

Program Design Manual

**Employment Retention and
Advancement Project**

Prepared for

**Administration for Children and Families
U.S. Department of Health and Human Services**

Task Order Number 5

Contract Number 282-98-0016

Prepared by

**The Lewin Group
Barbara J. Murphy, M.S.
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Johns Hopkins University
Burt S. Barnow, Ph.D.**

December 7, 1999

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I. INTRODUCTION

To help build knowledge about how best to help welfare recipients sustain employment and advance in the labor market, the Administration for Children and Families (ACF) issued planning grants to 13 states. The *Employment Retention and Advancement Project* is designed to help states implement and refine their employment, retention, and advancement strategies. At the request of ACF, The Lewin Group has prepared this program design manual to assist states as they develop their strategies for improving retention and advancement.

The manual provides a conceptual framework that states might follow when designing their programs. In this framework, states seeking to develop retention and advancement interventions would first select specific program goals, determine the group or groups they want to target, and identify the issues that need to be addressed to achieve the desired goal. Based on the choices each state makes regarding goals, target groups, and the focus of the demonstration, the state can then design an appropriate programmatic strategy. Each state will need to tailor its program to its own individual circumstances. What works in one state may not be feasible in another.

For each step in the conceptual framework, this manual provides possible choices, as well as some discussion of the implications of these choices. The list of choices, while extensive, is not meant to be exhaustive. Instead, it is meant to provide states with concrete examples of how the conceptual framework operates in practice, as well as how the choices made in terms of goals and target groups interact with the choices regarding specific program strategies.

Furthermore, while the manual is organized as though states would determine their goals first, then their target group and the issues it faces, this is not necessarily the case. States may plan to target a particular group before they have clear goals in mind. Or states may know that there are certain barriers to employment they want to address, but might not be sure who their target population will be. Whatever the order in which states proceed, however, it is important to give serious thought to the goals, target population, and issues *before* developing a specific programmatic strategy.

In order for states to follow this conceptual framework and develop a promising intervention, it is important to have a clear understanding of the current states of their Temporary Assistance to Needy Families (TANF) population. This may require some states to do an in-depth review of administrative data or to gather information from other sources. Without this information, it is possible that states could develop a program design that looks good on paper but has little or no impact on retention or advancement because the intervention does not address the specific needs and challenges of their TANF population. For example, a state may initially plan to focus on job retention. However, caseload data may reveal that most participants who find jobs keep those jobs. If that is the case, an intervention focusing on job retention may not be appropriate. Instead, the state may want to focus on job advancement.

At all points in the process, states should think through the implications of the choices they make. This requires several steps. First, states should assess the feasibility of their given goal, target group, or strategy. In other words, is it administratively, politically, and economically possible to accomplish the chosen goal, target the chosen population, or implement the preferred strategy? Next, states should analyze the potential effectiveness. In other words, is this chosen

strategy likely to accomplish the desired goal for the target population, given the issues identified that affect retention and advancement? The manual provides several examples that illustrate how the conceptual framework operates in practice.

States that wish to participate in the *Employment Retention and Advancement Project* will be required to evaluate their demonstration projects. Therefore, the last section of the manual explores some of the major evaluation issues that these states will need to consider. While evaluation issues follow the discussion of program design, they should be contemplated throughout the process, as they are likely to affect the design and implementation of any intervention. Nevertheless, states that do not intend to evaluate their intervention can still benefit from the steps outlined throughout the manual.

OVERVIEW OF THE MANUAL

Section I, **Select Program Goals**, describes the issues states will need to consider as they choose a goal for their demonstration. The section also includes discussion of possible goals and some of the implications of choosing these goals.

Section II, **Define the Target Population**, guides states through the questions they may need to answer as they decide who they want to be part of the demonstration. The section lists possible target populations and matches those populations to potential goals.

Section III, **Identify the Focus of the Intervention**, describes some of the major challenges TANF recipients face that may limit their ability to retain or advance in their jobs.

Section IV, **Describe Specific Program Strategies**, guides states through the actual program design process. The section discusses the design and implementation issues states will need to consider when they select a program strategy, and includes examples of interventions states may wish to explore.

Section V, **Evaluation Issues**, provides an overview of the key evaluation issues that may affect program design.

Section VI, **Examples**, provides concrete illustrations of how the conceptual framework might operate in practice.

II. SELECT PROGRAM GOALS

The goals a state chooses will depend upon a number of factors, including the characteristics of its welfare population, what program designers know about the work experiences of those who leave welfare for work, and the political environment. Goals that are appropriate for one state may not be appropriate in another. In order to choose an appropriate goal, it may be necessary for states to step back and examine their TANF populations more closely. It is important that states have a clear understanding of who is being served and what is happening to these clients now – which clients find employment, which do not, and what happens to those who do find jobs.

Any goal chosen should be related to job retention and/or advancement. It is important to be specific because the goal will be measured during the evaluation.¹ For example, if the goal is to increase the number of weeks employed, will states try to reach a certain threshold (e.g., four months of steady employment) or will incremental increases be measured?

States can and may choose multiple goals. However, it is important to keep in mind that different goals may require different targeting, program strategies, and service delivery approaches. Furthermore, there may be tension among goals. States should take care that goals are complementary or, if different, that the evaluation design takes into account these differences.

In the context of job retention and advancement demonstrations, possible goals include the following:

- Increase the number of weeks of employment over a specific (e.g. one-year) time period.
- Increase the number of hours worked per week.
- Increase the hourly wage, either initially or over time.
- Reduce job loss within the first x months (e.g., four or six)
- Reduce the time unemployed between jobs.
- Increase employment in jobs with benefits such as health insurance, sick leave, vacation time, and retirement plans.
- Increase employment in jobs with the potential for advancement.

These goals represent ways of looking at retention and advancement issues from a number of different perspectives and are based on current understanding of the dynamics of the welfare population.

¹ As noted previously, states that wish to participate in the *Employment Retention and Advancement Project* will be required to evaluate their demonstrations.

A. Increase the number of weeks employed

Research on pre-TANF welfare recipients has shown that a substantial proportion (nearly 40 percent) who leave welfare for work return to welfare within one year.² Analysis of data on welfare participants who find jobs while on welfare or within three months of leaving welfare, indicates that only a small proportion are employed steadily from the time of their initial jobs through two- and five-year follow-up periods.³ A possible goal for states, then, is to increase the number of weeks employed among treatment group members during the first year after employment is obtained. Increases could be measured in terms of consecutive weeks of employment or total weeks employed in a given time period (e.g., one year).

Issues:

- This goal recognizes that incremental increases in employment are important interim goals on the road to self-sufficiency.
- This goal recognizes that the longer someone remains employed, the higher the probability that she will not return to welfare.
- It may be difficult to convince political leaders, who like to see large impacts that result in fewer families on welfare, that incremental goals are important.

B. Increase the number of hours worked per week

Many recipients leave welfare for part-time work or combine part-time employment with welfare. In one study, half the women who left welfare for work worked less than full-time.⁴ Part-time employment in a low-wage job is unlikely to produce enough income to support a family or leave welfare. One goal therefore could be to increase the number of hours worked per week. A similar goal would be to increase the number of participants who obtain full-time employment.

Issues:

- Measuring the increase in hours worked does not indicate whether people are working full-time. It may be that more people are working more part-time hours.
- Measuring the increase in hours worked is not necessarily an indicator of self-sufficiency.
- It may be difficult to convince political leaders that an incremental goal such as the increase in hours worked is a worthwhile goal.
- On the other hand, looking only at increases in full-time employment may not capture incremental increases in the number of hours worked.
- States that wish to focus on programs that mix work and education may find that these goals conflict with that approach.

² Pavetti, L. (1996). *Time on Welfare and Welfare Dependency*. Statement before the House of Representatives Committee on Ways and Means, Subcommittee on Human Resources, May 23.

³ Rangarajan, A., Schochet, P., and Chu, D. (1998). *Employment Experiences of Welfare Recipients Who Find Jobs: Is Targeting Possible?* Prepared for the Administration for Children and Families. Princeton, NJ: Mathematica Policy Research, November. This study, and all others cited in this report, bases its analysis on pre-TANF data.

⁴ Ibid.

C. Increase the starting hourly wage

Welfare recipients who find employment are likely to find jobs in the low-wage, low-skill labor market. Research has shown, however, that participants who find jobs with higher wages (\$8.00 or more per hour in 1997 dollars) are more likely to keep their jobs.⁵ Therefore, a possible goal for states is to increase the starting hourly wage. A similar goal is to increase the percentage of participants who find jobs paying a certain wage rate (\$8.00 per hour, for example).

Issues:

- Both goals recognize that helping TANF participants maintain their jobs may not be enough. Participants need to find jobs that will allow them to leave welfare before their time limits expire.
- These goals may be difficult to achieve in areas where there are few high-wage jobs available or where there are many people competing for the available jobs.
- These goals may also be difficult to achieve if the target population has very low skill levels.
- These goals may work well in a state that wishes to collaborate with other employment-focused agencies to create a comprehensive plan for improving the employment prospects of all low-income workers.
- With respect to the first goal, increases in the average wage rate may still not be large enough to ensure that participants can leave TANF or that they will maintain their jobs.
- With respect to the second goal, measuring the percentage of participants who reach a minimum hourly wage will not capture incremental increases in wages.

D. Increase the hourly wage over time

Welfare recipients who become employed are likely to obtain jobs with stagnant wages. Research has shown that hourly wages for low-skill jobs generally have not kept pace with inflation.⁶ One study followed the wage patterns of women who received welfare at some point between 1979 and 1981 and found that hourly earnings for this group increased by an average of only seven cents per year over an 11-year period (in 1996 dollars).⁷ Furthermore, over time welfare recipients are unlikely to move from “bad” jobs to “good” jobs (defined as a full-time job that pays more than \$8.00 per hour in 1993 dollars).⁸ Therefore, one goal could be to increase the hourly wage over time. While the previous goal is an indicator of the quality of the initial job, this goal is an indicator of advancement.

⁵ Rangarajan, Schochet, and Chu (1998).

⁶ Tilly, C. (1996). *The Good, the Bad, and the Ugly: Good and Bad Jobs in the United States at the Millenium*. New York, NY: Russell Sage Foundation, June. This analysis is based on pre-TANF data.

⁷ McMurrer, D. P. and Sawhill, I. V. (1998). *Getting Ahead: Economic and Social Mobility in America*. Washington, DC: The Urban Institute.

⁸ Pavetti, L. and Acs, G. (1997). *Moving Up, Moving Out or Going Nowhere? A Study of the Employment Patterns of Young Women*. Washington, DC: The Urban Institute, July.

Issues:

- This goal recognizes the need to help participants increase their earnings so they can leave welfare before they reach their time limits.
- This goal may be difficult to accomplish in areas where there are few high-wage jobs available, where there is limited upward income mobility, where there is strong competition for available jobs, or where TANF clients lack the skills needed to obtain higher-paying jobs.
- The reasons wages are stagnant may vary widely from employer to employer, so states may need to implement a number of changes to achieve the goal. For this reason, this goal may work best in a state that wishes to collaborate with other employment-focused agencies to create a comprehensive plan for improving the employment prospects of all low-income workers.
- States may need to give some thought to the question, how large an increase is large enough? Increases that are only slightly greater than the rate of inflation may not be large enough to enable participants to leave TANF.
- Depending upon the program strategy a state chooses to address this goal, a significant amount of time might pass before measurable increases are seen. Because the demonstration project is limited to five years, including follow-up, states will need to choose their strategies carefully.

E. Reduce job loss within the first four or six months

There is some evidence that the first four to six months in a job are crucial. As noted previously, many women who leave welfare for work return to welfare within one year. Other data indicate that rates of job loss peak in the first four to six months of employment and then taper off.⁹ If women remain employed after six months, they are less likely to lose their jobs. Therefore, states may wish to adopt a goal of reducing job loss within the first four or six months.

Issues:

- This goal recognizes that many welfare recipients will need assistance if they are to maintain their jobs.
- Reducing job loss will help welfare recipients preserve lifetime TANF benefits by reducing the number of welfare spells.
- This goal may be appropriate for clients who have a history of early job loss or who have little or no work history.
- This goal may not be appropriate when there is a mismatch between clients and jobs or when it is desirable for clients to find better jobs (e.g., when a job requires dangerous tasks).

F. Reduce the time unemployed between jobs

As noted previously, many welfare recipients lose their jobs quickly. Finding a new job can be difficult. In one study, only one-third of those who lost their jobs was re-employed within three months.¹⁰ Forty percent were still not working one year after losing their jobs. There is some

⁹ Rangarajan, Schochet, and Chu (1998).

¹⁰ Rangarajan, Schochet, and Chu (1998).

evidence that participants' cycling through a variety of jobs is a natural progression, and for some participants job turnover may be a positive, necessary step in attaining long-term employment and self-sufficiency.¹¹ However, the lifetime limits on TANF receipt restrict participants' abilities to cycle between welfare and work. Therefore, reducing the time between jobs can be an important goal for states.

Issues:

- Rapid re-employment will help welfare recipients preserve their lifetime TANF benefits by reducing the length of welfare spells.
- Reasons for job loss can vary greatly. States who wish to adopt this goal need to have a good sense of the factors that contribute to job loss among their welfare populations in order to address these issues and prevent future job loss.
- Simply focusing on rapid re-employment may not be enough. While some participants may eventually transition to better jobs, others may move from one low-wage job to another.

G. Increase employment in jobs with fringe benefits

Jobs in the low-wage economy often lack benefits such as health insurance, sick leave, and vacation. The proportion of all workers covered by health insurance fell from 63 percent in 1979 to 56 percent in 1993. The number of paid days off declined from 20 to 17 between 1977 and 1989.¹² The absence of these benefits makes it more difficult for individuals to maintain employment and also creates a financial strain. Research has shown that former welfare recipients who sustain employment are more likely to have jobs with some fringe benefits.¹³ Therefore, states may choose a goal of increasing employment in jobs with fringe benefits.

Issues:

- This goal recognizes that helping TANF participants find jobs with benefits will increase the likelihood that they will maintain employment.
- This goal also recognizes that some public benefits, such as transitional Medicaid, will expire after a certain amount of time.
- There may be a number of reasons why TANF recipients are not obtaining jobs with benefits currently, including a lack of skills or a lack of adequate jobs. States that choose this goal might need to implement a number of initiatives in order to achieve the goal. Therefore, this goal may work best in states that wish to collaborate with other employment-focused agencies to create a comprehensive employment strategy for all low-income families.

H. Increase employment in jobs with the potential for advancement

Job advancement among low-wage workers is limited. Evidence suggests that many women, particularly women who have not completed high school, will have difficulty making the

¹¹ Wagner, S.L., Herr, T., Chang, C., and Brooks, D. (1998). *Five Years of Welfare: Too Long? Too Short? Lessons from Project Match's Longitudinal Tracking Data*. Chicago, IL: Erikson Institute, June.

¹² Tilly (1996).

¹³ Rangarajan, Schochet, and Chu (1998).

transition from a “bad” (low-wage) job to a “good” job (a full-time job with higher wages and benefits).¹⁴ If welfare recipients are to leave TANF and become self-sufficient, merely finding an initial job is usually not enough. It is important to identify career paths for welfare recipients so that they can find jobs with some advancement potential. Certain industries (health care and hospitality, for example) have been linked to greater advancement opportunities.¹⁵ Therefore, states may wish to choose a goal of increasing employment in these fields or others with the potential for career advancement.

Issues:

- This goal recognizes that many welfare recipients will initially obtain low-wage jobs and need assistance to move to better jobs over time.
- In the health care field in particular, upward mobility may be limited because many higher-wage jobs require education or skills that TANF recipients may lack.
- States that choose this goal must be careful to avoid placing participants in career paths that are too specialized. If the demand for employees in these fields tapers off in future years, participants may not be able to locate new jobs.
- In some cases, states may need to create career paths where none currently exist. Where this is the case, it may be best to do this as part of a comprehensive plan to improve the employment prospects of *all* low-income families.

¹⁴ Pavetti and Acs (1997).

¹⁵ Pindus, N., Dyer, D., Ratcliffe, C., Trutko, J., and Isbell, K. (1997). *Industry and Cross-Industry Worker Mobility: Experiences, Trends, and Opportunities for Low-Wage Workers in Health Care, Hospitality, and Child Care*. Washington, DC: The Urban Institute, December.

III. DEFINE THE TARGET POPULATION

Identifying the population that will receive services is an important step in the program design process. To some extent, the goals, once chosen, will dictate the target group. For example, if the program goal were to increase the starting wage rate, those who are already employed would not be an appropriate target group. On the other hand, if the goal is incremental increases in wages or hours worked, it might make more sense to target jobholders rather than those who are not yet employed.¹⁶

Defining the target group involves not only deciding whom to target, but also where to target the program. States may face special circumstances that lead them to restrict their demonstration to a particular geographic area. For example, if the majority of the welfare population resides in one or two large metropolitan areas, it may not make sense to conduct a statewide demonstration. Regional demonstrations may be appropriate where clients in a particular region may be fairly homogeneous but quite different from others in the state. Finally, there may be other factors (such as an employer in the area who wishes to work with the welfare agency) that make geographic restrictions attractive. For whatever reason, if a state chooses to restrict its demonstration to a particular area, this does not mean that all clients within the region must be included in the target group. States might engage in more selective targeting within the region to further narrow the study population.

Whether the program will operate within a specific geographic area or statewide, states may need to carefully examine their TANF populations to gain an understanding of what is happening to clients already. States need to know who is being served currently and who seems to need additional help in order to remain employed.

States should ask themselves several questions when choosing their target population.

- Can the target population be helped? If the state concludes that the resources or services are not available to help the target population, or that the target group is unlikely to benefit from the planned intervention, then it is not an appropriate target group.
- Does the target population need additional services in order to retain jobs or advance in the labor market? If the state has chosen a target population that is likely to succeed without any additional intervention (or that does not need the planned intervention), then it is not an appropriate target group.
- Can the state afford to provide the services the target population needs?
- Are there political factors that make it difficult or impossible to target this population?

It is important to note that defining who will be served is not the same as determining *when* services will be delivered. For example, a state may choose to target TANF clients who are not yet employed (the pre-employment TANF population). However, this does not mean that services will or should only be *delivered* prior to employment. What this means is that clients will be assigned into treatment and control groups prior to becoming employed. Which services are offered and when services are delivered are design issues that states will address based on the needs of their population.

¹⁶ Conversely, the target group, if selected first, will dictate the potential program goals.

Possible target populations for a job retention and advancement demonstration include:

- Those receiving TANF pre-employment;
- Those receiving TANF post-employment;
- Those who left TANF for employment;
- Those in jobs with low starting wages;
- Clients who lose their initial jobs quickly; and
- Clients with particular characteristics (e.g., less than a high school education).

A. Those receiving TANF pre-employment

States may wish to create programs that focus on those TANF participants who are not yet employed. Those who are not employed (particularly long-term TANF participants) may be more disadvantaged than those who have jobs and thus in greater need of retention and advancement services.

Issues:

- This is an appropriate target group for virtually any of the program goals discussed in the previous section. However, it may be best suited to goals aimed at improving the beginning circumstances of employment (e.g., starting wages) rather than those aimed at improving circumstances during employment (e.g., increasing wages over time) or after job loss (e.g., reducing the time between jobs).
- Because many in the sample may not find employment during the study period, employment or other effects that are found are likely to be small, unless the intervention is exceptionally effective.
- Depending upon the programmatic strategy, it may be expensive to target the TANF pre-employment group.
- Not everyone in this group will need services in order to retain employment or advance in their jobs.

B. Those receiving TANF post-employment

During the course of the demonstration, some TANF participants will find jobs, but will not earn high enough wages or work enough hours to leave TANF. This group is likely to be larger in higher-benefit states or in states with more generous earnings disregards.

Issues:

- This group could be chosen for virtually any of the goals noted earlier, but may be most suitable for goals that focus on improving circumstances during employment (e.g., increasing hourly wages over time) or that focus on job loss (e.g., reducing job loss within the first six months).
- This group may be less appropriate for goals that seek to improve the beginning circumstances of employment (e.g., employment in jobs with advancement potential), unless

the program strategy seeks to help employed TANF participants find better jobs (e.g., full-time work instead of part-time) or to help those who lose their jobs.

- Those who already have jobs may be less disadvantaged. Therefore, what works for them may not work for those who are more disadvantaged.
- On the other hand, those who are employed in jobs that do not provide enough income to leave TANF are likely to need services for job advancement.
- Because this group is a subset of the TANF population, states may be able to provide more intensive/expensive services than could be provided to the entire TANF population.
- Because this group has earned income, benefits will be lower than those of the average TANF family, so reductions in welfare benefits will also be lower.

C. Those who leave TANF for employment

As noted earlier, research suggests that recipients regularly leave welfare for work. However, many return to welfare. States may wish to target this group in order to reduce recidivism or for other reasons. This group is likely to be larger in states with relatively low benefits.

Issues:

- This target group, like the previous one, may be most appropriate for goals that focus on improving circumstances during employment (e.g., increasing hourly wages over time) or that focus on job loss (e.g., reducing job loss within the first six months).
- Those who already have jobs may be less likely to need assistance to remain employed or advance in their jobs. Therefore, states that wish to target this group may want to explore ways to target services to those most at risk of poor employment outcomes.
- Because this target group has already left TANF, reductions in welfare benefits will be lower. Any financial savings will come solely from reductions in recidivism.

D. Those in jobs with low starting wages

Many TANF participants who find jobs will find employment in the low-wage, low-skill labor market. Because employees in low-wage jobs often lose those jobs, states may wish to target services to all current and former TANF recipients who find jobs in the low-wage labor market. By targeting all TANF participants who find low-wage jobs, states can provide services to participants who leave TANF as well as to those who remain on assistance.

Issues:

- This target group is best suited for goals that focus on improving circumstances during employment or that focus on job loss.
- This group may be less appropriate for goals that seek to improve the beginning circumstances of employment (e.g., employment in jobs with advancement potential), unless the program strategy seeks to help the target group obtain better jobs.

E. Clients who lose their jobs quickly

As noted earlier, research indicates that many TANF participants who find jobs will lose those jobs quickly. Because early job loss can be an indicator of potential barriers to employment and because those who cycle on and off TANF are likely to exhaust their lifetime benefits, states may wish to target services to those who lose their jobs within the first four to six months of employment.

Issues:

- Targeting these early job losers may be appropriate for states that wish to focus on goals related to job loss (e.g., reducing the time between jobs) or that wish to get clients re-employed in better jobs.
- States that wish to target those who lose their jobs quickly will need to have a clear understanding of why the clients lost their jobs. Because job loss can occur for many reasons, states may need to implement a number of different interventions in order to prevent job loss, reduce the time between jobs, or get clients re-employed in better jobs.

F. Clients with particular characteristics

States may have political, philosophical, or other reasons for wishing to target a subset of their TANF population. Because they face the prospect of exhausting their lifetime benefits, states may wish to target long-term TANF participants. Alternatively, upon examining program data, states may conclude that certain participants are more likely to lose their jobs.¹⁷ For whatever reason, states may conclude that their best approach is to target the program to a specific subset of the TANF population.

Issues:

- Targeting a subset of TANF participants based on demographic or other characteristics can be appropriate for any of the goals discussed previously.
- States could choose more than one goal for this target group, depending upon whether or not the target population is already employed.
- Because this group is a subset of the TANF population, states may be able to provide more intensive/expensive services than could be provided to the entire TANF population.

¹⁷ Analysis of national data on welfare recipients indicates that certain participants (e.g., those without a high school education) are at higher risk of losing their job than are others. The authors conclude that it is possible to determine, in advance, which participants face the greatest risk of losing their job and target those individuals with retention services. Rangarajan, Schochet, and Chu (1998).

IV. IDENTIFY THE FOCUS OF THE INTERVENTION

As states begin to design their retention and advancement interventions, program officials may already have a theory in mind that they want to test or may have a broad sense of the issues affecting job retention and advancement that they want to address. On the other hand, state officials may know their program goals and target groups, but be unsure what the target groups need in order for the goals to be met. Either situation calls for a careful exploration of the issues the TANF population (or target population, if the state has chosen one) faces that limit participants' abilities to maintain or advance in employment. In other words, states will need to determine what needs to be done in order to accomplish the goal(s) they have set for their chosen target groups.

Questions states may wish to ask of themselves include:

- What happens to TANF participants (or members of the target group) when they enter or try to enter the workforce?
 - ✓ Among those who do not find jobs, what are some of the reasons they do not find work?
 - ✓ Among those who find jobs, what kinds of jobs do they get?
 - ✓ Do they have difficulty maintaining their jobs? If so, why?
 - ✓ Do the jobs they find have advancement potential? If not, why are they unable to find jobs with advancement potential?
- From the answers to the previous questions, can the state identify a core set of issues that affect the TANF population's (or target group's) employability?

As noted previously, answering these questions may require that states do an in-depth review of administrative data or gather information from other sources.

The research synthesis prepared by The Lewin Group as part of the *Employment Retention and Job Advancement Project* identifies a number of issues welfare recipients might face that affect job retention and advancement. These can be roughly grouped into three categories: employment issues, personal and family barriers, and work supports. Within each of these categories, there is a myriad of specific problems that the target population might face.

A. Employment issues

Employment issues encompass a wide variety of problems that may prevent TANF recipients from maintaining employment or advancing in their jobs. Included in this category are problems related to:

- limited "hard" skills (e.g., lack of job-specific knowledge or basic skills deficiencies),
- limited "soft" skills (e.g., difficulty responding to someone in authority), and
- the employer or the labor market (e.g., limited availability of "good" jobs).

(1) *Limited hard skills*

Necessary skills can include basic skills, job-specific knowledge, technical skills, customer service skills, or prior work experience. TANF recipients who lack some or all of these skills

may find it difficult to obtain even a low-wage job. TANF recipients may lack high school diplomas, which can limit their ability to find jobs. Even those with a diploma may need some work experience or job-specific skills to improve their chances of obtaining higher-paying jobs or advancing in their jobs. Employers are often unwilling to hire individuals who lack basic or non-job specific skills. They may also be unwilling to train employees in these skills on the job.

(2) *Limited soft skills*

Once employed, TANF recipients may face difficulties keeping their jobs. Welfare recipients may have limited knowledge of workplace rules and expectations or may have trouble dealing with a set schedule or taking orders from others. These welfare recipients will need to learn these “soft skills” to help them cope with the work world. Welfare recipients may also have behaviors and attitudes that affect their employability. Because many welfare recipients have little recent work history, they may lack confidence in their own abilities to maintain and perform well in jobs and may get little satisfaction from working or fail to see how working can improve their futures.

(3) *Employer or labor market issues*

These problems include a lack of good, steady jobs; limited opportunities for advancement; unwillingness of employers to train low-skill workers in job-specific or “soft” skills; and lack of supervisory support (e.g., unfamiliarity with the special problems TANF participants may face as they begin a job).

In many localities the bulk of job openings, especially those that TANF participants are likely to find, are in the low-wage labor market. These jobs tend to have stagnant wages and low benefits, and they often require work during nonstandard hours. TANF recipients who find jobs in the low-wage labor market may have difficulty retaining these jobs because they do not earn enough to make ends meet, face the prospect of losing their health care coverage, or are unable to find child care. In other localities, even in the current economy, there may be few jobs of any type or unemployment rates may be high, resulting in greater competition for the jobs that are available.

Once employed, new workers may find that they are unable to advance either because the jobs themselves have little advancement potential or because their employers are unwilling or unable to train them and help them advance.

Finally, there may be supervisory issues that affect TANF participants’ employment prospects. Employers may be unfamiliar with the issues TANF participants face when they enter employment and thus may be unable to help their new employees deal with these issues.

B. Personal and family barriers

Welfare recipients may face a number of personal or family barriers that limit their ability to find jobs, remain employed, or advance in the workforce. These barriers can include a wide variety of personal problems as well as life skills issues. These barriers may vary in scope and severity, and while many recipients are able to work in spite of these barriers, they may have difficulty working continuously or taking on a job with greater responsibility.

(1) *Personal barriers*

Personal barriers can range from more concrete problems, such as substance abuse, to those that are less clearly defined, such as a lack of social support. TANF recipients may abuse alcohol or drugs. They may have mental health problems or physical disabilities. They may be learning disabled. Or, they may be in a relationship with someone who is physically or emotionally abusive. Any of these problems can limit their ability to obtain employment or to perform adequately in their jobs.

Personal barriers are not limited to the TANF recipients. If a child or other family member has a disability or a substance abuse problem, it can cause the mother to be absent from work, which may lead to job loss.

Furthermore, work can cause many disruptions to family life. TANF recipients may be ill equipped to deal with these disruptions and may not have any role models in the workforce who can help them. A lack of support from family or friends can make employment retention difficult for TANF participants.

Personal barriers such as these can be difficult to diagnose and treat. Because participants may face more than one of these barriers, they may require complicated and personalized interventions.

(2) *Life skills issues*

These issues relate to an individual's ability to manage life outside of work and include things such as limited problem solving, organizational, coping, budgeting, and/or communication skills. If TANF participants are unable to balance the demands of work and family, they may be unable to remain employed. Even those who remain employed may have little desire to take on a new job with increased responsibility.

C. Work supports

Once employed, TANF participants may require a number of work supports, including child care assistance, transportation assistance, health care coverage, or financial incentives, to help them make the transition from welfare to work. In some cases, states may need to create new programs to provide these services. In other cases, the services may already exist, but participants may need help accessing them.

(1) *Child care*

Potential child care issues include availability and accessibility, affordability, and quality. Parents may have difficulty finding child care, particularly if their jobs require them to work weekends or evenings. Child care providers may be located far from home or work, making it logistically difficult for parents to get their children to daycare and still arrive at work on time. Child care, once found, may be prohibitively expensive. Although TANF provides additional money for child care, participants may need help applying for these benefits. Furthermore, there

may be waiting lists for child care subsidies in some states. A final child care issue is quality. If mothers are concerned about the quality of care available, they may be less likely to work.

(2) *Transportation*

Welfare recipients who do work may find it difficult to get to and from work. Others may find it hard to look for a job for the same reasons. Welfare recipients cannot find or hold onto jobs to which they do not have access. Most welfare recipients do not own cars and must rely on public transportation or rides from friends in order to get to work. Informal arrangements with friends can fall through, resulting in job loss. And public transportation may not be adequate to meet their needs.

In some areas there may be a mismatch between public transit routes and where employers and TANF recipients are located. In rural areas, public transit services may be nonexistent. When public transportation is available, it can consume a substantial proportion of a new worker's income. Commute times can be lengthy, especially if mothers need to transport children to child care first. Even in areas where public transportation is adequate during normal business hours, it may be lacking during nonstandard hours.

(3) *Health insurance*

A lack of adequate health care coverage can affect TANF participants' physical wellbeing and their desire to become employed and leave welfare. Newly employed individuals may face a number of barriers when trying to obtain health care coverage for themselves and for their children. First of all, jobs available in the community may not provide health care coverage for the workers or their families. When health insurance is available, it may be prohibitively expensive. Certain safeguards, such as Transitional Medicaid Assistance (TMA) and the Children's Health Insurance Program (CHIP), do exist to help the newly employed access health care. However, TMA is often limited to twelve months (some states have extended it to 18+). After that time, parents may be left uninsured. CHIP may be available for their children, but it may be underutilized because families are not aware of the program. For either program, participants are likely to need some assistance applying for benefits.

A third option for providing health care coverage to working poor families exists in provisions of the Personal Responsibility and Work Opportunities Reconciliation Act of 1996 that allow States to set their own income and resource disregards for the purposes of determining Medicaid eligibility. Under these provisions, States can expand coverage to include low income working families and still receive matching funds at their existing Medicaid match rate to serve the new population. For example, using this authority Rhode Island expanded Medicaid coverage to parents with incomes of up to 185 percent of the federal poverty level.¹⁸

(4) *Financial incentives*

¹⁸ Guyer, J. and C. Mann (1998). *Taking the Next Step: States can now expand health coverage to Low-Income Working Parents through Medicaid*. Washington, DC: Center on Budget and Policy Priorities, August.

As noted previously, most TANF participants who find work will obtain jobs in the low-wage labor market. Many work less than full-time. Low-skill, minimum wage jobs are not sufficient to support a single mother and her children. Helping make work pay could have a significant impact on participants' ability and desire to maintain employment and advance in their jobs.

While other forms of assistance, such as the Earned Income Tax Credit (EITC) or other tax credits, food stamps, and housing assistance, are available, participants may not know how to get benefits or that they are eligible for benefits. The structure of TANF earnings disregards might encourage mixing of TANF and work. Depending on how earnings disregards are financed, they might also lead to the exhaustion of lifetime TANF benefits.

V. DESCRIBE SPECIFIC PROGRAM STRATEGIES

Once the goals, target groups, and focuses of the demonstration are identified, states can develop strategies to accomplish their goal(s) for the target population(s), given the issues that need to be addressed. States need to identify what their intervention will be and to address implementation issues such as where, when, and how services will be delivered and who will deliver the services.

A. Design issues

The sheer number and variety of possible strategies states could adopt may seem daunting at first. In order to narrow the array of strategies, states may need to take a step back and begin brainstorming to generate a list of promising interventions. Key questions that should be asked include:

- What is currently being done to address these retention and advancement issues within the state?
- What else (new or different) could be done to achieve the chosen goal(s)?
- What effective strategies have been used elsewhere to address these issues?
- Are there new, untested ideas that the state may want to try?

After brainstorming, states should begin to narrow down their list of alternatives. Key questions at this point include:

- Is this strategy likely to achieve the stated goal for the target population?
- What distinguishes this strategy from any similar, existing services?
- Is this strategy feasible from a cost, managerial, and political viewpoint?

The entire process is likely to require collaboration with other involved parties in order to generate a feasible strategy. For example, if a state decides that the key issue for its target population is a lack of jobs with advancement potential, there are several interventions that might address the problem. The state could choose to create a career path by pairing low-wage, low-skill jobs with higher-paying jobs. A second option would be to work with employers to modify the jobs themselves to create clearer career ladders. What the state ultimately chooses to do may depend, in large part, upon its relationship with employers in the demonstration area, and what the employers see as the solution to the problem.

Throughout this process, states may need to reexamine their goals, the target population, and the focus of the demonstration to see if they still make sense. In the example above, after talking to employers and developing a strategy, the state may realize that the strategy should be targeted to a different group than originally thought. Or, employers may identify a different key issue, such as a lack of skills, that they feel is a barrier to retention and advancement. Then alternatives might include strategies aimed at building skills, such as customized training, instead of strategies aimed at creating better career paths.

B. Implementation issues

Once a specific strategy has been chosen, states can examine the issues that may affect the implementation of that strategy. These issues include who will provide services, how participants will be recruited into the program, where services will be delivered, and the timing of services.

(1) *Who will deliver services?*

The decision about who will deliver services may be dictated, to some extent, by the chosen strategy and/or the target population. For example, if the chosen strategy involves delivery of specialized services like substance abuse treatment, it is probably best for trained professionals in the field, rather than TANF staff, to deliver these services. Who delivers services may also hinge upon what similar services are already available. If another government agency or a community-based organization already has a well-designed program in place, this program could be adapted or used for the demonstration.

If a vendor, an employer, or anyone else outside of the welfare system will be involved in the program, states should consider how the program would be managed across traditional service system boundaries. States may need to establish a protocol for service delivery as well as formal lines of communication to ensure that services are being delivered as planned and to the proper individuals. Without these protocols or formal agreements, states may find that their expectations differ from those of the service provider. This can result in too few people being recruited, the wrong people being served, or the wrong services being delivered. A case in point is the Bridges to Work initiative, which seeks to link inner-city welfare clients with suburban jobs. Representatives from public and non-profit employment organizations were included in the planning process and seemed to endorse and support the program's goals and strategies. However, when the program was implemented, these same groups were reluctant to refer their graduates to Bridges and there were no formal agreements in place requiring them to do so. Therefore, Bridges had difficulty recruiting enough participants.¹⁹

(2) *Where will services be delivered?*

The choice of service provider is likely to interact to some degree with the choice of delivery location. For example, if the employer is the service provider, then it may make the most sense to provide services at the work site. On the other hand, if the service provider is a community-based organization, states may have more choices regarding locus of delivery. The chosen target group may also affect the choice of service provider.

(3) *How will members of the target group be recruited for the study?*

States need to give some thought to how participants will be made aware of the new program and invited to participate, particularly if participation is voluntary. Recruitment can be as simple as mailing a letter to target group members notifying them of their eligibility for new services. In

¹⁹ Elliot, M., Palubinsky, B., and J. Tierney (1999). *Overcoming Roadblocks on the Way to Work: Bridges to Work Field Report*. Public/Private Ventures, Summer.

some states participation rates may be low. If this is the case, states may need to actively recruit and encourage target group members to participate in order to obtain an adequate sample or to boost participation rates among members of the treatment group.

(4) *Timing of services*

A final issue that should be examined when designing a specific intervention is the timing of services. This includes both *when* services will be delivered and *how long* the treatment will last. Services can be provided pre-employment, post-employment, after job loss, or any combination of the above. When services will be provided is largely dependent upon the target population, the goals, the service that will be provided, and who will provide the services. For example, services would not be provided pre-employment if the target group is those who are already employed or the service provider is the employer.

How long services will be available is dependent upon what services are provided and the goal of the demonstration. If the goal is to reduce job loss in the first six months and the intervention is targeted case management, it is likely that states will provide the services for up to six months. If the goal is to reduce the amount of time between jobs, services could last for a finite period of time or until participants find a new job. States should also consider the evaluation when determining how long services will last. Because the total time frame of the demonstration is five years, the evaluation will not be able to fully measure the impacts of an intervention that lasts too long.

The choices made regarding specific services, target groups, providers, location, and timing all interact. For example, if services will be delivered post-employment, it is probably unwise to provide these services at the welfare office during the business day. If employers are involved in service delivery, the best strategy might be to provide services on the job either as part of the regular workday or before or after work. On the other hand, if services will be offered by the welfare agency or a community-based organization, they could be offered during non-work hours at a community center or another central location to make them more accessible to those who are employed.

C. Examples of Program Strategies

The list of welfare reform strategies states have tested in past years is seemingly endless. Further innovations continue. Some of these strategies have proved promising, some have not, and still others have not been evaluated. Strategies states may want to consider when designing their retention and advancement project are described below.

(1) *Strategies to address employment issues*

Strategies to address employment issues include skill building approaches, career path strategies, and approaches designed to improve soft skills. These strategies can be implemented either pre- or post-employment.

(a) Skill building strategies. Prior to TANF, many employment initiatives focused on providing welfare recipients with education and training in order to increase employability. One such initiative was **supported work**, in which participants were placed in jobs with private sector employers and received support services in conjunction with the employment experience. An evaluation of the National Supported Work Demonstration found that AFDC participants in the treatment group earned 23 percent more than control group members after three years.²⁰ Furthermore, earnings increases were sustained for more than five years. A key feature of this demonstration was gradual skill development so that, over time, participants worked their way up to regular work activities. The program also identified labor market niches that had not been filled and jobs with good wages.

Some demonstrations have used a “**mixed-strategy**” **approach** in which the focus is on rapid employment through job search activities, but education and training are provided to participants who need these services. Mixed strategy programs have generally resulted in significantly higher levels of earned income and lower utilization of welfare benefits among participants. The Portland, Oregon JOBS evaluation was one such demonstration. After two years, treatment group members had significantly higher earnings and significantly lower AFDC benefits when compared to control group members.²¹ This was true of even the most disadvantaged participants (those who did not work in the year prior to program entry and had received AFDC for two or more years).

Customized training, in which education and training curricula are adapted to meet the needs of firms and workers, is a newer approach that is being tested. Marriott International has developed a customized training program for former and current welfare recipients and partially finances the program through government subsidies and the Work Opportunity Tax Credit. Pep Boys Corporation has worked with Los Angeles-area Private Industry Councils and the Urban League to develop a customized training program for cashiers and customer service representatives. While neither program has been rigorously evaluated, Marriott believes that its program has resulted in higher job retention rates.

States may want explore other avenues for combining work, education and training, such as the **community college system**. Welfare offices and community colleges can partner to deliver the training and services newly-employed TANF participants may need. Through these partnerships, states can design programs that focus on the skill needs as well as the service needs (e.g., child care and transportation). The Washington State Community College System provides a good example of this kind of partnership. Clover Park Technical College has a number of short, job-specific training courses that target entry-level jobs that are available in the local area *and* have better income potential. Basic skills and/or English-as-a-Second Language instruction is infused in the training. The college provides some support services as well, including tuition and book funding, a driver’s license reinstatement program and child care assistance, either through the college’s on-site child care or through state subsidies.

²⁰ Gueron, J. and E. Pauly (1991). *From Welfare to Work*. New York, NY: Russell Sage Foundation.

²¹ Scrivener, S., Hamilton, G., Farrell, M., Freedman, S., Friedlander, D., Mitchell, M., Nudelman, J., and C. Schwartz (1998). *National Evaluation of Welfare-to-Work Strategies: Implementation, Participation Patterns, Costs, and Two-Year Impacts of the Portland (Oregon) Welfare-to-Work Program*. New York, NY: Manpower Demonstration Research Corporation, May.

Another coordinated approach between the welfare office and a community college has recently been implemented in Riverside County, California. The **New Visions** program will test the feasibility and effectiveness of providing on-the-job training, vocational training, and basic skills training to participants who are employed at least 20 hours per week in order to improve their advancement potential. Participants will also receive case management and other services designed to increase job retention rates. While this program has not yet been evaluated, it is an interesting approach that states may want to look to when designing their retention and advancement initiatives.

(b) Career path strategies. As noted previously, many welfare recipients will qualify for low-wage jobs with little advancement potential. Some discussion, therefore, has focused on approaches for creating or clarifying career paths for low-wage workers. One such approach is an employer-linked or **sectoral strategy**. In this approach, a group of employers collaborates with training providers and others, such as union leaders, to help low-wage workers advance either by designing appropriate training programs or by restructuring jobs to create clearer career paths. Training programs are responsive to the needs of local employers and can be more affordable because the costs are spread among a number of employers.

Another approach that has been suggested is a **paired-jobs strategy**.²² Employers in low-wage industries may have difficulty retaining staff. Turnover, and associated hiring and training expenses, are high. Employers in industries with better wages and more advancement potential (primary employers), on the other hand, may not want to hire employees unless they have some previous work history and have demonstrated that they can deal with the requirements of the workplace. These same employers may, however, be willing to train employees in job-specific skills. In a paired-jobs strategy, participants who are able to maintain jobs with low-wage employers for a minimum period of time (e.g., six months) are then offered jobs with primary employers. Ideally, the minimum period of time will be longer than the current average length of employment, so low-wage employers benefit by retaining employees for a longer period of time. The primary employers also benefit. Recruiting costs will be lower, and they will have employees with some work history and a demonstrated ability to get to work on time, work with others, and generally meet the demands of the workplace.

(c) Soft skills approaches. Since some TANF recipients may have difficulty adjusting to the workplace, some retention and advancement initiatives focus on improving soft skills. Traditionally, states have provided pre-employment training to improve participants' understanding of workplace rules and expectations and to help them become accustomed to working a set schedule or taking orders from others. A newer approach to soft skills training, at least in the welfare world, is **job coaching**. In this approach, coaches work actively with participants at the worksite to help them deal with problems as they arise. Developmental disability agencies have used the job coaching approach for years and can be a resource to states that wish to design similar programs for welfare recipients.

Increasingly, states are looking to the performance improvement field for new approaches to improving soft skills. For years, some industries have used **performance-based incentives** to promote behavioral changes. These incentives can range from cash payments to paid time off to

²² Some states are currently considering this type of approach. However, it has not yet been tested.

personal recognition. Examples include McDonald's Speedee Bucks program, in which managers reward specific restaurant-selected positive work behaviors with \$1 vouchers that can be redeemed for cash or merchandise from selected retailers. Employees receive the rewards as soon as the positive behavior is observed, so there is no lag time between the behavior and the reward.

Performance incentives do not have to be financial. In fact, some experts argue that financial incentives have long-term negative consequences, although this may be less true for TANF recipients, who may truly value a cash incentive. The key is to think about specific actions and what will motivate the target group to take those steps. Rewards should be tied to specific behaviors. It is also important that rewards be positive, immediate, and certain.

(2) *Strategies to address personal and family barriers*

Strategies to address personal and family barriers include case management and Employee Assistance Programs (EAPs).

Given the range of potential barriers welfare recipients may face as they try to sustain employment, **case management** has often been suggested as the best approach for helping newly-employed recipients cope with these challenges. The Post Employment Services Demonstration (PESD) was based on just such a premise. At the time the PESD was designed, there had been very little focus on the period of transition from welfare to work. Under PESD, treatment group members were assigned to case managers when they found jobs. Case managers provided counseling, help resolving benefit issues, service referrals, support services (work-related payments), and job search assistance in order to help participants remain employed.

Unfortunately, while focus group research indicates that participants valued this one-on-one treatment, it did not increase employment levels or earnings, nor did it reduce welfare receipt. This may be due in part to the fact that there was no structure for differentiating services based on need. Case managers were required to contact all treatment group members, regardless of whether they wanted or needed services.

The PESD results suggest that states interested in a case management approach need to enhance their efforts to make case management more effective. This may include focusing on specific needs, following-up to ensure that referrals are used/available, forming close links with other agencies, or tailoring services to meet the needs of each individual participant. States should try to identify who needs more or fewer services by looking at individual and job characteristics, using assessment tools, and looking at prior work history.

Another approach to addressing personal and family barriers is through **Employee Assistance Programs (EAPs)**. Many employers have set up EAPs to help their employees cope with mental health, substance abuse, or other personal problems that may interfere with employment. However, EAPs may be too narrowly focused to address some of the issues welfare mothers face. States may wish to help employers redesign existing EAPs to ensure that some of the specific problems welfare parents face – such as child care problems or difficulties adjusting to the work world – are also addressed. Where EAPs do not exist, states might consider setting up their own EAPs and making them available to employers that hire welfare recipients. It may be difficult for employers, particularly small employers, to set up large-scale EAPs. By offering

EAP services states can make these services more cost-effective to employers and can ensure that the special needs of TANF recipients are considered.

(3) Strategies to address the need for work supports

Strategies to address the need for work supports are as varied as the problems they address. These strategies include initiatives that provide new services as well as programs that try to improve access to existing services. Examples include transportation initiatives, child care initiatives, and wage supplementation strategies.

(a) Transportation initiatives. Transportation initiatives are generally designed to improve access to and use of existing services, to increase service capacity, and/or to work directly with employers to address employer-specific transportation needs.

Programs designed to improve access and use of existing services generally rely on **fare reductions**. For example, Hennepin County, Minnesota, purchases bus passes from the local transit authority and makes these passes available to TANF recipients for three months or until their first paycheck, whichever comes first.²³

Programs designed to increase service capacity generally focus on making car ownership more affordable (through **lease-purchase or low-interest loan programs** or **reimbursements for car-related expenses** like insurance or maintenance) or on adding new services (e.g., new routes, longer hours of service, or vanpools). Some programs, such as one operated in several counties in Arizona, provide TANF recipients with donated cars. Recipients generally lease the cars for a nominal fee for a certain period of time, after which they own the vehicle and are responsible for insurance and upkeep. In other programs, like one operated in rural areas of Oregon, volunteers drive shuttles that enable residents to get to medical appointments or to work. Some localities have adjusted their hours of operation to accommodate the work shifts of local employers.

Programs designed to address employer-specific needs work closely with employers to create reverse-commuting systems, to implement employer vanpools, to offer employer tax deductions for transportation assistance, or to make adjustments to existing mass transit services. The Baltimore, Maryland, **Bridges to Work** is an example of such a program. The program offers door-to-door van rides from East Baltimore, where jobs are scarce, to a job-rich area near Baltimore-Washington International Airport. The service is free for the first 30 days. After the first month, the cost is \$4.00 per day.²⁴

A Louisville, Kentucky, **Joblinks program** uses an express bus to transport inner-city residents to an industrial park with many entry-level positions. The bus reduces a two-hour commute to 45 minutes.²⁵

²³ More information on this program is available online at www.ctaa.org.

²⁴ *ibid.*

²⁵ General Accounting Office (1998). *Welfare Reform: Transportation's Role in Moving from Welfare to Work*. GAO/RCED-98-161, Washington, DC: GAO, May.

Anne Arundel County, Maryland, took an entrepreneurial approach to meeting transportation needs. The county's **AdVANTage Program** provides welfare recipients with training and other assistance to start their own passenger transportation businesses.²⁶

(b) Child care initiatives. Child care initiatives are generally designed to increase the availability of quality care, to make child care more accessible, or to make child care more affordable. Examples could include programs to train welfare workers to become child care providers, vouchers for child care costs, training to improve the quality of care, and financing to increase the number of child care providers. Many states are experimenting with alternative approaches to increase the availability of child care, particularly care during non-standard hours and care for sick children.

- In Maine, **Coastal Enterprises, Inc.** provides financing to new and existing state licensed day care providers who serve children from low-income families and/or children with special needs.²⁷
- In Oakland County, Michigan, the **Community Coordinated Child Care (4-C) program** provides financial incentives to child care providers who offer premium care. Premium care includes emergency, after-hours, weekend, odd-hour, infant care, and care of special needs children.²⁸
- **Milwaukee, Wisconsin**, has purchased emergency sick-care slots from local child care providers that are available to recipients of child care subsidies.
- In Los Angeles, California, the Los Angeles County Board of Supervisors has decided to allocate \$74 million in unspent TANF funds to launch an **after-school care program** in 225 elementary schools with large numbers of children on public assistance.
- Some localities have identified transportation to and from before- and after-school programs as a problem and are using school buses to transport children between home and before- and after-school programs.

(c) Earnings disregards and wage supplementation programs. Programs to make work more attractive than welfare often rely on changes to the earned income disregard or on cash payments to supplement the wages of low-income workers who leave welfare.

The evidence on the ability of **earned income disregards** to influence welfare recipients work levels has been mixed. Early research found that the 30-and-one-third disregard under the old AFDC program had little effect on the work levels of the low-income population.²⁹ However, recent evaluations have shown more promising results, although it is difficult to determine how

²⁶ More information on this program is available online at www.ctaa.org.

²⁷ Child Care Bulletin, May/June 1997, Issue 15. Available online.

²⁸ Oakland County's 4C program is part of the Joining Forces Initiative. The Joining Forces Initiative is sponsored by the Frey Foundation, The Skillman Foundation, and the W.K. Kellogg Foundation. More information is available online at www.wkkf.org.

²⁹ Cohen, M. (1997). WIN Issue Notes: *Earned Income Disregards*. Washington, DC: The Welfare Information Network 1(6). Available online at www.welfareinfo.org/incom.htm, April.

much of an increase in work or earnings is due to the disregard versus other policy changes. In Michigan, for example, where TANF recipients are permitted to keep the first \$200 in earnings each month, plus 20 percent of the remainder, an evaluation found a moderate increase in earnings and a reduction in welfare participation among families who were on welfare when the program began.³⁰

Canada's Self-Sufficiency Project (SSP) provides an example of a wage supplement program for families who have left welfare. The supplement is available to single-parent families who were on welfare for at least one year but left for full-time employment. Participants receive the supplement for three years. SSP effectively doubles the income of participants who work 30 hours or more per week in jobs paying up to \$8.00 per hour. Five quarters after SSP was implemented, welfare recipients offered the supplement were 46 percent more likely to be working each month than were control group members.³¹ However, it is unclear what will happen to participants when the supplement ends. Furthermore, this kind of program is likely to be extremely expensive.

³⁰ Ibid.

³¹ Card, D., Robins, P.K., and T. Mijanovich (1996). *When Work Pays Better Than Welfare: A Summary of the Self-Sufficiency Project's Implementation, Focus Group, and Initial 18-Month Impact Reports*. Vancouver, Canada: Social Research and Demonstration Corporation, February.

VI. EVALUATION ISSUES

States that wish to participate in the *Employment Retention and Advancement Project* will be required to evaluate their demonstration programs using a random assignment design. In this type of evaluation, members of the target population are randomly assigned to either a treatment group that receives demonstration services or a control group that does not. Program impacts can be measured as the difference in outcomes between the two groups. Random assignment ensures that demographic and other characteristics that might affect outcomes will not systematically differ between the treatment and control groups. It also assures that other factors (for example, changes in the local economy) are not responsible for any measurable impacts.

A number of evaluation issues should be considered when developing a retention and advancement strategy. This section provides an overview of some of the key evaluation issues that are likely to affect the design and implementation of any intervention. These include:

- Determining control group services;
- Size of the research sample;
- Point of random assignment; and
- Maintaining the integrity of random assignment.

A. Determining Control Group Services

The control group will consist of current and/or former TANF recipients, and will continue to receive services under the demonstration. Being in the control group does not mean participants will receive no services, just different services than those received by the treatment group.

- In most cases, states will want to continue providing whatever services they were providing prior to the demonstration.
- However, states could use the demonstration as an opportunity to change their baseline services.
- Furthermore, just as the treatment group need not all receive the same services, it is not necessary for control group members to receive identical services. The important point is to define what services are provided under particular circumstances and to stick to that.

States should try to avoid changing the mix of services provided to the control group over time (and to the treatment group as well). If states do change the mix of control group services, there is no longer a consistent definition of control status. This makes interpretation of the treatment effect difficult because there is no longer a comparison between one treatment and a single alternative.

- If the service mix provided to the control group does change, one approach to dealing with the problem is to consider the demonstration to be two separate demonstrations based on the service mix provided to the controls. The major problem with this solution is that the sample size for each evaluation is smaller than the total sample.

It is very important to define what services control group members cannot receive, whether they can receive similar services from non-TANF sources, and how long they are barred from

receiving the services. For example, if the treatment group receives life skills training and the control group does not receive such services through TANF, the state needs to establish ground rules on whether control group members can be actively *referred* to other providers of such services or whether they should be left to seek such services from other providers on their own.

B. Size of the Research Sample

The overall sample size required depends on a number of factors. These include:

- **The desired precision of the estimates.** The less willing a state is to tolerate errors in their estimates, the larger the required sample size. The desire for precise estimates is expressed using two technical terms—*statistical power* and *significance level*. The significance level is the probability that the evaluation will conclude that the demonstration had an effect when in fact the true effect was zero. For example, if the significance level is set at .05, there is one chance in 20 that the evaluation will erroneously conclude that the demonstration had an impact on participants' outcomes, even though it did not. Statistical power is the probability that a true effect of a specified size will be detected, if it occurs. For example, if the statistical power to detect an impact of \$500 on annual earnings is 80 percent, there is a four in five chance of detecting an effect if it occurs (and a one in five chance of not detecting it). For any chosen significance level, increasing the statistical power of the evaluation requires a larger sample.
- **The expected impact size.** The larger the sample size, the smaller the minimum detectable impact. For example, with a sample size of 500 participants (250 each treatment and controls), previous evaluations suggest that treatment group members must have quarterly earnings that are at least 25 percent greater than control group members in order for the difference to be statistically significant. This is called the *minimum detectable effect*. With a sample size of 2,000 (1,000 each treatment and controls), differences of only 12 percent can be measured. If impacts are expected to be small, a larger sample size is needed. Previous research on welfare recipients suggests that states should not be overly optimistic when predicting the expected impacts. Earnings impacts of 10-20 percent are quite common in evaluations of welfare reform initiatives.
- **The variance of the outcome measures.** The greater the variability in the outcome of interest, the larger the sample needed. Suppose that income is the outcome of interest. If in the absence of the program income is widely dispersed, then the mean difference between the treatment and control groups may differ because of chance. A larger sample size would be needed to increase the likelihood that differences are attributable to the intervention. At the other extreme, suppose that without the program all treatment and control group members would have almost the exact same income. In that case, a very small sample would be needed because any difference would be due to the treatment itself.
- **The number and size of subgroups to be analyzed separately.** States that wish to analyze separately the impacts on subgroups of interest will need a larger sample. This is because the formula for minimum detectable impact applies to each sample analyzed. If a state needs

500 treatment and control observations to obtain the desired minimum detectable impact, then it must have 500 treatment and control observations for each subgroup analyzed.

- **The expected participation rate.** Nonparticipation by treatment group members will influence the minimum detectable effect. For example, if 10 percent of treatment group members drop out, the minimum detectable effect increases from 12 percent to 13 percent in the example above. If states expect participation rates to be low, a larger sample size will be needed. States should not be overly optimistic when thinking about the expected participation rate. Voluntary programs are likely to face some challenges when trying to recruit participants. In the case of the GAPS Initiative, for example, only 18 percent of those sent invitation letters actually responded.³²

Based on data for similar populations, Larry Orr has estimated that states will generally need at least 2,000 participants in the combined treatment and control groups. States should consult with the evaluator before assuming that this applies to their design.³³

It is not necessary to have equal size treatment and control groups. The mix depends on a number of factors including the cost of the alternative treatments, the cost of tracking members of the two groups, and the extent to which there are variations on the experimental treatment that will be compared. States that have unequal size groups will need to maintain a larger sample to achieve the same level of precision, however, than if the treatment and control groups were the same size.

Finally, the experiment does not preclude others in the state, outside of the research sample, from receiving the experimental treatment. If the state is very enthusiastic about a treatment, it could be provided statewide as long as a distinct research sample is maintained and members of that sample are randomly assigned to treatment and control groups.

C. Point of Random Assignment

It is important to give careful consideration to where in the process random assignment is instituted. As explained below, the point of random assignment affects the sample size and what the program impacts mean.

The first step in deciding the point of random assignment is to develop a flow chart of TANF participants through the program. (The flow chart will also be useful in designing your program.) The flow chart shows all the points where decisions are made by either the program or the TANF recipients on program participation and services to receive.

³² Wood, R. G. and Paulsell, D. (1999). *Helping TANF Recipients Stay Employed: Early Evidence from the GAPS Initiative*. Princeton, NJ: Mathematica Policy Research, April. Between September 1997 and February 1998 approximately 3100 letters were sent to individuals who had left TANF for employment. The letters described the GAPS initiative and included an application form. By early February 1999 556 applications had been submitted.

³³ A useful source of information on accommodating your design to the evaluation requirements is Larry Orr's book *Social Experiments: Evaluating Public Programs with Experimental Methods*, which is published by Sage Publications.

The choice of where to do random assignment is based on program design considerations as well as evaluation considerations. For example, if the design calls for serving only people who obtain jobs, then random assignment should be made after the TANF recipients obtain a job.

- If there are core services that are received by both the treatment and control groups, it will generally make sense to perform random assignment after the core services are received.

Now consider a case where services are provided to people before they get a job. Random assignment could occur as soon as they apply for TANF, after they have been on TANF for some specified period, or after they have received certain core services. (These are just examples.) The earlier in the process random assignment occurs, the larger the sample size will be, since people leave TANF over time.

However, this larger sample will include treatments and controls who leave TANF prior to the point of treatment, so the impact on the assigned population will be smaller than if random assignment occurred later in the process. This does not mean the program is not as effective, just that you are comparing people *eligible* for the program rather than those who actually *receive* the program.

If random assignment is done later in the process, the sample size is reduced, but a larger proportion of the research sample will actually receive the services of interest. On balance, the precision of the estimates will be improved.

Another consideration in determining the point of random assignment is ease in accommodating the process. Random assignment is best done at a point when states have contact with the participants and can make use of the procedure that the evaluation contractor implements.

Certain participants may be excluded from the random assignment process.

- States may wish to offer treatment services to individuals who are not part of the target group of interest. These individuals should not be included in the random assignment process. States that choose to do this should keep in mind that the evaluation would not be able to determine the impacts of the demonstration on these groups.
- Certain participants, for example males, may be excluded from the random assignment process because there are too few of them to obtain statistically significant impacts.

D. Maintaining the Integrity of Random Assignment

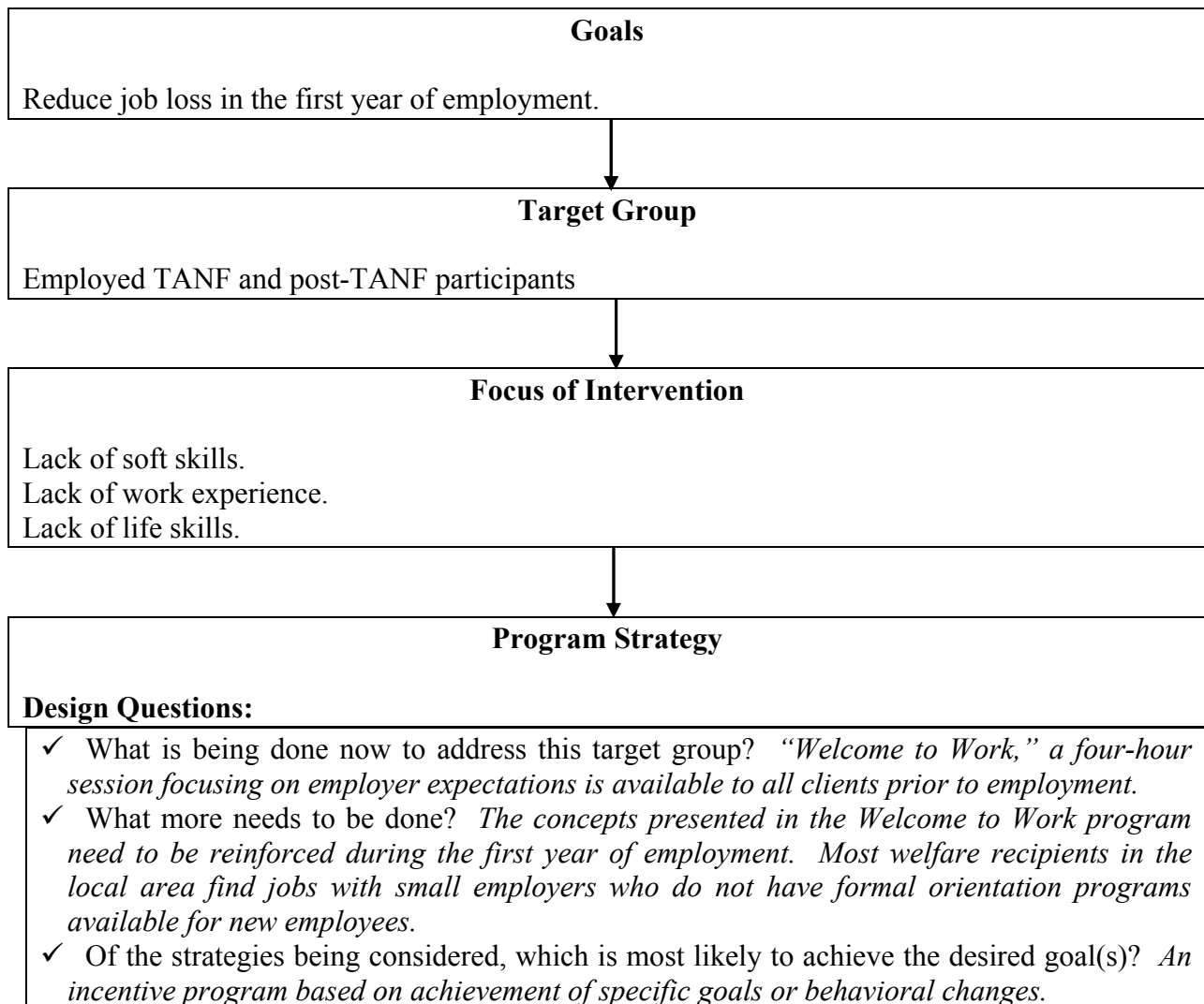
The evaluation results are only meaningful if the treatment and control groups receive the services and activities that are known and desired. Thus, the state should be very careful in changing the service mix for either the treatment or control group. This does not mean that states must stick with a strategy that is clearly not working, but the state should work with the evaluation contractor before undertaking any change in the service mix.

The integrity of the random assignment process must be maintained. Deviations from random assignment threaten the validity of the research results. Thus, sites should make sure that they use the random assignment procedures they agreed to. If a very unusual circumstance arises, the state should speak with the evaluation contractor about the situation rather than attempt to somehow circumvent random assignment themselves.

VII. EXAMPLES

This section provides several examples that illustrate how the conceptual framework might operate in practice. Each example will follow the conceptual framework and include the goals, target groups, barriers, and strategy, as well as questions states may need to answer in order to refine their plans. Because states may find it necessary to revise their goals, target populations, or focuses of intervention at any time during the program design process, the third example illustrates when and why this might happen.

EXAMPLE 1



Chosen Strategy:

Create an incentive-based program that rewards TANF and post-TANF employees who exhibit positive behaviors, such as getting to work on time or coping with a family problem without missing work.

Questions to Ask:

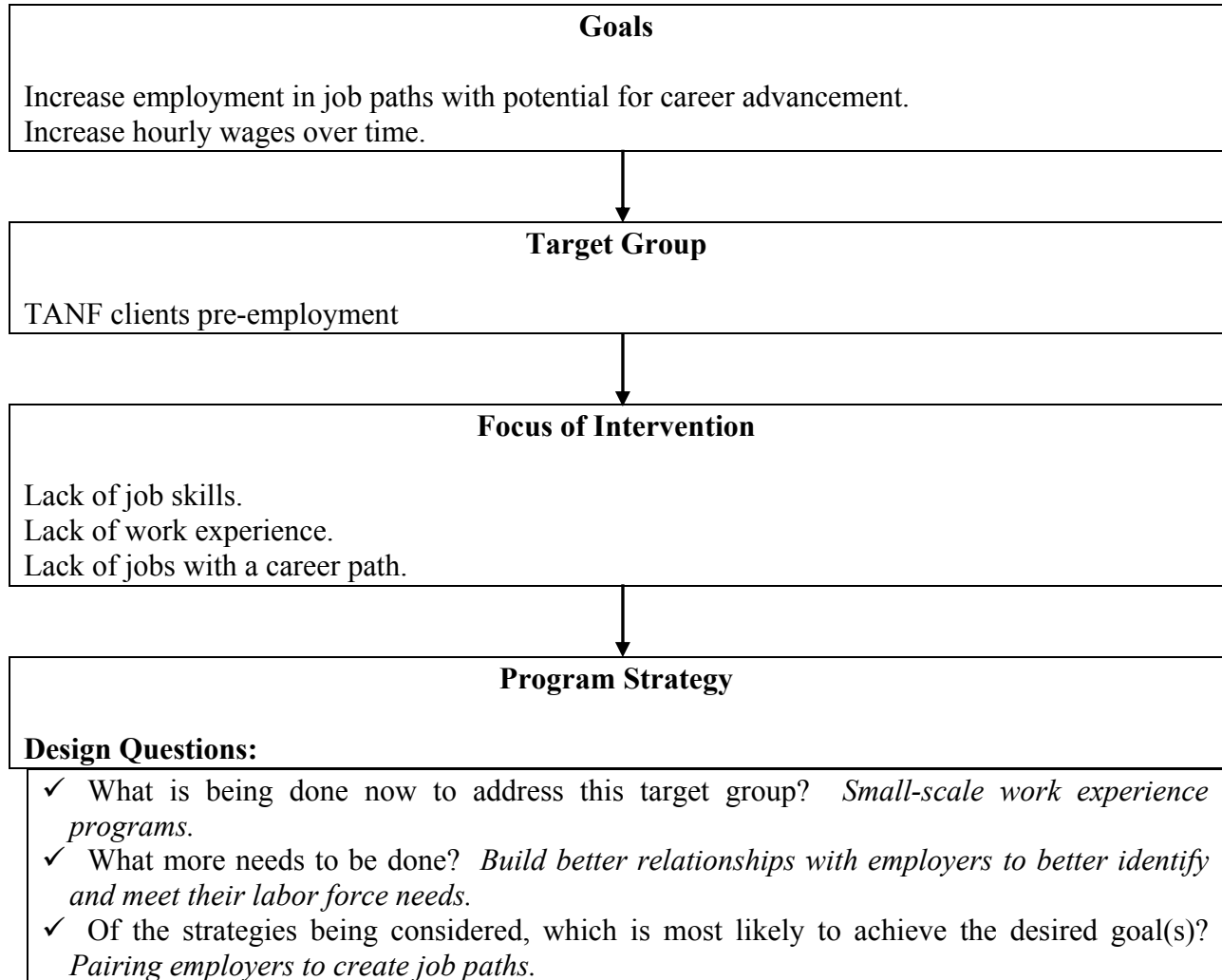
- ✓ Can this intervention be expected to accomplish the goals identified for the target population? *Yes. Many employers have implemented incentive programs to effect behavioral changes in their employees.*
- ✓ What distinguishes this strategy from any similar existing services? *There are no similar services currently. Most local employers do not have formal employee incentive programs.*
- ✓ Is this strategy feasible from a cost, managerial, and political viewpoint? *Yes.*
- ✓ Will there be enough TANF and post-TANF employees to ensure a large enough sample size? *Yes.*
- ✓ Are the necessary resources available to implement this intervention? *Yes.*

Implementation:

Questions to Ask:

- ✓ What kinds of incentives will be provided? *Every month participants remain employed, they will receive a voucher for \$10 worth of gas or public transportation (their choice). At three months, clients will receive a coupon for a free haircut (\$15 value) in addition to the transportation coupon. At six months, clients will receive a \$50 voucher for a local clothing store in addition to the other coupons. At one year, participants will receive a framed certificate of completion, the transportation, haircut, and clothing vouchers, and a \$100 cash bonus. Other behaviors will be rewarded with \$10 “Way to Go” rewards, vouchers that can be redeemed for merchandise at select local retailers.*
- ✓ What types of behaviors will be rewarded? *Rewards will be given for employment retention as well as for positive behaviors such as being on time every day for a month, dealing with personal issues without missing work, conflict resolution, etc.*
- ✓ How long will participants be eligible for incentives? *Participants can receive “Way to Go” incentives for up to one year. Retention-based incentives will be awarded at pre-determined intervals.*
- ✓ Who will determine when an incentive is earned? *Local employers have agreed to be the conduits for rewards. Employers will contact the TANF agency when TANF and post-TANF participants approach employment milestones, and the TANF agency will provide employers with the appropriate reward vouchers. Each employer will also be provided with a supply of “Way to Go” rewards that can be awarded on the spot to employees who exhibit positive behaviors.*
- ✓ How will the program operate? *Employed TANF recipients will be randomly assigned to treatment and control groups. Employers of treatment group members will be contacted and provided with “Way to Go” rewards. To reduce inequities between TANF and non-TANF recipients and prevent friction among employees, “Way to Go” rewards can be given to any employee who exhibits the targeted behaviors. However, only treatment group members will receive the additional, retention-based rewards.*

EXAMPLE 2



Chosen Strategy:

Create a job path for TANF clients by pairing secondary employers (employers in the low-wage, low-skill job market) with primary employers who want employees with some work experience but who are willing to train employees in job-specific skills.

Questions to Ask:

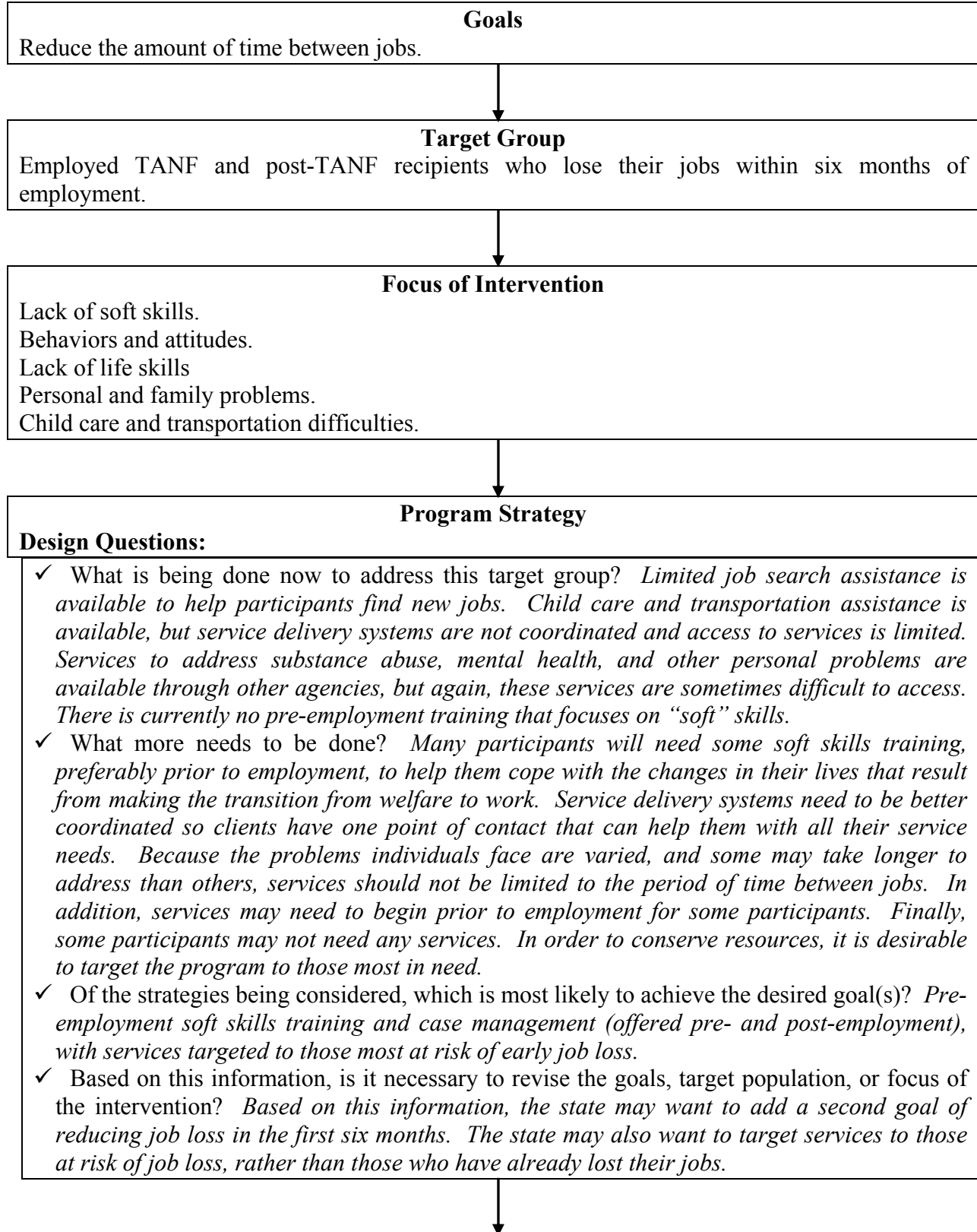
- ✓ Can this intervention be expected to accomplish the goals identified for the target population? *Yes.*
- ✓ What distinguishes this strategy from any similar existing services? *There are no similar services available to the target population.*
- ✓ Is this strategy feasible from a cost, managerial, and political viewpoint? *Yes.*
- ✓ Are enough jobs available with the secondary and primary employers to ensure a large enough sample size? *Yes.*
- ✓ Will enough treatment group members maintain their jobs for six months to ensure a large enough sample? *Yes. Based on current data, about half the participants will keep their jobs for at least six months. The promise of a better job after six months is likely to increase this retention rate.*
- ✓ Are the necessary resources available to implement this intervention? *Yes.*
- ✓ Are the primary employers willing to participate? *Yes. Primary employers have had difficulty finding potential employees with work experience.*
- ✓ Are the secondary employers willing to lose employees after a relatively short time, say six months? *Yes – six months would be an improvement over the current turnover rate.*

Implementation:

Questions to Ask:

- ✓ Which employers in the demonstration area would be suitable pairings?
- ✓ Will clients need training either prior to or during employment? *Clients are likely to need some training regarding employer expectations prior to employment. They are also likely to need job-specific training when they begin their jobs with the primary employer.*
- ✓ How long will clients need training? *Pre-employment training will last one to two months. Job-specific training will last up to six months.*
- ✓ Who will provide the training? *TANF staff will provide pre-employment training to participants before they begin their job with the secondary employer. The primary employer will provide necessary on-the-job training to new hires.*
- ✓ How will the program operate? *Members of the target group will be informed of the new program either at intake, at recertification, or by letter, and invited to participate in the pre-employment training. Those who complete the training will be randomly assigned to treatment and control groups. Treatment group members will be placed in jobs with secondary employers. Those who maintain those jobs for six months will then be offered better, higher-paying jobs with primary employers. Primary employers will provide on-the-job training to new hires. Control group members can participate in any existing employment and training programs.*

EXAMPLE 3



New Goals

Reduce job loss in the first six months of employment.
Reduce the amount of time between jobs.



New Target Group

TANF recipients (pre- and post-employment) and post-TANF recipients who are at highest risk of early job loss.



Chosen Strategy:

Step 1: Create a model for targeting case management services to those most at risk of job loss, based on the targeting model developed by Mathematica Policy Research.

Step 2: Provide pre-employment soft skills training and case management services to those most at risk of job loss. The soft skills training will focus on helping participants anticipate and cope with disruptions to their life that will come from working. Case managers will provide services similar to those provided in the PESD demonstration (counseling, help resolving benefit issues, service referrals, payments for work-related expenses), and job search assistance. A tracking system will be in place to ensure that referrals are available and are being used.

Questions to Ask:

- ✓ Can this intervention be expected to accomplish the goals identified for the target population? *Yes.*
- ✓ What distinguishes this strategy from any similar existing services? *There are no similar services available to the target population.*
- ✓ Is this strategy feasible from a cost, managerial, and political viewpoint? *Since the case management services will be targeted to a subset of the population, this strategy should be feasible from a cost and managerial perspective.*
- ✓ Is enough known about the TANF population to develop a usable targeting model? *Yes.*
- ✓ Will the target group be large enough to ensure an adequate sample? *Based on a quick analysis using the MPR model, there should be an adequate sample.*
- ✓ Are the necessary resources available to implement this intervention? *Yes.*
- ✓ Are service providers willing to participate? *Yes. Tentative agreements have been reached with providers of substance abuse and mental health services and with other providers outside of DSS regarding the procedure for referrals and the number of clients that can be referred.*

Implementation:

Questions to Ask:

- ✓ Who will provide services? *Case management and soft skills training will be provided by DSS staff. Specialized services, such as substance abuse treatment, will be provided by other state agencies or by community-based organizations. Formal agreements will be made with these other providers prior to implementation of the demonstration.*
- ✓ Will clients need training either prior to or during employment? *Clients who are not yet employed will receive soft skills training to help them prepare for employment. Clients who are already employed can receive soft skills training if they indicate a need. No other formal training will be provided through the demonstration.*
- ✓ How long will clients receive case management? *Participants who are not yet employed can receive case management services prior to employment and for the first six months of employment. Participants who do not find jobs within one year will no longer receive case management services. Participants who are already employed will receive six months of case management services. Participants who lose their jobs will be eligible for case management while between jobs and for the first six months at the new job.*
- ✓ Who will provide the training? *TANF staff will provide pre-employment training to participants.*
- ✓ How will the program operate? *Members of the target group who are not yet employed will be informed of the new program either at intake, at recertification, or by letter and invited to participate in the pre-employment training. Those who receive the pre-employment training will be eligible for case management services prior to employment (for up to one year) and during the first six months on the job. Those who are already employed will be invited to participate either at recertification or by letter. Those who elect to participate will receive case management services for six months.*