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ABSTRACT

This report addresses expanding welfare-to-work (WTW) programs to increase work among welfare recipients facing personal and family challenges. Section 1 examines what is known about the impact of traditional WTW program models and policy innovations on employment and earning profiles of these recipients. Evidence is presented showing WTW programs that emphasize quick job entry, penalties for non-compliance with program requirements, time limits, and/or earned income disregards have helped only a small fraction of the most disadvantaged recipients enter the labor market. Section 2 provides examples of programs designed to enhance the functioning of families facing personal or family challenges and examines available research on their efficacy. Models that address low basic skills and limited work experience, substance abuse and mental health issues, and family crises are presented. Section 3 examines how strategies to enhance family functioning that are specifically targeted to recipients who face the greatest difficulties in making the transition from WTW could be integrated into a newly designed welfare structure that emphasizes employment and time limits. It addresses such program design issues as identification of families most likely to benefit; design of specific program components; financial penalties for non-compliance; and mechanisms for providing such services. (Contains 48 references.) (YLB)

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Welfare-to-Work Options for Families Facing Personal and Family Challenges: Rationale and Program Strategies

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Executive Summary

State and local officials will face numerous challenges as they begin to transform the 60 year-old Aid to Families with Dependent Children (AFDC) program whose primary purpose was to provide cash assistance to families with children with no other means of support into a system whose primary purpose is to help the parents in those families find employment. The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, signed into law in August 1996, requires states to meet steadily increasing work participation rates and also requires states to engage recipients in work activities within two years of their initial receipt of assistance. As a result, perhaps the most difficult challenges program administrators will face is developing program models that can address the needs of an extremely diverse caseload. While some recipients are likely to find employment on their own or with limited assistance from traditional welfare-to-work programs, other recipients are likely to need assistance not traditionally provided by welfare-to-work programs.

The purpose of this report is threefold: (1) to present a rationale for expanding welfare-to-work programs to include strategies designed to address the needs of recipients facing a broad range of personal or family challenges that may impede their ability to support themselves continuously through unsubsidized employment; (2) to describe program activities that could be integrated into traditional welfare-to-work programs to meet the needs of recipients facing several different personal or family challenges including low basic skills, substance abuse, mental health problems or severe family crises and (3) to describe the program decisions involved in integrating these program activities into welfare-to-work programs that emphasize immediate attachment to the labor force.

After summarizing the evidence on the effectiveness of the program strategies currently being employed in most state welfare-to-work programs, the authors conclude that while these strategies are likely to result in increased employment, they will not work for all recipients. Most importantly, the evidence suggests that program strategies such as job search, penalties for non-compliance with work mandates, work incentives, time limits and various combinations of these strategies are less likely to work for recipients who face the most potential barriers to employment.

Because welfare recipients face a diverse set of personal and family challenges, a range of alternative program activities are likely to be needed to help recipients facing these challenges to make the transition from welfare to work. Potential program activities for recipients with extremely low basic skills or limited work experience include supported work, work-based, short-term training and incremental work experience and/or community service. Other potential program activities include substance abuse treatment and counseling and mental health treatment services. While there is less evidence on the effectiveness of these alternative program activities than on more traditional

welfare-to-work program models, the available evidence suggests that, if well implemented, these programs do have the potential to increase employment for recipients who do not generally fare well in traditional programs.

Programs that already include alternative activities targeted to recipients facing personal or family challenges in their welfare-to-work programs have demonstrated that these activities can be designed and implemented to be consistent with the goals of a short-term, work-oriented assistance program. However, to do so, program administrators face important program design issues such as how to identify recipients who are most likely to need and benefit from such approaches, how to design a set of alternative program activities given cost and service delivery constraints and how to effectively match recipients facing personal or family challenges with the alternative activity most suited to their particular circumstances.

It is clear that welfare-to-work program activities that go beyond job search, work incentives, time limits and penalties for non-compliance will be needed for at least some portion of the welfare caseload. Development of these alternative program activities is clearly in their infancy. As a result, designing and implementing such strategies will require that states and localities move beyond the traditional boundaries of welfare-to-work program models to identify promising approaches from other fields such as vocational rehabilitation, child welfare and the mental health system.

Introduction

On August 22, 1996, President Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) into law, ending the sixty year-old Aid to Families with Dependent Children (AFDC) program. Under this legislation, states will instead receive funds through a block grant, the Temporary Assistance for Needy Families (TANF), to provide assistance to low-income families. While the legislation gives states broad flexibility in some areas, it also includes several important mandates designed to transform the existing AFDC program into a work-oriented transitional assistance program. After 24 months or earlier at state option, families receiving TANF assistance are required to work in exchange for their benefits. Within a year of enactment, states are required to achieve work participation rates that are considerably higher and more oriented toward work than under the Job Opportunities and Basic Skills Training (JOBS) program. In addition, TANF funds can only be used to provide cash assistance to families for a maximum of 60 months during their lifetimes and states may impose shorter time limits if they so choose.

State and local officials will face numerous challenges as they begin to transform a system whose primary purpose was to provide cash assistance to families with children with no other means of support into a system whose primary purpose is to help the parents in those families find employment. Because states are required to meet steadily increasing work participation rates, one of the most difficult challenges they will face is developing program models that can address the needs of an extremely diverse caseload. In a favorable economic environment and with child care assistance available, mothers who face no other barriers to employment are likely to find employment quickly once they are required to do so. Other women are also likely to find a job once they are provided with job search assistance, short-term training or with labor market contacts that they may have been unable to establish on their own.

But for some women, finding employment is not likely to be that simple. In fact, research shows that a non-trivial portion of the current AFDC caseload faces substantial personal or family challenges that potentially could make it difficult for them to make a permanent transition from welfare to work (Olson

and Pavetti 1996). The personal or family challenges these families face include extremely low basic skills, chemical dependency issues, mental health problems, health problems of the household head or of children in the household, low self-esteem and domestic violence issues. An estimate that takes into account serious forms of substance use, mental health problems, health problems of the household head and extremely low basic skills shows that 54 percent of the AFDC caseload faces such challenges (Olson and Pavetti 1996). While the existence of these personal and family challenges does not necessarily preclude work, steady employment is not the norm for this group of recipients: while 53 percent spent some time working in the last or current year, only 11 percent worked continuously. This data suggests that as program administrators try to increase work among the TANF caseload, they will eventually be faced with a two-fold challenge: getting a group of families who face serious personal and family challenges and have no previous work experience into the labor force and helping a second group who also face such challenges, but find employment, to stay employed.

Because most recipients who face personal or family challenges have been exempted from participation in previous welfare-to-work programs, there has been very little attention paid to the development of program strategies to help this group of recipients make a successful, permanent transition from welfare to work. The purpose of this report is to: (1) present a rationale for expanding welfare-to-work programs to include such strategies; (2) describe program strategies designed to meet the needs of recipients facing various personal or family challenges that could be integrated into a transitional, work-oriented assistance program; and, (3) describe the program decisions involved in integrating these strategies into welfare-to-work models that emphasize immediate attachment to the labor force. A brief description of the information presented in each of the three sections of this report are described below.

(1) ***Why are Special Program Strategies for Families Experiencing Personal and Family Challenges Needed?*** examines what we already know about the impact of traditional welfare-to-work program models and recent policy innovations on the employment and earning profiles of families facing personal or family challenges. Evidence is presented showing that welfare-to-work programs that emphasize quick job entry, penalties for non-compliance with program requirements, time limits and/or earned income disregards have succeeded in helping only a small fraction of the most disadvantaged recipients enter the labor market.

(2) ***Expanding the Envelope: Program Strategies for Families Experiencing Personal or Family Challenges*** provides examples of programs designed to enhance the functioning of families facing personal or family challenges, and then examines the available research regarding their efficacy. Models that address low basic skills and limited work experience, substance abuse and mental health issues and family crises are presented.

(3) ***Integrating Program Models for Families Experiencing Personal or Family Challenges into a Time-Limited Work-Oriented Transitional Assistance Program*** examines how strategies to enhance family functioning that are specifically targeted to recipients who face the greatest difficulties in making the transition from welfare to work could be integrated into a newly designed welfare structure that emphasizes employment and time limits. This section addresses several program design issues including: (1) identification of families most likely to benefit from such strategies; (2) design of specific program components; (3) financial penalties for non-compliance; and (4) mechanisms for providing such services.

I. Why are Special Program Strategies for Families Experiencing Personal and

Family Challenges Needed?

In FY 1997, the first year of TANF implementation, states will be required to engage 25 percent of their non-exempt caseload (all cases except those not headed by an adult and at state option, families with a child under the age of one) in work activities for at least 20 hours per week. By FY 2002, 50 percent of the non-exempt caseload is required to be working at least 30 hours per week. Every year, states can reduce the fraction of their caseload required to participate in work activities by one percentage point for every percentage point decline in their AFDC caseload since FY 1995.[1] As a result, the actual participation rate required will vary quite dramatically from one state to the next. Initially, states with large caseload declines will have to do very little to meet the work participation rates while states that have experienced caseload increases or minimal declines will have to engage many more recipients in work activities than they did under the JOBS program. Regardless of where a state starts, all states will eventually find themselves in a position of having to dig deeper and deeper into their caseloads to meet the work participation rates.

The policy and program changes implemented by states which began to reform their welfare systems prior to the passage of welfare reform at the federal level suggest that states are likely to employ a variety of program strategies to meet the work participation mandates set forth in the new law. These include: (a) welfare-to-work programs that emphasize quick job entry; (b) harsher financial penalties for non-compliance with work mandates; © more generous earned income disregards; (d) time limits that may be even shorter than those mandated under the federal legislation; and, (e) approaches that combine more than one of these elements. Currently, there is limited research that specifically addresses the impact these approaches might have on families facing serious personal or family challenges. The research evidence that is available suggests that while these approaches might encourage some of these recipients to enter the labor market sooner than they might have under previous approaches, substantial numbers of recipients are likely to be left behind. The evidence from each of these approaches is presented below.

A. Welfare-to-Work Programs that Emphasize Quick Job Entry

In recent years, numerous states have begun to alter the design of their JOBS programs to emphasize quick job entry rather than participation in longer-term education and training programs. These programs, often called "Work First" programs, are based on the philosophy that the best way for welfare recipients to become self-sufficient is for them to enter the labor market as quickly as possible. Any job is viewed as a good job, providing a starting point and an opportunity for recipients to develop work habits and skills that over time will allow them to move on to better jobs (Brown 1997). Job search assistance is the central, and sometimes only, service offered to recipients in these programs. The labor market is often used as a test of an individual's job readiness, replacing individualized employability assessments that were commonplace in most traditional JOBS programs. Because these program strategies are relatively new, there is limited research evidence that demonstrates how effective these programs are and whether they increase the employment and earnings of families facing personal or family challenges. Program outcomes from two earlier programs that share some of the characteristics of programs that emphasize quick job entry, San Diego's Saturation Work Initiative Model (SWIM) and Riverside, California's Greater Avenues to Independence (GAIN) program provide some insights into what might be expected from these programs. Early results from a multi-site evaluation of the JOBS program also provides information of the relative effectiveness of Labor Force Attachment (Work First) and Human Capital Development (education and training) models. The evaluation results from SWIM and Riverside GAIN suggest that even though programs that emphasize quick job entry can significantly decrease the receipt of welfare benefits (SWIM and Riverside GAIN) and significantly increase earnings (Riverside GAIN only) for program participants who are expected to have the most difficulty making the transition from

welfare to work, large numbers of recipients exposed to these program do not succeed in finding employment and continue to receive welfare benefits after an extended period of time (Riccio, Friedlander and Freedman 1994 and Friedlander and Hamilton 1993). Early results from the JOBS evaluation show that recipients who participate in quick job entry programs do find employment quicker than recipients (Freedman *et al.* 1997).

The success of Riverside's GAIN program is often cited as a rationale for employing a quick job entry welfare-to-work strategy over a human capital investment strategy. The Riverside GAIN program was characterized by a very strong emphasis on quick employment that was implemented through a "mixed" program model that used a combination of job search, basic education and vocational training to prepare welfare recipients to find employment. Riverside's emphasis on quick employment was reinforced by assigning job placement standards to individual program offices, by hiring job development specialists and by making substantial use of formal adjudication and sanctioning for clients not complying.

Riverside's emphasis on quick job entry was evident in higher rates of participation in job search and lower rates of participation for shorter periods of time in Adult Basic Education (ABE) and General Equivalency Diploma (GED) programs than in most earlier welfare-to-work programs. Participation in other program components, including vocational education, English as a Second Language (ESL), unpaid work experience and on-the-job training was comparable to other California GAIN counties. Sixty percent of recipients referred to GAIN participated in a program activity at some point in time. Of those who ever participated in a program activity, 38 percent participated in job search, 20.7 percent participated in ABE or GED programs, 6.7 percent participated in ESL programs and 26.8 percent participated in vocational education programs.

Recipients exposed to the Riverside GAIN program earned significantly more and were significantly less likely to receive welfare than those not exposed to the program. Most importantly, these impacts were not limited to the most job ready — recipients who had already received assistance for two years or longer experienced earnings gains and reductions in AFDC benefits that were comparable to short-term recipients. Program outcomes were, however, relatively weak for a more disadvantaged subset of recipients, defined as those who had received assistance for two years or longer, had not worked in the last year *and* had not completed high school.

Many recipients who experienced personal and family challenges beyond low skills never participated in Riverside's GAIN program because they were exempted from participation in the program: within eleven months after orientation, about 35 percent of recipients were deferred because of a medically verified illness, a severe family crisis, emotional or mental problems, alcoholism or drug addiction, legal difficulties or lack of child care or transportation. Families with young children were also exempted from participation in the program.

An important point often missed in interpretation of the research findings from the Riverside GAIN program and other similar evaluations is that significant differences between recipients who were and were not exposed to the program do not indicate that the program produced the intended results for the majority of program participants —they simply indicate that those who were exposed to the program did *better* than those who were not. Thus, even though Riverside produced some of the strongest results ever found in a welfare-to-work program, large numbers of recipients were never affected by this intervention: Over a three year period, only two-thirds of Riverside GAIN registrants were ever employed. Three years after the program started, only 31 percent of Riverside GAIN registrants were employed, 41 percent continued to received AFDC benefits and the remaining 28 percent were neither employed nor receiving AFDC. Only 23 percent of Riverside GAIN registrants were employed and not receiving AFDC at the end of the three-year period (Riccio, Friedlander and Freedman 1994).

In many ways, San Diego's SWIM program resembles current Work First programs more than Riverside's GAIN program. SWIM was designed to maximize participation in employment and employment-related activities, enrollees were required to participate in program activities for as long as they received AFDC. SWIM also required recipients to participate in a fixed sequence of activities starting with a two-week job search workshop. Those who did not find employment through the two week job search component were then required to participate in an unpaid Community Work Experience Program (CWEP) or workfare assignment for three months. During the CWEP component, participants attended a bi-weekly job club to further encourage job search. If the participant remained unemployed after CWEP, he or she was referred to an education or training component and given the opportunity to improve his or her skills.

Overall, SWIM achieved even higher levels of participation in program activities than Riverside GAIN. Sixty-nine percent of all families referred to SWIM participated in the program at some point in time. More than half (53.9 percent) participated in job search, 21.4 percent in work experience and 39.4 percent in education or training. During a typical month, about half of SWIM enrollees participated in these activities.

Similar to Riverside GAIN, for the caseload as a whole, SWIM significantly increased participation in program activities, increased earnings and reduced AFDC receipt for recipients who were assigned to participate in the program. For recipients who faced the most difficulty making the transition from welfare to work, the results were far less favorable. The most disadvantaged recipients experienced significant reductions in AFDC payments, but no significant gains in earnings. The researchers who evaluated SWIM concluded that this pattern of results suggests that some recipients either left SWIM and AFDC because they began to perceive AFDC receipt more negatively or because they saw SWIM requirements as a burden and not worth the effort to receive welfare, but not because they found employment (Friedlander and Hamilton 1993). Also, similar to Riverside GAIN, only a minority of recipients exposed to the program were employed and a large fraction continued to receive benefits after an extended period of time; three years after the program started, 34.4 percent of all recipients exposed to SWIM were employed and 41.3 percent were still receiving AFDC.

In contrast to the SWIM and GAIN evaluations that focus on program impacts in one location, the JOBS evaluation is designed to examine the effectiveness of ten welfare-to-programs operating in six different sites: Atlanta, Georgia; Columbus, Ohio; Detroit and Grand Rapids, Michigan; Oklahoma City, Oklahoma; and Riverside, California. Atlanta, Grand Rapids and Riverside implemented program designs to test the relative effectiveness of Labor Force Attachment and Human Capital Development models. Preliminary evaluation results show that program recipients assigned to Labor Force Attachment programs did better than recipients assigned to Human Capital Development programs. In Grand Rapids and Riverside recipients even though recipients assigned to Labor Force Attachment programs did better than those assigned to Human Capital Development programs, recipients assigned to both program models were significantly more likely to be employed over a two-year period than recipients not assigned to either program. In Atlanta, only recipients assigned to the Labor Force Attachment program showed significant increases in employment over the two-year period. Among the Labor Force Attachment group, 59.1 of recipients in Atlanta, 74.4 percent in Grand Rapids and 59.3 percent in Riverside were ever employed over the two-year period. However, at the end of the two-year period, only 37.5 percent of recipients in Atlanta, 43.6 percent in Grand Rapids and 31 percent in Riverside were employed. Employment outcomes were somewhat lower for recipients assigned to Human Capital Development programs: 56 percent of recipients in Atlanta and 70.9 percent in Grand Rapids were ever employed and 37.1 and 43.3 percent of recipients in Atlanta and Grand Rapids respectively, were employed at the end of two years. In Riverside, where only high school dropouts were assigned to the Human Capital Development program, 46.9 percent were ever employed and 23.1 percent were employed at the end of two years (Freedman *et al.* 1997).

Taken together the results of these evaluations provide reason for some optimism, but also for some caution. The Riverside GAIN results suggest that it is possible for at least some recipients who are generally deemed harder-to-serve to fare well in a welfare-to-work program that emphasizes quick entry into the labor market. However, the weaker program outcomes realized by the most disadvantaged suggest that the more personal or family challenges a family faces, the less likely they may be to benefit from participation in such programs. In addition, to the extent that Riverside's GAIN particular program model —a mixed program strategy that relied heavily on job search, but also made substantial use of basic education and vocational training programs— produced these results, they will not necessarily be reproduced by Work First program models that rely almost exclusively on job search.

The SWIM results are more sobering — they suggest that while mandating participation in a sequence of program activities that starts with job search may achieve reductions in the AFDC caseload, it may not necessarily do so by increasing work, raising important unanswered questions about the strategies these families employ to meet their basic needs and the impact those strategies may have on the well-being of their children. If large numbers of the most disadvantaged recipients leave the welfare rolls with no steady means of support, it could potentially put their children in an even more precarious position than they are in currently. Alternatively, families may be able to find the support they need from family, friends or other community resources, leaving their overall situation relatively unchanged.

B. Penalties for Non-Compliance with Work Mandates

Penalties for non-compliance (sanctions) with work mandates often are an important component of welfare-to-work programs. Under the JOBS program, adults who failed to comply with program requirements were removed from the family's AFDC grant and also lost eligibility for Medicaid. However, Food Stamp payments increased for all families and rents declined for families living in government-assisted housing, thereby reducing the actual financial impact of the sanction. In recent years, there has been a trend toward greater use of and harsher penalties for noncompliance. Through an executive order issued in May 1996, all states were required to change their sanction policies so that Food Stamps would not increase when financial penalties for non-compliance with AFDC program mandates were levied (The General Accounting Office 1997). In addition, "full family" sanctions, where the entire assistance unit loses cash assistance for noncompliance, rather than just the non-compliant adult, are becoming a more common element of state welfare reform programs. Prior to the implementation of PRWORA, more than thirty states had already implemented sanctions that resulted in the loss of all cash assistance (The General Accounting Office 1997). From mid-1993, when the first states began implementing full-family sanctions, through December 1996, 18,000 families' benefits had been terminated for failure to comply with program requirements, with the majority of these terminations occurring in just three states: Iowa, Massachusetts and Wisconsin (The General Accounting Office 1997). This suggests that the number of families affected by full-family sanctions could dramatically increase once they are fully implemented in additional states.

The rationale behind sanctions is that they provide a concrete way of sending a very clear message that the receipt of government benefits carries with it a specific set of requirements and responsibilities. The primary intent of sanctions, therefore, is to increase compliance with program mandates, not to reduce welfare expenditures or caseloads. Case managers indicate that sanctions are an important part of engaging recipients with the most barriers to employment in welfare-to-work programs. In one program, case managers noted that longer-term recipients have often experienced one failure after another in their lives, they are fearful of change, and they will not participate in program activities unless they face a serious penalty for not doing so. Thus, financial penalties provide the push that recipients need to take the first step towards achieving self-sufficiency (Pavetti,

Holcomb and Duke 1995).

Sanctions often are an important component of welfare-to-work programs that produce positive outcomes (Gueron and Pauly 1991). In addition, programs that impose sanctions for non-participation do show increases in participation after the threat of a sanction. In the Teen Parent Demonstration Project, nearly two-thirds of the teen mothers responded to the program requirements only after the threat of a sanction (Maynard 1993). Early evidence from Iowa's Family Investment Project (FIP) shows that out of every 100 current recipients required to participate in work or work-related activities, 24 received an initial notice of sanction — known in Iowa as the Limited Benefit Plan or LBP (Pavetti, Holcomb and Duke 1995). Of those receiving such a notice, more than half of the assignments were canceled, primarily because recipients agreed to comply with the program requirements (Fraker *et al.* 1997). An analysis of benefit terminations in three states (Iowa, Massachusetts, and Wisconsin) found that one-third of families who lost benefits due to a full-family sanction subsequently had their cases reopened (The General Accounting Office 1997). This evidence suggests that financial sanctions work as they are intended for some, but not all recipients.

While some families who do not respond to sanctions appear to find employment on their own, a substantial fraction do not. In Iowa, extensive interviews with families who failed to comply with work requirements revealed that about half of the household heads in families who lost cash benefits were employed and half were not. Those who were not employed experienced an average decrease in their monthly incomes of $384 (Fraker *et al.* 1997). Examination of reported wages in the analysis of benefit terminations in Iowa, Massachusetts and Wisconsin found that only between 23 and 32 percent of families whose cases remained closed had reported wages. In addition, sanctioned families were far less likely to receive Food Stamps or Medicaid once they lost their cash assistance. Just 54.4 percent of families in Iowa, 58.5 percent in Massachusetts and 53.5 percent in Wisconsin received Medicaid. Receipt of Food Stamps varied greatly between the three states from a high of 60.8 and 55.6 percent in Iowa and Wisconsin respectively, to a low of 25.6 percent in Massachusetts (The General Accounting Office 1997).

Evidence from a review of recipient characteristics in Minnesota suggests that recipients who do not respond to sanctions are much more likely to experience personal and family challenges than the AFDC caseload as a whole. Sanctioned families were four times as likely to report chemical dependency, twice as likely to report a mental health problem, twice as likely to report family violence and three times as likely to report a family health problems as all active cases (Minnesota Department of Human Services 1996). A recent study of AFDC case closures due to JOBS sanctions in Michigan found that sanctioned families were 50 percent more likely than a sample of all AFDC families to have contact with Child Protective Services (prior to the time the sanction was imposed). No increase in the rate of contacts with the child welfare system were found after sanctions were imposed (Colville *et al.* 1997). When Utah implemented a full family sanction, workers required to make home visits to families who were scheduled to lose their cash assistance found that as many as half of the recipients who were slated to have their benefits terminated did not understand the program mandates and others had serious family or personal problems which kept them from complying (Strawn 1997).

Taken as a whole these data suggest that, while sanctions may encourage some harder-to-serve families to participate in employment-related programs, it is not likely to work for all families. If initial program requirements are not within the reach of families facing personal and family challenges, full family sanctions could potentially keep an increasing number of families in need of assistance out of the welfare system. It is important to note that the available data do not suggest that sanctions result in greater incidence of personal and family challenges. However, for reasons that are not well understood, it does appear that families experiencing personal or family challenges are less likely to comply with program mandates and are, therefore, more likely to lose benefits as a result of

sanctions.

C. Time Limits on Benefits

Time limits on welfare benefits were first proposed in 1988 as a part of a comprehensive set of reforms to overhaul the current welfare system (Ellwood 1988). Since President Clinton announced in 1992 that he would "end welfare as we know it" by imposing time limits on welfare benefits and requiring recipients to work after two years to continue to receive their benefits, time limits have taken on a life of their own and have dominated nearly every other aspect of welfare reform. Prior to the signing of the most recent legislation, 31 states had waivers to time-limit cash assistance for at least a portion of their AFDC caseload. Time limits reinforce the idea that welfare is supposed to provide transitional rather than ongoing assistance, thereby encouraging recipients to take steps towards self-sufficiency.

However, many states that have implemented time limits have exempted many of the hardest-to-serve recipients from these requirements. Florida, Wisconsin and Vermont, the first three states to implement time limits, all exempted from their time limits recipients over the age of 60 (62 in Florida) and those who are disabled or incapacitated or caring for a disabled relative. While these states generally have exempted fewer recipients from the time limit than were exempted under their JOBS programs (Bloom and Butler 1995), a substantial fraction of the caseload are not subject to these policies. For example, Wisconsin officials estimated that 33 percent of the caseload in its two Work-Not-Welfare counties were exempt from the two-year time limit (Greenberg, Savner and Swartz 1996). Because of these relatively broad exemptions, even when the results of these experiments are known, it will be difficult to draw any firm conclusions on whether time limits will have the same impact on families facing a broad range of personal and family challenges as they have had on the less disadvantaged group of recipients to which they have been applied.

Early evaluation results from Florida's Family Transition Program (FTP), a welfare reform demonstration project that includes time limits, show modest increases in employment and no changes in the amount of welfare receipt 15 months after the start of the program. Sixty-six percent of recipients subject to the new program rules were employed at some point during the 15-month follow-up period compared to 62 percent of those not subject to the new program rules. Additionally, the rate of welfare receipt was the same for the two groups, primarily because increased financial incentives make it possible for employed recipients to receive assistance longer than they would have in the absence of the new program rules. In the last quarter of follow-up 21.9 percent of all recipients assigned to the new program were employed and received AFDC and an additional 23.8 percent were employed and did not receive AFDC. In comparison, only 14 percent of recipients not subject to the new program rules were employed and received AFDC and 25.6 percent were employed and did not receive AFDC (Bloom, Kemple and Rogers-Dillon 1997).

Direct evidence from a study of Michigan General Assistance (GA) recipients after the cash assistance program was eliminated suggests that not all recipients may find employment even when faced with a time-limit. A follow-up study of 462 recipients one and two years after they lost assistance showed that about 40 percent worked in a regular job at some point during the two years. In the second year after the loss of benefits, less than a third held a regular job and another half worked at odd jobs or casual labor. In the month prior to the second interview, only 20 percent of the respondents relied on income from a formal job as their main source of support and an additional 16.7 percent relied primarily on income from casual labor. The largest fraction, 26.7 percent, relied on disability payments while others relied on other sources of income such as AFDC, a spouse, friends or family. About 12 percent had no cash income during the previous month (Danziger and Danziger 1995).

These results suggest that while time limits may encourage some recipients to enter the labor market sooner than they would have if time limits were not in place, time limits cannot compensate for the limited labor market prospects faced by some recipients. Because recipients facing personal or family challenges are likely to take longer to find employment than recipients in general, they are the most likely to be adversely affected by time limits.

D. Enhanced Earned Income Disregards

A common explanation of why more recipients do not work is because it does not pay for them to do so. Because the AFDC program provided an income guarantee regardless of whether a family worked or not and reduced benefits dollar for dollar when a recipient went to work, standard economic theory predicts that families would work fewer hours than they would if the program did not exist. The research in this area shows that work disincentives created by AFDC are non-trivial, although there is considerable uncertainty regarding the magnitude of the effect. Studies show that the work effort of welfare recipients is reduced by 10 to 50 percent of what they would have worked in the absence of the AFDC program (Moffit 1992).

Through the recent set of welfare reform waivers that preceded the new federal law, numerous states had changed their earned income disregards to allow recipients to keep more of their earnings when they leave welfare for work and to do so for an unlimited period of time. Because these changes have been implemented as one of many program changes, even when the evaluations of these programs become available, they will not be able to isolate the impact of enhancing the earned income disregard. A recent demonstration project in Canada, does, however, provide a test of the impact of work incentives not accompanied by other interventions.

Canada's Self-Sufficiency Project (SSP), supplements the earnings of single-parent welfare recipients who have received benefits for at least one year, as long as they leave the Income Assistance (the Canadian equivalent of the AFDC program) rolls and work at least 30 hours a week. The supplement was offered to families for up to three years and was more generous than most income disregard policies that have been implemented in this country, doubling the income of workers who take jobs paying as much as $8.00 per hour. Recipients participated in the program voluntarily. The early findings of this study suggest that an earnings supplement program can be successfully implemented, that many recipients want and are able to find the full-time employment that qualifies them to receive earnings supplements, and that such a program can significantly increase employment and earnings and decrease welfare dependence. Within five quarters of implementation of the earnings supplement, an average of 41 percent of recipients offered the supplement worked each month, compared to only 28 percent of those were not offered the supplement. The supplement was especially helpful in increasing full-time employment, from 11 percent of those offered the supplement in the first quarter to 25 percent in the fifth quarter. Because recipients were required to leave welfare to receive the earnings supplement, welfare receipt declined. Nonetheless, similar to the patterns found in GAIN and SWIM, the majority of those exposed to the program continued to receive welfare — 18 months after the program was initiated, 68 percent continued to receive welfare.

The SSP impacts were not limited to a narrow segment of the sample, although the most disadvantaged recipients were far less likely to sign up to receive the supplement. Only 20 percent of program group members with less than a tenth-grade education initiated receipt of the earnings supplement compared to 42 percent of those with a high school diploma. Program group members with an activity-limiting condition were far less likely to pursue the supplement, but when they did, impacts were similar to those for the sample as a whole (Social Research and Demonstration Corporation 1996).

These findings suggest, similar to the findings on other program strategies, that, while generous earned income disregard policies are likely to encourage some recipients with personal and family challenges to enter the labor market and work more than they would have without such incentives, many recipients who are likely to experience difficulties making the transition from welfare to work are not likely to avail themselves of such opportunities. Given that the subsidy provided to families participating in SSP is considerably higher than the earned income disregards provided by most states, program impacts from the SSP program probably represent an upper bound of impacts that can be anticipated from providing more generous earned income disregards.

E. Combined Approaches

In recent years, several states have implemented reforms of their welfare system through waivers from federal law that combine strong work mandates, harsher penalties for non-compliance, time limits and work incentives. Early implementation experience suggests that the combination of these policy options takes on a different tone than any of these policies alone, primarily because the combination of the policies makes it possible for states to mandate work, while guaranteeing families a minimum income standard and providing a measure of security not often found in part-time, low-wage jobs. Under such policies, families are given very little choice about whether they participate in work or work-related activities, but those who do participate are rewarded for their efforts more than they would have been in the past.

Iowa's Family Investment Program (FIP) provides one of the best early examples of a combined approach to reforming the welfare system. According to a program administrator, "We make people an offer they cannot refuse." Those families who choose to work receive substantial support from the government, including keeping a portion of their earnings, child care assistance while their income is at or below the poverty level and Medicaid coverage for a year after they leave the welfare rolls. Those who choose not to work or otherwise participate in required program activities, are eligible to receive cash assistance only for their children for three months and then cannot receive any assistance for the next six months.

While the results of the evaluation of Iowa's efforts are not yet available, the changes in Iowa's caseload since the implementation of these new provisions (aided by a booming economy) are higher than what many other states have experienced during the same time period. From the implementation of welfare reform in Iowa in September 1993 through June 1996, Iowa's AFDC caseload declined by 18 percent, after initially increasing by almost 11 percent because of changes in eligibility for two-parent families. The fraction of recipients with earned income increased from just 18 percent to one-third of the AFDC caseload. The combination of the caseload decline and the increase in the percentage of recipients working has resulted in a 30 percent decline in the number of families who are receiving assistance *and* have no earned income.

Even in the face of a strong work mandate with strict penalties for non-participation and generous earned income disregards, two-thirds of Iowa's current AFDC caseload continues to receive assistance without working (about half of their pre-reform caseload). The reasons for this are complex. Some families are looking, but have not yet found employment; a small number are exempt from participation because they have a child under the age of six months or are disabled as defined by the Americans with Disabilities Act; others are participating in educational activities that they started quite some time ago. But staff also report that the recipients they are working with now are harder to work with than the recipients they have worked with in the past. They note that they spend 80 percent of their time working with 20 percent of their clients. Job search strategies have not worked for this group of recipients, forcing staff to identify alternative strategies for helping them to make the transition to employment.

Iowa's experience suggests that strict work mandates accompanied by strong work incentives can dramatically alter the nature of the welfare system, but that some families who are willing to "play by the rules" are likely to be left behind, unable to find work even under the best of circumstances. An additional group of families, larger in number than program administrators anticipated have failed to "play by the rules" and have lost assistance as a result.

The early evaluation results from Florida's Family Transition Program (FTP) also highlight the critical tradeoffs involved in implementing combined approaches within a time-limited environment. Although employment significantly increased among recipients participating in FTP, AFDC receipt did not decrease. Over a two-year period, recipients participating in FTP and the regular AFDC program were equally likely to have received AFDC payments. On average, within fifteen months of follow-up, both groups had accumulated between eight and nine months of AFDC receipt (Bloom, Kemple and Rogers-Dillon 1997).

As a whole, this evidence all points to a consistent conclusion: Welfare-to-work programs that emphasize quick employment and other work-related policy changes such as full family sanctions, time limits and enhanced earned income disregards can increase the number of recipients who make the transition from welfare to work, including some recipients facing personal or family challenges. But these strategies will not work for everyone. In the face of time limits and increasing work participation requirements, finding alternative welfare-to-work strategies for those recipients who are left behind takes on a greater sense of urgency and importance than it has in the past.

II. Expanding the Envelope: Program Strategies for Families Experiencing Personal or Family Challenges

As noted earlier, many families receiving welfare face a number of personal and family challenges that may affect their ability to make a successful transition from welfare to work. Table 1 provides data on the prevalence of medical, mental health or substance abuse problems and low basic skills for women between the ages of 26 and 33 who reported receiving welfare in 1991.[2] This table also includes information on the extent to which welfare recipients facing these potential barriers to employment are disconnected from the labor market. These data show that welfare recipients face a diverse set of personal and family challenges and that some of these personal or family challenges appear to make it more difficult for recipients to work than others.

By a wide margin, low skills is the most common potential barrier to employment found among welfare recipients. Almost two-thirds of welfare recipients' test scores on the Armed Forces Qualifying Test (AFQT), a measure of basic skills that bears a strong relationship to future earnings and employment, fall in the bottom quartile of the AFQT distribution; 31 percent fall in the bottom decile. Alcohol and drug use is also a potential barrier to employment for more than a third of the AFDC caseload, with problem drinking and extensive marijuana use representing the most common forms of substance use. Only five percent of recipients indicated they were concerned they may be an alcoholic or report an actual problem at work or school because of drinking and 8.7 percent reported extensive crack or cocaine use. Almost one-quarter of recipients reported being depressed three or more days during the week, with 11.1 percent reporting they felt depressed between five and seven days a week. Medical problems are common among both recipients and their children. Seventeen percent had a medical problem that either kept them from seeking work or limited the amount or kind of work they could do. One of every five recipients had a child with a chronic medical condition such as asthma.

TABLE 1

Prevalence of Selected Potential Barriers to Employment
and Level of Labor Force Involvement for Women Ages 26-33 Receiving Welfare in 1991

Potential Barrier to Employment	Prevalence	Percent with Limited Labor Force Involvement *	
		None	Minimal (1-25%)
Medical Problems of the Household Head	17.1	36.0	19.2
Not seeking work because of own medical problems ‡	10.4	44.8	10.3
Medical condition limits the amount or kind of work an individual can do	6.7	22.2	33.2
Children's Medical Problems			
Presence of a child with a chronic medical condition	20.7	33.4	33.2
Mental Health Problems	24.2	32.7	32.3
Is depressed between 5 and 7 days in a week ‡	13.2	31.8	30.9
Is depressed between 3 and 5 days in a week	11.1	33.9	33.9
Alcohol/Drug Use	36.9	26.7	28.5
Is concerned about being an alcoholic or has had recent problems at work or school because of drinking ‡	4.9	30.8	41.7
Some physical indication of problem drinking (shakes, loss of memory)	20.0	24.8	33.4
Has used or currently uses cocaine or crack extensively (more than 100 times in one's lifetime) ‡	8.7	16.2	38.4
Has used or currently uses marijuana extensively	15.7	32.9	25.0
Low Basic Skills (AFQT)	64.5	35.5	31.0
Extremely low basic skills (bottom decile) ‡	31.4	44.4	25.9
Moderately low basic skills (10th to 25th percentile)	33.1	26.2	36.4
Presence of Any Barriers to Employment			
Serious barriers excluding low skills	31.5	31.9	29.1
Serious barriers including extremely low basic skills	53.7	35.5	27.6
Moderate or serious barriers excluding low skills	65.9	33.0	27.4
Moderate or serious barriers including very low basic skills	89.1	32.5	29.5
All Recipients	—	31.5	28.3

‡ Potential barriers that are defined as more serious barriers to employment.
* Labor Force Involvement is defined as percentage of time working over the last three years.

Recipients with extremely low AFQT scores (bottom decile) have an especially limited attachment to the labor force: 70.3 percent have not worked at all or have spent 25 percent or less of the last three years working. The work experiences of recipients for whom alcohol or drug use may be a potential barrier to employment are quite similar to those of recipients as a whole: 55.2 percent of recipients with a potential alcohol or drug use problem have worked for 25 percent or less of the last three years compared to 59.8 percent of all recipients. Recipients who report being depressed report slightly lower levels of work experience than all recipients, as do recipients with children with medical problems. While a substantial fraction of recipients who report not seeking work because of a medical problem have no recent work experience, recipients with medical conditions that limit the kind or amount of work they can do are more likely to have recent work experience than recipients as a whole.

Given the diversity of the personal and family challenges faced by welfare recipients, these data suggest that it is likely to take multiple strategies, rather than a single strategy to help recipients facing personal or family challenges to make the transition from welfare to work: Program strategies that are effective at helping welfare recipients with a substance abuse problem make the transition from welfare to work are likely to be quite different than strategies that are successful at helping recipients with extremely low skills make that transition. In addition, with the exception of extremely low basic skills and severe medical problems, these data suggest that there is not a clear relationship between the presence of one or more of these potential barriers and a recipient's work experience. In many cases, recipients who face one or more of these potential barriers to employment are just as likely to have some recent work experience as recipients who do not face any of these personal or family challenges, making it difficult to identify which recipients may, in fact, need additional assistance to make the transition from welfare to work. Below, we examine potential program strategies for recipients facing a variety of personal or family challenges including low basic skills and/or limited work experience, substance abuse problems and a mental health. Since many recipients find jobs but do not keep them, we end with a section on job retention.

A. Program Strategies for Recipients with Low Basic Skills and/or Limited Work Experience

As Table 1 shows, a substantial fraction of welfare recipients have extremely low basic skills and only a small fraction of recipients with extremely low skills have any recent work experience. In a recent survey of employers in four large cities, Holzer (1996) estimated that only about 10 percent of the jobs available to non-college graduates did not require that the employee read or write paragraphs, do arithmetic or use computers. Only four percent required no high school diploma, training, experience or references. Given the limited availability of jobs for persons with low skills it is not surprising that low skilled women face substantial difficulties gaining a firm foothold in the labor market. Research on the employment outcomes of women with extremely low skills indicates that few women with extremely low skills manage to work steadily by their late 20's. For the minority of extremely low-skilled women who do work steadily, steady employment is achieved much more slowly than for women with higher skills (Pavetti 1997). Raising the educational levels of low-skilled women would greatly expand the pool of jobs potentially available to recipients with extremely low skills. Unfortunately, programs that have attempted to increase the literacy and numeracy levels of women with the lowest skill levels have had relatively limited success (Martinson and Friedlander 1994; Heckman *et al.* 1997). Thus, taken as a whole this research suggests that helping extremely low-skilled recipients make the transition from welfare to work may be the most difficult challenge faced by program administrators.

There are relatively few examples of welfare-to-work or other education and training programs that are specifically designed to address the potential employment barriers faced by women with extremely low basic skills or other women who have not succeeded in traditional welfare-to-work programs for reasons that often cannot be identified readily. The few program examples that do

exists share several common characteristics: They provide participants with close supervision and increasingly higher levels of responsibility, establish a linkage between even very small tasks or activities and work, reward small steps towards success and encourage peer support. Below, we present examples of three different approaches to increasing work among recipients with low basic skills as well as other recipients who do not succeed in traditional welfare-to-work programs: (1) supported work; (2) work-based training and (3) incremental work experience and/or community service.

It is important to note that no matter how well run, the overall success of programs for recipients with extremely low skills will be contingent on the availability of jobs that are consistent with the skill levels of program participants. Given that these jobs account for an extremely small fraction of all available jobs, the major challenge facing program administrators will be to prepare welfare recipients to compete for a relatively small number of low-paying jobs, possibly at the expense of low skilled non-recipients. Since recipients with extremely low skills are likely to take longer to find any employment and even longer to find steady employment than recipients with higher skills, they are likely to be more affected by time limits than recipients in general.

1. Supported Work

The National Supported Work Demonstration, which ran in 13 cities from 1975 through 1978, provides the most noted example of a supported work model targeted to recipients with limited skills and long histories of welfare receipt. The National Supported Work Demonstration Project provided highly disadvantaged welfare recipients with subsidized employment in a supported work environment.[3] The average length of time on welfare for the AFDC population was 8.6 years; 70 percent of the AFDC recipients who participated in Supported Work were high school dropouts.

Local programs were operated by nonprofit organizations, which were responsible for hiring the participants and for developing and supervising work sites. The actual work completed by Supported Work participants varied from site to site and included such diverse activities as building repair and maintenance, security and child care. Some sites ran programs which created goods or services that were then sold to "real customers" and generated revenues that partially offset project costs. Over the course of the program (one year to 18 months, depending on the site), performance and productivity standards were gradually increased. Participants were provided entry-level jobs which featured group work activities and close and supportive supervision. In general, there was one supervisor for every eight to ten workers. Over time, the counseling and other supports were gradually withdrawn to better simulate a regular job. At the end of the program, participants were assisted in finding a nonsubsidized job (Masters and Maynard 1981; Shapiro 1981).

The National Supported Work Demonstration Program was implemented as a demonstration project with an experimental design in 10 sites around the country, thus providing a rigorous test of the effectiveness of the program. Results indicate that the project had sizable, statistically significant increases in employment earnings and reduction in public assistance for the sample of AFDC recipients enrolled in the program.[4] Of those who originally signed up to participate in Supported Work, about 94 percent actually participated in the program. Although the majority of recipients were employed while they were guaranteed employment, fewer than half were employed once they graduated to regular employment. Sixteen months after the start of the program, about 40 percent of the recipients assigned to the program were employed compared to 35 percent of those not assigned. Two years after enrollment, recipients assigned to the program continued to work more hours and earn more than recipients not exposed to the program, although the earnings of both groups were relatively low (Kemper, Long and Thorton 1981). In a review of welfare-to-work programs, Supported Work was found to cost significantly more per participant than other programs

— an average of $6,606 per participant in 1976 dollars (Manpower Demonstration Research Corporation 1980; Gueron and Pauly 1991). However, the program paid for itself, mostly due to a reduction in the amount of welfare and food stamp benefits received and the actual value of goods and services provided (Kemper, Long and Thornton 1981).

Concerns regarding the high cost of the programs implemented under the National Supported Work Demonstration project often serve as a deterrent for implementing supported work programs for welfare recipients. However, Kandu Industries, a sheltered workshop in Ottawa County, Michigan, has developed a welfare-to-work program that incorporates a supported work component at a cost comparable to welfare-to-work programs operating in other parts of the state. Kandu Industries' Work Center offers a diverse set of work opportunities for participants ranging from packaging to light manufacturing. Kandu Industries is a prime manufacturer of picture frames and subcontracts for other work. Welfare recipients work along side of other workers who are developmentally disabled or mentally ill. Due to a high volume of work, it is not uncommon for Kandu Industries to hire employees "off the street" who are not welfare recipients, developmentally disabled or mentally ill.

Kandu Industries' welfare-to-work program consists of two phases. During the first phase recipients participate in a traditional two week Job Club. During Job Club staff conduct an assessment to identify potential barriers to employment and participants work with job developers and use readily available resources to identify potential job openings. They also develop a resume and practice interviewing. Recipients who have not found employment within two weeks enter the second phase of the program and are hired by Kandu Industries' Work Center at minimum wage for 20 hours per week for six weeks. Once participants enter this second phase of the program, they also are required to participate in a group class and continue to search for employment.

Kandu Industries places most of the welfare recipients who work in the Work Center in unsubsidized jobs outside of the Work Center by the end of the six week period of guaranteed employment. The six weeks of employment provide staff with a unique advantage to identify real barriers to work. Recipients who do not find employment within the first phase of the program often have very limited problem-solving skills that make it difficult for them to find work or to succeed in a work environment. The structure built into the second phase of the program — recipients are required to work regular hours and be on time — allows staff to quickly identify and resolve any "hidden" barriers to employment. Skill development is not the primary goal of the six-week work requirement; it is designed more to teach work behaviors. Although Kandu Industries places most recipients into jobs quickly (between 70 and 80 percent find employment within two weeks), they believe that it is important to take some time to explore why recipients have been on welfare and/or not working and to help them to identify strategies for addressing those issues. Otherwise, recipients lose their jobs quickly and are back on welfare. Other critical components of their program include treating recipients with dignity and respect and providing them with real opportunities to succeed.

2. Work-Based Training

A second strategy for helping low-skilled recipients make the transition from welfare to work is to provide short-term training designed to train recipients for specific occupations that do not necessarily require a specific educational credential such as a GED or high school degree. The most well-known example of work-based training for individuals with low skills and/or educational levels is the vocational training model employed by San Jose Center for Employment and Training (CET). Young high school dropouts with low reading levels and minority single mothers participating in CET have shown significantly higher levels of employment and earnings than their counterparts who did not participate in the program. CET is currently being replicated in ten other cities around the country. CET is marked by an emphasis on vocational skills training in which basic academics and vocational instruction are closely linked. CET's training programs also are closely linked to the local business

community to ensure that students are learning marketable skills and can find jobs quickly after completing their courses. The training programs offered by CET are generally short, usually lasting about six months, making it feasible to implement such a program within a time-limited welfare system (Bloom 1997).

Students enrolled in CET train for a particular job, such as medical assistant, sheet metal fabricator, account clerk or commercial food services worker. All math and literacy skills are taught within the context of what participants need to know for the particular job for which they are being trained. Instructors keep their curricula current by maintaining strong links with employers. CET also maintains an open enrollment system allowing participants to enter on an ongoing basis and progress at their own rate through a series of competency-based exercises. Students face strict attendance requirements and are rewarded continuously as they progress through the program. Because of the close link with employers, participants who complete the program almost always have a job waiting for them. Rates of job loss are low but if a participant loses a job they can return to CET for placement in another job (Blank 1997).

In an attempt to expand the career opportunities available to welfare recipients with the lowest skill levels, The West Humboldt Employment Training Center (ETC) operated by Chicago Commons recently developed an educational curriculum specifically designed to help welfare recipients with low skills to gain admittance to training programs that do not require a GED and offer some room for advancement. The program is specifically targeted to welfare recipients for whom completion of a GED is not a realistic option, especially within a time-limited welfare system. ETC identified four high-quality training programs in Chicago that did not require a GED or high school diploma — woodworker training, manufacturing, Certified Nurse's Assistant and chef training. They then designed an educational curriculum that specifically focuses on the development of the skills that are needed for success in these programs. Program operators informed ETC staff that problem-solving, interpersonal relationships and communication skills were critical for success in these programs. Thus, staff designed their educational curriculum to encourage the development of these behaviors/skills, as well as the specific skills that are needed to perform well in these occupations. Staff replaced their traditional entry level reading class with a class on "Reading, Writing and Role Playing" based on narratives about people at work who are confronted with new situations that often involve resolution of conflicts.

ETC supplements the educational component of its program with a comprehensive set of services to help participants address other potential barriers to employment. Child care and a health center are provided on-site. Groups are provided to help recipients resolve issues related to domestic violence, children with special needs, vocational rehabilitation, parenting and depression. Other supportive services are provided as the need arises (Pavetti *et al.* 1996).

3. Incremental Work Experience and/or Community Service

Toby Herr and her colleagues at the Erikson Institute and Project Match, an employment program located in the Cabrini-Green community in Chicago, have developed a welfare-to-work model that relies on community-based activities to teach welfare recipients who have not succeeded in traditional welfare-to-work programs the skills and behaviors they need to succeed in the world of work. This model utilizes the concept of a ladder as its core organizing principle (Herr and Halpern 1991; Herr, Wagner and Halpern 1996). The main premise underlying the ladder is that there are identifiable, incremental steps on the path from welfare to work. The starting point on the ladder, the time it takes to move from one step to the next and the sequencing of the steps on the ladder are not universal —they will differ based on a recipient's unique family and personal circumstances and characteristics. They have used this "Incremental Ladder to Economic Independence" to work with long-term welfare recipients in a variety of different settings including a community-based

employment, job development and case management program (Project Match), Head Start (the Step Up Program) and an inner-city welfare office (the PRIDE —Progress Information Directed Toward Employment— Social Contract System) (Herr, Wagner and Halpern 1996; Herr and Halpern 1993). The ladder and the programs that use it recognize that many welfare recipients are not immediately ready for private sector employment or the education, training and work activities typically provided by government welfare to work programs. One of the major contributions of these projects has been to identify "lower rung" program activities that can be used as stepping stones to participation in traditional welfare-to-work program activities or regular employment.

There are several elements that are common to programs based on the Ladder to Economic Independence. First, these programs believe that every welfare recipient can and should be moving toward steady employment. In practice, this means that a welfare-to-work program must include a broad array of activities so that every person, no matter how many personal or family challenges they may face or how low their basic skills may be, may step on to the ladder. Volunteering at Head Start or a child's school are examples of the types of activities that are used as starting points for recipients who have not been successful in traditional welfare-to-work programs or are not prepared to take on the challenge of a more structured activity.

Second, the approach is highly individualized, allowing almost complete flexibility in the selection and sequencing of program activities and in setting time commitments. While some recipients may start participating in program activities for twenty hours per week or more, others may participate for only five. Similarly, while one recipient may move from a volunteer activity to paid employment within three months, another may take a year or longer. Appropriate activities involve skills and competencies that a recipient has not yet mastered and that are conceptually linked to job-readiness.

Third, continual progression toward regular employment is expected and encouraged. Regular feedback, both positive and negative is used to send a clear message of what is expected of recipients. In some programs, a monthly diary is used to chart program expectations and actual participation. Small successes are celebrated as a way to increase recipients' self esteem and to begin to change their expectations of what they are capable of achieving. Failure to achieve program expectations is addressed immediately, either by lowering expectations if a recipient has tried, but not succeeded or by imposing financial sanctions if a recipient has not made any attempt to fulfill his or her obligations. Ongoing monitoring and contact with program participants including both those who are and are not doing well is critical to the successful implementation of this program model.

Because staff at Project Match believe that working is often the best way to learn about the world of work, they offer a variety of work-oriented supports to assist recipients once they enter the labor market. This includes reemployment assistance for participants who lose or quit their jobs, job retention assistance to help participants resolve the daily challenges that may cause job loss and advancement assistance to help people move up in the work place.

Finally, to make it feasible to implement a flexible, individually tailored program at a reasonable cost, these programs rely on opportunities that exist within a recipient's neighborhood or community as the main "lower rung" program activities. These activities offer the advantage of being familiar to recipients and often offer immediate interpersonal rewards. Many of these opportunities also involve children, making them not only stepping stones to employment but also opportunities to enhance recipient's parenting skills.

While no formal evaluation of the Incremental Ladder to Economic Independence or any of the programs in which it has been used has been conducted, data from the project are suggestive of success. Project Match conducted an analysis of a sample of recipients over a five-year period and found that in year one, 87 percent of participants worked at some point. By year five, this percentage

had increased to 93 percent. Full-year work also increased over time. In year one, 26 percent worked the entire year; by year five those working steadily had grown to 54 percent. The authors note that these results look quite different from Riverside GAIN where the fraction of recipients exposed to the program who were working declined each year (Herr, Wagner and Halpern 1997). However, the fact that Project Match is voluntary and Riverside GAIN is mandatory may explain some of the difference in the outcomes in these two programs.

B. Substance Abuse Treatment

Use of alcohol and illegal drugs is more common among AFDC recipients than among non-recipients and among AFDC recipients is more common among long-term than short-term recipients (Olson and Pavetti 1996). As the data in Table 1 show, about a third of the AFDC caseload uses alcohol or drugs to the extent that it could potentially interfere with their ability to find or keep employment. The new federal welfare reform law includes two provisions that directly address substance abuse. First, the law gives states the option of testing recipients for illegal drugs and sanctioning those who test positive. Second, the law prohibits states from providing cash aid or food stamps to those convicted after August 22, 1996, of drug-related felony offenses, unless the state chooses to pass a law modifying or opting out of this requirement. The welfare reform law includes no provisions regarding alcohol abuse.

The prevalence of alcohol and drug use among the welfare population and its potential impact on the success of any effort to transform the welfare system into a transitional employment program are likely to make substance abuse treatment an important component of any welfare-to-work strategy. While the substance abuse provisions included in the welfare reform law are likely to have some influence over state decisions, in general, states have considerable latitude to design strategies to integrate substance abuse treatment into their welfare-to-work programs.

A review of the existing literature evaluating the socioeconomic effects of alcohol and drug treatment suggests that engaging chemically dependent welfare recipients in appropriate treatment programs is likely to produce positive results and government savings, although the biggest savings may be realized by the health and corrections systems rather than the welfare department. Studies show that for low-income persons, within two to three years of completion of treatment, the benefits of treatment far outweigh the costs (Young and Gardner 1997). A recent study of substance abuse treatment in California shows that the results of providing treatment are overwhelmingly positive and can be seen in savings to taxpayers, especially through decreases in arrests and medical costs. An average treatment stay lasted three months with a cost of $1,400 and produced benefits to taxpayers worth $10,000 or $7 for every $1 spent on treatment. Treatment outcomes for public assistance recipients were also comparable to those of non-recipients (Gerstein *et al.* 1997). A similar Oregon study showed savings of $5.60 for every $1 spent on treatment (Finigan 1996). Numerous other studies of state investments in substance abuse treatment also show substantial decreases on expenditures related to health care and crime (Young 1996).

Persons who participate in alcohol or drug treatment also show marked increases in their employment and improvement in their work behavior. The documented increases in employment among low-income persons who participate in substance abuse treatment range from 60 percent in studies of treatment outcomes in California and Colorado to 136 percent in Missouri (Young 1996). A study of treatment outcomes in Ohio showed a 60 percent decline in absenteeism among persons who participated in treatment. In addition, from admission to discharge, Ohio's alcohol and other drug treatment programs saw a 15 percent reduction in the percentage of clients receiving public assistance (Young 1996).

It is important to note that although there is substantial evidence that persons with alcohol or other

drug problems who participate in treatment programs have better outcomes than those who do not participate in treatment, substance abuse treatment is not successful for everyone. For example, even though participants in Missouri's publicly funded alcohol and drug treatment programs experienced a 136 percent increase in employment over a two-year period, only 58.3 percent were employed 24 months after they started treatment. These data suggest that although alcohol or drug treatment may be successful in increasing employment among a substantial fraction of the AFDC caseload who experience problems with alcohol or other drugs, it would be unrealistic to expect success for all recipients who participate in treatment programs.

Although there is a wealth of information on the general effectiveness of substance abuse treatment, there is limited information on strategies for integrating substance abuse treatment into welfare programs, particularly those that emphasize quick entry into the labor market. Although several states have started to integrate substance abuse treatment into their welfare programs, most of these programs are very new and little information is available on their design and structure. The exception is Oregon which, through a waiver from federal law, has included substance abuse diagnostic, counseling and treatment programs as an integral component of its JOBS program since 1992 (Pavetti *et al.* 1996).

The substance abuse components of Oregon's JOBS program are provided within the context of a JOBS program that aims to move recipients into the labor market as quickly as possible and within the context of a welfare system that emphasizes job placements rather than the provision of cash assistance as its primary mission. District offices in Oregon identify the specific strategies they will use to address substance abuse as a part of their JOBS plans. Thus, the strategies used to address substance abuse vary from one District to the next, just as strategies to implement other components of their JOBS programs do.

All of Oregon's District offices emphasize up-front job search and self-sufficiency planning for families applying for assistance. The actual content of this up-front process differs from office to office and is evolving over time, but the goal is to engage recipients in employment-related activities when they apply for assistance, emphasizing that welfare is only a temporary option. Beginning with the earliest client contacts, staff emphasize the value of self-sufficiency and stress that work is a better way of life than welfare. In Portland, which includes most of the state's TANF caseload, alcohol and drug education and assessment for potential substance abuse problems are integrated into this up-front process. In a mandatory "Addictions Awareness" workshop, substance abuse counselors administer the Substance Abuse Subtle Screening Inventory (SASSI),[5] a short screening tool that uses objective decision rules to classify individuals as chemically dependent or non-chemically dependent in order to identify recipients who need further assessment to determine whether substance abuse treatment is warranted. While the SASSI has been shown to identify a substantial fraction of recipients who are in need of substance treatment, it is not capable of identifying everyone.

In general, addressing substance abuse among welfare recipients in Portland is a responsibility shared between case managers, substance abuse counselors and treatment providers. Case managers have the overall responsibility for helping recipients to develop and implement a plan to find employment as soon as possible. Personal challenges such as substance abuse often do not surface until after a recipient misses several appointments or is otherwise having difficulty following through with the agreed upon activities. When these situations occur, case managers try to identify whether substance abuse may be contributing to this pattern of non-compliance. Although case managers play a critical role in linking recipients with the resources they need to become self-sufficient, they are not trained as professional substance abuse counselors and are not expected to function in this way. Rather, case managers are trained to assess recipients' ability to succeed in the implementation of their self-sufficiency plan and to refer for professional services when needed.

All case management staff are trained to identify recipients who may have a substance abuse problem and to make appropriate referrals to trained substance abuse counselors.

Once a case manager or a substance abuse professional has identified a recipient as having a potential substance abuse problem, substance abuse clinicians assess recipients for chemical dependence, refer recipients to the most appropriate treatment provider, monitor individuals in treatment, advocate for them if necessary and act as a liaison between the treatment agency and the JOBS case manager. It is also the substance abuse counselor's responsibility to work with all parties to determine and support the transition from treatment to employment and/or employment preparation activities.

Professional alcohol and drug assessments are *mandatory* if there is any reason to believe there may be an alcohol or drug problem (i.e., self-report, erratic behavior, alcohol on the breath, etc.). Further participation decisions are determined by the assessment results. If treatment is recommended, it is mandatory, with no exceptions. Recipients who do not follow through with mandatory assessment or treatment activities are sanctioned and eventually lose all of their cash assistance. a case manager can offer a recipient with a pattern of non-compliance the choice to meet with a substance abuse clinician before beginning the sanctioning process.

In the Portland area, welfare recipients have access to substance abuse treatment through the Oregon Health Plan, the state's Medicaid program. Through the Oregon Health Plan, recipients are enrolled in one of 12 pre-paid health plans. Each health plan may handle substance abuse treatment in a different way, thus, the particular treatment options available to an individual are generally determined by the options available through their health plan. Substance abuse treatment is provided by one of 40 substance abuse treatment providers. The complexity of accessing substance abuse treatment in Portland greatly influenced the District's decision to hire substance abuse professionals to handle the assessment, referral and monitoring of recipients with substance abuse problems.

It is important to note that even though Portland has integrated mandatory substance abuse treatment into their welfare-to-work program, they have done so without doing drug testing of all recipients. They have not implemented wide-scale drug testing for several reasons. First, offices that implemented drug testing found recipients were angry at having to undergo testing, making it difficult to then encourage them to seek treatment if it was needed. Second, drug testing is costly and has not proven to be cost-effective in some offices where it has been used. Third, drug testing does not always identify alcohol abuse , an issue facing as many, if not more, recipients than drug abuse. Fourth, staff have found the SASSI to be an effective (but not perfect) way of identifying recipients in need of further assessment. That is not to stay that staff do not see any need or value in drug testing. Staff are considering using drug testing in some situations such as to monitor compliance with drug treatment.

Oregon's experience suggests that states will face several critical decisions as they attempt to integrate substance abuse treatment into their welfare-to-work programs. These decisions include: (1) how to assess the availability of treatment and spur the development of additional treatment if sufficient capacity does not exist within the community; (2) how to identify persons in need of alcohol or drug treatment; (3) how to train staff to refer recipients to treatment and monitor their progress; (4) whether to hire substance abuse professionals to be an integral part of the welfare-to-work staff; (5) whether and how to implement penalties for non-compliance; and (6) how to monitor program outcomes.

C. Counseling and Mental Health Treatment Services

Welfare recipients often face a broad range of problems or personal difficulties for which counseling

or other supportive services may be warranted. Examples include depression, post-traumatic stress resulting from previous or current abuse or a general inability to control and respond appropriately to ongoing sources of stress in one's environment. The most basic argument in favor of providing counseling and therapeutic treatment and other supportive services for families seeking to move from welfare to work is that such services are "enabling mechanisms — they enable people to cope with the problems or personal difficulties that interfere with the support of some goal" (Polit and O'Hara 1989). This argument has been used to justify supportive services such as child care, health benefits, transportation, and personal counseling. Polit and O'Hara suggest that all families need some supportive services — where low-income families differ is that their lack of income, lack of employee benefits and limited informal networks of support make it more difficult for them to access such services. As early as the mid-1960s, services deemed "supportive" in achieving education, training or employment objectives have been encouraged to some extent by Federal AFDC, social services, and job training laws and regulations. Since then, counseling and other supportive services have been provided to varying degrees. The enactment of the Family Support Act of 1988, which emphasized child care, transitional Medicaid, and transitional child care services, reinforced the importance of supportive services in employment and training programs.

Unlike the vast research and evaluation literature about the effects of particular types of job-training and employment strategies, there is little theoretical or empirical literature on the effects of social or supportive services on employment and income. Services such as child care and transportation that are more obviously and directly related to one's ability to work are usually considered, at least to some extent, in welfare-employment programs. Less immediately obvious services, though, such as mental health care, family counseling, or crisis intervention, are usually not formally part of a program's design, and therefore, not included in most evaluations.

In reviewing the scant literature on supportive services for welfare-to-work programs, Polit and O'Hara (1989) find only "isolated pieces of information that are suggestive of their effects." For example, in an organizational analysis of the WIN program, Mitchell, Chadwin and Nightingale (1980) found that high-performing WIN offices provided more supportive services and personal counseling than low-performing WIN offices. Other examples of program strategies with strong counseling, case management and social service components include Ohio's Learning, Earning, and Parenting Program (LEAP), the Department of Health and Human Services' Teen Parent Demonstrations, and the Pre-natal Early Infancy Project. In each case, the program evaluation found positive effects of the overall model being tested, but the research was not designed to separate out the independent effects of the services, support, or case management from the effects of the primary intervention (school attendance requirements, work requirements, and nurse home visits, respectively).

For example, the Pre-natal Early Infancy Project (Olds *et al.* 1988) found that those mothers who were in the treatment group that received home nurse visits plus transportation and screening services had better outcomes, including employment outcomes, than those who received transportation and/or screening services only. This may suggest that the nursing services were the successful ingredient, or it could mean that the case management, counseling and guidance the nurses provided were the key component, or (most likely) that some combination of the nursing and supportive services contributed to the positive outcomes.

Given the lack of research on supportive services directly associated with employment and training programs, models of social services delivery may need to draw upon theoretical assumptions from related fields. Interviews with program administrators at eight programs suggest that models of social service delivery in the context of current efforts to reform the welfare system are drawn from such traditions as: (1) the growing family support movement; (2) brief therapy; and (3) Homebuilders and other intensive family service interventions in child welfare (Pavetti *et al.* 1996). These forms of service delivery are reviewed briefly below, with an emphasis on assumptions that are relevant to

family-centered services for work-welfare programs.

Family Support Programs are community-based programs designed to provide assistance to families on an ongoing basis in a supportive environment. The goal of these programs is to prevent crises and to reduce the incidence of child abuse and neglect. Two central principles of family support programs are that programs should build on family strengths rather than focus on family deficits, and that professionals should work in partnership with families on agreed-upon goals, rather than viewing them as passive clients (Weiss 1987). Although the values implicit in the non-deficit approach of the family support movement have widespread appeal, there has been little empirical research demonstrating the effects of the nondeficit approach on the delivery of services and family outcomes. Other principles are supported by research, however. For example, the view that families benefit from social support systems is supported by a number of research studies which show that individuals with inadequate support systems are more susceptible to psychological and physical forms of stress, including higher incidence of depression, more pregnancy complications, and more psychological and physiological strain after job loss (Moroney 1987).

Brief Therapy is a specific approach to counseling that emphasizes short-term focused interventions, making it very compatible with a time-limited welfare system. Some of the values of the family support movement are shared by those who similarly promote brief therapy. Where family support advocates speak of a non-deficit approach and family empowerment, advocates of brief therapy speak of the need for a health rather than illness orientation (the therapist attempts to build on the patient's existing strengths, skills and capacities), and of the need for therapist and patient to define problems more collaboratively than in a traditional psychoanalytical model. The two movements diverge, though, on their primary service focus. Family support models emphasize the need for comprehensive services meeting all the family's needs, but brief therapy focuses on solving just one identified problem. One major difference between brief therapy and other counseling models lies in the brief therapist's belief that no matter how awful and complex the situation, a small change in one person's behavior can lead to profound and far-reaching differences in the behavior of all persons involved (DeShazer et al. 1986)

Another assumption of brief therapy is that there is no "cure," but that the therapist merely helps the client negotiate some of life's developmental tasks (Budman and Gurman 1988). The underlying belief is that, with an appropriate emphasis on problem-solving the client and therapist can work together to find solutions to problems in the client's life in an average of five or six sessions under some models and up to 25 sessions per year in others. In reviewing the efficacy of brief therapy as compared with other psychotherapies, Budman and Gurman conclude that there is no reliable difference in effectiveness. It is interesting to note that patients in time-limited therapy often receive more treatment (sometimes up to 25 sessions) than the average therapy patient, who often discontinues well before 20 visits. Brief therapy is particularly relevant for the current context of reform for it suggests that counseling need not be viewed as a very long-term process, but can be expected to produce results in a relatively short period of time.

Homebuilders is a short-term, intensive crisis intervention program designed for working with families whose children are at imminent risk of being removed from the home. In brief, a trained counselor works intensively with a family in their home, helping them to think about how they solve problems differently. For example, parenting skills and ways of coping with feelings can be taught, and crisis is viewed as an opportunity for change. Like family support and brief therapy, family preservation programs generally emphasize empowering families by building on family strengths and being flexible in meeting goals set collaboratively by the client and the intervening worker. The model is akin to brief therapy in that the intervention is designed to be short-term and there is a conscious effort to ensure that the client does not become dependent on the service provider. Homebuilders programs have been successful in maintaining children in their homes safely, although research with

random assignment has not been able to demonstrate that Homebuilders-type interventions have significantly improved child welfare outcomes compared to more traditional child welfare approaches.

The three strands of literature reviewed briefly here — family support, brief therapy, and Homebuilders — are included to provide a flavor of the types of assumptions about working with clients and families that appear to be influencing the delivery of social services to families on AFDC. This review is not exhaustive, however. Other traditions, such as Employee Assistance Programs, home visiting, and more general theories of good social work practice may influence some of the programs that are providing social services in conjunction with employment services.

While programs to enhance family functioning are relatively uncommon in welfare-to-work programs, some programs have integrated these strategies in an effort to meet the needs of a broad range of recipients. The following programs are examples of counseling or social service programs which provide or are directly connected to programs that provide employment-related activities. These programs draw upon a variety of traditions in an attempt to meet the diverse needs of the families served.

Utah's Single Parent Employment Demonstration

As a part of their welfare reform demonstration project, *all* AFDC recipients in Utah are required to participate in program activities. Acknowledging that personal or family circumstances do not make it feasible for all welfare recipients to immediately find or sustain employment, Utah has expanded allowable JOBS activities to include participation in activities such as mental health counseling. They have also hired specialized workers, generally persons with a Master's degree in social work or counseling, to work with some of the families who need additional assistance to make the transition from welfare to work and to help staff do a better job of working with these families. Workers rely on a brief therapy model, trying to work with recipients around the main issue that is keeping them from finding employment. The overall goal is to help recipients find employment in as short a time as possible, not to help them resolve all of their personal or family problems. Recipients who do not participate in the activities outlined in their self-sufficiency plan are subject to a financial penalty and eventually face the loss of all cash assistance.

Nevada County (CA) GAIN Intensive Services Program

The Nevada County GAIN Intensive Services Program is a small program designed to work with certain recipients who are exempt or temporarily deferred from GAIN, Nevada County's JOBS program. This program provides more intensive case management services to support the "hardest-to-serve" families and individuals who are required to participate in the GAIN program. These families and individuals consist of welfare recipients who are deferred from mandatory participation in employment and training services because of drug and alcohol problems, emotional/mental problems, severe family crisis, or legal problems. Intensive case management services are provided by a social worker with a Master's degree. The theory is that people can change if they are treated with respect and offered opportunities and support. However, this also means the program staff cannot change circumstances for individuals and families; the individuals must make changes for themselves. There is a strong emphasis on employment as the long-term goal for everyone. Services provided include home visits, referral to community resources, and crisis counseling and ongoing support. Recipients who refuse intensive services are given the choice of going back into the GAIN program or seeking a job directly. Those who refuse all of these options but are mandatorily required to cooperate are sanctioned for non-participation.

Do These Programs Work?

Because none of these programs have been formally evaluated, it is not possible to say definitively whether these programs are successful or not, but the available evidence is promising. The intensive case management services program in Nevada County has been more successful than expected. After the first six months, 47 percent out of 57 in the original caseload had moved from deferral status to active GAIN participation, 25 percent had secured employment, and 19 percent were discontinued from AFDC, leaving just nine percent in deferral status. The program manager also identified a number of unanticipated benefits, including addressing some family crises that might have otherwise involved child protective services, resolving school attendance problems, and helping other workers to resolve problems with difficult cases.

Although specific data are not available on the outcomes of Utah's efforts to provide counseling and treatment services to welfare recipients who do not find employment, a preliminary evaluation of the Single Parent Employment program are suggestive of success. The positive impacts of welfare-to-work programs often results from recipients entering into the labor market or leaving welfare sooner than would occur in the absence of such programs. Over time, it is common for recipients who have not been exposed to the program to "catch up" with those who have been exposed, meaning the impact decays overtime. While data from Utah shows this pattern for new applicants who are the least likely to experience personal and family challenges, this convergence is not occurring among the current caseload who are the most likely to experience such challenges. Program administrators attribute this result to sustained attention to recipients who experience the most difficulty making the transition from welfare to work (Pavetti 1995).

D. Job Retention Strategies

In recent years it has become increasingly clear that effective job retention strategies will be necessary to successfully transform the welfare system into a transitional assistance program. Among recipients who leave welfare for work, substantial numbers lose their jobs and do so quickly. Studies show that between 25 and 40 percent of recipients who leave welfare for work return to welfare within a year and as many as two-thirds return by the end of five years (Harris 1996 and Pavetti 1993). Although there is widespread agreement that job retention is a problem for welfare recipients, only a few programs have integrated job retention strategies into their welfare-to-work programs.

The Post Employment Services Demonstration (PESD) project currently operating in five sites around the country is one attempt to increase job retention among welfare recipients. The PESD provides ongoing monitoring and support, counseling and advice, assistance with locating concrete services such as housing, child care or clothing, assistance with applying for transitional benefits such as financial incentives or medical assistance, reemployment assistance and financial assistance for emergency expenses such as car repairs for recipients who have found employment through the JOBS program (Hershey and Pavetti 1997).

Programs such as Project Match and CET that were described earlier provide job retention or reemployment services on a case by case basis. Because these programs operate outside of the welfare department, less stringent eligibility policies have made it possible for program participants to avail themselves of the services these agencies provide when they need them. Participants who lose their jobs also can return to these programs for assistance with finding a new job. Participants who are having difficulties on the job can also turn to these agencies for formal or informal assistance to try and resolve those issues.

The factors that lead to job loss are complex and currently are not well understood, suggesting that job retention strategies are likely to be more successful if they are capable of addressing a broad range of personal or family issues, rather than focused on a single issue. In addition, it is also

important to acknowledge that job loss will continue to occur even under the best of circumstances. In many cases, it may be that reemployment assistance — helping a recipient to find a new job quickly— is easier to provide and may be just as cost-effective.

III. Integrating Strategies to Enhance Family Functioning Into Welfare-to-Work Programs that Stress Job Search, Work Mandates, Sanctions for Non-Compliance and Time Limits

The decision to integrate program strategies for recipients facing personal and family challenges that make it difficult for them to find or sustain employment into TANF will rest primarily with state and local officials. The legislation that created TANF neither supports nor prohibits inclusion of such program strategies in a state's TANF program. TANF does restrict the program activities that can count toward a state's participation rate primarily to work activities such as community work experience, subsidized or unsubsidized employment and on-the-job training; even job search activities can only count for a limited period of time. However, states are free to require recipients to participate in other program activities in order to receive assistance or to provide such activities on a voluntary basis. With the exception of medical services, TANF dollars also can be used to fund such services. While states have the option to exempt up to 20 percent of their TANF caseload from the five-year lifetime limit, such an exemption does not exist for the work requirements. Thus, even if a state chooses to exempt some recipients from work requirements, those recipients will continue to be counted among the pool of recipients who are subject to the work requirements for purposes of calculating a state's participation rate.

A number of factors are likely to affect a state's decision to include or not include program strategies designed to help recipients facing personal and family challenges in their TANF programs. Common considerations are likely to include:

(1) Is the evidence suggesting that some recipients facing personal and family challenges will not find employment when faced with stricter work mandates convincing enough to warrant the implementation of alternative program strategies?

(2) Will the implementation of alternative program strategies for recipients facing personal or family challenges weaken the overall emphasis on work?

(3) Is it possible to meet the TANF work participation requirements, especially in the later years, without investing in such strategies?

(4) Is there sufficient evidence to indicate that the implementation of alternative program strategies will increase employment among welfare recipients facing personal and family challenges?

(5) Will the 20 percent exemption from the time limit be sufficient to cover those recipients who are either exempted from the work requirement or who try to find work and fail?

States that decide to integrate program strategies for recipients who face personal or family challenges into their TANF programs will face a number of important program design considerations, including: (a) how to identify recipients in need of such services; (b) defining the types of services to be provided; (c) deciding what penalties will be imposed, if any, for non-compliance with program activities; and (d) designing service delivery structures for providing such services. The potential

choices states will face in each of these areas are outlined below.

A. Identifying Families in Need of More Intensive Services

To meet all of the requirements set forth in the federal legislation, states will have to balance several competing interests. Several different options exist for identifying families who may need to participate in program alternatives designed to help families facing personal or family challenges make the transition from welfare to work, including: 1) conducting an up-front assessment; 2) using unsuccessful completion of initial program activities (e.g., job search) as a screening tool, or 3) selecting families based on objective characteristics such as long-term welfare receipt, low levels of education or limited work experience that may signal the presence of personal or family challenges. The strengths and weaknesses of using each of these approaches are discussed below.

1. Up-front Assessments

Nearly all welfare-to-work programs invest some resources in conducting up-front assessments of recipients' strengths and needs before they place them in specific work or work-related activities, although some programs conduct in-depth assessments and others conduct only cursory assessments. Most programs use assessments to identify recipients who should be exempt from participation in program activities and to develop an individual's employability plan. These same assessment tools could be used to identify recipients who could benefit from additional support or alternative program activities. In particular, recipients who were previously exempt from program participation could be targeted for specialized services, rather than exempted from program activities. However, it is important to note that up-front assessments often are not good predictors of who may need additional support to make the transition from welfare to work. Some families who experience personal and family challenges are able to make the transition from welfare to work even in the face of those challenges. For other families, it takes time for them to acknowledge that they are experiencing personal or family difficulties that are interfering with their ability to be self-supporting. Assessment tools that screen for specific problems, such as substance abuse, tend to be better developed and do a relatively reliable job of identifying recipients in need of specific services.

2. Unsuccessful participation in required program activities

A second alternative for identifying families in need of additional assistance to make the transition from welfare to work is to use the labor market or participation in other program activities as a screening tool. Under such a system, rather than conducting any formal up-front assessment, all recipients are assumed to have the potential to find employment or otherwise participate in required program activities. Screening to identify whether families are in need of additional services would only occur for those families who do not succeed in finding employment after a specified period of time or experience problems participating in required program activities. Like other methods of identifying recipients in need of additional services, using unsuccessful participation in program activities as a trigger for providing additional services or conducting a more intensive assessment has both positive and negative sides. On the positive side, requiring all recipients to initially participate in work-related activities sends a clear message that the goal of the program is employment. In addition, because many assessment tools are imprecise, it could reduce the number of families identified in need of services who can potentially make the transition from welfare to work without such assistance.

On the negative side, this strategy requires families who are experiencing personal and family challenges, many of whom may have long histories of failure, to fail again before they can receive the support they need to develop a realistic plan to help them become self-supporting. This negative impact could be minimized somewhat by limiting the time a recipient spends in a program activity without achieving some measure of success.

For the most fragile families, the risk of failing may be so great or their personal and family challenges so overwhelming that they may be unable to take even the first steps to try and meet the specified program requirements. These families could potentially leave the welfare rolls with no plan for meeting even their own basic material needs, especially if full family sanctions are implemented. Thus, in the interest of protecting children, approaches that rely on the labor market as a test of a family's ability to succeed may also need to include provisions to monitor the well-being of families and provide assistance outside of the welfare system for families who never participate in required program activities and potentially lose their benefits as a result.

3. Target families using objective criteria such as education, time on welfare and recent work experience

A third alternative for identifying families in need of additional services is to target families who are most likely to experience difficulties making the transition from welfare to work based on observable characteristics such as time on welfare, education level and prior work experience. One advantage to using such a targeting strategy is that because it relies on readily identifiable characteristics, it requires less staff time than conducting intensive assessments for all recipients. In addition, it does not emphasize the existence of an individual's personal or family challenges, but does acknowledge that all individuals are not prepared to make the transition from welfare to work at the same pace and in the same manner. Families could be targeted by the length of time they have spent on the welfare rolls (e.g., all recipients who have received welfare for more than two years), by their recent labor market experience (e.g., all families who have not worked in the last three years), by their education levels (e.g., recipients who have not completed high school or a GED) or a combination of all three (e.g., in families who have received welfare for two years, have not worked in the last three years *and* have not completed high school). The more restrictive the targeting criteria the smaller the group of recipients who would be targeted for more intensive assessments or alternative program activities.

B. Identifying the Most Appropriate Services/Interventions

Because there has been so little attention paid to helping recipients with the greatest personal and family challenges enter the paid labor market, there are no hard and fast rules that can be applied to determine what the best mix of service and/or alternative activities is for this group of recipients. However, there are several principles that can guide the design and selection of appropriate strategies. These principles include:

(1) The program strategy should be well defined including a clear beginning and end point and should include frequent, consistent monitoring.

(2) To the extent possible, the strategy should be linked to unsubsidized employment, either simultaneously or sequentially.

(3) Initial program requirements should be designed to create successes for the recipient. Even the smallest successes should be acknowledged and used to create bigger successes.

(4) Program requirements should have some flexibility built into them, but should not be so flexible that the recipient's responsibility to enhance his or her ability to become self-supporting is minimized.

Supervised work or work-related activities, especially if community resources are used, can be designed to meet the needs of nearly every recipient, regardless of the nature of the personal or family challenge. The most difficult challenge in designing such an alternative is to identify a set of

activities that a recipient can do, while enhancing her ability to take on greater challenges that begin to approximate full-time unsubsidized work. It is possible to think of this group of program activities on a continuum. At one end are community activities that occur only a few times a week and require relatively passive involvement (e.g., parenting classes). In the middle are structured volunteer activities. These would occur on a regular basis, for a specified number of hours of week, and would provide substantial supervision within a supportive environment. At the other end of the spectrum are subsidized work activities. These activities emulate unsubsidized employment in all ways, except there is more supervision on the job than would generally occur in an unsubsidized setting. The goal of involving recipients in such program activities would be to gradually move them up the continuum with the goal of moving them into unsubsidized employment as quickly as possible.

Counseling or treatment services are likely to work best when a recipient acknowledges the need for such services. Like work activities, counseling or treatment activities involve a broad range of potential options including such activities as home visits, family planning services, parenting classes, domestic violence programs, support groups, motivation/life skills classes, legal assistance, peer mentoring programs, individual and group counseling, substance abuse treatment, medical care and medical case management. A major challenge for program staff is identifying which of these alternatives will best address a recipient's individual needs and circumstances and designing a monitoring strategy to ensure that progress is being made.

C. Consequences For Not Meeting Program Expectations

As noted above, financial sanctions for not meeting program requirements are becoming increasingly common in welfare-to-work programs and they pose particular issues for recipients who face personal and family challenges to employment. On one hand, the threat of sanctions do appear to motivate some recipients to participate in program activities that they would not participate in on their own. Sanctions that are applied the same way to alternative program activities as to more traditional activities such as job search or vocational training send the message that these activities are viewed with the same level of importance as activities that have a more direct link to employment and also helps to send the message that these are activities on the path to, not a replacement for employment. On the other hand, families who are sanctioned tend to exhibit more personal and family challenges than families who are not sanctioned suggesting that persistent refusals to comply with program requirements at any level should be investigated.

To reduce the likelihood that families who *cannot* comply with program requirements because of personal or family challenges will be sanctioned for non-compliance, several states that have implemented full family sanctions require face-to-face contact with recipients before benefits can be terminated. Utah requires a home visit and conducts a "case staffing" to which the recipient and other agencies involved with a family are invited before a case can be closed (Pavetti *et al.* 1996). Michigan requires a face-to-face visit, either in the home or in the office, before a case can be closed. Iowa contracts with the Department of Public Health to conduct follow-up "well-being" visits with families whose benefits have been terminated. During these well-being visits, public health nurses or social workers inquire about the status of children and provide referrals to community agencies (Pavetti, Holcomb and Duke 1995). Staff in Utah have found that over half of the cases that would have been closed if they had not done a home visit were families who were facing serious personal or family challenges that had not been uncovered prior to the home visit or families who did not understand the program requirements. In Oregon, half of the cases complied with program requirements after a worker visited the home.

D. Delivery of Services

Since the split between cash assistance and social services during the 1960's, staff in the welfare

office have become increasingly technical in their orientation. Their primary responsibility has been to ensure that payments are issued accurately, not to provide counseling or intensive program monitoring to individual recipients. Thus, the shift to a work-oriented system will require major changes in the "culture" of the welfare office. This shift will not only require states to reconsider the role of individual staff, but also to rethink the agency's relationship to other public and private agencies within the community. While some services may best be provided by a retrained income maintenance staff, others may be provided more efficiently and effectively by staff in other organizations, either through inter-agency agreements or though financial contracts with the welfare department. Given that many different agencies may be responsible for providing the more intensive supportive services some recipients may need to make the transition from welfare to work, the success of integrating such program requirements into welfare-to-work programs will be greatly affected by the delineation of who will provide what services and at what cost. Below, we discuss the issues involved in providing services through various arrangements.

1. Providing services directly

Because recipients who experience the most serious personal and family challenges have traditionally been exempted or deferred from program participation, staff in welfare offices and in most welfare-to-work programs have not been trained to work with families who are in need of more intensive support and/or monitoring of program activities to make the transition from welfare to work. In addition, staff often carry large caseloads that make it difficult to spend extensive time working with and/or monitoring the program activities of families who need more assistance. This suggests that the welfare office may need to make substantial adjustments to take on the task of working with recipients in need of more intensive support, especially in the areas of training and/or hiring staff.

The welfare-to-work programs that have integrated more counseling and support services into their welfare-to-work programs have all hired professional staff to supplement their regular staff. Many of these staff also carry smaller caseloads. Programs that have relied more on work-based activities have used paraprofessional staff, with their primary responsibility being to monitor a recipient's progress, rather than provide professional counseling services. Regardless of which program approach is used, workers have more direct involvement with recipients and rely on verbal communication skills such as coaching, service brokering, and problem-solving more than they would as a traditional income maintenance worker. One of the major advantages of providing services directly is it is easier to redefine services as the program changes and grows.

2. Co-location of services provided by another agency

Co-location of services provided by another agency generally has all the advantages of the agency providing the services directly but avoids the problem of having to train staff to take on new responsibilities for which they may not be quite prepared. However, even in the best of circumstances, co-location requires staff to communicate effectively with each other, especially when goals are not necessarily identical across agencies. Co-location of services also could potentially expand the resources available to provide services to welfare recipients, especially if services are provided through agencies that receive their funding through sources other than TANF.

3. Contracting out of services

Like other program options, contracting out of services has both advantages and disadvantages. One particular advantage in this service area is that recipients may respond differently to services provided by an organization other than the welfare agency, especially if the organization is located within a recipient's community and has a reputation for being supportive. Of particular importance is deciding what services should be provided by the contract agency and which should be provided by

the welfare agency. A particularly difficult decision may be deciding how program sanctions will be implemented and monitored. If this function will be carried out by the welfare department, then the relationship between the contractor and the welfare department will necessarily be linked closely and important to the overall success of the program.

E. Illustrative Program Models

There are numerous ways in which the program dimensions described above could be combined to create a welfare-to-work strategy that takes into account the needs of recipients experiencing personal or family challenges. Tables 2 and 3 provide two examples of potential program models that could be implemented under TANF.

The first model, a sequenced model with moderate support, requires all new applicants and current recipients (at recertification for assistance) to participate in a 30-day job search program. A brief initial assessment is completed for each family prior to the start of the job search. Temporary deferrals, for up to 90 days, may be granted only for families experiencing an acute crisis (e.g., fleeing from an abusive situation, recovery from a short-term illness). Recipients who do not find employment at the end of 30 days undergo a more intensive assessment. Based on the assessment results a recipient may participate in a wide range of activities. Supervised work activities including community service employment, subsidized employment or supported work are the preferred activities. Short-term training or work-based education activities are available for recipients who are deemed unemployable due to their extremely low skill levels. Treatment activities are provided, but only in combination with other program activities.

Recipients are responsible for reporting on their program participation every month. Face-to-face contact is provided as needed. Follow-up is provided for a minimum of 90 days to all those recipients who did not find employment within the first 30 days. Recipients who do not comply with program requirements initially have their grant reduced for a 90-day period then lose all cash assistance. Telephone follow-up occurs at 30, 45 and 60 days to encourage compliance with program mandates.

The second program model, a targeted model with intensive support, also requires all new applicants and current recipients (at recertification for assistance) to participate in a 30-day job search. Recipients who have received assistance continuously for the last five years are given the option of participating in a more intensive 60-day job search/job readiness program. This program option includes more individual supervision, job search planning, coaching, life skills and ongoing support than a traditional job search program. Recipients who do not find employment at the end of 60 days undergo a more intensive assessment to determine the most appropriate next step. Program options are similar to those available to recipients under the sequenced model, but less structured activities such as parenting classes are also included. Treatment activities are provided when needed.

A recipient's progress is reevaluated every two weeks through face-to-face contact. Once a recipient finds employment, follow-up services are provided for up to a year. Face-to-face contact is required before a case can be closed for non-compliance. Home visits are encouraged, but not required.

F. Program Cost and Phase-In Considerations

Since there is limited experience with implementing program strategies for recipients facing personal or family challenges into welfare-to-work programs, it is not possible to estimate the actual cost of such programs. Although, it is possible to identify the program features that are likely to contribute to those costs. Additional monitoring and more intensive support, generally requiring fewer recipients per worker (between 50 and 65 recipients) is usually the major additional cost of providing such programs. Other costs also include any additional funds to provide specialized training or job search

options or additional treatment activities. To the extent that counseling or treatment activities cannot be absorbed by existing programs outside of the welfare system, they will also represent additional costs. Costs can be contained at least to some extent by restricting the size of the population eligible for such services, using a strategy such as that illustrated in the targeted model above.

Table 2

Sequenced Welfare-to-Work Model with Moderate Support

Initial Program Requirements	30 day job search after brief initial assessment.
Target Population for Initial Program Requirements	All current recipients and new applicants; temporary deferrals for a period not to exceed 90 days for those families experiencing an acute crisis (e.g., fleeing an abusive situation, recovery from a short-term illness).
Post job search options for recipients who do not find employment at the end of 30 days	1) Continued job search for a specified period of time 2) Subsidized employment or supported work 3) Community service 4) Work-based education or short-term training for a maximum of 90 days 5) Treatment and ongoing counseling (in combination with other program activities)
Strategy for identifying most appropriate program option after job search	Intensive assessment for those not finding employment, including vocational testing.
Monitoring of program participation	Recipients required to report on program activities every month.
Post-employment follow-up	Continued case management for 90 days after employment (only for recipients who did not find employment within the first 30 days).
Penalty and procedures for non-compliance	Grant reduction for 90 days, then loss of cash assistance for the entire family. Telephone follow-up to non-compliant recipients at 30, 45 and 60 days to encourage compliance.

Table 3

Targeted Welfare-to-Work Model with Intensive Support

Initial program requirements	30 day job search after brief initial assessment.
Target population for initial program requirements	All current recipients who have received assistance for less than five years and new applicants; temporary deferrals for a period not to exceed 90 days for those families experiencing an acute crisis (e.g., fleeing an abusive situation, recovery from a short-term illness).
Alternative program requirements for recipients who have received assistance continuously for five years	60-day job search with more individual support including, individual supervision, job search planning, coaching, life skills and ongoing support.
Post job search options for recipients who do not find employment at the end of 30 or 60 days	1) Continued job search for a specified period of time 2) Subsidized employment or supported work 3) Community service 4) Work-based education or short-term training for a maximum of 90 days 5) Treatment and ongoing counseling 6) Parenting classes
Strategy for identifying most appropriate program option after job search	Intensive assessment for those not finding employment, including vocational testing.
Monitoring of program participation	Recipients who do not find employment during the job search sequence meet with a case manager every two weeks to evaluate their progress towards self-sufficiency.
Post-employment follow-up	Continued case management for 90 days for all recipients who did not find employment during the initial job search phase and for up to one year for recipients who had received assistance continuously for five years.
Penalty and procedures for non-compliance	Grant reduction for 90 days, then loss of cash assistance for the entire family. Face-to-face contact is required before a case can be closed for non-compliance. Home visits are encouraged, but not required.

Phasing in activities over time provides another way of controlling program costs. Broadly speaking, there are two ways to think about integrating and phasing in activities for individuals experiencing personal and family challenges into the types of welfare-to-work programs required under TANF. The first involves a two-staged approach to reform. During the first stage, families experiencing personal and family challenges are exempt from any program participation requirements and program resources are targeted to recipient who are easier to work with and are the most likely to benefit from traditional welfare-to-work programs and policies. In an ideal scenario, the initial group of recipients receiving program services will find employment and leave the welfare rolls, causing the TANF caseload to decline, freeing up additional resources to work with families experiencing personal or family challenges during a second stage of reform.

A second strategy involves requiring all recipients to participate in program activities, including those who face personal or family challenges. Implementation of this strategy requires broadening the definition of allowable program activities to include options that are appropriate for families who are not likely to succeed in traditional welfare-to-work program activities. Because this strategy is built on the assumption that families will be placed in work or work-related activities that are consistent with their abilities, sufficient numbers of recipients are expected to be in activities that do in fact meet the TANF work participation requirements, especially in the early years when the required participation rates are lower. Because those recipients who would otherwise have been exempted from program activities are in activities designed to prepare them for work, over time they will act as a "feeder" caseload, providing a continual flow of new people who are prepared to participate in program activities that meet the definition of allowable work activities. Proponents of this strategy believe that it is important to send a message to *all* recipients that receipt of government assistance comes with a responsibility to make continual progress towards self-sufficiency. While the initial costs of providing services to such recipients is higher than other recipients, the expectation is that those investments will pay off over time.

IV. Conclusion

By design, programs funded through TANF will be more oriented toward work and more transitional in nature than the AFDC program that they replace. As states begin to implement new strategies to bring about this transition, they will be faced with the challenge of designing a work-oriented, transitional program that can address the needs of an extremely diverse group of families. Some families will be able to make the transition from welfare-to-work with limited assistance; others will benefit greatly from the type of assistance traditional welfare-to-work programs often provide. But, a substantial fraction of the caseload facing significant personal or family challenges, is likely to need more (or different) assistance than traditional welfare-to-work programs provide to make the transition from welfare to work. In the end, the overall success of welfare reform may rest on a state's ability to engage this group of families in work or work-related activities. This paper has presented a rationale and potential strategies for addressing the needs of this group of recipients and has provided a framework for doing so within the context of a temporary assistance program for families that forges much stronger links with the labor market. Because there is limited experience serving this group of recipients, it is important to view these models as starting points rather than as definitive answers. There is clearly much work that is left to be done to understand how these models play out in practice and whether there are as yet undiscovered models that may work equally well.

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Notes

1. States may not receive credit for any caseload reduction that can be attributed to changes in eligibility.

2. The data in this table comes from the National Longitudinal Survey of Youth, a nationally representative survey of young men and women who were between the ages of 14 and 21 in 1979. Additional information on the survey and the data used to identify these particular personal and family challenges can be found in: Olson, Krista and LaDonna Pavetti. 1996. *Personal and Family Challenges to the Successful Transition from Welfare to Work.* Washington, D.C.: The Urban Institute (for the U.S. Department of Health and Human Services).

3. The demonstration also worked with other hard-to-employ groups, including ex-offenders, ex-narcotics addicts, and out-of-school, unemployed youths.

4. Eligible program applicants were randomly assigned to either an experimental or control group, and individuals in both groups were interviewed regularly at nine-month intervals, starting at their enrollment and continuing up to 27 months.

5. The SASSI is a short, one-page self-report screening tool for chemical dependency that can be administered and scored in 20-25 minutes. Because the SASSI has objective decision rules to classify individuals as chemically dependent or non-chemically dependent, there is no training required for its administration. The SASSI is especially effective in identifying early stage chemically dependent individuals who are either in denial or deliberately trying to conceal their chemical dependency pattern. In addition to its validity as a screening tool, the SASSI also provides clinical insights a client's defensiveness and other characteristics.