

Policy Brief #1

Long-Term Job Placement

Introduction

Under the Temporary Assistance to Needy Families (TANF) legislation, Indiana may remain under the rules of its welfare waiver program, resulting in a requirement that all able-bodied adult welfare recipients find employment within two years of receiving benefits. This brief examines the likelihood of reducing welfare receipt through longterm job placement. The final section examines the implications of these findings for Indiana's welfare program.

Indiana

Over half of Indiana's welfare caseload is concentrated in five counties: Marion (20.4 percent with 2.7 percent unemployment), Lake (18.7 percent with 3.0 percent unemployment), St. Joseph (5.7 percent with 3.2 percent unemployment), Allen (5.2 percent with 2.0 percent unemployment) and Vanderburgh (4.1 percent with 4.3 percent unemployment).

A recent survey of able-bodied welfare recipients found that: 92.2 percent of cases were single-parent families and 60 percent of individual recipients were children

	For ongoing recipients(%)	For applicants(%)
Average age of adult	29.0	27.0
Average age of child	6.8	5.9
Average number of eligible children	2.0	1.7

An examination of the IMPACT program in Indianapolis found that: Slightly over 1 in 5 welfare recipients referred by the state to private contractors is placed into a job. Of those people referred by the state for job readiness and placement services, 7-12 percent get jobs and are still working after six months.

A substantial portion of job placements (more than half in the case of some outside contractors) do not meet the IMPACT standards (i.e., a wage rate of at least \$6.06 an hour). The average wage is in the range of \$6.50 per hour. Most jobs provided either employer-paid health insurance or access to employer-sponsored coverage to which workers contribute a substantial portion (or all) of the premium.

The Indianapolis study offers several recommendations for improvement in the current system: A management information system (MIS) that better tracks individuals recipients' employment status and the success rates of individual contractors.

Stronger efforts to acquaint welfare recipients with the transitional benefits to which they are entitled if they begin working. These include transitional Medicaid, child care, transportation, and the Earned Income Tax Credit. These benefits may also need to be more generous.

The government may wish to consider moving toward a "capitation payment" rate for services provided by outside contractors rather than cost-based reimbursement and fee-for-service payments geared toward specific job readiness services.

There is a need for improvement in the system for distinguishing clients who are job-ready from those who are not. In addition, clear criteria for referring clients to various contractors should be developed and related to outside contractors' specific strengths. More private employers should be recruited to participate in job placement.

Experiences in Other States

Studies show that in many cases, employment does not guarantee independence from public assistance and, frequently, incomes only rise because of a combination of earnings and welfare benefits.

Findings regarding where to focus funds are mixed. One study argues that employment programs are most effective for the middle tier of welfare recipients; those who are not likely to find jobs on their own, but also did not have such extreme barriers as to be unemployable.⁵ In contrast, another study recommends focusing on those deemed the most employable.

A demonstration project in San Diego required having at least three-fourths of eligible participants active in the employment program at all times. This program mimics the requirement of TANF in that a large proportion of the welfare population is required to work. This program resulted in a short-term increase in employment and earnings and reduced AFDC receipt.

A program focused on the harder-to-employ population as measured by prior welfare receipt and lack of work experience resulted in participants having a higher income (a combination of earnings and AFDC benefits), but not being more likely to leave welfare or to find employment. A voluntary work plan had little effect on employment and earnings. In addition the program significantly increased welfare receipt and the level of benefits.

In another program, clients are assigned caseworkers who act as coaches, contacting employers after a job interview to offer support services if the welfare recipient is hired.¹⁰ Assistance includes help in securing reliable child care, transportation vouchers, and money for required uniforms and equipment. The program is too new to show positive results.

Implications

Broad programs that focus on employment for the entire welfare population have little impact on the most employable tier of welfare recipients, and have the greatest earnings gains for the middle-tier of recipients. The largest welfare savings come from the most disadvantaged. In contrast, high-cost, intensive job training and placement services can get people jobs with somewhat higher earnings, but will produce lower welfare savings per dollar invested.

Indiana must decide whether the goal of the program is to reduce welfare expenditures or promote job placement. Education and training programs may increase the starting wages of participants who find jobs, thereby leading to independence from welfare, but the program itself may be expensive. In contrast, immediate job placement may put more people to work, but may not provide them with the skills necessary to find employment at wages sufficient to raise their families above poverty.

Increasingly, public assistance caseworkers will need to act as employment coaches for welfare recipients, offering them tips on successful job interviews and following up once they are employed.

Notes

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3. Ibid., p. 2.

4. Auspos, Patricia; Cave, George; and Long, David. (April 1988). "Maine: The Demonstration of State Work/Welfare Initiatives: Final Report on the Training Opportunities in the Private Sector Program." Executive Summary, Manpower Demonstration Research Corporation.

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