

# Welfare Policy and the AECF Jobs Initiative

**P**erhaps the most important lesson of welfare reform has been that nearly all individuals can and will join the workforce given the right opportunities, incentives and supports. The focus of welfare agencies has quickly and appropriately turned to retention and career advancement as local officials recognize that welfare leavers often remain in poverty. The Annie E. Casey Foundation's Jobs Initiative demonstrates the feasibility of both increasing labor force attachment and improving the employment prospects of disadvantaged workers. The Jobs Initiative emphasizes quality of the job placement, provides training in selected sectors in close collaboration with employers, holds providers accountable for wage and retention outcomes and serves all disadvantaged job seekers, integrating welfare recipients and other workers. Participants' success in the Jobs Initiative suggests that TANF could be more effective in moving families into jobs and long-term self-sufficiency, if states are held accountable for employment outcomes while local authorities are allowed to provide the training and supports families need to work their way out of poverty.

■ BY WENDY FLEISCHER ■

## The Jobs Initiative Experience

THE ANNIE E. CASEY FOUNDATION focuses on improving outcomes for kids; the Foundation began supporting workforce initiatives because research shows



THE  
ANNIE E.  
CASEY  
FOUNDATION

*Since 1995, the Annie E. Casey Foundation has supported the Jobs Initiative, a six-city workforce development initiative. The Foundation has commissioned workforce specialist Wendy Fleischer to prepare a series of issue briefs on the Initiative and its implications for policymakers.*



that children fare better when their parents are better off. Inspired by successful employment initiatives such as San Jose’s Center for Employment Training, Foundation staff and trustees designed an initiative that integrated proven strategies to improve work-related outcomes and tested them in six metropolitan areas. The Jobs Initiative hypothesized that:

- The quality of the job matters;
- Meaningful employer involvement dramatically improves employment outcomes;
- Retention in the labor market is a more valid indicator of progress than either job placements or welfare exits because so many workers do not work steadily or earn increased wages; and,
- A good employment program works for all disadvantaged families, whether or not they rely on welfare.

The Annie E. Casey Foundation selected intermediary organizations – in one case a city agency, in other cases, regional, nonprofit workforce organizations – to test these hypotheses. The following organizations undertook to develop close allegiances with employers in growing, high-paying sectors:

*East-West Gateway Coordinating Council of St. Louis;*  
*Milwaukee Jobs Initiative;*  
*New Orleans Jobs Initiative;*  
*Piton Foundation in Denver;*  
*Seattle Office of Economic Development; and,*  
*The Reinvestment Fund in Philadelphia.*

The Annie E. Casey Foundation funded these intermediaries to create mechanisms – job training, job placement, case management, soft skills development, and worksite enhancements – to link disadvantaged workers in their cities to jobs that could lead their families out of poverty.

By March 2001, more than three years into implementation, the Jobs Initiative served over 12,500 people. The participants were even more disadvantaged than had been expected: most were single parents (53%) with children living at home; 35% had less than a high school diploma; close to 20% did not

■ **The quality of the job matters.**

■ **Meaningful employer involvement dramatically improves employment outcomes.**

■ **Retention in the labor market is a more valid indicator of progress than either job placements or welfare exits because so many workers do not work steadily or earn increased wages.**

■ **A good employment program works for all disadvantaged families, whether or not they rely on welfare.**

speak English as their primary language; and, 56% had reported annual family incomes of \$9,000 or less at the outset of the initiative. Almost half (44%) received public assistance at the time of application enrollment.

## Results

ACCORDING TO AN INDEPENDENT EVALUATION conducted by Abt Associates and the New School University, from implementation in 1997 to 2000:

- Jobs Initiatives average placement wage was \$9.15 per hour;
- 65% of Jobs Initiative participants interviewed in a follow-up study were working 18 months after enrollment compared to 25% at the time of enrollment;
- Participants placed in jobs through the Jobs Initiative were much more likely to receive medical insurance; the rate of people who were offered health insurance through their employers more than doubled, going from 33% to over 80%.
- Participants placed at higher wages increased both the number of hours worked per week and the number of weeks employed per year; whereas participants placed at jobs paying less than \$8.00 per hour worked fewer than 40 hours per week.
- Participants from households receiving public assistance in the year before enrolling were nearly as likely to get a job as those who had not relied on public assistance (45% and 47% respectively) and their average one-year retention rate was better than typical welfare-to-work recipients documented in other studies.

## Lessons of the Jobs Initiative

**The Jobs Initiative won these accomplishments by experimenting with a mix of programs and strategies.** Sites that emphasized an individually tailored approach including a mix of job readiness, soft skills training, job training, job placement and job retention/support services had better retention rates than the one site that emphasized job search alone.

**Job training in the Jobs Initiative proved to be an effective strate-**

*Job training in the Jobs Initiative proved to be an effective strategy for increasing placement wages and improving advancement potential.*

**gy for increasing placement wages and improving advancement potential.** For example, training programs across the sites in medical office administration, construction, manufacturing and business services had one-year retention rates of over 65% and average starting wages between \$8.73 and \$12.28. This suggests that TANF should encourage states to make training available to people who rely on welfare by funding job training, enabling training to meet work requirements, and by supporting parents while they are in training.

**All the Jobs Initiative sites targeted high-paying jobs and involved employers extensively.** Even when enrollees did not participate in skills training, jobs selected based on high pay scales and advancement opportunities led to higher wages for participants than they had earned at the time of enrollment. An ethnography led by Roberta Iversen of the University of Pennsylvania found, for the small number of participants studied, that participation in the Jobs Initiative programs provided a credential that gave disadvantaged job seekers a chance to qualify for high-paying jobs.

**The Jobs Initiative sites found that it was necessary to assemble an array of resources to address obstacles to employment retention but that post-employment services are neither adequately covered nor adequately coordinated by public funding streams.** The Annie E. Casey Foundation and the Jobs Initiative sites, like many welfare agencies across the country, found that participants were confronting a range of obstacles to steady work including family problems, health issues, addictions, criminal records and, most often, systemic problems related to transportation and child care needs. Ethnographic research (a form of life-story research commonly used by anthropologists) on the Jobs Initiative found that the job has to work for the family, not just the individual. Case management services before and after job placement helped families make the adjustments needed to juggle work and household responsibilities.

**An independent evaluation of the Jobs Initiative shows that the working participants are better off.** An ethnographic study of a small number of working families found that children experienced benefits, from

■ **All the Jobs Initiative sites targeted high-paying jobs and involved employers extensively.**

■ **The Jobs Initiative sites found that it was necessary to assemble an array of resources to address obstacles to employment retention but that post-employment services are neither adequately covered nor adequately coordinated by public funding streams.**

■ **An independent evaluation of the Jobs Initiative shows that the working participants are better off.**

more material goods to new, safer neighborhoods. In some cases, children were retrieved from foster care and enrolled in therapeutic services that corrected developmental delays. Parents' new career pathways increased both skills and wages which, in turn, instilled pride, increased self-esteem, brought additional supports into their lives and increased their ability to negotiate systems and institutions.

## Policy Implications for TANF

WHEN CONGRESS ELIMINATED THE FEDERAL ENTITLEMENT for welfare in 1996, low-income children became more dependent on their parents' earnings and less buffered by welfare supports. Their parents went to work in record numbers. But research is showing that many of these newly employed families are still struggling. The Jobs Initiative suggests that, with sufficient time, training and appropriate supports, low-income families can get on a career ladder out of poverty. More specifically, the findings of the Jobs Initiative suggest that TANF would be more effective at promoting family-supporting work with the following modifications.

**Make family-sustaining employment an explicit goal.** To benefit children and not simply reduce caseloads, states should be held accountable for employment outcomes. The federal government should:

■ **Evaluate state performance based on job placement, wage growth and retention measures rather than just participation rates.** Participation rates, the mechanism for tracking outcomes under the current system, measure only whether recipients are engaged in activities. Incentives to states to cut caseloads even in the absence of employment should be reversed.

■ **Replace the "caseload reduction credit" with a new employment credit that rewards states when families leave welfare for employment.** Providing states with extra credit for placing families in higher-paying jobs would incentivize states to develop programs that increase self-sufficiency.

**Increase state flexibility to design pre-employment activities and to define activities that meet work requirements.** While holding states accountable for long-term employment outcomes, allow them the flexibility to provide work supports such as job training and education.

■ **Allow training to meet federal work requirements.** The Jobs Initiative has found that when high-paying jobs in growth sectors are targeted and employers are involved in the training, job training is a critical step in improving

*The Jobs Initiative suggests that, with sufficient time, training and appropriate supports, low-income families can get on a career ladder out of poverty.*

employment outcomes.

■ **Allow remedial education through post-secondary educational training as a countable work activity.** Allow TANF recipients to participate in educational activities that enable them to qualify for living-wage jobs.

■ **Provide funding, in addition to TANF block grants, to allow for state demonstrations to experiment with training, incentives and supports as a means to assist families into family-supporting jobs.**

**Stop the clock for TANF recipients working to meet their obligations.** TANF should assist, not penalize, families who are trying to help themselves. The federal law should give states flexibility in determining when a welfare recipient is meeting her obligations to become self-sufficient.

■ **Stop the clock for working recipients.** Families that are working should get the help they need to keep and advance in their jobs. A lack of skills and education prevents many people from getting a job that would move their families out of poverty, therefore, many states provide income supplements to people earning low wages. These working families should not be penalized by counting these supplements toward time-limited TANF benefits.

■ **Maintain the 30-hour workweek as the benchmark for full-time employment.** Thirty hours of work is a high bar for low-income parents to reach. Many entry-level jobs are unstable, do not offer 40 hours of work and do not allow time off to care for a sick child. Finding a job that leads to long-term self-sufficiency takes time.

■ **Maintain public supports until families are achieving real self-sufficiency.** Do not eliminate public supports at job placement; rather, wean families from public supports while allowing appropriate time to become attached to the labor force and progress to family-supporting wages. Health care benefits, in particular, are very important for retention.

■ **Increase funding for childcare.** Despite increases in federal investments

■ **Stop the clock for working recipients.**

■ **Maintain the 30-hour workweek as the benchmark for full-time employment.**

■ **Maintain public supports until families are achieving real self-sufficiency.**

■ **Increase funding for childcare.**

■ **Increase the Childcare Development Block Grant.**

■ **Maintain eligibility for childcare subsidies until the TANF recipient achieves economic stability.**

## A JOBS INITIATIVE POLICY BRIEF

in childcare, many low-income working parents do not receive childcare subsidies and are unable to afford appropriate childcare. For many families, a successful transition from welfare to work is based on the reliability of childcare assistance.

- *Increase the Childcare Development Block Grant.*

- *Maintain eligibility for childcare subsidies until the TANF recipient achieves economic stability.*

THE ANNIE E. CASEY FOUNDATION JOBS INITIATIVE adds evidence to the mounting research that a mix of job training, placement, incentives and supports can make welfare recipients and other low-income workers better able to support their families. By directing states to focus on employment outcomes while giving states the flexibility to experiment with strategies for achieving those outcomes, TANF could both support work and benefit low-income children and their families.

**For more information about  
this policy brief contact:**

*Ed Hatcher*  
**THE HATCHER GROUP**  
301-656-0348  
[ed@thehatchergroup.com](mailto:ed@thehatchergroup.com)

*A mix of  
job training,  
placement,  
incentives and  
supports can  
make welfare  
recipients and  
other low-  
income  
workers better  
able to  
support their  
families.*

**T**he Annie E. Casey Foundation is a private charitable organization dedicated to helping build better futures for disadvantaged children in the United States. It was established in 1948 by Jim Casey, one of the founders of United Parcel Service, and his siblings, who named the Foundation in honor of their mother. The primary mission of the Foundation is to foster public policies, human-service reforms, and community supports that more effectively meet the needs of today's vulnerable children and families. In pursuit of this goal, the Foundation makes grants that help states, cities and neighborhoods fashion more innovative, cost-effective responses to these needs. For more information about the Annie E. Casey Foundation and the Jobs Initiative visit the Foundation's website: [www.aecf.org](http://www.aecf.org). or see the "Catalogue of Innovations in Workforce Reform: Products from the Annie E. Casey Foundation's Jobs Initiative" available from: Annie E. Casey Foundation, 701 St. Paul Street, Baltimore, MD 21202; ph: 410-547-6600; fax: 410-547-6624.

WENDY FLEISCHER is an independent consultant who specializes in workforce development. The author gratefully acknowledges the support of the AECF. The conclusions and opinions contained in this brief are those of the author, and do not necessarily reflect those of the AECF or its Board of Directors.



THE  
ANNIE E.  
CASEY  
FOUNDATION