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ABSTRACT

A study reviewed the efforts of six states (California, Florida, Minnesota, Oregon, Texas, and Washington) to create new policies and strategies to support low-income individuals as they work. The study found the following: (1) working steadily initially after leaving welfare is linked to being employed in later years but is not linked to higher wages in later years; (2) starting out in better jobs is linked both to being employed and to having higher wages in later years; (3) educational skills and credentials are strongly linked to obtaining better jobs; and (4) motivation, social skills, and labor market opportunities colored the outcomes but are difficult to observe. The study determined that "work first" strategies work in the short term but not in the long run; that "mixed strategies" of pre-employment services and job placement are more likely to produce long-term success; and that "work-based strategies," such as supported work for the harder to employ or on-the-job training for more employable workers, are most effective in increasing employment and earnings. The study concluded that work force development strategies should include removal of barriers to employment through access to services, emphasis on upgrading skills through postsecondary education, and use of combinations of work and learning. Recommendations were made to develop state policy so that full-time workers earn incomes above the poverty level, to provide supportive services for low-wage workers, and to encourage greater response from educational institutions. (Contains 25 references.) (KC)

STATES OF CHANGE

Policies and Programs to Promote Low-Wage Workers'

Steady Employment and Advancement

Carol Clymer, Brandon Roberts and Julie Strawn



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Field Report Series

Public/Private Ventures May 2001

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S T A T E S
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C H A N G E

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Steady Employment and Advancement

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It is about 5:30 in the evening. We are traveling on Northwest 14th Avenue in Liberty City, a Miami neighborhood where the riots of 1980 occurred. The street is quiet. We stop to pick up dinner for several women with whom we are meeting to hear about their experiences getting off welfare and going to work. Our presence is noticed. Not only have we made people wait in line for more than 15 minutes to place their orders, but our bill comes to \$87.53. This is unusual, one customer comments. We are questioned about the reasons for the large quantity of food. A woman who says she would love to have that much money suggests that we should have checked with her first. She could have cooked us a much better meal for that price. Everyone is interested in our order. The conversation continues as we leave.

We pull into Liberty City Community Center. Five women ranging in age from 24 to 45 welcome us. They are employed in jobs that pay \$6.00 to \$10.50 an hour. Each woman has attended a year's worth of weekly group meetings designed to help them keep their jobs and get promoted. They talk with us freely. Their stories are similar.

Each woman is a single parent who has been on and off welfare. For the most part, none likes being in the "system." They have had good and bad experiences with social workers. They are conflicted: sometimes they feel that by working they will beat the system; sometimes they feel that by working, the system will beat them. They all try to better themselves. They struggle, yet have hope.

I'm scared of the [welfare] system. It's like a swimming pool you can't get out of because it's 10 feet deep and you've been swallowed all the way in. That's how I feel. It's like they're making it like a hole because you're like so dependent upon it, you know, because you can't get this without this, you can't get this without

that. And they make you dependent upon them. You know what I mean? Because it's like a circle. You know, your rent goes up because you're makin' too much money. And then you feel like you've just got to, well, I've got to go back to that [welfare] because I can't afford to pay that rent, you know. That's too much money.

Continuing education is a goal for each woman. One completed a computer training program but could not get a job in that field. Another likes sewing and wants to make gowns but needs more training. She has not been able to secure the \$5,000 tuition for fashion design school. One woman wants a degree in accounting or computer programming. She would like a computer so she can work at home, be with her children and go back to school. Another woman has bad credit from unpaid student loans, and feels she will not be able to continue her education.

When I was younger, you know, we could get assistance; we could get all that free money and all those loans. And now I'm in default on my student loans.

Each person is learning on the job and in the weekly support group.

You know they help us with self-esteem, try to get a better job, better attitude towards things, you know. When I first started the program, I had a nasty attitude.

Some find ways to stay in unpleasant jobs until better ones come along; they discover strengths they did not know they had.

You sit in there, and it's like 2:00 in the morning and it's like 50 degrees in there. And there is no chance for advancement. And they [peers] were like coming to me, God, you stuck in that for a long time. Because I think I was strong-willed. And the reason why I did that was because I had a goal and I wanted to stay at that job until at least I finish school and then maybe, you know, I'll be able to move on.

They confront their fears:

But it's like dealing with these new people every day. I was afraid. It was like I was hoping that I don't make a mistake. But she [the facilitator] was always there for me. She would call me in my unit, "How is it going?"

Each woman has barriers that make getting ahead difficult:

Even when I was working full time, I was still struggling because it's just so many things, and then so many things happen with your children and emergencies with your car. And if you don't have backup or somebody there for you, it will just wipe you out.

The government offered 20 houses within the lower areas, the inner cities area of Miami. But only 30 people could qualify. This was my first question, "How you gonna select these people, what are the criteria?" If it's credit, I'm out, you know, don't even apply.

Back in the '80s I got myself in trouble; I was a bad girl back then. I was in jail for sticking my nose in my sister's problem. I wanted to fill out an application [for a new job]. I'm in school, I graduated school, I'm in college, I have a job. And I'm doing everything. Just because of my background, they [an employer] wrote me a letter, mailed it off—I'm sorry, it's your background. They don't see the fact I'm in school now. And it happened five years ago, five years ago. They don't see that. They see the fact that I went to jail.

THE CHALLENGES OF STEADY WORK AND BETTER JOBS: FROM WELFARE TO THE LOW-WAGE WORKFORCE

Although the 1996 federal welfare reform legislation, the Personal Responsibility and Work Opportunity Reconciliation Act, gave states more funding and flexibility to provide financial assistance to needy families, it also put limits on the length of time people could receive assistance. Many states responded with “work first” policies that required individuals to find jobs—either by diverting them from welfare altogether or by enacting stricter time limits on welfare assistance than the federal legislation required. After almost five years, a key question for work first is: can individuals who move from welfare to work keep their jobs and advance?

Although the issues of low-wage work are broader than those of welfare reform, research regarding individuals moving from welfare to work provides important insights into the working poor in general. The evidence thus far suggests that finding jobs with both decent pay and benefits and with opportunities for advancement is a significant challenge. While most women who have left welfare in recent years are employed, they typically find jobs that pay near the minimum wage, which is not enough to move their families above the poverty level. For example, the most recent national data show that among families who left welfare between 1995 and 1997, 61 percent of parents were working, earning an average of \$6.61 an hour. Fewer than one-fourth had access to employer-sponsored health insurance (Loprest, 1999).

Policymakers and the public have become more aware that women who leave welfare for work struggle to stay employed. National studies from the mid-1990s have found that only about half of those who leave welfare for work are still working one year later. Many of those who lose jobs do not find new ones quickly; in fact, spells of unemployment between jobs last as long as the jobs themselves, so that over the long term women who had received welfare tend to spend as much time out of work as

employed (Hershey and Pavetti, 1997).

This trend may be changing with the strong economy and the shift to a work-focused welfare system, but early data suggest that job loss continues to be common, especially during the first three to six months of employment.

Over the long term, women who leave welfare gradually work more each year, but many find job advancement an elusive goal. Wages remain stubbornly low even after years of work, particularly for those who start out in low-wage jobs. For example, a national study of women who left welfare voluntarily found that their median hourly wages barely increased over five years, from \$6.36 to \$6.73.¹ And women whose starting wages were in the bottom fourth of wages for the group saw no increase at all.

The experiences of women who leave welfare for work have much in common with those of other low-wage workers: erratic employment, persistently low pay, lack of access to job benefits, and occupations that offer few opportunities for advancement. Both groups have markedly lower skills and educational attainment than does the population as a whole (Loprest, 1999).

Public/Private Ventures (P/PV), the National Governors’ Association (NGA) and the U.S. Department of Health and Human Services (DHSS) have launched state initiatives to test ways to help individuals, such as the women in Miami and other low-wage workers, retain jobs and gain skills needed to support their families. While this report is not about these specific initiatives, it draws heavily on the experience of some of the states in these initiatives and others that have taken extra steps to assist low-wage workers.²

In particular, this report reviews the efforts of several states that have taken advantage of devolved federal authority and the flexibility of the welfare reform legislation to create new state policies and strategies

to support low-income individuals as they work. The report includes information on the following:

- Opportunities for and key elements of supporting steady employment and job advancement for low-income workers,
- Examples of state policies and programs that enable low-income workers to retain employment and advance on the job,
- The challenges of designing and implementing job retention and advancement strategies for low-income workers, and
- Policy and program ideas for moving ahead.

Although it is too early to tell what the outcomes of state efforts will be, current data on the income gap suggest that it continues to widen. Too many individuals who work full time remain in poverty. And although individuals are getting off of welfare in unprecedented numbers, they still do not earn enough to support their families.

Unquestionably, states are charting new and difficult territory. The difficulty of narrowing the income gap is considerable for several reasons, even in this robust economy. For one, our political system does not support significant tampering with the economy. Many believe it is best to allow market forces to operate relatively unfettered, and if those that can work do, poverty will decrease. This view argues that although many people are poor in this country, our system has historically provided better incomes for more people than any other in the world. Consequently, there is limited economic or social policy experience and less programmatic expertise aimed at helping low-income individuals work their way out of poverty.

Not surprisingly, there are more challenges than successes, but the experiences of the pioneering states are still illuminating. And the current alignment—a healthy economy, the need for skilled labor, welfare savings, flexible funding and workforce development legislation that enables states to provide assistance to the working poor—offers an unusual opportunity to narrow the income gap via social policies and interventions.

IMPROVING THE ODDS FOR LOW-WAGE WORKERS

There has been little research or program experience to aid policymakers and program operators in deciding which services and benefits might be most important to help the working poor continue to work and move up to better jobs. However, several recent studies have added important insights by attempting to separate the influences of different personal, family and job factors on labor market outcomes.³

The following themes have emerged:

- Working steadily initially after leaving welfare—holding other work history, job and personal factors equal—is linked to being employed in later years but is not linked to higher hourly wages in later years.
- Starting out in better jobs—those with higher hourly wages or better benefits—is linked both to being employed and to having higher wages in later years, holding other work history, job and personal factors equal.
- Education skills and credentials—especially postsecondary education—are strongly linked to obtaining better jobs.
- Both the chances of working steadily initially and of finding better jobs initially are likely related to other factors that are more difficult to observe, such as motivation, social skills and differing labor market opportunities.

This research has important implications for the policies and services needed to help low-income workers work steadily and advance. In particular, it underscores the critical importance of workforce development services to help low-income families move up to better jobs.

In sum, available research regarding the impact of different strategies on job retention and advancement⁴ finds that:

- *Work first*, when this strategy relies only on job search services and not other training or support activities, helps low-income parents work in the short run but not in the long run. Job search does not produce lasting effects because it typically does not help parents find better jobs than they would on their own. It also fails to help the most disadvantaged.
- *Mixed strategies* for pre-employment services, which can be as effective as work first in increasing short-run employment, are more likely to produce long-term success and can improve the quality of jobs that participants find. Successful mixed-strategy programs support a clear employment goal with a range of services, such as job search, work experience, and education and training. The Portland, Oregon, JOBS program is the best recent example of this approach. Welfare recipients in JOBS increased their hourly wages and found more stable employment, even if they entered the program without a high school diploma or GED. Access to training for the latter may have been a key ingredient.
- *Work-based strategies*, such as supported work for the harder to employ or on-the-job training for more employable workers, have been consistently effective in increasing employment and earnings. In particular, the National Supported Work Demonstration sustained its effect on participant earnings even eight years later and was most effective with the most disadvantaged recipients.⁵ Some of these work-based programs also helped people find higher-paying jobs.

On the basis of these findings, effective workforce development strategies might include:

- Greater attention to barriers to steady employment through access to needed support and retention services;
- Greater emphasis on upgrading skills through access to postsecondary education, work-site training or other opportunities for on-the-job learning, such as coaching and mentoring; and
- Wider use of combinations of work and learning, such as partnerships with employers to create coordinated part-time work, part-time school arrangements or campus work study.

THE OPPORTUNITY TO CHANGE STATE POLICY

Declining caseloads, new regulatory flexibility and substantial federal resources have provided states with a rare opportunity to invest in job retention and advancement strategies. This opportunity exists because welfare caseloads have fallen by more than half in recent years, and states can use the resulting federal and state welfare savings to create or expand these services.

Welfare Reform

Funding of the Temporary Assistance for Needy Families (TANF) block grants—\$16 billion annually in federal funds and an additional \$10 billion in state maintenance of effort funds—dwarfs other workforce development resources.⁶ Cash assistance is just one possible use of these funds; indeed, less than half of total federal and state TANF funds are being spent on traditional welfare aid.

Combined with TANF surpluses, the sweeping flexibility of the final TANF regulations issued in April 1999 creates many new opportunities for states and localities to adopt policies and provide services to support steady work and access to better jobs. Federal TANF funds can be used to assist all low-income parents, regardless of whether they have custody of their children. Federal TANF funds can even be used to help those who are not yet parents, if the services or benefits provided might help prevent out-of-wedlock pregnancies.⁷ In addition, TANF-funded workforce development services do not carry with them TANF time limits, work requirements or other conditions applying to TANF cash assistance. This makes it possible for states and localities to use TANF to support a wide range of workforce development services, whether or not they meet federal work requirements for TANF cash assistance.

Workforce Investment Act⁸

In addition to TANF, the Workforce Investment Act (WIA) offers approximately \$1 billion annually to support workforce development services for adults. While not as flexible as TANF, WIA does afford states and localities more options than in the past for using these federal funds, especially to expand services beyond the unemployed to low-wage workers.

WIA provides significant new ways for states to promote longer-term employment retention and advancement for low-wage workers. For example, the infrastructure of employer-led workforce boards and One-Stop Career Centers could provide low-income workers with greater access to workforce development services. In contrast to its predecessor, the Job Training Partnership Act, WIA asks states and localities to track longer-term employment retention and wage progression outcomes. Moreover, underscoring the importance of advancement, WIA funds can be used to provide workforce development services to incumbent workers. Funds for serving adults can support a broad array of pre- and postemployment services. These include individualized job preparation services, skills training, work-related basic education and English as a Second Language (ESL), case management before and after employment, paid and unpaid work experience, on-the-job training, incumbent worker training, customized training, supportive services and needs-related payments. Finally, WIA allows states to engage in unified planning for a group of related federal employment and education programs.

Integrating Workforce Development Services

TANF and WIA each create opportunities to provide postemployment services to individuals. But the services available through TANF could be augmented if states and localities integrate—not just co-locate or coordinate—workforce development services through WIA. Integration of services across state and federal funding streams is not easy, and WIA generally leaves categorical funding roadblocks in place (e.g., federal employment training funding available through TANF, food stamps, U.S. Department of Housing and Urban Development, vocational rehabilitation and Carl Perkins). Nevertheless, where such integration can be achieved, seamless delivery of workforce development services provides clear benefits to employers and workers.

States and localities may find it difficult to focus on improving the overall quality and effectiveness of workforce development systems while they are still absorbing the sweeping changes made by welfare reform and are creating the new infrastructure of Workforce Development Boards and One-Stop Career Centers mandated by WIA. Yet the redesign of multiple systems also presents an important opportunity to break with past practices. And better integration of workforce development services could address, in part, some of the difficult issues inherent in helping low-income parents and other low-wage workers retain jobs and advance to better ones. Equitable access to services; better articulation of basic education, job training and postsecondary degree programs; assessment and referral to specialized support services; and continuity of services exemplify ways to help individuals move from unemployment to work and from job to job.

A recent study of 12 localities suggests that either integration or close coordination results in participants receiving more comprehensive and individualized services, a key characteristic of effective workforce development programs (Pindus et al., 2000). In sites where services were integrated or closely coordinated across welfare and workforce development programs, participants benefited in concrete ways. These benefits included:

- Referral to more services and to a wider range of services,
- Greater intensity of services to clients,
- Simplified referral processes,
- The convenience of having some or all agencies in one location, and
- Improved case management as staff across agencies work jointly to manage cases.

While true integration of services is rare, Utah illustrates its potential.⁹ The state has unified all its workforce development services, including those for welfare recipients, in one department. Performance measures are set for the entire department across funding streams, and funding sources are invisible to front-line staff and to customers of the services. All customers go to the same employment centers and are served primarily by generic employment counselors (although social workers are also on staff for those with the most serious barriers to employment). Employment counselors provide assessment, career planning, job placement, follow-up and job advancement services. Each counselor stays with an individual throughout the time he or she needs services, both before and after becoming employed, and whether the person is receiving other benefits, such as cash assistance.

A wide array of services can be provided, including career counseling, job placement, classroom training, on-the-job training, postsecondary certificate or degree programs, adult basic education, supportive employment, and life skills and self-esteem courses. Customers fill out a single application for all workforce development services. They can also sign up for food stamps, Medicaid and other benefits at the employment centers, where centralized staff determine eligibility for all benefit programs statewide. The state's vision is that workforce services will be compassionate, individualized, employment-focused and provided in a professional environment with zero waiting time for customers.

Of course, better coordination or integration of services does not automatically mean higher quality. In particular, improving adult education and job training services is an urgent and critical task for states and localities seeking to create an effective workforce development system.

What States and Localities Can Do Outside the TANF Cash Assistance Program to Aid Low-Wage Workers¹⁰

With Federal TANF Block Grant Funds:

Provide services and benefits without having to apply to them the conditions intended for cash-assistance recipients, such as time limits, work and participation requirements, and child support assignment rules. Examples of such “non-assistance” services and benefits include:

- Refundable earned income tax credits for working families;
- Child care for working families;
- Transportation for working families;
- Wage subsidies (payments to employers or to third parties to cover the cost of wages, benefits, supervision and training);
- Individual Development Accounts;
- Non-recurrent, short-term benefits designed to deal with a specific crisis or need, not intended to meet ongoing needs, and not extending beyond four months; and
- Services that do not provide basic income support (e.g., education and job training, case management).

Provide services and benefits specifically mentioned in the rules, such as work-expense allowances for employed welfare recipients during the initial months of employment. For example, Kentucky offers a nine-month allowance to families who leave welfare for work. Former TANF recipients who work 35 hours per week are eligible to receive \$500 every three months for a total of nine months. Such allowances are considered “non-assistance” as long as the amount is used for actual work-related expenses and not for basic living costs.¹¹

Make services available to more low-income people than are eligible for TANF cash assistance by setting financial eligibility for these services and benefits higher than eligibility levels for TANF cash assistance, such as at 200 percent of the poverty level.

Create a range of supports for working low-income families, such as child care and transportation help, wage supplements or work-expense allowances, career counseling, job training or education.

Make different categories eligible for these TANF-funded workforce development services; for example, non-custodial parents and youth who are not yet parents.

With Maintenance-of-Effort Funds:

To receive their full federal TANF block grant, states must maintain a certain level of state spending—known as maintenance-of-effort (MOE)—on cash assistance, services or other aid to low-income families. As with federal TANF funds, though, states are not required to spend MOE funds within the TANF cash-assistance program itself. The MOE obligation can be satisfied by spending state funds in a non-TANF program, referred to in TANF rules as a “separate state program.” The following are important aspects of MOE funds:

- They are exempt from such TANF conditions as time limits and work participation requirements, regardless of the types of benefits they support. Therefore they can pay cash-like benefits, such as living stipends for people in long-term education or training, or wage subsidies to individuals.
- Only low-income families (such as those at 200 percent of poverty) may be helped with state MOE funds, not non-custodial parents or low-wage workers without children.
- They can be used for services and benefits to support job advancement, such as student aid for low-income parents as exemplified in Maine’s Parents as Scholars. This program provides scholarships to cover living expenses for low-income parents enrolled in two- or four-year postsecondary education degree programs.

STATE POLICY ACTIONS TO INCREASE LOW-WAGE WORKERS' INCOME

Helping low-wage workers move out of poverty will require more than the expansion of workforce development strategies that help individuals maintain steady employment and advance on the job. As noted by the women we quoted in the early pages of this report, achieving economic stability is a formidable challenge. It must be recognized that a range of support is necessary, including wage supplements, expanded and accessible child care, and health care subsidies. Significant resources and more flexible federal laws governing welfare and workforce development allow states to create these supports.

A small but growing number of states have initiated policies to help workers sustain employment and increase income. By focusing on policy actions to reduce poverty, these states are moving beyond caseload reduction and job placement as goals for welfare reform and workforce development. Their efforts can be grouped into three categories:

- Make work pay,
- Reduce barriers to employment, and
- Expand postemployment efforts.

Make Work Pay¹²

Efforts to make work pay primarily involve supplementing the earnings of low-wage workers. States are taking several actions to compensate for low-wage employment so that recipients are better rewarded for work:

- *Income disregards* ensure that welfare recipients have more income from work than from public assistance.¹³ In most states, individuals become ineligible for assistance when income surpasses 75 percent of poverty, but seven states allow recipients to earn up to 100 percent of the poverty level. For the last six years, Minnesota has operated the Minnesota Family Investment Program (MFIP), which allows recipients to

receive welfare payments until their income reaches 200 percent of poverty. An evaluation by the Manpower Demonstration Research Corporation found that MFIP increased employment by 35 percent and increased earnings by 23 percent over those of a control group (Knox et al., 2000).

- *State earned income tax credits* complement the federal earned income tax credit by reducing the state tax burden on the working poor. Eleven states now have some form of earned income credit. Many also provide a refundable credit for low-income families with little or no tax burden. Credits that exceed foregone tax revenues can be paid with TANF or MOE funds.
- *Child support payment passthroughs* provide more cash assistance to working single parents and serve as an incentive for noncustodial parents to fulfill their child support obligations. Currently, most states capture child support payments to current and former welfare recipients to reimburse tax payers for public assistance payments. Connecticut passes through all child support payments from the paying parent to the TANF recipient. It also disregards up to \$100 of this payment per month against a family's TANF income.
- *Individual Development Accounts (IDAs)* help low-income families accumulate financial assets that would enable them to purchase a home, attend school or start a business. Over half the states allow for some type of IDA; however, only a few make IDAs available statewide or provide state funds to match a family's contribution. Arkansas now makes its IDA program available to all working families with incomes up to 185 percent of poverty; it uses TANF funds to match family contributions at a rate of \$3 of state funds for every \$1 contribution. The state also encourages other individuals and corporations to contribute to a nonprofit organization

that sponsors IDAs by allowing a state credit against income tax liability equal to 50 percent of the contribution.

Reduce Barriers to Steady Employment

States are increasing the number of support services that can facilitate workers' continued attachment to work as well as expanding eligibility for these services to the working poor (sometimes to as high as 200 percent of poverty).

- *Child care* is an area in which most states have taken significant steps to expand coverage and reduce costs for both recently employed welfare recipients and the working poor.
- *Health care coverage* is another critical issue for low-income workers. A small number of states are expanding Medicaid coverage for the working poor. Wisconsin retains Medicaid coverage for working parents and children up to 200 percent of poverty, while other states (e.g., California, Missouri, Rhode Island) offer coverage to families earning between 100 and 150 percent of poverty.
- *Transportation* is a service often provided to help welfare recipients obtain and keep employment. Services range from transportation subsidies to financing for car ownership. A limited number of states, including Kansas, Nebraska, Pennsylvania and Michigan, provide cash assistance for welfare recipients to purchase a car. Arkansas offers such assistance to all low-income workers making less than 185 percent of poverty. In addition, Arkansas IDA accounts can be used to purchase or repair cars.
- *Housing assistance* provided through TANF funds helps recently employed welfare recipients offset reductions in housing subsidies that result from increased earned income. Connecticut,

New Jersey and several other states offer vouchers to cover rental costs that exceed 40 and 45 percent of family income, respectively.

States can do even more to enhance the supports available to working families. For example, they can subsidize the purchase of employer-provided health care, expand employee assistance programs and extend domestic violence services. Increasingly, states understand that failure to address personal issues is often the reason that workers leave their jobs and return to public assistance. In addition, many states are more closely examining the effect of wage income on other assistance provided to sustain employment so that individuals are not unintentionally penalized for working.

Expand Postemployment Efforts

A few states are taking other policy and organizational steps that can foster retention and advancement efforts. Four types of action are noted:

- Redirecting resources,
- Establishing performance measures,
- Engaging business, and
- Expanding eligibility to the working poor.

Redirecting resources to support retention and advancement initiatives represents a clear signal that a state's policymakers have made postemployment support a priority. This is the case in Florida and Oregon: state leaders have moved to ensure that local welfare reform includes efforts to sustain employment and help people increase income.

- *Oregon* requires its 15 local Adult and Family Service Districts to spend 25 percent of their TANF employment and training funds (over \$5 million annually, excluding support services) on job retention and career advancement

activities. The result is that each district has developed a range of approaches to work with participants after they are employed. In some districts, recipients receive up to one year of comprehensive case managed retention services, training in occupations with career ladders and on-site job coaching.

- *Florida* invested \$25 million of its welfare funds to support Retention Incentive Training Accounts (RITAs) for currently or recently working welfare recipients. RITAs provide financial support for workers to obtain skills upgrading or additional education. The funds can pay for training as well as the ancillary services needed, such as child care, transportation and career counseling.

Establishing performance measures is another way that states can encourage better retention and advancement outcomes. Essentially, it means observing the maxim: “What gets measured is what gets done.” At this point, only a few states collect performance data on retention and advancement of low-wage workers. Although WIA requires states to collect this information, retention data will not include the vast majority of welfare clients who make the transition to work since so few states have opted to include TANF in a unified WIA plan. On their own, some states have enacted performance measures that push beyond simplistic measures of caseload decline and initial job placement. For example:

- *Alaska* developed and applied new performance measures to its TANF program over two years ago. This change focuses on participants’ outcomes, not on the processes of delivering services. The state not only sets performance goals for its overall operations but also for the operations of key district offices. Retention at 12 months and increases in earnings are key measures that drive the delivery

of local services. In fact, Alaska will undertake an efficiency study of local operations, seeking to determine whether certain service delivery activities can be eliminated if they do not contribute to participant outcomes.

- *Washington State* has taken steps to help low-income workers move out of poverty. Its Work First Reinvestment Program directs almost \$31 million of welfare savings to a job-training-for-wage-progression strategy. A key element of this statewide effort is the establishment of performance measures and standards. By continuously measuring outcomes related to intended enrollments, placements, retention and earnings, Washington monitors performance and makes adjustments accordingly. In the first year, for example, the state learned that its effort to provide tuition assistance to help recently employed recipients improve their education and skills fell short of enrollment targets. Efforts are now under way to encourage local welfare offices to actively recruit employed former welfare recipients to participate in skills upgrade training.

Engaging business to play a role in retention and skills upgrade activities is an underdeveloped area. While many states appoint businesspeople to welfare reform advisory or policy boards—in fact, WIA mandates their participation—few states actually seek to incorporate firms into substantive programmatic activities. Several states are breaking new ground in this area:

- *California* and *Minnesota* are using state-supported, customized training programs to target retention and skills upgrade services to newly employed welfare recipients. Historically seen as an economic development tool for high-skill, high-wage jobs, these programs now recognize that firms’ competitive positions are also influenced by the availability and quality

of the low-wage workforce, particularly the ability of that workforce to sustain employment and advance. Both states offer firms significant resources for providing welfare recipients with skills that will enable them to pursue career pathways within a firm and elsewhere. (See next section for more details on these programs.)

- *Florida* has taken an unusual approach to help firms better manage, retain and train their entry-level workforce. In 1999, the state WAGES Board, now Workforce Florida, Inc. (WFI), supported a program with the Orlando Chamber of Commerce to educate and assist 1,000 local firms on these issues. In the third year of its effort, the Chamber delivers a day-long training program to local firms on such issues as how to reduce turnover and how to obtain local assistance for skills upgrading. WFI is extending the initiative to four new communities.

Expanding eligibility for benefits or services to the working poor is an opportunity afforded under TANF, as noted earlier. The rationale is twofold. First, recipients do not automatically drop their need for retention and skills upgrading assistance when their incomes exceed eligibility standards. For most, the path to economic security is an extended one, with many challenges along the way. Second, many working poor have never been on public assistance, yet they remain unable to work their way out of poverty.

Some states have recognized both participant needs and the opportunity that TANF resources provide to expand state-supported retention and advancement services. Washington's Work First Reinvestment Program is designed to serve low-income working adults earning up to 175 percent of poverty, far above the state's eligibility standard for TANF assistance. Oregon also offers job-retention services to individuals until they reach 185 percent of poverty. Ohio and Indiana both recognize that stable employment and advancement are dependent upon personal factors: Ohio now offers many different services, including drug and alcohol treatment programs, for families earning up to 200 percent of poverty; Indiana is offering short-term services or benefits, including emergency housing aid, to help families earning up to 250 percent of poverty stay employed.

Overall, states and localities can take a number of steps to promote an agenda directed at moving people toward sustainable employment and economic self-sufficiency. These policy and organizational actions are not substitutes for the programmatic efforts discussed in the next section; rather, they complement and reinforce them.

KEY ELEMENTS OF RETENTION AND ADVANCEMENT PROGRAMS

While few retention and advancement programs include all of the elements described below, many programs include some of them. Key to retention programs are the development of strong relationships with participants, pre-employment services, follow-up support and workplace assistance. Although efforts to help individuals advance on the job are scarce and slow to develop, a few approaches are emerging. These fall into two broad and intersecting categories: career planning and advancement services and skills-upgrade training. Elements include:

- *Development of strong relationships.* At the heart of successful retention programs is the development of relationships that help individuals learn new skills, build self-confidence and deal with workplace problems. At Vocational Foundation, Inc., an employment training program for economically disadvantaged young people in New York City, the relationship that develops between career advisers and participants is central to the retention strategy. This relationship is built by fostering a climate of high expectations and mutual responsibility throughout training, placement and postemployment support. After two years in the program, 63 percent of those placed in jobs were still employed (Proscio and Elliott, 1999).
- *Pre-employment services.* Retention and advancement programs often begin with pre-employment training. Job search services, life skills classes, employability assessment and training are important features of pre-employment strategies that can contribute to the success of postemployment services.
- *Follow-up support.* Maintaining contact with an individual to lend needed support after employment is accomplished in three ways: routine “checking in,” case management and re-placement services. Routine “checking in” to see how things are going, identify problems at home or at work, and help with

immediate problem solving can trigger more substantive and longer-term follow-up sessions, largely involving case management.

Case management takes many forms, but fundamentally it is counseling to facilitate access to needed support services, income enhancements and disregards, and career guidance and education. Case management sessions frequently include information sharing, goal setting, and making plans and decisions necessary for accomplishing employment goals. Case management might involve several different people who help individuals obtain services, especially when employment barriers are acute, such as with substance abuse, domestic violence or criminal records. Sometimes the case management process involves family members or friends who have a role in the worker’s continued employment.

Re-employment services are also a critical component of follow-up. The pattern of rapid and frequent job loss suggests that helping individuals find other employment quickly is essential, while attending to the issues that impede steady employment and increased wages.

- *Workplace assistance* helps individuals deal with personal and work-related challenges that surface once they are employed. Support groups, job skills workshops, coaching and mentoring, employer liaison services and incentives for participation are among the workplace assistance activities common in many retention programs. These activities can happen individually or in groups, at the workplace or off the job. Improving supervisors’ abilities to manage and train new workers so that they adjust to and understand the work environment is also becoming more common.

Career-planning and advancement services help individuals think about short- and long-term employment goals. Rapid attachment to the workforce often encourages people to take jobs that they have neither the interest in nor the skill to perform proficiently. And even if a person has the ability to keep a job, she or he is not always in a position to advance in it. Getting “stuck” in jobs is partly due to a lack of knowledge about the availability of more rewarding work and how to get it. Lack of experience with work and the nature of different occupations is obviously an issue for individuals with limited and sporadic work histories. Thus, career advancement efforts begin with thoughtful career planning: learning about different jobs and what people actually do in them; setting goals for short- and long-term employment; and using labor market information to explore the viability of goals. As a person forms goals, the career advancement process is propelled by matching skills and personal circumstances to the requirements of another available job.

- *Skills upgrade training* provides opportunities for workers to increase basic or technical skills, build self-confidence and apply learning to the job. Viable training programs are accessible and target jobs that offer opportunities for increasing income (Stillman, 1999). Training is often short term and combines basic and technical skills for occupations that need workers.

Skills training can be provided independent of or on the job. Independent strategies are often initiated by the individual worker, who takes advantage of Individual Training Accounts (ITAs) or other tuition-assistance programs. On-the-job upgrade strategies are typically driven by the employer, who takes advantage of external funds or uses company resources to provide services that enable workers needing specific occupational or literacy skills to advance (Gruber, 2000).

It is also important to provide support services and case management to help workers complete training: child care and transportation, if training is not during work hours; counseling to help deal with personal issues; and continued career guidance to capitalize on advancement opportunities.

RETENTION AND ADVANCEMENT: WHAT IS HAPPENING

Moving individuals from welfare to work is no small undertaking. Enabling those who are not earning enough to support their families is even more challenging. The few states that have earmarked funds for retention and advancement initiatives for at least three years—California, Minnesota, Oregon, Rhode Island, Texas, Virginia and Washington—are still in the early stages of developing their approaches, and performance data are often unavailable. Funding ranges from \$5 million in Minnesota to \$31 million in Washington. Among these seven states, Oregon and Washington target the working poor as well as those moving from welfare to work. The other five states make services available primarily to those moving from welfare to work.

While there is considerable agreement among policymakers and local practitioners about the importance of creating ways to help low-wage workers stay employed and increase earnings to support their families, strategies are only beginning to take shape. For the most part, practitioners are honing retention services and only starting to think about ways to help individuals advance. Employer involvement is increasing, but participation in sponsoring and shaping strategies is still limited. Not surprisingly, these programs are too new to be definitive about what works and what does not. Nevertheless, these experiences can inform future efforts.

California: Employment Training Panel

California's Employment Training Panel's (ETP) Welfare to Work program requires participants to work for 20 hours per week and complete 40 hours of training, customized for the skills needed to succeed on jobs guaranteed by employers. For service providers to be fully paid, participants must retain full-time employment (30 hours or more) for at least 90 out of

120 consecutive days after completing training, with no more than three ETP-eligible employers. Individuals are given time off or are paid while in training.

Two very different examples of ETP programs are operated by Lockheed Martin in San Diego, and Jewish Vocational Services in San Francisco.

- *Employment Success* is a mentoring and on-the-job training strategy. It requires a total of 60 hours of mentoring during the first month of employment: 20 hours by a Lockheed member and 40 hours by another employee at the business where the participant has been placed. Activities can include assistance with the skills required for the job (e.g., customer service, computer training, office procedures, safety), workplace literacy and numeracy skills, or soft skills (e.g., getting along with others). The employer receives \$2,000 per employee if the individual receives on-the-job mentoring, demonstrates competency in skills and stays employed for 90 days.
- *Jewish Vocational Services* provides retention services using a combination of resources: ETP, WIA and Welfare-to-Work. Services include follow-up support, one-on-one coaching, employer support and mediation, 24-hour crisis counseling, pre-employment training and, if needed, re-employment services. Retention services range from one hour per week per participant to 10 hours, depending on the need. Staff are developing advancement services and short-term skills upgrade training in ESL and customer service.

Minnesota: Pathways Projects

Pathways projects focus on providing skills training for public assistance recipients in occupations with defined career paths and advancement opportunities. The approach to training varies, with some projects providing short-term classroom training for five to eight weeks and others offering training that may take up to six months and involve a combination of classroom, on-the-job training and internships. Retention services are optional, as is upgrade training; however, all proposed projects must define available career paths. In many programs, training is provided for entry-level workers, with upgrade training available for successful completers through Minnesota Partnership Grants.

Two Pathways programs in Minneapolis provide examples of retention and advancement approaches:

- *Resources, Inc.*, a nonprofit agency, provides training for computer technicians and case management support for nine months after placement. This support entails routine contact with the employee and employer, with more frequent contact during the first months of placement.
- *Pine Technical College* offers a number of retention services for new hires through a training program it operates for security and building maintenance workers at the American Securities Corporation and Marsden Building Maintenance Company. Upon employment, participants receive 12 hours of basic skills training that emphasizes ways to retain employment and advance on the job. Participants are paid for successfully completing the training. A mentoring program, offered by a local faith-based organization, is also provided for new workers. Other program features include advancement training for incumbent workers (primarily ESL and accent-reduction classes).

Employees take these classes on their own time during weekends; upon successful completion, they receive hourly wages for the time spent in class.

Oregon: Adult and Family Services Retention and Advancement Efforts

Oregon's approach to retention and advancement begins when individuals first apply for welfare. Up-front evaluation and work search services help people avoid public assistance. For those who receive cash assistance, the Oregon JOBS program offers a wide range of education, training and family support services (e.g., drug rehabilitation, domestic violence prevention, family-based case management). Oregon's efforts to address the needs of the hardest to serve allow individuals to participate in support activities and subsidized employment rather than running the cash-assistance time clock.¹⁴

Each of Oregon's 15 Adult and Family Services (AFS) Districts is required to develop strategies for postemployment retention and advancement. Examples include:

- *Medford*, District 8, centers postemployment retention services on individualized learning plans derived from a self-sufficiency assessment. The assessment includes a scale for rating barriers to steady employment. Categories on the scale include reluctance or desire to participate in the retention program, child care stability, housing arrangements, employment history, partner relationship circumstances, parent education and literacy background, youth risk and resiliency, school attendance, family health issues, substance abuse history, mental health issues, community involvement patterns, level of public assistance, family income, criminal justice involvement and transportation issues.

Employment follow-up services—job coaching, employer mediation, and support and career enhancement training—are offered by a postemployment service team staffed by several agencies (e.g., AFS, Job Council, community college personnel, Goodwill). Self-sufficiency assessments and educational plans are carefully monitored for a year.

- The *Lane Workforce Partnership* in Eugene provides case management for several months, a couple of hours per week before and after participants are employed. During sessions, individuals work on developing a positive vision of themselves and their futures by concentrating on goal setting, increasing self-esteem and motivation, and creating a network of support. Staff closely monitor client progress through the “Client’s Plan for Success,” which includes 10 “life domains”: family; housing; employment; education and training; legal; medical, physical, emotional and mental; social and recreational; crisis and safety; transportation; and community. Significant time is spent on quality job matching and “checking in” at work or during lunch breaks. Mediating with employers to resolve work-related problems and issues is also an important component of the approach.

Texas: Retention and Re-employment Services and Demonstration Grants

In 1998, The Texas Workforce Commission funded several retention and re-employment projects that are administered by both public and private institutions. Projects have a number of allowable activities: job coaching, job site mentoring, extended case management, direct cash or non-cash incentives to meet employment benchmarks, “raise matching” to encourage job advancement, peer mentoring networks, IDAs connected to job retention, transportation assistance, emergency assistance grants and loans, and ESL.

Projects are funded for one year. Most focus on retention, not job advancement. Participants are referred primarily by local One Stops. Providers also collaborate with a number of local agencies to provide appropriate support services when needed.

Texas has developed a variety of approaches, including these examples:

- *Postemployment Retention Is Key* (PERK) provides fairly intensive postemployment services for welfare recipients. PERK, developed by Houston Career and Recovery Resources, is a community-based organization offering employment services primarily to substance abusers and individuals who have been incarcerated. It begins with a two-hour individual “client counseling and coaching follow-up assessment,” which is designed to get to know the client’s history, circumstances, interests and needs. Participants also attend four hours of training in customer service and social survival skills in the workplace. The program provides weekly follow-up, job coaching and access to support services according to participants’ needs. Participants commit to these sessions for 12 months. Staff follow up with employers to see how individuals are doing and run interference when needed.
- The *Comprehensive Case Management Project*, operated by the Houston Urban League, began in August 1998. It includes a four-week pre-employment component with computer skills training and extensive client assessment. After job placement, staff provide follow-up counseling, subsidized transitional benefits, cash for emergencies, help with tax incentives, additional computer training, re-employment assistance, employer mediation, connections to weekend and evening classes, and workshops on life skills, motivation and self-esteem.

THE CHALLENGES OF RETENTION AND ADVANCEMENT

Even in states that have made retention and advancement a priority, progress has been slow and implementation uneven. In fact, even in the states that are emphasizing retention and advancement, “work first” and caseload reduction continue to be policy priorities. Not surprisingly, a number of policy and programmatic challenges limit state efforts to assist individuals in achieving economic security.

Policy Challenges

Inadequate and uncoordinated policies.

Although some states have taken action to move working adults out of poverty, these efforts are generally fragmented and independent of other initiatives to assist the working poor. No state has a cohesive package that combines policy, organizational and programmatic actions using a concerted strategy focused on poverty alleviation for those who work. In fact, no state has articulated an overall vision that those who work full time in this economy should not remain poor.

Inadequate understanding of the labor market.

It is important to test and ground actions in the labor market realities of both workers and employers. Too often, policies are enacted without adequate consideration of issues that often cause job loss (e.g., insufficient pay and benefits, work schedules that are incompatible with the family responsibilities of single parents, poor supervision and inhospitable work sites). This lack of understanding underscores the importance of finding ways to engage employers more substantively in these efforts.

Misplaced emphasis on postplacement training.

Attempts to fund training so that workers can advance to better paying jobs with benefits have been made without seriously considering whether individuals will be able to participate in upgrade training. Perhaps the most obvious example involves efforts to establish individual training accounts with TANF employment

and training funds for recently employed participants to gain the skills necessary to advance to better paying jobs. These training accounts are generally not being used by participants, possibly because single parents new to the workforce find it difficult to work all day, go to school in the evenings and care for their families. In addition, the accounts rely on the individual to get training outside of work while, in today’s labor market, many businesses are open to providing on-site skills upgrading for groups of entry-level workers. Failure to recognize such realities can lead to policy and program investments that are unused.

Lack of strategic support and accountability.

Too often, the good intentions of program development are thwarted by a lack of capacity to support implementation. Devolution has led to many instances in which states provide funds for local actions but do not accompany the funding with mechanisms for building technical expertise. Even the most creative policy and program innovations will meet with mixed reactions if they do not have sufficient support and time for program development. And since little is known about how to implement retention and advancement strategies successfully, it is important to initiate ways for staff to continually monitor, evaluate and improve efforts as they try new strategies.

Program Challenges

Individuals are eager to abandon connections with the welfare system. Many individuals moving from welfare to work do not want to have anything more to do with a case manager. They do not want to be associated with the welfare system or an agency, especially when they are trying to “fit in” at work. Programs have not responded with appropriate recruitment strategies. Providing information about the requirements and benefits of participation calls for both clarity and sensitivity. For

example, the term “retention” provides participants with little concrete information about services and referring to someone as a “case” is less than engaging.

New workers are often overwhelmed. One of the greatest challenges lies in the fact that many entry-level workers are overwhelmed. Getting a new job, the first for some, is stressful. Work and family responsibilities take up most single parents’ time. For those individuals with low self-esteem or mental health issues, just getting out the door is an accomplishment. Many individuals need and want to take only one step at a time. The first step—getting to work—is about all they can handle. Extra classes and activities, even if they are beneficial, are not possible for many. Service providers might think more strategically about what can be accomplished during pre-employment programs so individuals are better equipped to learn on the job. It is also important to build strong relationships that connect participants to support and education systems they can access when assistance is needed for job retention or advancement.

The slow response of education and training institutions. The nation’s public infrastructure for skills training—community colleges, vocational schools, nonprofit organizations and specialized skills centers—has not fully adjusted to the realities of the current economy and workforce. Employers and workers need to access specialized skills training that can be offered on a short-term basis and during flexible hours. They also need institutions that are sensitive and supportive of personal situations that can affect successful participation in training programs. Similarly, postsecondary institutions have been slow to develop and offer training for high-wage occupations at times and in ways that are appropriate, especially for individuals who have not succeeded in traditional education programs.

MOVING AHEAD

Several critical policy areas warrant attention if states want to take serious action to reduce poverty by enabling low-wage workers to increase their income. A number of promising ideas for strengthening postemployment retention and advancement efforts are beginning to emerge.

Policy Actions

As governors' offices and state legislatures focus more on the needs of the working poor, they can take a number of policy actions to better equip their states to address this matter.

- *Develop an overall state vision and strategy to enable full-time workers to earn incomes above the poverty level.*

By mandating state plans, WIA may provide some impetus for thinking more broadly about how to assist workers in achieving economic self-sufficiency. States have greater flexibility and resources than ever before to address these issues. In addition, as noted by the NGA, states need to rethink "old support systems so that they are relevant to workers' needs in today's technology-driven, service-oriented, global economy" (National Governors' Association Center for Best Practices, 1999, p.1).

Such rethinking cannot be done without a firm vision and commitment to helping the working poor achieve economic security. The vision has to encompass not only the vast variety of workforce development resources, but also the other income and social support policies and activities identified earlier. To date, no state has publicly articulated such a vision, although the NGA has recognized the need to help states move in this direction. For seven states, the NGA organized a policy academy, "Expanding Opportunities for Low-Income Families to Advance in the New Economy." State teams from Colorado, Indiana, Kentucky, Michigan, Montana, Ohio and Washington are engaging in a

process that seeks to develop and integrate workforce, welfare, health, child care, income support and tax policies to address issues of the working poor.

- *Fund and ensure access to services for workers seeking to move from poverty wages to a family-supporting income.*

The evidence that millions of workers, those moving from welfare and others, are stuck in low-wage jobs indicates a strong need for retention and advancement services as well as income enhancements. States could take advantage of the savings from caseload reduction and the flexibility that is allowed with TANF resources to provide greater economic and programmatic support for low-wage workers by funding expanded transitional benefits for those moving from welfare to work, wage supplements for the working poor, and retention and advancement services to enable workers to increase earnings on the job. This includes using TANF funds to provide services to other low-wage workers, for example, those at 180 percent of poverty or more. It also includes creating new ways of communicating and delivering services to the working poor and assuring that those who want services are able to get them.

- *Use performance measures to emphasize employment retention and wage advancement.*

It is important for states to hold themselves and those that deliver services locally accountable for helping workers achieve economic self-sufficiency. Performance measures that go beyond simple caseload reduction and initial job placement must be emphasized. Although WIA requires the application of employment retention and wage advancement measures to a state's programmatic efforts, it would be useful to extend these measures to all workers and related assistance efforts. This includes assistance under TANF and other education and training programs not necessarily included under WIA.

- *Directly support businesses that seek to improve retention, build skills and provide advancement opportunities for low-wage workers.*

In providing overall policy guidance for the use of workforce development resources (e.g., through state plans or strategies), direct involvement of employers in retention and wage progression activities could help make services more accessible. In the current economic climate, employers have a strong vested interest in reducing turnover and increasing worker productivity. Therefore, employers are increasingly open to participating in new approaches that utilize their time, staff and resources to improve worker performance in entry-level jobs. Such efforts can range from supporting work-based retention specialists to on-the-clock skills upgrade training. Employer-focused efforts can be enhanced by new partnerships and working relations (e.g., with community colleges) that often require outside guidance and support, a role that states can provide. Further, for employers who invest in strategies to retain and train low-wage workers, it would be useful to provide resources to study their outcomes.

State Program Ideas

As states take action to promote and support retention and advancement efforts at the local level, they should be mindful of several overall lessons.

- *Provide sufficient time and resources for program development, implementation and sustainability.*

Observation of the few state retention and advancement efforts described here reveals that the cost and time needed to achieve success are generally greater than anticipated by state officials. More consideration of the time and resources it takes for local programs to plan strategies, pilot-test them and make needed modifications would help strengthen efforts. Yet

with so little evidence of what works and what does not, it is essential for states to allow for and fund these kinds of program development as well as technical assistance costs.

Moreover, states are making short-term investments in retention and advancement without giving adequate attention to the length of time it takes for workers to increase wages. If local programs are to develop strategies that encompass a continuum that includes needed support services at accessible hours (e.g., case management after 5:00 p.m.), it is important for states to consider expanding funding over the course of several years.

Further, the value of convening local organizations to develop these services for the purpose of sharing lessons and experiences should not be overlooked. Oregon schedules monthly meetings of 15 Adult and Family Services district managers to report on progress and attend to issues and challenges. Outside consultants provide expertise to state and local officials as well as to front-line retention and advancement staff.

- *Create incentives for education and training institutions to be more responsive to the training needs of workers and employers.*

It would be productive for states to encourage and reward education and training institutions that more fully participate in programs to equip the working poor with higher-level skills. Therefore, the system must be engaged at the state level, and actions must be taken that tie overall state funding to success in serving the working poor. It may also mean supporting local institutions—community colleges, business associations, community-based groups, workforce investment boards—to advocate and stimulate change at the community level.

Washington State's experience illustrates one approach. Through the Work First Reinvestment Program, community and technical colleges are funded to redesign curriculum for short-term, pre- and postemployment training in high-wage industry sectors and to collaborate with human services and employment security offices to provide support services for the retention and advancement of low-wage workers. Community college presidents were initially reluctant to participate, anticipating the cost of customizing curricula for a work first environment—e.g., offering classes on weekends or in the evenings and meeting with staff in the other organizations (the Department of Social Services and Employment Security) and employers. Washington's curriculum redesign funding helps colleges cover these costs and become involved in making skills upgrade training more accessible for low-wage workers.

- *Develop ways to evaluate and monitor efforts.*

In addition to setting statewide performance measures for retention and advancement, states must have ways to monitor the success of local efforts. This means that reliable and effective management information systems must be built. Keeping track of retention rates and wage increases is essential, as is conducting evaluations that determine whether participants and employers receive the services needed.

Local Program Ideas

There are no precise models for implementing retention and advancement projects at the local level. However, a number of issues should be considered.

- *Identify and contract with agencies or providers who can build the trust of participants and make services accessible.*

With some exceptions, local welfare agencies are unlikely candidates for this key task. Participants historically have not had good relationships with welfare

agencies: clients often feel denigrated when they apply for and receive welfare. Although welfare agencies may not intentionally treat individuals in this way, such treatment is inherent in the process of determining eligibility. It is simply unrealistic to expect participants to return to welfare agencies to obtain needed services. More is likely to be achieved if welfare agencies contract retention and advancement services to other organizations that are more experienced in developing positive relationships with participants and employers.

For example, in The Dalles, Oregon, the local welfare office contracts with Columbia Gorge Community College to provide short-term credit classes for former welfare recipients who are employed. One class, "Success on the Job," includes six three-hour sessions aimed at building confidence, getting promoted and being successful at work. Advice on transitional services, work issues and employment barriers is provided informally during the evening sessions. A peer-to-peer support group naturally develops during the class. And providing meals helps make the atmosphere relaxing and social.

"Success on the Job" is a prerequisite for "Introduction to Technology," which is aimed at helping individuals develop computer skills. In class, participants learn computer assembly, basic computer terminology, software installation, Windows and word-processing skills. Participants get a new computer as a reward for completing the class.

- *Create a decentralized infrastructure that enables workers to obtain needed services through the workplace.*

The current employment and training infrastructure is simply too far removed from the business world to effectively provide retention and advancement services. This is not to malign the value of the pre-employment training provided by many organizations. But particularly

for delivery of services to individuals who are working, the current infrastructure simply falls short. Even in the most successful employment training programs, many service providers have minimal connections with the workplace. Local workforce development organizations could fund more programs that operate through human resource and training departments of larger companies or, for smaller employers, through employer associations. And programs need to be available for all low-wage workers.

In Minnesota, one company is using economic development funding to create a new position in the firm: a retention specialist. A 10-month training program for specialists, offered in cooperation with a local technical school, includes instruction on such issues as cultural diversity, team building, communications, mentoring, problem solving and the local welfare and social support system. Each specialist must be fluent in two languages and familiar with another culture.

In Salem, Oregon, the human resources department of a company was pleased with the job candidates placed through a retention effort operated jointly by Chemeketa Community College and Adult and Family Services. The employer invited a retention specialist to provide on-site support services and assistance with access to ongoing skills training. Skills training is also provided by the customized training department of the college for all employees. Meetings with the retention specialist and training are completed during company time.

- *Support organizations whose mission is directly related to retention and advancement.*

Retention and advancement services should be provided by organizations and people that can create supportive, productive environments in which both employers and employees feel comfortable, confident and invested. Staff should be able to perform the following functions: identify what employers need and

devise ways for employees with many barriers to meet those needs; look for and try new approaches and offer activities at times that are convenient for working parents; and, most important, provide services that do not perpetuate the stigmas and labels associated with welfare and other obstacles that individuals are trying to overcome.

The Trades Mentor Network in Seattle provides ongoing support and reinforcement for former welfare recipients and other low-income individuals. The program includes a paid, on-the-job training program in which there is a wage increase every six months: \$12 an hour to start for most apprentices, going up to \$18 to \$20 an hour. Over three to five years, an apprentice can become a professional and develop portable skills.

Apprentices are assigned a mentor, a journey-level person who acts as a guide and a coach—a person committed to bringing new people along. The mentors are all volunteers and receive no additional wages for participation. Five signatory companies are involved with the program, and there is a guarantee on their part that 15 percent of the work will go to apprentices.

Mentor training is a key component of the effort. Since 1992, 200 mentors and 105 apprentices have been trained. All potential mentors must complete 24 hours of classes and must agree to have contact twice a month with their mentees. Fifty percent of apprentices who did not have mentors left the program: 75 percent of those with mentors have stayed.

MOVING FARTHER

State and local programs have much to consider in creating policies and shaping strategies to help low-wage workers maintain steady employment and increase wages. Although the current policy environment allows states significant latitude to support the working poor, the political, economic and social issues that must be addressed are numerous and complex. Still, we have an unusual opportunity to support those who are struggling to work their way out of poverty. There are resources to design and implement programs to help individuals retain jobs and advance and ways to use these resources to provide services and wage supplements to help individuals gain needed skills and increase income. And there are examples of approaches that have the potential to boost individuals' chances of achieving greater economic security. This is a start.

Close to the end of our time with the women in Liberty City, we asked individuals if they were earning a living wage. One woman questioned us, "What do you mean by a living wage?" We explained, "Enough money that you feel you're supporting yourself and your family." While a few of the women felt that they are supporting their families, they each had hopes of earning just a little more—enough to have a car that works, to have

savings that are not wiped out when the kids have to go to the dentist, to turn the lights on whenever you need to or to buy a treat for your child in the grocery line. One woman's comments illustrate why it might be time to adjust a system that perpetuates poverty even for those who work hard.

There would be times when I felt unsure of myself, and I'd get frustrated and pick up the phone. I'd call Kathy [the group facilitator], and I'd cry on the phone with her because I need Kathy and I need her support. And I wasn't a faithful member [of the retention group] because of the hours I work. Sometimes I have to work 13 hours, sometimes 10, 12 hours. I just got a raise. And so right now I'm just doing everything on my own. I bought a car from an auction five months ago and I haven't gotten it on the road yet. I need a transmission seal. And I keep going, faithful, going to work every day, working 13 hours. So by the time I get there [home], it's 8:00 at night. I go home by public transportation, do homework, give her [my daughter] a kiss and put her to bed. I don't have any benefits right now, but I make a decent salary.

She makes \$8.50 an hour.

ENDNOTES

- 1 Wages are expressed in 1996 dollars.
- 2 At least 30 states provided postemployment services as of October 1999, according to data collected through the State Policy Documentation Project (a joint initiative of the Center for Budget and Policy Priorities and the Center for Law and Social Policy); California, Minnesota, Oregon, Rhode Island, Texas, Virginia and Washington have funded distinct state employment retention initiatives. We visited California, Minnesota, Oregon, Texas and Washington to learn about their efforts.
- 3 These studies are Cancian and Meyer, 1997; Cancian and Meyer, 2000; and Rangarajan, Schochet and Chu, 1998. All tracked for five years a national sample of women in the labor market who had received welfare and compare various personal, family and work characteristics in the initial years after leaving welfare with the women's economic well-being four or five years later. The Cancian and Meyer studies are notable for the wide range of job, personal, family, work history, neighborhood and labor market variables brought into their models, including measures of changes in employment and in education over time.
- 4 Committee on Ways and Means, U.S. House of Representatives, 2000; Strawn and Martinson, 2000; Freedman et al., 2000; General Accounting Office, 1999; Strawn, 1998; Bloom, 1997, Friedlander and Burtless, 1995.
- 5 Gueron and Pauly, 1991; U.S. Department of Labor, 1995. These dollar amounts are averages across the entire sample, including those not working.
- 6 This total does not include an additional \$7 billion in unspent federal TANF funds from prior years, which remain available to states. Unless states obligated these funds by October 1, 1999, however, only current and prior-year TANF funds can be used for "non-assistance" services and benefits, such as workforce development.
- 7 This is especially relevant for using TANF to serve at-risk youth. See Cohen, 1999.
- 8 This discussion is drawn from Greenberg and Savner, 1999; see also Greenberg, 1999.
- 9 This description of Utah's system is drawn from Strawn and Martinson, 2000.
- 10 This discussion is taken from Greenberg and Savner, 1999; see also Greenberg, 1999.
- 11 See Strawn and Martinson, 2000, and Center for Law and Social Policy audio conference, 1999.
- 12 Much of this information is drawn from a report by the Center on Budget and Policy Priorities, 2000.
- 13 If not structured properly, expanding disregards could have a serious downside: running recipients' time clocks for a small amount of income.
- 14 Due to the 1996 Oregon Option Waiver, Oregon has a 24-month limit on the receipt of TANF. However, any month in which the client cooperates with their case plan is not counted toward the time limit. Clients who do not cooperate with their case plans (without good cause) receive no TANF after the fifth month of non-cooperation until they cooperate again. No Family's TANF case has been closed due to time limits in Oregon as of March 2001.

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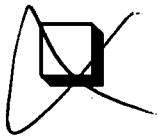


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