

**Readying Welfare Recipients for Work:
Lessons from Four Big Cities
as They Implement Welfare Reform**

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Overview

A primary objective of the 1996 welfare reform law, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), is to end poor families' dependence on public benefits by helping them prepare for employment. Part of MDRC's Project on Devolution and Urban Change, this report examines how four urban counties — Cuyahoga (Cleveland), Los Angeles, Miami-Dade, and Philadelphia — have approached the challenge of moving large numbers of welfare recipients into work. Focusing on the period from 1997 through early 2001, the report draws on interviews and observations conducted at the county welfare offices, a survey of welfare office staff, and participation and expenditure data supplied by the counties and the states in which they are located.

Though large welfare bureaucracies have historically been able to ride out pressures to change, after PRWORA's passage the sites in the Urban Change study made important policy and operational changes directed at moving welfare recipients into the workforce. Designing and implementing these changes took several years and considerable financial and human resources. Three of the four counties shifted from an emphasis on education and training to a "work-first" approach (Los Angeles had already moved in that direction by the time PRWORA was passed). All four counties also made substantial strides toward increasing the percentage of welfare recipients who were employed or participating in welfare-to-work activities. Finally, despite falling caseloads, spending on welfare-to-work programs increased dramatically in all the counties. The changes did not always proceed smoothly. For instance, state and local policymakers sometimes clashed over program objectives, and case managers — who play a critical role in linking recipients and policies — sometimes struggled to fulfill their increasingly complicated responsibilities. Supplementary funds for serving hard-to-employ recipients were available through the U.S. Department of Labor's Welfare-To-Work grant program, but only Philadelphia made extensive use of them. All the counties continue to search for effective strategies for working with the hard-to-employ.

The report's key findings and observations include:

- Welfare administrators in the counties supported PRWORA's emphasis on rapid employment. For many administrators and staff, looming time limits on cash welfare assistance lent new urgency to the goal of getting clients into jobs or job preparation activities.
- Declining caseloads and the TANF block grant structure left the counties with substantially more money to spend on welfare-to-work activities than had been available in the past. They used the funds to hire more case managers and to expand program capacity, which enabled them to extend welfare-to-work mandates and services to a larger proportion of the caseload.
- The most common welfare-to-work activity in all four counties in 1999/2000 was work itself, followed by job search and short-term vocational training. Few participants were engaged in basic or postsecondary education. Only two of the counties ran substantial community service or unpaid work programs.
- One important factor behind the increase in the proportion of recipients who were employed is state earned income disregard policies that allowed recipients to raise their monthly income by combining earnings and benefits and that boosted the counties' welfare-to-work participation rates. It is important to note, however, that welfare recipients who combined work and welfare generally used up valuable months of welfare eligibility.
- The counties' emphasis on job search and short-term activities made sense in the strong economy of the late 1990s. The recent economic downturn may call for more spending on training and subsidized jobs.
- Although the counties adopted strikingly different sanctioning policies to address noncompliance with work requirements, participation rates were roughly similar regardless of whether enforcement was strict or lenient.

Funded by a group of private foundations and federal agencies listed at the front of the report, the Urban Change study examines PRWORA's implementation and how it has affected welfare recipients, low-income neighborhoods, and organizations that serve the poor in big cities.

Contents

| | |
|---|------|
| Overview | iii |
| List of Tables and Figures | vi |
| Preface | ix |
| Acknowledgments | x |
| Executive Summary | ES-1 |
| | |
| 1 Introduction | 1 |
| I. Welfare to Work Under PRWORA: What the Law Says | 2 |
| II. External Factors Affecting Welfare-to-Work Program Implementation | 6 |
| III. Research Methodology | 8 |
| IV. Organization of the Report | 10 |
| | |
| 2 Description of the Urban Change Counties' Welfare-to-Work Programs | 11 |
| I. The Work-First Approach to Welfare to Work | 12 |
| II. Program Summaries | 12 |
| III. Program Features | 18 |
| IV. Welfare Agencies' Experiences and Challenges During the Transition | 29 |
| | |
| 3 Trends in Welfare-to-Work Expenditures and Participation Rates | 33 |
| I. Methodology and Limitations | 34 |
| II. Findings | 35 |
| III. Conclusion | 60 |
| | |
| 4 Case Management in the New Welfare-to-Work Environment | 62 |
| I. Case Management Structure | 62 |
| II. Key Roles | 65 |
| III. Variation in Caseworker-Recipient Interactions | 75 |
| IV. Conclusion | 76 |
| | |
| 5 Implementation of the U.S. Department of Labor Welfare-To-Work Grant | 77 |
| I. History and Structure of the Welfare-To-Work Grant | 77 |
| II. The Urban Change Counties' Experiences with the Welfare-To-Work Grant | 79 |
| III. Reflections on the Welfare-To-Work Grant: Challenges and Lessons | 84 |
| | |
| 6 Observations and Lessons for Policymakers | 86 |
| I. The Focus on Work | 86 |
| II. The Process of Change | 89 |
| | |
| Appendix A: Administrators and Caseworkers Interviewed for This Report | 91 |
| Appendix B: Staff Survey Sample and Response Rates | 93 |
| References | 95 |
| Recent Publications on MDRC Projects | 97 |

List of Tables and Figures

Table

| | | |
|-----|---|----|
| 1.1 | Key Features of the Urban Change Project | 3 |
| 1.2 | Work Activities Allowed Under PRWORA | 5 |
| 1.3 | Activities That May Be Funded Under the Welfare-To-Work Grant Program | 7 |
| 1.4 | Program Environments | 9 |
| 2.1 | Time Limits and Work Triggers in the Four States Represented in the Urban Change Study | 20 |
| 2.2 | Work Activities Allowed in the Urban Change Counties | 23 |
| 2.3 | Earned Income Disregard Policies | 26 |
| 2.4 | Transitional Supports for Working, by State Represented in the Urban Change Study | 27 |
| 3.1 | Average Monthly Participation in Welfare-to-Work Activities, Los Angeles County | 37 |
| 3.2 | Average Monthly Participation in Welfare-to-Work Activities, Philadelphia County | 43 |
| 3.3 | Average Monthly Participation in Welfare-to-Work Activities, Cuyahoga County | 49 |
| 3.4 | Average Monthly Participation in Welfare-to-Work Activities, Miami-Dade County | 54 |
| 3.5 | Percentage Breakdown of Average Annual Personnel Services Cost for JOBS Administration, Miami-Dade County | 57 |
| 4.1 | Case Managers in the Four Urban Change Counties | 63 |
| 4.2 | Case Managers' Responses to Questions Regarding Policy Implementation Guidelines | 68 |
| 5.1 | Welfare-To-Work Grant Amounts, Expenditures, and Enrollments in the Urban Change Sites | 80 |
| A.1 | Administrators and Caseworkers Interviewed for This Report | 92 |
| B.1 | Staff Survey Sample and Response Rates | 94 |

Figure

| | | |
|------|--|------|
| ES.1 | Welfare-to-Work Participation Rates, Urban Change Counties, 1993/1994 to 1999/2000 | ES-6 |
| ES.2 | Welfare-to-Work Expenditures, Urban Change Counties, 1994/1995 to 1999/2000 | ES-8 |
| 2.1 | Common Work-First Activities and Participant Flow | 13 |
| 3.1 | Average Monthly Trends in Work Activity Participation, by Activity Type, Los Angeles County | 40 |
| 3.2 | Welfare-to-Work Expenditures, Los Angeles County | 41 |
| 3.3 | Average Monthly Trends in Work Activity Participation, by Activity Type, Philadelphia County | 45 |
| 3.4 | Welfare-to-Work Expenditures, Philadelphia County | 47 |
| 3.5 | Average Monthly Trends in Work Activity Participation, by Activity Type, Cuyahoga County | 51 |
| 3.6 | Welfare-to-Work Expenditures, Cuyahoga County | 53 |
| 3.7 | Average Monthly Trends in Welfare-to-Work Participation, by Activity Type, Miami-Dade County | 58 |
| 3.8 | Welfare-to-Work Expenditures, Miami-Dade County | 59 |

Preface

One of the biggest challenges faced by welfare agencies — particularly in big cities — is how to get welfare recipients into employment. Welfare reformers have espoused this goal for decades, but passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) in 1996 made achieving it far more urgent. The law placed a five-year limit on the amount of time that families can receive cash assistance (known as Temporary Assistance for Needy Families, or TANF) and required states to have 50 percent of adult recipients working or participating in welfare-to-work programs by 2002. Part of MDRC’s Project on Devolution and Urban Change, this report takes an in-depth look at how big cities have responded to PRWORA by examining welfare-to-work programs in Cleveland, Los Angeles, Miami, and Philadelphia.

For those who believe that welfare should have a strong employment focus, the findings are encouraging. All the cities in the study implemented “work-first” programs designed to promote rapid employment and boosted the percentage of recipients who worked or participated in employment-related activities. The welfare officials who realized these changes were driven partly by concern about what would happen to recipients who reached time limits. They also capitalized on state decisions to expand the earned income disregard, which made it easier for recipients to combine work and welfare and increase monthly income. Most importantly, officials had more money to spend on welfare-to-work programs, because each state’s TANF block grant level was based on its pre-1996 spending and was not cut when its caseload later dropped.

As described in the report, implementation of welfare-to-work programs in the four cities was not trouble-free. Administrative turnover, clashing political agendas, the need for staff to assume new roles, and other challenges affected the programs to varying degrees. The U.S. Department of Labor Welfare-To-Work grant program, which provided supplementary funds for serving hard-to-employ welfare recipients, was fully utilized by only one of the four cities (Philadelphia), and even there welfare and workforce development officials disagreed about the grant’s value. In all four cities, program administrators struggled to find effective strategies for helping clients with severe barriers to employment move toward self-sufficiency.

This report offers lessons to federal and state lawmakers who are preparing to reauthorize or amend their welfare-to-work programs. Perhaps the most critical lesson is that welfare-to-work requirements are meaningless unless agencies have sufficient resources to hire case managers and develop service capacity. Another lesson has to do with the strong signaling effect of federal and state laws. The cities in this study clearly got the work-first message but in some cases internalized it so strongly that they felt hamstrung when job search and other short-term activities failed to help hard-to-employ clients find work. Funding opportunities like the Welfare-To-Work grant can help, but they require more planning and coordination between welfare and workforce development agencies. Finally, the earned income disregard can benefit families in the short run, but — when it causes them to use up valuable months of welfare eligibility — it can expose them to a sudden and sharp drop in income later. Policymakers may want to consider whether recipients who “play by the rules” by combining work and welfare should be subject to the same time limits as those who do not work. Neither these lessons nor the others spelled out in the report take away from the cities’ success in making welfare more work-focused. Indeed, this transformation may be PRWORA’s most important legacy.

Gordon Berlin
Senior Vice President

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Many people contributed to this report. We owe special thanks to the welfare administrators and staff in each of the Urban Change counties who spent time sharing their insights and experiences and explaining the structure and goals of their welfare-to-work programs. This group included Rick Werner, Sandra Bizzell, Dina Capretta-Kozak, Sandra Zaborniak, Michelle Latimore, Theresa Moore, Jill Heard, and Fred Kramer in Cuyahoga County; Barbara Sullivan, Luther Evans, Jocelyn Mizell-Burt, Ida Rivera, and Pamela Chilson in Los Angeles County; Jennifer Lange, Cathi George, Carmen Senti, and Valerie Thomas in Miami-Dade County; Sherri Heller, Robert Reynolds, Dave Florey, and Ruth Ann Van Dyke in Harrisburg, Pennsylvania; and Marlene Shapiro, Fred Bostwick, Ed Hickey, David Fein, and Thelma Scott-Brunson in Philadelphia. The following people were critical in helping MDRC researchers gain access to and understand the participation and expenditure data: Jim Rohn, Paul Glock, and Cassandra Richardson for Cuyahoga, Sheri Lewis and Theresa Morales for Los Angeles, Mike Grady and Bill Hudgens for Miami-Dade, and Dick Bowers and Chip Box for Philadelphia. Maggie Mirales in Los Angeles, Joseph Alfano and Richard Perez in Miami-Dade, and Donna Cooper and Linda Blanchett in Philadelphia spoke with us about the implementation of programs funded by the U.S. Department of Labor's Welfare-To-Work grant program. Gratitude is also due the case managers who related their frontline experiences and the case managers and program participants who allowed us to observe their meetings.

The following site staff not only granted interviews that served as source data but also read and gave thoughtful feedback on drafts of this report: Frank Cirivello, Dave Florey, Sherri Heller, Jennifer Lange, and Jim Rohn. Elizabeth Lower-Basch and other staff at the U.S. Department of Health and Human Services also offered many valuable comments on the manuscript.

This report draws on the work of many members of the Urban Change research team at MDRC, including Barbara Fink, Rebecca Widom, Nikita Hunter, and Lindsay Moore, all of whom helped conduct site visits. Nikita Hunter and Lindsay Moore prepared the qualitative data for analysis, and Jo Anna Hunter oversaw the analysis of the staff survey responses. Also at MDRC, Gordon Berlin, Barbara Goldman, Judith Gueron, Gayle Hamilton, and Denise Polit commented on drafts, and Valerie Chase edited the manuscript.

The Authors

Executive Summary

A primary objective of the 1996 welfare reform law, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), is to raise the percentage of welfare recipients who work or are preparing for work. Welfare agencies, which have long struggled to achieve this goal, were stymied in the past by weak labor markets, large caseloads, insufficient resources, and organizational resistance to change. In this report, the Manpower Demonstration Research Corporation (MDRC) takes an in-depth look at four urban counties — Cuyahoga (Cleveland), Los Angeles, Miami-Dade, and Philadelphia — to see whether and how circumstances have changed since welfare reform was passed. The report addresses five sets of questions:

1. How have the counties responded to the welfare-to-work provisions in PRWORA? What work-related services, mandates, and incentives have they put in place?
2. How have participation rates and expenditures on welfare-to-work programs changed since PRWORA? Do the counties now emphasize different kinds of activities than they did several years ago?
3. What is the role of case management under PRWORA? How are case managers working with clients to move them into employment?
4. What is the role of the workforce development system in moving welfare recipients into employment? Specifically, how are workforce development agencies using funds allocated through the U.S. Department of Labor grant program for services targeted at the hard-to-employ?
5. How might the counties' experiences inform federal and state welfare policies? What are the implications for PRWORA, which comes before Congress for reauthorization in 2002?

The overall conclusion presented here — based on field visits and analyses of program participation and expenditure data supplied by the study sites — is that the four counties have indeed become more employment-focused since welfare reform. This is evidenced by the programs they have implemented and the percentage of welfare recipients who are working or engaged in job preparation activities. The change appears to be attributable to PRWORA in combination with other policies and conditions that have made it easier for welfare agencies to move welfare recipients into employment.

This report is one of a series from the Project on Devolution and Urban Change, a study that MDRC is conducting with the aim of understanding how PRWORA is being implemented and what effects it is having on welfare recipients, low-income neighborhoods, and organizations that serve the poor in big cities. The underlying premise is that the changes brought about by the law — whether positive, negative, or mixed — will be felt most acutely in urban areas, where welfare recipients and poverty are most heavily concentrated.

I. Welfare-to-Work Provisions Under PRWORA

PRWORA rewrote the rules for how cash assistance and welfare-to-work programs are operated in the United States. Before 1996, poor families who met federal and state eligibility requirements were guaranteed cash assistance through Aid to Families with Dependent Children (AFDC). PRWORA replaced AFDC with Temporary Assistance for Needy Families (TANF), thereby ending the entitlement to welfare. Most poor families may now receive federally funded cash assistance for a maximum of five years (or less, at states' discretion). PRWORA also changed the federal mechanism for funding state welfare programs. Formerly, states received federal reimbursement for 50 percent to 75 percent of their actual expenditures on AFDC, along with a capped matching grant to provide welfare-to-work services. States now receive a fixed annual allocation, or block grant, based on their rate of spending before 1996 on AFDC and on welfare-to-work and related programs. The block grant does not go up if a state's welfare caseload increases, but neither does it go down if its caseload falls.

Traditionally, block grants have allowed states greater discretion in the use of federal funds. PRWORA indeed offers flexibility in the design and operation of cash assistance programs, but it is prescriptive with regard to welfare-to-work policies. It requires states to engage 50 percent of TANF recipients in employment or job preparation activities by 2002. At the same time, it rewards states for lowering their welfare caseloads by reducing the 50 percent participation requirement by one percentage point for each percentage point drop in the caseload relative to that in 1995/1996. The law identifies 12 activities that states may count toward the participation rate. In contrast to regulations in effect before 1996 — which were widely interpreted as encouraging “human-capital”-building activities like education and training — PRWORA emphasizes paid or unpaid work and activities designed to move welfare recipients into employment quickly. The law states that TANF recipients should participate in activities at least 30 hours per week, including at least 20 hours in work or job search. The law also includes a “work trigger” that requires recipients to be working after receiving cash assistance for 24 months, though it gives states flexibility in determining how work is defined. States are expected to impose financial sanctions on adults who do not work or participate in assigned activities.

To supplement the funds available to states through the TANF block grant, the 1997 Balanced Budget Act created the Welfare-To-Work (WTW) grant program (the abbreviation WTW is used here to distinguish this program from others funded through the TANF block grant). The WTW grant program, which is administered through the U.S. Department of Labor and state and local workforce development agencies, is intended to provide work experience and job preparation services to long-term and hard-to-employ TANF recipients and to noncustodial parents of children receiving TANF. The grants were originally intended to be used over a three-year period, though many states have received extensions.

II. The Implementation Environment

During the period covered by the Urban Change study — from 1997 through early 2001 — the conditions for operating welfare-to-work programs were quite favorable, both nationally and in the study sites. A growing economy and declining unemployment made it easier for clients

to find jobs, and the federal Earned Income Credit made low-wage jobs more attractive by supplementing people's earnings according to their income level and household size. In addition, all the states represented in the Urban Change study raised the ceiling on the amount of earnings that welfare recipients can keep before experiencing a reduction in their welfare check (a policy known as the "earned income disregard"), making it easier for families to combine work and welfare and increase their monthly income.

The improvement in the national economy during the late 1990s and early 2000s was accompanied by rapid declines in welfare caseloads. In the study sites, the declines from 1996 to 2000 ranged from 36 percent in Los Angeles to more than 50 percent in Cuyahoga and Miami. Owing to PRWORA's block-grant funding structure, the drop in caseloads left the states and counties with a substantial surplus that could be used for a variety of welfare-related purposes, including welfare-to-work programs. Because the participation rate that states are required to meet is lowered when welfare caseloads decline, there was also less pressure on states to enroll large numbers of welfare recipients in work activities. Indeed, among the states represented in the Urban Change study, the caseload declines were so steep that the participation rates the states had to achieve dropped to less than 10 percent in 1999.

III. Welfare-to-Work Policy Choices in the Urban Change Sites

- **All the Urban Change counties place a high priority on providing welfare-to-work services to TANF recipients. A "work-first" emphasis predominates.**

The present research reveals that the welfare-to-work programs in the Urban Change sites have received significant attention from welfare administrators and staff. Moving away from the education and training focus that predominated before 1996, the sites have increasingly emphasized job search, short-term vocational training (six months or less), and unsubsidized employment. Cuyahoga, Miami, and Philadelphia made this programming shift in response to PRWORA; Los Angeles was already moving in this direction when PRWORA was passed.

- **Participation in basic or postsecondary education is generally limited to clients who combine work and school or who take steps to enroll in such activities on their own.**

In all the counties, clients are encouraged to pursue education goals part time while they work, and those who do so can receive help in paying their education- and training-related expenses. In Los Angeles, case managers generally approve education and training programs in which clients enrolled before being called in to the county's welfare-to-work program, provided that the education or training appears to lead to employment. Philadelphia gives clients considerable room to pursue their personal education and training goals before the work trigger kicks in after 24 months.

- **In all four counties, participation requirements apply to a larger proportion of the welfare caseload than in the past. The sites have adopted strikingly different sanctioning policies to address noncompliance.**

PRWORA significantly expanded the proportion of welfare recipients who are subject to work participation requirements. When calculating participation rates — that is, the number of participants divided by the number of people required to participate — states may exclude from the denominator only single parents with children under 12 months old. Accordingly, California and Pennsylvania require participation of parents whose youngest child is age 1 or older. In Cuyahoga County and Florida, the youngest child may be no older than 3 months and 6 months, respectively, for the parent to be exempt.

The sites have adopted markedly different policies for dealing with clients who do not comply with welfare-to-work requirements. Both Miami and Cuyahoga cut off the entire family from TANF assistance when the adult is noncompliant. In Los Angeles, noncompliance results in removal of the adult from the TANF case while children continue to receive benefits. Philadelphia’s policy is in between: During the first 24 months on cash assistance, only adults may be sanctioned; after 24 months, the entire family’s grant may be terminated.

- **With respect to time limits, two of the counties have implemented work-trigger rules. The other two counties emphasize interim time-limit policies, in which families are expected to leave welfare before exhausting their lifetime eligibility.**

PRWORA requires welfare recipients to be involved in work after 24 months on cash assistance, but the details are left to states and localities. Philadelphia adopted a broad definition of work, one that encompasses job search and work preparation activities as well as paid and unpaid work. In Los Angeles, the work trigger means that clients must at least participate in an unsubsidized job or an unpaid work activity; however, the “countdown” toward the work trigger does not begin until clients finish job search without finding work and complete a vocational assessment.

Neither Cuyahoga nor Miami has implemented work-trigger policies. These counties instead emphasize interim time-limit policies that require families to go off TANF before exhausting their lifetime eligibility. In Cuyahoga, interim time limits go into effect after 36 months; in Miami, they go into effect after 24 or 36 months, depending on case characteristics.

- **Expanded earned income disregard policies have emerged as an important element of the counties’ welfare-to-work strategies.**

The sites’ earned income disregard policies provide a strong work incentive by allowing welfare recipients to keep a portion of their earnings before their cash grants are reduced, thereby boosting family income. For example, in Miami, a family of three without earnings would ordinarily receive a monthly TANF grant of \$303. If the head of the case went to work, the family could keep the first \$200 earned during the month with no reduction in the cash grant; thereafter, 50 percent of monthly earnings would be disregarded until the family’s income exceeded \$806, at which point the family would cease to be eligible for TANF assistance. All the Urban Change sites have adopted similar policies, though the earnings levels beyond which recipients cannot continue to receive benefits differ from site to site.

By encouraging clients to work, earned income disregards help them — and welfare agencies — meet federal welfare-to-work participation requirements. At the same time, earned income disregards may prolong families’ stays on welfare and cause them to use up more months

of their welfare eligibility than they would otherwise. Florida is the only state represented in the Urban Change study that allows recipients to “earn back” a month on the time clock for each month during which they work at least 30 hours per week, but Miami officials reported that the policy was difficult to implement because of changing state rules about what type of work counts and shortcomings in their automated system.

- **Each of the counties faced significant organizational challenges to re-vamping its welfare-to-work program. Some challenges were related to the demands of the legislation; others were tied to local objectives or circumstances.**

Cuyahoga embarked on a major reorganization of its welfare department and a restructuring of its staff’s responsibilities in order to serve clients more effectively and to prepare them for time limits. These efforts consumed enormous energy during the two or three years after welfare reform was passed. Los Angeles wrestled with the challenge of imposing work requirements on a much larger proportion of the caseload than in the past and the corresponding need to increase services and staffing. Miami’s welfare-to-work program faced rapid turnover at the director’s level, major changes in the contractors responsible for case management functions, and a recent decision by the Florida legislature to restructure the program and turn responsibility for it over to the local workforce development agency. In Philadelphia, state and local officials sometimes clashed over the goals of welfare reform — in particular, the role that education should play in welfare-to-work activities — and differing perceptions of the county’s staffing and budget needs.

IV. Participation and Expenditure Trends

This examination of the counties’ welfare-to-work participation and expenditure trends relies on data supplied by the states and counties. Readers should be aware that some of the participation estimates were adjusted for duplicate counts. In addition, readers should note that in this analysis participation includes all welfare-to-work activities recorded in state or county systems rather than only those deemed countable under federal regulations. Finally, because of differences in how counties track and report participation and expenditure information, readers are advised to focus on the trends within counties rather than to make comparisons across counties.

- **Since welfare reform, all the Urban Change sites increased the percentage of welfare recipients who are working or participating in welfare-to-work program activities (Figure ES.1).**

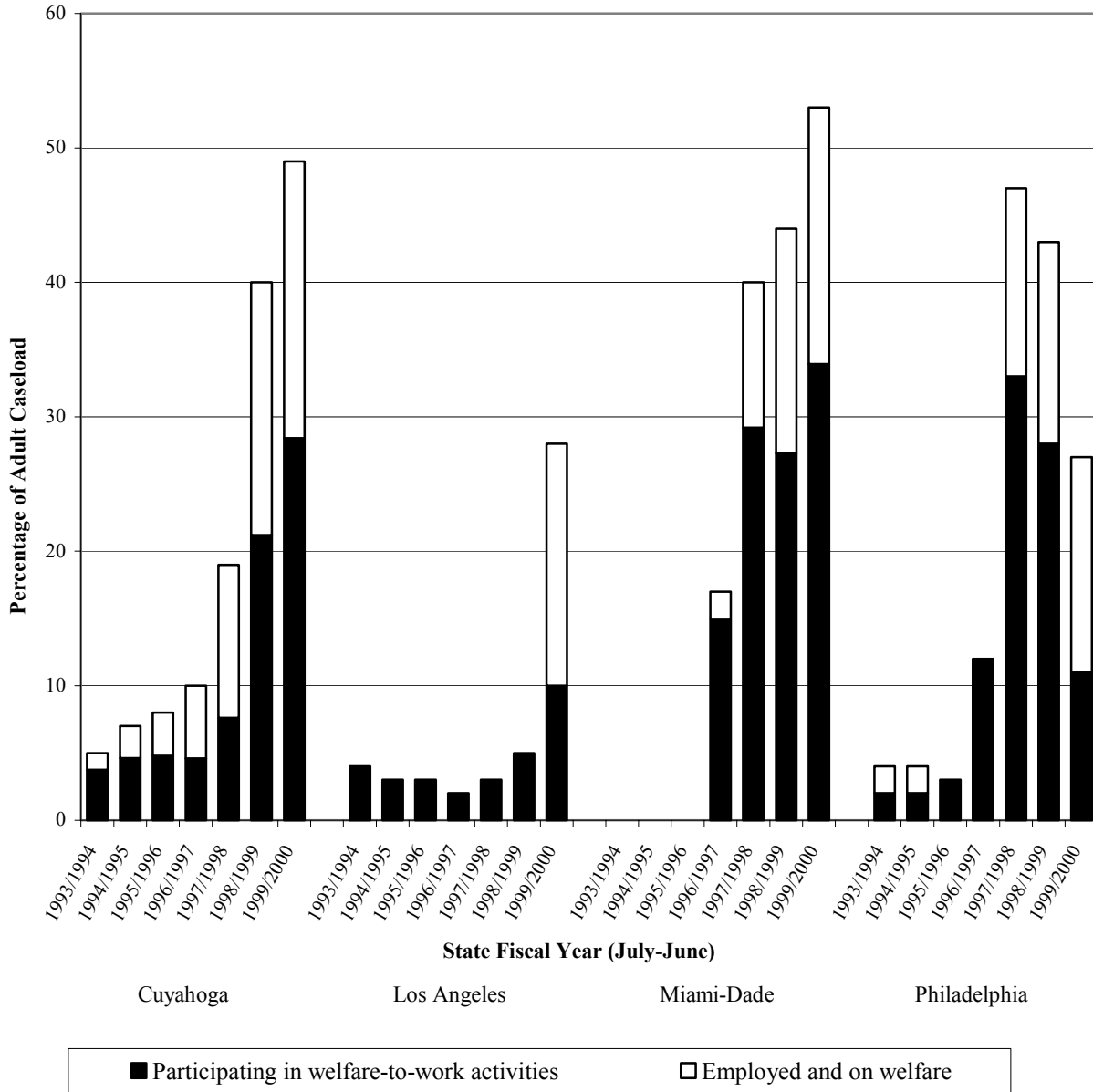
Since 1996, the Urban Change sites have made substantial progress in increasing the percentage of welfare recipients who are employed or participating in welfare-to-work activities. These gains have been achieved amid dramatic reductions in the counties’ TANF caseloads, which substantially lowered the participation rates that states and counties were required to meet.

- **Unsubsidized work accounted for a large portion of welfare-to-work participation and was the most common activity in all sites in 1999/2000.**

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Figure ES.1

Welfare-to-Work Participation Rates, Urban Change Counties,
1993/1994 to 1999/2000



SOURCES: State and county welfare agencies. In Cuyahoga, Miami-Dade, and Los Angeles (1999/2000), adjustments were made to eliminate duplicated counts.

NOTES: The participation rates shown are not confined to countable activities under PRWORA, and they include individuals who were participating less than the federally mandated 30 hours per week.

Data for Miami-Dade are not available prior to 1996/1997. Data for people employed and on welfare are not available for Los Angeles before 1999/2000 or for Philadelphia in 1995/1996 and 1996/1997.

A large proportion of welfare recipients in all the Urban Change sites worked in unsubsidized jobs while receiving TANF. In 1999/2000, unsubsidized work was the most common welfare-to-work activity, beating out traditional program activities like job search, vocational training, and unpaid work experience. The sites' earned income disregard policies appear to have been largely responsible for this development in that they made it easier for welfare recipients to combine work and welfare. Before welfare reform, welfare recipients with earnings would have lost their eligibility more quickly.

- **Participation in basic education activities has declined since passage of welfare reform.**

PRWORA shifted the emphasis of welfare-to-work activities away from basic education, and the counties have responded accordingly. Basic education now registers as little more than a blip. In Cuyahoga, for instance, 5 percent of the participants in welfare-to-work programs attended basic education in 1999/2000, compared with 27 percent in 1993/1994. Most clients who were assigned to basic education appear to have combined it with employment.

- **Unpaid work experience (“workfare”) was not heavily emphasized.**

The Urban Change counties responded to PRWORA's work emphasis by encouraging welfare recipients to take jobs in the regular labor market rather than by assigning them to community service or other unpaid work experience positions. Cuyahoga and Miami are the only counties that operate sizable unpaid work experience programs, and even there many more TANF recipients work in paid jobs or are assigned to job search than participate in unpaid work.

- **The sites' expenditures on welfare-to-work programs increased dramatically after welfare reform was passed (Figure ES.2).**

After 1996/1997, all the counties invested increasing amounts of their TANF funds into their welfare-to-work programs, despite the fact that the number of people on welfare declined during that period. Cuyahoga's growth in expenditures was fairly moderate, rising from \$14 million in 1996/1997 to \$18.3 million in 1999/2000 (an increase of about 30 percent). At the other end of the spectrum, spending in Miami-Dade increased sevenfold, from \$8.9 million in 1996/1997 to \$63.7 million in 1999/2000. (Note that these figures do not include child care or expenditures made under the WTW grant program.) The counties used the money to hire more staff, increase the number of program slots, develop more intensive services for the hard-to-employ, and expand support services and payments for welfare recipients who are working or participating in job preparation activities.

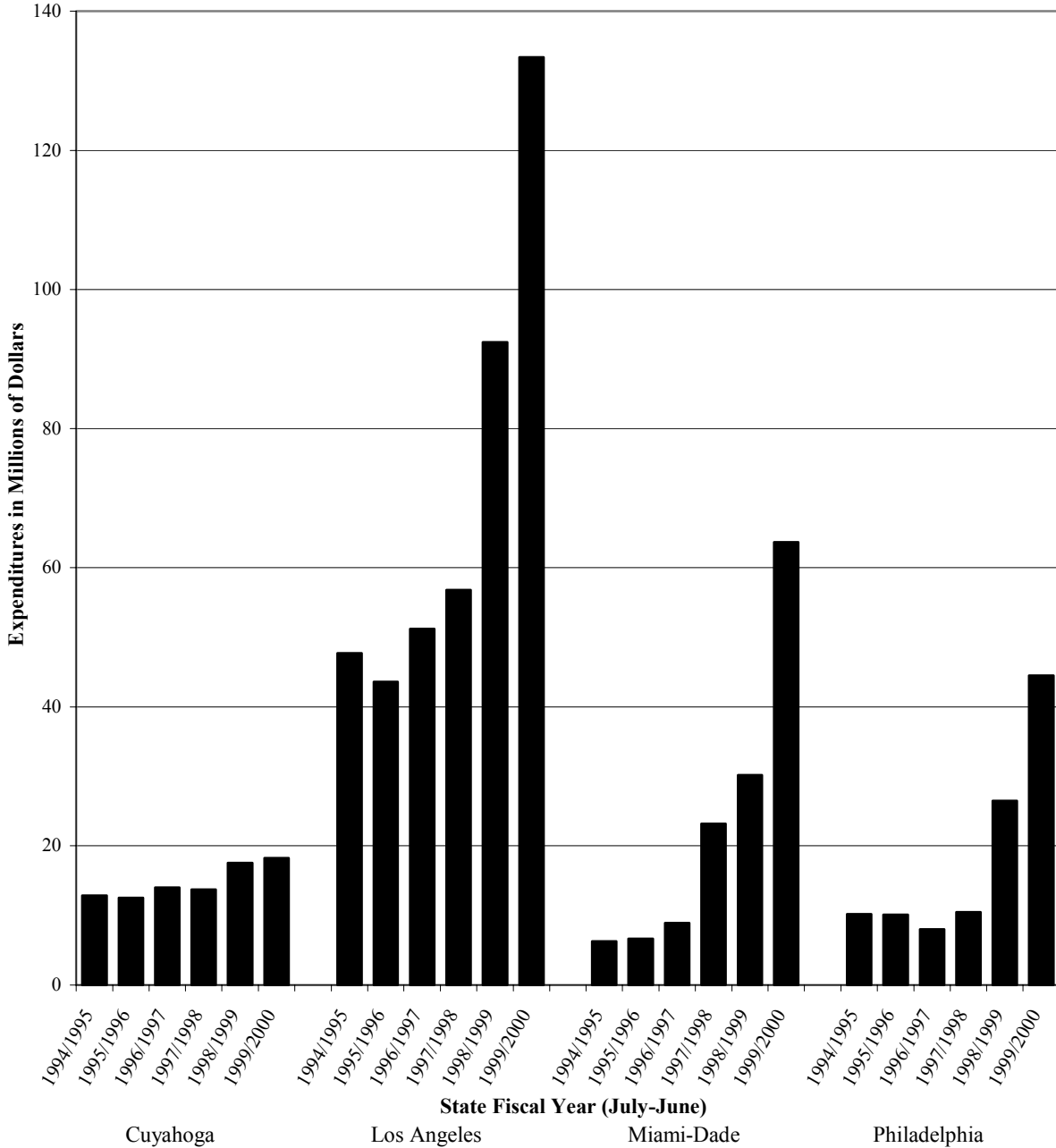
V. The Role of Case Management

- **Case managers played a pivotal role in the implementation of the counties' welfare-to-work programs, serving as the link between policies and recipients.**

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Figure ES.2

Welfare-to-Work Expenditures, Urban Change Counties,
1994/1995 to 1999/2000



SOURCES: State and county welfare agencies.

NOTES: Bars represent expenditures under the TANF block grant for welfare-to-work program administrators and services. Child care expenditures and U.S. Department of Labor Welfare-To-Work grant program expenditures are not included.

In all the sites, case managers played a central role in assigning clients to work activities, monitoring their participation, helping clients access support services, and enforcing program rules. Three of the sites — Los Angeles, Miami, and Philadelphia — chose to keep welfare-to-work case management and income maintenance as two separate, specialized roles. Cuyahoga combined income maintenance and welfare-to-work functions in the newly created role of “self-sufficiency coach” with the goal of enabling staff to address employment issues during every TANF interview and to gain a deeper understanding of each client’s history and circumstances.

- **In most counties, case managers had little discretion in assigning clients to welfare-to-work activities.**

Because work-first programs generally begin with job search, in most of the sites case managers did not have much flexibility in assigning clients to initial program activities. In Los Angeles and Philadelphia — where the programs had a prescribed sequence — the majority of case managers reported that both initial and subsequent program assignments were based on state or county rules, leaving little room for staff judgment. In Cuyahoga, in contrast, staff indicated having considerable discretion, in keeping with the individualized program approach that administrators in that county wanted to achieve. Early on, some Cuyahoga case managers expressed frustration with the complexity of their role and felt poorly prepared to make decisions, though over time they seemed to grow more confident in performing their duties.

- **Across the four counties, case managers reported that enforcement of program rules was a high priority. The use of financial sanctions, however, varied from site to site.**

In field interviews and surveys, case managers in all four counties indicated that monitoring and enforcement took between 14 percent and 22 percent of their time. Most case managers indicated that they were prepared to sanction clients who did not comply with participation requirements, though the participation data suggest that Miami staff were far more likely to impose sanctions than were staff in the other sites. In 1999/2000, 61 percent of Miami clients who were subject to the participation requirement were deemed noncompliant and were referred to or receiving sanction in an average month. In Cuyahoga in the same year, the figure was 2 percent.

VI. Implementation of the WTW Grant Program

As already discussed, the U.S. Department of Labor’s WTW grant program was intended to supplement the funds available to states through the TANF block grant. It included formula grants to states (which accounted for the bulk of WTW funding) and competitive grants awarded directly to service providers. This study examines only the formula grants. Because Ohio declined formula funding, the findings pertain chiefly to Los Angeles, Miami, and Philadelphia.

- **The use of WTW program funds in the Urban Change sites was hampered by the grants’ timing and restrictive targeting criteria.**

Although Congress created the grant only one year after passage of PRWORA, no funds reached local workforce development agencies until late 1998. By that point, state and county welfare agencies had already developed their welfare reform plans and implemented services un-

der TANF. With caseloads falling, many welfare and workforce development officials neither saw a strong need for WTW program funds nor felt pressured to use them. Officials also complained that the targeting criteria contained in the authorizing legislation were administratively cumbersome. (As initially written into law, 70 percent of the funds had to be spent on families who had been on welfare for at least 30 months, were within 12 months of reaching a time limit, or had two or more specified barriers to work). By most accounts, this problem was eliminated by Congress's broadening the program eligibility rules in July 2000.

- **Of the Urban Change counties that received WTW formula grants, Philadelphia spent the largest portion of its allocation and enrolled the most participants. Implementation in the other counties proceeded more slowly.**

As of April 2001, Philadelphia had spent more than 80 percent of its WTW grant and enrolled about 17,000 welfare recipients into WTW-funded programs. As of May 2001, Los Angeles had spent about a third of its grant and enrolled nearly 9,000 participants; and Miami spent about 10 percent of its grant and enrolled fewer than 500 participants.

Philadelphia's program benefited from the strong backing of its mayor. Philadelphia also chose to invest the bulk of its WTW grant in two large programs and to target a broad group of TANF recipients: those who had reached the 24-month work trigger without finding employment. Los Angeles and Miami, in contrast, developed small programs that targeted specialized segments of the population, such as particular groups of non-English speakers and noncustodial parents. Though consistent with the goals of the grant, the latter approach may have contributed to the lower rates of implementation and enrollment in Los Angeles and Miami.

- **The counties had difficulty recruiting and retaining the target population.**

As originally enacted, the WTW grant contained detailed eligibility criteria that most administrators thought were too restrictive. Even when the criteria were loosened, some programs had trouble recruiting long-term or hard-to-employ participants. Some administrators speculated that the factors that made people hard to employ — personal problems, low skills, poor attitude, and so forth — also made them hard to serve. In addition, the tough sanctioning policies of some welfare agencies may also have removed many hard-to-employ individuals from the rolls before they could be referred to WTW-funded services.

- **The WTW grant generally operated independently of other workforce development and welfare programs.**

In the three counties that received a WTW grant, program administrators and staff reported that there was little integration between WTW-funded services and other programs run by the workforce development agencies and the welfare agencies, apparently owing to the grant's timing, reporting requirements, and limited duration.

VII. Implications for Policy

PRWORA's scheduled reauthorization in 2002 provides an opportunity for federal, state, and local policymakers to assess the accomplishments of recent years and to consider future modifications. The research conducted in the Urban Change sites yields several observations and lessons:

- **PRWORA's goal of getting welfare agencies to adopt a work-first orientation has been realized in the Urban Change sites.**

One of PRWORA's primary objectives was to end needy parents' dependence on government benefits by encouraging them to prepare for jobs and to work. The Urban Change sites responded by changing their welfare-to-work programs to emphasize quick job entry rather than education and skill-building and by expanding earned income disregards to increase welfare recipients' financial incentive to work. The sites also extended work requirements to a much larger proportion of the caseload than in the past.

- **The work-first strategy adopted by the sites was well suited to the strong economy of the late 1990s and early 2000s. Softer labor markets may call for program modifications.**

During the period covered by this study, the ready availability of entry-level jobs made it relatively easy for welfare recipients to find work. The counties took advantage of the strong economy by emphasizing activities like job search and short-term vocational training, and they devoted few TANF resources to developing paid or unpaid employment. (Some WTW grant funds were used for this purpose, particularly in Philadelphia.) Given the recent economic downturn, welfare agencies may need to place greater emphasis on developing such strategies or offering certificate or degree programs that will help welfare recipients compete in the slack labor market, perhaps by combining education and training with work assignments.

- **The Urban Change sites used the TANF surplus to expand their welfare-to-work program capacity and to increase participation.**

The structure of the TANF block grant — a five-year allocation based on states' pre-1996 spending levels — generated a substantial surplus during the late 1990s, when welfare caseloads declined. The present study indicates that the Urban Change sites invested a considerable portion of this surplus in expanding their welfare-to-work programs. For example, in 1995/1996, Los Angeles spent \$43.6 million to serve 34,000 program enrollees, whereas in 1999/2000, it spent \$133.4 million to serve 102,000 enrollees. Though the cost per enrollee (approximately \$1,300) changed little, the increased expenditures permitted Los Angeles to reach a much greater proportion of its caseload than in the past. In the other sites, rising program expenditures reflect both an effort to increase the number of people served and a higher cost per enrollee. The sites' experiences suggest the level of resources that may be necessary to engage a high percentage of the welfare caseload in welfare-to-work activities. High coverage has long been a stated goal, but only recently have states and localities had the funds to achieve it.

- **Expansions of earned income disregards have played a major part in the increases in welfare-to-work participation rates.**

Earned income disregards may have the dual effect of encouraging welfare recipients to go to work and keeping them on welfare longer. In the short run, this is a win-win situation: Welfare clients who are employed in subsidized jobs gain valuable experience and increase their income, and welfare agencies can count such employment toward the welfare-to-work participation rate required by the federal government. In most states, however, clients who combine work and welfare use up months of assistance that they may need later — for instance, if they lose a job or another source of income. Policymakers might therefore reconsider whether clients who “play by the rules” (that is, work) should be subject to the same lifetime limit on federal cash assistance as are clients who are not working.

- **Participation rates of 40 percent or 50 percent may be difficult to attain, even in the most favorable program environments.**

As already noted, the Urban Change counties operated their welfare-to-work programs during the best of economic times, with plentiful jobs, falling caseloads, and large surpluses in funding. Even under such favorable conditions, the data suggest that the counties would have struggled to meet the participation rates set by PRWORA had they not received credit (in the form of reductions in the required participation rate) for reduced welfare caseloads. This study used a broader definition of participation than the federal standard, one that counted activities that are not listed in PRWORA and included all participants, regardless of whether they met the 30-hour weekly requirement. (To a large extent, adopting this more inclusive definition was necessitated by the sites’ data limitations.) Policymakers may want to examine actual state and county participation reports more closely to avoid setting future participation targets that are unrealistically high for a less favorable economic context.

- **Disparities in sanctioning policies and practices raise questions about the fairness and effectiveness of formal enforcement.**

As noted earlier, the Urban Change sites handled clients who did not comply with welfare-to-work requirements in markedly different ways. Whereas some sites terminated the entire case, others ceased to provide cash assistance for the adult but continued to provide for the children. The likelihood of being penalized for noncompliance also seems to have depended on where a welfare recipient resided. Though the policy in both Miami and Cuyahoga was to cut off the family’s whole grant (rather than only the adult portion), Miami’s high rate of sanctioning suggests that noncompliance almost always resulted in a penalty, while Cuyahoga’s low rate suggests that clients there were given more chances to comply. Given such disparities, federal policymakers may wish to clarify intentions and set guidelines for states and counties to follow.

Although one might expect tougher sanctioning policies to boost participation in welfare-to-work activities, no evidence of such a relationship was observed in the Urban Change sites. In particular, the participation rates in Miami and Cuyahoga were roughly the same, despite their very different sanctioning rates. There may also be a trade-off between strict enforcement and serving the hard-to-employ. Some WTW grant program administrators said that their difficulties in locating eligible clients were due in part to tough sanctioning by welfare agencies. This perception is supported by a report from the Urban Change project in which it was found that welfare recipients who had multiple health problems, experienced physical abuse, were at risk of de-

pression, or had a chronically ill or disabled child were more likely than other recipients to have been sanctioned in the previous year.¹

- **Working with the hard-to-employ may require new program strategies.**

In all four sites, program administrators and staff talked about clients who appeared to need more intensive services, such as mental health and substance abuse treatment or longer-term education and training. Although PRWORA does not prevent welfare agencies from making such referrals, the fact that it does not count them toward the participation rate is a deterrent for many program administrators and staff. If self-sufficiency is a goal of welfare reform, policymakers might consider broadening the list of allowable activities to accommodate mental health and substance abuse services and longer-term education and training for clients who need them and who are making progress in their activities.

- **Finding ways to promote job retention and advancement is a major concern.**

The Urban Change sites currently provide support services, such as transitional child care and medical benefits, to clients who leave TANF for employment. Nevertheless, there is a strong sense among county administrators that former TANF recipients may be vulnerable to setbacks or get stuck in low-paying jobs. Policymakers may want to consider ways to extend transitional benefits to families who are working but remain poor. In addition, policymakers might look for ways to help former recipients gain easier access to job leads, education and training programs, and other services that will help them advance economically.

- **Supplementary funding opportunities like the WTW grant should be directed to communities and organizations that have identified needs and solid plans.**

The formula grants provided through the WTW program ensured that federal funds were distributed equitably. However, judging from the experience in the Urban Change sites, not all localities were prepared to use the resources. Should such funding opportunities be provided in the future, policymakers may want to make grants contingent on demonstrated interest and need. One option might be to award small planning grants that could be followed up by larger program grants once plans have been thought through and interagency relationships have been established.

- **Organizational change is an ongoing process.**

When considering the Urban Change counties' responses to PRWORA, it is important to keep in mind that significant organizational change does not come quickly or easily. Most of the counties took two to three years to plan and begin implementing programs before seeing major results. Four years after the law was passed, the counties were continuing to make modifications and in some cases found that they needed to retrain staff on basic policies and procedures. Any dramatic changes that follow TANF reauthorization would likely require similarly large investments of welfare agency time and resources.

¹Denise F. Polit, Andrew S. London, and John M. Martinez, *The Health of Poor Urban Women: Findings from the Project on Devolution and Urban Change* (New York: MDRC, 2001).

Chapter 1

Introduction

For more than 30 years, federal lawmakers have sought to make the welfare system more employment-focused. In keeping with this trend, a primary purpose of the 1996 welfare reform law — the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) — is to end needy parents' dependence on government benefits by promoting job preparation and work. A recent analysis by the U.S. House of Representatives Committee on Ways and Means suggests that the nation is making progress toward this goal. Across the country, welfare rolls are down sharply. At the same time, the percentage of adults on welfare who are engaged in work or job preparation activity rose from 22 percent in 1996 to 35 percent in 1998. Most of this increase is due to adults' combining unsubsidized employment and cash welfare assistance.¹

While the national trends are well documented, there is little research on how local welfare offices are attempting to realize this transformation. In the past, welfare agencies — especially in big cities — have often struggled with how to move significant numbers of welfare recipients into employment in the face of weak labor markets, large caseloads, insufficient resources, and organizational resistance to change. Are things different under PRWORA? To find out, the Manpower Demonstration Research Corporation (MDRC) conducted an in-depth investigation of the welfare-to-work programs in four large urban counties: Cuyahoga (Cleveland), Los Angeles, Miami-Dade, and Philadelphia.² The study addresses five major sets of questions:

1. How have the counties responded to the welfare-to-work provisions in PRWORA? What work-related services, mandates, and incentives have they put in place? What were their major implementation accomplishments and challenges?
2. How have participation rates and expenditures on welfare-to-work programs changed since PRWORA? Do the counties now emphasize different kinds of activities than they did several years ago — for example, more job search and work experience and less education?
3. What is the role of case management under PRWORA? How are case managers working with clients to move them into employment? To what extent are case managers emphasizing the benefits of work as opposed to the penalties for noncompliance?
4. What is the role of the workforce development system in moving welfare recipients into employment? Specifically, how are workforce development agencies using the allocations made to states (the so-called formula grants) through the U.S. Department of Labor Welfare-To-Work (WTW) grant program?

¹Committee on Ways and Means, 2000. See also Burke, 2000.

²Though this study focuses on county welfare programs, the name of the major city within each county is often used in this document to stand for the whole county. Only Philadelphia's county and city boundaries are the same.

5. How might the counties' experiences inform federal and state welfare policies? What are the implications for PRWORA, which comes before Congress for reauthorization in 2002?

This report was produced as part of MDRC's Project on Devolution and Urban Change (for an overview of the project, see Table 1.1). Launched soon after PRWORA was enacted, the Urban Change project aims to understand how the law is being implemented and what effects it is having on welfare recipients, low-income neighborhoods, and organizations that serve the poor. The study's underlying premise is that the changes brought about by the law — whether positive, negative, or mixed — would be felt most acutely in urban areas, where welfare recipients are most heavily concentrated. Though Cleveland, Los Angeles, Miami, and Philadelphia are not representative of the entire country, as a group they shed light on the dynamics of urban welfare reform as it is unfolding in the context of different regional economies, population bases, and state and local welfare policies.

It is important to stress that this report does not present evidence on the effectiveness (or impacts) of the counties' welfare-to-work programs. Rather, its goal is to shed light on implementation processes and lessons. It focuses on policies and programs affecting single-parent families receiving welfare, which make up the overwhelming majority of the welfare caseload nationally and in the Urban Change sites. Data collection for this report occurred mainly in 2000 and early 2001; changes since that time are therefore not captured. What follows is a description of federal policies governing welfare-to-work programs, external factors affecting implementation, and the methods used to carry out this study.

I. Welfare to Work Under PRWORA: What the Law Says

Separating the welfare-to-work provisions of PRWORA from the rest of the legislation is a bit like removing the bones from a fish: easy in theory, but messy in practice. The 1996 legislation contained many details about how welfare-to-work programs should be run. The 1997 Balanced Budget Act, which created supplementary funding for such programs, added more details. These provisions are embedded within a broader legislative framework that affects every aspect of how cash assistance and welfare-to-work programs are funded and operated.

Arguably, the most important feature of PRWORA is the time limits it places on receipt of cash assistance. Before 1996, poor families were guaranteed cash assistance, known as Aid to Families with Dependent Children (AFDC), if they met state and federal eligibility requirements. Under PRWORA, there is no entitlement to cash welfare. Most poor families may receive federally funded cash assistance for no more than five years. States have the option of imposing a shorter time limit or using their own funds to extend cash assistance beyond five years. Although time limits do not address welfare-to-work programs directly, they presumably place pressure on welfare recipients to look for work — and on welfare agencies to help them find a job.

Another important feature of PRWORA is its mechanism for financing state welfare programs. Formerly, states received federal reimbursement for 50 percent to 75 percent of their actual expenditures on cash assistance, along with an annual grant to provide welfare-to-work

The Project on Devolution and Urban Change

Table 1.1

Key Features of the Urban Change Project

Goal

To understand how state and local welfare agencies, poor neighborhoods, and low-income families are affected by the changes to the income support system in response to the passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996.

Locations (sites)

Four large urban counties: Cuyahoga (Cleveland, Ohio), Los Angeles, Miami-Dade, and Philadelphia

Time frame

1997–2002

Project components

The *Ethnographic Study* illuminates the effects of the changes by chronicling, in depth and over time, how 30 to 40 welfare-reliant families in each site cope with the new rules and policies.

The *Implementation Study* describes both the new welfare initiatives — rules, messages, benefits, and services — that are developed at the state and local levels and the experiences of the local welfare agencies in putting these new initiatives into practice.

The *Individual-Level Impact Study* measures the impact of the new policies on welfare, employment, earnings, and other indicators of individual and family well-being, via two components:

1. an *administrative records component*, for countywide samples of welfare recipients and other poor people
2. a *survey component* involving two waves of in-person interviews with a sample of residents of high-poverty neighborhoods

The *Institutional Study* examines how the new policies and funding mechanisms affect nonprofit institutions and neighborhood businesses.

The *Neighborhood Indicators Study* assesses changes in statistical indicators that reflect the social and economic vitality of urban counties and of neighborhoods within them where poverty and welfare receipt are concentrated.

Distinctive features

Its urban focus. The project examines the impacts of welfare reform in America's big cities.

Its neighborhood focus. All five components of the project will focus especially on residents of high-poverty neighborhoods, the public and nonprofit agencies that assist them, and the effects of welfare reform on the stability and vitality of their communities. Findings will also be reported at the county level.

Its effort to integrate findings across the components. The goal of the project is to bring multiple data sources and methodologies to bear in answering the questions of interest. The results of the separate studies are intended to illuminate, clarify, reinforce, and otherwise complement each other, as exemplified in this report.

services. States now receive a fixed annual allocation — or block grant — based on the rate of federal spending before 1996 on their AFDC, Emergency Assistance, and welfare-to-work programs. The block grant covers cash assistance (known as Temporary Assistance for Needy Families, or TANF), welfare-to-work activities, and whatever related benefits and services a state decides to offer. The block grant does not go up if a state’s welfare caseload increases, though neither does it go down if a state’s caseload falls. Because in the past states were required to match federal funding allocations, PRWORA contains a “maintenance-of-effort” clause that allows some reduction in state spending but penalizes states for reducing expenditures by more than 20 percent or 25 percent relative to pre-1996 levels.³

Historically, block grants have encouraged greater state discretion in the use of federal funding.⁴ PRWORA clearly gives states considerable autonomy in how they run cash assistance programs but is more restrictive with regard to welfare-to-work programs. It also places greater demands on welfare agencies and recipients than its predecessor, the Job Opportunities and Basic Skills Training (JOBS) program, which was created under the Family Support Act of 1988. For example:

Participation rates: PRWORA expected states to have 25 percent of all families that receive TANF engaged in work activities in 1997 and to have 50 percent of all such families doing so by 2002. By comparison, the JOBS program set a nominal participation rate of 20 percent for single-parent families, which was substantially reduced by exemptions (see below). Moreover, many nonexempt welfare recipients were not required to participate in JOBS owing to funding limits. The higher participation rates established by PRWORA are offset by a “credit” for caseload reductions. Specifically, for each percentage point by which a state reduces its average monthly welfare caseload relative to the 1995 level, the percentage of families it is required to have in work activities is also reduced by one percentage point.

Exemption categories: The JOBS program specified seven grounds on which single parents could be exempted from welfare-to-work requirements, the most commonly invoked one being that they were parents of a child under age 3 (or under age 1, at states’ option).⁵ PRWORA lets states set their own exemption criteria but implicitly discourages states from making the criteria too broad. This is because states are required to keep most welfare recipients in the denominator when calculating their work-activity participation rates. The only cases that may be excluded are those in which the youngest child is under the age of 1 or in which there is no head of household (that is, child-only cases).

³States are allowed to reduce expenditures by 25 percent as long as they meet federal requirements regarding work participation rates. If not, the reduction may not exceed 20 percent.

⁴U.S. General Accounting Office, 1995.

⁵Committee on Ways and Means, 1993. Under JOBS, exemptions were also granted to women who were in at least their second trimester of pregnancy, ill or incapacitated, taking care of an ill or incapacitated child or adult, employed 30 or more hours per week, under age 16 and attending school full time; or living in a remote area.

Countable activities: PRWORA is very clear about what kinds of activities states may count toward meeting the federal participation requirement (Table 1.2). It identifies 12 allowable work activities, most of which involve actual work (either paid or unpaid) rather than preparation for work in school or other classroom settings. Importantly, job search and vocational education for limited periods of time (up to six weeks and 12 months, respectively) may be counted. Only teenagers who have dropped out of high school may attend employment-related education classes, and no more than 30 percent of the TANF caseload may be credited for participation in vocational training or other education. These rules are in sharp contrast to the JOBS regulations, which were widely interpreted as encouraging “human capital development” such as education and training.⁶

The Project on Devolution and Urban Change

Table 1.2

Work Activities Allowed Under PRWORA

-
1. Unsubsidized employment
 2. Subsidized private employment
 3. Subsidized public sector employment
 4. Work experience
 5. On-the-job training
 6. Job search and job readiness assistance (6 weeks maximum; 12 weeks under certain unemployment conditions)
 7. Community service
 8. Vocational educational training (12 months maximum)^a
 9. Provider of child care for a community service participant
 10. Job skills training directly related to employment
 11. Education directly related to employment (high school dropouts only)^a
 12. Satisfactory attendance at secondary school or in an equivalent course of study (high school dropouts only)^a
-

SOURCE: Committee on Ways and Means, 2000.

NOTE: ^aNo more than 30 percent of the TANF caseload may be credited with participation in these activities.

Hours of participation: To meet federal participation requirements, states must engage TANF recipients in one or more countable activities for an average of 30 hours per week, including at least 20 hours in actual work or job search. In practical terms, this means that people attending education or training must combine it with paid or unpaid work or with job search. PRWORA’s rules differ from those of the JOBS program, which set a weekly participation requirement of 20 hours for most welfare recipients. JOBS also allowed states to average hours across participants, permitting, for example, a client who attended activities for 15 hours per week to be offset by a client who attended for 25 hours per week. PRWORA does not allow such averaging.

⁶Bell and Douglas, 2000.

Sanctions: As in the JOBS program, PRWORA requires states to impose “partial-family” sanctions on cases that do not participate in required activities, that is, to cut off the head of household’s share of the grant. More severe penalties, such as “full-family” sanctions (which entail terminating the family’s entire grant), are permitted at states’ option.

Work triggers: PRWORA includes a “work-trigger” rule that requires TANF recipients to work after receiving cash assistance for 24 months (or less, at states’ option). The precise definition of work is left to the states. JOBS contained no comparable work trigger.

To supplement the funds available for welfare-to-work activities under the TANF block grant, the 1997 Balanced Budget Act created the WTW grant program. (Throughout this report, WTW refers specifically to this grant, while welfare-to-work refers to employment-related services for welfare recipients more generally.) The WTW grant program is administered at the federal level by the U.S. Department of Labor rather than the U.S. Department of Health and Human Services and at the state and local levels by workforce development agencies rather than welfare agencies. The program features formula grants that are allocated to states on the basis of their TANF population and number of residents in poverty and competitive grants that are awarded directly to workforce development agencies or other public and private agencies that submit proposals to the U.S. Department of Labor. The grants are targeted to the hard-to-employ.

The types of activities that may be funded under the WTW grant program are listed in Table 1.3. As under the TANF block grant, the emphasis is on activities that are directly work-related rather than on education activities, although recent program amendments allow participation in vocational education for up to six months. Originally, 70 percent of WTW funds had to be spent on families that had been on welfare for at least 30 months, were within 12 months of reaching a time limit, or had two or more specified barriers to work. In 2000, the eligibility criteria were expanded to include four hard-to-employ groups: long-term TANF recipients without specified employment barriers, TANF recipients determined by the local workforce development agency to have significant barriers to employment, former foster care youths between the ages of 18 and 24, and non-TANF custodial parents with incomes below the poverty line.

II. External Factors Affecting Welfare-to-Work Program Implementation

Program implementation never takes place in a vacuum. Particularly relevant to this study of welfare-to-work programs is the fact that the nation experienced remarkable job growth during the years after PRWORA went into effect.⁷ By 1999, the percentage of the U.S. population that was employed reached a record high (64.3 percent), and the unemployment rate fell to a 30-year low (4.1 percent). Employment grew particularly fast among minority workers and women who maintained families.⁸ During the 1980s and early 1990s, when labor markets were weaker, wel-

⁷See, for example, the annual growth summaries in the February issues of the U.S. Department of Labor’s *Monthly Labor Review* for 1996 through 2001.

⁸Martel and Kelter, 2000.

fare-to-work programs often struggled to find jobs for their clients. During the late 1990s and 2000, many welfare-to-work programs — including those in the Urban Change sites — reported that employers came to them to recruit entry-level workers.

The Project on Devolution and Urban Change

Table 1.3

Activities That May Be Funded Under the Welfare-To-Work Grant Program

1. Community service or work experience programs
 2. Job creation through wage subsidies
 3. On-the-job training
 4. Contacts with providers of job readiness, placement, and postemployment services
 5. Job vouchers for job readiness, placement, and postemployment services
 6. Job retention and support services if not otherwise available
 7. Vocational education or training (up to 6 months)^a
-

SOURCE: Committee on Ways and Means, 2000.

NOTE: ^aThis was not an allowable grant activity before July 1, 2000.

The nation's welfare caseloads plummeted with the rise in employment. In 1996, 4.5 million families received welfare. By 1999, this figure had dropped to 2.6 million — a decline of more than 40 percent.⁹ The sharp reduction affected welfare-to-work programs in two important ways. First, as noted earlier, states received credit for caseload declines, leading to a point-for-point reduction in the participation targets they were required to meet under PRWORA. A recent Congressional Research Service study found that 23 states, including Florida, had such dramatic caseload declines that their work participation targets fell to 0 percent in 1999. In the other states represented in the Urban Change study — California, Ohio, and Pennsylvania — the work participation targets fell to 8.5 percent, 1.4 percent, and .9 percent, respectively, in 1999.¹⁰ Buoyed by these trends, states could run very small-scale welfare-to-work programs and still meet federal targets. Second, because TANF block grants were based on pre-1996 caseloads, the declining rolls left states with substantial sums of money. Indeed, by the end of federal fiscal year 2000, states had built up a TANF surplus of nearly \$3.2 billion.¹¹ The block grant structure allowed states to use these funds to enrich or expand their welfare-to-work programs if they wished.

Along with employment and welfare trends, other federal and state policies — in particular, policies designed to “make work pay” — influenced the operation of welfare-to-work programs. The federal Earned Income Credit, for example, was significantly expanded in 1993, so that a \$6.00 an hour job is now worth \$8.00 an hour to a full-time worker with two children.¹² Similarly, though not required to do so under PRWORA, many states (including those represented in the Urban Change study) adopted new rules to increase the amount of earned income

⁹Committee on Ways and Means, 2000.

¹⁰Burke, 2000.

¹¹See <http://www.acf.dhhs.gov/programs/ofis/data/q400/overview.htm>.

¹²MDRC calculation, using federal income tax tables.

TANF recipients may keep before losing their cash grant (a policy known as an “earnings disregard” or “earned income disregard”). These provisions made work more attractive and facilitated efforts by welfare-to-work programs to move clients into employment.

Conditions in the Urban Change sites generally reflected national trends, as Table 1.4 shows. Consistent with national figures, unemployment declined in all four counties between 1996 and 2000, though their unemployment rates in 2000 were still higher than the national average.¹³ Between 1996 and 1999, Cuyahoga, Los Angeles, and Miami-Dade enjoyed moderate to strong employment growth, ranging from 4.5 percent to 6.7 percent; Philadelphia experienced modest growth, at 2.3 percent. Also consistent with national trends, the sites’ welfare caseloads dropped sharply between 1996 and 2000, ranging from a 26 percent decline in Los Angeles to a decline of more than 50 percent in Cuyahoga and Miami-Dade. Note that caseloads in Los Angeles are considerably larger than in the other sites, mainly because of its vastly larger population.

There is considerable variation across the Urban Change sites in the maximum monthly TANF grant level. (TANF grant amounts are set by the states rather than the counties.) In Miami, a family of three may receive up to \$303, compared with \$626 for a family of three in Los Angeles. Though a low grant level could make welfare less attractive than work, all four sites expanded the earned income disregard, making it easier for families to combine work and welfare and thereby to increase their monthly income. It also tends to keep families on the welfare rolls longer after they go to work. The monthly earnings cutoff (that is, the point at which the TANF grant is reduced to \$0) ranges from \$806 for a family of three in Miami and Philadelphia to \$1,477 for a family of three in Los Angeles. Families that qualify for the earned income disregard can face a steep drop in monthly income if they are cut off from TANF owing to time limits.

The bottom line is that the conditions for implementing PRWORA’s welfare-to-work provisions under PRWORA — both nationally and in the Urban Change sites — were generally quite favorable. The labor market was able to absorb new workers. The combination of block-grant funding and rapid caseload declines meant that there was substantial funding for employment-related services, although the credit states received for lowering their welfare rolls may have reduced the pressure to meet federal work participation requirements. Expansions of the EITC and earned income disregards made it more attractive for welfare recipients to work. In sum, though PRWORA deserves credit for many of the changes counties have made in their welfare-to-work programs since 1996, other policies and conditions undoubtedly contributed to the changes as well.

III. Research Methodology

Data collection for the study took place in three stages. Field research was conducted between January 2000 and March 2001. During this stage, MDRC researchers interviewed county- or district-level administrators (and sometimes state employees) responsible for planning and administering the welfare-to-work programs funded under TANF and the WTW grants and vis-

¹³Unemployment data available from the U.S. Department of Labor, Bureau of Labor Statistics Web site: <http://stats.bls.gov/blshome.htm>.

ited three or four branch offices in each site that provided case management and other welfare-to-work services to TANF recipients. In the branch offices, researchers interviewed administrators and case managers and observed program orientations, job search classes, and individual meetings between case managers and clients. All interviews and observations were documented and coded for analysis using the qualitative data management and analysis software NUD*IST. Appendix A shows the dates of the branch office visits and the categories of people interviewed in each city.

The Project on Devolution and Urban Change

Table 1.4

Program Environments

| | Cuyahoga | Los Angeles | Miami-Dade | Philadelphia |
|---|-----------|-------------|------------|--------------|
| Population, 2000 | 1,393,978 | 9,519,338 | 2,253,362 | 1,517,550 |
| Unemployment rate (%) | | | | |
| 1996 | 5.1 | 8.2 | 7.3 | 7.1 |
| 2000 | 4.6 | 5.4 | 5.3 | 6.1 |
| Employment growth, 1996-1999 (%) | 4.5 | 5.1 | 6.7 | 2.3 |
| AFDC/TANF caseload | | | | |
| 1996 | 33,815 | 294,465 | 34,355 | 73,585 |
| 2000 | 15,729 | 216,854 | 15,770 | 48,687 |
| Maximum monthly TANF grant for a family of 3 (\$) | 373 | 626 | 303 | 403 |
| Maximum that a family of 3 could earn and still receive TANF (\$) | 996 | 1,477 | 806 | 806 |

SOURCES: All population, unemployment rate, and employment growth data, U.S. Bureau of the Census Web site, 2000; other data, U.S. Department of Labor, Bureau of Labor Statistics Web site, 2000; Geostat Geospatial and Statistical Data Center, Regional Economic Information Systems; and Quint et al., 1999.

The second stage of data collection consisted of a survey of income maintenance workers and welfare-to-work case managers in branch offices throughout each county. The surveys were administered during the second half of 1999 and the first half of 2000. The instrument contained questions about staff members' understanding of welfare-to-work policies, procedures for working with clients, and perceptions of clients' needs and circumstances. In the smallest county — Cuyahoga — the survey was administered to all case management staff. In Los Angeles, Miami-Dade, and Philadelphia, the survey was administered to all staff in selected offices or to a random sample of staff. (For a full explanation of the staff survey methodology, see Appendix B.) The response rate was 81 percent or higher in each county. The responses were entered into a computer database and analyzed using the statistical software package SAS.

The third stage involved reviewing documents that the welfare agencies produced about their welfare-to-work programs. For example, researchers examined promotional materials, pro-

gram plans and procedures manuals, and contracts with major service providers. The analysis also encompassed city and state reports on welfare-to-work participation rates and expenditures. Readers should be aware that differences from site to site in how participation and expenditure categories are defined make it difficult to compare data across sites; these data (presented in Chapter 3) can most appropriately be used to examine trends within a site.

IV. Organization of the Report

The report is organized as follows. Chapter 2 provides an overview of the counties' welfare-to-work programs and the implementation challenges they experienced. Chapter 3 describes trends in welfare-to-work participation and funding before and after PRWORA went into effect. Chapter 4 explains the role of case management, including methods of assigning clients to work activities, monitoring their participation, and enforcing requirements. Chapter 5 examines the implementation of the WTW grant program in the Urban Change sites. Finally, Chapter 6 considers the policy implications of the sites' experiences, particularly their implications for PRWORA's reauthorization in 2002.

Chapter 2

Description of the Urban Change Counties' Welfare-to-Work Programs

One of PRWORA's principal stated goals is to move welfare recipients¹ into work. This represents a significant change from earlier federal cash assistance programs. During the years immediately before PRWORA's passage, three of the four counties in the Urban Change study emphasized education and skills training as a preparation for work rather than pushing recipients quickly into jobs. Only Los Angeles — partly in response to a study of California's GAIN (Greater Avenues for Independence) program — had made significant changes before 1996 to emphasize job search and work over education for participants in their JOBS programs.² Moreover, as discussed in Chapter 1, many AFDC recipients were in effect relieved of any participation requirements at all.

PRWORA prompted dramatic programmatic changes in all four counties. Under TANF, all the counties now emphasize "labor force attachment" (connecting unemployed people with jobs) and use an approach that incorporates "work-first" elements into participant services. In addition, a much higher percentage of recipients are now required to participate in work activities than in the past. Time limits are intended in part to push recipients into the labor market: TANF recipients in all sites are subject to lifetime limits on cash assistance, and each of the sites has also imposed a shorter, interim limit on cumulative receipt of benefits or a "work-trigger" time limit (by which the recipient must be employed in order to continue receiving her grant). To support these efforts to move recipients into employment, the counties are providing a variety of other financial and in-kind supports, including earnings disregards, assistance with child care, transportation, and counseling. Finally, the counties have begun to consider what supports they can offer working recipients who are making the transition from cash assistance receipt to self-sufficiency, and they have also begun to think of changes that would help their welfare-to-work programs better meet the needs of participants who are deemed hard to employ.

This chapter presents an overview of the work-first approach and summaries of each county's welfare-to-work model. The similarities and differences between the counties' decisions concerning the details of their welfare-to-work programs are then examined more closely. Finally, the chapter closes with a discussion of the counties' experiences as they have attempted to implement these policy decisions. Throughout the chapter, the focus is on the intended models, that is, the programs as defined on paper; later chapters will explore how these policies have taken shape on the ground.

¹Because a large majority of recipients are women, feminine pronouns are used to refer to recipients in this report.

²Weissman, 1997.

I. The Work-First Approach to Welfare to Work

All four counties participating in the Urban Change study aimed to achieve their goal of moving recipients into the labor market through a work-first approach. Work-first programs can be defined in terms of their philosophy that, for welfare recipients, employment is the goal — indeed, employment is the expectation. Beyond this common philosophy, however, work-first programs vary significantly in the services they offer, the sequencing of their activities, and the extent to which participation is required and enforced.

Although “work first” is not a program model, an archetypal work-first program would look something like that depicted in Figure 2.1. Following an orientation and brief assessment to identify clients’ needs for support services like transportation and child care, work-first programs generally begin with job search, using the labor market itself as a test of employability. For clients who are not able to find jobs right away, work-first programs provide additional activities geared towards addressing the factors that have impeded employment. These activities might include education, training, work experience, or other options that are short term, closely monitored, and combined with or immediately followed by additional job search.

Although the work-first programs in all four Urban Change sites follow this general pattern, each county has a slightly different interpretation. In the next section, thumbnail sketches of the counties’ work-first programs are presented.³ No matter how smooth and fluid the work-first steps look on paper, in practice a recipient’s progress is rarely straightforward. Recipients often repeat programs; if they do get a job and leave the welfare rolls, they may lose the job soon thereafter and have to return to welfare; or they may fall into noncompliance. In addition, recipients may have significant employment barriers they choose not to reveal that come to light only after months of unsuccessful job search. Often when recipients accept a sanction or leave welfare, they fail to inform their case managers of their reasons. Finally, no matter how consistently policies are implemented or how much information is provided, individual welfare recipients experience “work-first” program messages and services differently depending on their particular circumstances.

II. Program Summaries⁴

A. Cuyahoga County

Key characteristics:

- County-administered
- Integrated eligibility and employment case management
- Job club options designed for recipients with different needs and experiences

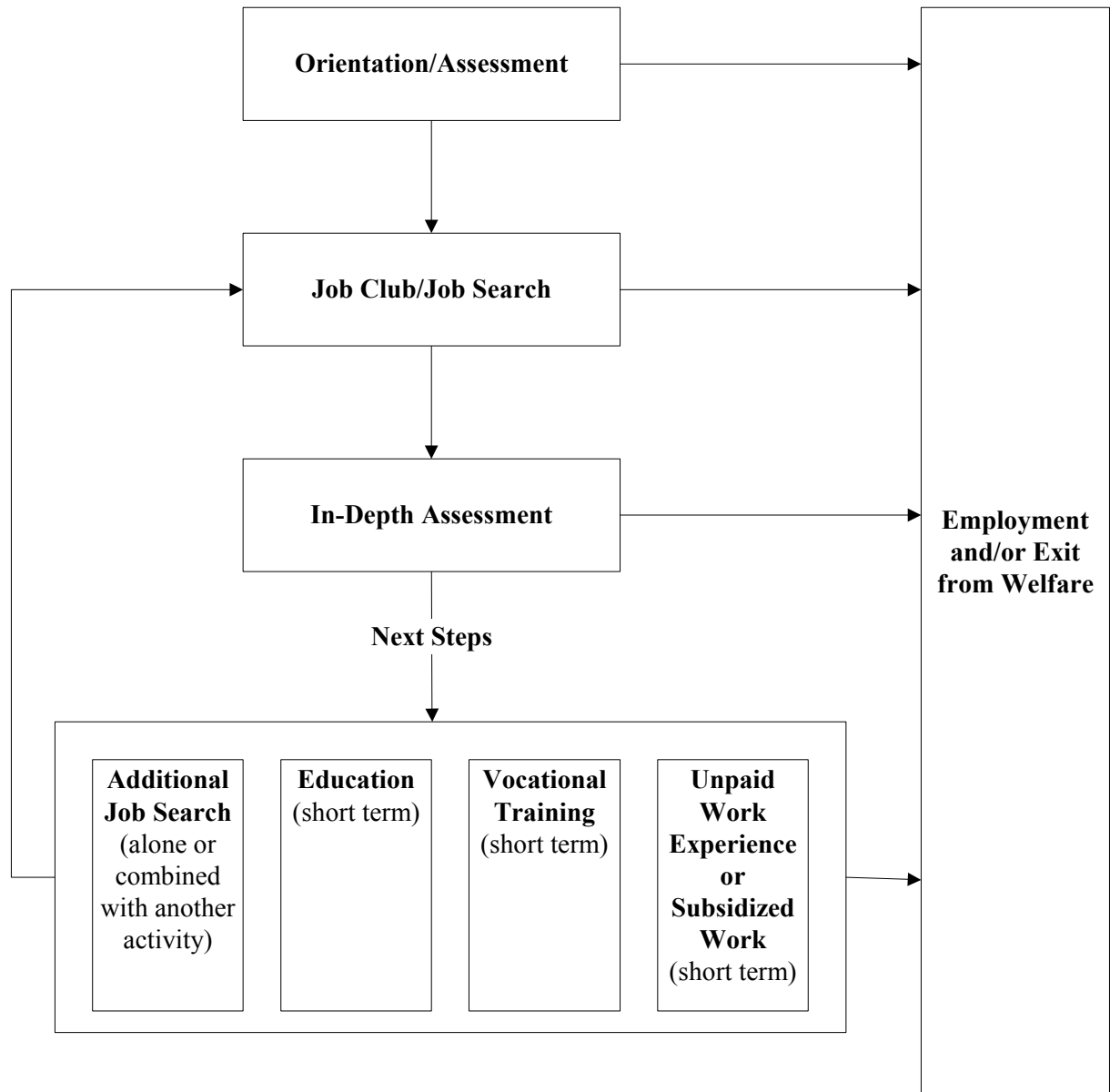
³Note that California and Pennsylvania specify a required sequence of activities, whereas Florida and Ohio leave program flow to counties’ discretion.

⁴In the following sections, the programs are described as they were being implemented in late 2000.

The Project on Devolution and Urban Change

Figure 2.1

Common Work-First Activities and Participant Flow



- No set sequence of program activities
- 36-month interim time limit on TANF receipt

The emphasis placed on welfare-to-work activities in Cuyahoga County is reflected in the name given to the state's TANF program, Ohio Works First (OWF), and to the local agency responsible for administering TANF, Cuyahoga Work and Training (CW&T). Indeed, the agency's mission statement states that it will be "relentless in focusing our participants on employment."⁵ This is manifested in a variety of ways, from the numerous job listings posted in CW&T waiting rooms to the wide array of contracts the agency has developed to provide employment services to TANF recipients.

Conversations about employment begin as soon as someone applies for TANF assistance. CW&T adopted an integrated approach to case management, meaning that the same staff who process public benefits (TANF, food stamps, and Medicaid) are responsible for assigning clients to welfare-to-work activities and monitoring their progress. Clients are told that they are expected to be working or engaged in approved work activities for at least 30 hours per week to maintain their eligibility for TANF and to avoid financial sanctions. The penalty — termination of the whole family's cash grant — is severe, though most case managers (and county records) indicate a reluctance to use sanctions. CW&T staff are more likely to cite Ohio's 36-month time limit on cumulative TANF receipt as the reason why clients should make full use of welfare-to-work services.

Cuyahoga does not have a prescribed sequence of welfare-to-work activities. Nonetheless, case managers assign most clients to job search as a first activity. The county offers three types of job club: one for people with no or few obvious barriers to employment, another for people who have worked in the past but have had difficulty holding a job for any length of time, and a third for people with multiple barriers to work. If job search does not prove successful, case managers usually refer clients to an unpaid work experience program or to an occupational skills training provider. Interviews with program staff in Cuyahoga indicate that they encourage skill-building activities like training for clients in their first two years of cash assistance receipt but become more forceful in pushing clients to work during their third year of receipt. Program staff also tend to enforce participation requirements more strictly for recipients who have received two years of benefits. All recipients sign written agreements known as "self-sufficiency contracts," which spell out their own and the agency's responsibilities.

An interesting feature of Cuyahoga's welfare-to-work program is its outreach effort called Early Net, which is designed for clients who are not participating in welfare-to-work activities and have less than one year of benefits remaining. Early Net providers conduct home visits, if necessary, to make sure clients understand what time limits mean and to conduct a thorough assessment of their needs. Early Net providers then work with CW&T case managers to refer clients to appropriate activities. Cuyahoga has also implemented post-time limit services, including specialized job search services for clients who reach the 36-month mark without finding employment on their own.

⁵Cuyahoga County of Ohio, 2000.

B. Los Angeles County

Key characteristics:

- County-administered
- Work-first approach predating PRWORA
- Well-defined sequence of activities
- 18- or 24-month work trigger
- Sanctions and time limits apply only to adult
- Largest caseload of all the Urban Change sites

Los Angeles County had already made significant changes in its approach to moving welfare recipients into the workforce before PRWORA was passed in 1996. Los Angeles's welfare-to-work program, GAIN, was reformed in response to studies that revealed shortcomings in its prior emphasis on upfront basic education for recipients. Los Angeles shifted to a work-first approach during the early and middle years of the 1990s.

The Los Angeles Department of Public Social Services (DPSS) administers California Work Opportunity and Responsibility to Kids (CalWORKs) and its welfare-to-work element, GAIN. (Note that in Los Angeles, people use CalWORKs to refer to all aspects of TANF — cash aid and program activities — and also more narrowly to refer to cash assistance as opposed to GAIN programs.) Coordination between GAIN and CalWORKs is not complete. Each program has its own computer system, and although the two systems can share some information, they do not interface perfectly. All TANF recipients must go to CalWORKs district offices to meet with their eligibility caseworkers, but to meet with their GAIN case managers some of them must go to GAIN regional offices, while the rest can meet with GAIN staff located in the CalWORKs offices.

The welfare-to-work program in Los Angeles closely follows the “work-first” model depicted in Figure 2.1. Under CalWORKs, nonexempt TANF recipients are required to begin participation in an approved work activity immediately. After eligibility determination, approved recipients are referred by the CalWORKs eligibility caseworker to a GAIN orientation. Following the GAIN orientation and a short meeting with a GAIN caseworker, almost all participants not already working or enrolled in an approvable education program are referred to a three-week job club. Participants who do not find jobs during job club undergo a vocational — and, when appropriate, clinical — assessment to determine the services most likely to improve their chances in the labor market. After this assessment, participants sign a welfare-to-work contract that starts their work-trigger “clock”: 18 months for new applicants and 24 months for those who began receiving welfare before April 1, 1998. At that point, participants also enroll in education, skills training, work experience, or another round of job club. If a participant does not obtain employment by the time she reaches her work-trigger time limit, she is assigned a community service job. It is worth noting that in Los Angeles time limits are not a strong focus for case managers, and both time limits and sanctions affect only the adult portion of the cash grant.

As of this writing, welfare-to-work services in Los Angeles are in transition. DPSS has granted new contracts for job club provision across the county and for GAIN case management in specific regions. DPSS is also considering new ways to improve coordination between welfare-to-work case managers and eligibility workers. Finally, Los Angeles County has recently begun to implement its Long-Term Family Self-Sufficiency Plan, a set of broad, integrated strategies involving a variety of agencies that provide services to all members of households receiving CalWORKs (and other low-income families) to help them achieve economic self-sufficiency.

C. Miami-Dade County

Key characteristics:

- State-administered
- Eligibility and employment case management housed in separate agencies
- After initial job search, activities not prescribed
- 48-month time limit on TANF receipt, with hardship extensions possible
- Discontinuities in local management of welfare-to-work services

Miami's welfare-to-work program operates separately from the Department of Children and Families (DCF), the state agency that administers TANF. From 1997 through mid-2000, the program — known as Work and Gain Economic Self-Sufficiency, or WAGES — was administered by the Miami-Dade/Monroe WAGES Coalition. In July 2000, the Florida legislature abolished WAGES and created a new program, Welfare Transition, which is administered through the state's Workforce Investment Act (WIA) system. Welfare Transition is housed with unemployment compensation and other employment and training programs in 26 "one-stop" centers located throughout the county.

Under both WAGES and Welfare Transition, DCF eligibility workers are responsible for referring clients to the welfare-to-work program. They are also responsible for imposing sanctions on clients who do not show up or participate as required. Participation requirements — 30 hours per week in a "countable" activity — are strictly enforced; sanctions for nonparticipation lead to termination of the entire family's cash grant. Case managers focus heavily on monitoring and enforcement and are quick to impose sanctions on noncompliant recipients.

Under WAGES, clients attended a program orientation and met with a case manager working under contract with the WAGES Coalition. (In 1997/1998, Lockheed Martin IMS held the largest contract; in 1998/1999, Miami-Dade Public Schools and Miami-Dade Community College shared the contract.) In nearly all cases, clients were assigned to job search first. If clients did not find employment, they were assigned to an intensive service provider (ISP), which typically supplied short-term training and job placement. The program also offered unpaid work experience slots.

Like WAGES, the newly launched Welfare Transition program begins with an orientation and a meeting with a case manager at the WIA one-stop center. Case managers may assign clients to a wide range of activities, including job search, community work experience, and voca-

tional training. Because Welfare Transition is housed with other WIA programs, welfare recipients are integrated with nonrecipients in most activities. Each one-stop center is expected to have computer terminals linked to job listing sites and to provide job seekers with other assistance, including resume preparation and job placement services.

D. Philadelphia County

Key characteristics:

- State-administered
- 24-month work-activity trigger
- No real participation requirements in the first 24 months except for an initial job search activity; specified sequence of activities and options (which narrows over time) for recipients who have reached the 24-month mark

The welfare-to-work program in Philadelphia operates under a state-administered system. Like all other counties in Pennsylvania, Philadelphia's County Assistance Office follows instructions developed at the state capital, Harrisburg. The state's welfare-to-work program is known as the Road to Economic Self-Sufficiency through Employment and Training (RESET). There are three aspects of the state's program that distinguish it from the other Urban Change counties' programs: Individuals who have received TANF for less than 24 months have much looser participation requirements than those who have passed that mark; participation options for recipients beyond the 24-month mark follow a specified sequence (known as the "cascade chart") of activities; and the minimum number of hours of participation required of single parents in Pennsylvania is 20 hours per week (although Pennsylvania is subject to PRWORA's participation requirement of 30 hours for single-parent households).

Each time a recipient meets with a caseworker (whether for eligibility or welfare-to-work purposes), she signs a new Agreement of Mutual Responsibility (AMR), in which (among other things) she defines her goals for achieving self-sufficiency. Recipients who are new to TANF or who are within the initial 24-month window are referred by the eligibility worker to a welfare-to-work case manager; these recipients attend a program orientation and then are generally assigned to an eight-week job search program run by a contractor. Until recipients reach the 24-month mark, they are generally not required to participate in any other activities, although many caseworkers encourage recipients to enroll in education or training programs during this period.

Once a recipient has been on TANF for 24 months, however, Philadelphia requires her to be engaged in work activities. Recipients at this stage have 10 days after completing a new AMR to find employment on their own. If they do not, those who have a high school diploma or General Educational Development (GED) certificate or some work experience are assigned to a 30-day directed job search program for a minimum of 25 hours per week; the others are generally sent to a specialized contractor. Participants who do not secure employment through the directed job search are next referred to a provider that offers work experience (generally allowed for up to a maximum of six months). If the work experience assignment does not result in a job, the participant may be eligible for a slot in a community work program (known as Work Opportunities). Finally, if the participant has run through all these options and has not found a job, she is as-

signed to self-directed job search and required to report to her welfare-to-work case manager every 30 days.

III. Program Features

Within the program outlines presented above, counties (and states)⁶ have also made strategic decisions regarding certain “carrot-and-stick” elements of their programs, in particular with respect to participation requirements, time limits, definitions of countable activities, and transitional supports for work.

A. Participation Requirements and Exemption Criteria

As discussed in Chapter 1, the 1996 welfare reform law significantly increased the percentage of recipients who are required to participate in work activities and increased the stringency of participation requirements. Federal law mandates a “good-cause” exemption from the participation requirements if the adult recipient is a single custodial parent with a child under age 6 for whom child care is unavailable, but this is the only exemption specifically required. Federal law also allows (but does not require) states to exempt from the calculation of participation rates single parents with a child under 1 year old.⁷ States are free to define their own additional grounds for good-cause exemptions, and each of the states (and some of the counties) involved in the Urban Change study has designed its own set of exemption criteria.⁸

While California and Pennsylvania have made allowances for teen parents attending school and have preserved the federal exemption window for single parents caring for an infant under age 1, Florida has cut the maximum age of the cared-for infant from 1 year to 6 months, and Cuyahoga’s maximum is 3 months. (Ohio allows exemptions to care for an infant up to 1 year of age but also allows counties to set lower limits.) In three of the counties (all except Cuyahoga), exemptions are allowed for recipients with a disability that prevents them from working. Note that recipients who are exempted from participation for state-designated reasons are still counted in the calculation of participation that determines compliance with mandated federal participation rates. Overall, however, in all the Urban Change counties the range of exemption criteria is much more limited under TANF than it was under AFDC. At the same time, it should be kept in mind that actual implementation practices may differ from official state policies. For example, although Ohio has few official exemption categories and therefore appears strict about participation, in practice Cuyahoga case managers exercise discretion in making activity assignments for recipients who are, for example, sick or disabled.

⁶PRWORA left room for many decisions to be made at the state or even at the county level. In this section, some of the policy decisions are federal, some are at the state level, and some are county-determined.

⁷Recipients can use this exemption for a lifetime total of 12 months.

⁸California has made its exemption criteria more explicit than have the other three states. For example, California exempts recipients who are caring for a disabled household member (only Florida does the same). Exemptions are also granted to clients over the age of 60, victims of domestic violence, and pregnant women (if the pregnancy interferes with work); the other Urban Change states do not explicitly offer these exemptions.

The counties' programs also differ with respect to the required number of hours of participation. Philadelphia is unique among the Urban Change sites in that single-parent participants in the RESET program are required only to meet a participation requirement of 20 hours per week; the other Urban Change sites require either 30 hours per week (Cuyahoga and Miami-Dade) or 32 hours per week (Los Angeles) for single-parent families. One implication of the less stringent participation requirement in Philadelphia is that a client who meets the 20-hour requirement has (at least in theory) more "free" time to get further training or education — although in the other sites education and training is generally permitted for up to 10 hours of the required 30 or 32.

B. Time Limits and Work Triggers

One of the key goals of PRWORA was to "end the dependence of needy parents on government benefits...."⁹ Setting a lifetime limit of 60 months on receipt of federal welfare benefits was one of the principal policy instruments directed at that goal.¹⁰ Under PRWORA, states are free to set shorter limits on benefit receipt or to pay for longer-term receipt with their own funds. Among the four states with counties participating in the Urban Change study, one — Florida — elected to reduce the lifetime limit to 48 months. The other three sites adopted the 60-month lifetime limit, although it is important to note that families who reach the limit in California will continue to receive all but the adult portion of the grant as long as the children in the household remain eligible for benefits. PRWORA also required that recipients be engaged in work activities within 24 months of beginning to receive benefits but allowed states to set shorter timelines for initiating participation in work activities. All the states in this study require nonexempt recipients to begin participation in work activities immediately, although California and Florida place a greater emphasis on enforcing continuous participation during the first 24 months than do Ohio and Pennsylvania.

States were also allowed to set a variety of interim time limits. In California, participants are supposed to be engaged not just in work activities but to be working after an 18-month period (after a 24 -month period for recipients who began receiving TANF before April 1, 1998), and in Pennsylvania the welfare administration initially announced that the 24-month work-activity trigger would be treated as a deadline by which recipients must secure employment in order to continue receiving benefits. Finally, two of the Urban Change states, Florida and Ohio, established an interim limit on the number of months of benefit receipt (24 months or 36 months in Florida and 36 months in Ohio) after which recipients must exit TANF for a period of time (Table 2.1).

Work-trigger time limits. Although the federal lifetime limit on benefit receipt of 60 months has not yet affected aid recipients anywhere in the U.S., recipients in all four Urban Change counties have reached some interim time limits. Work-trigger time limits have affected recipients in Philadelphia and in Los Angeles. PRWORA requires recipients to be involved in work after 24 months of receipt, but the federal legislation leaves it to the states to decide what

⁹Committee on Ways and Means, U.S. House of Representatives, 2000, p. 354.

¹⁰States may continue to pay benefits, using federal funds, for up to 20 percent of the average monthly caseload after the 60-month limit in cases of hardship or domestic violence.

The Project on Devolution and Urban Change

Table 2.1

Time Limits and Work Triggers in the Four States Represented in the Urban Change Study

| Policy | California ^a | Florida | Ohio | Pennsylvania |
|---|--|---|--|--------------|
| Lifetime limit on benefit receipt | 60 months | 48 months | 60 months | 60 months |
| Interim limit on cumulative benefit receipt | n/a | 24 months within a 60-month period (or 36 months within a 72-month period for long-term recipients) | 36 months (followed by 24 months of ineligibility) | |
| Work activities must start by this limit after start of benefit receipt | Immediately | Immediately | Immediately | Immediately |
| Recipients must be working by this limit after start of benefit receipt or benefits cease | 18 months (24 months for recipients receiving TANF before 4/1/98) | n/a | n/a | 24 months |

NOTES: n/a = Not available.

^aIn California, time limits and penalties for not meeting time goals apply only to the adult portion of the grant.

constitutes work in this context. Depending on what kinds of activities qualify and whether there is a requirement for participation in activities before 24 months, this may lead to a work trigger. In Philadelphia, some recipients hit the 24-month work-trigger time limit in March 1999. In Los Angeles, recipients who enrolled after April 1, 1998, began to be affected by the 18-month work-trigger time limits in October 2000, and the first longtime recipients reached the 24-month trigger in April 2001. Philadelphia and Los Angeles have implemented work-trigger time limits in markedly different ways.

In Philadelphia, welfare administrators were told by the Pennsylvania Department of Public Welfare that they should tell recipients that they would have to be working when they reached the work-trigger time limits; although this was the way welfare reform was presented, in fact the state legislation stipulated only that recipients be engaged in a work activity at that point. In the months before March 1999, local district offices called recipients in to update their AMR and get them involved in a work activity. When the first recipients reached the time limits, rather than cut off the cash benefits of hundreds of families Pennsylvania decided to renegotiate existing contracts with service providers and allow participants to enroll in training combined with a work activity after the 24-month mark. The state also established Work Opportunities (a community service employment program) and required contractors to include work experience in their programs. The benefits of recipients who have been on the rolls for more than 24 months but who are complying with activity participation requirements, even if they are not employed, are not terminated in Pennsylvania. This retreat from the initial hard-line message has left some recipients and caseworkers dubious about the firmness of other requirements, including the 60-month time limit, which longtime recipients will begin to reach in March 2002. Pennsylvania is now considering ways to protect children from the effects of lifetime limits.

In Los Angeles, the countdown to the work-trigger time limit (18 months or 24 months) begins only once a recipient signs a welfare-to-work plan, which in turn happens only once it has been determined that the recipient has failed to find employment through a job search activity and therefore undergoes a vocational assessment. Recipients who are working, are exempted from participation, or never show up for the vocational assessment are therefore not subject to the work-trigger time limit. As a result, all Los Angeles recipients who reach a work-trigger time limit at some point participated in activities and did not find work; working participants, nonparticipants, and recipients in noncompliance may never reach the work-trigger time limit because they might not have signed a welfare-to-work plan. The result is that the work trigger applies to only a small portion of the caseload. Nevertheless, in Los Angeles the work-trigger time limit signals that the participant needs to have a job, not merely to be engaged in a work activity; that is, after reaching the work trigger participants must be employed or participating in a community service activity. Los Angeles has committed to provide community service positions to those participants who have complied with GAIN requirements but who reach their work-trigger time limits and are still jobless.

Interim limits on cumulative receipt. Whereas work triggers are intended to push recipients directly into work through a combination of incentives (for example, earnings disregards, discussed below) and the prod of a deadline, time limits on cumulative receipt are starker policies that are supposed to drive the most recalcitrant recipients off welfare, presumably into employment. In Miami-Dade County, long-term recipients began to hit the 36-month interim time limit

on cumulative receipt in October 1999. One year later, recipients in Cuyahoga County began to hit Ohio's 36-month cumulative receipt limit, and at the same time in Miami-Dade the first recipients encountered Florida's 48-month lifetime limit on benefit receipt. How these policies have been implemented — and what effects they have on welfare recipients — will be addressed in future reports from the Urban Change project.

C. Countable Activities

States meet participation requirements by moving recipients into work activities. As discussed in Chapter 1, federal law recognizes 12 types of work activities, and each state can decide what, within each of these categories, it will authorize as a countable activity. States generally set limits on who can participate in certain activities, how many hours they must participate, and over what period of time they can participate in that activity in fulfillment of the participation requirement (Table 2.2.). In many cases, states have allowed counties to tailor their work activity programs and requirements.

Florida has established somewhat more restrictive rules for work activities that fulfill work participation requirements than have the other three states represented in the Urban Change study. In such activities as job search, vocational and on-the-job training, and postsecondary education, Florida allows the shortest duration of engagement in the activity, and Florida alone does not recognize education directly related to employment as a work activity.

Two counties in the Urban Change study allowed for more investment in human capital development after the initial assessment. Instead of pushing recipients into the first job they are offered, these programs work with participants to improve their employability (often through education and training) to equip them to get better jobs. States and counties often find, however, that this approach can conflict with the need to move recipients into the labor market within a limited period of time. In Philadelphia, for example, a participant is not subject to the work activity requirement until she has been receiving a check for 24 months. Until that point, case managers are given discretion about the activities to which they refer recipients, including education and training. Pennsylvania allows participants to enroll in education programs during the first 24 months of their participation in RESET, and for up to 12 months during that time education can be the participant's sole work activity. After 24 months, however, the client must be participating in a work activity to retain her eligibility for cash assistance. Thereafter the participant may continue in an education program but must also participate in a work activity 20 hours per week. Moreover, in contrast to recipients who have not reached the 24-month mark, almost no recipients who are past the mark are referred to an exclusively education- or training-focused service provider.

In Los Angeles County's GAIN program, if a recipient is found to have enrolled in an education or vocational training program on her own initiative before the initial assessment and if the case manager determines that the program is likely to lead to employment, the activity is generally approved as fulfilling the participation requirement (up to the number of hours the recipient is actually participating in classes, labs, internships, and work study). Los Angeles calls these activities Self-Initiated Programs, or SIPs. The county provides SIP participants with supportive services, including transportation allowances and money for textbooks (but not for tuition). One GAIN administrator, however, noted that her office often faces problems when a recipient with

The Project on Devolution and Urban Change

Table 2.2

Work Activities Allowed in the Urban Change Counties

| Policy | California | Florida | Ohio | Pennsylvania |
|---|--|---|--|--|
| Unsubsidized employment | Yes | Yes | Yes | Yes |
| Subsidized private sector or public sector employment | Yes | Yes Limited to 6 months | Yes Limited to 6 months per employer | Yes Limited to 6 months per placement |
| Work experience | Yes | Yes (public and nonprofit only) | Yes | No |
| Job search | Yes Required of all non-exempt recipients except those with substance abuse, mental health, or domestic violence problems; no requirements on participation | Yes Required of all non-exempt recipients; no minimum, but 6 weeks maximum participation | Yes Not required of any recipient category; limited to 4 consecutive weeks and a maximum of 8 weeks of participation in any federal fiscal year | Yes Required of all nonexempt recipients for first 8 weeks; no minimum and no requirements on participation |
| Job readiness | Yes Not required of any recipient category | Yes Not required of any recipient category | Yes Not required of any recipient category; limited to 4 consecutive weeks and a maximum of 8 weeks of participation in any federal fiscal year | Yes Not required of any recipient category |
| Community service programs | Yes For participants reaching 18/24 months who are not meeting hourly work requirements (public and nonprofit only) | Yes (public and nonprofit only) | Yes | Yes |
| Vocational educational training | Yes Maximum length of participation 18/24 months, at local discretion | Yes (initially limited to 6 months and to 20 percent of participants); 12 months maximum participation | Yes 12 months maximum participation | Yes 24 months maximum participation |

(continued)

Table 2.2 (continued)

| Policy | California | Florida | Ohio | Pennsylvania |
|---|--|---|---|---|
| On-the-job training | Yes | Yes | Yes | Yes |
| | Maximum length of participation 18/24 months, at local discretion | 6 months maximum participation | | |
| Job skills training | Yes | Yes | Yes | Yes |
| Education directly related to employment | Yes 18/24 months maximum participation (at local discretion) | No | Yes for recipients without a high school diploma or a GED; 24 months maximum; must be combined with another work activity | Yes 24 months maximum participation; must be combined with another work activity after 12 months |
| Adult Basic Education or ESL | Yes Limited to recipients who lack basic literacy or math skills, high school diploma or GED, or English language skills; 18/24 months maximum participation | Yes | Yes Limited to recipients without basic literacy skills | Yes 24 months maximum participation |
| Attendance in postsecondary education | Yes 18/24 months maximum participation | Yes for the 2-year program, up to 12 months; yes for the 4-year program if the recipient is also participating 25 hours per week in another countable activity, up to 12 months | At the county's discretion; up to 24 months | Yes 12 months within the first 24 months of TANF receipt after 24 months, only if recipient meets hourly work requirement in a countable activity |
| Providing child care services to recipient participating in a community service program | Yes | Yes | Yes | Yes |

SOURCE: The Center for Law and Social Policy and the Center on Budget and Policy Priorities joint Web site on state welfare policies (<http://www.spdp.org/>).

an approved SIP and just a few months remaining before program completion reaches the 18- or 24-month work trigger, because such a recipient may fall into noncompliance with the work-trigger policy.

PRWORA makes clear that unsubsidized work is preferred to work activities like job club or training, and in all the Urban Change sites unsubsidized work is promoted as a way to meet participation requirements. Indeed, in all four sites many staff argue that getting recipients into unsubsidized jobs is the best way to help them get off welfare. Some recognize, however, that a quick entry into the workforce may not be the best way to ensure that recipients develop the skills needed to land jobs that would lead to self-sufficiency and continue to advocate for education and training in addition to or instead of unsubsidized employment.

D. Transitional Supports for Work

In the past, welfare recipients who started working often became immediately ineligible for cash assistance; in many states, a recipient's entire earned income (minus a small amount) was subtracted from the cash grant. To make work more attractive to recipients and to offset some of the costs of working, welfare agencies in all the Urban Change states allow recipients to keep some of their earned income without reducing their TANF cash benefit (Table 2.3.). The size of this earned income disregard, which is not mandated by PRWORA, varies from state to state. Under this policy, welfare agencies ignore a certain amount of earned income when calculating the amount of cash a household is eligible to receive each month. For example, a working recipient in Ohio who earns \$800 a month is allowed to keep \$525 — her first \$250 earnings plus half of the remainder. In contrast, a recipient in Pennsylvania earning the same amount is allowed to keep only \$400, that is, half of her \$800 in earnings. The amount of the earnings that remain after the disregard (in this case, \$275 in Ohio and \$400 in Pennsylvania) is subtracted from the cash grant for which the household is eligible.

Depending on the disregard formula and the level of the cash grant, an earned income disregard can be a significant financial incentive to work, because households in which parents work and remain on TANF have higher incomes than they would have through work or TANF receipt alone. In Ohio, for example, if the recipient were in a three-person household and earned \$800 a month, she would have a total monthly income of \$898: \$800 in earnings plus the family's cash grant of \$373 minus the \$275 of earned income not included in the disregard. On the other hand, in states with relatively low grant levels, households with significant earnings may stop receiving benefits because their income is too high, even taking account of the disregard. For example, a recipient earning \$900 a month in a three-person household would cease to be eligible for cash assistance in Florida and Pennsylvania, although in California and Ohio she would be allowed to remain on the rolls and combine earned income with some cash benefits. (In all four states, a recipient in a three-person household earning \$800 would retain eligibility.)

The earned income disregard has two additional effects. Although it leaves employed recipients with more money at the end of the month than they would have if they depended solely on a paycheck or a welfare check, recipients who combine welfare and work use up valuable months of time-limited cash assistance. (As discussed in detail later in the chapter, some case managers encourage recipients who are working and receiving welfare to consider voluntarily leaving welfare in order to “bank” months of eligibility that they may need later, and in Florida

recipients can “earn back” months of welfare eligibility while still working.) The earned income disregard also tends to mechanically increase the percentage of a county’s welfare recipients who are engaged in work, because recipients whose cases would have been terminated continue to qualify for benefits, remain on the rolls, and are counted as working recipients. Another effect of earned income disregard policies has been to make it harder both for eligibility workers and for participants themselves to calculate monthly benefits accurately.

The Project on Devolution and Urban Change

Table 2.3

Earned Income Disregard Policies

| Policy | California | Florida | Ohio | Pennsylvania |
|--|------------|---------|------|--------------|
| Maximum TANF grant for a family of 3 (1 adult, 2 children) (\$) | 626 | 303 | 373 | 403 |
| Amount that can be earned with no reduction of cash grant (\$) | 225 | 200 | 250 | 0 |
| Earned income disregarded above that amount (%) | 50 | 50 | 50 | 50 |
| Maximum amount that a family of 3 could earn and still receive TANF (\$) | 1,477 | 806 | 996 | 806 |

NOTE: All figures are for 2000.

Recipients may qualify for supports for work in addition to the earned income disregard. While looking for work and after finding a position, recipients often face extra costs, commonly ongoing expenses for child care and transportation and start-up costs such as the purchase of a work wardrobe or tools (Table 2.4). States are not required to guarantee child care assistance for TANF recipients (as they were under AFDC for working or studying recipients), but most do. (PRWORA stipulates, however, that if child care is unavailable, recipients with a child under 6 years of age cannot be sanctioned for nonparticipation in work activities.) All four Urban Change counties guarantee child care assistance to TANF recipients while they participate in job search activities both after they begin working but are still receiving TANF payments and after they leave TANF but are working and remain below a certain income threshold. Many states also provide assistance with transportation costs, generally in the form of bus fare or mileage reimbursement; Florida, Pennsylvania, and California help defray the costs of private automobile ownership for job seekers and employed TANF recipients, and in Florida eligibility for transportation assistance continues for up to one year after recipients leave TANF. Many states also offer ancillary one-time cash payments for clothing, tools, and other necessary equipment. The present study found that caseworkers in Philadelphia and Los Angeles routinely offered clothing allowances to participants who were about to begin participation in welfare-to-work activities, and participants in Philadelphia could qualify for renewed clothing allowances whenever they began a new program. In Cuyahoga, funds were made available both to provide diversion payments for TANF applicants and to help pay for a wide variety of emergency and employment-related expenses.

The Project on Devolution and Urban Change

Table 2.4

Transitional Supports for Working, by State Represented in the Urban Change Study

| Policy | California | Florida | Ohio | Pennsylvania |
|--|---|--|--|--|
| Child care assistance during job search | Guaranteed to households with children up to 12 years old for up to 6 months. | Guaranteed to households with children up to 13 years old. | Guaranteed to households with children up to 13 years old; amount varies with income. | Guaranteed to households with children up to 13 years old; amount varies with income. |
| Child care assistance while working but receiving TANF | Guaranteed to households with children up to 12 years old. | Guaranteed to households with children up to 13 years old and up to 150% of the poverty level. | Guaranteed to households with children up to 13 years old; amount varies with income. | Guaranteed to households with children up to 13 years old; amount varies with income. |
| Child care assistance after leaving TANF | Guaranteed to households with children up to 12 years old for up to 24 months after becoming ineligible for CalWORKs. | Households receiving TANF for at least 1 of the previous 6 months are guaranteed 90 days of child care. A maximum of 2 years for those who have received TANF for 3 of the last 6 months and do not exceed 185% of the poverty line. | Guaranteed for up to 1 year to households up to 185% of the poverty level with children up to 13 years old; amount varies with income. | Guaranteed for up to 1 year to households with children up to 13 years old; amount varies with income. |
| Transportation assistance | Recipients receive transportation assistance as necessary to connect them to work opportunities. | Recipients can receive assistance to cover transportation costs to work and child care; local service providers can provide assistance to cover vehicle maintenance costs, which range from repairs to liability insurance. | Counties submit transportation plans for connecting TANF recipients to work opportunities. | Recipients receive cash (up to \$250 per month) or public transit passes. The state allows \$200 per repair occurrence; other vehicle-related expenses, such as insurance and registration, are determined on the local level. |

(continued)

Table 2.4 (continued)

| Policy | California | Florida | Ohio | Pennsylvania |
|--|---|--|--|---|
| Clothing allowance | Covered | Covered | Covered | Covered |
| Tools allowance | Covered | Covered | Covered | Covered |
| Medicaid after leaving TANF | Up to 1 year of transitional Medicaid. | Up to 1 year for households at or under 185% of the federal poverty line (no income limit for the first 6 months). | Up to 1 year of transitional Medicaid. | Up to 1 year for households at or under 185% of the federal poverty line. |
| Food Stamps after leaving TANF | Guaranteed up to 130% of the poverty level for TANF recipients. Guaranteed up to 100% for TANF leavers. | If eligible and work-registered, guaranteed up to 130% of the poverty level. | Guaranteed to TANF recipients; TANF leavers up to 133% of the poverty level remain eligible if they meet other eligibility requirements. | Guaranteed up to 133% of the poverty level. |
| Postemployment education and training services | Participants can work with postemployment specialist to receive on-the-job skills training, continued education, and reemployment services. | Participants can receive assistance for tools and uniforms. Eligibility for transportation assistance continues up to 1 year after leaving TANF. | Participants can receive assistance for skills-training upgrades. | Family Works program provides skills upgrades to recent TANF leavers. |

SOURCES: The Center for Law and Social Policy and the Center on Budget and Policy Priorities joint Web site on state welfare policies (<http://www.spdp.org/>); the California Department of Social Services FAQ's about programs Web site (http://www.dss.ca.gov/web/faq/aboutprograms_27st.htm); the Pennsylvania Department of Public Welfare Web site (<http://www.dpw.state.pa.us>).

States also have made various administrative attempts to ensure that households leaving cash assistance do not lose food stamps and Medicaid if they remain eligible for these programs. (Note that these provisions are all in addition to any eligibility determination for child care, transportation, food stamps, and Medicaid benefits made solely on the basis of household income.) Finally, at least two of the Urban Change sites are beginning to make a concerted effort to enroll employed recipients (and those who have left TANF for employment) in post-employment services focused on job retention and career advancement, including education and training.

IV. Welfare Agencies' Experiences and Challenges During the Transition

In all four Urban Change sites, the welfare departments faced several common issues. To reach out to a much larger percentage of recipients and draw them into activities, the counties needed to ensure that there were sufficient staff and that staff had sufficient training to provide case management that would help recipients move into the workforce. Moreover, the agencies had to communicate their new mission to recipients and staff: The focus shifted from eligibility determination and distributing benefits to getting recipients employed. No matter how deliberately or strategically the counties went about making these changes, this degree of change on this scale in any large bureaucracy is challenging.

Of the Urban Change sites, Cuyahoga County underwent the most systematic and dramatic restructuring in the context of PRWORA.¹¹ Before TANF, Cuyahoga's welfare case management system was fairly typical. The caseworkers responsible for determining people's eligibility for public benefits (AFDC as well as other programs) were housed in the Department of Entitlement Services, while the caseworkers involved in work-related activities for welfare recipients (and others) worked in the Department of Employment Services. (Only a small number of AFDC recipients participated in JOBS or other employment programs during that period.) In mid-1996, the county merged these two departments into the new Department of Entitlement and Employment Services, in large part to improve efficiency and communication. A year and a half later, however, the department was divided into two agencies: CW&T (introduced earlier in this chapter) and Cuyahoga Health & Nutrition (CH&N). TANF recipients — Cuyahoga's OWF caseload — are served by caseworkers in CW&T, while those receiving only Food Stamps and Medicaid (and therefore not subject to time limits) are the responsibility of CH&N caseworkers.

Cuyahoga confronted several challenges to implementation. Departmental reorganization was, of course, a huge project. Calling in TANF recipients to get them involved in activities and on track to leave welfare by the 36-month mark put a significant burden on the system. And CW&T caseworkers, in their new roles as Self-Sufficiency Coaches (SSCs), had a number of complex new rules to memorize, took on new responsibilities, and had to adopt new modes of dealing with recipients. SSCs are responsible for all aspects of a case. They determine eligibility for benefits; assess recipients' strengths, employment goals, job-related needs, personal and family issues, and support systems and needs; refer clients to appropriate activities or open positions;

¹¹For a fuller discussion of the changes in Cuyahoga County's Department of Human Services, see Quint et al., 1999. Note that some of the changes in Cuyahoga's welfare system were prompted by concerns and factors unrelated to PRWORA.

and monitor and enforce participation requirements. Administrators in Cuyahoga expressed excitement about the potential for this integrated model to make a difference for clients' outcomes but also acknowledged that the conversion was difficult and that the job of an SSC is a demanding and complex one. One SSC described it as "overwhelming"; an office administrator said: "This transition we have made in Cuyahoga County has been difficult for a lot of people.... It has a big impact on the client and the ability to transition the person off; it can really impact the outcomes of the cases. [But] a lot of our staff gave up. It was a lot of responsibility and so much to learn.... Our staff here, those that have stayed, have worked very hard and have been very committed."

In Los Angeles, DPSS did not need to rethink the basic GAIN program or structure because it had already undertaken significant restructuring earlier in the decade, but it faced other challenges. Foremost was the size of the caseload itself: In 1996, there were nearly four times as many welfare cases in Los Angeles as there were in Philadelphia, which in turn had a caseload about twice the size of that in Cuyahoga or Miami-Dade. Anticipating a dramatic increase in the number of recipients needing welfare-to-work services as GAIN participation requirements were enforced, DPSS decided to increase dramatically the number of GAIN Services Workers (GSWs) in its employ. Staff increases alone put stress on the DPSS system. New employees needed training, and the long training period meant not only that it might be weeks or months before an empty GSW position would be filled but also that many participants were assigned to inexperienced case managers during the expansion period. DPSS elected to promote a significant number of the new GAIN workers from eligibility positions. This move had some benefits for DPSS — GSWs had an inside understanding of the assistance side of the case, and they were familiar with basic DPSS procedures — but it was also not always easy for the new GSWs to shift their focus from benefits and eligibility determination to employment preparation and support. The scale of the operation in Los Angeles, the county with the nation's largest caseload, presented its own challenges, as system change had to be coordinated across 24 CalWORKs district offices in seven GAIN regions. Finally, California's relatively high grant level and generous earned income disregards, coupled with the decision to apply sanctions and time limits only to the adult portion of the case, to some degree undermined the message that moving from welfare to work is an urgent personal responsibility of each recipient. Overall, however — and with the exception of the process of incorporating new staff and building the relationship between WTW-funded welfare-to-work providers and GAIN (for details, see Chapter 5) — Los Angeles has encountered relatively few stumbling blocks in the implementation of its employment-focused programs.

Miami-Dade has had the most disruptive experience implementing changes in response to PRWORA. Many of the challenges appear to be political. With authority divided among a variety of institutions and individuals at several levels (state, county, and agency), Miami has faced internal obstacles both to the design and deliberate implementation of a strategic policy direction and to the consistent implementation of policies across the county.

As noted earlier, Miami's welfare-to-work program, WAGES, operated independently of the welfare agency. From the beginning, WAGES was beset by administrative problems, including rapid turnover at the director's level (six directors over four years) and a poor computerized data system that made it difficult for DCF and WAGES to track participation. There were other disruptions. For example, as already noted, Miami-Dade switched contractors for case manage-

ment services in 1998. In July 2000, recognizing that the existing structure was ineffective, the state legislature abolished WAGES and replaced it with Welfare Transition, which is administered through the WIA system. Welfare-to-work services are now being integrated with other WIA programs in one-stop service centers.

In addition to the changes in the administration of its welfare-to-work program, Florida has made several changes in its time-limit policies. First, it effectively delayed implementation of time limits from October 1998 (when they were originally scheduled to go into effect) to October 1999 by allowing the WAGES Coalition to grant hardship extensions on a case-by-case basis. The state also modified its policy to allow recipients to “earn back” a month of welfare eligibility for every month during which they worked enough hours to meet the federal participation requirements (which increased over time). At first, the earn-back policy applied only to unsubsidized work in the private sector but later was expanded to include public sector subsidized work and still later participation in mental health or substance abuse treatment (if the treatment program was completed). Given these shifting definitions, which were not retroactively applied, case managers had to calculate how many TANF months a recipient had used up or earned back based on the dates, duration, and extent of her engagement in any of these activities. Commenting on these and other changes to the time-limit provisions, one Miami-Dade DCF administrator said: “It’s been a really complex thing for us to implement, largely because it all drives on whether or not the eligibility worker can figure this out. We monitor our case records a lot. [We know] they can’t figure it out — it’s too hard. We’ve specialized our caseloads, trying to provide intensive training to the people who [do the work].... It’s horrible.”

Pennsylvania, like Florida, has a state-administered welfare program. In Philadelphia, county welfare administrators complained that the state office in Harrisburg developed the welfare-to-work plan, including the design of services and options, without giving sufficient consideration to the special needs of Philadelphia. Philadelphia administrators struggled with a state-wide plan that initially did not distinguish between rural, suburban, and urban counties and gave no special allowances for Philadelphia County, home to about half the state’s TANF population (up from 30 percent a few years earlier). Philadelphia administrators noted that there was no expansion of the staff during that period: “Our caseload has reduced, but our workload has increased. And we have to do a lot more with clients, see them far more often [than before TANF].” From the state’s perspective, however, welfare reform faced an unreceptive environment in Philadelphia. One state official felt that Philadelphia’s mayor opposed reform, saying, “The debate became polarized in that you were either for education and community colleges or you were for rapid [labor force] attachment.”

One of the key issues in Philadelphia in responding to PRWORA was the shift in philosophy to a work-first approach. State administrators reported that they believed Philadelphia was initially less flexible than other counties about the work focus. At the same time, Philadelphia’s mayor was an advocate of the U.S. Department of Labor WTW grants introduced in Chapter 1, and one state administrator suggested that the WTW grants had provided “cover” for Philadelphia to accept a labor force attachment approach after having resisted reform earlier.

Both state and county officials reported that over time there has been more of a dialogue on planning and policy among officials at different levels and that the county has largely adopted the state’s philosophy. The comments of a County Assistance Office administrator in Philadel-

phia illustrate this: “Our goal now is employment for our clients. We spoke about it before TANF, but a lot of it was to go to school.... The philosophy of work first has changed everything. This has been difficult for people who think education is everything.”

Philadelphia has also been refining its welfare reform messages over this period. As mentioned earlier, at the beginning of the welfare reform era Pennsylvania promoted the message that recipients who were not working after 24 months of assistance would be cut off, but as the deadline approached the state moderated its position and allowed recipients who were conducting job search or attending other approved welfare-to-work activities to continue to receive cash aid. Similarly, after emphasizing lifetime limits, Pennsylvania has recently been considering ways to temper the effects on children of lifetime limits on cash assistance — a change that would require a delicate communication strategy. Although from one perspective such message changes reflect the program’s flexibility and adaptation, the changes have been stressful for program officials and staff. “One of my challenges as a communicator,” said one administrator, “is how to present revisions as legitimate improvements and not just that we changed our minds. For example, if all you heard at the beginning was ‘get people working’ and now we are investing in training, that does not mean we thought we were wrong initially to try to get everybody into [jobs]. We haven’t backed away from that strategy.”

Despite the efforts of welfare administrators and staff to communicate a clear message, there has been some confusion among recipients in Philadelphia about particular policies. During the first year of welfare reform, some recipients apparently saw sanctions as a potential loophole from participation requirements and time limits because sanctions for recipients who have not yet received assistance for 24 months pertain only to the adult portion of the grant. One administrator explained that some recipients figured: “If you took the sanction, the adult was removed from the case and it became child-only. There was no more time limit.” There has also been confusion about other aspects of welfare reform. During the summer of 2000, for example, researchers collecting data for this study listened in as job club participants in Philadelphia exchanged erroneous information about time limits and expressed a sense that time limits were not uniformly applied. (Of course, the exchange of misinformation among peers can happen anywhere.)

In sum, all four Urban Change counties have struggled to implement policies that reflect both the spirit and the letter of PRWORA. Welfare reform stimulated truly significant changes in the counties’ welfare programs, and these changes demanded resources, time, and patience with disruptions, inconsistencies, and even occasional failures. Over time, however, the counties have stabilized their programs and ironed out many of the kinks. Moreover, the Urban Change counties have been able to design and implement new work-oriented programs and, as discussed in the next chapter, have reduced caseloads and increased participation.

Chapter 3

Trends in Welfare-to-Work Expenditures and Participation Rates

As discussed in Chapter 1, the Urban Change counties have changed their program messages to encourage welfare recipients to participate in work activities. This chapter examines whether the new messages have affected participation rates and program expenditures. The data provided by the Urban Change sites are used to shed light on three main questions:

1. Has the increased emphasis on work requirements at the federal level signaled by the passage of PRWORA translated into higher rates of participation by TANF recipients in work activities?
2. Has welfare reform prompted a shift in the type of work activities that recipients participate in — specifically, a shift away from education and training activities¹ and toward work-first activities such as job club and subsidized work?
3. Is there evidence that the surpluses resulting from declining welfare rolls are being invested in welfare-to-work activities?

As has been discussed earlier in this report, the passage of PRWORA signaled a greater emphasis on the participation of welfare recipients in work activities — that is, actual employment or programs designed to prepare people for employment. The law not only established specific participation rate targets but placed time limits on the receipt of cash assistance, adding urgency to efforts to help recipients find employment and eventually reach self-sufficiency. While these factors alone could be expected to prompt states and counties to step up their welfare-to-work programs, the sharp decline in caseloads — combined with the structure of the TANF block grant — has provided unprecedented resources for states to invest in services.

At the same time, declining caseloads have the potential to reduce the attention paid to welfare-to-work programs, because under PRWORA participation requirements are structured to reward states for reducing caseloads through a point-for-point reduction in the percentage of recipients required to be in work activities. As noted in Chapter 1, the steep decline in caseloads has left the effective work participation requirement in many states, including those represented in the Urban Change study, below 10 percent — a rate that many states could meet simply by counting welfare recipients who are working in unsubsidized jobs. In sum, although participation requirements and impending time limits — combined with an increase in available resources — may have encouraged counties to put more effort and funding into their welfare-to-work programs, the rapid caseload declines may have pushed states in the opposite direction.

¹In this report, education and training activities include basic education (such as GED exam preparation, English as a Second Language instruction, and literacy instruction), postsecondary education, and vocational training.

I. Methodology and Limitations

Counties were asked to provide two types of data from 1993/1994 through 1999/2000: expenditure data showing how much they had spent on work activities for the AFDC/TANF population and participation data showing the average monthly number of adults (or cases, depending on the county) that participated in work activities. The goal was to uncover not only the broad trends in expenditures and participation rates before and after welfare reform but also to examine how the overall numbers were distributed and whether the distribution changed over the period by breaking them down into general activity categories. Included in the participation rates are recipients who participated in federally allowable activities (listed in Table 1.2) and recipients who participated in activities, such as mental health services and substance abuse counseling, that some states and counties determined some recipients needed to secure employment. Moreover, the data reflect the total number of people participating in activities, whether or not they were meeting the 30-hour participation requirement in the federal law.

This section relies on data supplied by the states and counties themselves. No attempt has been made to independently verify the numbers supplied, though MDRC researchers posed many questions regarding how the numbers were derived and how they should be interpreted. Despite the best efforts of the researchers' contacts in the states and counties, however, the information supplied has limitations. Specific points will be covered in the discussion of the individual counties' data, but one general observation can be made. Over the period under study, all the Urban Change sites modified their definitions of work activities and their tracking procedures, complicating efforts to understand longitudinal trends. The changes were largely related to welfare reform and the resulting need to record data on federally allowable activities, although normal program evolution and technology improvements also seem to have played a part.

The effect of welfare reform on state and county tracking is more evident in relation to expenditures than to rates of participation in work activities. Whereas before welfare reform states were required to report to the federal government their expenditures on a fairly detailed assortment of work activities, under PRWORA the majority of expenditures related to work activities fall in one overarching category labeled "work activities." For example, whereas in the past states reported their expenditures on job search activities, postsecondary education, vocational training, and subsidized employment as separate line items, under the new requirements states' expenditures on those activities are lumped together. Although changes in federal reporting requirements need not lead to changes in the way expenditure records are kept at the local level, this seems to have been the case in the Urban Change sites. As a result, the expenditure data for the period after PRWORA's passage are far less detailed than those for earlier years.²

From a research perspective, less detailed reporting is an unfortunate result of the change from specific activity-based funding to block funding of state welfare programs. However, to the extent that it signals a shift in policymakers' thinking — away from the inputs to welfare-to-work

²The expenditure data reported in this chapter include program and administration costs related to welfare-to-work services but not costs related to child care. The data are also limited to welfare agency expenditures; they do not capture expenditures by the workforce development system (for instance, the Job Training Partnership Act or WTW grant programs) or by other public agencies for welfare recipients.

programs (that is, the number of dollars spent in various areas) and toward the outputs, or results, of the investment — it may be viewed as a positive development. Certainly the emphasis on reporting participation rates (one measure of program performance) under PRWORA is as strong or stronger than before the law was passed. However, despite the fairly constant level of detail required in the reporting of participation rates, changes in the counties' programs and methods of classifying activities over the past few years have made it difficult to make precise comparisons between participation rates measured during the pre- and post-welfare reform periods.

For the reasons above, and because in this report the various program activities are grouped so as to simplify the discussion, readers are strongly encouraged to view the participation and expenditure figures presented below as indicative of broad trends rather than as a precise accounting of every dollar spent and every activity undertaken. Likewise, because category definitions and activities vary significantly from site to site, it would be inappropriate to use these figures to make cross-site comparisons. As a result, the analysis is presented for each site separately.

II. Findings

Each site analysis consists of an overview of welfare caseload trends followed by the findings on overall participation rates, trends in activity types, and welfare-to-work expenditure trends. It should be noted that work activities, a term frequently used in the following discussion, comprise unsubsidized employment as well as all the program activities — including job club, job search, education, training, unpaid work experience, and subsidized employment — in which enrollees in the counties' welfare-to-work programs may be participating. On occasion, the term welfare-to-work activities is used to refer to all program activities other than unsubsidized employment.

A. Los Angeles County

Key findings:

- Steady decline in welfare rolls
- Significant increase in enrollment in welfare-to-work program
- Growth in participation rates slow at first but increased
- Emphasis on work-first activities, which predated federal welfare reform, grew somewhat stronger
- Sharp rise in welfare-to-work expenditures in 1998/1999

Reflecting the nationwide trend since welfare reform, Los Angeles has seen a steady decline in its welfare rolls since the mid-1990s. The adult caseload dropped from almost 250,000 in

1993/1994 to about 157,000 in 1999/2000, with the steepest declines occurring after 1996/1997.³ Between 1996/1997 and 1999/2000, the caseload dropped by almost 40 percent.

Under CalWORKs, adult recipients face a five-year lifetime limit on welfare benefits as well as an interim work-trigger time limit that requires them to be in unsubsidized employment or a community service job within 18 months or 24 months of signing their welfare-to-work plan. However, even before recipients hit the work-trigger time limit, they are required to participate in work activities or approved education or training activities for 32 hours (for single-parent cases) or 35 hours (for two-parent cases) each week.

Overall participation trends. The first question to be addressed in this study was whether the increased emphasis on work requirements at the federal level translated into greater participation by TANF recipients in work activities. Although it might be expected that the number of people enrolled in the welfare-to-work system would decrease along with the number of people receiving cash assistance, this has not been the pattern in Los Angeles. In fact, the number of people involved in work activities has increased quite significantly over the period under study, with most of the growth occurring since 1997/1998 (Table 3.1). The number of welfare-to-work enrollees (including those attending activities and those who have been sent a notice to participate) almost doubled between 1997/1998 and 1998/1999, rising from approximately 43,000 to almost 85,000. The following year saw a further increase, of more than 20 percent, bringing the number of enrollees to more than 100,000. Indeed, according to county officials, Los Angeles had met the California legislative requirement of enrolling all nonexempt welfare recipients in the GAIN program by the end of 1998.⁴

These figures reflect the concerted effort in Los Angeles County to bring TANF recipients into the welfare-to-work system after the CalWORKs welfare reform legislation was passed in 1997. This effort included a mass call-in of current recipients to enroll them in the GAIN program in 1998/1999. In contrast, under GAIN — California's JOBS program, which predated welfare reform — enrollment was voluntary for recipients with a child under age 6. In addition, if there were insufficient funds to serve all mandatory recipients, priority was given to volunteers within the mandatory group and to long-term recipients. Owing to these policies, less than 15 percent of the adults on welfare in an average month were enrolled in GAIN until 1996, when the GAIN Applicant Program began to serve a limited number of short-term recipients and welfare applicants.⁵

By the end of the period under study, a substantial proportion of TANF recipients in Los Angeles County were working in unsubsidized employment. As noted in Chapter, 1, this is

³Except where otherwise noted, the participation figures cited in this chapter are average monthly numbers of adults.

⁴California has exempted the following categories of TANF recipients from participation in the welfare-to-work program: single mothers of children under the age of 1 (once the one-year exemption has been invoked, mothers are automatically exempt for six months after subsequent births); youth under the age of 16; youth under 18 who are in school full time; those aged 60 or older; those with a physical or mental disability; someone caring for an ill household member; women medically unable to participate due to pregnancy; and nonparent relatives caring for a child who is a dependent or a ward of the court or at risk of being placed in foster care.

⁵Quint et al., 1999, p. 79.

The Project on Devolution and Urban Change

Table 3.1

Average Monthly Participation in Welfare-to-Work Activities, Los Angeles County

| | 1993/1994 | 1994/1995 | 1995/1996 | 1996/1997 | 1997/1998 | 1998/1999 | 1999/2000 |
|--|-----------|-----------|-----------|-----------|-----------|--------------------|------------------|
| Adults on cash assistance | 249,212 | 260,982 | 260,920 | 245,607 | 212,440 | 181,028 | 157,265 |
| Enrolled in welfare-to-work program | 30,319 | 36,539 | 34,363 | 38,481 | 43,354 | 84,668 | 102,442 |
| Participating in welfare-to-work activities ^a | 9,782 | 9,105 | 6,683 | 5,644 | 5,956 | 9,038 | 14,015 |
| Job club/job search | 930 | 1,531 | 1,757 | 2,198 | 2,152 | 2,481 | 2,113 |
| Basic education | 4,555 | 3,571 | 2,037 | 1,276 | 1,233 | 1,323 | 2,228 |
| Vocational training | 4,300 | 3,942 | 2,904 | 2,455 | 2,626 | 5,651 | 8,961 |
| Unpaid work experience | 221 | 373 | 385 | 563 | 685 | 341 | 301 |
| Subsidized employment | 21 | 10 | 3 | 3 | 0 | 1 | 142 |
| Other ^b | n/a | n/a | n/a | n/a | n/a | n/a | 1,812 |
| Employed and on cash assistance | n/a | n/a | n/a | n/a | n/a | n/a | 27,769 |
| Assessment | 2,766 | 4,237 | 4,920 | 9,673 | 11,544 | 14,697 | 13,764 |
| Deferred, pending assignment | 4,482 | 7,742 | 9,239 | 11,282 | 9,113 | 5,525 ^c | 4,904 |
| In noncompliance | 3,427 | 4,880 | 5,154 | 8,140 | 9,741 | 13,496 | 9,834 |
| Sanctioned | 452 | 892 | 836 | 1,195 | 1,794 | 2,247 | n/a ^d |

SOURCE: MDRC calculations from GAIN/Welfare-to-Work Monthly Activity Reports.

NOTES: n/a = Not available.

California's collection methodology for welfare-to-work data changed in 1999/2000, so figures for that year may not be exactly comparable to previous years.

^aThis line shows the actual unduplicated count (participants in multiple activities are counted only once), except for 1999/2000, which is an estimated unduplicated count. (See Footnote 6 in Chapter 3 for details on the estimation methodology.)

^bIncludes providing child care to community service participants, mental health services, substance abuse services, and domestic abuse services.

^cFour-month average (July - October 1998); participants were no longer deferred as of April 1998.

^dBeginning in 1999/2000, Los Angeles's sanctioning figures refer to the total number of sanctions in effect in an average month, rather than to the number of people newly sanctioned in an average month, as in previous years.

largely due to the increase in the earned income disregard: CalWORKs strengthened welfare recipients' incentive to work by increasing the amount of earned income that can be disregarded in calculating welfare benefits from the first \$30 plus one-third of the remainder to \$225 plus one-half of the remainder, making it easier for recipients to work and continue to receive cash assistance. In 1999/2000, more than a quarter of GAIN enrollees were employed, pushing the participation rate to about 27 percent of the welfare caseload. (The percentage of welfare recipients who were working in unsubsidized jobs in previous years cannot be calculated because of data limitations.)

A smaller proportion of the welfare caseload were participating in welfare-to-work activities than had unsubsidized employment. In 1998/1999, for example, 5 percent of the total welfare caseload in Los Angeles — slightly more than 9,000 recipients — were participating in welfare-to-work activities. The percentage increased to about 9 percent in 1999/2000.⁶⁷ Since 1996/1997, an increasing percentage of enrollees fell into categories such as assessment, noncompliance, and sanction status. This is indicative of the considerable effort that the county is putting into getting people involved in the welfare-to-work program, a fact that may be masked by the moderate pace of growth in participation rates to date.

Without historical employment figures, it is hard to assess the overall participation trends in Los Angeles. Focusing on recipients who participated in welfare-to-work activities, however, it is clear that as a percentage of the adult caseload the participation rate actually decreased somewhat from 1993/1994 through 1996/1997 and then rose slowly for the next couple of years before almost doubling between 1998/1999 and 1999/2000.

Trends in activity types. The second important question in this study was whether welfare reform has prompted a shift in emphasis away from education and training activities and toward work-first activities like job search. In Los Angeles County, there has been such a shift, but it predates national welfare reform. As discussed in Chapter 2, the decision to change GAIN's focus was made in the early 1990s. In the Jobs-First GAIN program, which grew out of that decision, participants were encouraged to find work as quickly as possible with the help of a three-week job club and job developers in the GAIN offices. CalWORKs has incorporated the main elements of Jobs-First GAIN; the main difference is that CalWORKs made participation in the program mandatory for a larger proportion of the caseload.

The shift from an education to a work-first orientation under Jobs-First GAIN is evident in the participation figures for Los Angeles County. Although the trend may have begun before the period for which data are available, by 1996/1997 the shift was obvious: 39 percent of those in welfare-to-work activities were in job club or job search, as opposed to 10 percent in

⁶The 1999/2000 participation figures are estimates. Los Angeles County provided an unduplicated figure for recipients in assessment, employment, and welfare-to-work activities combined. The researchers first calculated a duplicated figure for the same activities by adding the number of individuals in each assessment and work activity category. Dividing the duplicated figure by the unduplicated count (57,089/51,375) gives a ratio of 1.11:1. This ratio was divided into the duplicated count of participants in welfare-to-work activities only (15,557) to get an estimated unduplicated count of those in welfare-to-work activities (14,015).

⁷California's method of collecting welfare-to-work data changed in 1999/2000, so figures for that year may not be exactly comparable to those for previous years.

1993/1994, and the number of participants in basic education had dropped to 23 percent from 47 percent in 1993/1994 (Figure 3.1). However, the percentage of those in job club or job search fell somewhat after 1996/1997. A notable trend, however, is that training has recently increased in importance, while basic education has declined.

The other figure to note in Los Angeles's participation data is the 1,812 people in the "other" category in 1999/2000. Many participants in this category were receiving mental health services, substance abuse services, or domestic abuse services — all activities that were not tracked until California introduced a new reporting form for welfare-to-work participation data. These numbers reflect the increased attention that the county is giving to screening people for significant employment barriers and to referring recipients to appropriate services.

Expenditure trends. The question of whether the surpluses generated by declining welfare rolls are being channeled into welfare-to-work activities is now considered. In Los Angeles County, this does appear to be the case. Overall increases in welfare-to-work expenditures have been commensurate with the growth in enrollment in the program (Figure 3.2). After several years of fairly steady expenditure levels, the amount being spent on welfare-to-work activities increased significantly in 1998/1999, rising by more than 60 percent. Expenditure growth the following year was also considerable — about 44 percent — which means that spending more than doubled between 1997/1998 and 1999/2000. The cost per enrollee declined slightly between 1993/1994 (\$1,398) and 1999/2000 (\$1,302), indicating that the expenditure growth is due to the large increase in the number of clients served rather than a shift toward more expensive services.

The bulk of the expenditure increase in 1998/1999 — more than \$35 million — was in activities in the "preassessment" category — namely, orientation, screening, referrals, and job search-related case management. In that year, Los Angeles County significantly increased staffing levels in order to deal with the greater workload created by the mass call-in of CalWORKs recipients for GAIN enrollment. In 1999/2000, expenditures increased significantly in several categories, including general welfare-to-work expenditures and "postassessment" activities like vocational education.

B. Philadelphia County

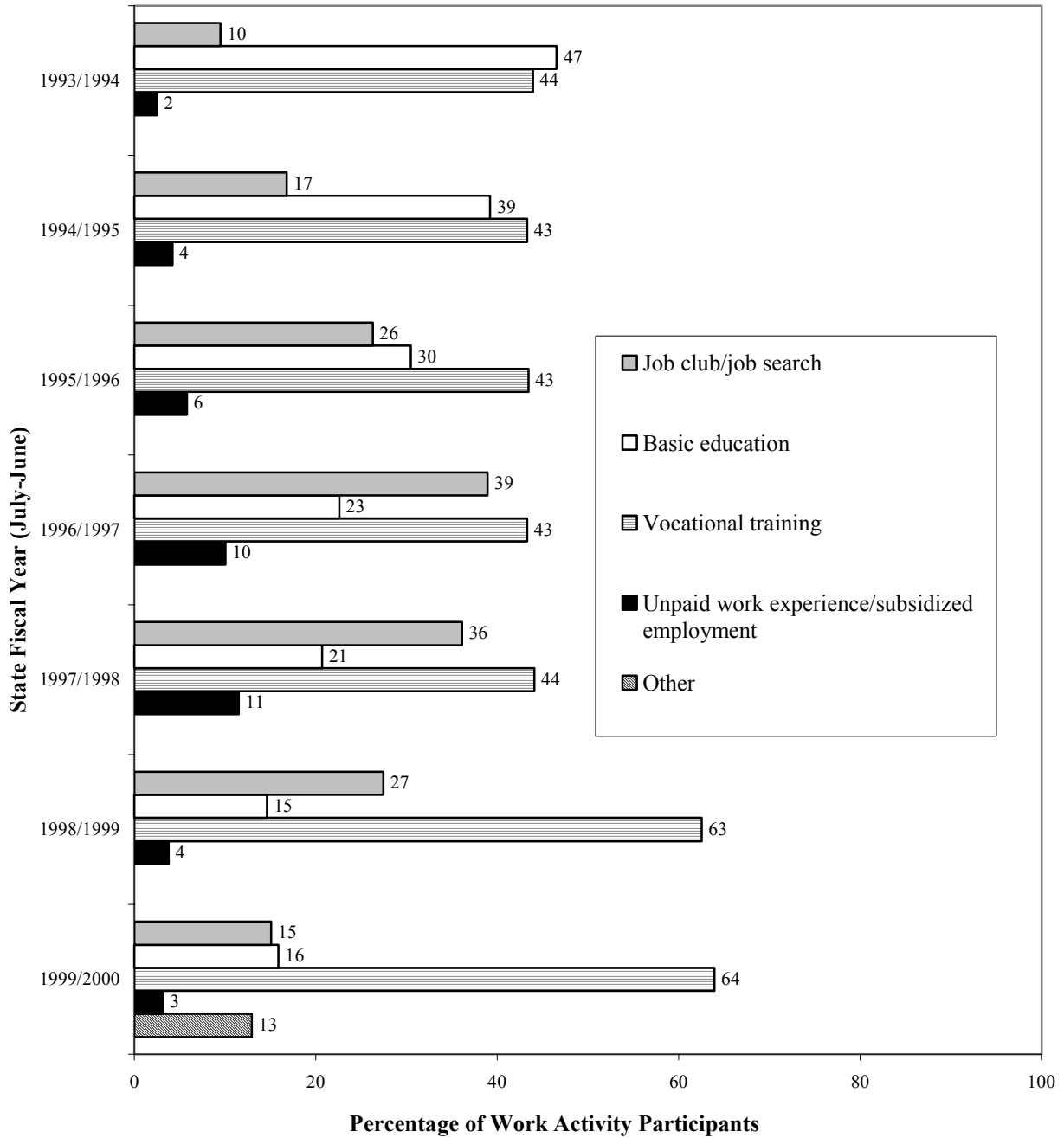
Key findings:

- Steady decline in welfare rolls; corresponding decline in welfare-to-work enrollment
- Dramatic jump in participation rates during the early stages of welfare reform implementation, followed by steady growth for several years; slight decline in participation in 1999/2000
- Increased emphasis on work-first activities, especially unsubsidized employment, although vocational training still utilized
- Substantial increases in welfare-to-work expenditures, especially after 1998/1999

The Project on Devolution and Urban Change

Figure 3.1

Average Monthly Trends in Work Activity Participation,
by Activity Type, Los Angeles County

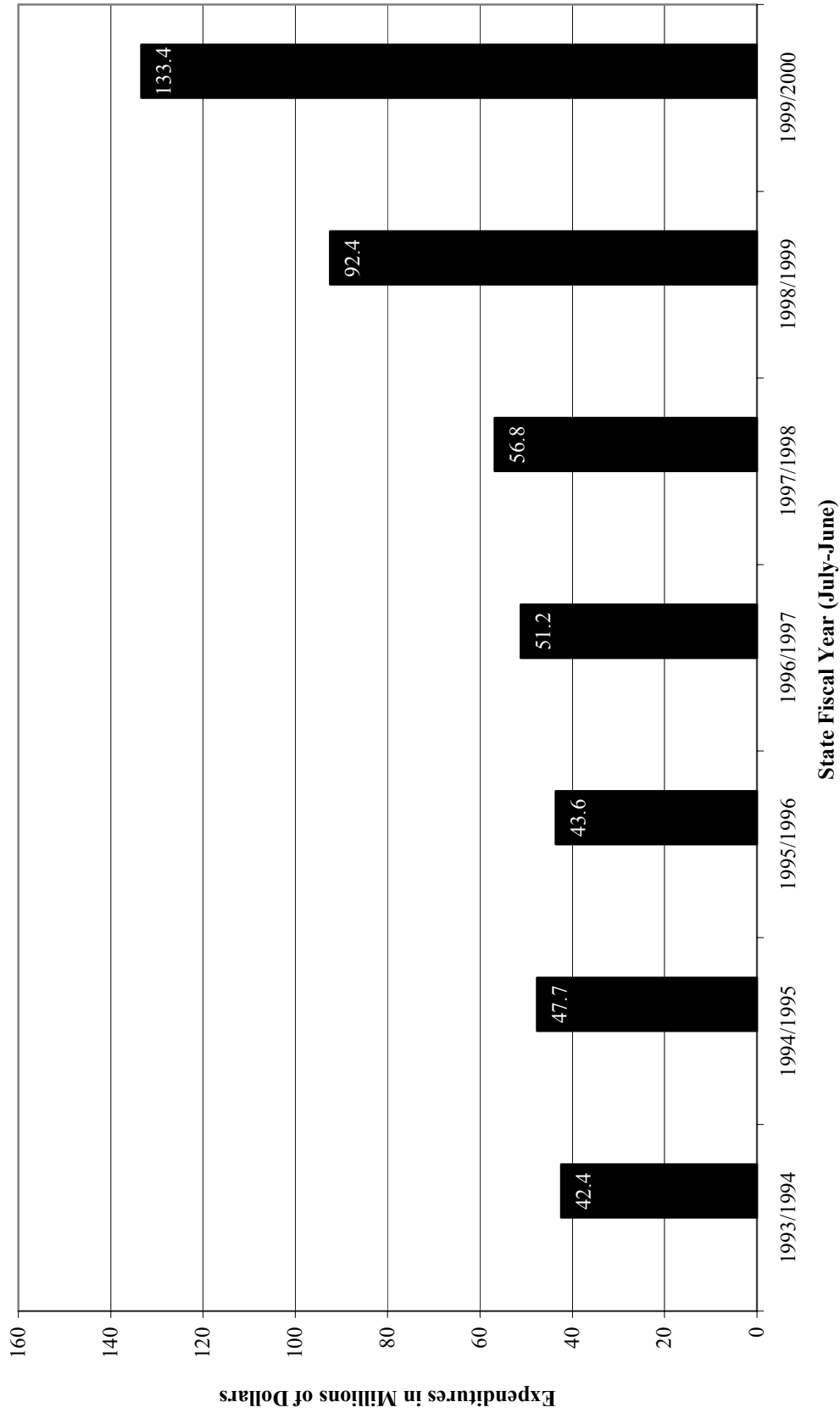


NOTE: Because participants may be assigned to more than one activity in a month, total counts may exceed 100 percent.

The Project on Devolution and Urban Change

Figure 3.2

Welfare-to-Work Expenditures, Los Angeles County



SOURCE: Los Angeles County expense claim.

As in Los Angeles, welfare caseloads in Philadelphia have declined significantly over the past few years. The average monthly number of TANF cases dropped from slightly more than 80,000 in 1993/1994 to almost 49,000 in 1999/2000, a 40 percent reduction (Table 3.2). Likewise, the number of people who were enrolled in Philadelphia's welfare-to-work program, RESET, fell by 50 percent over the same period, from about 47,000 to just under 24,000.⁸ (As in Los Angeles, in Philadelphia enrollees include welfare recipients who are working or attending program activities as well as those who have been called into the program but are waiting for activities to begin or are in noncompliance.)

Overall participation trends. In early 1997, Philadelphia County began to implement the state plan for welfare reform, which includes a two-year work-trigger time limit, a five-year lifetime limit on the receipt of welfare benefits, and a work-first orientation to RESET. As described in an earlier Urban Change report,⁹ during the early implementation period the focus was on ensuring that all recipients signed a participation contract, were informed about the new rules, and began their initial job search.

Efforts by workers to get recipients involved in RESET resulted in a dramatic jump in the participation rate in Philadelphia. Although data for 1996/1997 are incomplete,¹⁰ the number of adults participating in work activities (other than unsubsidized employment) increased from 2,441 in 1995/1996 to almost 22,000 in 1997/1998, the first full year under the new system. The latter figure accounted for about 55 percent of the total number of RESET enrollees and about 33 percent of the TANF caseload at the time. The number of TANF recipients who were in unsubsidized employment accounted for an additional 23 percent of RESET enrollees and 14 percent of the TANF caseload. In 1995/1996, in contrast, the number of adults in work activities other than unsubsidized employment accounted for only 6 percent of RESET enrollees and only 3 percent of the total welfare caseload.¹¹

Overall participation rates remained steady from 1997/1998 to 1998/1999, with 43 percent of the welfare caseload participating in work activities. In 1999/2000 — the year after TANF recipients began to reach the work-trigger time limit — the participation rate dropped to 26 percent of the TANF caseload. The decrease appears to reflect the transition of many participants from the independent job search they were assigned to before the time limit to other activities provided by service vendors, a transition that involves reassessment, referrals, and possible sanctions. As a result, many clients who had been classified as involved in work activities the previous year were in deferral or sanction status in 1999/2000. These kinds of processing delays are part of the everyday functioning of any welfare-to-work system, so the lower participation

⁸Enrollment figures include people who volunteered to participate in the program even though they were not required to do so. Staff from the Pennsylvania Department of Public Welfare indicate that under JOBS, many welfare recipients were exempt from participation requirements but were encouraged to volunteer. Since the implementation of welfare reform in Philadelphia in 1997, a greater proportion of the caseload has been required to participate, so the numbers of volunteers are now smaller.

⁹Quint et al., 1999.

¹⁰Data entry and tracking moved from one information system to another in December 1996. Reports were not available until late 1997.

¹¹Employment figures were not available for that year.

The Project on Devolution and Urban Change

Table 3.2

Average Monthly Participation in Welfare-to-Work Activities, Philadelphia County

| | 1993/1994 | 1994/1995 | 1995/1996 ^a | 1996/1997 ^b | 1997/1998 | 1998/1999 | 1999/2000 ^c |
|--|-----------|-----------|------------------------|------------------------|-------------------|-------------------|------------------------|
| Adults on cash assistance | 80,443 | 82,121 | 78,894 | 73,585 | 65,542 | 57,752 | 48,687 |
| Enrolled in welfare-to-work program ^d | 46,996 | 48,250 | 40,780 | 39,472 | 39,243 | 31,243 | 23,550 |
| Total in work activities | 3,649 | 3,653 | n/a | n/a | 21,260 | 18,640 | 10,567 |
| Participating in activities ^d | 1,878 | 1,935 | 2,441 | 0 | 12,268 | 10,240 | 2,909 |
| Job club/search | 707 | 775 | 1,043 | n/a | 12,268 | 10,240 | 2,705 |
| Basic education | 59 | 89 | 693 | 3857 ^e | 4390 ^e | 2206 ^e | 698 ^e |
| Postsecondary education | 205 | 208 | 174 | | | | |
| Vocational training | 812 | 782 | 462 | 4912 ^f | 4885 ^f | 3753 ^f | 1512 ^f |
| Subsidized employment | 10 | 6 | 5 | n/a ^g | n/a ^g | n/a ^g | 204 ^h |
| Other | 85 | 75 | 64 | n/a ^g | n/a ^g | n/a ^g | n/a ^h |
| Employed and on cash assistance | 1,771 | 1,718 | n/a | n/a | 8,992 | 8,400 | 7,658 |
| Referred to or receiving sanction | n/a | n/a | n/a | n/a | n/a | n/a | 1,512 |
| Deferred, pending assignment | n/a | n/a | n/a | n/a | 8,708 | 6,644 | 9,261 |

SOURCE: Client Information System.

NOTES: n/a = Not available.

All data show the monthly average number of TANF adults.

All numbers are unduplicated unless otherwise noted. Participants in multiple activities are counted only once.

^a1995/1996 data are based on an average of 11 months (July 1995 data are not available).

^b1996/1997 data are based on an average of 6 months (no reports are available from January 1997 to June 1997 due to system modifications based on TANF requirements).

^c1999/2000 data are based on an average of 11 months (May 2000 data are not available).

^dMonthly average includes volunteers.

^eAfter 1995/1996, Pennsylvania combined basic education and postsecondary education into one reporting code.

^fAfter 1995/1996, Pennsylvania combined vocational training and subsidized employment into one reporting code.

^gIncluded in vocational training/subsidized employment.

^hIncluded in vocational training.

rate in 1999/2000 may be more representative of the “settled” operation of the RESET program in Philadelphia than were the higher rates in the two previous years.

Though data on sanctioning are not available for the years before 1999/2000, field research suggests that sanctions were rarely used during that period. The fact that more than 1,500 were issued in 1999/2000 — to 6 percent of adults enrolled in RESET in that year — is indicative of a growing willingness to enforce participation requirements and the two-year work trigger. The proportion of recipients who were employed stayed fairly constant from 1997/1998 to 1999/2000 (14 percent to 16 percent).

Trends in activity types. RESET has a work-first focus; all participants are assigned to a job search activity following orientation. One would expect that participation rates would reflect this emphasis on job search activities and employment.

For the most part, there has indeed been a shift toward job search and other work-focused activities and away from education and training activities (Figure 3.3). Of the total number of participants in work activities, the number of recipients participating in a job club or job search activity rose from 19 percent in 1993/1994 to 42 percent in 1998/1999 before falling back to 21 percent in 1999/2000.¹² In the latter year, the smaller percentage of recipients in job search partly reflects the fact that many participants — 60 percent of those in a work activity — were in unsubsidized employment. However, as noted above, the decline also reflects the movement of participants from independent job search to other work activities as they hit the work-trigger time limit. It should be noted that even though job search has declined in importance relative to other forms of participation, the actual number of people involved in job search (as in all other work activities) has increased substantially since 1993/1994. For example, assignments to education activities, which rose each year through 1997/1998, fell sharply thereafter.¹³ On the training side, the trend is not as clear, in part because participation data on training and subsidized employment were combined in 1996/1997, 1997/1998, and 1998/1999.¹⁴ It is notable, however, that the number of welfare recipients in vocational training in 1999/2000 is about three times greater than the number in 1995/1996, despite falling caseloads.

Expenditure trends. As noted earlier, Philadelphia saw a significant decline in its welfare rolls during the late 1990s. As a result of the switch to TANF’s block-funding structure, smaller caseloads have meant that a significant portion of the money that had been going toward cash assistance is available to support the goals of the TANF program in other ways, for instance, to invest in welfare-to-work programs. In Philadelphia County, welfare-to-work expenditures

¹²The drop in 1995/1996 may be partly due to coding. In 1996, Philadelphia introduced a project that involved a mass call-in of recipients who were then sent to vendors for job search. These participants were then coded as being in job search, even though some of them might have been in education or training at the time of the call-in.

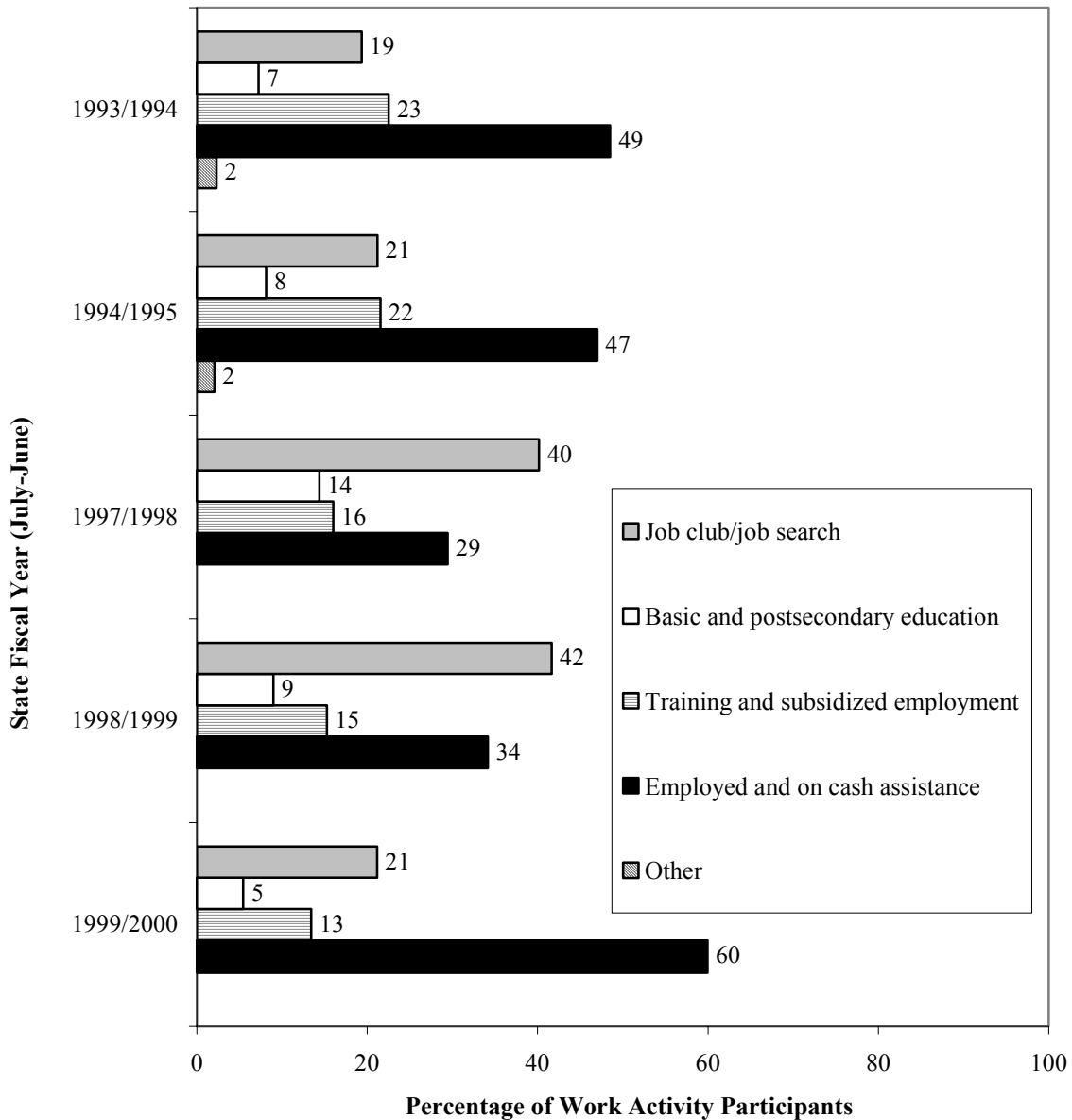
¹³This trend may be accentuated by the fact that the data for Philadelphia County show unduplicated counts of participants, classified according to a hierarchy of activities with employment at the top followed by community service, job search, training, and education. In other words, a recipient who was combining education and job search would be counted in job search, not in the education category. This is important because recipients are permitted to count only education and/or training toward their work requirement for 12 months, after which point they must meet the work requirement by also participating in another work activity.

¹⁴All agencies that provided training had to engage those who had reached the two-year work requirement in an approved work activity such as a subsidized job.

The Project on Devolution and Urban Change

Figure 3.3

Average Monthly Trends in Work Activity Participation,
by Activity Type, Philadelphia County



NOTES: 1995/1996 and 1996/1997 are not shown due to incomplete data.

The data system from which these numbers were derived allowed participants to be assigned only to one activity, even if they were attending two or more activities simultaneously.

have indeed increased in absolute terms since welfare reform, even though falling welfare caseloads have translated into fewer participants in the welfare-to-work program.

Overall expenditures on the county's welfare-to-work program increased from \$8 million in 1996/1997, the year that welfare reform implementation began in Philadelphia, to \$44.5 million in 1999/2000 (Figure 3.4). Most of the expenditure growth occurred toward the end of the period, with spending growing by 152 percent from 1997/1998 to 1998/1999 and by an additional 68 percent from 1998/1999 to 1999/2000. This growth occurred despite the fact that the number of enrollees in the RESET program dropped by 20 percent from 1997/1998 to 1998/1999 and by 25 percent from 1998/1999 to 1999/2000. Unlike in Los Angeles, in Philadelphia the cost per enrollee rose dramatically during the years after welfare reform, from \$267 in 1997/1998 to \$1,889 in 1999/2000.

A number of factors underlie the trends just described. First, as discussed earlier, the initial activity to which RESET participants are assigned after orientation is job search.¹⁵ During the early implementation period, there were only about 1,430 slots per month available with the contractors, so that independent job search ended up being the first activity for most participants. In addition, during most of 1997 welfare staff were preoccupied with making sure that all recipients went through job search, and staff had correspondingly less time to follow up with those who had completed job search and to assign them to another activity. As a result, during the early phase of welfare reform implementation, many participants were in low-cost activities (that is, independent job search) or had completed job search but had not been reassigned. In late 1997 and early 1998, efforts were intensified to ensure that all recipients were engaged in some work activity, which would account for some of the delayed expenditure growth as people began to enter more costly activities.

Secondly, at least one Harrisburg official indicated that the push to get people into activities became more urgent when some recipients began to approach the two-year work-trigger time limit in early to mid-1999. The county responded by contracting with community organizations to reach out to recipients who are not yet participating in work activities other than job search, with a special focus on enrolling the hard-to-employ, that is, recipients with employment barriers such as low educational achievement, drug and alcohol dependency, and mental health problems. Not only has the number of contracts increased, but because these contracts target recipients with more employment barriers than average, they are typically more expensive than contracts for services targeted at less disadvantaged recipients.

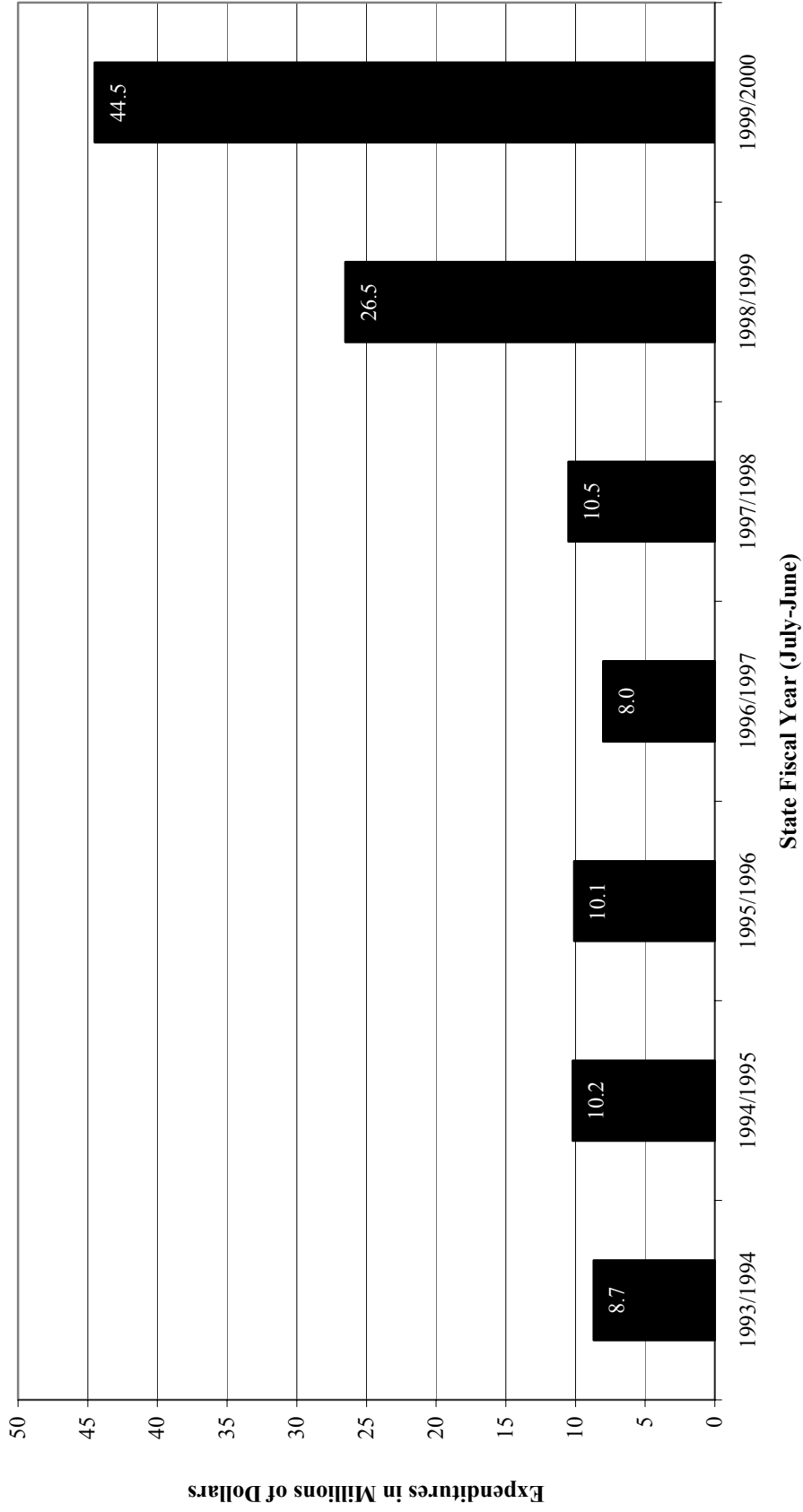
Finally, Pennsylvania state officials indicated that they consciously contained spending during the initial years of welfare reform in order to set aside a "cushion" for use in case economic conditions changed and welfare caseloads grew. As they began to reach the final years of the initial block of TANF funding, and with welfare rolls still declining, officials felt more comfortable about spending some of the surplus on welfare-to-work programs.

¹⁵The following observations draw heavily on the information about the implementation of welfare reform in Philadelphia presented in Quint et al., 1999.

The Project on Devolution and Urban Change

Figure 3.4

Welfare-to-Work Expenditures, Philadelphia County



SOURCE: Workforce Investment Agencies expenditure reports and Department of Public Welfare estimates based on statistics of client activities.

C. Cuyahoga County

Key findings:

- Dramatic welfare caseload reductions
- Steadily increasing participation rates
- Less emphasis on education activities and more emphasis on work-first activities like job search
- Slow increase in welfare-to-work expenditures early in implementation process, followed by more significant increases after 1998/1999

Reductions in the welfare caseload in Cuyahoga County have been even more dramatic than those experienced in Philadelphia. The number of adults receiving cash assistance fell from almost 48,000 in 1993/1994 to fewer than 16,000 in 1999/2000, a decline of 67 percent. Because in Cuyahoga only single parents with children under 12 weeks of age are exempted from participating in welfare-to-work activities, the percentage of the caseload mandated to participate is quite high; the percentage was 89 percent in 1999/2000.

Overall participation trends. Ohio's response to the PRWORA legislation, OWF, was signed in July 1997, and implementation of the welfare-to-work program began in October of that year. Among the new provisions in OWF are a 36-month lifetime limit on the receipt of welfare benefits (with a further 24 months possible for good cause provided the recipient goes off TANF for at least 24 months) and an immediate work requirement of 30 hours per week for single parents and of 35 hours per week for two-parent households.¹⁶ The first 20 hours must be spent in federally allowable activities (Table 1.2), and up to 10 additional hours may be spent in developmental activities, including adult basic education and GED classes, postsecondary education, and counseling related to employment. The three-year time-limit clock began to tick for TANF recipients when OWF was implemented in October 1997.

In Cuyahoga County, all welfare recipients who were not already in a JOBS component were called in to meet with a JOBS worker in the fall of 1997. The JOBS workers explained the new rules and then referred clients who were not employed to job club or a work experience position, depending on clients' skills and employment histories.¹⁷ This large-scale effort to move people into welfare-to-work activities is reflected in the participation figures for the county. From 1996/1997 to 1997/1998 (the latter the first year of OWF implementation), the number of people participating in work activities rose from 10 percent to 19 percent of the welfare caseload (Table 3.3), partially owing to a sharp increase in the number of employed recipients. At the same time, the number of clients in assessment almost doubled. (The participation figures for Cuyahoga

¹⁶Up to 20 percent of a county's caseload — including recipients who have children under the age of 1, are victims of domestic violence, have substance abuse or mental health problems, or are temporarily unable to participate for other reasons — may be exempted from the 30-hour-per-week requirement. Individuals in this category are, however, expected to engage in activities specified in their self-sufficiency contract, which may include counseling and treatment. For details, see Quint et al., 1999, p. 49.

¹⁷Quint et al., 1999, p. 63.

The Project on Devolution and Urban Change

Table 3.3

Average Monthly Participation in Welfare-to-Work Activities, Cuyahoga County

| | 1993/1994 | 1994/1995 | 1995/1996 | 1996/1997 | 1997/1998 | 1998/1999 | 1999/2000 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Adults on cash assistance | 47,887 | 41,836 | 35,769 | 33,815 | 28,085 | 19,735 | 15,729 |
| “Mandatory” for welfare-to-work activities | n/a | n/a | n/a | n/a | 23,296 | 17,227 | 13,991 |
| Total in work activities, duplicated ^a | 4,145 | 4,512 | 4,461 | 5,439 | 8,370 | 12,670 | 12,303 |
| Total in work activities, unduplicated (estimate) ^b | 2,591 | 2,820 | 2,788 | 3,399 | 5,231 | 7,919 | 7,689 |
| Participating in welfare-to-work activities ^a | 3,097 | 2,959 | 2,679 | 2,508 | 3,361 | 6,675 | 7,182 |
| Job club/job search | 462 | 476 | 490 | 561 | 640 | 1,947 | 2,077 |
| Basic education | 689 | 558 | 418 | 478 | 248 | 319 | 381 |
| Postsecondary education | 1,263 | 1,282 | 1,112 | 912 | 406 | 1,030 | 702 |
| Vocational training | 530 | 508 | 425 | 300 | 117 | 463 | 1,435 |
| Unpaid work experience | 122 | 117 | 223 | 256 | 1,901 | 2,701 | 1,787 |
| Subsidized employment | 31 | 18 | 10 | 1 | 43 | 16 | 9 |
| Other | 0 | 0 | 0 | 0 | 6 | 200 | 791 |
| Employed and on cash assistance ^c | 1,048 | 1,553 | 1,782 | 2,931 | 5,009 | 5,995 | 5,121 |
| Assessment | 645 | 541 | 570 | 735 | 1,403 | 1,641 | 1,004 |
| Sanctions issued | n/a | n/a | n/a | n/a | 96 | 215 | 215 |
| Deferred, pending assignment | 3,801 | 2,354 | 1,509 | 1,850 | 1,800 | 552 | 732 |

SOURCES: Adults on cash assistance, “mandatory,” and sanctions issued: Information Services Division, Cuyahoga County Department of Human Services, except 1993/1994 cash assistance data, which are from the Ohio Department of Human Services (ODHS) management information system. Employed and on cash assistance: Ohio Department of Job and Family Services.

All other data: MDRC calculations from ODHS monthly data (extracted from CRIS-E).

NOTES: n/a = Not available.

^aDuplicated counts (that is, individuals could be counted in more than one category).

^bBased on an examination of 1999/2000 data and conversations with county officials, the unduplicated counts were estimated at 62.5% of the duplicated figures.

^c1993/1994 through 1997/1998 data represent only those employed OWF/ADC recipients who were assessed for participation in work programs. Beginning in June 1998, this figure includes all welfare recipients who were employed.

County are estimates because the data provided by the state contained duplicate counts, for which the researchers attempted to correct. For details, see Table 3.3, footnote b.)

Over the following two years, the number of people in work activities continued to increase significantly, despite the steadily falling TANF caseloads. As a result, the participation rate rose to 40 percent of the caseload in 1998/1999 and 49 percent in 1999/2000. One of the factors behind this increase is the 36-month time limit imposed by OWF, which took effect for some recipients beginning in October 2000. The county has dedicated significant effort over the past few years to increasing participation in order to help recipients better prepare themselves for the end of their welfare benefits. Interestingly, the sanction rate in Cuyahoga is very low relative to that in other counties. The county has relied on other means of persuasion — including constant reminders about the impending time limit — to increase the participation rate. Cuyahoga’s integrated case management approach also allows workers to discuss employment preparation with every TANF recipient during eligibility and redetermination interviews.

Trends in activity types. In keeping with OWF’s work-first orientation, there has been an increase in assignments to labor force attachment activities as opposed to human capital development activities since the program’s implementation began in late 1997 (Figure 3.5). The most pronounced changes did not occur until 1998/1999 because the main focus of attention in late 1997 and early 1998 was the full-scale organizational change under way in Cuyahoga.¹⁸ Job club or job search showed a fairly substantial increase, growing from 18 percent of those in work activities in 1996/1997 to 27 percent in 1999/2000. Unpaid work experience also increased sharply, from 8 percent in 1996/1997 to 23 percent in 1999/2000 (with even higher rates in the interim). As already mentioned, job club or work experience is the first activity to which recipients are assigned after going through the assessment process under OWF, and in the past several years there has been a marked increase in the number of recipients in unsubsidized employment.

Although the emphasis on human capital development activities has weakened since OWF implementation began, this is mostly due to a significant drop in the number of people participating in education activities. Basic education, for instance, accounted for 14 percent of work activities in 1996/1997 but only 5 percent in 1999/2000. Vocational training activities, in contrast, accounted for 19 percent of work activities in 1999/2000, up from 2 percent in 1997/1998. This upsurge may reflect the antipoverty approach adopted by CW&T in its implementation of welfare reform; agency managers view training as a way to help people move into better jobs. The approach of time limits, which increased the pressure on clients to prepare for work, was probably also a factor.

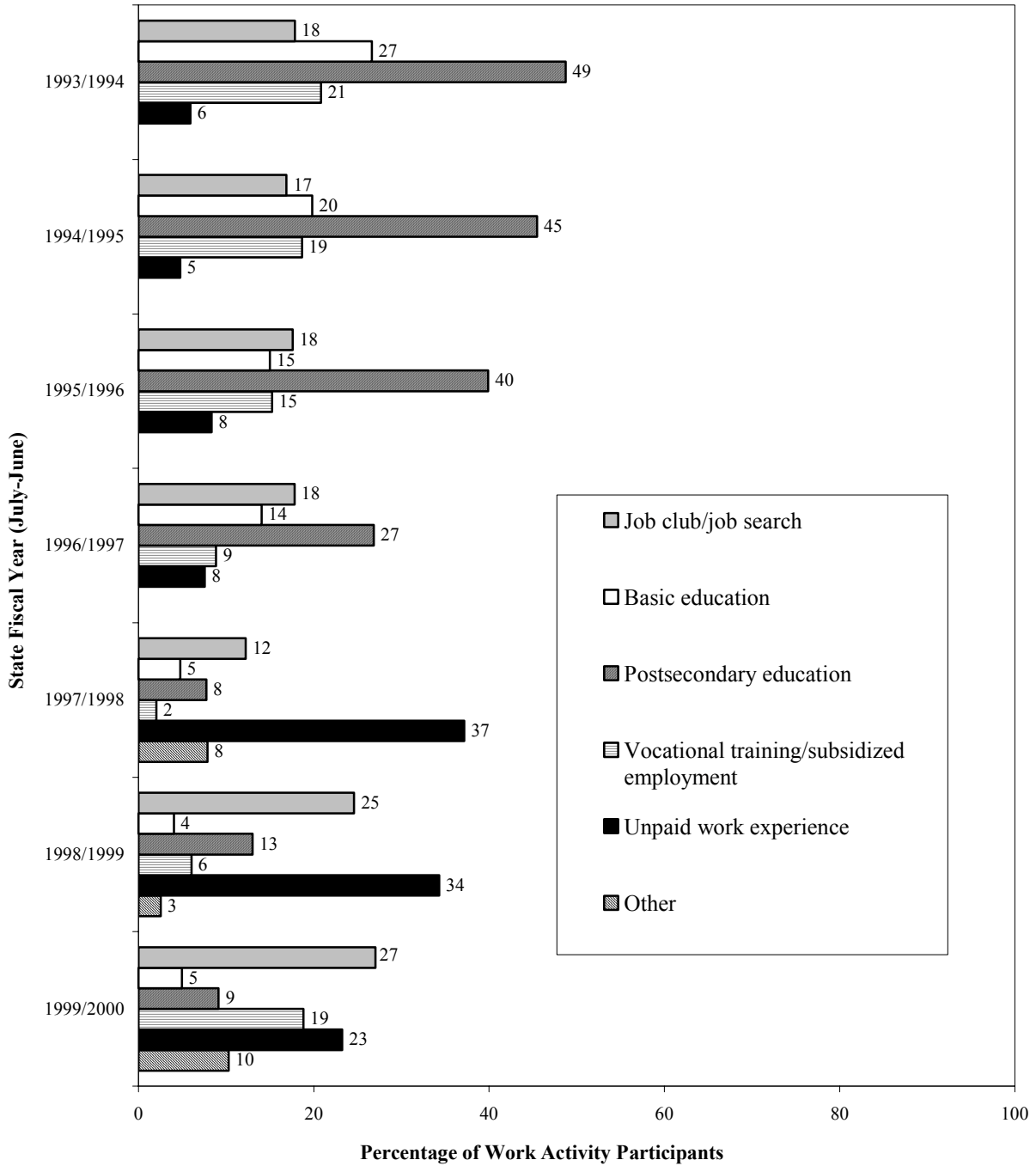
In 1999/2000, 10 percent of recipients participating in work activities fell into the “other” category, which encompasses activities such as child care provision, substance abuse treatment, life skills or parenting training, and rehabilitation. As noted earlier, these activities can be undertaken by those who may not be ready to participate in more employment-oriented activities. Impending time limits prompted Cuyahoga County to make significant efforts to reach clients who

¹⁸These changes included splitting the county welfare agency into two divisions, moving from a centralized office to several neighborhood family service centers, and integrating the eligibility and employment functions of front-line staff.

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Figure 3.5

Average Monthly Trends in Work Activity Participation,
by Activity Type, Cuyahoga County



NOTE: Because participants may be assigned to more than one activity in a month, total counts may exceed 100 percent.

were not yet participating in welfare-to-work activities. Because many of these clients had employment barriers that needed to be addressed before they could enter a work activity, they would have first been assigned to one of the activities in this category.

Expenditure trends. The trends in welfare-to-work expenditures in Cuyahoga roughly parallel the county's participation trends in that, despite declining welfare caseloads, there was a significant increase in 1998/1999 — when expenditures were 28 percent higher than they had been the previous year — that continued into 1999/2000 (Figure 3.6). A large part of the increase in 1998/1999 was due to the \$2.3 million that went to transportation allowances for participants in unpaid work experience. County officials indicated that the increases over the previous couple of years also reflected the county's renewed focus, following its reorganization, on identifying clients' needs and developing programs to meet those needs — a focus that intensified in 2000 with the approach of time limits. Accordingly, expenditures rose from \$588 per mandatory adult in 1997/1998 to \$1,308 in 1999/2000.

D. Miami-Dade County

Key findings:

- Dramatic reductions in welfare caseloads
- Higher participation rates (although data problems make trends hard to track)
- Decrease in emphasis on job search since 1996/1997 and corresponding increase in unpaid work experience and unsubsidized employment; continued utilization of vocational training
- Marked increase in welfare-to-work expenditures after welfare reform implementation

Welfare caseload reductions in Miami-Dade County have almost exactly paralleled those in Cuyahoga. The number of adults receiving cash assistance dropped from somewhat more than 46,000 in 1993/1994 to fewer than 16,000 in 1999/2000, a 66 percent decline (Table 3.4).

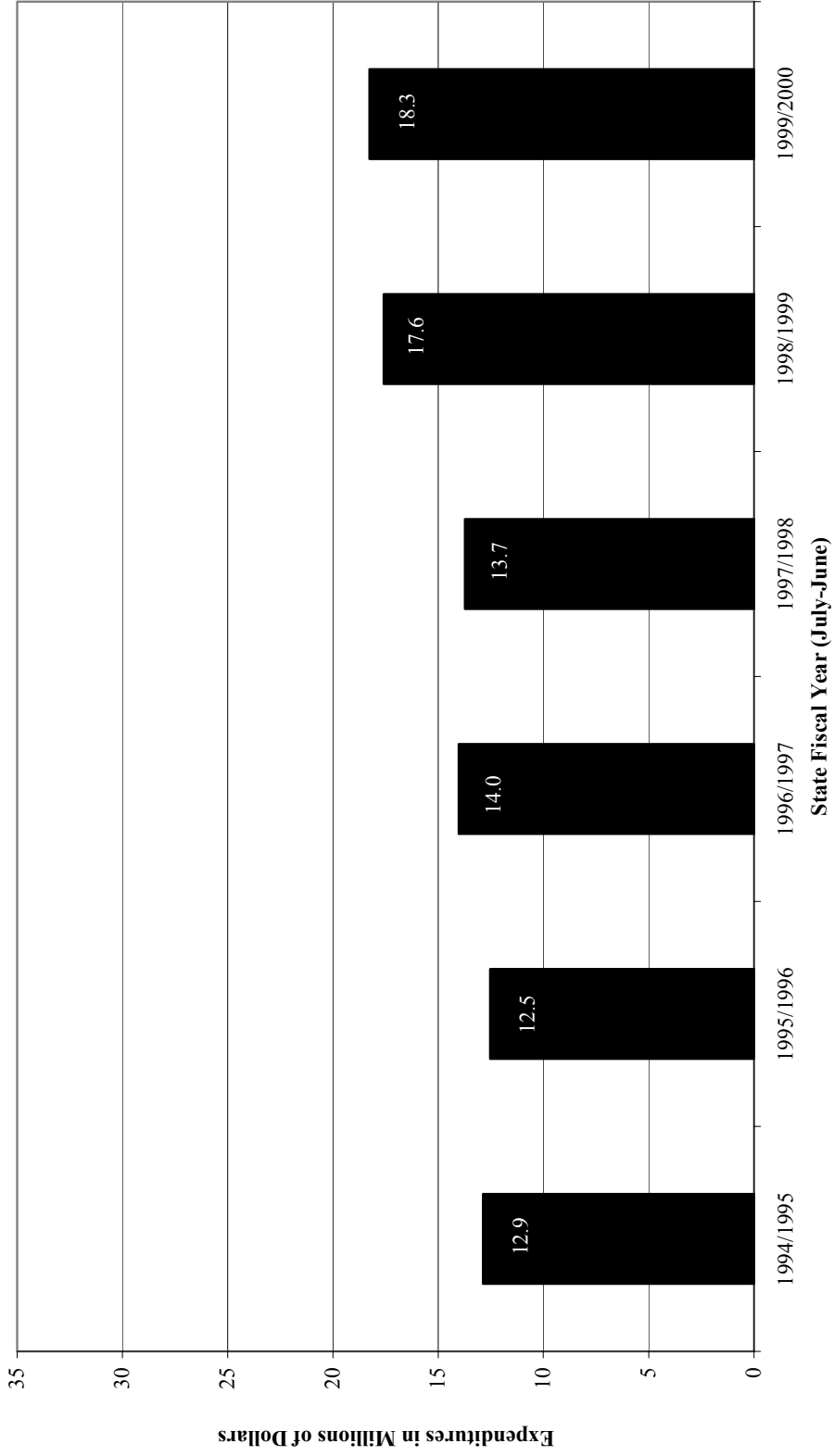
Unfortunately, it is impossible to examine the trends in Miami's welfare-to-work caseload because data from the years before welfare reform are not available.¹⁹ For the years for which data are available, the number of people who were required to participate in the welfare-to-work program declined along with the overall TANF caseload. Between 1996/1997 and 1999/2000, this "mandatory" population dropped by 51 percent, from about 21,000 to fewer

¹⁹After implementation of the WAGES system in October 1996, the Florida Department of Labor and Employment Security did several purges of its database, eliminating the participation records of all those who had not participated in the welfare-to-work program during the prior 12 months. As a result, any existing participation data for 1995/1996 and earlier would not reflect the actual numbers of people who took part in work activities during that period. No paper records for the years in question were retained.

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Figure 3.6

Welfare-to-Work Expenditures, Cuyahoga County



SOURCE: Cuyahoga County Office of Health and Human Services.

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Table 3.4

Average Monthly Participation in Welfare-to-Work Activities, Miami-Dade County

| | 1993/1994 | 1994/1995 | 1995/1996 | 1996/1997 | 1997/1998 | 1998/1999 | 1999/2000 |
|---|-----------|-----------|-----------|---------------------|-----------|-----------|-----------|
| Adults on cash assistance | 46,204 | 43,987 | 40,415 | 34,355 | 27,491 | 22,503 | 15,770 |
| “Mandatory” for welfare-to-work activities | n/a | n/a | n/a | 21,329 ^a | 21,627 | 13,397 | 10,543 |
| Total in work activities, duplicated ^b | n/a | n/a | n/a | 9,214 | 16,851 | 15,224 | 13,021 |
| Total in work activities, estimated unduplicated ^c | n/a | n/a | n/a | 5,945 | 10,872 | 9,822 | 8,401 |
| Participating in welfare-to-work activities ^b | n/a | n/a | n/a | 8,121 | 12,221 | 9,449 | 8,289 |
| Job club/job search | n/a | n/a | n/a | 5,326 | 8,336 | 5,097 | 3,387 |
| Basic education | n/a | n/a | n/a | 914 | 301 | 125 | 133 |
| Postsecondary education | n/a | n/a | n/a | 163 | 85 | 7 | 4 |
| Vocational training | n/a | n/a | n/a | 958 | 1,326 | 1,724 | 2,408 |
| Unpaid work experience | n/a | n/a | n/a | 600 | 1,636 | 2,000 | 2,253 |
| Subsidized employment | n/a | n/a | n/a | 29 | 207 | 40 | 19 |
| Other | n/a | n/a | n/a | 131 | 330 | 456 | 85 |
| Employed and on cash assistance | n/a | n/a | n/a | 1,093 | 4,630 | 5,775 | 4,732 |
| Assessment | n/a | n/a | n/a | 3,186 | 4,323 | 2,359 | 3,262 |
| Referred to or receiving sanction | n/a | n/a | n/a | 5,297 | 10,536 | 7,263 | 6,469 |
| Deferred, pending assignment | n/a | n/a | n/a | 89 | 627 | 1,338 | 2,130 |

SOURCES: “Adults on cash assistance” from Florida System Ad Hoc Report; “mandatory” from Florida System WAGES File; all other data are from the Department of Labor and Employment Security (DLES) WAGES database.

NOTES: n/a = Not available.

^a“Other” includes parenting education, providing child care services, life management skills, counseling, and benchmark categories.

^bThis is a 9-month average (October 1996 through June 1997).

^cDuplicated counts (that is, individuals could be counted in more than one category).

^dMiami-Dade was able to estimate the number of services received by the average recipient in 1999/2000 at 1.55. Unduplicated counts were then estimated by dividing the duplicated total of individuals in work activities in each year by 1.55.

than 11,000.²⁰ The percentage drop in the welfare caseload over the same period was 54 percent.

Overall participation trends. Implementation of WAGES, which incorporated time limits and work requirements (among other features) into the state's welfare program, began in October 1996. It took several months for implementation to take hold, as the local WAGES Coalition was formed and the implementation plan was developed. The final plan was sent to Tallahassee in May 1997, and contracts with service providers were finalized in November 1997. Although the time-limit clock for recipients started to tick in October 1996, starting the countdown toward the 48-month lifetime limit and the 24- or 36-month limit on welfare receipt within a 60- or 72-month period, the policy of sanctioning entire families for parents' failure to meet their obligations did not go into effect until May 1997.²¹

Although the number of people participating in welfare-to-work activities in the years before the implementation of WAGES is not available, one official at the state's DCF estimated the pre-WAGES participation rate to be about 15 percent of the overall caseload. If this is accurate, then the participation rate was already on an upward trend by the time WAGES was implemented in Miami-Dade in 1997. In that year, about 24 percent of welfare recipients participated in a work activity other than unsubsidized employment.

Before the participation figures are examined in detail, the data limitations need to be discussed. In Miami-Dade, as in Cuyahoga, unduplicated counts of the number of participants in welfare-to-work activities were not available. Based on 1999/2000 data, DCF estimated that each case was receiving between 1.3 services and 1.8 services in a given month, suggesting that the figures supplied are overstated by about 50 percent. Field research also revealed considerable frustration on the part of WAGES managers regarding their data systems, causing them to question the accuracy of their numbers. Miami's participation figures have therefore been reduced by a factor of 1.55 (the average of 1.3 and 1.8) in order to arrive at estimated unduplicated figures, and it is the latter that are referred to in the following discussion of participation rates.

The implementation of WAGES in mid to late 1997 appears to have had an effect on the participation rate for 1997/1998. Despite continued reductions in the welfare caseload, the number of people participating in work activities in that year increased to more than 10,000 — 40 percent of the welfare caseload. The participation rate continued to increase in 1998/1999 and 1999/2000, reaching 53 percent in the latter year.

As in the other Urban Change sites, in Miami recipients working in unsubsidized employment accounted for a large share of overall participation after welfare reform. Although messages about time-limited welfare and work requirements no doubt contributed to this trend, several other factors likely played a role — including the growing economy and the increase in the earned income disregard, which allows recipients to earn more money before having their welfare benefits reduced or eliminated.

²⁰Under WAGES, the following categories of people are exempt from having to participate in welfare-to-work activities: those eligible for Supplemental Security Income, recipients of disability payments, single parents with a child under 3 months of age, caretakers of a disabled family member, children under 16, and children aged 16 to 19 who are in school full time.

²¹Quint et al., 1999, p. 128.

After welfare reform was implemented, a significant proportion of Miami-Dade's caseload in any given month was in sanction status. In 1996/1997, 15 percent of recipients were in sanction status, a figure that rose to 38 percent the following year and stayed high — at 32 percent in 1998/1999 and 41 percent in 1999/2000. These sanctioning rates, though they may contain some duplication owing to processing delays and high turnover rates and may therefore be somewhat overstated, underscore the county's strong emphasis on formal enforcement of the work requirements under WAGES.

Trends in activity types. Despite the lack of participation data for 1995/1996 and earlier, the trends in activity types in the pre-welfare reform era in Miami-Dade can be examined using data submitted to the federal Department of Health and Human Services for the JOBS program (Table 3.5). These time-study data show that, even before WAGES was implemented, the emphasis on education activities declined as that on job search activities gained strength.

The increasing focus on job search activities before the implementation of welfare reform may help explain why the evidence is mixed on whether WAGES has led to a shift away from education and training activities and toward activities more closely tied to employment. As shown in Figure 3.7, when welfare reform was implemented in 1996/1997, nearly all participants were assigned to job club or job search. The percentage of participants in job club or job search decreased in subsequent years, largely because of the growing number of welfare recipients who found unsubsidized employment and chose to combine work and welfare (not shown in the figure). By 1999/2000, only 40 percent of participants were in job club or job search. It is also worth noting that the percentage of participants who participated in unpaid work experience increased from 10 percent in 1996/1997 to 27 percent in 1999/2000.

WAGES participants were often assigned to education or training in combination with job search, unsubsidized employment, or unpaid work experience. From 1996/1997 to 1999/2000, the rate of participation in vocational training increased from 16 percent to 29 percent of recipients engaged in work activities. Field research indicates that most of this training involved activities that lasted less than six months. The percentage of participants who were pursuing basic or postsecondary education, however, fell significantly over that period — from 18 percent in 1996/1997 to just 2 percent in 1999/2000 — reflecting an emphasis on short-term activities that move people quickly into employment.

Expenditure trends. Obtaining detailed welfare-to-work expenditure data for Miami-Dade County was difficult because the methodology used for calculating expenditure figures, the organizations responsible for spending the funds, and the expenditure categories all changed several times during the study period. What is clear is that there has been a steady increase in welfare-to-work expenditures in the county since the first year of data collection and that growth has accelerated since implementation of WAGES began in 1997 (Figure 3.8). Despite declining caseloads, spending grew by 160 percent between 1996/1997 and 1997/1998, and growth rates have continued to be high over the following years. The cost per mandatory adult rose substantially during each year of welfare reform: It was \$417 in 1996/1997, \$1,073 in 1997/1998, \$2,254 in 1998/1999, and \$6,042 in 1999/2000.

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Table 3.5

**Percentage Breakdown of Average Annual Personnel
Services Cost for JOBS Administration, Miami-Dade County**

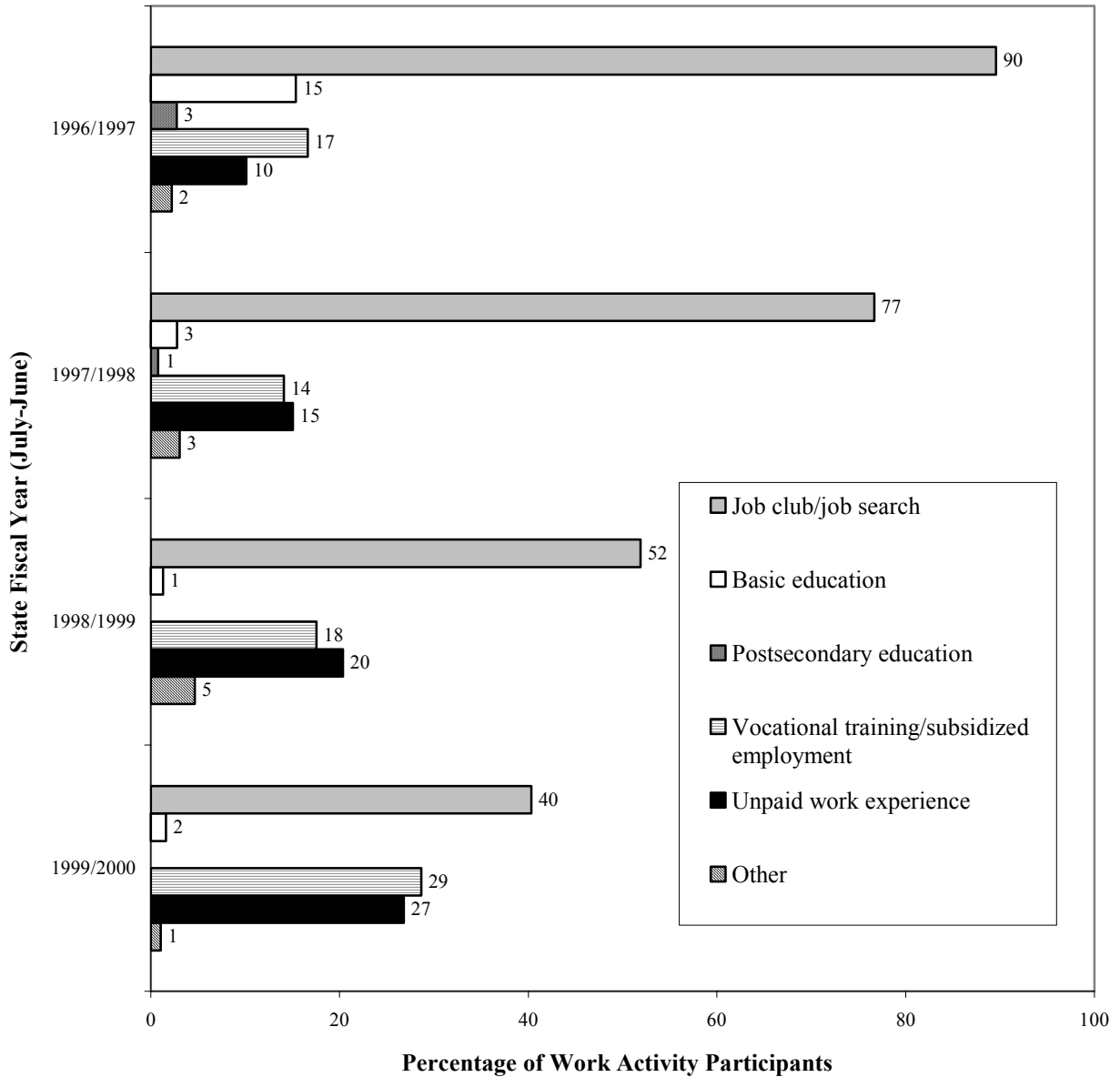
| Activity Category | 1994/1995 | 1995/1996 | 1996/1997 |
|------------------------|-----------|-----------|-----------|
| Assessment | 44.2 | 42.7 | 30.7 |
| Job club/job search | 28.5 | 24.7 | 43.6 |
| Education | 23.5 | 27.5 | 15.6 |
| Vocational training | 2.9 | 3.7 | 6.5 |
| Unpaid work experience | 0.8 | 1.2 | 2.7 |
| Subsidized employment | 0.1 | 0.2 | 0.9 |

SOURCE: Random Moment Sample time study data for JOBS personnel (basis for data submitted to the Department of Health and Human Services on the ACF-332 form).

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Figure 3.7

Average Monthly Trends in Welfare-to-Work Participation,
by Activity Type, Miami-Dade County

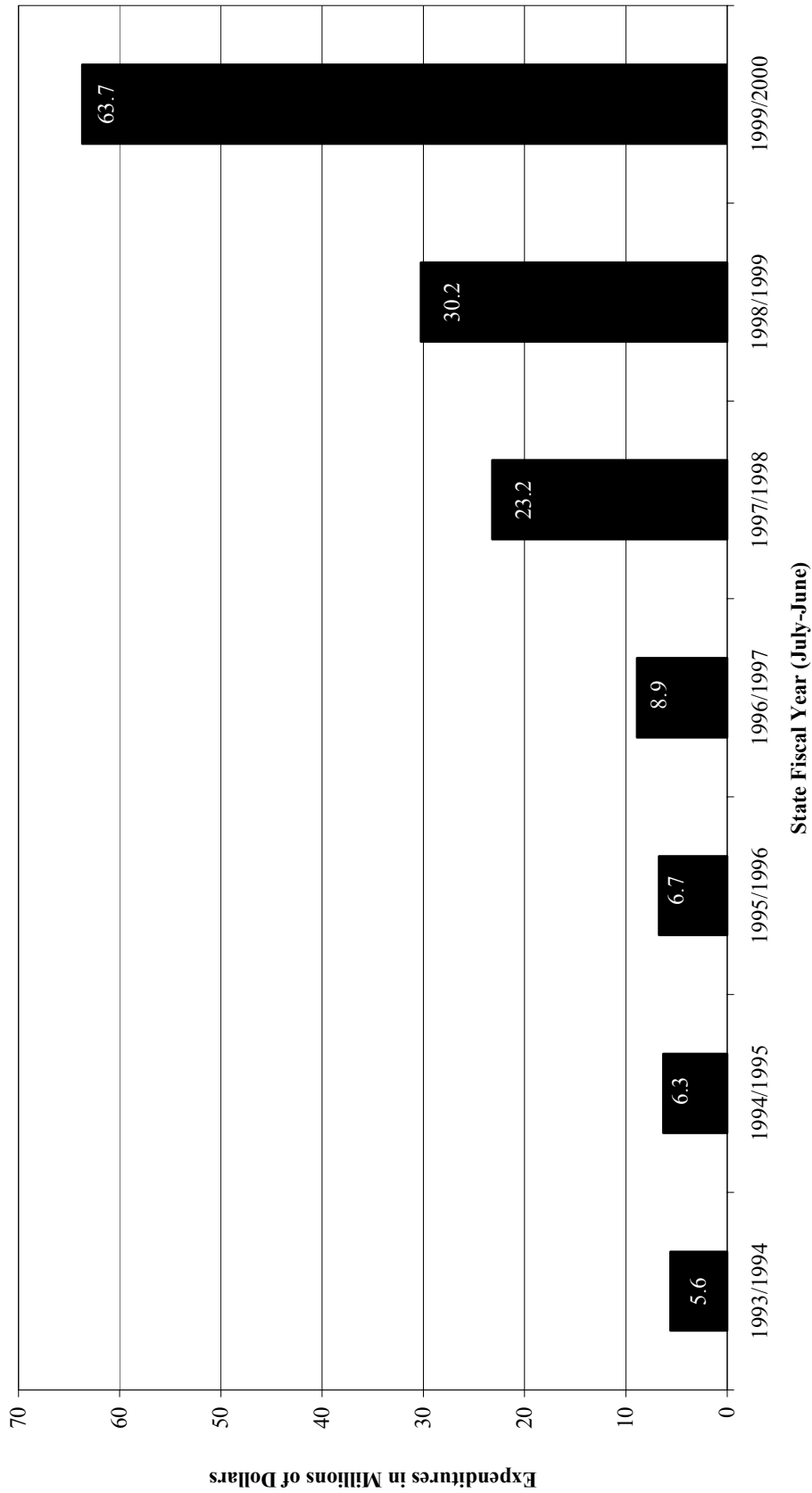


NOTE: Because participants may be assigned to more than one activity in a month, total counts may exceed 100 percent.

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Figure 3.8

Welfare-to-Work Expenditures, Miami-Dade County



SOURCE: Agency for Workforce Innovation financial report summaries.

III. Conclusion

To recapitulate, this chapter presents data from the four Urban Change counties with the goal of answering three main questions:

1. Have participation rates in work activities increased since welfare reform?
2. Has the focus shifted from education and training to work-first activities such as job club and subsidized work?
3. Are counties spending more on welfare-to-work activities?

In general, the data show that all three questions can be answered in the affirmative. First, although since the introduction of welfare reform falling caseloads have drastically reduced federal participation requirements, all the Urban Change counties nevertheless increased the rates at which recipients participate in work activities. The raw figures do not fully reflect the scale of the changes that welfare reform has brought to the delivery of welfare-to-work services at the program level. Despite their varying degrees of success in increasing participation rates, the welfare-to-work programs in all four counties are now serving a significantly greater proportion of the welfare caseload than they were five years ago. For example, in Los Angeles the number of people enrolled in the welfare-to-work program in 1999/2000 was more than two-and-a-half times the number enrolled in 1996/1997. The change is also evident in the number of recipients in assessment, deferral, or sanction status, which reflects the county's increased efforts to bring people into the welfare-to-work system. This kind of growth, together with the philosophical reorientation promoted under PRWORA, has profound implications for program management, including higher staffing levels, greater demand for work-oriented services, and a need for better data management systems to track participants.

Secondly, on the whole there has been a shift in focus away from education and training and toward employment-focused activities. Most striking is the marked increase in the percentage of welfare recipients in unsubsidized employment in all the counties since the mid-1990s. In addition, Miami-Dade and Cuyahoga expanded the use of unpaid work experience, and Philadelphia developed a large number of subsidized employment positions. As a result, education and training activities have declined in importance. However, this is by no means a monotonic trend; vocational training and, to a lesser extent, education activities remain options in all four counties, particularly for recipients who are already participating in some kind of work activity.

Finally, all the counties have increased their expenditures on welfare-to-work activities since implementation of welfare reform. While the increase has been fairly steady in Cuyahoga County, expenditures in the other three Urban Change counties grew only moderately at first and then increased sharply in the last year or two of the study period. Indeed, it is hard to overstate the scale of the expenditure increases in the latter counties. Between 1996/1997 and 1999/2000, expenditures increased by a factor of more than two in Los Angeles County, more than five in Philadelphia County, and more than seven in Miami-Dade County. This finding is interesting in

light of earlier reports that states were not spending their TANF surplus.²² In Los Angeles, the growing number of program enrollees accounts for the rising expenditures. In the other sites, the expenditure growth reflects both an increase in the number of program enrollees and, especially during the last couple of years, more costly services.

One interesting finding, which was unanticipated but became increasingly relevant during the course of the present research, concerns the effects of welfare reform on the data management systems used by the counties and states to track the expenditures and activities associated with their welfare-to-work programs. As noted in the methodology discussion at the beginning of this chapter, in all the Urban Change counties the advent of welfare reform resulted in a shift in the kinds of information being collected and reported, which in some cases took the form of an entirely new data management system. These changes were designed to respond to the exigencies of new federal regulations and reporting requirements and to provide necessary program information to local policymakers, but they may have unwanted consequences for the continuity and comparability of data collected over time.

²²See, for example, Ellwood and Boyd, 2000.

Chapter 4

Case Management in the New Welfare-to-Work Environment

The previous chapters document that after PRWORA's passage in 1996, there was a shift in all four Urban Change counties toward getting recipients engaged in welfare-to-work activities, especially into employment, and a rise in the rates of participation in such activities. How did the counties achieve this? Case management is an important part of the story. Case managers (also referred to as caseworkers) provide a critical human link between policies and recipients. Program messages, the assignment of recipients to particular activities, and the enforcement of participation requirements — all within the purview of caseworkers — are key to the success of welfare-to-work programs. All four counties participating in the Urban Change study have placed a strong emphasis on developing effective case management models. Finally, case management accounts for a large proportion of the administrative costs of TANF in each of the counties.

Case management policies address both the structure of case management and the responsibilities of welfare-to-work case managers. With respect to the structure of case management, Cuyahoga opted to train case managers to handle all aspects of a single case; the other three counties have divided responsibilities among various specialized workers. Case managers now have three key areas of responsibility: recipient assessment and referral, monitoring and enforcement of participation requirements, and counseling and problem solving. The new policies have expanded the range of content knowledge, technical skills, and interpersonal skills that case managers need to draw on. Many aspects of the work require precision and attention to detail, while other aspects demand flexibility, patience, and empathy. Moreover, although caseloads have fallen in all four counties, a greater percentage of the caseload must now participate in welfare-to-work activities, resulting in a rise (at least for a period) in the number of cases requiring management of recipients' work activities and progress toward self-sufficiency.

This chapter discusses how the Urban Change counties have structured case management, the responsibilities of case managers in each county, and differences within and across counties in how case managers address specific recipients' needs. The findings are based on surveys and interviews of case managers and — as part of an effort to better understand the reality of case management practices — observation of staff-recipient interactions in selected welfare offices.

I. Case Management Structure

In Cuyahoga County, all aspects of a case are the responsibility of a single caseworker, the SSC (Table 4.1). Integration of eligibility and participation case responsibilities was undertaken following a management consulting firm's assessment of options for meeting the demands of welfare reform. Some of the advantages and challenges of this switch were discussed in Chapter 2. In particular, integrated case management allows for continuity in treatment and in-depth understanding of participants' needs; it leaves open the possibility, however, that welfare-to-work case management will lose out to eligibility tasks. Indeed, nearly one-fourth of the Cuyahoga case managers surveyed in 2000 reported that they spent most or all of their time performing eligibility functions.

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Table 4.1

Case Managers in the Four Urban Change Counties

| Characteristic | Cuyahoga | Los Angeles | Miami-Dade | Philadelphia |
|--|---|--|---|--|
| Public agency welfare-to-work case manager's title | Self-Sufficiency Coach | GAIN Services Worker | Case manager | Career Development Unit Worker |
| Case managers employed by | The welfare agency (Cuyahoga Work and Training) | The welfare agency (Los Angeles County Department of Public Social Services) | Contractors hired by the WAGES Coalition (1997-2000) and the Workforce Investment Act agency (2000-present) | The welfare agency (Philadelphia County Assistance Office) |
| Relationship to income maintenance staff | Integrated income maintenance/case management roles | Separate roles; some staff colocated | Separate roles; under WAGES, all staff colocated; under WIA, some staff colocated, others in separate offices | Separate roles; all staff colocated |
| Average caseload | 77 | 148 | 103 | 424 |

SOURCE: MDRC staff survey.

The other three counties in the Urban Change study continue to divide eligibility and welfare-to-work functions among specialized caseworkers. In Los Angeles, where the county had already shifted to a work-first approach by 1996, the structure of case management before PRWORA was carried over into the current era with little change: Whereas eligibility workers operate in district welfare offices and focus on benefits, employment specialists known as GSWs are stationed both in welfare district offices and specialized GAIN offices. The responsibilities of each have changed little, although DPSS has had to greatly expand its employment-specialized caseworker workforce to meet the increased demand for welfare-to-work services, and many former eligibility workers have been retrained and reassigned to GSW positions. At the same time, DPSS has experimented with a variety of ways to improve coordination and communication between eligibility workers and GSWs. Most of these improvements have involved changing where GSWs work or to whom they report. Some GSWs are now stationed in welfare district offices. DPSS is also experimenting in one site with housing GSWs and eligibility workers not only in the same welfare office but in the same room in order to facilitate communication. The administrator and staff members in that site report that this strategy has improved case management efficiency. Finally, DPSS has considered merging GAIN and CalWORKs offices entirely.

In Miami, case management functions are divided among different kinds of workers and different agencies. DCF handles eligibility functions. From 1997 to 2000, welfare-to-work case management was handled by the WAGES Coalition, which in turn contracted out these services to Lockheed Martin IMS and several other smaller providers (from 1997 to 1998) and then to Miami-Dade Public Schools and Miami-Dade Community College (from 1998 to 2000). In late 2000, when WAGES was replaced with the Welfare Transition program administered by the WIA agency, a new group of contractors was selected to provide case management services in 26 one-stop service centers throughout the county. The high turnover in contractors resulted in some discontinuities in the case management services rendered to clients.

Philadelphia retained its distinctions between eligibility staff (each of whom specializes in handling intake or ongoing cases) and employment staff, who are now called Career Development Unit (CDU) workers. (Philadelphia also created a new unit to facilitate the calculation of earned income disregards and benefits for recipients who are engaged in unsubsidized employment.) Eligibility staff attempt to communicate the new rules and goals of TANF to recipients, but the bulk of the employment-focused caseload work falls to the CDU caseworkers. Employment staff now have expanded responsibilities: They are responsible for the orientation of recipients into the welfare-to-work program, and their work is focused more on the goal of getting people into jobs and work activities than on making referrals to education and training services. Despite their distinct functions, eligibility workers and employment workers are located in the same offices. In some offices, appointments are scheduled to allow recipients to meet with both workers on the same day. According to some caseworkers, colocation of the two types of staff facilitates communication between them.

Note that in all four counties, participants who have been referred to an outside organization for employment or other supportive services are likely also to have a case manager at that organization. From the perspective of the participant, it may not always be easy to understand the differences between eligibility caseworkers, employment caseworkers, and contracted service providers. At several of the contracting organizations in Philadelphia, for example, intensive case

management is the principal method for assessing participants' needs and for placing participants in jobs. The style of participant-staff interaction in these agencies is clearly a case management model.

II. Key Roles

Case managers perform three key functions in the process of shepherding welfare recipients off welfare and into employment: assessment and referral, monitoring and enforcement, and counseling. Each of the four counties has approached these functions differently.

A. Assessment and Referral

Case managers often attempt to assess the strengths, weaknesses, and job readiness of recipients to get an idea of what kinds of activities to recommend or assign. In all four sites, case managers meet one on one with each recipient — usually after she has gone through an orientation to the welfare-to-work program requirements — to review the participation requirements, get signatures, and, when appropriate, enroll the recipient in an activity.

Initial assessment. In some of the counties participating in the Urban Change study, case managers look for certain indicators of employability at the initial meetings. (Assessment of need for supportive services is described below.) The SSCs in Cleveland conduct a long intake interview with new participants to learn about their educational and work backgrounds, goals, and needs. For example, one SSC reported that before the first meeting she reviews the application: “I look for completeness, level of literacy. I also look to see whether they have had a case with us in the past and what kind of work they have done in the past. Then when I meet that person, I do skillful listening. Really assessing what circumstances brought them here. Many times, people don't want to be on assistance. Sometimes it is lack of esteem.... We talk about what kind of career you would like to pursue, what can I do to facilitate.” Case managers in Los Angeles, too, reported that in their first meeting with a participant they attempt to gather information about the participant's goals, education and experience, and current circumstances, including where she is in the GAIN program flow and whether she is currently employed. In Miami-Dade, case managers reported that they ask whether the participant has a high school diploma and what kind of career she wants to pursue. Several of the Miami-Dade case managers reported that they try to steer participants without a high school diploma or GED into programs with service providers who offer GED programs. In Philadelphia, case managers focused on assessing how many days of TANF receipt the participant has used up and what her work history and level of education is; a few case managers said they would attempt to ascertain the participant's interests. And, as in Miami, in Philadelphia many caseworkers believed that education would benefit their clients and saw the period before the 24-month work-trigger time limit as a window of opportunity for recipients to engage in education activities.

Initial assignments. Despite the attention case managers give to participants' interests and capabilities, in three of the four cities case managers have little room to use this information in making initial activity assignments. In Los Angeles, for example, the case managers surveyed reported assigning almost all new participants who were not already enrolled in an education program and not working enough hours to meet the participation requirements (32 hours per

week for a single-parent household) to job club as their first activity. Participants who were already working part time or who were engaged in education activities for fewer hours than would fulfill participation requirements were usually assigned to a “flexible-schedule” job club or vocational assessment, but almost all the others were assigned to the standard job club. A single provider — the Los Angeles County Office of Education — ran the job club program, using a uniform curriculum (except in pilot variants of the program) so that assignment to a job club involved no exercise of judgment on the part of the case manager. In short, because Los Angeles has implemented a classic work-first program model, there is little flexibility in the initial activity assignment and therefore little use for information gathered in an assessment interview.

Similarly, the first assignment for most WAGES participants in Miami was job club; if the participant did not succeed in finding a job through job club, the next assignment was to an ISP. Moreover, Miami-Dade allows participants to select a provider, so although one case manager reported that case managers decide on an ISP based on the information from one-on-one interviews, in fact case managers do not make the selection.

In Philadelphia, case managers have somewhat more flexibility in dealing with participants who have not yet reached the 24-month work-trigger time limit than with long-term recipients. The first assignment for almost everyone who has not yet reached the work trigger is eight weeks of job search; after that, participants may enroll in activities such as education and training or independent job search, but they are not subject to additional participation requirements until they have been receiving aid for 24 months. Case managers in Philadelphia consistently reported that recipients who have not reached the 24-month work trigger have a lot of options, whereas the others are locked into Pennsylvania’s one-way path of services. CDU workers attempted to match post-24-month participants to providers within the allowable range of activities, according to factors such as interests and English language ability, but they reported that their assignments were influenced as much by the current availability of slots as by the content or quality of providers’ services. “I try to figure out the best fit,” said one CDU worker, “but a lot of times it depends on what’s available — a lot of providers have certain cycles.”

Of the case managers in the four sites, those in Cuyahoga County engaged in the most intensive assessment of participants, and SSCs reported that they attempted to assign participants to activities according to their circumstances, experience, barriers, and goals. First, SSCs try to steer some applicants away from OWF altogether by encouraging those who seem to be appropriate candidates for diversion to instead take advantage of funds from the Prevention, Retention and Contingency (PRC) program (described shortly). To those who enroll in OWF, Cuyahoga County offers differentiated job clubs (one for participants with few obvious barriers to employment and specialized ones for participants with multiple barriers or who have been in and out of the labor market), and SSCs try to assign participants to the appropriate job club model. Because of the range of choices available and the systematic intake interview process, of the caseworkers in the four Urban Change counties SSCs appear to be in the best position to make use of the information they gather in assessment discussions.

The survey of case managers confirms that the sites vary in terms of the degree of judgment that case managers can exercise in their initial work with participants. Los Angeles, Miami-Dade, and Philadelphia case managers reported that the initial assignment is generally rule-determined rather than a matter of judgment; in Los Angeles and Philadelphia, more than 80 per-

cent of case managers said the first activity is usually determined by agency rules. This restriction can lead to frustration on the part of case managers. In response to a participant who in her first meeting said she wanted to go to school so that she could get a better-paying job, one case manager in Los Angeles said: “GAIN is a work-first program. Any job is better than no job. We want you to go to school, but you have to do that along with the job club activity. The whole focus of GAIN is to get you employment so that you can be self-sufficient. You can go to school. GAIN is not going to stop you.” Only in Cuyahoga did case managers report playing a significant role in the first program or activity assignment; nearly half of them said the first assignment is up to them to make, and only about one-sixth said the first assignment is governed by rules (Table 4.2.)

At the same time, case managers in the various sites reported different levels of satisfaction with the training they received in how to assess recipients’ employability and to assign them to activities. In Cuyahoga, a smaller percentage of case managers reported feeling satisfied with their training on activity assignment and job-readiness than those in any of the other three sites. Perhaps because of the greater demands on their judgment, only about one-third of SSCs said they felt adequately prepared to make the first activity assignment, and only one-fourth reported being well prepared to assess employability. Cuyahoga case managers must select from a complicated array of participation options. One seemed almost fatalistic when he commented: “I believe all the programs are good. They are basically the same.... If one program isn’t working for them, I try to put them in another.” Caseworkers in Los Angeles and Philadelphia reported much higher levels of comfort with their preparation in these areas, but — as already noted — they were also less likely to need to draw on their ability to assess employability and adhered much more closely to rules in making activity assignments. Case managers in Miami fell between these extremes, although about one-fourth of case managers in Miami and Cleveland said their job functions are not clear to them.

Subsequent referrals. There were also some differences between counties in the ways case managers handled participants who were unsuccessful in finding work after participating in their initial work activity. In every site, the case managers surveyed believed that, relative to first assignments, subsequent activity referrals involve more judgment and are less rule-determined. Of case managers in the four sites, those in Los Angeles reported the highest degree of reliance on rules in making assignments to second activities, while Cuyahoga case managers reported more dependence on their own judgment. This is related to case managers’ sense of participants’ freedom to choose for themselves: Los Angeles case managers reported that recipients have little choice about what activities they can participate in after job search, whereas case managers in the other sites shared a sense that participants have some degree of flexibility if they have been unsuccessful in job search.

Los Angeles and Cuyahoga both incorporate a formal vocational assessment into their program for participants who do not find work through initial activities. In Los Angeles, participants who do not find a job after completing job club (or who enter the welfare-to-work program already working or enrolled in school but for fewer than the required number of hours per week) may be referred to a formal vocational assessment process in which they meet with trained vocational assessors and undergo a battery of tests. Participants who complete the vocational assessment then sign a personalized welfare-to-work plan (developed jointly by the assessor and the recipient); this is the point at which the work-trigger time clock begins to “tick.” In practice, all

The Project on Devolution and Urban Change

Table 4.2

Case Managers' Responses to Questions Regarding Policy Implementation Guidelines

| | Miami-Dade | Philadelphia | Cuyahoga | Los Angeles |
|--|------------|--------------|----------|-------------|
| Type of program or activity to initially assign client (%) | | | | |
| Decision is based on rules/guidelines | 64.2 | 85.7 | 17.5 | 80.9 |
| Decision is based on staff judgment | 15.1 | 6.1 | 46.3 | 0.8 |
| Decision can be based on either rules or judgment | 20.8 | 8.2 | 36.2 | 18.3 |
| Type of program or activity after job search (%) | | | | |
| Decision is based on rules/guidelines | 45.3 | 65.3 | 9.4 | 73.9 |
| Decision is based on staff judgment | 28.3 | 10.2 | 54.3 | 6.2 |
| Decision can be based on either rules or judgment | 26.4 | 24.5 | 36.2 | 20.0 |
| When to exempt clients from participation requirements (%) | | | | |
| Decision is based on rules/guidelines | 88.9 | 69.4 | 51.0 | 77.9 |
| Decision is based on staff judgment | 0.0 | 6.1 | 19.5 | 4.6 |
| Decision can be based on either rules or judgment | 11.1 | 24.5 | 29.5 | 17.6 |
| When to sanction a client ^a (%) | | | | |
| Decision is based on rules/guidelines | 67.3 | 83.7 | 58.6 | 86.1 |
| Decision is based on staff judgment | 9.6 | 6.1 | 11.2 | 1.6 |
| Decision can be based on either rules or judgment | 23.1 | 10.2 | 30.1 | 12.4 |
| When to remove a sanction (%) | | | | |
| Decision is based on rules/guidelines | 67.9 | 89.8 | 73.0 | 56.7 |
| Decision is based on staff judgment | 7.6 | 6.1 | 7.5 | 12.5 |
| Decision can be based on either rules or judgment | 24.5 | 4.1 | 19.4 | 30.8 |
| Sample size | 53 | 49 | 256 | 133 |

SOURCE: MDRC calculations using data from the survey of Miami-Dade, Philadelphia, Cuyahoga, and Los Angeles County case management staff.

NOTE: ^aTANF clients in Los Angeles and Philadelphia Counties are subject to an interim, work-trigger time limit. The data reflected here for those two sites are worker responses when asked about those clients who are pre-interim time limit (24 months in Philadelphia and 18/24 months in Los Angeles).

but a small percentage of recipients find employment, enroll in other countable activities, or leave TANF before reaching vocational assessment.¹ Similarly, Cuyahoga now mandates an employment assessment for recipients who reach their interim time limit and say they have been unable to find work. In both Los Angeles and Cuyahoga, the assessment leads to a tailored employment plan. In the other two sites, although some service contractors perform similar assessments, the assessments are for the contractors' use rather than a part of the official welfare case management process.

Finally, case managers in three of the sites are rule-bound in determining what categories of recipients can be exempted altogether from participation requirements. In Philadelphia, Los Angeles, and Miami, the percentage of surveyed case managers who said exemption is usually determined by rules was 69 percent, 78 percent, and 89 percent, respectively; in Cuyahoga, only 51 percent of case managers said exemption is a matter of applying clear rules. (In Miami, no case managers said that exemptions are usually a matter of judgment, and only 11 percent said the decision to grant an exemption reflects a combination of rules and staff judgment.)

One last note on assessment and referral: Clearly, even when case managers understand what kind of activity would be in the recipient's best interest, they often know little about the service providers to which they must refer recipients. Generally, more aggressive service-providing organizations make an effort to introduce themselves to case managers and administrators, but case managers rarely see the service providers in action. Case managers report that participants may complain about poor services at certain providers, and case managers themselves informally gain a sense of which are better- and worse-performing providers through participants' reports and their own observations. But in all the sites, case managers must frequently make referrals based merely on whether the service provider has an opening at the time, even if they are unfamiliar with the organization or are not confident that the provider offers services appropriate for a particular participant's needs.

In some sites, there may be so many providers that case managers have difficulty making an informed referral. In one Miami WAGES office, for example, case managers can refer participants to any of 60 providers. Several Miami caseworkers expressed the wish that more of the providers would focus on different careers (for example, careers in trades and hospitality rather than the computer industry) and complained that some service providers are "in it for the money" and do not offer services of real value to clients. (Under the new Welfare Transition program, many of the contractors have changed or are playing different roles than they did under WAGES.) In some offices, representatives of the ISPs make presentations to recipients to drum up business. Often, such presentations are short on substantive information that recipients can use to decide which provider would be best. For example, researchers for the present study observed a motivational presentation from one provider in which the presenter said: "Repeat after me: I look good! I feel good! I am number 1! What I can believe I can achieve! It's not my fault for being down, but it is my fault for staying down!" Another provider at the same session admitted: "I love all of you, but I want to be honest: I only get paid if you stay in the job for six months.... The number 1 thing you need to show you know how to do is follow directions."

¹In the first quarter of 2001, for example, only 1 percent of GAIN participants went through vocational assessment.

Supportive service referrals. In addition to making assignments to activities, case managers determine clients' needs for supportive services that make it possible for them to attend welfare-to-work activities. All four Urban Change counties offer assistance in paying for child care, transportation, books and uniforms, and clothing. Child care assistance is generally offered in the form of payments made directly to the child care provider, so case managers often need only to ask whether child care assistance will be necessary and, if so, explain the options and the process for requesting payments. Transportation allowances are usually provided in the form of passes for public transportation, although some agencies also reimburse participants for mileage. In Los Angeles and Philadelphia, case managers tended to offer the maximum transportation and clothing allowance to participants in their initial meetings; in a sense, these allowances (intended to offset welfare-to-work costs) served as more fungible supplements to cash aid. In Cuyahoga, the PRC program provides up to \$3,000 over a 12-month period for needs ranging from tools and uniforms to auto repairs and overdue utility bills, and case managers can use PRC funds either for diversion or for supplemental employment-related expenses for TANF recipients.²

Each of the counties has also developed procedures for identifying clients who have problems with substance abuse, mental health, or domestic violence that require special assistance and support. Cleveland and Los Angeles have the most structured process; caseworkers in both counties reported that they attempt to uncover these specific barriers in their first encounters with a client. In Cleveland, SSCs are instructed to uncover barriers informally but also use a computer-based guide that includes specific questions about substance abuse and mental health needs. If the interviews by the SSC (or on-site screening for mental health, drug, and alcohol problems) reveals a problem with substance abuse, the SSC can make a referral to treatment. Domestic violence must be self-disclosed for referral. Caseworkers in Los Angeles use a short, formal questionnaire (which the recipient must sign) of eight yes-no questions to screen for substance abuse and mental health service needs; to encourage recipients who need domestic violence services to disclose the need, case managers define domestic violence and explain the services available but do not ask directly about need.³ Recipients who respond affirmatively to any of the questions on substance abuse or mental health must be referred to a specialized assessor, and any recipient expressing an interest in assistance with a domestic violence problem is supposed to be brought immediately to a service provider. Several caseworkers observed in Cuyahoga and Los Angeles seemed to find these procedures awkward. Caseworkers would typically speed through the questions, and in Los Angeles they often prefaced the questions with a statement that they "had to" ask, apparently to minimize any implied disrespect.

In Philadelphia, there is no screening tool, and CDU workers are not formally prompted to ask about particular barriers. But the AMR (which recipients must read and sign at each meeting) notes, "If drugs or alcohol are preventing you from finding or keeping a job, you **MUST** participate in and complete an available certified substance abuse counseling program," and there is space on the back of the AMR form where case managers may note when the participant has completed substance abuse counseling. This part of the AMR did not, however, seem to gain the attention of caseworkers or recipients observed in this study. In Miami, under WAGES, some

²Cuyahoga has since tightened the approval process, thereby narrowing the range of purposes for which PRC funds may be used.

³Eligibility workers ask the same eight questions in intake interviews.

offices administered a formal questionnaire to screen for substance abuse; some offices sent recipients to a community mental health provider for screening after orientation; and many case managers probed informally to uncover substance abuse, mental health, or domestic violence issues. For women confronting domestic violence, DCF provides relocation grants of up to \$2,500 to help them move to another city if necessary.

In all four Urban Change counties, however, welfare-to-work case managers have largely depended on recipients' voluntarily reporting the need for supportive services. Welfare-to-work administrators and case managers expressed a growing concern about identifying recipients who need to address special problems before they can move to sustained employment. In Cuyahoga, one administrator noted: "Eighteen months ago, participation was the be-all and end-all. We talked about self-sufficiency, but what we were really focused on were the reg[ulation]s: getting people into services that counted.... Now...we are putting more services into place...[for] domestic violence, substance abuse, job hoppers.... Our focus on the participation rate gave way to a focus on the activity rate. The activity rate is getting them involved in something, whether it counts or not, as long as it is successful in helping them move to a job." In Los Angeles, where two GAIN administrators noted a need to identify more of the individuals in need of supportive services, the county has a plan to accomplish this. In addition to the current screening tool, the county plans to include a full-family "inventory of needs," to be carried out by a multiagency team (including GAIN staff as well as mental health professionals, a public health nurse, children's social workers, and representatives from the probation department and the school district), as part of the standard sequence of welfare-to-work activities.⁴

It is worth noting that up-front attempts on the part of case managers to identify barriers to labor market entry are deviations from a strict work-first approach to getting welfare recipients to work, in which success or failure in the initial employment search activity is considered a more reliable indicator of job-readiness than professional assessments by caseworkers or recipients' self-reports and in which serious barriers are expected to be revealed through problems during job search. Administrators and case managers are often uncomfortable — understandably, given welfare time limits — with allowing much time to pass before barriers are identified and addressed, yet many welfare staff have also noted that it often takes a long time for recipients to feel comfortable revealing personal barriers such as mental health, substance abuse, or domestic violence problems or even educational deficits, and formal tools dependent on voluntary disclosure may yield limited results.

B. Monitoring and Enforcement

In all the Urban Change counties, case managers are responsible for monitoring participation in assigned activities and, when necessary, attempting to enforce participation requirements through the sanctioning process. In the four counties, case managers reported spending between 14 percent and 22 percent of their time on monitoring and enforcement activities.

Monitoring participation. Case managers monitor participation in several ways. First, they directly observe recipients' compliance with requirements to attend appointments with the

⁴This inventory is Project 38 of DPSS's Long-Term Family Self-Sufficiency Plan.

case managers themselves and to give certain paperwork to the case manager. (In Philadelphia, for example, the latter would include paperwork documenting that the participant has contacted at least a certain number of employers in a self-directed job search.) Many recipients simply fail to show up for appointments with their case managers or for activities located at the welfare office, such as job club. From conversations with case managers and observations of their work flow, it is clear that participants frequently miss appointments and that case managers spend considerable time attempting to contact errant participants.

Second, case managers are usually responsible for collecting and processing attendance reports from assigned activities. In all the sites, the case managers interviewed complained about having difficulties getting timely information about participants' attendance from service providers. Case managers in Miami reported that the welfare system learns fairly quickly whether a participant is not showing up for job search or a paid work experience position, but case managers in the other sites indicated that it can take many days, even several weeks, for the welfare system to find this out. Despite these difficulties, case managers in all four sites indicated that recipients who are not participating in an assigned activity are very likely to be sanctioned.

Sanctioning. Three of the four counties reported roughly similar sanctioning rates; Miami-Dade has the toughest sanctioning practices (for sanctioning trends by site, see Tables 3.1-3.4).⁵ In Cuyahoga County in 1999/2000, a monthly average of only 215 out of nearly 14,000 recipients who were mandated to participate in welfare-to-work activities received sanctions — less than 2 percent of the mandatory caseload. In the same year in Los Angeles, with its much higher caseload, there were fewer than 11,000 cases in sanction status during the average month, or about 11 percent of the total caseload enrolled in GAIN. In Philadelphia during the same period, an average of about 6 percent of recipients — a total of 1,512 cases — enrolled in the welfare-to-work program were referred to or receiving sanctions. In contrast, TANF recipients in Miami who were mandated to participate in welfare-to-work activities were more likely than not to be in sanction status or referred to sanction during the 1999/2000 year: 61 percent (6,469 out of 10,543 cases) had sanctions pending or imposed during the average month. The sanction rates in Miami have been climbing since the already high level in 1996/1997 of 25 percent; the rate jumped to 49 percent the following year and climbed incrementally. It is likely that a significant factor in Miami's falling caseload has been the rigor with which it imposes sanctions.

Sanctioning is the principle tool for enforcing compliance with requirements, and in interviews conducted for this study most case managers — except those in Los Angeles County — reported that enforcement is a high priority. Some case managers see sanctions as an important tool for imposing discipline on participants who lack an understanding of the reality of time-limited welfare. "I think it's important to make people responsible for their actions," said one SSC in Cuyahoga. As time limits approached, "I got increasingly serious about sanctions," said another, while a third said that in the face of time limits some participants "need the extra boost" of sanctioning. "I lead the office in sanctions," boasted one SSC. In Philadelphia, one CDU worker remarked, "Enforcement is a very important part of what we do," while another said,

⁵Note that data on sanctions include sanctions imposed for any reason, not just those related to the welfare-to-work participation and reporting requirements. This discussion focuses on the most recent year for which information is available, 1999/2000.

“Enforcement is one of the main components of the job.” Miami caseworkers made similar comments. In Los Angeles, however, GSWs appeared reluctant to view enforcement as an important element of their work. One GSW said, “We try not to sanction — that is not our job.” Another said: “We are here to help people find work. We are not here to punish them.” The only GSW who reported that enforcement is a high priority also said, “I might call two or three times rather than just one” to avoid imposing a sanction.

At the same time, some case managers expressed personal regret about the need to sanction even when they considered it a high priority. One in Miami, for example, reported telling recipients that they should think twice before falling into noncompliance and incurring a sanction because this will also lead to a cutoff of their food stamps. He said he makes sure that recipients know that, if they are unable or unwilling to comply with participation requirements, they are likely to be able to retain food stamps provided that they leave TANF voluntarily.

Case managers’ readiness to sanction varied somewhat from county to county. For example, at least 80 percent of case managers in Cleveland, Los Angeles, and Miami reported that they would send a letter of intent to sanction or would request a sanction for a client who had missed three job club meetings without reporting having good cause; in Philadelphia, where the sanctioning process was more complicated and received less emphasis during the period when case managers were surveyed for the present study, almost half the case managers said they would give the participant another chance or would contact her to determine the problem. (Note that the survey responses to questions about the likelihood of sanctioning in specific circumstances indicate that, although Los Angeles case managers may not like to picture themselves as disciplinarians, they nevertheless respect the sanctioning policies of the county.)

The severity of sanctions for noncompliance with welfare-to-work requirements also varies somewhat from site to site.⁶ In all four sites, sanctions can be imposed on a case at any of three levels of severity. In Cuyahoga, at the first level of severity, the entire family loses cash assistance (and the head of household may lose food stamps) for a month or until compliance resumes (whichever is longer); at the second level of severity, the sanction period is extended to a minimum of three months; and at the third level of severity, the sanction extends to six months. In Los Angeles, sanctions apply only to the adult portion of the grant; while the first level of sanctions can be removed immediately upon compliance, as in Cuyahoga, the second- and third-level sanctions last at least three or six months, respectively, or until compliance (whichever is longer). In Miami, sanctions are applied to the entire family; the first level lasts until compliance, the second at least 30 days, and the third a minimum of three months. In Philadelphia, sanctions on cases within the first 24 months of TANF receipt apply only to the adult; after 24 months, they apply to the entire household. The first level of sanctions holds for 30 days, the second for 60 days, and the third for the lifetime of the household head. Thus, Philadelphia imposes the most severe third-level sanction of all the Urban Change sites: permanent suspension of TANF assistance for the entire family in cases with more than 24 months of TANF benefit receipt. Note, however, that in Philadelphia — because recipients who have not yet reached the 24-month mark

⁶These are somewhat simplified descriptions of the sanctioning policies in the four Urban Change sites. For details, see Quint et al., 1999.

have such limited participation requirements (after the eight-week job search) — it is much less likely than in the other sites that such recipients receive a sanction.

In Los Angeles and Miami-Dade, welfare-to-work case managers must send a request to another worker to follow up on noncompliant cases. In Miami-Dade, Lockheed-Martin has a contract to investigate the reasons for noncompliance and to attempt to reengage the recipient in activities. In some offices, case managers refer cases to Lockheed-Martin before sanctions take effect. When a case manager makes a sanction request, he or she notifies an eligibility worker at DCF. Although case managers reported that “some sanctions take forever,” they generally thought that they can count on the department to carry out its responsibilities in imposing sanctions. Case managers interviewed in Los Angeles reported more difficulties in communicating with eligibility workers about sanctioning. For example, GSWs complained that eligibility workers do not always enter recipients’ earnings into the computer system quickly, so that GSWs may request a nonparticipation sanction when in fact the recipient is working.⁷ Overall, however, GSWs indicated that eligibility workers follow through on sanction requests, albeit slowly. In Cuyahoga, the SSCs take care of the entire process, and in Philadelphia CDU staff can impose sanctions without the assistance of eligibility staff.

C. Counseling

Another area of responsibility for case managers is general life counseling and motivation enhancement. Case managers are the frontline staff responsible for identifying barriers to success in finding employment, including the problems with substance abuse, mental health, and domestic violence discussed above and more general self-esteem and life-coping issues.

Case managers in all four sites expressed the sense that they were responsible for helping recipients shift their opinions, habits, and attitudes about work and self-sufficiency and that they deal with many clients who suffer from depression and low self-esteem. Several case managers mentioned that characteristics such as having a criminal record or having difficulty reading can make participants feel stigmatized and insecure. Many case managers reported that they spend a lot of time with people who are not job-ready primarily because of what case managers called “attitude” issues, citing as examples insecurity, fatalism, laziness, and anger.

The environment in which caseworkers’ one-on-one interviews with participants take place, however, often undermines the goal of making the participant feel comfortable revealing personal problems. In many offices, interviews take place in large rooms with several meetings going on simultaneously. In other offices, the walls of private cubicles do not reach the ceiling, so that although clients do not have visual reminders of their lack of privacy, voices carry throughout the space. It is rare that the case manager and the client have a private room for conversation. One case manager in Miami commented: “The way we do business, we need space. There is no space to work properly.... Sometimes I am doing an assessment with a client, they

⁷Working recipients are required to give a report of earnings to the eligibility caseworker by the fifth day of every month. This report covers the previous month’s earnings. Depending on how quickly the eligibility worker enters the information into the computer, information about earned income may be nearly two months old by the time the GSW learns of it, which can lead to sanctioning errors.

have issues, domestic violence, criminal records, substance abuse, things that are very private, that should be confidential....”

III. Variation in Caseworker-Recipient Interactions

As discussed above, the four counties participating in the Urban Change study varied in terms of the clarity of their welfare-to-work rules and the amount of room for case manager judgment in the assignment of recipients to activities. Moreover, case managers themselves may approach cases differently or may have different levels of knowledge about the county’s policies. This section looks at variations across the counties and within each county in the kinds of treatment that recipients receive from their welfare-to-work case managers.

Included in the interviews conducted with case managers for this study was a set of questions about what they would do given certain circumstances. Seven fictitious women, each presenting a different profile, were created for this purpose. They included long-term recipients and women who were new to TANF, recipients who participated in all assigned activities and recipients who did not, shy recipients, limited-English speakers, women who had completed high school and women who had not, and women coping with troubles with their children.⁸

Analysis of case managers’ responses to these scenarios reveals a few interesting differences between counties. First, the counties varied in the uniformity of their responses to any one question. Case managers in Los Angeles and Philadelphia tended to give responses (particularly to certain kinds of questions) that were much more similar to their same-county colleagues’ responses than did case managers in Miami-Dade and Cuyahoga. This finding should come as no surprise, given that the program flow is more clearly defined in the former two counties than in the latter two. (Recall also that the survey of case managers indicated that those in Philadelphia and Los Angeles saw many elements of their programs as determined by clear rules, whereas those in Cuyahoga felt their job required them to exercise judgment in activity assignments.) For example, all the Philadelphia case managers who were asked how to treat a woman without a high school diploma who has just enrolled in TANF (and is therefore within the initial 24-month window) after being deserted by her boyfriend recommended a program with GED classes and an assignment to individual job search. Similarly, all the Philadelphia case managers recommended ESL training for a recipient with limited skills in English. Second, there appear to be differences between counties in the elements of the welfare-to-work program that case managers emphasize. For example, because of the clear work-first program flow in Los Angeles, case managers there recommended job club in a wider range of circumstances than did case managers in other counties. In the scenario where the woman without a high school degree had been deserted by her boyfriend, six of the eight Los Angeles case managers to whom this scenario was presented recommended job club, whereas in the other three counties job club was not a common response to this scenario. More Los Angeles case managers recommended job club for a woman who had been on and off welfare and in and out of the labor market than did case managers in the other counties, who were more likely to say they would try to assess the woman’s circumstances and

⁸Note that only a small number of case managers in each county responded to these scenarios. This analysis should therefore be treated as an indication rather than evidence of patterns of actual treatment.

needs. At the same time, in Los Angeles there has been a policy emphasis on supportive services for domestic violence, substance abuse, and mental health problems, and GSWs received training on how to deal with recipients with these problems. Asked what they would recommend for a woman who had been on TANF for two years, had poor attendance in the work experience program to which she had been assigned, and had a child who was suspended from school, six out of seven Los Angeles case managers recommended supportive services. In Miami, half the case managers recommended supportive services, but it was not a common response in the other two counties. There were also county differences in the degree to which case managers emphasized time limits. Philadelphia case managers generally said that they would remind recipients of time limits in more situations than case managers in the other counties.

The responses to the staff survey provide additional evidence of how case management varies between and within sites. For example, case managers in Cleveland, Miami, and Philadelphia provided similar responses when asked what they would recommend for a recipient with no GED or high school diploma. Between 65 percent (Philadelphia) and 89 percent (Miami) said they would recommend more education rather than first getting a job. In Los Angeles, staff responses were more divided, with 43 percent recommending education over quick employment and 47 percent recommending a job. Scenarios featuring recipients with a GED or high school diploma elicited more consistent responses from staff across the sites. About four-fifths of case managers in Cuyahoga and Los Angeles and about 65 percent of those in Miami and Philadelphia said they would recommend employment in this case.

IV. Conclusion

Because case managers play a pivotal role in the implementation of welfare-to-work policies, differences between the Urban Change counties in the structure and design of case management functions have led to real differences in participants' experiences. Participants face different options, and case managers have different degrees of latitude in making decisions with and about their clients. The differences between counties are sometimes dramatic. Whereas case managers in Miami are relatively quick to impose sanctions, those in Philadelphia face more obstacles to sanctioning. Case managers in Los Angeles view their program as rule-bound and straightforward and appear to make decisions about participants that are consistent with those made by their same-county colleagues; case managers in Cuyahoga, in contrast, see their job as requiring them to exercise judgment and differ accordingly in their views of what are appropriate activities and options for participants.

However influential the role played by case managers and however significant the differences between the counties, it is useful to keep in mind that recipients generally spend little time with their welfare-to-work case managers. While one-on-one meetings may take an hour or more, most recipients communicate with their welfare-to-work case managers infrequently; case managers report having contact with only about 60 percent of their cases in any given month. Case managers are responsible for conveying the message that work is important and are the gatekeepers for program referrals, but in the end they have a limited window of opportunity to make a lasting difference in participants' behavior.

Chapter 5

Implementation of the U.S. Department of Labor Welfare-To-Work Grant

The previous chapters focused on services implemented by welfare agencies and funded under the TANF block grant. TANF has been the major source of funding used to deliver employment-related services to welfare recipients in all the Urban Change sites. However, as noted in Chapter 1, the 1997 Balanced Budget Act created the WTW grant, a supplementary pool of funds targeted at long-term and hard-to-employ TANF recipients and administered by the U.S. Department of Labor and state and local workforce development agencies. This chapter examines the WTW grant's implementation in the Urban Change sites by providing a brief overview of the grant's history and structure, profiling each site's experiences with the program, and identifying cross-cutting implementation challenges and lessons.

I. History and Structure of the Welfare-To-Work Grant

The U.S. Department of Labor and state and local workforce development agencies have long been partners in delivering employment and training services to welfare recipients, although the exact nature of their role has shifted over time.¹ In 1967, the Work Incentive (WIN) program created a structure in which welfare and workforce development agencies shared administrative responsibility. Beginning in the early 1980s with the WIN Demonstrations and culminating in 1988 with the creation of the JOBS program, authority gradually shifted to welfare agencies.² Since that time, welfare agencies have maintained primary responsibility for delivering employment-related services to welfare recipients, though workforce development agencies frequently play a role through formal agreements with welfare agencies or by enrolling welfare recipients on their own.³

The passage of PRWORA in 1996 did not fundamentally alter the relationship between welfare and workforce development agencies, although the law's strong focus on employment may have provided a more compelling reason for them to coordinate services. As discussed in Chapter 2, the WIA, which was passed two years later, required workforce development agencies to place greater emphasis on rapid employment and to create one-stop career centers that would consolidate a wide range of employment-related services for job seekers and employers.⁴ TANF-funded employment services do not have to be delivered through the one-stop centers, but

¹U.S. Department of Labor affiliates at the state and local levels have gone through numerous name changes over the years. For simplicity, this chapter uses the term workforce development agency to refer to the state and local organizations responsible for programs funded by the department.

²Nightingale and Burbridge, 1987.

³Nightingale, 1997; U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, 1999.

⁴U.S. Department of Health and Human Services, Administration for Children and Families, 1999; U.S. General Accounting Office, 2000.

a review by the U.S. General Accounting Office in 1999 found that 17 states chose to make them the primary provider of employment services to TANF recipients.⁵

The impetus for the WTW grant came in the wake of PRWORA. Faced with the prospect of tough new work requirements and time limits, many officials at all levels of government feared that existing programs would be insufficient to move large numbers of welfare recipients into jobs — particularly in urban areas, where poverty and welfare were most concentrated. In December 1996, the White House brought together a bipartisan group of mayors and federal cabinet officials to discuss these concerns. The mayors made a strong plea for more resources, as reflected in the following remarks by Philadelphia Mayor Edward Rendell: “We can’t do welfare reform on the cheap in this country. If we all believe that people should not receive welfare and should go out and work, then we’ve got to create employment opportunities.”⁶ In response to the mayors’ concerns, the White House sent Congress an outline for jobs legislation that called for \$3 billion in funding for programs to help long-term welfare recipients find and keep jobs. As the bill was drafted, the mayors argued that to maximize flexibility, the funds should be administered through the employment and training system — with its ties to local government — rather than through the state- or county-administered welfare system.⁷ The WTW grant program established in the 1997 Balanced Budget Act gave the mayors the resources and control they were seeking.

The WTW grant is channeled through the workforce development system; it is not managed by welfare departments. Funding is passed down from the U.S. Department of Labor to state workforce development agencies based on a formula that considers the size of each state’s low-income and TANF populations. In turn, states are required to pass through 85 percent of the funds to local workforce investment areas, which are often referred to as Service Delivery Areas (SDAs); the remaining 15 percent can be retained for state WTW initiatives. In addition to these formula funds, the Balanced Budget Act provided for a competitive grant program that allowed the Department of Labor to award funds directly to local governments, Private Industry Councils, community-based organizations, and other entities.⁸ (This chapter is concerned only with the formula grant.)

The Balanced Budget Act prescribed a set of activities that could be funded by the WTW grant (Table 1.3) and the population eligible for services. As the law was originally enacted, at least 70 percent of funds had to be used for long-term TANF recipients and noncustodial parents of long-term recipients — defined as having received AFDC or TANF for 30 months or being within 12 months of reaching a federal or state time limit — and who had at least two of the three following barriers to work: no high school diploma and low skills in reading and math, a need for substance abuse treatment, and a poor work history. Effective July 2000, the eligibility criteria were broadened so that at least 70 percent of funds had to be spent on long-term TANF recipients, regardless of employment barriers. The remaining 30 percent of funds could be spent on former foster care youths aged 18 to 24, TANF recipients who were determined by local

⁵U.S. General Accounting Office, 2000.

⁶U.S. Conference of Mayors, December 1996.

⁷U.S. Conference of Mayors, June 1997, July 1997, October 1997.

⁸Committee on Ways and Means, U.S. House of Representatives, 2000.

workforce development agencies to have significant barriers to work, and non-TANF custodial parents with income below the poverty line.⁹

States received WTW grants in 1997/1998 and 1998/1999 and were initially given three years to spend the funds.¹⁰ The pace of implementation across the country has been uneven, and the deadline for spending the funds has been extended. On the one hand, there are indications that some states and localities have used the grants to develop service strategies that address the needs of specific populations and that complement local welfare reform objectives. On the other hand, preliminary reports suggest that welfare agencies and employment and training agencies, except those with a history of working together successfully, have had difficulty building relationships around the WTW grants, and recruitment of WTW participants has been slow.¹¹

II. The Urban Change Counties' Experiences with the Welfare-To-Work Grant

Table 5.1 shows the WTW grant amounts, expenditures, and client enrollments for Cuyahoga, Los Angeles, Miami-Dade, and Philadelphia. As the numbers suggest, the counties' experiences differ widely. Owing to a state decision, Cuyahoga did not receive a WTW formula grant, though a handful of employment service providers in Ohio received competitive WTW grants directly from the U.S. Department of Labor. Los Angeles, Miami, and Philadelphia all received formula grants but had different patterns of expenditures and enrollments. Each county's experience is discussed further below.

A. Cuyahoga

According to an official in Ohio's workforce development agency, the state decided to turn down the WTW formula grant for two reasons. First, employment and training officials felt that the funding was too restrictive, particularly with regard to program eligibility criteria. (This view, shared by many states, led Congress to loosen program eligibility rules — a change that took effect in July 2000.) Second, when the WTW grant was first announced, Ohio's welfare caseloads were falling rapidly. When state officials contacted local administrators about the opportunity, they were told that existing employment and training resources and TANF funds were sufficient for serving the welfare population and therefore concluded that the WTW grant was not needed.

⁹Committee on Ways and Means, U.S. House of Representatives, 2000.

¹⁰U.S. General Accounting Office, 1999.

¹¹U.S. General Accounting Office, 1999; Leonard, 1999; Nightingale, Trutko, and Barnow, 1999; Perez-Johnson and Hershey, 1999; U.S. Department of Health and Human Services, Administration for Children and Families, 1999.

The Project on Devolution and Urban Change

Table 5.1

**Welfare-To-Work Grant Amounts, Expenditures,
and Enrollments in the Urban Change Sites**

| | Cuyahoga ^a | Los Angeles ^b | Miami-Dade ^c | Philadelphia |
|-------------------------|-----------------------|--------------------------|-------------------------|--------------|
| Total grant amount (\$) | 0 | 135,192,166 | 25,500,000 | 54,128,833 |
| Total expenditures (\$) | n/a | 44,739,934 | 2,615,711 | 44,173,568 |
| Total enrollment | n/a | 8,874 | 466 | 17,086 |

SOURCES: Interviews with state and local workforce development agency individuals; Pennsylvania Welfare-To-Work Grant Monthly Financial Status Reports.

NOTES: n/a = Not available.

Enrollment and expenditure data are current as of April or May 2001.

In Los Angeles and Philadelphia, figures represent formula funds (85%) and discretionary funds (15%).

In Miami-Dade, figures represent formula funds only, as discretionary funds were retained by the state to develop a participant tracking and reporting system.

^aThe state of Ohio declined the Welfare-To-Work grant.

^bIncludes the eight service delivery areas serving Los Angeles County.

^cThis column also includes data for Monroe County.

Recent interviews with Cuyahoga officials suggest that the decision to turn down the WTW grant may have been short-sighted. In 2001, there was serious discussion at the state level about reducing county welfare funding in order to redirect some TANF dollars to early childhood education programs. As a result, county welfare officials have been searching for ways to maintain services for adults in the face of potentially large cutbacks. Cuyahoga officials have also been discussing a possible merger of the county welfare and WIA agencies to make better use of existing resources, but it is now too late for the state and county to access WTW funds.

B. Los Angeles

Because of its large low-income and welfare populations relative to those in the other Urban Change sites, Los Angeles received the largest amount of WTW formula funds: \$135 million. The funds were divided among the county's eight workforce investment SDAs. To date, the SDAs have spent about one-third of the grant and have enrolled somewhat fewer than 9,000 welfare recipients in WTW-funded programs.¹² SDA officials report that they have received an extension, through 2004, to use the remaining funds.

As might be expected in such a large and diverse county, the Los Angeles SDAs used WTW funding to support a wide variety of programs operated by community-based organiza-

¹²In Chapter 3, the participation figures include enrollments in WTW-funded programs, but the expenditure data include only TANF funds (not WTW expenditures).

tions, schools and other public institutions, and private contractors. All the programs emphasized work or services designed to move people into jobs quickly; many had direct links with employers. One of the most common was paid work experience, which typically combined 20 hours of work in public or nonprofit agencies per week with 12 hours of classroom training per week. The state also awarded discretionary funds (15 percent of the total formula grant) on a competitive basis to allow the SDAs to develop specialized programs for limited-English speakers, noncustodial parents, and other target groups.

The WTW-funded programs got off to a slow start in Los Angeles County. DPSS had a long history of managing its own employment program for welfare recipients, GAIN. According to SDA officials, DPSS was initially reluctant to send referrals to WTW contractors, partly owing to a lack of understanding of WTW services and a sense that GAIN already had sufficient services in place. A director of one of the GAIN regional offices expressed this view: “If you [WTW contractors] don’t have a program I need, why would I use you? I have to protect my client.... You better come up with something better than I have if I am going to use you [as a service provider].” Another factor contributing to the low rate of referrals was the original WTW eligibility criteria, which made it cumbersome for DPSS and SDA staff to determine who qualified. Finally, as explained in Chapter 2, the GAIN program has a prescribed sequence of activities, meaning that clients could not be referred to WTW services unless they had completed job search and vocational assessment. In practice, most clients find work, leave welfare, or end up being sanctioned for noncompliance before being referred to post-vocational assessment activities.

In 1998, representatives from the eight SDAs, DPSS, and other county and state entities formed a collaborative to improve their working relationships and to increase the rate of referrals to WTW-funded programs. Subsequent attention from the local press and the County Board of Supervisors provided further motivation for the group to find ways to improve performance. One important decision was to allow WTW contractors to do their own recruitment and enrollment of welfare recipients who were not already participating in GAIN activities. DPSS agreed to accept “reverse referrals” from WTW contractors as long as the contractors adhered to GAIN regulations regarding program content and hours of participation. As DPSS staff learned more about the specialized services that WTW contractors offered, they also began making more direct referrals. Finally, as noted earlier, the broadening of the program’s eligibility requirements in 2000 made it easier for WTW contractors and DPSS staff to identify potential WTW clients.

The county’s efforts to improve the rate of WTW referrals paid off. According to county documents, the number grew from 6,660 referrals in 1999 to 9,164 in 2000 — a 27 percent increase. (Note that not all referrals resulted in enrollment.) In both years, the number of referrals generated by the WTW contractors through their own recruitment efforts and the number generated by GAIN offices were roughly equal. County staff reported that the referral rate in 2001 was holding steady relative to the previous year.

At this point, it is unclear what will happen to the WTW-funded programs in Los Angeles after the grant ends. No one interviewed for this study expected that the programs would continue in their present form, though there was a sense that some of them might get picked up by other funding sources and that the SDAs and DPSS would continue to build a relationship. As one member of the collaborative remarked: “At the beginning, there was a lot of competing, a

lack of understanding, a lack of appreciation on both sides. We've gotten to a point where we complement each other." Another official commented: "I hate to admit it, but I have to say that being forced to work with these other agencies has been really good for L.A. overall in terms of workforce development. WTW forces the SDAs, ... DPSS, and a bunch of other agencies to work together. We have a bunch of links we wouldn't have had without that kind of push. Otherwise everybody operates independently and does a lot of the same stuff." There was general agreement that the WTW grant brought the SDAs and DPSS closer together, and that this was an important and positive development for the agencies and the people they serve.

C. Miami

Miami's employment and training agency, known as the South Florida Training and Employment Council (TEC), received a total of \$25.5 million in WTW formula funds. The program got off to a slow start and has remained quite small. As of May 2001, the program had spent \$2.6 million of its grant and enrolled 466 clients. TEC initially used the grant to fund an on-the-job training program but shifted later in the year to a model featuring three days of paid work experience in the public sector per week and two days of work-related training per week. Seven contractors, including three city agencies and a mix of community-based organizations and for-profit firms, administer the program. Though the grant was originally set to end in June 2001, TEC officials expect to receive an extension for another year.

TEC staff point to several factors to explain the WTW grant's low expenditures and enrollments in Miami-Dade County. First, as discussed in Chapter 2, Miami's TANF-funded welfare-to-work program, WAGES, went through several directors and transferred the primary contracts for case management services from Lockheed Martin to public schools and community colleges in late 1998. These changes made it difficult for TEC and WAGES to coordinate. Second, the rate of spending on WAGES services increased substantially from 1996/1997 to 1999/2000 (for details, see Chapter 3). TEC staff believed that the community was nearing the point of service saturation and that it would be irresponsible to spend WTW dollars without clear evidence of need.

The targeting of WTW dollars at long-term welfare recipients was a third factor identified by TEC staff as limiting program enrollments and expenditures. As one staff member succinctly put it, "The population is a very difficult one to reach." Miami's rapidly declining TANF caseload meant that each year there was a smaller pool of people from which the WTW could recruit. Moreover, the welfare department's strict enforcement of work requirements tended to push welfare recipients into jobs or to result in recipients' cases being closed for noncompliance. As a result, Miami had a relatively small number of long-term recipients who qualified for WTW services. TEC staff also reported that about half of the clients who received certification to participate failed to show up for their assignments.

As discussed in Chapter 2, TEC became responsible in July 2000 for all welfare-to-work services in Miami, both those funded under TANF (Welfare Transition) and the WTW grant. Despite this consolidation, the WTW program remains somewhat isolated within TEC; because WTW is a separate funding stream and has its own reporting requirements, it is managed separately from Welfare Transition. Moreover, TEC staff have been focused on setting up the one-stop service delivery centers and developing core job-readiness and placement services. Looking ahead, they are hopeful that they will be able to make greater use of WTW funds. For instance,

they are considering developing specialized training programs in partnership with major employers like the Marriott Corporation and the public schools system and creating paid work opportunities for TANF recipients who have reached their time limit and received hardship extensions because they could not find employment.

D. Philadelphia

Philadelphia received \$54 million in WTW funds, which are managed by the Philadelphia Workforce Development Corporation (PWDC). Compared with Los Angeles and Miami, Philadelphia has spent a large proportion of its WTW grant (82 percent) and enrolled a large number of participants (approximately 17,000). This enrollment figure accounts for a substantial proportion of Philadelphia's overall enrollments in work activities in 1998/1999 and 1999/2000 (for details, see Chapter 3). PWDC has asked for and received a one-year extension to use its remaining funds.

Philadelphia's mayor, Edward Rendell, was an early and forceful advocate of the WTW grant and appointed his chief of policy and planning to lead the effort. The mayor's office and PWDC quickly produced a detailed plan for using WTW funds to serve Philadelphia's TANF recipients and other target groups, including noncustodial and teen parents.¹³ The Pennsylvania Department of Public Welfare also had a role in program design, insisting that WTW services for TANF recipients maintain a work-first emphasis and be used for clients who reached the two-year work-trigger time limit. Although PWDC officials would have preferred more flexibility regarding whom they served and what types of services they offered, they stayed within the parameters set by the state welfare department.

PWDC used WTW funds to create eight regional service centers offering a range of services to welfare recipients, including case management, referral to support services, job search and job placement activities, and career counseling. The centers were also intended to provide a space where welfare recipients could build relationships with other people making the transition to work. As one administrator explained: "We wanted how it would feel inside to be a cross between a union hall and an employment agency. A union hall is a place where there's community, fellowship, you can complain, and give each other support. An employment agency says, 'Here's a job, here's a job, here's a job.'" Once welfare recipients obtained work, they were encouraged to continue using the regional service centers for 12 months to obtain support services and gain help in moving up the career ladder. Among other things, the centers encouraged clients to enroll in part-time training programs that could be completed evenings or weekends.

Although the vast majority of Philadelphia's WTW enrollments came through the regional service centers, about 3,000 TANF recipients participated in Philadelphia@Work, another WTW-funded program operated by the Transitional Work Corporation (grants from the State of Pennsylvania and the Pew Charitable Trusts also supported this program). Philadelphia@Work provided paid community service jobs in public or nonprofit agencies to people with little or no

¹³Noncustodial and teen parent programs were funded through the discretionary portion (15 percent) of the WTW grant. Like California, Pennsylvania passed on the discretionary funds to the local workforce development agencies.

work experience. Program participants were expected to work 25 hours per week and to attend 10 hours of job-readiness training per week. The positions lasted up to six months.

Despite PWDC's success in building relatively large-scale programs in a short amount of time, the administrators in charge of Philadelphia's WTW grant felt they could have done better with greater support from the state welfare department. In the words of one administrator: "They [the state Department of Public Welfare] did not like the [WTW] model. They viewed it as a rival [to TANF-funded services]. They did not like the scale. They did not like that we contracted out case management services. They did not like not having control of the Welfare-To-Work money." Perhaps the biggest source of frustration to Philadelphia's WTW administrators was that the state welfare agency required them to keep a clear division between WTW- and TANF-funded programs. As a result, PWDC maintained separate units to manage the WTW grant and the contracts with the state welfare agency. The WTW administrators believed that such separation was unnecessary and that they could have run stronger, more efficient programs had they been able to combine resources.

Interviews with Pennsylvania state welfare officials confirmed that they had strong reservations about the WTW grant and its implementation in Philadelphia. When PWDC requested funding from the state welfare department to continue operating the regional service centers after the end of the WTW grant, the state declined, saying that the services duplicated others available through the TANF block grant. The state agreed, however, to provide funding for Philadelphia@Work for at least one more year after the WTW grant's expiration.

III. Reflections on the Welfare-To-Work Grant: Challenges and Lessons

Although each of the Urban Change counties charted a different course, several general observations can be drawn from their experiences with the WTW grant. The first is that collaboration takes time and commitment on both sides. As already noted, welfare and employment and training agencies jointly administered employment services for welfare recipients under the old WIN program, but responsibility for such services shifted to welfare agencies during the 1980s. The WTW grants provided a vehicle for the two agencies to come back together, but the process was not always easy or automatic. As one SDA official in Los Angeles County explained: "There is a long ramp-up period when there is no infrastructure and no relationships per se. It's a long, thankless ramp-up period. But the positive side is if you keep working at those relationships, you do establish those relationships and you do establish the infrastructure and you service the client in the end." Some of the administrators in the Urban Change sites cited conflicts between the culture of the welfare agency and that of the employment and training agencies or their lack of familiarity with each other's goals and procedures as hindrances to collaboration, at least initially. In Miami, the WTW administrators said that the constant turnover in leadership in the WAGES program was an additional impediment to collaboration.

A second observation is that the timing of the WTW grants was off. Although the program was created only one year after the passage of PRWORA, funds did not reach local employment and training agencies until 1998. By that point, the welfare agencies had already developed their welfare reform plans and implemented welfare-to-work services under the TANF block grant. With caseloads falling, some welfare and employment and training administrators

did not feel pressured to spend the funds. Indeed, a lack of perceived need was a key factor in Ohio's decision to turn down the WTW grant. It also played a role in the decision of WTW administrators in Miami to proceed slowly with developing and implementing services.

A third observation is that WTW-funded services tended to operate in relative isolation from programs run by the welfare and workforce development agencies. Again, this may partly be due to poor timing, given that state and local welfare agencies had already designed and implemented their welfare reform programs before WTW grants were awarded to workforce development agencies. The fact that the program was created as a two-year grant — with uncertain prospects for renewal — made it more of an “add-on” than an integral part of the counties' welfare reform efforts. Finally, because the WTW grant had its own tracking and reporting requirements, administrators may have felt it was easier to keep all WTW-funded activities separate from other TANF- or WIA-funded activities.

A fourth observation concerns the difficulty of recruiting and serving the population targeted by the WTW grant. As reports from other studies have documented, the eligibility criteria in the original legislation were clearly too restrictive,¹⁴ and later amendments did not solve the problem completely. Several administrators commented that the factors that make people hard to employ — personal problems, low skills, poor attitude, and so forth — often contribute to non-compliance with job search or other requirements imposed by the welfare agency. As a result, many hard-to-employ welfare recipients end up in sanction status and never get referred to WTW services. Some administrators also felt that they could not send clients to intensive services, such as personal counseling or substance abuse treatment, because these were not included among the countable activities in PRWORA. The law actually does not prevent programs from making such referrals, though it does limit what activities may be included in the calculation of a state's work participation rates.

Of the Urban Change sites, Philadelphia had the strongest record of enrolling welfare recipients in WTW-funded programs and spending its grant dollars. Its relative success is attributable to two factors, one being the strong political support of the city's mayor. None of the other sites had a comparably high-profile “champion” who made the WTW grant a city- or county-wide priority. Second, Philadelphia chose to invest the bulk of its grant dollars into two major programs (the regional service centers and Philadelphia@Work) rather than a number of smaller initiatives and to focus broadly on welfare recipients who had reached their two-year time limit without finding employment. The WTW grant programs in Los Angeles and Miami, in contrast, tended to be much more specialized, targeting specific groups such as Cambodian or Vietnamese speakers, substance abusers, and noncustodial parents. Although the latter sites' approach was clearly consistent with the goals of the grant and may have supported much-needed programs, it probably contributed to their lower enrollment and spending relative to Philadelphia's.

¹⁴Leonard, 1999; Perez-Johnson and Hershey, 1999.

Chapter 6

Observations and Lessons for Policymakers

As documented in the previous chapters, the four Urban Change sites have taken different paths in implementing welfare-to-work programs since PRWORA's passage. Nevertheless, several common themes emerge from their experiences, some related to the focus on work and others related to the process of change. This chapter synthesizes the themes into observations and lessons aimed at stimulating discussion as Congress begins the process of reauthorizing PRWORA in 2002 and as state and local policymakers consider modifications of their programs. The implications presented here take PRWORA and its four principle goals as given; that is, they identify which aspects of the law are working as hoped and which aspects might be improved to better realize the stated mission of the original legislation. In other words, the chapter addresses issues of optimal implementation rather than offering a broader discussion of the legislation's fundamental approach and priorities.

I. The Focus on Work

- **PRWORA's goal of shifting welfare agencies toward a work-first orientation has been realized in the Urban Change sites.**

Perhaps the most important finding from this study is the extent to which the county welfare agencies have embraced the goal of moving welfare recipients quickly into employment. This is evident in the services, mandates, and incentives that the counties have put in place, the higher expenditures on welfare-to-work programs, and the higher rates of participation in work activities since PRWORA went into effect. The administrators interviewed for this study generally voiced strong support for a rapid employment focus and expressed little interest in promoting upfront education and training for the majority of TANF recipients. The case managers were less certain about the work-first approach but were usually constrained in the types of referrals they could make.

- **The Urban Change sites have embraced the goal of engaging a high proportion of welfare recipients in work activities.**

All the sites have increased recipients' rates of participation in work activities since welfare reform came into effect, despite the fact that falling caseloads significantly lowered the participation rate actually necessary to meet federal requirements. Although federal mandates may have driven initial state policy choices and continue to provide a symbolic backdrop for the increase in participation rates, the present research suggests that state and local officials in the Urban Change sites feel strong internal pressure to increase participation rates. In part, their drive reflects their personal and organizational commitment to the goals of promoting self-sufficiency and strengthening families, which many believe are best accomplished when adults are working. Many administrators and staff also indicated that time limits are an important motivator, in that they do not want to see anyone cut off from cash assistance who has not received help preparing for or finding employment. Finally, the TANF surplus made it possible for sites to expand their

service capacity considerably, particularly during the last two years of the study period (1998/1999 and 1999/2000).

- **A goal of 40 percent or 50 percent participation in welfare-to-work activities may be difficult to attain, even in the most favorable program environments.**

This study looks at PRWORA's implementation during economic times that were marked by plentiful jobs and funding surpluses. Yet although all the sites have significantly increased the rates of participation in work-related activities, the data suggest that the counties would have struggled to meet the participation rates set by PRWORA — 40 percent by federal fiscal year 2000 and 50 percent by federal fiscal year 2002 — had it not been for the provision that reduced the actual state participation requirement by one percentage point for every percentage point reduction in the caseload. Largely because of limited data, particularly regarding the number of hours of participation, the calculations for this report used a broad definition of participation that includes activities that are not listed in PRWORA and includes participants regardless of whether they met the 30-hour weekly requirement. Even by this inclusive definition, only two of the four counties reached the 40 percent mark in 1999/2000. Policymakers may want to examine actual state and county participation data more closely before setting targets that may be unrealistically high, particularly if the labor market becomes more competitive or program funds become more limited.

- **There is wide variation in the Urban Change sites' sanctioning policies and practices. Tough sanctioning may prevent some families from receiving needed services.**

As mandated by PRWORA, all the Urban Change sites are imposing sanctions on welfare clients who do not comply with welfare-to-work requirements. The severity of the sanctions, however, varied from site to site. Some counties cut off cash assistance for the entire family, while others removed the adult from the case but continued to provide benefits for the children. The likelihood of penalties' being recommended or imposed also varied by county. Miami's high rate of sanctioning suggests that noncompliant recipients there were more likely to be penalized than those in Cuyahoga, where the low sanctioning rate suggests that recipients there were given more chances to comply. Given such disparities, federal policymakers may wish to set sanctioning guidelines for states.

Higher rates of sanctioning did not lead to higher rates of participation in welfare-to-work activities. In particular, Miami's and Cuyahoga's participation rates were roughly the same, despite the large differences in their sanctioning rates. At the same time, harsh sanctioning policies may isolate some of the people who need help the most. Some WTW grant program administrators, for example, believed that the difficulty they had enrolling eligible clients was related to sanctions imposed by welfare agencies, which had the effect of removing hard-to-employ clients from the referral pool. This view is consistent with findings from an earlier Urban Change report, which found that welfare recipients who reported multiple health problems, physical abuse, risk of depression, or having a chronically ill or disabled child were more likely than other recipients

to have been sanctioned in the prior year.¹ Special outreach to sanctioned cases could help ascertain whether severe personal or family problems are leading to noncompliance and, if so, trigger provision of appropriate service referrals. Cuyahoga’s Safety Net, which makes home visits to sanctioned families, is an example of such a program.

- **Unsubsidized employment has become the activity that accounts for the largest share of participation, owing both to the expansion in earned income disregards and the stronger emphasis on “real” work.**

The large percentage of welfare recipients in the Urban Change sites who are engaged in unsubsidized work reflects not only PRWORA’s emphasis on “real” work but the states’ expanded earned income disregards. In the short term, this is a win-win situation: Welfare agencies can count unsubsidized work as a program activity, and recipients who work while on welfare gain work experience and increase family income. In the long term, however, recipients who combine work and welfare in this way end up having used up valuable months of welfare eligibility. Policymakers may want to consider whether families who “play by the rules” should be subject to the same cutoff as families who are not working. Florida, for example, allows clients to earn back a month of welfare eligibility for every month they work. Miami’s difficulties in implementing this policy underscore the need for clear, consistent definitions of what counts as work and for good automated systems to help staff and clients keep track of the time-limit clock.

- **Sites are looking beyond quick employment for ways to help hard-to-employ recipients move into the labor force. New ideas and strategies may be needed.**

As detailed in this report, the Urban Change counties are focused on getting TANF recipients into work activities quickly, and the majority of administrators and staff interviewed strongly supported this goal. At the same time, some administrators and staff wonder what to do with recipients who are not helped by activities like job search, short-term training, or work experience. There are clients who appear to need more intensive services (such as mental health or substance abuse treatment) or longer-term skills training and education in order to prepare for employment. Currently, PRWORA does not allow states to count such activities when calculating participation rates. Policymakers might consider broadening the list of allowable activities to accommodate these efforts and permitting hours spent in treatment (such as mental health and substance abuse programs) to substitute for mandatory work hours for clients in need. It should also be noted that there appears to be a need for more ideas and experimentation — as well as focused evaluation — to identify and develop effective strategies for the hard-to-employ. Finally, in a more competitive labor market, many welfare recipients may need to improve their skills and credentials before finding employment, in which case welfare agencies would need to place greater emphasis on developing part-time education and training programs that could be combined with job search or other work-first activities.

- **Welfare agencies are searching for ways to promote job retention and advancement among TANF leavers.**

¹Polit, London, and Martinez, 2001.

In addition to striving to better serve the hard-to-employ, some administrators and staff are looking for ways to help clients retain and advance in their jobs after they leave TANF. All the sites provide some such postemployment services, such as child care and medical benefits, for a period after TANF termination if the former recipient is working and income-eligible. Nevertheless, there is a strong sense that many former recipients are vulnerable to setbacks, whether because of personal problems or difficulties encountered on the job, and that others get stuck in low-paying jobs with no future. Policymakers may want to consider further extending transitional benefits to help former TANF recipients maintain job and family stability. They might also consider ways to help former recipients gain easy access to job leads, education and training programs, and other services that will help them advance economically. For example, Los Angeles is implementing a wide range of postemployment services, including extended case management, job retention services, Earned Income Credit counseling, career assessment, and opportunities for continued educational development. These services will be available for up to 12 months after TANF recipients leave cash assistance for employment.

II. The Process of Change

- **The strong economy and the TANF budget surplus facilitated implementation of the sites' welfare-to-work programs.**

The administrators interviewed for the Urban Change study knew that they were running welfare-to-work programs in the best of economic times. Jobs were plentiful, caseloads were going down, and the TANF block grant provided ample funds. Looking to the future, few expected the good times to continue. Indeed, it seems unlikely that, for example, welfare caseloads will continue to fall as rapidly in the next five years as they did between 1996 and 2001. When setting participation targets and other performance targets, policymakers should consider the possible effects of an economic downturn or tighter funding. Program administrators may also need to develop new program strategies for a weaker labor market. For example, if entry-level jobs have become scarce, programs may need to place greater emphasis on improving clients' job skills and credentials to compete in the labor market or on developing subsidized employment or unpaid work experience positions for welfare recipients.

- **The Urban Change sites used the TANF surplus to increase their welfare-to-work programs' capacity and participation levels.**

The way the TANF block grant was structured — as a five-year allocation based on states' spending levels before 1996 — generated a substantial surplus as welfare caseloads declined. The Urban Change counties used part of the surplus to engage a greater proportion of their caseloads in welfare-to-work activities. For example, whereas Los Angeles County spent \$43.6 million to serve 34,000 program enrollees in 1995/1996, it spent \$133.4 million to serve 102,000 enrollees in 1999/2000. Though the cost per enrollee remained approximately the same (about \$1,300), Los Angeles used the increased funds to reach a much greater proportion of its caseload than it had in the past. In the other Urban Change sites, rising program expenditures reflected both an effort to increase the number of people served and a higher cost per enrollee. The sites' experiences are suggestive of the level of resources that are needed to engage a high per-

centage of the welfare caseload in welfare-to-work activities. High coverage has long been a stated goal, but only recently have states and localities had the funds to achieve it.

- **Supplementary funding sources like the WTW grant should be directed to communities and organizations with identified needs and solid plans.**

The WTW grant program had mixed results in the Urban Change sites. One stumbling block was the lack of close collaboration between the welfare and the workforce development systems before the grants were awarded. If similar funding opportunities are made available in the future, policymakers might consider awarding grants specifically for program planning before awarding grants for services. Programs might also be improved if funding were renewable based on strong performance.

- **Policy changes are implemented by human beings with human limits.**

Policy and program changes have created stress for case managers, who perform a pivotal role in policy implementation. Case managers are being asked to do more with clients — including screening, assessment, referral, monitoring, and counseling — and to draw on a wider range of skills and knowledge of available resources than ever before. They must also keep up to date with policies and rules as they shift. Policymakers should have realistic expectations of case managers, who have human limits that cannot be ignored.

- **Implementing PRWORA has meant significant and dramatic changes in welfare agency structures and practices. Change on this scale takes time and resources.**

In all the counties, the task of designing and implementing policies and programs to respond to PRWORA's work requirements has involved a number of changes, including making structural changes in the agencies, training staff (and in some cases making extensive new hires), developing new programs, building relationships with other agencies and organizations, and engaging recipients. None of this happened quickly or easily. One important lesson to draw from the sites' experiences is that significant change in large bureaucracies is a slow process that requires considerable dedication and focus on the part of administrators and staff. It is also an ongoing process. Four years after PRWORA's passage, the sites are continuing to make program modifications and in some cases are finding that they need to retrain staff on basic policies and procedures. Dramatic changes following TANF's reauthorization would likely require comparably large investments of welfare agencies' time and resources.

Appendix A

Administrators and Caseworkers Interviewed for This Report

The Project on Devolution and Urban Change

Appendix Table A.1

Administrators and Caseworkers Interviewed for This Report

| | Cuyahoga | Los Angeles | Miami-Dade | Philadelphia |
|--|-------------------------|-------------------------------------|---|---|
| Dates of field visits or interviews | March 2000 June 2000 | March 2000 June 2000 May 2001 | January 2000 March 2000 February 2001 | January 2000 March 2000 July 2000 May 2001 |
| State or county offices | | | | |
| Administrators of TANF-funded programs | 3 | 1 | 6 | 6 |
| Administrators of WTW-funded programs | 1 ^a | 3 | 3 | 2 |
| Branch office (TANF) | | | | |
| Directors/assistant directors | 4 | 3 | 3 | 5 |
| Case managers/supervisors | 15 | 12 | 12 | 17 |
| Branch office (WTW) | | | | |
| Directors/assistant directors | 0 | 0 | 0 | 5 |
| Case managers/supervisors | 0 | 0 | 0 | 2 |
| Total | 22 | 19 | 24 | 37 |

SOURCE: MDRC calculations from the Urban Change Implementation Study data.

NOTE: ^aOhio did not participate in the Welfare-To-Work grant. A state Workforce Investment Act administrator was interviewed regarding the reasons for this.

Appendix B

Staff Survey Sample and Response Rates

The Project on Devolution and Urban Change

Appendix Table B.1

Staff Survey Sample and Response Rates

| Sites | Sample Size | | | | Response Rate | | | | |
|--------------|--|-----------------------------------|------------------------------|-------------------|------------------------------|------------------|------------|------------------|------------|
| | Intake and Eligibility Staff Sample Size | Case Management Staff Sample Size | Integrated Staff Sample Size | Total Sample Size | Intake and Eligibility Staff | Management Staff | Case Staff | Integrated Staff | Total |
| Cuyahoga | n/a | n/a | 292 | 292 | n/a | n/a | n/a | 88% | 88% |
| Los Angeles | 312 | 165 | n/a | 477 | 81% | 84% | 84% | n/a | 82% |
| Miami-Dade | 80 | 55 | n/a | 135 | 79% | 96% | 96% | n/a | 86% |
| Philadelphia | 215 | 56 | n/a | 271 | 90% | 88% | 88% | n/a | 90% |
| Total | 607 | 276 | 292 | 1,175 | 84% | 87% | 87% | 88% | 86% |

NOTE: n/a = Not available.

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Recent Publications on MDRC Projects

Note: For works not published by MDRC, the publisher's name is shown in parentheses. With a few exceptions, this list includes reports published by MDRC since 1999. A complete publications list is available from MDRC and on its Web site (www.mdrc.org), from which copies of MDRC's publications can also be downloaded.

Reforming Welfare and Making Work Pay

Next Generation Project

A collaboration among researchers at MDRC and several other leading research institutions focused on studying the effects of welfare, antipoverty, and employment policies on children and families.

How Welfare and Work Policies Affect Children: A Synthesis of Research. 2001. Pamela Morris, Aletha Huston, Greg Duncan, Danielle Crosby, Johannes Bos.

How Welfare and Work Policies Affect Employment and Income: A Synthesis of Research. 2001. Dan Bloom, Charles Michalopoulos.

ReWORKing Welfare: Technical Assistance for States and Localities

A multifaceted effort to assist states and localities in designing and implementing their welfare reform programs. The project includes a series of "how-to" guides, conferences, briefings, and customized, in-depth technical assistance.

After AFDC: Welfare-to-Work Choices and Challenges for States. 1997. Dan Bloom.

Work First: How to Implement an Employment-Focused Approach to Welfare Reform. 1997. Amy Brown.

Business Partnerships: How to Involve Employers in Welfare Reform. 1998. Amy Brown, Maria Buck, Erik Skinner.

Promoting Participation: How to Increase Involvement in Welfare-to-Work Activities. 1999. Gayle Hamilton, Susan Scrivener.

Encouraging Work, Reducing Poverty: The Impact of Work Incentive Programs. 2000. Gordon Berlin.

Steady Work and Better Jobs: How to Help Low-Income Parents Sustain Employment and Advance in the Workforce. 2000. Julie Strawn, Karin Martinson.

Beyond Work First: How to Help Hard-to-Employ Individuals Get Jobs and Succeed in the Workforce. 2001. Amy Brown.

Project on Devolution and Urban Change

A multi-year study in four major urban counties — Cuyahoga County, Ohio (which includes the city of Cleveland), Los Angeles, Miami-Dade, and Philadelphia — that examines how welfare reforms are being implemented and affect poor people, their neighborhoods, and the institutions that serve them.

Big Cities and Welfare Reform: Early Implementation and Ethnographic Findings from the Project on Devolution and Urban Change.

1999. Janet Quint, Kathryn Edin, Maria Buck, Barbara Fink, Yolanda Padilla, Ollis Simmons-Hewitt, Mary Valmont.

Food Security and Hunger in Poor, Mother-Headed Families in Four U.S. Cities. 2000. Denise Polit, Andrew London, John Martinez.

Assessing the Impact of Welfare Reform on Urban Communities: The Urban Change Project and Methodological Considerations. 2000. Charles Michalopoulos, Johannes Bos, Robert Lalonde, Nandita Verma.

Post-TANF Food Stamp and Medicaid Benefits: Factors That Aid or Impede Their Receipt. 2001. Janet Quint, Rebecca Widom.

Social Service Organizations and Welfare Reform. 2001. Barbara Fink, Rebecca Widom.

Monitoring Outcomes for Cuyahoga County's Welfare Leavers: How Are They Faring? 2001. Nandita Verma, Claudia Coulton.

The Health of Poor Urban Women: Findings from the Project on Devolution and Urban Change. 2001. Denise Polit, Andrew London, John Martinez.

Is Work Enough? The Experiences of Current and Former Welfare Mothers Who Work. 2001. Denise Polit, Rebecca Widom, Kathryn Edin, Stan Bowie, Andrew London, Ellen Scott, Abel Valenzuela.

Readying Welfare Recipients for Work: Lessons from Four Big Cities as They Implement Welfare Reform. 2002. Thomas Brock, Laura Nelson, Megan Reiter.

Other

Monitoring Outcomes for Cuyahoga County's Welfare Leavers: How Are They Faring? 2001. Nandita Verma, Claudia Coulton.

Wisconsin Works

This study examines how Wisconsin's welfare-to-work program, one of the first to end welfare as an entitlement, is administered in Milwaukee.

Complaint Resolution in the Context of Welfare Reform: How W-2 Settles Disputes. 2001. Suzanne Lynn.

Exceptions to the Rule: The Implementation of 24-Month Time-Limit Extensions in W-2. 2001. Susan Gooden, Fred Doolittle.

Matching Applicants with Services: Initial Assessments in the Milwaukee County W-2 Program. 2001. Susan Gooden, Fred Doolittle, Ben Glispie.

Time Limits

Florida's Family Transition Program

An evaluation of Florida's initial time-limited welfare program, which includes services, requirements, and financial work incentives intended to reduce long-term welfare receipt and help welfare recipients find and keep jobs.

The Family Transition Program: Implementation and Three-Year Impacts of Florida's Initial Time-Limited Welfare Program. 1999. Dan Bloom, Mary Farrell, James Kemple, Nandita Verma.

The Family Transition Program: Final Report on Florida's Initial Time-Limited Welfare Program. 2000. Dan Bloom, James Kemple, Pamela Morris, Susan Scrivener, Nandita Verma, Richard Hendra.

Cross-State Study of Time-Limited Welfare

An examination of the implementation of some of the first state-initiated time-limited welfare programs.

Welfare Time Limits: An Interim Report Card. 1999. Dan Bloom.

Connecticut's Jobs First Program

An evaluation of Connecticut's statewide time-limited welfare program, which includes financial work incentives and requirements to participate in employment-related services aimed at rapid job placement. This study provides some of the earliest information on the effects of time limits in major urban areas.

Connecticut Post-Time Limit Tracking Study: Six-Month Survey Results. 1999. Jo Anna Hunter-Manns, Dan Bloom.

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An evaluation of Vermont's statewide welfare reform program, which includes a work requirement after a certain period of welfare receipt, and financial work incentives.

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Minnesota Family Investment Program

An evaluation of Minnesota's pilot welfare reform initiative, which aims to encourage work, alleviate poverty, and reduce welfare dependence.

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New Hope Project

A test of a community-based, work-focused antipoverty program and welfare alternative operating in Milwaukee.

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Huston, Robert Granger, Greg Duncan, Thomas Brock, Vonnice McLoyd.

Canada's Self-Sufficiency Project

A test of the effectiveness of a temporary earnings supplement on the employment and welfare receipt of public assistance recipients. Reports on the Self-Sufficiency Project are available from: Social Research and Demonstration Corporation (SRDC), 275 Slater St., Suite 900, Ottawa, Ontario K1P 5H9, Canada. Tel.: 613-237-4311; Fax: 613-237-5045. In the United States, the reports are also available from MDRC.

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Mandatory Welfare Employment Programs

National Evaluation of Welfare-to-Work Strategies

Conceived and sponsored by the U.S. Department of Health and Human Services (HHS), with support from the U.S. Department of Education (ED), this is the largest-scale evaluation ever conducted of different strategies for moving people from welfare to employment.

Do Mandatory Welfare-to-Work Programs Affect the Well-Being of Children? A Synthesis of Child Research Conducted as Part of the National Evaluation of Welfare-to-Work Strategies (HHS/ED). 2000. Gayle Hamilton.

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Los Angeles's Jobs-First GAIN Program

An evaluation of Los Angeles's refocused GAIN (welfare-to-work) program, which emphasizes rapid employment. This is the first in-depth study of a full-scale "work first" program in one of the nation's largest urban areas.

The Los Angeles Jobs-First GAIN Evaluation: First-Year Findings on Participation Patterns and Impacts. 1999. Stephen Freedman, Marisa Mitchell, David Navarro.

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A test of a comprehensive program of services that seeks to improve the economic status and general well-being of a group of highly disadvantaged young women and their children.

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Parenting Behavior in a Sample of Young Mothers in Poverty: Results of the New Chance Observational Study. 1998. Martha Zaslow, Carolyn Eldred, editors.

Focusing on Fathers

Parents' Fair Share Demonstration

A demonstration for unemployed noncustodial parents (usually fathers) of children on welfare. PFS aims to improve the men's employment and earnings, reduce child poverty by increasing child support payments, and assist the fathers in playing a broader constructive role in their children's lives.

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Working and Earning: The Impact of Parents' Fair Share on Low-Income Fathers' Employment. 2000. John M. Martinez, Cynthia Miller.

The Responsible Fatherhood Curriculum. 2000. Eileen Hayes, with Kay Sherwood.

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An exploration of strategies for increasing low-wage workers' access to and completion of community college programs.

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This study examines the implementation and impacts on achievement of the Accelerated Schools model, a whole-school reform targeted at at-risk students.

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Career Academies: Impacts on Students' Initial Transitions to Post-Secondary Education and Employment. 2001. James Kemple.

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This evaluation examines Project GRAD, an education initiative targeted at urban schools and combining a number of proven or promising reforms.

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This study of the Literacy in Libraries Across America (LILAA) initiative explores the efforts of five adult literacy programs in public libraries to improve learner persistence.

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A discussion of the factors that determine whether an impact analysis of a social program is feasible and warranted, using an evaluation of a new family literacy initiative as a case study.

An Evaluability Assessment of the Toyota Families in Schools Program. 2001. Janet Quint.

Project Transition

A demonstration program that tested a combination of school-based strategies to facilitate students' transition from middle school to high school.

Project Transition: Testing an Intervention to Help High School Freshmen Succeed. 1999. Janet Quint, Cynthia Miller, Jennifer Pastor, Rachel Cytron.

Equity 2000

Equity 2000 is a nationwide initiative sponsored by the College Board to improve low-income students' access to college. The MDRC paper examines the implementation of Equity 2000 in Milwaukee Public Schools.

Getting to the Right Algebra: The Equity 2000 Initiative in Milwaukee Public Schools. 1999. Sandra Ham, Erica Walker.

School-to-Work Project

A study of innovative programs that help students make the transition from school to work or careers.

Home-Grown Lessons: Innovative Programs Linking School and Work (Jossey-Bass Publishers). 1995. Edward Pauly, Hilary Kopp, Joshua Haimson.

Home-Grown Progress: The Evolution of Innovative School-to-Work Programs. 1997. Rachel Pedraza, Edward Pauly, Hilary Kopp.

Employment and Community Initiatives

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A multi-site effort to greatly increase employment among public housing residents.

Mobilizing Public Housing Communities for Work: Origins and Early Accomplishments of the Jobs-Plus Demonstration. 1999. James Riccio.

Building a Convincing Test of a Public Housing Employment Program Using Non-Experimental Methods: Planning for the Jobs-Plus Demonstration. 1999. Howard Bloom.

Jobs-Plus Site-by-Site: An Early Look at Program Implementation. 2000. Edited by Susan Philipson Bloom with Susan Blank.

Building New Partnerships for Employment: Collaboration Among Agencies and Public Housing Residents in the Jobs-Plus Demonstration. 2001. Linda Kato, James Riccio.

Neighborhood Jobs Initiative

An initiative to increase employment in a number of low-income communities.

The Neighborhood Jobs Initiative: An Early Report on the Vision and Challenges of Bringing an Employment Focus to a Community-Building Initiative. 2001. Frieda Molina, Laura Nelson.

Connections to Work Project

A study of local efforts to increase competition in the choice of providers of employment services for welfare recipients and other low-income populations. The project also provides assistance to cutting-edge local initiatives aimed at helping such people access and secure jobs.

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San Francisco Works: Toward an Employer-Led Approach to Welfare Reform and Workforce Development. 2000. Steven Bliss.

Canada's Earnings Supplement Project

A test of an innovative financial incentive intended to expedite the reemployment of displaced workers and encourage full-year work by seasonal or part-year workers, thereby also reducing receipt of Unemployment Insurance.

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A new series of papers that explore alternative methods of examining the implementation and impacts of programs and policies.

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Extending the Reach of Randomized Social Experiments: New Directions in Evaluations of American Welfare-to-Work and Employment Initiatives. 2001. James Riccio, Howard Bloom.

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The Manpower Demonstration Research Corporation (MDRC) is a nonprofit, nonpartisan social policy research organization. We are dedicated to learning what works to improve the well-being of low-income people. Through our research and the active communication of our findings, we seek to enhance the effectiveness of social policies and programs. MDRC was founded in 1974 and is located in New York City and Oakland.

MDRC's current projects focus on welfare and economic security, education, and employment and community initiatives. Complementing our evaluations of a wide range of welfare reforms are new studies of supports for the working poor and emerging analyses of how programs affect children's development and their families' well-being. In the field of education, we are testing reforms aimed at improving the performance of public schools, especially in urban areas. Finally, our community projects are using innovative approaches to increase employment in low-income neighborhoods.

Our projects are a mix of demonstrations — field tests of promising program models — and evaluations of government and community initiatives, and we employ a wide range of methods to determine a program's effects, including large-scale studies, surveys, case studies, and ethnographies of individuals and families. We share the findings and lessons from our work — including best practices for program operators — with a broad audience within the policy and practitioner community, as well as the general public and the media.

Over the past quarter century, MDRC has worked in almost every state, all of the nation's largest cities, and Canada. We conduct our projects in partnership with state and local governments, the federal government, public school systems, community organizations, and numerous private philanthropies.