary or important, their link to job retention and advancement is less clear.

- In the context of time limits, a key question will be how do you effectively use assessment to identify needs? At this point there are no answers to this question. Strategies that profile TANF participants so that appropriate services can be targeted hold some promise, but have not been tested so we do not know whether they will have positive impacts on job retention and advancement. In order to answer this question, states may consider testing profiling approaches, such as those suggested by researchers at the Upjohn Institute and Mathematica Policy Research, to determine if they work.

- While job search is often an important component of an employment-focused or employment and training program, job search offered alone as a pre-employment service is unlikely to help participants find jobs that enable them to escape poverty. Job search is likely most important in terms of helping participants find a new job following job loss or helping them find a better job.
- While basic skills training may be necessary and post-secondary education may be desirable, these services are best viewed as a stepping stone on a path of ongoing training and education designed to improve employability.
- Work experience programs, while they may provide participants with important employment skills, are less likely to impact participants' long-term prospects. Programs such as Baltimore Options, that combine work experience with other services, may be more likely to sustain impacts and help participants find “good” jobs. However, these impacts may be concentrated among the moderately disadvantaged.
- Vocational training programs provide participants with important job skills that enable them to find jobs, sometimes “good” jobs. However, as is the case with work experience programs, given their inability to sustain gains over time, more must be done post-employment to help participants continue to progress up the career ladder.

Establishing links with the employer community may be key to helping participants obtain high-quality jobs. The success of the CET program and employer initiatives suggests that successful programs will need to establish links with the employer community to ensure participants are being trained for jobs in demand. While relatively new on the scene, customized training programs, because of the collaboration between employers and welfare/training offices, may result in participants obtaining higher quality jobs and holding onto those jobs for longer periods. However, employers are likely to be highly selective when deciding who can enter the program, so “creaming” may occur.

Re-employment services likely will be necessary for a large number of welfare recipients. Evidence from the NLSY and Project Match suggests that many women who leave welfare lose their jobs fairly quickly. Rapid re-employment will help women preserve their TANF benefits. Women with work experience also may be eligible for Unemployment Insurance benefits. UI benefits could provide support to women during their job searches, without putting them at risk of exhausting their welfare benefits.

CHAPTER 2: ADDRESSING BARRIERS TO EMPLOYMENT

As noted earlier, many welfare recipients face a number of barriers to obtaining and keeping a job. Some are environmental (lack of adequate child care and transportation problems), while others are more personal in nature (lack of social support, domestic violence, mental health problems, and substance abuse). As Danziger and her colleagues noted, untreated barriers can affect employment. Depression, for example, left untreated, may interfere with work and compliance with PRWORA requirements, leading to benefit termination. Most states do not systematically assess barriers to employment (Danziger et al., 1998). Assessing personal and environmental barriers to employment and determining strategies to address them will likely become more important in the years to come as the most job-ready recipients exit welfare and leave behind those with numerous barriers.

Each subsection within this chapter will discuss a potential barrier to job retention and advancement. Dialogue concerning each barrier begins with measures of its prevalence among the welfare population and, where available, within the general population. The barrier is then addressed in the context of work. Existing documentation on the barrier's effects on employment is outlined. Options for addressing each issue and implications for employment, job retention, and advancement follow.⁵⁴

1. Child Care.

For many welfare mothers, problems surrounding child care can be a significant barrier to employment and job retention. The components of child care that have proven problematic include: (1) availability and accessibility; (2) quality; and (3) affordability. Working non-standard hours often tends to exacerbate these problems.

- **Availability and Accessibility:** The lack of available child care will likely worsen as the increased work requirements mandated by PRWORA take full effect. GAO estimated that the current supply of infant care meets between 16% and 67% of demand (Waller, 1997). Yet, the new law requires parents with children over the age of one to work, whereas previously, mothers with children up to age three were exempt, with some exceptions (Mullikin, 1998; Waller, 1997). The difficulty in finding adequate child care is even greater for those parents working non-standard hours, such as evenings or weekends. In a 1995 survey of child care providers in Chicago, 8% of providers indicated that they would consider offering evening care, and only 3% would consider weekend care (Blank et al., 1998). According to the Annie E. Casey Foundation (1998), one-third of working-poor mothers work weekends while only 10% of centers and 6% of family daycare homes report providing care on weekends.

⁵⁴ It is also important to note that many of the studies that provide data concerning the relationship between personal barriers and employment are not experimental. They are often subject to selection or other bias and should be approached with caution.

- **Quality:** Quality child care is, for many families, difficult to find. According to a 1995 survey, six out of seven child care centers provide care that is mediocre to poor (Blank et al., 1998). Another study found that one in three settings provided care that could hinder a child's development. A survey that focused on child care issues surveyed mothers in three metropolitan areas several years ago. Findings indicate that quality issues do affect employment, retention, and advancement; one-third of non-working mothers cited concerns about the quality of care that their child would receive as their main reason for not working, and one-fifth of the mothers who worked stated that quality concerns caused them to change jobs or hours worked (Kisker, Maynard, & Gordon as cited in Kisker & Ross, 1997).
- **Affordability:** According to the Census Bureau, poor families (earning less than \$14,400 per year) spend an average of 25% of their income on child care (Blank et al., 1998). The relatively high costs of child care are likely to affect former welfare recipients' ability to sustain employment. The survey, previously mentioned, which assessed child care needs in three metropolitan areas, indicated that about 40% of the non-working mothers cited child care costs as the reason they were not working. About 40% of the working mothers stated that child care costs led them to change jobs or hours worked (Kisker, Maynard, & Gordon as cited in Kisker & Ross, 1997).⁵⁵

Additional research relating to employment. The problems concerning these child care issues have serious implications for a mother's ability to find and sustain employment. Several researchers have documented the relationship between these child care issues and labor force and welfare-to-work program participation.

- According to *The Monthly Labor Review*, one survey revealed: one-third of all poor mothers not in the labor force reported that they were not working because of child care problems, compared to 18% of non-poor mothers who remained at home (Cattan, 1991, as cited in Kisker & Ross, 1997).
- The employment prospects appear even worse for non-working mothers with infants, as more than 40% reported child care problems as the primary reason for not being in the labor force (Kisker & Ross, 1997; Johnson & Meckstroth, 1998).
- One study, which analyzed over 15 years of NLSY data, concluded that individuals utilizing non-relative child care, or other types of formal or center based care, had longer spells of employment than did those who relied on relative care. The median length of employment spells for those receiving relative care was 8 or 9 months. Those parents who used other forms of care had median spells of 13 to 16 months (Rangarajan, Schochet, & Chu, 1998).
- A 1994 analysis of California's GAIN program participants found that they were significantly more likely to drop out when child care arrangements could not accommodate

⁵⁵ It is assumed that women surveyed could give multiple reasons for not working or changing jobs and hours worked.

sick children, staffing ratios were lower than recommended levels, or children's safety was questioned (Meyers, 1994, as cited in Phillips & Bridgman, 1995).

Addressing the issue. Research has shown that child care subsidies increase the likelihood that poor and near-poor mothers will work (GAO, 1994). It has been estimated that if welfare recipients received child care subsidies, their work participation rates would increase from 29% to 44%; however, this is in an environment preceding strict work requirements and time limits (GAO, 1994; Waller, 1997). The passage of PRWORA eliminated former child care entitlements and consolidated the four main federal child care assistance programs for low-income families into a single block grant to states (Long & Clark, 1998). This block grant, the Child Care and Development Fund (CCDF), was designed to give states more flexibility in formulating and targeting their child care assistance programs. States are required to spend at least 70% of their grants on TANF, post-TANF, and at-risk families. Some states have chosen to contribute their own funds to ensure that all families that meet certain income eligibility criteria will receive child care assistance (Brown et al., 1998). In the remaining states, some families are likely to be placed on waiting lists before receiving any assistance.

A Progressive Policy Institute (PPI) survey of the 10 states with the largest caseloads in 1997, however, indicates that many states have not taken advantage of the block grant's flexibility (Waller, 1997). Instead of eliminating "artificial distinctions" that resulted from multiple funding streams, and creating a system based solely on income, states are focusing resources on working welfare recipients. This limits the assistance available to other low-wage workers who might be at risk of going on welfare, as well as non-working recipients. Some states, however, are making significant efforts to overcome child care barriers. Six⁵⁶ of the 10 states surveyed by PPI indicated that they offer, or are considering offering, incentives for child care providers who supply infant care, or care during non-standard hours. Incentives range from higher payment rates to contractual priority.

Many states have implemented child care programs in order to help welfare recipients comply with the requirements under PRWORA. Two state programs (in Michigan and New York) outlined below describe programs that have evolved to address child care issues. These programs are selected as examples of efforts to offer affordable, accessible, and high quality child care and do not necessarily represent the best or most successful programs.

- Michigan has implemented **Community Coordinated Child Care (4-C)** in an effort to expand child care and after-school programs. The program focuses on extending child care hours, establishing home-based family day care in low-income areas, recruiting individuals and relatives already caring for children to expand their capacity, and developing mentoring programs that pair established providers with new daycare providers in order to upgrade the quality of new providers. While there has not been a formal evaluation of the program, a survey of existing providers in the area determined that they were willing and able to provide extended hours of care. The survey also identified new sources of care (Mullikin, 1998).

⁵⁶ California, Florida, Michigan, Ohio, and Washington currently provide incentives for infant care while Florida and Ohio provide incentives for non-standard hour care. Illinois is considering various incentives (Waller, 1997).

- Through the **Pathways to Success Program**, New York State is also trying to secure child care for parents on public assistance. The program provides parents with one-on-one counseling, reviews child care options with them, makes referrals to programs with vacancies, and furnishes on-going follow-up for the duration of the parent's child care search. Through February 1998, 977 children had been provided with child care arrangements (Pathways to Success, 1998).

Implications for job retention and advancement. If child care is unavailable or inaccessible, parents are unable to work or participate in welfare-to-work program activities that might provide them with the skills and resources they need to find and maintain a job. Child care problems can cause parents to choose not to work or to change jobs. Therefore, women are less likely to gain the necessary work experience needed to advance. Parents who rely on care provided by a family member are also more likely than those using non-relative care to experience work-related problems due to unreliable child care. In addition, child care costs are potentially problematic for employed parents because, in many cases, parents who spend a significant portion of their income on child care may be unable to deal with unexpected expenses or financial emergencies. As a result, they may be unable to continue paying for child care, thus increasing the probability that they could lose their jobs.

2. Transportation.

As with child care issues, transportation problems have proven to be a barrier to employment. However, very little research has been done concerning how transportation affects job retention and advancement. This sub-section outlines a variety of transportation problems including: (1) a spatial mismatch; (2) the lack of public transportation in rural areas; (3) the lack of available transportation during non-standard hours; and (4) lengthy, complicated, and costly commutes.

- **Spatial Mismatch:** Existing public transportation systems are often unable to link potential employees and prospective employers for a variety of reasons. A large proportion of entry-level jobs in the retail and service sectors are located in the suburbs. However, many welfare recipients live in the inner cities. A 1998 study of Boston's welfare population found that while 98% of them lived within one-quarter mile of a bus route or transit station, only 32% of employers in high-growth areas that offered entry-level opportunities were within one-quarter of a mile of public transit (GAO, 1998d). Data from Atlanta tell a similar story: only 43% of entry-level jobs advertised in the Sunday newspaper were accessible via public transportation (Community Transportation Association of America, Online). Thus, there is a spatial mismatch between available jobs and potential employees, and in many areas it is not being addressed by existing transportation systems. Welfare recipients are not able to find and hold down jobs to which they do not have access. And, due to the fact that only about 6.5% of welfare recipients have a car, most rely on public transportation to reach current or potential employers (GAO, 1998d).
- **No Public Transportation:** In rural areas, public transportation can be virtually non-existent. In 1995, for example, the National Transit Resource Center found that about 60 million Americans in rural areas were not served, or were under-served, by public transportation (GAO, 1998d). As a result, welfare recipients often have to rely on informal

arrangements with family or friends to find jobs or get to work. These arrangements can be extremely unstable and may fall through, resulting in job loss.

- **Unavailability of Transportation During Non-Standard Hours:** Other women experience problems because they work during non-standard hours, when public transportation runs irregularly, if at all. In addition, single mothers often must find reliable methods of transportation to first get to child care centers, and then to work.
- **Difficult Commutes:** Commuting time can pose a problem for some, as the sheer distance of a job opportunity and child care, or the complicated, time-consuming transfers from one form of transportation or route to another, can prove burdensome. One study, for example, found that even with an 80-minute commute, residents in Cleveland neighborhoods with high concentrations of welfare recipients could reach only about 44% of entry-level job openings via public transportation (Leete & Bania, as cited in Coulton, Leete, & Bania, 1997). Lastly, some welfare recipients and low-income workers are unable to afford more expensive services such as commuter rail transit systems.

Addressing the issue. Welfare reform has sparked interest in ameliorating these transportation problems. Federal and state agencies, as well as community organizations, are proposing a number of innovative programs. The U.S. Department of Transportation, for example, proposed a \$600 million Access to Jobs program that would focus on supporting new transportation services for low-income job seekers. In addition, both the Department of Housing and Urban Development (HUD) and the Federal Transit Administration (FTA) have implemented welfare-to-work initiatives that attempt to address the issue of transportation. HUD has started the Bridges to Work program, while the FTA has initiated the JOBLINKS demonstration program. Bridges to Work is a comprehensive welfare-to-work program that is being piloted in several sites across the country. It has made an effort to address a variety of employment barriers, including, transportation. JOBLINKS, on the other hand, focuses solely on transportation and is administered by the Community Transportation Association of America (CTAA), which is in the process of evaluating the program's effectiveness in helping welfare recipients get to jobs. The FTA has also helped state and local transportation agencies develop plans to address these needs at the local level. Two examples of transportation initiatives are described below:

- One **Bridges to Work** program has been implemented in Baltimore, Maryland. The Historic East Baltimore Community Action Council (HEBCAC), along with HUD and the FTA, identifies job-ready individuals, prepares them for employment, and provides rides to work. The program offers door-to-door van rides from East Baltimore to a heavily job laden-area near the Baltimore Washington International Airport, 15 miles away. The project began in December 1996, and is free for the first 30 days. After the first month, riders are required to pay \$4.00 daily (Community Transportation Association of America, Online).
- One **JOBLINKS** project in Louisville, Kentucky, uses an express bus to transport inner-city residents to an industrial park with many entry-level positions. The bus reduces a two-hour commute to 45 minutes. An April 1997 evaluation did not indicate whether or not the project reached its 25% new hire goal, but it did indicate that 10% of the businesses in the park were able to hire inner-city employees as a result of the service (GAO, 1998d).

Implications for job retention and advancement. Once workers are employed, they may become overwhelmed by their lengthy or expensive commutes. As a result, they might be inclined to quit their job or they may experience greater absenteeism and lose their job. In addition, while some workers may be able to access a current job, difficulties in finding feasible methods of transportation might not allow others to change jobs in an effort to advance in the labor market. However, programs with initiatives aimed at making transportation more affordable, available, and accessible may be successful in helping former welfare recipients keep their jobs and eventually move to better jobs.

3. Lack of Social Support.

Work can cause many disruptions to family life. Working mothers see less of their children. Often the men in their lives dislike their financial independence (Rangarajan, 1998b). While child care and transportation can make job retention difficult, the lack of support from family and friends can further burden women who are struggling to remain employed.

Research indicates that individuals with inadequate support systems have a higher incidence of depression, are more vulnerable to physical and psychological forms of stress, and suffer more psychological and physiological strain following job loss (Moroney, as cited in Pavetti et al., 1997). In the absence of support from family members and friends, participants may need to rely on assistance from case workers, support groups, and employers to help resolve work-related problems.

- A Washington, D.C., psychiatrist recounted the experience of one young mother who “was pressured by the women in her inner-city, poor neighborhood to quit her job, go on welfare, and stay at home in order to be respected as a good mother by her peers” (Benoit, 1997). The young woman was enrolled in adult education classes to improve her job prospects but was accused of being “uppity” by her peers. The young Washington mother remained employed. Her supervisor at work was instrumental in helping her resist social pressure (Benoit, 1997).
- PESD focus group participants indicated that the presence of strong support networks helped the young mothers with transportation difficulties or emergency child care, which helped them remain employed (Rangarajan, 1998b).

In light of mandatory work requirements, many states and communities have begun to organize support groups where women help each other maintain employment and reach other goals. Employee assistance programs (EAP) are another source of support for women who work for larger employers. These social support programs, however, remain largely untested, due in part to the lack of a clear cut definition of social support.⁵⁷

- The **West Humboldt Employment Training Center**, located in a low-income Chicago neighborhood, provides social support through support groups. After completing a Life Skills class, participants select from one of several support groups, depending on their

⁵⁷ The programs described here are voluntary.

personal and family needs. Topics include parenting, bad relationships, and depression. At weekly group meetings, participants share steps they have taken to meet explicit goals. According to staff, since the groups began operating, case managers have had to deal with fewer emergencies. They attribute the decline to participants' knowledge that they have a set time each week to discuss problems (Pavetti et al., 1996).

- The **Progress Information Directed Toward Employment (PRIDE) Social Contract System** currently being piloted in Chicago, was designed as a tool for welfare department workers who help recipients think through paths to self-sufficiency. The key element is the Activity Diary. A participant records progress towards goals, and services used, in a booklet, then presents it to a group once a month. The group votes on whether the participant met her goals for the month, and then helps her craft goals for the following months. The group is meant to be supportive, where participants receive praise for the work they have done (Pavetti et al., 1996).
- The **Cornerstone Program**, part of Iowa's Family Development and Self-Sufficiency Program (FaDSS), works with families that face multiple barriers to employment and exiting welfare. Each family is assigned a Family Development Specialist who works with the entire family to set and attain goals. The one-on-one relationship is described as unconditional, and the Family Development Specialist will "latch on" to families and persist in helping them through difficult periods, making referrals when necessary (Pavetti et al., 1996).
- **Employee Assistance Programs** are worksite-based interventions designed to help employees resolve problems that may adversely affect job performance. Services are confidential and range from alcohol treatment to emotional health and family issues. EAP roles include supervisory consultations, assessment, treatment linkage, follow-up, and relapse prevention. EAP services are usually available to employees' families. A 1991 national study found that 45% of employees had access to an EAP; most worked in large or medium-sized organizations (Blum & Roman, 1995).

Implications for job retention and advancement. (1) Lack of support from families and friends can have adverse effects on work. Studies have found individuals who lack social support networks are more likely to suffer from depression, as well as physical and psychological stress, than are people with strong support systems. Job performance can suffer as a result of stress and lack of self-esteem, putting a recipient at risk of job loss. (2) While we have identified no systematic evaluations of support groups or one-on-one mentoring relationships, anecdotal evidence from program suggest that support services can have potential benefits for both welfare recipients and their families. This is an area that merits further investigation.

4. Domestic Violence.

Women who experience domestic abuse are more likely to suffer physical and emotional problems that can have serious effects on their employability. Personal injuries can prevent victims from attending a training program, educational class, or work. In addition, the emotional effects that result from domestic abuse can cause absenteeism and influence mental functioning and productivity.

The statistics outlining the prevalence of domestic violence among welfare recipients are alarming. A Taylor Institute report summarized several programs that documented the relationship between welfare receipt and domestic violence. Its indicated that in the four sites studied,⁵⁸ the number of participants who were experiencing current abuse ranged from 14.6% to 32.0% of the sample. The number of recipients who were ever abused ranged from 33.8% to 64.9% of the samples in each site (Raphael & Tolman, 1997). While much of the research indicates that employment rates for abused and non-abused women are similar, some studies noted that abused women tend to have great difficulty securing jobs and retaining employment. Their abuse is, however, not the only reason for this difficulty.

Domestic abuse is often one of an array of problems faced by many welfare mothers. Using a six-item scale,⁵⁹ a study of AFDC recipients in Massachusetts indicated that women who were abused were more likely than non-abused women (31.7% vs. 21.4%) to report a physical disability, handicap, or any other serious physical, mental, or emotional problem. A Passaic County, New Jersey, study found that 54% of those currently being abused were depressed, and 18.7% had a current problem with drugs and alcohol. Thus, barriers to employment appear to be interrelated.

Research relating to employment. Many women who are abused have difficulties in sustaining employment. For example:

- Over half of women surveyed in domestic violence shelters reported that they had missed work as a consequence of abuse, while almost 25% reported that they lost a job due, in part, to domestic violence (Shepard & Pence, as cited in Johnson & Meckstroth, 1998).
- A study that surveyed a random sample of low-income women in a Chicago neighborhood found no significant differences in current employment status among those who reported having experienced male aggression and those who did not. However, the study did find that women who had reported being victims of physical aggression were more likely than those who did not to report having ever been unemployed (69.4% versus 56.6%) (Lloyd, as cited in Olson & Pavetti, 1996).
- In addition, it was determined that domestic violence victims surveyed in Passaic County, New Jersey, were much more likely than the remainder of the welfare population to have a partner who actively prevented participation in education and training activities (40% versus 12.5%) (Curcio, as cited in Johnson & Meckstroth, 1998; Raphael & Tolman, 1997).

Addressing the issue. Raphael and Tolman (1997) indicate that the best strategies for promoting self-sufficiency among battered women are those that are flexible in addressing

⁵⁸ The four sites are: (1) Passaic County, New Jersey; (2) The welfare caseload in Massachusetts; (3) Worcester, Massachusetts; and (4) Chicago, Illinois.

⁵⁹ This scale (which corresponds to the legal definition of domestic violence in Massachusetts) entails having been: (1) hit, slapped or kicked; (2) thrown or shoved onto the floor, against a wall, or down stairs; (3) hurt badly enough to go to a doctor; (4) injured by a gun, knife, or other object; (5) forced to have sex or engage in sexual activities against their will; or (6) made to think that they might be hurt.

women's specific needs. The first step needed in addressing this particular barrier among TANF recipients is recognition of the problem. Raphael and Tolman found that maintaining confidentiality and establishing trust between recipients and case workers are essential in getting battered women to reveal their predicament. They conclude that if these elements were present, coupled with notification of available services and support, women would be more likely to self-disclose their battery. Program components and services, along with provisions in PRWORA, aim to address the problem of domestic violence in a variety of ways:

- A provision of PRWORA, the Wellstone/Murray Family Violence Amendment, grants states the option to establish standards and procedures that would: 1) screen welfare recipients in order to identify histories of domestic violence; 2) refer individuals who have experienced domestic violence to counseling or support services; and 3) exempt individuals who are severely affected by violence from requirements, such as time limits or family cap provisions, when compliance with such requirements would make it more difficult for them to escape domestic violence, or would penalize victims in some way (Brown, 1995-96). For many women, work offers an escape from the abuse and violence at home. Thus, the Wellstone/Murray Amendment could potentially decrease TANF receipt and also to help recipients escape from mental and physical abuse.
- Other policy options include offering domestic violence victims a one-time lump sum grant, which would provide them with resources to escape their current situation, find a secure place to live, and start fresh. In addition, more stringent penalties could be placed on the men who commit these acts of violence. States could also provide temporary waivers from work obligations so that women would have time to utilize available support services.
- As a last resort, states could take advantage of PRWORA's "hardship exemption," which allows a state to exempt up to 20% of their caseloads from the five-year time limit. This path could be utilized if all other methods of overcoming the barrier of domestic abuse fail.

Implications for job retention and advancement. Women who are abused undergo experiences which limit their ability to conduct themselves in a manner which may be necessary for daily work. Despite a lack of existing documentation to support the notion, many researchers believe that welfare recipients who experience domestic abuse are less likely to hold down a steady job.

5. Mental health.

Mental health problems can have serious implications for day-to-day functioning as well as job performance. Depression, for example, can affect concentration, energy level, and general interest in life. A worker suffering from depression is likely to be less productive at work, which can lead to lost opportunities for advancement or outright job loss.

Estimates of the prevalence of mental illnesses vary widely. One study found that 17 million adults suffer from depression, and 70% are in the labor force (Washington Business Group on Health & National Institute of Mental Health, undated, a). The Commonwealth Fund's National

Survey of Women's Health found that 40% of women ages 18 to 44 experience severe depression⁶⁰ in a given week, and that the prevalence is higher among women on public assistance (Commonwealth Fund, 1993). The same study found that 20% of women in the general population, but one-third of women on public aid, experience low self-esteem.⁶¹

There are few studies that focus specifically on the mental health of welfare recipients. Some evaluations of welfare demonstration projects collected data on mental illnesses. The evaluations, however, use different instruments to determine an array of mental health problems and the populations studied vary from teenage parents to recipients in a single state:

- 42% of JOBS-eligible mothers with children ages three to five in Fulton County, Georgia (including Atlanta) showed a “high level” of depressive symptoms, over two-times the proportion found in community samples;
- 39% of women in Iowa's Family Development and Self-Sufficiency Program (which targets the “hardest-to-serve” welfare recipients) were found to have mental health problems;
- 28.4% of young mothers in the New Chance⁶² program were at high risk of clinical depression, while 22.5% were at some risk of depression (Olson & Pavetti, 1997).
- 26.7% of welfare recipients in an urban Michigan county were diagnosed with depression, 14.6% with post-traumatic stress disorder, and 7.3% with a general anxiety disorder (Danziger et al., 1998).

Recipients with mental health problems are less likely to work than are recipients with no barriers.

- Danziger et al. (1998) found that approximately 25% fewer welfare recipients with depression worked 20 hours per week than did recipients without this barrier (46.5% vs. 60.7%).⁶³
- Olson and Pavetti found welfare recipients with mental health problems were somewhat less likely than those without barriers to have worked in the year of, or year prior to, the survey (56% vs. 61.3%).
- Recipients with mental health problems were considerably less likely than those without barriers to have worked the full year (12.1% vs. 21.3%).

⁶⁰ Derived from a scale ranking responses to statements regarding sleeplessness, life enjoyment, crying spells, sadness, and feeling disliked.

⁶¹ Using the Rosenberg Self-Esteem Scale from Measures of Psychological Attitudes, 1991.

⁶² New Chance was an education and training program designed to serve some of the most disadvantaged welfare recipients: high school dropouts who had their first children as teenagers. The program operated in 16 sites and was evaluated by MDRC..

⁶³ Difference is statistically significant at the 0.05 level.

Some types of mental illnesses, such as depression, can be treated. Counseling and therapeutic treatment often enable people to cope with problems that might otherwise hinder their ability to work. More than 80% of depressed people can be effectively treated through psychotherapy, medication, or a combination of both. New anti-depressants cause minimal side effects. Many people respond within six to eight weeks (Hrynyk, 1997).

Identifying mental illnesses can be the province of welfare offices or employers. Case workers could screen welfare recipients as part of a pre- or re-employment assessment. Recipients in need of treatment can be referred to other programs or services. Some women might be reluctant to seek care, in part because of the stigma that surrounds mental health issues in many communities. Case workers could address this by telling their clients that services could be provided by family physicians (as opposed to psychiatrists) and are covered under Medicaid.

Employers are beginning to address mental health problems, largely because mental illnesses are related to absenteeism, short-term disability leaves, and lower productivity. According to one study, “Depression can severely impair work performance. Among common chronic conditions such as hypertension, diabetes, heart disease, and arthritis, only people with advanced heart disease have worse day-to-day functioning than people with depression” (Washington Business Group on Health & National Institute of Mental Health, undated, b).

- The **First Chicago Corporation**, for example, found that depression accounted for 52% of behavior-related short-term disability leave taken between 1989 and 1992. First Chicago dealt with the issue by instituting educational programs for employees and managers about how to detect depression, the importance of early intervention, and the availability of employee assistance services. The firm’s Employee Assistance Program (EAP) services include brief counseling and referrals. Since 1989, the EAP also has managed psychiatric short-term disability cases, so that employees receive the care they need as well as support when they return to work. Company records indicate that after the EAP began to manage short-term disability cases, the average duration of psychiatric-related short-term disability leave declined from a high of 47.7 days to a low of 30.3 days. At the same time, one-year recidivism rates remained stable, indicating that employees were not returning to work prematurely (Washington Business Group on Health & National Institute of Mental Health, undated, b)

Implications for job retention and advancement. (1) Undetected mental health problems can have adverse effects on work. Studies have found that welfare recipients with mental health problems are less likely to work continuously than recipients without such barriers. Job performance can suffer as a result of depression and other illnesses, putting a recipient at risk of job loss. (2) While we have identified no research directed at treating the mental health problems of working welfare recipients, the research in the private sector suggests potential benefits of EAPs to employers and employees alike. This is an area that merits further investigation. However, as noted earlier, most EAPs are in large or medium-sized companies, as opposed to the smaller work sites that are likely to employ many welfare recipients. For employees in small work sites, the issue may be how to link them with public services.

6. Substance Abuse.

Substance abusers may be capable of performing the functions necessary to get a job; however, theory would suggest that their impairment, which often limits their ability to function and complete necessary work tasks, would have an effect on their ability to retain a job.

Rates of abuse. Statistics measuring drug and alcohol abuse rates vary greatly depending on the source, time period, population studied, and definitions of use and abuse. Nevertheless, the bulk of data suggests that substance abuse is more prevalent in the welfare population than in the general population. According to the DHHS, between 10% and 20% of welfare recipients have a substance abuse problem, and 5% of recipients suffer from such severe cases of abuse that it substantially limits their day-to-day functioning (Strawn, 1998a). The National Household Survey on Drug Abuse (NHSDA) estimated that of AFDC recipients aged 18-44, 5.2% had significant alcohol or drug related impairment and 11.2% were somewhat impaired (compared to 2.6% and 9%, respectively, for non-recipients) (Kramer, 1998b). The National Longitudinal Alcohol Epidemiologic Survey in 1992 estimated that 17.9% of welfare recipients, compared to 8.9% of non-recipients, were drug and alcohol dependent (Kramer, 1998b).

Research relating to employment. The short-term successes of recent employment-focused programs has led many people to believe that barriers such as substance abuse do not interfere with a welfare recipient's ability to find work. This might be true with respect to initial employment, as substance abusers and non-abusers are sometimes reported as equally as likely to work.⁶⁴

- One Urban Institute study indicated that the percentage of women with an alcohol or drug use "barrier" who were working or who had worked in the previous year was greater than those who did not have an alcohol or drug use barrier (63.24% versus 58.18%) (Olson & Pavetti, 1996).
- Substance abusers are not, however, equally as likely to retain their jobs or advance in the labor market. That same Urban Institute study also indicated that in 1996 only 15% of substance abusers receiving assistance worked full-time, year-round compared to 22% of all welfare recipients (Olson & Pavetti, 1996; Strawn, 1998a).
- About one-third of the 1991 AFDC caseload used alcohol and drugs to the point where their use/abuse could interfere with their ability to keep or even find employment (Pavetti et al., 1997).

Addressing the issue. In order to overcome substance abuse as a barrier to employment, it is useful to identify abusers either when they apply for TANF or after they enroll in a welfare-to-work program. A case manager can identify substance abuse through questionnaires, one-on-one evaluations, or through ongoing assessments during orientation, life skills classes, and job

⁶⁴ While many studies do indicate otherwise (for ex. DHHS, 1994 in Olson & Pavetti, 1996), some have found substance abuse as insignificant in finding initial employment (Strawn, 1998a).

training. One program, which targets the hardest-to-serve welfare recipients (JOBS for Oregon's Future) uses the Substance Abuse Subtle Screening Inventory (SASSI) to identify abusers. The SASSI entails a one-page self-report which can be administered and scored in 20-25 minutes, either by professional substance abuse counselors or case managers (Pavetti et al., 1996). Oregon staff indicated that the SASSI was quite effective and that the key problem was determining when and how to administer the test.

Following identification, abusers may then be entered into treatment. Many substance abuse treatment programs have proven successful in curbing abuse, and are often cost effective. The Institute of Medicine (1996), in a review of several comprehensive drug abuse treatment studies, determined that treatment is effective and that gains generally take the form of reduced drug use, reduced criminal activity, and enhanced health and productivity.⁶⁵ Yet, the positive effects measured by many studies might be overstated as the research design is usually based upon observation of a single treatment group rather than the utilization of a randomized clinical trial involving both a treatment and control group. In addition, the substance abuse treatment studies generally rely heavily on self-reported data that, again, potentially inflate positive treatment effects. Nevertheless, three decades of studies have indicated, consistently, that treatment does reduce drug use and crime (GAO, 1998e). Findings relating to welfare recipients specifically are rare, yet some welfare-to-work programs do target the "hard-to-serve" clients. They appear to have had some success, for example:

- Participants in the Oregon program who were found to be substance abusers were mandated to enter a treatment program, through a JOBS waiver received in 1992. Program sanctions were tough, yet essential in ensuring that participants followed through with treatment and services, taking the necessary steps in an effort to find and retain a job. In addition, data collected from Oregon support the notion that substance abuse treatment is beneficial as, participants who completed a treatment program earned 65% more than those who did not complete treatment (Young as cited in Johnson & Meckstroth, 1998). The findings in this program are, however, subject to selection bias as those treated may have been more likely to achieve greater earnings than those who did not complete or receive treatment.

Implications for job retention and advancement. Those who abuse drugs and alcohol, whether they are receiving welfare or not, experience some impairment which is likely to affect their ability to work. For those who are unemployed, their impairment, might be great enough to hinder their ability to get a job. For those who do manage to gain employment, it is logical to assume that their impairment will eventually affect their work in some way. Whether or not their impairment will lead to job loss is debatable, as there is very little research regarding this specific issue.

⁶⁵ Three of the studies reviewed by the Institute include: (1) the Drug Abuse Reporting Program (DARP) which included over 44,000 clients and 50 treatment programs from 1969 to 1973; (2) the Treatment Outcome Prospective Study (TOPS) which included around 12,000 clients in 41 treatment programs; and (3) the Drug Abuse Treatment Outcome Study (DATOS) which began in the early 1990's and enrolled 10,000 clients to study 99 programs nationwide.

7. Conclusions.

Welfare recipients can face a variety of barriers that may inhibit their ability to find employment, retain a job, or advance in the workforce. The barriers often vary in scope and severity, and while many recipients with these barriers (environmental or personal) are able to work, they often have difficulty working continuously (Kramer, 1998b). The presence of multiple barriers has proven especially limiting for recipients, not only in terms of job retention and advancement, but initial employment as well. As noted earlier, the proportion of women who work 20 hours per week decreases as the number of personal barriers increase. About 70% of women with one barrier worked compared with 36% of women with four to six barriers (Danziger et al., 1998).

Identification of these barriers, either during assessment, life skills training, or ongoing case management, is important in helping women make the transition from welfare to work. In most cases, environmental barriers are fairly easy to recognize. In addition, these more observable environmental problems are usually accompanied by more visible, yet costly, solutions. The steps needed in order to address personal barriers, however, are not quite as clear. Working to free a woman from domestic violence or helping her to escape a life of drug dependency are multi-dimensional problems usually requiring complicated and personalized interventions.

Often times, welfare recipients are exempt from program participation primarily as a result of personal barriers. In situations of exemption, welfare recipients are not mandated to undergo treatment or counseling, and thus, sanctions supply them with no additional motivation to address their problems. Unless these welfare recipients receive targeted assistance or are enrolled in a separate program, these hard-to-serve clients are likely to fall through the cracks. Program directors in these special attention programs can offer clients additional or more intensive services such as counseling, peer support groups, and referrals to community agencies.

Referrals can help welfare recipients overcome serious employment barriers. Most program staff and case managers do not have the skills necessary to address serious issues such as drug abuse. Thus, they must enlist the help of community resources including: mental health services, substance abuse treatment centers, child protective services, women's self-help centers, counseling, and legal aid. In some cases, recipients may need encouragement in applying for other forms of public assistance if their physical or mental state warrants such intervention.

CHAPTER 3: MAKING WORK PAY

In the pre-TANF environment, policies to “make work pay,” such as the Earned Income Tax Credit (EITC) were discussed in terms of making employment more attractive than welfare. Low-skill, minimum wage jobs were rarely sufficient to support a single mother and her children, who also risked losing their Medicaid and housing benefits upon leaving welfare. Today, choosing between welfare and work is not an option for recipients. Policies such as the EITC serve a different role: helping women to provide an adequate standard of living for their families and move toward self-sufficiency.

There are a number of policies that can help working families move out of poverty. Some are job-focused (such as helping workers obtain higher-paying jobs, or increasing the minimum wage). Other policies, such as the EITC and Food Stamps, can supplement the earnings of low-wage workers. States also can adopt policies to help make work pay, such as child support collection, earned income disregards, child care tax credits, health care, and subsidized housing. At least 30 states are using some type of financial incentive in their welfare programs (Berrey, 1998).

This subsection describes various programs that aim to supplement the incomes of current and former, working welfare recipients. First, the goals and components of each program are discussed. The potential need for increasing awareness and extending outreach is addressed, along with other possible implications for job retention and advancement.

1. Earned Income Tax Credit.

The Earned Income Tax Credit (EITC) can help ease the transition into work. In addition, by supplying workers with additional financial resources, it might help workers stay employed. The EITC could be a crucial element in helping former welfare recipients to attain self-sufficiency.

What is the EITC? This tax credit, enacted in 1975, was designed to offset the negative effects of Social Security and Medicare payroll taxes on the working poor. According to Johnson & Lazere (1998) and Hogan (1998):

- Any worker who is childless and earns at least \$1.00 but less than \$10,030 is eligible. The maximum benefit for this worker in 1998 is \$341.
- A worker who has one qualifying child and earns less than \$26,473 is eligible to receive the EITC. The maximum benefit is \$2,271.
- A worker with two or more qualifying children earning less than \$30,195 is also eligible and could receive a credit up to \$3,756.

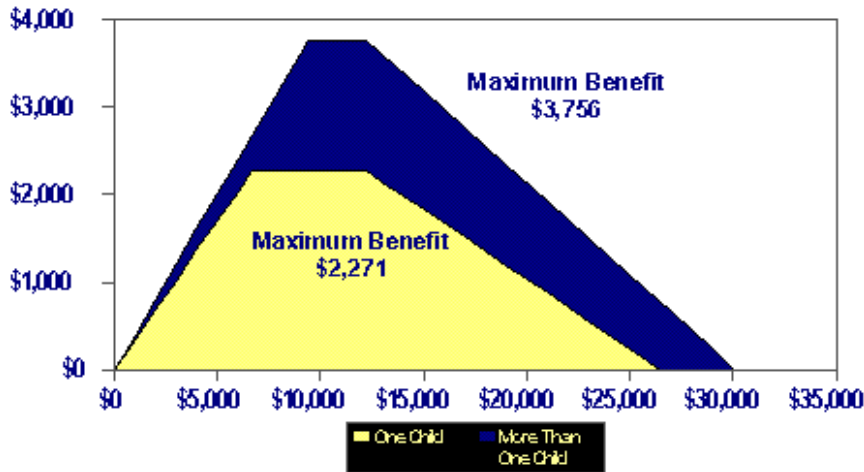
Numerous studies indicate that the EITC encourages work. According to one study, the EITC lifted more children out of poverty than any other government program or category of programs. Greenstein and Shapiro (1998) determined that the number of single mothers who worked grew substantially between 1984 and 1996, and that half of this increase resulted from the EITC program and its expansion during this period.

The EITC provides a work incentive during the phase-in range, as its benefits increase with wages, up to the limits specified above, and only is available to those who generate earnings. The EITC benefits for working parents are illustrated in **Figure 1**. EITC benefits are indicated on the y-axis while adjusted gross income is measured on the x-axis.

In the phase-in range, the EITC is comparable to a 40% wage increase for a working parent with two children. In the phase-out range, however, the credit can raise the tax rate of the earner, possibly discouraging additional work effort (Acs et al., 1998). Empirical evidence indicates that this disincentive to work in the phase-out portion of the credit is small (Gribben, 1998).

Figure 1

The Federal Earned Income Tax Credit in Tax Year 1998



Center on Budget and Policy Priorities

The EITC is available in two forms. It can be received in a lump sum at the end of the fiscal year after a tax return is filed, or as an advance payment included in the worker's paycheck.⁶⁶ If a worker chooses the advance payment option, she is protected against overpayment since she can receive only about 60% of the credit in advance, while the remaining portion is paid in a lump sum after she files her tax return. Receiving the EITC in increments allows workers to use the money toward monthly and daily expenses such as food and rent, but the method also requires the completion of an additional form (the W-5). The EITC is available to TANF

⁶⁶ In order to be eligible for the advance EITC receipt, recipients must be raising at least one eligible child. Self-employed workers and farm workers paid daily are not eligible for the advance EITC.

recipients who work, and rarely causes a decrease in welfare benefits. Under federal rules, the EITC is not considered income when determining eligibility and payments for Medicaid, Food Stamps, Supplemental Security Income, and housing assistance. With regard to TANF, each state determines how the EITC will affect eligibility.

In 1996, according to the Center on Budget and Policy Priorities (CBPP), the EITC lifted 4.6 million people in low-income working families out of poverty. In 1997, over 19 million workers received credits totaling \$28 billion (Center on Budget and Policy Priorities, 1998).

Estimates of the proportion of eligible households that use the EITC vary. Some suggest that 80% to 90% utilize the credit. Still, some eligible wage earners do not claim the credit.

- In 1990, between 1.4 million and 2.5 million workers were eligible but did not claim the credit (National Law Center on Homelessness and Poverty, 1998).
- In addition, the advance payment EITC was utilized by less than 1% of those who qualified for the EITC, according to a 1992 GAO report (as cited in Burkhauser et al., 1995).
- More recently, utilization rates found during the PESD indicated that only 47% of working control group members used the EITC, and only 6%-7% of them utilized the advance payment option (Rangarajan, 1998a).

It is unclear what proportion of welfare recipients are familiar with the EITC. The PESD indicated that while case managers understood the benefits of the advance credit, they were wary of informing their clients about it because they feared that clients might have to make large payments at tax time. States could help increase knowledge of the EITC, particularly the advance version, by distributing information to welfare offices, employers, and community agencies.

Who benefits from the EITC? Besides the obvious benefit to the worker, states may also benefit from increased use of the EITC. Not only does the credit boost earned income (and, possibly providing the needed incentive to work), it benefits local economies since individuals have more resources with which to purchase goods and services. Businesses, too, may benefit from increased EITC utilization, giving them an incentive to encourage their employees to use it. According to the CBPP, the advance credit increases take home pay and helps workers support their families, which in turn reduces job turnover. Together, states and employers might be able to increase EITC utilization by ensuring that businesses have copies of W-5 forms on hand and understand how to submit them.

There are other obstacles that hinder EITC receipt. Aside from lack of awareness about the program and fear of owing money at tax time, another obstacle that prevents people from claiming the EITC is the difficulty in filling out necessary forms. To help workers overcome this barrier, free help in filing tax forms is available to those who are eligible for the credit. The

Volunteer Income Tax Assistance (VITA) program was formed to help low-income workers tackle confusing tax forms.

State Earned Income Tax Credits. In addition to the federal EITC, workers may be able to claim a state EITC. While it is only available in some states,⁶⁷ others continue to recognize its benefits and are taking steps to adopt their own state-level credit. To date, seven states offer a refundable credit, while three offer a non-refundable credit (Johnson & Lazere, 1998).

Implications for job retention and advancement. With information about both the federal and state level program, awareness of their eligibility, and a little help filling out the forms, low- and moderate-income workers can use the EITC to help augment their incomes. This may help encourage them to choose work over welfare. As a result, former recipients might be less likely to leave their jobs, or to lose them for financial related reasons (such as inability to pay for child care). Supplying low-wage workers with more resources might even allow them to invest in their education, possibly increasing their chances for advancement.

2. Food Programs.

Many working families are eligible for federal food assistance programs such as the Food Stamp Program (FSP), the National School Lunch Program, and Supplemental Feeding Program for Women, Infants, and Children (WIC). These programs can help low-wage workers attain basic needs until their incomes rise to levels that ensure self-sufficiency.

However, there is concern that eligible working poor families are not participating in food programs.

- For example, historically, fewer than half of eligible households with earnings choose to participate in the Food Stamp Program (U.S. Department of Agriculture, 1997).
- Past analysis of data from the Survey of Income and Program Participation indicate that families who do not participate generally have higher incomes and are eligible for lower benefits than families who do participate.
- Other reasons commonly cited for the decision not to participate include social stigma and lack of information.

It is unclear from the data whether working families who were once on welfare are more likely than other working families to participate in the FSP. It may be that, as these families are already familiar with the application and benefit determination process, they will be more likely to participate, at least initially.

⁶⁷ As of September 1998, 10 states were offering the credit. Kansas, Maryland, Minnesota, New York, Vermont, Wisconsin, and Massachusetts offer refundable credits while Iowa, Oregon and Rhode Island offer non-refundable credits (according to the CBPP; Johnson & Lazere, 1998).

- However, data from the PESD evaluation indicate that 24% to 65% of participants needed caseworker assistance resolving benefit issues related to transitional Medicaid, child care, AFDC, and food stamps (Rangarajan, Meckstroth, & Novak, 1998).

Implications for job retention and advancement. Food programs have the potential to help former welfare recipients maintain their jobs by subsidizing a major part of their expenditures. This may leave workers with income to cover other expenses necessary for job retention, such as child care or transportation. However, the evidence from the PESD suggests that former welfare recipients may need assistance to receive the benefits for which they are eligible.

3. Child Support.

Child support payments represent another potential source of income for working single parents. Under the AFDC program, welfare recipients had little incentive to work with the child support enforcement system since all but \$50 of support payments went to the government to offset the cost of welfare. Under PRWORA, however, states have the option of passing through more or less of the child support payments, at their expense. For women in low-wage jobs, the additional income from child support might help offset some of the costs of working, such as child care, that in the past have led to job loss.

Child support, however, is often not a consistent source of income for working mothers. Currently, child support awards are erratic, small, and often not fully paid.

- In 1993, 40% of custodial parents had no award in place.
- Further, only half of those with support awards in place received the full amount, about one-quarter received partial payment, and the remainder received nothing.
- Of those who received payments in 1993, divorced women received an average annual payment of \$3,632, while never-married mothers received an average payment of \$1,738 (U.S. House of Representatives, 1998).
- The average non-custodial father contributed only 7% of his personal, pre-tax income toward child support (Sorensen, 1996).⁶⁸

Many fathers of children on welfare, however, have low incomes themselves, and thus will have difficulty paying child support and will have low orders. Employment and training programs could increase non-custodial parents' income, thus increase child support.

- For example, **Parents' Fair Share (PFS)**, authorized by the 1988 Family Support Act, offers low-skilled and low-income non-custodial parents employment and training, peer support, and mediation. Child Support Enforcement (CSE) agency staff in eight sites around the country review their caseloads for fathers who meet the following program criteria: they are

⁶⁸ Sorensen uses SIPP to determine child support that is paid.

behind on support payments, unemployed or underemployed, and linked to a family on public assistance. Those deemed eligible are contacted and referred to the program. If they accept the offer to participate and remain involved in the program, their monthly child support obligations are reduced dramatically, sometimes to zero, while they receive training. If they do not participate or leave the program, they face two options: find work or go to jail (Doolittle & Lynn, 1998).

The program was developed, and is being evaluated by, Manpower Demonstration Research Corporation (MDRC). Thus far, the results are modest. After 18 months, child support payments across all seven sites increased by up to 7.5 percentage points, but this increase was driven by large impacts in three sites. Despite the increase in payments, no site reported increases in employment and earnings among the fathers (Doolittle et al., 1998). The increase in payments has been attributed to fathers who were “smoked out”; that is, the courts were able to distinguish between fathers eligible for the program who were unable to pay and those who were unwilling to pay.

- Another demonstration program used child support orders as a tool for enrolling welfare recipients. **New York State’s Child Assistance Program (CAP)** began in 1988 in three counties.⁶⁹ CAP was voluntary, and enticed AFDC recipients to participate by offering them a generous earned income disregard (\$0.90 per dollar for the first several hundred dollars and \$0.33 per dollar thereafter) and individualized case management. To participate, a welfare recipient had to have at least one child covered by a child support order. Her welfare base grant was increased for each additional child with a support order.⁷⁰

An evaluation of CAP by Abt Associates (Hamilton et al., 1996) found that the treatment group had more child support orders established than did the control group. In the average month during the five-year study period, the treatment group had 21% more new awards than the control group. This translated into a 4.3% difference in total awards established by the end of the evaluation.⁷¹ However, there was no statistically significant difference in total support collections between the CAP group and control group. (The evaluators, however, note that there are non-financial benefits to establishing awards, such as reinforcing a sense of responsibility among the non-custodial parents. Also, Abt does not rule out the possibility that collections among the program group will increase over time.)

PRWORA also contained a number of provisions that aim to increase collections. To receive TANF funds, states must create automated registries of child support orders and raise their paternity establishment levels from 75% to 90%. States must also create an automated directory of new hires so that the CSE agency can notify employers if child support obligations must be withheld from the paychecks. Child support can also be withheld from non-custodial parents’ federal or state tax refunds and Unemployment Insurance compensation. In addition,

⁶⁹ Monroe (Rochester), Niagara (Niagara Falls), and Suffolk (Long Island).

⁷⁰ The CAP base grant was generally about one-third lower than the AFDC grant for a like-size family, so that CAP participants were encouraged to increase their work efforts.

⁷¹ This difference is statistically significant at the 5% level.

states can withhold professional licenses, drivers' licenses, and recreational licenses of delinquent parents (U.S. House of Representatives, 1998). The Department of Labor's welfare-to-work grants can also be used to develop education and training programs for non-custodial fathers.

More recently, a new type of program focuses on the elements of responsible fatherhood, with child support collection a secondary goal. These "responsible fatherhood" programs recognize that many non-custodial fathers want to be actively involved in the lives of their children, but that barriers to participation exist.⁷² Many of these programs began as small, community-based programs sponsored by churches, hospitals, or local charities and foundations. A study of five fatherhood programs found that they had a number of objectives in common: increase education and employment; reduce alcohol and drug use; improve parenting skills; increase father involvement with his child(ren); improve attitudes or feelings toward children; and improve social and family interactions as well as increasing child support.

Implications for job retention and advancement. (1) Child support payments could provide much needed income to help working mothers meet their day-to-day expenses. Programs that work with non-custodial parents, as well as provisions of PRWORA, have the potential to increase the establishment of support awards and increase compliance with awards. (2) Many non-custodial fathers, however, have low incomes, making child support compliance difficult. Training programs funded by the Department of Labor could help non-custodial parents attain skills that may help secure higher-paying jobs. But fathers can also have non-financial roles. Responsible fatherhood programs, for example, stress the importance of creating bonds with children. They could provide day care or evening care, which would help the custodial mother maintain employment.

4. Child and Dependent Care Tax Credit.

Aside from being eligible for the EITC, working parents may also claim a federal income tax credit for child care expenses, provided that their earned income surpasses a given threshold.⁷³ A family of three will be eligible only after earnings reach \$14,350, the point of tax liability. To be eligible for the credit, single parents, or both parents in a two-parent home, must use child care in order to look for work or continue working,⁷⁴ and, the child in need of care must be under 13 years of age or physically or mentally incapacitated (Hogan, 1998). The CBPP also notes that employees must pay over half of the cost of keeping up their home (such as rent and food) in order to be eligible for the credit.

Claiming either the EITC or Child and Dependent Care Credit does not affect a family's eligibility for the other. The percentage of child care costs that a family can claim depends upon

⁷² See, for example, The Lewin Group report, *An Evaluability Assessment of Responsible Fatherhood Programs*, sponsored by DHHS and the Ford Foundation.

⁷³ Parents must have a tax liability to be eligible.

⁷⁴ In two-parent families, one parent may be a full-time student and still remain eligible for the credit (CBPP, 1998). Adult dependents will not be discussed here.

its income, and usually ranges from 20% to 30% of costs. At the 20% level, the maximum credit is \$480 for a family with one child and \$960 for a family with two or more children. At the 30% level, the amounts are \$720 and \$1,440, respectively.

State credits. As with the EITC, the child and dependent care tax credits are sometimes available at the state level; unlike the federal tax credit, 6 of the 24 states that offer the credit offer a refundable version.⁷⁵ In these 6 states, the credit is more likely to assist low-wage workers by supplementing their income.

5. Earned Income Disregard.

Disregarding (or not counting) a portion of earned income can serve two purposes. It can encourage welfare recipients to work by allowing them to keep more of their earnings in addition to their welfare grants, thus increasing total income. It can also supplement the income of those who work in low-wage jobs (Cohen, 1997). It is an attractive policy, since welfare recipients can gain work experience without losing their safety net, and possibly gain skills that might help secure a higher paying job in the future. However, the earned income disregard could potentially increase a woman's time on welfare, thus putting her at risk of exhausting the five-year time limit.

Before Congress adopted earnings disregards in 1967, welfare grants were reduced dollar for dollar if a recipient earned income. Unless the recipient's after-tax income, minus expenses, was larger than her welfare grant, there was little incentive to work. The work disincentives created by AFDC were not insignificant: Moffitt (1992) estimates that women on AFDC would have worked between 10% and 50% more in the absence of welfare. The original earnings disregard formula was referred to as the "30-and-one-third" disregard. The recipient kept the first \$30 plus one-third of earned income each month before her welfare grant was reduced. In 1981, Congress scaled back the earnings disregard. However, through the waiver process, 30 states either requested or obtained waivers from DHHS by 1996 to expand earnings disregards (Bloom, 1997). The effect of earned income disregards on work has interested policy makers for years:

- Early research found that the 30-and-one-third disregard had little effect on the work levels of the low-income population (Cohen, 1997). Some argue that earned income disregards will have a minimal effect on employment because the labor supply of welfare recipients is inelastic; that is, employment rates among recipients remained stable despite changes in welfare benefit levels and unemployment rates (Moffitt, 1992).
- Others contended that earned income disregards might actually increase welfare caseloads if women in the workforce reduce the number of hours they work so that they qualify for welfare. They also noted that there was little incentive to leave welfare if a woman could "earn" as much combining part-time work and welfare as if she worked full time.

⁷⁵ Arkansas, Hawaii, Iowa, Minnesota, New York, and New Mexico offer refundable credits.

- Others argued that any labor force experience—even if combined with welfare—would ultimately benefit recipients by enhancing their human capital.

Recent evaluations, however, have shown more promising results, although it is difficult to determine how much of an increase in work or earnings is due to the disregard versus other policy changes.

- **Minnesota’s Family Investment Program** includes a 38% disregard of earnings as well as a 20% increase in the base TANF grant for workers. An evaluation found that employment and earnings increased substantially.
- **Michigan** allows TANF recipients to keep the first \$200 of earnings each month, plus 20% of the remainder. An evaluation by Abt Associates found a moderate increase in earnings and employment and a reduction in welfare participation. These positive findings were limited to families who were already on welfare when the program began (Cohen, 1997).

Other programs, such as Canada’s Self-Sufficiency Project (SSP), supplement the earnings of low-income workers who have left welfare. SSP provides a generous earnings supplement to single-parent families who received welfare benefits for at least one year but left to take full-time jobs. SSP effectively doubles the income of participants who work 30 or more hours per week in jobs that pay up to \$8.00 per hour. Five quarters after SSP was implemented, welfare recipients offered the earnings supplement were 46% more likely than were other welfare recipients to be working each month (41% vs. 28%) (Card, Robins, & Mijanovich, 1996).

These data should be interpreted with care. Earned income disregards are usually only one element of a welfare-to-work program, so it is not possible to attribute gains in earnings and employment solely to this policy. With that caveat in mind, states are now experimenting with the level of disregarded income, the duration of the disregard, and the relationship between the disregard and time limits. This last point has engendered much debate since the earnings disregard could result in a recipient combining work and welfare for an extended period of time, thus exhausting her benefits more quickly than if she simply worked.

- **Illinois** addressed the issue by funding welfare benefits for earners with state money, so that the time a woman spends combining work and welfare will not count against her five-year limit (Berrey, 1998).
- Other states are considering policies that would enable a recipient to “earn back” time on welfare if she combines welfare and work.

Implications for job retention and advancement. (1) Earned income disregards can enable women to gain job experience while on welfare. Thus, upon leaving welfare, recipients potentially enter the job market with experience and skills. (2) For low-wage workers, earned income disregards can supplement income, making it easier to meet day-to-day and job-related expenses. Some former recipients will eventually earn enough to escape poverty. However, others will likely remain in low-wage jobs, and will need to rely on income supports such as earnings supplements, to meet even basic expenses.

6. Health Care.

The availability of health care for women entering the workforce is an important factor in helping them leave welfare and remain employed. In addition, a lack of health coverage could affect their physical well being and, subsequently, their ability to maintain steady employment.

Access to health insurance for recipients who make the transition from welfare to work is important. Under AFDC, women had Medicaid for themselves and their children. Many low-wage entry-level jobs do not provide health coverage for workers or their families.

- It was estimated that only 8% of women who left welfare for work between 1990 and 1992 were covered by employer-provided health insurance during their first month of work (Acs et al., as cited in Moffitt & Slade, 1997).
- In California's GAIN study, only 25% of welfare recipients who found jobs had employer provided private health insurance over a period of two or three years (Moffitt & Slade, 1997).

Moffitt and Wolfe (1992) used SIPP data⁷⁶ to estimate the impact of health care on welfare receipt. They found that extending private health coverage to all working single mothers would lower the AFDC caseload by 10.7%. If these mothers had access to private plan benefits equal to those under Medicaid, AFDC participation would decrease by nearly 25% and work would increase by 18% (as cited in Olson & Pavetti, 1996). Thus, Medicaid can make public assistance more attractive than work.

Several initiatives address health care and the disincentive to work. They include access to private and employer-provided insurance, Transitional Medicaid Assistance (TMA), and CHIPs (Children's Health Insurance Programs).

- a) Access to private/employer-provided health insurance.

In 1996, 30 million adults ages 18 to 64 lacked health insurance. In response, many states have begun to work directly with employers, encouraging them to increase the availability and scope of health care coverage. California, for example, has formed HICP, a health insurance purchasing cooperative where small businesses pool their health care purchasing power. Kentucky has a similar plan that also includes state and school district employee coverage and encourages participation from municipalities and universities (Kaplan, 1997).

Despite the efforts made on the part of many businesses to increase the availability of coverage, there will likely be a significant number of workers who will remain uninsured. Thus, many people will turn to private providers to acquire or continue health coverage. However, a KPMG Peat Marwick study that surveyed 1,965 employers in 14 geographic areas across the country concluded that even if poverty-level workers were able to purchase insurance

⁷⁶ They used SIPP to create a family-specific variable based on expected medical expenditures and health conditions.

at reduced-cost employer rates, the expense would be enormous. Individuals and a family of four would pay an average of 26% and 32% of their pre-tax annual income on insurance premiums, respectively. The study estimates that health insurance costs in the open market would be 20% higher (Gabel, Hunt, & Kim, 1997). These figures do not factor in deductibles, which also add to insurance costs.

The cost of private health coverage can be a major obstacle to self-sufficiency. KPMG Peat Marwick suggests that in order to minimize the cost of insuring the poor, states could allow low-income individuals and families to purchase subsidized health insurance through the state employees' insurance plan. Since it is usually one of the largest health plans in the state, prices are likely to be considerably lower than market rates. Others have suggested that EITC refunds should be given to low-income workers in the form of a health insurance voucher. In the mean time, states are providing access to health care for women leaving welfare for work through Transitional Medicaid Assistance.

b) Transitional Medicaid Assistance.

In response to the need for health coverage, the lack of employer provided insurance, and the high cost of private insurance, most former welfare recipients are eligible to receive Transitional Medicaid Assistance (TMA). Former recipients are offered transitional assistance in an effort to help make work pay. This may positively affect job retention.

What is TMA? Former welfare recipients' entitlement to TMA was an element of the 1988 Family Support Act. It was designed to eliminate the work disincentive that arose from a lack of health coverage upon entrance into the workforce. PRWORA extends this TMA provision through 2001. The one-year period is divided into two segments. During the first six months of employment, former TANF recipients must be notified of their right to receive transitional assistance without reapplying (provided that they were previously eligible and receiving Medicaid). States are mandated to provide the same coverage that the family had formerly received, without imposing premiums. At the onset of the second six-month period, states must again give families notice of the availability of continued coverage. However, states are allowed to charge premiums, change the scope of coverage, or require alternative coverage. An additional application process is also required to continue coverage.

Despite the existence of TMA, health insurance (pre-PRWORA) was a disincentive to work. One reason might be that TMA was not utilized to the full degree that it was available. It is estimated that only 20% to 30% of all former AFDC recipients enrolled in TMA (Kaplan, 1997). Yet, some more localized studies indicate that utilization rates were much lower. Upon analyzing Medicaid eligibility files in California and Georgia from 1980 to 1986, researchers determined that on average, only 12% of single mothers who left AFDC in Georgia utilized

TMA, and the rate was only 5% to 6% in California⁷⁷ (Ellwood & Adams, as cited in Kaplan, 1997).

In addition, studies have determined that staff in social service and governmental agencies, as well as community-based organizations, often do not understand Medicaid and public assistance rules. Without a solid understanding of the programs, staff cannot distribute reliable information concerning TMA to eligible recipients. Ineffective administration of TMA also contributes to its lack of use. DHHS does not currently collect data on TMA utilization and states are not federally required to do so (Kaplan, 1997). Without any tracking efforts, eligible recipients who are not taking advantage of benefits are not easily recognized. If states are unable to accurately identify all eligible recipients, it is difficult to administer the program to them. In order to increase TMA utilization and subsequently help make work pay, timely education and outreach is important.

There are, however, some innovative practices taking place in an effort to increase the utilization of transitional Medicaid. Ohio, for example, has a computerized eligibility system known as the Client Registry Information System-Enhanced (CRIS-E). One of the first automated welfare systems successfully implemented in a large state, it enables Ohio to maximize its outreach capabilities and insure correct identification of Medicaid-eligible individuals (Kaplan, 1997).

A study being conducted by Mathematica Policy Research focuses on how a recipient's decision to work is effected by Transitional Medical Assistance utilization. It uses a micro-simulation model. Preliminary results indicate that TMA utilization is positively correlated with employment. It was found that, increasing the take-up rate for TMA from 20% to 50% in the first six months after transitioning from welfare to work, and from 15% to 25% for the next six months, would increase the employment of former welfare recipients by 3% in the first year of employment (Kaplan, 1997). The model also indicates that states would experience a slight cost savings (Kaplan, 1997).

c) Children's Health Insurance Program (CHIP).

While welfare recipients have concerns about their own health coverage, the health of their children is often more important. In addition, a child's health can have serious implications for work as children's disabilities have been cited as being barriers to a mother's employment (Olson & Pavetti, 1996).

In 1996, almost 10.6 million children, about 14% of all children in the United States, did not have health insurance coverage (GAO, 1998a). One method through which the government addressed this problem is with the Balanced Budget Act of 1997, which provides \$24 billion in federal funds, over five years, for state Children's Health Insurance Programs.

⁷⁷ Transitional Medicaid assistance was available prior to the Family Support Act of 1988; however, assistance was much shorter in duration and eligibility was more narrowly defined (Elwood & Adams, 1990).

What is CHIP? Under Children's Health Insurance Programs, health coverage can be provided through a state's existing Medicaid program, through a new program, or a combination of both. According to Ullman, Bruen, and Holahan (1998):

- Benefits are available to children who are ineligible for Medicaid and whose family incomes are below 200% of the Federal Poverty Line (FPL)⁷⁸.
- Only children under the age of 19 are eligible for CHIP assistance, unless states obtain waivers to expand coverage.
- A state must provide matching funds that are equal to 70% of their Medicaid matching rate, with the minimum state matching rate floor of 15%. States are given the option of imposing premiums.
- The out-of-pocket costs for families with incomes over 150% of the FPL may not rise above 5% of their income.

Eligibility and Participation. Despite the program's potential to insure up to 5.8 million children, it is estimated that about 2.9 million uninsured children are eligible for CHIP. In addition, the Congressional Budget Office predicts that only 55% of these children will actually participate (Ullman et al., 1998). The Children's Health Campaign, launched by Families USA, describes the barriers to CHIP enrollment as: A difficult application process, complex and restrictive eligibility rules, premiums and enrollment fees, a general lack of information, and existence of misinformation. According to Families USA, a poll taken several months after CHIP legislation had passed found that only 29% of parents and 26% of parents with uninsured children had heard about the program (Pulos, 1998). Due to the fact that CHIP is a relatively new program, these figures are not too surprising. They do, however, indicate the need for additional outreach.

Recommendations for increasing utilization include:

- Coordinating the application process for CHIP with related programs;
- Initiating media campaigns;
- Targeting local agencies that serve children to help with outreach;
- Coordination of CHIP with child support;
- Mailing information directly to parents of eligible children;
- Incorporating outreach into work mandate programs and welfare offices;
- Simplifying CHIP applications and making them easier to submit; and

⁷⁸ States with higher Medicaid eligibility levels, i.e. those Medicaid income limits for a particular group of children that were greater than 150 percent of the FPL as of March 31, 1997, or June 1, 1997 (states are allowed to refer to the Medicaid threshold of either time period), may set income limits for CHIP plans up to 50 percentage points higher than the existing limits.

- Reducing or eliminating premiums and enrollment fees.

Vice President Gore announced that the federal government will launch an effort that would encourage states to partner with school lunch programs to enroll children in plans such as CHIP. In addition, the Department of Housing and Urban Development is beginning a campaign to educate families in low-income housing about the program, while Treasury Department employees who already encourage families to take advantage of the Earned Income Tax Credit will also be enlisted to raise awareness concerning CHIP (Reichard, 1998a). States also can get waivers to extend CHIP benefits to some non-poor children and parents (Ullman et al., 1998).

Including more parents in the program might also help reach children. Michigan's director of health, James Haveman, addressed the House Commerce Committee's Subcommittee on Health on September 18, 1998, and argued that current CHIP provisions⁷⁹ make it difficult to include parents in the coverage and keep states from adopting a "holistic approach to the family" (Reichard, 1998b).

Implications for job retention and advancement. As stated earlier, helping to make work pay could, potentially, keep more welfare recipients employed. Increasing access to employer provided health care, finding methods for offering lower cost private provider care, increasing utilization of Transitional Medical Assistance, and insuring more children will help former welfare recipients and their children stay healthy, and potentially enable women to work consistently.

7. Housing Subsidies.

Housing subsidies can increase the standard of living for a family that left welfare for work. Housing, like food, comprises a major portion of a low-wage worker's budget. This may leave workers with income to cover other expenses necessary for job retention, such as child care or transportation.

A substantial minority (about 20%) of welfare recipients have housing subsidies (Acs et al., 1998). The subsidies, however, are a potential barrier to work because subsidies decline as tenants' incomes increase. Congress began to address the work disincentive through a number of appropriation bills.

- The **1996 Balanced Budget Downpayment Act**, for example, allows housing authorities to adopt "local admission preferences." This enables housing authorities to give preference to working families, rather than automatically selecting the most disadvantaged people from their waiting lists. Almost 60% of the members surveyed by the Public Housing Authorities Directors Association (PHADA) were using preferences, and about 40% were specifically admitting families with incomes (GAO, 1998c).

⁷⁹ Coverage for parents must be "cost effective," which is generally interpreted by HCFA, the agency that approves CHIP plans, to mean that family coverage costs less than child coverage.

- The **1996 Continuing Resolution** allows housing authorities to adopt ceiling rents and earnings disregards. The former would prevent rent from increasing above a given level as earnings increase; the latter would allow working tenants to subtract certain expenses from their earned income before rent is calculated. About 40% of those surveyed by PHADA had ceilings in place; 12% specified earnings that could be disregarded from rent calculations. Three-quarters noted that these policies were adopted to attract working families (GAO, 1998c).

Implications for job retention and advancement. (1) Among low-wage workers, housing consumes a large part of the budget. For welfare recipients who had housing assistance, the loss of this subsidy is a disincentive to work. Offering subsidies to single parents in low-wage jobs can help relieve some of the financial burden associated with work. As with food subsidies and child care subsidies, housing assistance could “free up” money for other purposes. (2) Offering housing units to working families could potentially change the environment in housing projects and low-income neighborhoods. As noted in an earlier section, many single, working parents lack support from friends and neighbors. Living in a community with other single, working parents may provide working mothers with emotional and practical support to achieve self-sufficiency.

8. Conclusions.

Helping make work pay for former welfare recipients, and recipients who are combining welfare with work, could have a significant impact on their ability and desire to sustain employment, advance in the labor market, and escape poverty. Tax credits, food supplements, child support, health care assistance, earned income disregards, and housing subsidies are all means by which recipients may be able to boost their income. In many cases, outreach is necessary in order to educate people about their eligibility for these programs. Having more income could enable workers to better cope with financial emergencies and necessary expenses. If recipients have the money to pay for these necessities, they might be less likely to forego paying for job-related expenses such as child care. Sacrificing child care, for example, may result in missed days at work. Thus, by taking advantage of all available opportunities to make work pay, recipients may find job loss to be less common and opportunities for advancement more plentiful.

CHAPTER 4: PROVIDING SUPPORT FOR THE TRANSITION

Entering the workforce for the first time, or after a long absence, can be a daunting task. Welfare recipients often need to learn a variety of “soft skills” to help them cope with the work world. Participants face four major challenges when beginning work: adapting to the new costs and demands of working; meeting the demands of the workplace (fitting into the workplace culture, meeting performance standards, and adjusting emotionally); dealing with the lack of support by family and friends; and finding a new job following job loss (Haimson, Hershey, & Rangarajan, 1995, as cited in Brown, 1997). The services many welfare families need are numerous and provided by a vast network of agencies. Early intervention to address barriers and link participants to services is critical to getting welfare recipients employed, keeping them employed, and helping them find new jobs, particularly in light of the time limits and participation requirements of TANF.

1. Case management.

Many states have used a case management approach in order to help welfare participants obtain the services they need. In this context, case management could begin prior to employment and continue for some period after employment to reduce the frequency of job loss and facilitate re-employment. This is a relatively new role for most welfare eligibility workers, or those who are the primary contact for women entering the welfare system. In the past, these front-line workers were concerned with timely processing of applications. As an administrator interviewed by Manpower Demonstration Research Corporation (MDRC) recounted, “The whole welfare administrative structure was by design focused on what clients need to do to keep their check coming” (Bloom & Butler, 1995).

A key component of the PESD projects was the provision of intensive case management to promote job retention and advancement among newly employed AFDC participants. Case managers provided participants with counseling and support; job search assistance for those who lost their jobs; resolution of problems related to benefits; service referrals; and support payments for work-related expenses. They were also authorized to make cash payments for work-related emergencies (Rangarajan, 1998b).

- Almost 9 out of 10 PESD clients used at least one case management service during the first six months of the program.
- More than 70% received counseling and support services (including discussions of how to budget money and workplace behavior).
- Four in ten received job search assistance (Rangarajan, 1998b).

One of the four PESD sites had positive, modest impacts on job retention, employment, and earnings that could be attributed to the intervention. The preliminary findings from the PESD evaluation indicate that while in three of the four sites, PESD services resulted in small increases in job retention, employment, and earnings, and in decreases in welfare benefits, the impacts were statistically significant in only one of the three sites. In the fourth site, earnings decreased and welfare increased, although not significantly (Rangarajan, Meckstroth, & Novak, 1998). The authors surmise that these weak findings may be due in part to the lack of firm

program service guidelines. The programs were evolving continually. Also, the requirement that case workers had to reach all of the clients, including those who did not need or want case management services, consumed a great deal of time. In addition, some of the services (such as job search) available to the PESD participants may also have been available to control group members.

Focus group discussions indicate that clients valued certain aspects of case management more than others. These discussions found that the personal attention participants received from case managers was the most valued aspect (although it is not clear this led to higher employment rates), followed by assistance in resolving problems related to AFDC and transitional benefits. On the other hand, some participants were reluctant to have case managers intervene on their behalf with employers (Rangarajan, 1996).

An initial evaluation of Florida's Family Transition Program (FTP), which also utilized case managers in two counties,⁸⁰ found that case managers perceived both advantages and disadvantages to combining eligibility and case work roles.

- On the plus side, case management enabled the Florida staff to deliver a single, unified message that focused on self-sufficiency. Many workers said they liked the broader role. And, in the event that sanctions had to be levied against a client for non-compliance with a program rule, it was easier for the case manager to impose the sanction directly, rather than having to coordinate activities with another office.
- At the same time, case managers noted that the expanded role was difficult to handle, since eligibility-related work still took up to 75% of their time. Some were not comfortable making judgment calls about what types of services to offer each client. For those trained as eligibility workers, the lack of "black and white" procedures was often unsettling. As one case manager told MDRC, "At first, they [the case managers] thought there was a magic answer for everything in the manual. They had to get used to the fact that each case is different and is handled differently depending on the personality of the staff and the client" (Bloom & Butler, 1995). Still others noted that they were unprepared to deal with the serious issues brought to their attention.

Although the case managers may have been uneasy about their new roles, the clients interviewed by MDRC had generally positive experiences.

- When asked if they agreed with the statement, "The welfare office/Family Transition Program staff are really interested in helping me improve my life," 62% of clients randomly

⁸⁰ Florida received a federal waiver to time-limited welfare. The FTP included a number of incentives and services to promote work in addition to case management. These included: expanded earned income disregards, increased levels of asset accumulation, eligibility for two-parent families, expanded funding for JOBS and support services (such as child care), transitional child care extended to 24 months, and continued education and training for former recipients who got jobs and left welfare (Bloom & Butler, 1995).

assigned to the FTP group in Escambia County and 88% in Alachua County replied that they “agree a lot,” compared with 12% and 36% of the respective control group members.

- In Escambia County, FTP participants were more likely than control group members to have talked with their case manager or welfare worker about employment and training (93% vs. 65%), mental health/counseling (51% vs. 4%), housing (44% vs. 12%), child health care (93% vs. 62%) and paternity establishment (44% vs. 19%). The findings in Alachua County were similar (Bloom & Butler, 1995).

If states do make case management one of the focal program components, the question of how case management should be structured arises. An ongoing demonstration in Ohio is testing whether welfare recipients are better served by a single case worker, who provides both welfare eligibility and employment-related services, or whether separate case workers are more effective.

- Preliminary findings⁸¹ indicate that integrated case management leads to higher rates of participation in employment services. Clients served by a single worker, performing several duties, were more likely to attend a JOBS orientation session (86% vs. 65%) and to participate in employment services (52% vs. 34%) (Plimpton & Nightingale, undated).

Implications for job retention and advancement. At this point, there is no clear evidence that case management will improve job retention and advancement. However, given the range of potential barriers and work site issues welfare recipients face in sustaining employment, states may want to test more targeted approaches to case management.

2. Life skills training.

Because many welfare recipients have little recent work history, they may be unfamiliar with the demands and requirements of the workforce. They may need assistance in learning how to balance work and family. They may also need assistance dealing with fluctuations in income and benefits.

In response to the need to address these issues, life skills training is offered to facilitate employment and increase the likelihood of job retention. Available services might include assistance with: budgeting, job etiquette, developing goals and recognizing personal challenges, changing destructive habits, building self-esteem, and peer support groups. Life skills training classes also play a role in motivation, the assessment of participants, and identification of those in need of more intensive services as program staff work closely with participants on a highly personal level (Pavetti et al., 1996). As a result, screening and other assessment tools previously discussed often take place during life skills sessions. (Other services that help participants deal with family life issues are discussed in the section on barriers.)

⁸¹ The two-year follow-up study is expected to be published shortly.

Life skills classes can be taught by case managers, as this further allows them to build trusting relationships with program participants. In addition, employment specialists, educators, or intensive service providers, depending upon the topic being addressed, may head specific segments of the class. Some life skills training classes incorporate outside services such as an on-site health screening used at the Chicago Commons West Humboldt Employment Training Center, which targets very poor neighborhoods, reaching out to the hardest-to-serve (Pavetti et al., 1996).

Implications for job retention and advancement. At this point, there is no clear evidence that life skills training will improve job retention and advancement. However, given the number of women who will be entering the labor force with little experience, services such as life skills training have intuitive appeal. They are worthy of future testing.

3. Support groups and mentoring.

As indicated in the barriers to work chapter, having someone, or a group, to talk to on an ongoing basis during the transition from welfare to work might make the process easier for some women.

Although support groups and mentoring may be low-cost, common sense, supportive arrangements, little is known about the effectiveness of these interventions.⁸² Support groups comprised of other participants who are going through similar changes can boost client morale and provide assistance in dealing with crises that may arise. Support groups can be facilitated by case managers or by service professionals (such as mental health counselors) or they can be peer-driven. In addition, the groups may be narrowly focused on one issue such as relationships, parenting, or substance abuse, or they may deal with more general issues such as those taught during life skills sessions.

Support groups may help participants plan for emergencies before they happen. Since the inception of support groups in the Chicago Commons program, case managers have had to deal with fewer emergencies because participants know that they have a scheduled time to discuss pressing issues (Pavetti et al., 1996).

Mentoring relationships pair less skilled or inexperienced workers with individuals who have better skills or more experience in the workplace. These mentors can be fellow employees in employer-sponsored mentoring programs, volunteers in community sponsored programs, or their own peers. Mentors might play a similar role to that of the case manager. However, the position could be a voluntary one often filled by a former welfare recipient who has succeeded in maintaining self-sufficiency. Peers might be more successful than case managers in forming a trusting relationship with those who need assistance.

⁸² Mentoring has been found to have positive results in other settings. Public/Private Ventures, for example evaluated the Big Brothers/Big Sisters mentoring program and found that adolescents who had regular contact with an adult mentor engaged in fewer risk-taking behaviors (i.e. smoking, drug use) and had better school attendance records.

Implications for job retention and advancement. At this point, there is no clear evidence that mentoring programs or support groups will improve job retention and advancement. Like life skills training, however, this is an area worthy of testing.

SECTION III: CONCLUSION

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PRWORA changed the nature of welfare in ways that likely will not be fully understood for years to come. The 1996 law dramatically changed the orientation of the welfare system by replacing unconditional cash support with time-limited benefits and strict work requirements. The law creates an impetus for change among welfare recipients *and* public human services organizations.

For welfare recipients to succeed in this new environment, they will need to find long-term employment (not necessarily in one job) before their lifetime welfare benefits expire. For them to prosper, they will need to increase their hourly wages and/or augment their earnings with other cash and in-kind supports.

This paper has sought to summarize a vast body of literature to answer two questions:

- 1) What are the labor market prospects facing welfare recipients?
- 2) What does evaluation research tell us about the effectiveness of strategies for helping welfare recipients sustain employment and escape poverty?

The answers to both questions, while somewhat discouraging, strongly reinforce the urgent need for active experimentation in this area.

A survey of the research indicates that the economy continues to generate enough jobs to absorb the expanding labor supply. In particular, the jobs for which welfare recipients will likely qualify, low-skill jobs, continue to be available. However, there is less evidence that taking an entry-level, low-wage job will eventually lead to better opportunities. Longitudinal studies have found that there are few opportunities for mobility out of the low-wage market.

It is clear that many welfare recipients find work. It is also clear that many do so despite apparent barriers. For some, the presence of multiple barriers exacerbates their difficulty in sustaining employment. The research also tells us that many recipients lose their jobs and return to welfare.

Much of the past research may not adequately predict the behavior of welfare recipients in the new environment. Under the threat of time-limited benefits, more recipients may find jobs. Many who never tried to work before may venture into the labor market. Those who might have quit in the past might try to stay employed.

Reviewing the research on effective programs and strategies leads us to conclude that states will face two significant and related challenges as they design interventions to foster the employment retention and advancement of welfare recipients: (1) a Service Design and Delivery Challenge and (2) a Service Management Challenge.

The first challenge addresses the design and delivery of individual service components. There is a significant body of evaluation literature on employment and training services for welfare recipients. We know that some employment and training services can increase employment levels and overall earnings. These programs have been less successful at sustaining gains over time or increasing hourly wages. However, past programs have not focused on

helping recipients retain employment and advance in the labor market. As outlined earlier, there are certain components and strategies that offer significant promise in this area.

The research literature on barrier amelioration, helping the working poor to access non-welfare income and in-kind supports, and providing transitional support is much less helpful. It is clear that many former recipients will need continued assistance after they become employed. Programs such as transitional Medicaid, CHIP, child care assistance, EITC, earned income disregards, housing subsidies, and Food Stamps will help make work pay by augmenting the earnings of former recipients. Some women may need additional help to overcome more personal barriers to work or to solve workplace problems. The literature in this area, while somewhat instructive, provides less guidance on how best to design and deliver services.

This brings us to the second issue, the Service Management Challenge. Beyond the success of specific programs and components, there is a larger issue facing states as they seek to move welfare recipients from welfare to work. **Given the wide variety of services and supports that many welfare recipients will require to escape poverty, how can states structure their service systems to provide the numerous programs and supports that individuals will need?** The difficulty is increased by the fact that individuals will need different services at different points in time. Further, given the heterogeneity of the welfare population, targeting services appropriately and efficiently becomes a key issue.

The breadth of services and public systems involved complicates the service management task. Services and supports may be required from the welfare/human services system, the employment and training system, the health care system (including mental health and substance abuse services), the child welfare system, the transportation system, the education system (secondary, vocational, and post-secondary), and the housing system. In addition, access to the advance EITC requires the involvement of the employer.

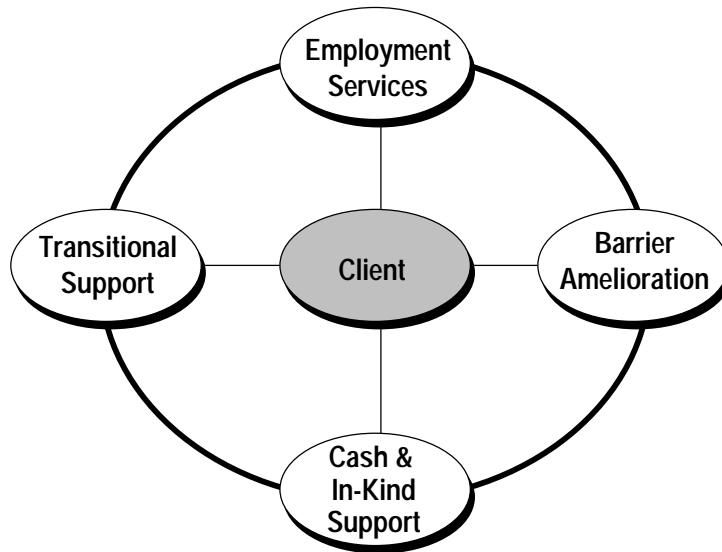
Historically, efforts to integrate services on behalf of welfare recipients and low-income families have produced disappointing results. The service integration demonstrations of the 1970s and 1980s yielded many useful methodological advances but little evidence of improved client outcomes (Fishman & Dolson, 1988). More recent experiments, such as the Comprehensive Child Development Program, have not produced statistically significant positive results for the program groups (St. Pierre et al., 1998). The PESD, which focused on a case management service approach, did not produce significant impacts on recipient employment (Rangarajan, 1998).

Providing the right combination of services at the right time to employed welfare and former welfare recipients may prove even more challenging. Service providers or case managers may need to be available during non-standard hours in order to be accessible to working clients. Once clients leave the welfare system, it may be harder to stay in contact with them, yet research suggests that the first four to six months on the job are critical to employment retention.

The Service Management Challenge is characterized in **Figure 2**. At any given point in time, a client may need assistance in accessing one or more of the identified service clusters. Some needs will be more pressing than others. Some will require short-term, quick turnaround

responses, while other needs must be addressed over a longer time frame. “Solutions” in one area may create needs in other areas.

FIGURE 2
Employment Retention and Advancement: Service Management Challenges



States may experiment with a variety of approaches to address these challenges. These include designating a single case manager or point of contact for each client, creating information systems that link client information across service systems to facilitate cross-system coordination, and co-locating services to facilitate client access. All of these must confront the challenge of managing service delivery across traditional service system boundaries. All will require significant retraining of local welfare workers.

There are no easy answers to service delivery and service management challenges. As states design new strategies for increasing the job retention and advancement of welfare recipients, they will need to keep both challenges in view. It will not be sufficient to address only one dimension of the problem; rather there need to be more effective approaches for delivering specific services and supports *and* better management of the delivery of the broad array of services and supports that many families will need to escape poverty.

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