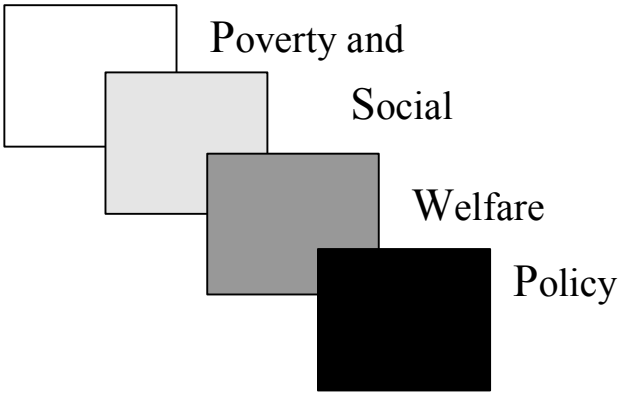
Michigan Program on



Poverty and Social Welfare Policy

WHAT CONTRACTORS HAVE TO SAY ABOUT THE WORK FIRST PROGRAM

Highlights from Interviews with Work First Managers in Michigan

January, 1999

This brief provides highlights of what we have learned from local managers of Work First agencies. Work First is Michigan's employment program for welfare recipients. As its name indicates, Work First emphasizes quick entry into the labor market, and programs in Michigan vary by the set of services they provide to achieve that goal.

In the following pages we provide descriptions of:

- Michigan's welfare system and the organizations operating Work First;
- the service delivery models used by Work First contractors;
- innovative practices and approaches to Work First; and
- suggested improvements to the program.

These data come from interviews with Work First program managers that occurred in the last half of 1998 as part of our Joyce Foundation-funded study, "Implementing Welfare to Work in Michigan." This project analyzes how welfare and welfare-to-work services in Michigan are delivered in the changing policy climate of devolution. Results from the first stage of the project are documented in *"Moving Toward a Vision of Family Independence: Local Managers' Views of Michigan's Welfare Reforms."* (See http://www.ssw.umich.edu/poverty/pubs.html for this report or call Kristin Seefeldt at 734-998-8514). For more information on issues faced by the Family Independence Agency, Michigan's TANF agency, see *"What FIA Directors Have to Say About Welfare Reform,"* also located at the website address noted above.

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OVERVIEW OF MICHIGAN'S WELFARE SYSTEM & WORK FIRST

Michigan has been recognized as a leader in national welfare reform efforts, with current Governor John Engler playing a major role in advocating for passage of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA). But prior to the 1996 reform, Michigan had already revamped its welfare system, with many of the changes closely conforming to those now required under federal law. This facilitated Michigan's ability to be one of the first states to submit and receive approval for implementation of the new federal block grant, the Temporary Assistance for Needy Families (TANF) program.

Highlights of Reforms

Prior to passage of federal welfare reform, Michigan implemented a series of its own reforms under the name "*To Strengthen Michigan Families*." Several of the more noteworthy changes to the cash assistance program included:

- Increasing the earned income disregard to $200 plus an additional 20 percent of earnings;
- Eliminating some of the eligibility restrictions for two-parent families;
- Increasing the penalties for non-compliance with employment and training requirements.



With implementation of TANF, the following reforms were put in place:

- The Aid to Families with Dependent Children (AFDC) program changed to the Family Independence Program (FIP), and Work First, a job search program emphasizing quick movement into work, is the primary employment and training program;
- Attendance at an orientation to the Work First program is a condition of eligibility for FIP;
- Participation in the Work First program is mandatory for all clients except for those who are: disabled; caring for a child with a disability; minor mothers (who are living at home or in an adult-supervised setting and attending school); new mothers up to the 12th week postpartum); or already employed;
- Failure to comply with work requirements without good cause results in a 25 percent grant reduction for four months followed by case closure. New applicants are not eligible for assistance beyond 60 days if they fail to cooperate.

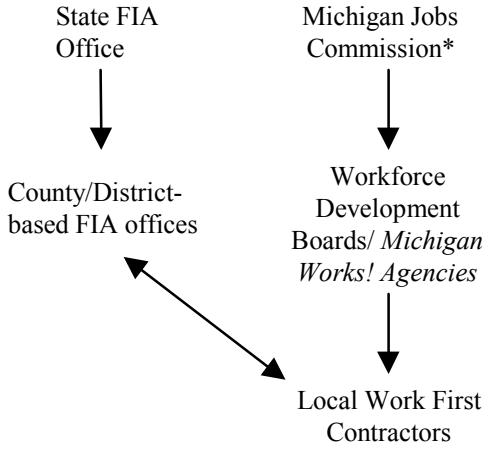
The Family Independence Agency and Work First

The Family Independence Agency (FIA) is responsible for FIP, the state's TANF program. FIA is a state administered system, with local county or district offices (staffed by state employees) determining program eligibility, processing payments for child care, and performing case management activities.

FIA is also responsible for monitoring client compliance with Work First program requirements. Clients are referred to a local Work First contractor through their FIA office, but FIA does not contract directly with the Work First providers.

Instead, Work First is administered at the state level by the Michigan Jobs Commission* and locally through 25 Workforce Development Boards and their staff, called *Michigan Works! Agencies* (MWAs). Twenty-five Board and their MWAs act as fiduciaries for public employment and training funds, including Work First monies. They then contract with one or more agencies to operate Work First in their service delivery area. (For more details, see *"What Contractors Have to Say About the Work First Program,"* also on this website).

MICHIGAN'S WELFARE SYSTEM



* As of April 5, 1999, the Michigan Jobs Commission will be dismantled, and a new agency, the Department of Career Development, will administer Work First.

THE WORK FIRST PROVIDERS

This page gives an overview of the various agencies involved in Work First and the contractual arrangements between the agencies and the Workforce Development Boards/MWAs. The information presented reflects the program as it was in operation during the time period September 1997- October, 1998.

Who Operates Work First in Michigan?

For program year 1997-98, we identified 109 providers that had Work First contracts and had served clients during the year. Of those 109, we conducted interviews with 102 (94 percent response rate).

Of the organizations interviewed:
- 48 are nonprofit agencies
- 34 are school-based organizations
- 18 are for-profit agencies
- 2 are public agencies

Trends:

Although for-profit agencies do not predominate, most of them hold contracts with multiple *Michigan Works! Agencies*. Additionally, most for-profits serve the Southeastern portion of the state, where more than half of the caseload resides.







What is the History of the Providers?

- Almost half of the providers have been involved in Work First since the program started in 1994.

- A little more than a fifth of the organizations interviewed in 1998 had not operated Work First in the previous program year (program year 1996-97). Most of these providers serve areas of the state where *Michigan Works!* staff previously ran Work First (beginning in 1997, MWAs are required to contract out for services) or they serve Wayne County.

Trends:

While there has been much discussion in policy circles about increases in competition to provide welfare-to-work services, Work First in Michigan differs. Once an organization wins a contract, it is likely it will continue in the following years. The trend across the state seems to be one of adding providers; this could be due in part to the increases in the proportion of clients required to participate in Work First.

What Services are the Agencies Contracted to Provide?

- 84 contractors primarily provide job search and placement services

- 18 contractors provide specialized services (includes assessment, child care assistance, OJT placement, training).

Ten contractors target certain services to specific populations, such as particular ethnic groups, pregnant women, and the "hard-to-serve."







What are the Contractual Arrangements?

- About one-fifth of organizations are paid based on performance outcomes (e.g., payments at placement and 90 day retention).

- The majority are reimbursed for actual costs.

Trends:

Although providers know they must move clients into jobs in order to maintain their contracts from year to year, fewer than a quarter are reimbursed (at least partially) upon client employment and 90-day retention. Overwhelmingly, organizations with these types of contracts serve urban areas. For-profit agencies are more likely to be under performance contracts than are nonprofits and school-based organizations.

WORK FIRST SERVICES

In the first round of our study (winter and spring, 1997), we found that Michigan's Work First programs varied greatly in terms of services provided. Nevertheless, contractors do share similarities on a broad level in terms of the types of services they provide clients, the sequencing of those services, and the assistance provided during job search. Below we describe:

broad service typologies;
additional characteristics of programs; and
the proportion of contractors using the service type.

Job Seeking Support Model

Approach: Arm clients with skills and tools needed to look for work and *pro-actively place them into jobs.*

Activities: Workshops on resume preparation, interviewing techniques, application preparation

Clients have access to job postings, internet, phone banks, newspapers

Staff develop jobs/job leads with employers, bring employers on-site for interviews, and/or take clients to job fairs

Use: Over two-thirds of providers, serving about 74% of caseload*



Job Search Preparation Model

Approach: Arm clients with skills and tools needed to look for work so that they can *look for work in a self-directed manner*

Activities: Workshops on resume preparation, interviewing techniques, application preparation

Clients have access to job postings, internet, phone banks, newspapers

Job search is self-directed

Use: Approx. one-fifth of providers, serving about 9% of caseload*

Labor Market Sorter Model

Approach: Pro-actively attempt to place clients into jobs and *let labor market determine who needs more preparation*.

Activities: As first activity, staff develop jobs/job leads with employers, bring employers on-site for interviews, and/or take clients to job fairs

Clients have access to job postings, internet, phone banks, newspapers

Clients not successful at finding work initially attend workshops on resume preparation, interviewing techniques, application preparation; repeat job search activities

Use Less than one-tenth of providers, serving 7% of caseload*



Client Responsibility Model

Approach: *Clients have the primary responsibility* to look for and find work.

Activities: Assistance from staff in preparing resumes, using resources

Clients have access to job postings, internet, phone banks, newspapers

Job search is self-directed

Use: Less than one-tenth of providers, serving about 3% of caseload*

* of providers with job search/placement contracts; calculations are preliminary and will add to less than 100 due to a few programs which use other service models

WHAT ARE SOME DIFFERENCES IN SERVICE DELIVERY MODELS?

Job Seeking Support

- The "Job Seeking Support" model is the most commonly used service package throughout the state and is the favored model regardless of the organization's background (non-profit, for-profit, school-based)

- Providers using this model are no more likely to be located in any particular area of the state or in areas with low, above average, or very high unemployment rates.

Job Search Preparation

- Half of the contractors using this service model are located in areas with below average unemployment rates.

- The majority of contractors categorized under the "Job Search Preparation" model are school-based.

Labor Market Sorter

- The majority of contractors using the "Labor Market Sorter" model are located in the west central region of the state.

- This area has a higher average unemployment rate.

Client Responsibility

- More than half of the providers using this model are located in the northern part of the state.

- This area has among the highest unemployment rates in the state.

Does Model Type Matter?

Future analyses will attempt to discern whether certain service delivery strategies, controlling for other factors, such as local economy, area of the state, client characteristics, and other demographic variables seem to work better than others in moving welfare recipients into work.

At this time, it appears that organizations using the "Labor Market Sorter" model have more mixed success: while some of these organizations serve areas where a substantial number of clients have earnings, the majority are in places where earned income levels fall below the state average. (We use the proportion of cases with earned income as a proxy for the proportion of welfare recipients who are employed).

Trends by Organizational Type

Work First contractors that are school-based show the most variation in the type of service model used: School-based providers are more likely to use the "Job Search Preparation" model and the "Labor Market Sorter" model than are non-profits and for-profits. More than three-quarters of non- and for-profits use the "Job Seeking Support" model.

INNOVATIVE PRACTICES AND APPROACHES

The next two pages highlight some of the innovative approaches to addressing client needs that we documented during our conversations with program managers. While we have no outcome data to measure the extent to which these practices achieve higher placement rates than do other approaches, local managers using them endorse the particular strategy as useful for moving clients from welfare to work.

Collaboration with the Family Independence Agency



In Michigan, Work First contractors share responsibility for welfare recipients with the FIA. However, since the two are not administratively linked, building and maintaining a relationship with each other is important so that clients are given consistent messages. Most contractors reported frequent communication with their partner FIA office, but some places have undertaken greater levels of collaboration. Examples of this include:

- Work First staff joining FIA workers when the latter go on case management visits to clients' homes;
- Regularly scheduled meetings with FIA staff to discuss particular cases (frequently the "hard-to-serve") and develop joint service strategy plans;
- Having an FIA staff member come over to the contractor's classroom once a week to talk to clients and discuss any issues they might have.

Job Development Strategies

Successful job development, many contractors note, means matching clients to employers on a variety of factors including client skills and resources as well as access to jobs. Strategies used to facilitate these matches include:

•Using information from client assessments to developing jobs leads while clients are in job club classroom activities. Upon completion of job club, developers pass on the leads to clients.

- Looking at transportation issues when doing job development. This strategy was highlighted in our report last year. Now, almost one fifth of contractors target job development efforts along bus lines or take into consideration a client's residence when doing job development.



- Targeting employers in close proximity to the Work First site: one provider noted that clients are accustomed to the route and feel comfortable coming to the area for work.

Services to Pregnant Clients



In Michigan, pregnant women are not exempt from work requirements. As a number of Work First managers mentioned, placing pregnant clients into jobs can be challenging. Employers may not want to hire an individual they think will soon leave the job. In two areas of the state, rather than have pregnant women search for work, a Work First contractor offers an alternative. These programs are designed to help women have a healthy pregnancy and prepare them for work after their baby is born.

In one program, clients meet for 4 weeks of classroom workshops. The curriculum is divided into three sections: 1) Pregnancy and health information; 2) Employability Skills / Job Readiness; 3) Life Skills.
After that, clients do unpaid internships or job simulations—a short term work experience placement-- to gain work experience. Job simulations occur at a local community college, and internships are with non-profit agencies. The goal of these placements is to give clients more work experience.

The second program is for clients who are in the later stages of a pregnancy. It is vocationally-based and provides workshops on parenting, child development and health issues. Although not a requirement for Work First, participants are required to receive prenatal care, and program staff ensure that this happens. Staff also help clients set up day care, address transportation issues, develop long-range career goals and form job search strategies for clients to use once the child reaches 13 weeks of age.

MORE INNOVATIVE PRACTICES

Other Services to Address Client Barriers to Employment

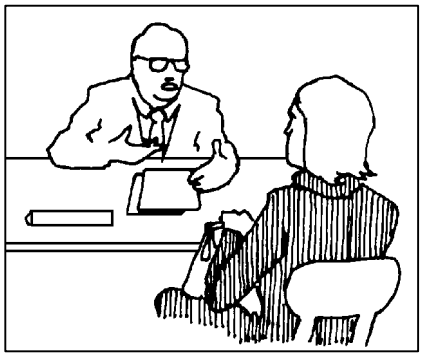
Because Work First is an employment program, staff may be proficient in teaching job seeking skills or developing job leads, but often do not have the training to identify certain barriers to employment, such as mental health problems. Staff can sometimes make referrals to other agencies, but workload constraints may make follow-up on those referrals difficult. In two areas, though, a community agency has a Work First contract to deal directly with such referrals:

Mental and Physical Health Barriers

If a client demonstrates behavior indicative of a mental or physical health problem, the Work First case manager will refer her to an organization which has a contract to evaluate such cases. There, a social worker performs an in-depth assessment of the client and makes the necessary referrals, for example, to the vocational rehabilitation agency if the client has a physical limitation. If appropriate, the social worker also may assist the client in applying for SSI benefits or with obtaining a temporary deferral from the work requirement if her health problem is of a short-term nature.

Domestic Violence

A representative from a local domestic violence shelter, which has a Work First contract, rotates among other local contractors, making presentations to clients and running group sessions on domestic violence and sexual assault. Once exposed to this organization, clients in abusive situations can then choose to work with the domestic violence shelter. In addition to providing counseling services, legal services, and a place to stay, the shelter offers job search and placement activities.



Specialized Staff

Some contractors have staff with the background and training required to deal with certain client issues:

At one program, staff are licensed social workers, and the agency running the program has a history of providing mental health services. Staff monitor compliance with Work First and, for those being treated for mental illness, compliance with medication regimens. Referrals for mental health services can be made in-house and closely followed.

Another program capitalizes on a staff person's prior experience working in a substance abuse program. This person leads an activity with clients at which time they discuss how drug and alcohol use can affect employability.

MANAGERS SUGGESTED IMPROVEMENTS TO WORK FIRST

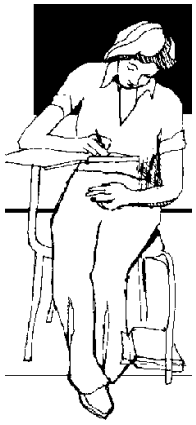
While the majority of Work First program managers support the notion of requiring clients to work, many have concerns about the current design of Work First. They suggest a number of enhancements to the typical job search models.

Problem: Lack of Training

A sentiment shared by many Work First program managers is that the program needs to find a balance between immediate job placement and training. Two commonly mentioned concerns are:

- Many jobs require a GED or some level of basic skills which many clients do not have and which the Work First program cannot provide in the limited time frame—4 weeks-- it has to work with clients; and

- Current training policy may not be realistic. In Michigan, clients who become employed have the option of participating in short-term training programs, as long as they maintain employment and are still on welfare. This post-employment training (PET) option, however, may not be the optimal solution to the employment vs. training issue. Many managers realize the difficulty of juggling work and single-parenthood within the first few months of starting employment. Others note that by the time a single mother is ready to manage work and training, she may be off the welfare rolls and no longer eligible for PET.



Managers' Suggested Solutions*

- Allow clients without a high school diploma/GED to engage in this activity—for a limited time-- prior to job search;
- Allow clients with extremely limited work experience to engage in very short pre-employment training;
- Change PET requirements so that clients can cut back on number of hours they work while they are in training.

*According to Federal law, these are allowable activities. However, no more than 20% of individuals can be in training and count toward Federal participation rates.

Problem: Services Not Comprehensive

Work First managers mostly agree that while the program has moved many welfare recipients into employment, certain services are lacking. Specifically, clients may lack the supports necessary to maintain employment, even if they are able to find work initially.

Managers' Suggested Solutions

- Make sure that clients do not leave the program to start a job without checking that they have back-up child care in place and have learned certain life skills, such as budgeting (especially important for clients whose bills are currently vendored);

- Create job retention programs for those who are employed. Services of this type could include continued Work First monitoring of employees' progress and service needs, workplace mentoring, and workshops on topics such as anger management, problem solving, and other skills crucial to balancing work and family.