Alternative Strategies for Increasing Employment

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Abstract

As states reform their welfare systems to emphasize work and self-sufficiency, they can draw on significant past experience with efforts to promote employment. Work and training programs for welfare recipients and other disadvantaged individuals have been operating in every state for nearly 30 years. This article summarizes findings from key evaluations of strategies to increase the employment and earnings of individuals. The article also reviews lessons about program design and management drawn from studies of program outcomes and implementation. Evaluations of net impact typically measure outcomes for randomly selected individuals who participated in programs, and compare those with outcomes for individuals who did not receive the treatment. Studies of program outcome and implementation analyze the effectiveness of entire programs in real-world operational settings.

The evidence from net-impact evaluations shows that programs that encourage, help, or require welfare recipients to find jobs or participate in training or work-related activities can increase employment and earnings and in some cases reduce welfare costs. Even the most successful programs, however, yield only small gains in earnings that do not move most former welfare recipients out of poverty. The article also discusses critical policy and implementation issues that influence the effectiveness of welfare-to-work programs overall. It focuses on strategies for increasing rates of participation in the programs, for improving implementation, and for strengthening links with the local labor market, which ultimately determines the success or failure of any welfare-to-work program.

Welfare reform is a high-priority political issue today. In fact, however, the nation has been reforming welfare almost continuously since 1968, although the extent of reform activity and the level of interest have ebbed and flowed. In the 1960s and 1970s, welfare reform centered first on providing adequate income and alleviating poverty and second on improving employability. In contrast, current political rhetoric and public opinion concerning welfare reform clearly center on work. It is now generally accepted that work, not public financial assistance, should be the main component of a family's income, even in single-parent families.¹

A variety of federal, state, and local programs have been charged with the responsibility of increasing the employment of disadvantaged individ-
uals, including programs funded under the Job Training Partnership Act (JTPA) and the Job Opportunities and Basic Skills Training Program (JOBS) that served recipients of Aid to Families with Dependent Children (AFDC) through 1996. In 1996, Congress replaced both AFDC and the JOBS program with a new federal block grant for Temporary Assistance for Needy Families (TANF). The block grant gives states more authority to design welfare programs, and it may dramatically change the types of work programs operating in states. Nevertheless, the lessons from past programs intended to increase employment of welfare recipients remain very relevant.

During the 1980s, a number of states experimented with programs designed to help welfare recipients to become self-sufficient, and many of those efforts have been carefully studied. (See also the article by Blank and Blum in this journal issue.) Accumulated experience with these and earlier work-welfare programs yields important insights about welfare reform approaches, including service delivery strategies, program impacts, program management, and program performance. This article examines what can be learned from research and operational experience to inform those who will choose and implement alternative strategies for promoting employment among welfare recipients.

Welfare Reform Objectives and Priorities

Despite the salience of welfare reform in national debates, it has not been a high priority everywhere. As states and localities approach the opportunities and challenges presented by the new TANF block grant that replaces the federally guided AFDC program, each will focus on different priorities and objectives, creating work-welfare programs that reflect prevailing priorities in that jurisdiction.

Welfare Reform Versus Other Issues

For decades, states have varied in the emphasis they place on welfare and welfare reform relative to other social policy areas such as economic development, health care reform, and workforce development. For example, states that have low welfare grants, low state expenditures on welfare, or a declining welfare caseload may not see any urgent need to reform their welfare system. Other states have implemented several different welfare reform initiatives over the years and probably will continue to experiment with different strategies and policies in the future.

Employment Within the Welfare System

Even within the welfare system, states vary in the importance they give to employment issues relative to other welfare concerns. The primary objective of the welfare system has long been income maintenance—determining eligibility for assistance and issuing benefits. An important issue in the current discussions about welfare reform has to do with whether, or how, welfare offices can be converted from income maintenance centers to employment centers. That is, how
can the traditional culture of welfare offices be changed?

**Immediate Employment Versus Long-Term Self-Sufficiency**

While every state has had some type of work-welfare system for several decades, states vary in the importance they place on different welfare objectives. States often have a long list of priorities for welfare reform, of which some, but not all, relate directly to work. Policymakers may seek to decrease welfare caseloads and expenditures, to improve administrative efficiency, to discourage out-of-wedlock childbearing, to increase rates of employment, or to protect the well-being of poor children and families. It is not unusual to see many, or even all, of these objectives put forward for welfare reform and welfare employment policy, although they may seem contradictory.

Different priorities, then, influence the decisions states make regarding strategies for moving welfare recipients into jobs. There is no one ideal work-welfare program model, given the diversity of the welfare population in terms of family situation, employability skills, and barriers to employment and given the multiple and even conflicting objectives for welfare reform. Administrators and policymakers must weigh the tradeoffs of implementing particular strategies and emphasizing particular objectives in relation to the unique set of political, bureaucratic, economic, and social circumstances that influence welfare policy in their state or jurisdiction.

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**The Most Common Approaches**

The most common strategies used across the country are briefly described in Box 1. These include job training, education, subsidized employment, and efforts to move individuals directly into unsubsidized employment.

The different strategies for encouraging employment listed in Box 1 emphasize specific welfare reform objectives to varying degrees. Three of these objectives are most important for welfare policy: (1) to assist recipients of public assistance in obtaining regular employment, (2) to assure that recipients participate in some work-related activities as a condition for receiving welfare, and (3) to invest in skill development to improve the chances that an individual or family can become economically self-sufficient. Short-term strategies such as job-search assistance emphasize the first aim by moving people into the regular labor market as quickly as possible, regardless of the wages at which they might be hired. The second aim is stressed by public employment strategies, such as “workfare,” in which individuals must work in a public job assignment for a certain number of hours in order to receive a welfare check. Longer-term strategies such as education and training focus more on the third aim of increasing individuals’ employability and wage-earning potential.

Probably no single program uses any one strategy in a pure sense. Instead, many operational variations exist, and mixed models combine strategies. For instance, some programs combine vocational training with basic skills education, either in the workplace or in instructional centers or classes. Others offer what is called “supported work experience,” linking preemployment preparation with assignment to public jobs that have gradually increasing hours and work responsibility and with ongoing counseling, education, and peer support. In many states and localities, all of these strategies may be operating at once.

**Evidence of Effects**

Choices among strategies for increasing the employment of welfare recipients can be guided by evidence of the effects of these strategies. Such evidence comes from formal evaluations of large-scale programs and demonstrations using strong research designs. As the description of selected
Common Strategies for Promoting Employment

Direct Employment Strategies

*Job search assistance*, either in a group setting or through one-on-one counseling or coaching, sometimes through “job clubs” with workshops, access to phone banks, and peer support.

*Self-directed job search*, where individuals search and apply for jobs on their own. Sometimes individuals must submit a log of their job contacts to the welfare agency.

*Job development and placement*, where program staff members identify or develop job openings for participants. Counselors refer individuals to openings, often using computerized job banks. In more intensive models, staff members develop relationships with specific firms, gaining knowledge of potential job openings or commitments to hire through the program.

Job Training Strategies

*Classroom occupational training*, by training or educational institutions such as community colleges or vocational schools, community-based organizations, or nonprofit or for-profit training centers. Training may include formal postsecondary programs leading to certification or licensing in a particular occupation.

*On-the-job training (OJT)*, with public or private sector employers, who usually receive a subsidy to cover a portion of the wages paid during the training period. The employer subsidy may be drawn from welfare or food stamp payments that otherwise would have been paid to the individual recipient.

Education Strategies

*Remedial education*, such as preparation for the GED, basic skills instruction in reading and mathematics, or English-language classes for persons whose primary language is not English.

*Postsecondary degree programs* (for example, associate or bachelor degrees), generally financed by grants, federal loans, or scholarships.

Subsidized Public Employment Strategies

*Work experience*, which can include unpaid workfare assignments, where recipients work in exchange for welfare benefits, or short-term unpaid work experience designed as basic exposure to the work environment. Stipends are sometimes provided to the workers.

*Community or public service jobs*, where individuals receive wages, typically minimum wage or slightly below, for the hours they work.

Mixed Strategies

*Vocational training plus basic skills*, either in the workplace or in instructional centers/classes.

*Supported work experience*, with preemployment preparation, assignment to public jobs, and gradually increasing hours and work responsibility combined with ongoing counseling, education, and peer support.
<table>
<thead>
<tr>
<th>Program Name, Start Date, and Related Endnote Number</th>
<th>Program Components</th>
<th>Evaluation Setting</th>
</tr>
</thead>
<tbody>
<tr>
<td>ET Choices (MA) 1986 ³</td>
<td>Voluntary job search, training, education, supported work</td>
<td>State work-welfare program, in 58 local AFDC offices</td>
</tr>
<tr>
<td>Family Independence Program (WA) 1992 to 1993 ⁴</td>
<td>Voluntary job search, training, education</td>
<td>State welfare reform program, in 10 local sites</td>
</tr>
<tr>
<td>GAIN (CA) 1988 ⁵</td>
<td>Mandatory job search, education, training, unpaid work</td>
<td>In welfare offices and community organizations, in six counties</td>
</tr>
<tr>
<td>Job Start 1985 ⁶</td>
<td>Education, vocational training, job placement</td>
<td>13 community organizations, vocational schools, Job Corps Centers</td>
</tr>
<tr>
<td>Job Training Partnership Act 1982 ⁷,⁸ (study began in 1987)</td>
<td>Voluntary job search, classroom and on-the-job training</td>
<td>In JTPA-funded job training programs at 16 sites</td>
</tr>
<tr>
<td>Minority Female Single Parent Demo 1984 ⁹</td>
<td>Remedial education, job training, support services</td>
<td>In community organizations in four cities</td>
</tr>
<tr>
<td>New Chance 1989 ¹⁰</td>
<td>Comprehensive education, parenting, employment services</td>
<td>16 community organizations, Private Industry Councils, schools</td>
</tr>
<tr>
<td>Supported Work Demonstration 1975 ¹¹</td>
<td>Paid work experience, counseling, support services</td>
<td>In community organizations in 10 cities</td>
</tr>
<tr>
<td>SWIM (San Diego) 1985 ¹²</td>
<td>Mandatory job search, education, job training, unpaid work</td>
<td>In welfare offices in San Diego County</td>
</tr>
<tr>
<td>Teen Parent Welfare Demonstration 1987 ¹³,¹⁴</td>
<td>Mandatory education, job preparation, case management services</td>
<td>Welfare offices in three cities</td>
</tr>
<tr>
<td>WIN 1982 ¹⁵</td>
<td>Mandatory job search, unpaid work (in Maryland, also education and job training)</td>
<td>In county welfare offices in Virginia, Arkansas, and Baltimore, Maryland</td>
</tr>
</tbody>
</table>
### Table 1 (continued)

<table>
<thead>
<tr>
<th>Cost per Person</th>
<th>Study Design and Sample Size</th>
<th>Time from Enrollment to Last Follow-up</th>
<th>Employment-Related Outcomes for Participants&lt;sup&gt;a,b&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,922 per year</td>
<td>Matched comparison groups 17,000</td>
<td>1 year</td>
<td>Employment rate = 45% P&gt;C Monthly earnings = $290 P&gt;C&lt;sup&gt;c&lt;/sup&gt; Monthly AFDC = $293 P&gt;C&lt;sup&gt;c&lt;/sup&gt;</td>
</tr>
<tr>
<td>Not available</td>
<td>Comparison sites 17,800&lt;sup&gt;a&lt;/sup&gt; (ongoing cases)</td>
<td>3 years</td>
<td>Employment rate = 31% P=C Monthly earnings = $129 P=C Monthly AFDC = $391 P&gt;C&lt;sup&gt;c&lt;/sup&gt;</td>
</tr>
<tr>
<td>$3,610 per year (net)</td>
<td>Random assignment 33,000 (adult women)</td>
<td>3 years</td>
<td>Employment rate = 57% P&gt;C Monthly earnings = $228 P&gt;C&lt;sup&gt;c&lt;/sup&gt; Monthly AFDC = $424 P&gt;C&lt;sup&gt;c&lt;/sup&gt;</td>
</tr>
<tr>
<td>$1,072 per month</td>
<td>Random assignment 508 teen parents</td>
<td>4 years</td>
<td>Employment rate = 49% P=C Monthly earnings = $260 P=C Monthly AFDC = $271 P=C</td>
</tr>
<tr>
<td>$3,063 per year</td>
<td>Random assignment 6,102 (adult women)</td>
<td>18 months for employment rate; 30 months for earnings and AFDC</td>
<td>Employment rate = 80% P&gt;C Monthly earnings = $500 P&gt;C&lt;sup&gt;c&lt;/sup&gt; Monthly AFDC = $74 P=C</td>
</tr>
<tr>
<td>Range = $576 to $1,079 per year</td>
<td>Random assignment 3,352</td>
<td>12-15 months</td>
<td>Employment rate = 48% P=C Monthly earnings = $446 P=C Monthly AFDC = $307 P=C</td>
</tr>
<tr>
<td>$1,706 per month</td>
<td>Random assignment 2,088 young mothers</td>
<td>18 months</td>
<td>Employment rate = 43% P=C Monthly earnings = $85 P=C Monthly AFDC = n/a&lt;sup&gt;f&lt;/sup&gt;</td>
</tr>
<tr>
<td>$8,281 per year</td>
<td>Random assignment 1,620 (AFDC recipients)</td>
<td>19-27 months for AFDC 25-27 months for employment rate and earnings</td>
<td>Employment rate = 42% P&gt;C&lt;sup&gt;g&lt;/sup&gt; Monthly earnings = $664 P&gt;C&lt;sup&gt;c&lt;/sup&gt; Monthly AFDC = $632 P&gt;C&lt;sup&gt;c&lt;/sup&gt;</td>
</tr>
<tr>
<td>$1,251 per year</td>
<td>Random assignment 3,210</td>
<td>5 years</td>
<td>Employment rate = 34% P&gt;C&lt;sup&gt;c&lt;/sup&gt; Monthly earnings = $329 P&gt;C&lt;sup&gt;c&lt;/sup&gt; Monthly AFDC = $327 P&gt;C&lt;sup&gt;c&lt;/sup&gt;</td>
</tr>
<tr>
<td>$300 per month</td>
<td>Random assignment 5,297 teen parents</td>
<td>2 years</td>
<td>Employment rate = 48% P&gt;C&lt;sup&gt;e&lt;/sup&gt; Monthly earnings = $160 P&gt;C&lt;sup&gt;e&lt;/sup&gt; Monthly AFDC = $282 P&gt;C&lt;sup&gt;e&lt;/sup&gt;</td>
</tr>
<tr>
<td>Arkansas: $198 per year</td>
<td>Random assignment Arkansas: 1,127 Baltimore: 2,757 Virginia: 3,150</td>
<td>5 years</td>
<td>Arkansas Employment rate = 50% P=C Monthly earnings = $176 P=C Monthly AFDC = $95 P=C</td>
</tr>
<tr>
<td>Baltimore</td>
<td>Employment rate = 78% P=C Monthly earnings = $391 P&gt;C&lt;sup&gt;c&lt;/sup&gt; Monthly AFDC = $251 P=C</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Virginia</td>
<td>Employment rate = 76% P&gt;C&lt;sup&gt;e&lt;/sup&gt; Monthly earnings = $326 P&gt;C&lt;sup&gt;c&lt;/sup&gt; Monthly AFDC = $149 P=C</td>
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</table>

<sup>a</sup> Participant group, C=control or comparison group. P>C indicates that the outcomes for the two groups did not differ to a degree considered significant in a statistical sense.

<sup>b</sup> Earnings have not been adjusted to reflect different costs of living in different locations.

<sup>c</sup> Indicates a difference that would occur by chance one time in 100.

<sup>d</sup> Indicates a difference that would occur by chance one time in 20.

<sup>e</sup> Indicates a difference that would occur by chance one time in 10.

<sup>f</sup> n/a = data not available in this form.
evaluations provided in Table 1 indicates, most of the evaluations use experimental design methodologies that compare outcomes for individuals randomly assigned to a treatment group to outcomes for those who were randomly assigned to a control group. Such evaluations measure net impact—that is, the additional gains resulting from the treatment or program over and above what would have happened without the treatment. For example, outcomes such as the earnings of participants in a training program might be compared to those of control group members, who received no training. The results from such net-impact evaluations help to establish appropriate expectations for the magnitude of program effects and to tease out the relative effects of different types of services.

In general, studies such as those in Table 1 have shown that programs with activities directly related to employment, specifically job-search assistance and short-term work experience, can increase employment and earnings and, in some cases, reduce welfare costs.3–15 More intensive training and service strategies, such as supported work experience, can produce greater impacts on employment and earnings than can less intensive strategies, but the more intensive options cost more and can therefore serve relatively fewer participants. However, even the most successful interventions produce only small gains and have not generally been able to move individuals, children, and families out of poverty and permanently off welfare.2,16–18

Employment
Most welfare reform demonstrations that have provided job-search assistance, work experience, training, or a combination of services have had positive, yet modest, effects on rates of employment, ranging from about 2 to about 10 percentage points. The employment rates, however, often remain low. For instance, the San Diego Saturation Work Initiative Model (SWIM) program had an 8-point impact on employment rates after one year; just 35% of the welfare recipients in the demonstration program were employed, compared to 27% of the recipients in the control group.19 After five years, participants were still more likely to be employed, as Table 1 shows. A number of other programs, such as the demonstrations of the Work Incentive Program (WIN) undertaken in the 1980s, had virtually no impact on rates of employment, although some programs increased the wages of those who worked, and reduced welfare costs.

Earnings and Welfare Costs
The welfare reform programs have had more consistent effects on earnings than they have had on rates of employment. Typically, participants in low-intensity services like job search and unpaid work earn about $250 to $700 a year more than those in the control group.17 Some recent studies suggest that comprehensive mixed strategies that integrate basic education with vocational training can have much greater impact. An evaluation of the Center for Employment Training (CET) in San Jose, California, for example, found that five years after participating in the program, teen parents were earning about $3,000 a year more than teen parents in a control group, who did not participate in the program.20

Even when programs have positive effects on earnings, however, few consistent effects on welfare emerge, either in terms of time spent on welfare or grant levels.17 In large part this is because few welfare recipients are able to remain continuously employed at jobs that pay enough to assure economic self-sufficiency. Before the recent welfare reform legislation, about half of all individuals who left welfare for a job returned to the public assistance rolls within a year. (See the article by Hershey and Pavetti in this journal issue.) The new TANF block grant rules impose a five-year lifetime limit on receipt of federal cash assistance. Many recipients will eventually reach that limit and not have the option of returning to welfare when they lose a job. An important issue for states, then, will be to determine the appropriate balance between emphasizing immediate job placement for welfare recipients versus investing in the skills training needed for better jobs.
Job Placement or Training?
State and local welfare-to-work programs have always differed in the relative emphasis they place on training and education, public jobs, and immediate job entry. Currently, the trend is away from long-term training, education, and paid community-service jobs and toward more emphasis on direct job entry and job-search requirements. There is a growing consensus that welfare recipients should not be on public assistance for long periods of time but should be expected to work. The currently strong economy, and high demand for workers, further encourages requirements for immediate work.

Evaluation findings also support “work first” strategies, since many studies indicate that more intensive training strategies have had only modest impacts on employment and earnings. A major evaluation currently under way in three sites is comparing the effects of “labor force attachment” and “human-capital development” approaches by applying both strategies in the same community contexts. Early results suggest that, in the short term at least, the labor force attachment strategies of immediate job search yield larger overall effects than do strategies that build human capital through education and training.21 Proponents of the human-capital approach, though, point out that investments in training and education have been minimal, and measurable positive effects may be lacking because the quality of the training was not high enough and the length of the training was too short.

Improving Program Performance and Outcomes
The promising findings of these demonstration welfare-to-work programs have played a key role in shaping welfare reform policy, yet, to justify their efforts, public agencies cannot always use research showing net effects for individuals. Rather, public administrators are held accountable for achieving aggregate program results, which are measured by the number of cases closed or the number of welfare recipients who enter employment. Despite limited funding,22 work-welfare programs have been criticized for not serving enough people, not placing enough people in jobs, not helping people move out of poverty, and not reducing welfare dependency.1 What, then, can be done to improve overall program performance? Three important ways in which the performance and outcomes of work-welfare programs can be improved are: by increasing participation rates, by strengthening implementation, and by building ties to the labor market.

Increasing Participation
While several work-welfare demonstrations increased the earnings of those in the
programs, most programs have not engaged substantial portions of the welfare caseload. In many of the programs included in Table 1, participation mandates extended only to women with no children under age six, including less than 40% of the families who received AFDC (typically, women with younger children could volunteer for the programs, but were not required to participate).23 Most of the work-welfare programs and demonstrations of the 1980s served no more than 5% to 15% of all AFDC adults in the sites where they operated.17

A number of work-welfare programs in the 1990s have served substantially higher proportions of the AFDC caseload. For example, in Iowa about 50% of the AFDC adults now participate in JOBS activities, and about 90% of Utah's AFDC adults are in activities designed to increase self-sufficiency.24 Most of these programs include specific efforts to increase participation, initiating clear policies that obligate welfare recipients to cooperate and participate in activities to promote employment. Among other strategies, states have expanded participation mandates to a larger fraction of the AFDC caseload, have introduced stronger sanctions for nonparticipation and imposed time limits on benefits, and have redefined the meaning of participation to include a range of “desirable activities” in addition to work. Some states have also increased child care, case management, and other services to remove barriers to participation.

**Participation Mandates**

The 1988 Family Support Act emphasized participation by setting goals for the proportion of nonexempt welfare recipients states should serve in work-welfare programs funded by JOBS. By 1995, states were to serve 20% of clients who had children older than three.25 Several states have gone further to increase participation by reducing exemptions from participation mandates for women with even young children and involving a larger fraction of mandatory participants than is required by the JOBS program. For instance, the San Diego SWIM program, begun in the mid-1980s, engaged 64% of the recipients who were mandated to participate or suffer financial sanctions (those with no children less than six years old).19 More recently, Florida’s Project Independence achieved a similar participation rate of 64% over a two-year period, even though women with children aged three to six were also included in the mandatory population.26 The Teenage Parent Demonstration Program required teenage mothers assigned to the program group to participate in school, training, or employment as a condition of receiving welfare, and 60% participated in at least one major activity.13

**Sanctions**

States have also strengthened the sanctions imposed on clients for not participating. Since 1968, states have had the authority to reduce a family's welfare payment if the adult who was required to participate in a work program did not comply. Before the 1990s, though, fewer than 5% of welfare households nationwide had their grants reduced. Local welfare workers faced with many volunteers but limited funds for work-welfare activities may have thought it was not worthwhile to spend much time on those who were not interested in participating.

Policies that impose sanctions can actually serve many purposes for welfare program staff. Participation requirements backed up by reasonable but tough sanctions can purge the caseload of recipients who have alternative means of support or who are not interested in receiving welfare if it means they must work. Sanctions also provide a concrete message that the welfare system has changed—that the agency will reduce or eliminate grants when new expectations imposed on recipients are not met. A credible threat of sanctions also gives case managers a valuable tool for motivating clients who might not otherwise participate in activities to promote self-sufficiency.13,27

A related policy is that of limiting the amount of time a family can receive benefits without working. A five-year time limit on the receipt of federal cash assistance is included in the new federal welfare law, but several states, including Virginia, Massa.
Alternative Strategies for Increasing Employment

Massachusetts, Florida, and Iowa, have begun experimenting with limits of two years or less. While it is still too soon to know what effect time limits will have on employment, earnings, and family well-being, welfare staff in some states have said that they believe that time limits, serious participation requirements, and sanctions increase participation in work-related activities. The new message of welfare is, “We will help you, but only if you are serious about getting a job, and only for a short period of time.”

Facilitating Participation

Taking a different approach, some states have redefined the meaning of participation to include productive activities other than job search, training, or education. In Utah, for instance, involvement in needed substance-abuse treatment, mental health counseling, and parent training classes can satisfy participation requirements. However, the new federal welfare law narrowly defines the activities that can count as participation for the purpose of meeting federal requirements, and this restriction may dissuade states from following in Utah’s footsteps.

Some welfare agencies seek to address barriers to participation in welfare-to-work activities. Often, these are the same difficulties that will also impede the ability of welfare recipients to work and become self-sufficient. In order to work, many recipients need child care, case management, job counseling, job training, and remedial education, all of which require staff time and additional resources. Some states such as Wisconsin and Iowa, for instance, have stated a commitment that they will make needed help available to enable welfare recipients to work. Other states may find that they, too, must increase services if they are to raise the levels of participation in welfare-to-work activities as well as the levels of successful transition to employment.

Voluntary work-welfare programs have proved able to attract large numbers of participants without imposing mandatory participation requirements. For example, intensive private-sector job training programs such as Project Quest in the San Antonio area and the CET program in San Jose, mentioned earlier, have found that more welfare recipients and disadvantaged individuals are interested in participating in their programs than they have resources to serve. In 1987, the voluntary Massachusetts Employment and Training Choices Program (ET) for AFDC recipients, which operated during very good economic times, achieved participation rates of 50% through aggressive marketing and public information campaigns aimed at both clients and employers.

These experiences suggest, then, that the keys to successful mandatory programs are to make the expectations clear and to carry through on both the services that the agency says it can provide and the penalties that will be imposed. Successful voluntary programs must assure that there are real jobs or training opportunities available, then actively market the program to employers and clients, and publicize the availability of those opportunities.

Strengthening Implementation

Achieving a high rate of participation is just the first challenge of effective service delivery; attention to program implementation is equally important to a successful program. Evaluations of work-welfare demonstrations of the past 20 years clearly show that employment, training, education, and work requirement programs can be cost-effective, as long as they are well executed. But not all evalu-
of the program’s goals and little understanding of their responsibilities in relation to the overall objectives. For instance, if official welfare reform policy makes work and employment the top priority, but local welfare offices emphasize procedures for documenting eligibility for cash assistance, little progress will be made toward employment. Changing the culture of public welfare offices to serve as employment centers will be a major managerial and organizational challenge in many cases.

Second, in high-performing programs a broad range of employment, training, counseling, and other supportive services is available to enable recipients to be placed in jobs of adequate quality (in terms of wages and prospects for job stability). Simply instituting job-search requirements may yield a large number of job placements, but they will not necessarily be jobs offering the stability or wages required for self-sufficiency.

Third, in the most effective programs the staff’s attitudes and the delivery of services are client-oriented, even when the program includes strong mandatory obligations. Not all clients need individualized services and counseling, but some do. Analysts and program administrators informally suggest that as many as 10% to 15% of new applicants for welfare may be diverted by strong participation requirements, and another third may obtain jobs through a required job search. The remaining 50% or more of clients will most likely need the help of staff who can serve as job brokers or case managers, not just enforcers of welfare rules. Welfare workers who document eligibility for welfare assistance, often called “income maintenance workers,” now have caseloads of 200 or more. They cannot be expected to serve as employment coaches unless their caseloads are reduced. Policymakers must be realistic about what programs can achieve without significant funding increases.

### Building Ties to the Labor Market

A final challenge for successful welfare-to-work programs is to understand and work with the labor market. The labor market is the dimension through which work-welfare programs expect to achieve success. Yet, the weakest part of the current programs administered by welfare agencies may be their poor understanding of the labor market. Few, if any, resources are devoted to cultivating relationships with firms and industries, to developing jobs for particular individuals, or to staying informed about occupational or technological changes that may dictate the skills required in the workplace. In contrast, some small-scale nonprofit training programs and institutions (such as Project Quest and CET, the voluntary programs with strong effects on earnings that were mentioned earlier) use detailed knowledge of the labor market to prepare participants for jobs that are in demand. These programs succeed in part because they are not responsible for the full welfare population and can select the few recipients who they can serve effectively, but their success also suggests that stronger ties to the labor market can be of benefit to a wide range of programs. To date, public welfare programs have focused on benefits, services, and—most recently—job search and participation requirements. There is now an urgent need to integrate into these public programs the knowledge of the labor market and business that strengthens successful private programs.

The labor market also defines the limits of the success welfare-to-work programs can achieve. If the objective is to move welfare recipients into jobs, common sense suggests that this transition will be more likely to occur when unemployment rates are low and employer demand for workers is high. In the study of high- and low-performing WIN programs mentioned earlier, between 30% and 50% of the variation in program performance was explained by labor market and demographic conditions, such as employment growth in the area, the proportion of local jobs requiring limited skills, the local poverty and unemployment rates, and the prevailing hourly wages.²⁷

There is growing recognition that poor labor market conditions, especially when combined with the low skills of the welfare population, place serious constraints on
local programs that are trying to move families out of poverty and welfare. Recent analyses of the current and future labor market indicate that the nation is undergoing major structural changes in the economy,26–30 and earnings prospects for individuals with low education and skills are bleak. (See the article by Burtless in this journal issue.) Concerns about the ability of the labor market to serve as the economic vehicle to move people out of poverty has spurred development of a variety of other approaches for welfare recipients in addition to traditional employment and training programs.

One example is the New Hope Project, currently being tested in two very-low-income neighborhoods in Milwaukee. New Hope is an alternative to welfare, not a work-welfare program, designed to help individuals work in the regular (but increasingly insecure) job market. New Hope participants are guaranteed that their income will be above poverty as long as they work, and the program provides subsidized community service jobs to workers who cannot find a full-time job in the regular labor market. Workers receive wage supplements in addition to their paid wages and can buy into a health care plan and child care, for fees based on their income.

It is still too soon to determine the effect of New Hope on work, poverty, and welfare, but the model is promising in that it does not simply assume that the regular labor market can provide a full answer to welfare dependency and family poverty, and it attempts to compensate for the weaknesses in the labor market. Welfare reform strategies that increase the amount of earned income that is “disregarded” when the welfare grant is calculated also represent efforts to make it worthwhile for welfare recipients to work in the regular job market, even in low-paying jobs. In New Hope, low wages are directly supplemented; in the welfare projects, low wages are indirectly supplemented by allowing workers to continue to receive some welfare payment.

**Conclusion**

While the nation is surely embarking on a new phase in the history of its social policy, program administrators should not forget the several decades of past experience that can help guide welfare reform decisions in the coming years. The main message from the accumulated years of experience is that there is no single answer to the problems of poverty and welfare dependency. Simply requiring individuals to work is not enough to make them permanently self-sufficient if they do not possess adequate skills, if jobs are not available, or if their wages are too low. States should make available a broad range of services and encourage a variety of employment-related strategies to meet the needs of a very diverse population. But in the end, the success of state and local programs may heavily depend on how well program leaders understand the local labor market and its cyclical fluctuations, and how well they incorporate that understanding into their work-welfare strategies.

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19. See note no. 17, Gueron and Pauly, p. 171.


22. If all AFDC clients were to be served in the JOBS program, combined federal and state spending in fiscal year 1994 was such that only about $300 could be spent per AFDC adult.


25. See note no. 23, U.S. House of Representatives, pp. 337–59. The JOBS program was replaced by the new federal welfare law passed in 1996. The new law requires states to achieve somewhat higher participation rates, setting a standard of 25% of clients with children more than one year of age in fiscal year 1997.


