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**Welfare-to-Work Grants
Programs: Adjusting to
Changing Circumstances**

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EXECUTIVE SUMMARY

The Welfare-to-Work (WtW) Grants program, authorized by Congress in 1998, has provided supplemental funding to state and local agencies for employment-related services to hard-to-employ welfare recipients and noncustodial parents of children eligible for assistance. The intent was to complement funds available through the federal welfare block grant, Temporary Assistance for Needy Families (TANF). WtW grant awards were made in phases by the U.S. Department of Labor (DOL) in 1998 and 1999, and most funds were distributed through the workforce investment system. Hundreds of programs were implemented with WtW grants, through various agencies and organizations, and all were required to coordinate with TANF agencies.

This report updates an earlier implementation analysis report issued in June 2002 as part of the national evaluation of the WtW grants program being conducted for the U.S. Department of Health and Human Services by Mathematica Policy Research, Inc., the Urban Institute, and Support Services International. That earlier report was based on structured site visits to eleven study programs in late 2001. However, several developments and trends since 2001 could have precipitated changes or adaptations at the program level: some WtW participants may be reaching their five-year lifetime limit on TANF; the federal WtW grants period is about to end nationwide; the implementation of the Workforce Investment Act (WIA) of 1998 is further along than in 2001; and the vibrant economy of the late 1990s has cooled, affecting the labor market and the fiscal condition of states.

This report examines the local evaluation sites with regard to three issues relating to these recent changes. First, it provides an update on the status of program operations and post-WtW plans. Second, it reports on whether and how WtW grant-funded programs have adapted to economic and policy circumstances. It also provides some indicators of program administrators' opinions about WtW and whether and how it affected service capacity in their communities. The information is based on follow-up telephone contacts made in the Spring of 2003 with administrators and key staff in each of the study sites, and review of updated program information provided by administrators.

UPDATE ON THE STATUS OF PROGRAM OPERATIONS

In most sites, some WtW grant-funded programs were still operating in 2003. Grantees had a maximum of five years to spend their grant funds (originally they were allowed three years, but Congress extended the period). The end of the funding period depends on when the grant was received, and the pace at which the grantee was enrolling participants and spending funds. As of spring 2003, some programs in all but two of the eleven study sites were still operating with grant funds. Grants in the other nine study sites were scheduled to end in 2003, although grantees in Chicago and Fort Worth will continue using WtW grant funds through mid-2004.

Program modifications were still occurring in 2003 in half the sites. In about half of the study sites still operating grant-funded programs in 2003, only minor service delivery changes had been made in 2002 and 2003. In the other half of the sites, though, a fair amount of program change had occurred; program models were modified, refined and improved, and in two sites new projects were begun with remaining grant funds. Some grantees thus continued to make adjustments to their programs even late in their grant periods, to incorporate lessons they had learned in earlier stages.

Sites still operating in 2002 and 2003 continued to enroll participants throughout 2002 and into 2003. Because programs were still operating, cumulative enrollment in the study sites continued to increase in 2003. The grant-funded programs in the study sites ranged in size from less than 200 to over 7,000. Across the eleven study sites, about 23,000 individuals had enrolled (cumulative from the start of the programs), for an average of about 2,000 per site (up from an average of about 1,650 per site in 2001).

In preparation for the grant phase-out, enrollment of new participants was halted in most study sites about six months before the end of their grant period. By spring 2003, all the grant-funded programs in the study sites had either stopped enrolling new participants or had plans to halt enrollment in the next six months. Five of the eleven grantees stopped enrolling new participants between 2001 and early 2003. Nearly every grantee stopped, or planned to stop, enrolling new participants about six months before the end of the grant period. About one month before the end of the funding, those participants still active in a grant-funded program were usually transferred or referred to other programs and agencies in the community, especially WIA-funded programs. In several sites, participants' services and activities continue uninterrupted when they are switched to a new funding source. However, in a few study sites, WtW programs and their unique activities ended when the grant funding ended, although their still-active participants were generally referred to other programs.

Several of the WtW-funded programs increased their efforts in 2002 to target certain populations, especially noncustodial parents. This seems to have occurred because recruitment and outreach for the general WtW-eligible population had stabilized (thus allowing programs to devote more attention to service delivery and special subgroups) and because there was more interest in and funding from other federal sources for programs working with fathers or ex-offenders. In four sites, programs increased substantially their emphasis on noncustodial fathers, by placing more priority on recruiting fathers, coordinating with other programs serving fathers, or increasing the number of fathers being served.

POST-WTW PLANS

In most sites, long-term funding is very uncertain. Administrators generally were quite concerned about their long-term ability to continue programs begun with WtW funding. Their concerns relate mainly to the limited prospects for funding through WIA and TANF for comprehensive services for the WtW-eligible welfare population.

Despite this long-term uncertainty, in about two-thirds of the study sites, some programs are likely to continue after WtW grant funding ends, at least in the short run. Several WtW-funded programs in the study sites expect to operate beyond the grant period with other funds, at least for a year or two. In some study sites administrators have found, or are actively seeking, other funds that will allow them to continue programs that had been funded by WtW grants. TANF and WIA are the major sources of funds that will be used to continue programs. Which activities and programs continue is determined in large part by what other funding sources the WtW grantee managed or controlled, what activities the TANF agency or WIA was interested in funding, and whether there were other funding opportunities the grantee agency could pursue.

ADJUSTMENTS RELATED TO TANF POLICIES

In the study sites, no WtW program adjustments were made in 2002 or 2003 in response to TANF time limits. As of mid-2003, TANF time limits did not seem to have had any noticeable effects on the types of services offered by WtW programs, although some TANF agencies had made changes to their own work programs and support services. Hypothetically, as TANF recipients approach their time limit, work programs or TANF case managers might guide individuals in certain directions to help make the transition easier; for example, they could encourage more immediate job placement to ensure that clients have earnings when their TANF payments stop. Administrators in the study sites noted that as of mid-2003, very few of the participants in their WtW grant-funded programs had reached TANF time limits, so they did not feel that programmatic changes were necessary.

TANF funds for work programs are becoming more scarce in some (but not all) sites. WIA and grantee administrators in some sites observed that TANF funds for work activities were becoming somewhat scarce, but that TANF funds remained the most important funding source for work programs, including those operating with WtW grant funds. Administrators in the WtW grantee agencies in two study sites reported that state TANF funds for work programs and related support services in their communities were lower than they were two years previously. In most study sites, though, grantee agencies or programs continued to have TANF service provider contracts at similar funding levels as in prior years, and in one site, the grant-funded program will continue to operate for at least two years with special TANF funding.

ADJUSTMENTS RELATED TO WIA POLICIES

WtW grant-funded programs were generally not affected by WIA or One-Stop implementation in 2002 or 2003. In all study sites, One-Stop Centers were already fully implemented when the grants programs started, and no major changes in the Centers were made in 2002 or 2003. In one study site, though, the local workforce investment board chose to focus on the general population of job seekers and dislocated workers rather than the disadvantaged, thus limiting the direct role of the One-Stop Center in providing

TANF-specific services and weakening the link between the WtW grant program and the TANF agency.

ADJUSTMENTS DUE TO THE ECONOMY

No major programmatic changes were made to WtW grant programs in 2002 and 2003 as a result of the slow economy. Despite the difficult economic conditions, administrators reported that participants in 2003 were still able to find jobs, but it was evidently taking longer to obtain employment and individuals had fewer job options. Administrators explained that in general their WtW program plans had already considered local economic cycles, so no major adjustments were necessary. In sites that had emphasized employer partnerships, though, there were reportedly fewer opportunities to continue or expand those partnerships after the grant period, because firms were less able to commit to hiring individuals who successfully completed programs.

WTW LEGACY

Grantee administrators expressed generally positive opinions about the WtW grants program, with the exception of their frustrations around the eligibility criteria. Several suggestions were made on how the program could have been improved. WIA administrators generally felt the WtW grants program had three positive systemic benefits: it helped to establish welfare recipients as a key customer group for the One-Stop Career Center system; it improved the working relationship between the welfare and workforce agencies; and it made it possible to devote resources to developing and testing new strategies (e.g., employer partnerships, transitional employment, retention services) for serving the hard-to-employ.

WtW's flexibility and focus on welfare is viewed positively by grantee administrators. Administrators specifically noted that from their perspective, (1) WtW helped increase their agency's interactions with the TANF agency, and (2) the local discretion allowed them to design what they consider to be innovative approaches to serving the hard-to-employ. In addition, some explained that they felt the WtW grants helped some community-based organizations gain more experience providing employment and training services, conducting intensive case management, and preparing proposals to obtain program funding. Some administrators also noted that the grants encouraged the development of creative service strategies for the hard-to-employ, such as employer partnerships, supported transitional employment, services for noncustodial parents, and post-employment case management.

Some grantee administrators felt that more federal priority on the WtW grants program might have helped alleviate early startup difficulties. Administrators offered several suggestions and recommendations that could have improved WtW. They felt that longer-term or permanent funding would have been preferable to short-term grants to allow them to develop and improve ongoing programs. In addition, some said they would

have welcomed more federal technical assistance on some issues, such as how to effectively recruit certain population groups or how to establish effective procedures for TANF agency staff to refer clients to WtW programs.

I. INTRODUCTION

Congress established the Welfare-to-Work (WtW) grants program as part of the Balanced Budget Act (BBA) of 1997. Its purpose was to provide additional resources to supplement the welfare reform funds included in the Temporary Assistance for Needy Families (TANF) block grants to states, which were authorized under the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996. The three billion dollar initiative was intended to support programs, especially in high-poverty communities, to assist the least employable, most disadvantaged welfare recipients make the transition from welfare to work. These funds were also available to help low-income noncustodial parents increase their earnings and better support their children.

The federal WtW funds were distributed by the U.S. Department of Labor (DOL) in 1998 and 1999. Three-quarters of the funds were distributed by formula to states, which were required to pass on 85 percent of their formula funds to local workforce investment boards (WIBs). The other quarter of the federal funds were distributed competitively based on grant applications from state and local agencies, nonprofit organizations, and public and private entities. Initially, grantees were expected to spend the funds within three years of their receipt, but amendments in 1999 extended the period to five years, meaning grants end in 2003 and 2004. (Appendix A provides general background information about the WtW grants program funding and eligibility criteria.)

Congress mandated that the WtW grants program be evaluated by the U.S. Department of Health and Human Services (DHHS). Under contract from DHHS, Mathematica Policy Research, Inc., along with its subcontractors the Urban Institute and

Support Services International, is conducting the national evaluation to document implementation of WtW programs and employment and welfare outcomes for program participants. This is one of several reports based on the national evaluation, which has four components:

- **A Descriptive Assessment of All WtW Grantees**, based on two surveys of all WtW grantees nationwide to document the planning phase and early program operations.¹
- **Process and Implementation Analysis**, based on exploratory visits to 22 local WtW grant-funded programs, and more detailed analysis of programs in eleven study sites.²
- **Program Cost Analysis** in nine of the eleven study sites, documenting the total program costs and participant costs by service category and grantees.³
- **Outcomes Analysis** in nine of the eleven study sites, describing the characteristics and subsequent employment experiences of enrollees in WtW-funded programs.⁴

Since our last site visits in 2001, several developments and trends might have changed the context within which the WtW programs are implemented, each of which could have precipitated changes or adaptations at the program level. The current report updates information included in the June 2002 process and implementation analysis

¹For results from nationwide surveys of grantees see (1) Irma Perez-Johnson and Alan Hershey, *Early Implementation of the Welfare-to-Work Grants Program: Report to Congress*. Princeton, NJ: Mathematica Policy Research, Inc., March 1999; and (2) Irma Perez-Johnson, Alan Hershey, and Jeanne Bellotti, *Further Progress, Persistent Constraints: Findings From a Second Survey of the Welfare-to-Work Grants Program*. Princeton, NJ: Mathematica Policy Research Inc., April 2000.

²For results of the exploratory site visits, see Demetra Smith Nightingale, Terri Thompson, Nancy Pindus, Pamela Holcomb, Edgar Lee, Jesse Valente, and John Trutko, *Early Implementation of the Welfare-to-Work Grants Programs: Findings from Exploratory Site Visits and Review of Program Plans*. Washington, DC: The Urban Institute, February 2000.

³See Irma Perez-Johnson, Debra Strong, and Michelle Van Noy, *Understanding the Costs of the DOL Welfare-to-Work Grants Program*. Princeton, NJ: Mathematica Policy Research, Inc., August 2002.

⁴The final outcomes analysis report is in draft and will be released in late 2003 or early 2004.

report.⁵ The 2002 report described the components, services, structure, management, and operations of the programs funded with WtW grants in study sites. That report was based on researcher site visits to each of the study sites in 2001 and described the programs as they existed at that time.

Thus, the purpose of this report is to document how grantees have adapted as they approach or reach the ends of their WtW grant periods and how other conditions in 2002 and 2003--particularly the slow economy and any state policies related to TANF or the Workforce Investment Act (WIA)—have affected their programs. The information is based upon follow-up discussions held in mid-2003 with key administrators in each of the eleven study sites. The next chapter describes the operations of the WtW grant-funded programs in the study sites in 2003. Chapter III summarizes how WtW grantees and programs adapted to economic conditions and TANF or WIA policy changes in 2002 and 2003, and Chapter IV discusses the legacy and lessons of WtW from the perspective of grantee agency administrators in the study sites.

⁵For the full analysis, see Demetra Smith Nightingale, Nancy Pindus, and John Trutko, *The Implementation of Welfare-to-Work Grant Programs* Washington, DC: Urban Institute, June 2002

II. WtW OPERATIONS IN 2003

The first WtW grants were awarded by DOL in 1998 and grantees had five years in which to use their funds. Some grantees spent all their funds within two or three years, but most distributed their resources over a longer period of time. All grants will end by mid-2004. This chapter first describes the status of the grants and program operations in the study sites as of Spring 2003, and then discusses adjustments being made in response to the imminent end of the grants, economic conditions, and TANF and WIA policies. The information presented is based on discussions held with grantee and program administrators in mid-2003. As discussed in the following sections, in Spring 2003, most grantees were approaching the end of their WtW grant period—only two had already reached the end. Thus, many grant-funded programs were still operating in 2003, and administrators were planning for the end of the grant period.

A. UPDATE ON THE STATUS OF PROGRAM OPERATIONS

In most study sites, as of Spring 2003, projects were still operating with either their original WtW grants or with other funds. The study sites are shown in Exhibit 1, along with their grant period and funding levels, and key features of their programs. As discussed below, in most sites the same programs were being implemented as had existed in 2001, although some notable service modifications had been introduced in 2002 as programs continued to evolve and as staff prepared for the end of the WtW grant funding. Enrollment continued through 2002 in most sites.

Exhibit 1. WtW Evaluation In-Depth Study Sites

Study Site and Grantee/Host Agency	Program Period	Name of the Program	Distinctive Program Features	WtW Funding
Boston. Office of Jobs and Community Service in Economic Development and Industrialization Corp.	12/1998-12/2003	Employer-Sponsored Programs	Partnerships between employers (commitment to hire) and nonprofit organizations (6-8 week pre-employment, case management, and post-employment support)	\$11.3 million (Formula Grant FY1998, FY1999)
Chicago. Mayor's Office of Workforce Devel.	7/1999-7/2004	Welfare-to-Work Program	26 separate subgrantee agencies, each with unique programs	\$60 million (Formula Grant FY1998, FY1999; Competitive Grants Round 1 & 2)
Fort Worth. Tarrant County Workforce Devel. Board (a.k.a. Work Advantage)	8/1999-8/2004	Welfare-to-Work Program	10 separate subgrantee agencies, each with unique rapid work attachment programs	\$7.2 million (Formula Grant FY1998, FY1999; Competitive Grant Round 2)
Southeastern Indiana (19- county area). River Valley Resources, Inc.	6/1998-6/2003	Welfare-to-Work Program	19 rural counties served by RVR branches providing intensive case management, job placement, and subsidized jobs	\$7 million (Formula Grant FY1998, FY1999; Competitive Grant Round 1)
Milwaukee. Wisconsin Dept. of Corrections, Div. of Community Corrections, Reg. 3 Milwaukee County	6/1998-6/2003	Nontraditional Opportunities for Work (NOW) Program	DOC-NOW arranges for noncustodial fathers on probation or parole to receive employment and job retention services through state W-2 (TANF and workforce development) agencies	\$2 million (state 15% Formula Funds; DOC Funds)
Nashville. Nashville Career Advancement Center	9/1998-3/2004	Nashville Works/Pathways Program	Structured monthly peer support and individualized employability plans, intensive case management, and problem-solving	\$4.2 million (Competitive Grant Round 2)
Philadelphia. Transitional Work Corporation	6/1998-6/2003	Phil@Work Program	Two weeks of job readiness class, then 6 months of paid community service job, then placement in regular job.	\$22.4 million (Formula Grant FY1998, FY1999; Competitive Grant; state 15% Formula Funds; & Pew Charitable Trust Grant)
Phoenix. City of Phoenix Human Services Dept., Employment and Training Div.	12/1998-12/2001	Employment and Respect Now (EARN) Alliance	Three weeks of pre-employment preparation, then job placement and retention support	\$5.95 million (Competitive Grant, Formula Grant FY1998)
West Virginia (29-county area). Human Resources Development Foundation	6/1998-6/2003	Comprehensive Employment Program	Four-week job readiness workshop, then graduated-stress supported work experience for 6 months, with skills training when possible; job placement and wage supplement	\$4.9 million (Competitive Grant Round 2)
Yakima WA. Tri-County Workforce Development Council (formerly Tri-Valley PIC)	9/1998-9/2003	Welfare-to-Work Program	Individualized case management, job search assistance, job placement, subsidized work, supportive services; and separate program for noncustodial parents owing child support	\$6.4 million (Formula Grant FY1998, FY1999 Formula Funds; State 15% Formula Funds)
Baltimore County, MD; St. Lucie, FL; Long Beach, CA. Johns Hopkins University. Institute for Policy Studies, SCANS2000	12/1999-12/2001	Career Transcript System (CTS)	Workplace liaisons through community colleges work with employed individuals and their employers to promote retention and career advancement	\$5 million for 8 sites, 3 of which are in the evaluation (multi-site Competitive Grant Round 2)

Source: Review of grantee applications and information as reported by program administrators during research site visits in 1999, 2000, and 2001.

1. Grant Status in 2003

As of April 2003, in all but two of the study sites, some projects were still operating with WtW grant funds. As shown in Exhibit 1, the end dates for WtW funding in the study sites ranged from late 2001 (Phoenix and JHU-CTS) to mid-2004 (Chicago, Tarrant County, and Nashville). In the other study sites, grants were scheduled to end in 2003.

Thus, some WtW grant funds will continue to be used through mid-2004, especially those operated by agencies that received subcontracts from a primary grantee. For example, in Boston, Chicago and Fort Worth, where the WtW grantee is the local WIA administrative agency, the WtW grants were used to fund several separate programs. In all three cities, subcontracts will be in effect through mid-2004. In Boston, four of the employer partnership programs will have some funds through late 2003. In Chicago, twelve separately contracted programs were still operating in April 2003 and scheduled to conclude by the end of 2003. One new program, targeting welfare mothers with substance abuse problems, was also funded in mid-2002 and is scheduled to operate through March 2004. In Fort Worth, the final WtW funds were used to fund a nonprofit agency to provide employment services to noncustodial parents at the courthouse. The NCP initiative is scheduled to operate through March 2004 with WtW funds.

It is possible for projects to extend their operations by obtaining WtW funds from other grantees that have later grant periods.⁶ The only example of this in our study sites was in Nashville, where Nashville Works obtained a sub-grant from a third-round competitive grantee, Centerstone Community Mental Health Services, allowing them to continue the Pathways project (begun with their own WtW grant) through mid-2004.

⁶ While it is possible for projects to have WtW grants from more than one grantee, there is no information on how prevalent this arrangement is nationwide.

2. Programs and Services in 2003

About half of the programs still active in 2003 were operating basically as they had in 2001, although some minor modifications were being made as they prepared for the phase-out of the grant. In the other half of active programs in the study sites, a fair amount of program change was initiated in 2002 and 2003--program models and services were modified, and in some places new projects were just beginning.

Program Modifications

Program modifications were made in 2002 and 2003 for two general reasons: (1) to continue to refine or improve the basic program model based on ongoing experience, and (2) to alter the client flow in preparation for the end of the WtW grant.

Refining Program Models. Administrators were asked to describe the types of changes that had been made to their programs since our last visit in 2001. Our earlier visits had identified three general types of programs, although in many places the program service models were still being refined in 2001. The three types of programs identified were:

- *Enhanced Direct Employment Programs*, where the emphasis is on providing participants with individualized pre-employment support, counseling, and case management, along with post-employment services for usually a year.
- *Developmental/Transitional Employment Programs*, where the program emphasizes skills development, often along with transitional, subsidized, or community service employment.
- *Intensive Post-Employment Skills Development Programs*, where the primary objective is to improve both job retention and specific occupational skills primarily by working with individuals after they start a job.

In general, the same program models were operating in 2003, but several administrators explained that they had incorporated new approaches or modified their

staff services based on the experience they had gained in the previous two years about how their programs could be improved. The Philadelphia TWC program, for example, shifted to an interdisciplinary case management model, assigning staff to work in teams to assist participants. Similarly, the Milwaukee NOW program added new service components, such as short-term paid work experience jobs and anger management workshops to address specific income and behavioral needs of the noncustodial fathers on parole or probation that they were serving.

Changing the Client Flow. The most common program modifications made in 2002 and 2003 related to preparing for the end of the WtW grants. Programs were not altered in major ways, but arrangements were made to help transition WtW participants still active when the grant ends to other programs or funding sources.

In most study sites where WtW programs had already ended at the time of our contact, WtW participants active when the funding ended had been referred to One-Stop Career Centers or other employment and training programs in the community. The referrals usually began about one month before the end of the grant period. In sites where the WtW grantee is the WIA agency, this referral process was evidently quite “seamless,” requiring minimal action on the part of the participant and services usually continued without interruption.

For instance, in Phoenix EARN and all of the projects in Chicago funded by the Workforce Agency’s WtW grant, staff helped participants create individual plans to follow when their program ended. Administrators in both Phoenix and Chicago explained that nearly all those who were still actively participating when program funding ended were absorbed by other programs funded by WIA and/or TANF. In both sites, most

WtW participants were referred to other programs or One-Stop Centers. The situation in Tarrant County, Texas, was even more direct since the WtW grantee also has responsibility for TANF and Food Stamps work programs as well as being the WIA agency. The availability of these various funding sources (e.g., WIA, TANF, and Food Stamps Employment and Training) enabled most participants in WtW-funded programs to complete their activities even after WtW funds ended.

New Programs

While most WtW grantees and projects were beginning to phase down in 2002 and transition participants to other programs, two study grantees (WIA agencies in Chicago and Tarrant County, Texas) used some of their remaining grants to fund new projects that started in 2002. The decision to start new programs with their remaining funds in part reflects the optimism in those sites that other funding sources will be identified to continue the programs after the WtW grant ends. In both sites several of the earliest WtW-funded projects also continued to operate. In Chicago in 2003, the WtW grantee (the Mayors Office of Workforce Development, or MOWD) was still funding over a dozen programs with WtW funds. A couple of programs had ended, but a new program, Working Together, started in April 2002, and is scheduled to continue with WtW funding through March 2004. This new program is a joint MOWD and Public Health initiative, for TANF clients meeting WtW eligibility criteria and having substance abuse problems. It is administered by South West Women Working Together, a non-profit organization, and provides job training, in-/out-patient substance abuse treatment, and other services.

Similarly, in Tarrant County, Texas, the WIA agency, Work Advantage, continues to fund several projects with their formula and competitive WtW grants, and is using some

of the remaining grant funds to support new services for noncustodial parents (NCPs). Work Advantage is contracting with a nonprofit human service agency to provide services for NCPs, collaborating with the Tarrant County Fatherhood Coalition to promote responsible fatherhood and expansion of employment services available to NCPs in Tarrant County.

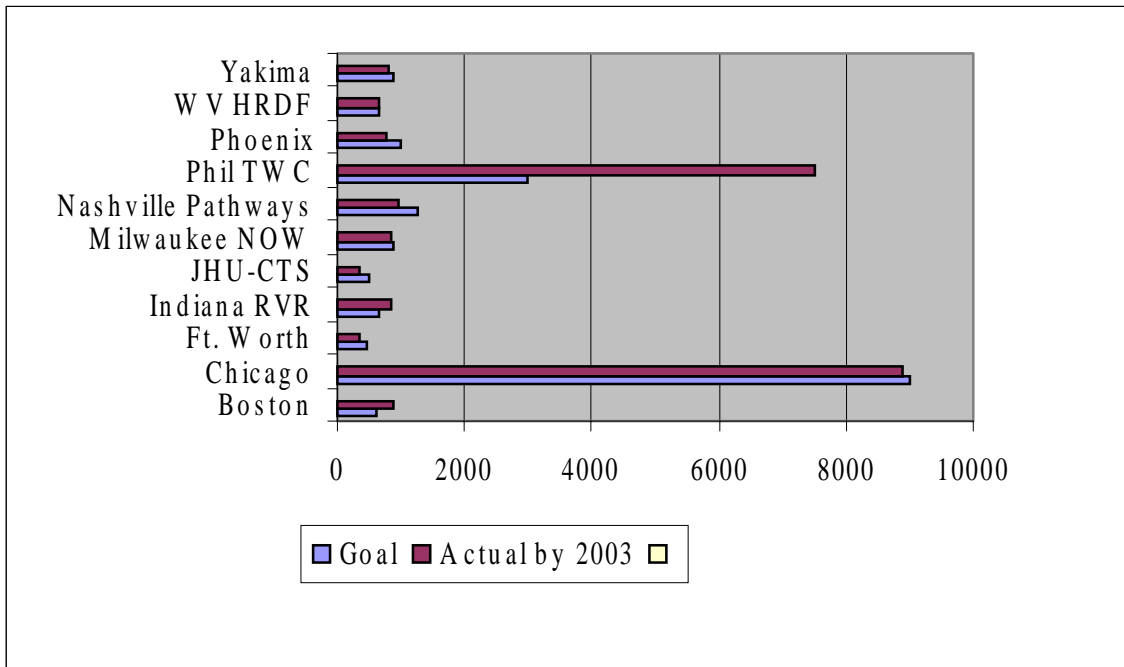
3. Enrollment Levels in 2003

A particularly important aspect of the implementation of the WtW grant-funded programs was that the start-up phase was quite slow. It took about two years in most sites to establish intake, enrollment, outreach, and recruitment procedures. The time extension granted by Congress in 1999 allowed programs more time that would presumably help them reach their goals. But the slow start meant that cumulative enrollment levels by 2002, after three years, were still lower than administrators had initially planned.

By design, the programs are relatively smallscale in terms of numbers of participants (compared, for example, to TANF work programs which often serve nearly all adult welfare recipients in a community). The programs range in size from less than 200 in each of the JHU projects and some small projects in Chicago and Fort Worth, to over 7,000 in the TWC program in Philadelphia (funded partly by WtW grants). Most of the programs had difficulty with enrollment and recruitment early in the grant period. After two years, programs had incorporated various types of outreach and recruitment that helped increase enrollment, and most programs extended their operational timetable to use the entire five-year period. As a result, by mid-2003 all the study grantees except Nashville had reached or were close to reaching their original enrollment goals over the

five-year period allowed by Congress (compared to the original legislation which allowed three years) (Exhibit 2). Three sites (Philadelphia TWC, Boston, and Indiana RVR) exceeded their planned enrollment levels.

Exhibit 2. Planned and Actual Enrollment, WtW Programs In Study Sites, April 2003



Because many WtW-funded projects were still operating in 2003, total cumulative enrollments had increased over the 2001 level noted in our 2002 report. By April 2003, about 23,000 individuals (cumulative total from the start of the programs) had enrolled in the eleven sites studied (up from about 18,000 in mid-2001), for an average of about 2,000 per site (up from an average of about 1,650 per site in mid 2001).

By early 2003, all WtW programs in the study sites had either already stopped enrolling new participants into the WtW-funded projects or had plans to halt enrollment before their grant funding ends. Five of the eleven grantees (Boston, Milwaukee, JHU-

CTS, Phoenix, and West Virginia HRDF) had stopped enrolling participants in WtW sometime between mid-2001 and early 2003. The other six study grantees plan to halt formal enrollment for WtW purposes later in 2003 or early 2004. Administrators explained that they will continue to serve enrolled participants as long as possible with WtW funds, but plan to stop enlisting new participants at least a few months before the end of the grant funding.

To summarize enrollment activities in the six study sites where programs were still operating as of April 2003:

- Yakima and Fort Worth had stopped enrolling new TANF participants into the basic WtW grant-funded component, but participants were still being enrolled into the special WtW grant-funded project for noncustodial parents.
- In Chicago, several programs stopped enrollment in 2002, and each of the original programs that were still operating in 2003 were planning to stop official enrollment for WtW purposes no later than one month before their project end dates. Since they all expect to continue to operate with other (non-WtW) funds, those participants still active would be transferred to other funding sources. The newest WtW-funded program for TANF recipients with substance abuse problems will continue to enroll participants into early 2004.
- Indiana RVR projects were still enrolling clients, but had stopped recruiting due to limited funds remaining.
- Nashville Pathways was still enrolling new participants, and will do so until early 2004.
- Philadelphia TWC was also still enrolling new clients with no plans to halt enrollment. Once the WtW grant ends, participants will be served with other (mainly state TANF) funds.

4. Population Targeting

All nine of the study sites still operating in 2003 were serving the same types of WtW-eligible individuals they had been serving since the start of the grant. In general, programs were serving any individuals who met the federal WtW eligibility criteria. In a few sites, programs targeted special populations for whom the programs were originally developed (e.g., noncustodial fathers on probation or parole in Milwaukee).

In addition, in about one-third of the sites, administrators indicated that in 2002 and 2003 they had increased their focus on some special group—particularly noncustodial parents—usually in addition to serving the general WtW eligible population. The Chicago Workforce Board added a new WtW-funded program, Working Together, specifically targeting TANF recipients with substance abuse problems.

In the study sites, “increased focus” on certain groups means either (1) placing more priority on recruiting specific populations, (2) having more active coordination of services or referrals with other programs serving the group, and/or (3) increasing the number of target group individuals served.

In 2001 most of the programs had been focused on serving any parents who met the WtW eligibility criteria established by Congress, although the law did allow programs to specialize, or target, specific subgroups. In general, though, in 2001, programs were serving custodial mothers receiving TANF who met the WtW eligibility criteria. More specifically, with the exception of the NOW program in Milwaukee and the SHARE program in Yakima, few noncustodial parents were participating in the study programs, although most administrators expressed a desire to serve them. At that time, program administrators explained that while they were interested in serving noncustodial parents,

especially fathers, they had not yet done so for a variety of reasons including early difficulties identifying and engaging this group and other pressing operational issues related to the challenges of conducting outreach and recruitment for the general eligible groups.

By 2003, some administrators indicated that they were emphasizing NCPs more than they had in the past. Two explained that they had been interested in serving this population from the beginning of WtW, but because they had to devote so much effort to general recruitment and enrollment of eligible individuals, that had not been possible. Once the core projects reached a steady state, these administrators then turned their attention to NCPs.

The expansion of services to NCPs in WtW programs also appears to have occurred because of a general increase in the availability of other funds to serve both noncustodial fathers and ex-offenders. Several WtW administrators, for example, noted that their agency or other agencies in their community had “fatherhood grants” from federal or state child support enforcement agencies or from private foundations. Some also explained that they had “prisoner reentry grants” from either DOL or the Department of Justice. These other grants were being used in combination with remaining WtW grant funds to serve low-income fathers with employment barriers. Some grantee administrators reported that they are also actively planning to expand programs for non-custodial fathers in their agencies, and that their experience with WtW grants was part of a longer-term plan. In Fort Worth, Yakima, and West Virginia, for example, long-range plans in the grantee agencies include expanding programs for NCPs. Exhibit 3 describes a few of the NCP initiatives in study sites.

Exhibit 3.
Selected Profiles of WtW Programs Targeting Noncustodial Parents

Beginning in 2002, Work Advantage in Tarrant Co., TX used WtW funds for a staff person located at the courts to help NCPs secure work and navigate the child support system. Work Advantage also began working closely with the Attorney General and the state's child support enforcement agency to identify and secure additional funds to develop employment programs for NCPs. Work Advantage will receive Project RIO (Reintegration of Offenders) funding starting in 2003. Project RIO is a joint initiative of the Texas Workforce Commission, the Texas Department of Criminal Justice, the State Youth Commission, local WIBs, and local school districts. Project RIO funding will supplement remaining WtW funds to expand services for NCPs (especially ex-offenders) in Tarrant County. Both the number and types of NCPs served through WtW-funded programs in Ft. Worth have expanded over time. Where originally the program had planned to serve primarily homeless and substance abusing NCPs, the program expanded to serve a wide range of low-income/disadvantaged NCPs.

The Yakima WtW grant had been used by the Workforce Development Board from the beginning to implement the SHARE (Support Has A Rewarding Effect) program for NCPs, in addition to a general employment WtW program for all who met the eligibility criteria. A decision was made in 2002 to devote the remaining WtW funds to SHARE, mainly because, unlike TANF mothers, these individuals are not eligible for Community Jobs, a state-funded paid-work program for TANF recipients. The funds are going to People for People, the main contractor for serving NCPs. NCPs are still recruited the same way as they have been since the beginning of the program, through the Prosecuting Attorney's Office.

B. POST-WTW PLANS

Of course, one of the most important issues facing WtW-funded programs is that the grant periods will soon end nationwide, if they have not already ended. Some of the study grantees had, in fact, reached the end of their funding periods in late 2001 or early

2002; all will terminate by mid-2004. We were interested in learning whether grant-funded programs in the study sites were planning to continue even after the grant period expires, and, if so, what funding would support the programs. In particular, we asked whether TANF or WIA funding was likely to cover the costs of programs that had operated with WtW grant funds and whether they expect to continue to serve TANF recipients in the future.

1. Will Programs Continue?

As of mid-2003, most of the WtW grantees studied hoped to continue operating one or more of their grant-funded projects, or a similar project, for at least a year (Exhibit 4). That is, some of the program models implemented with WtW grants, and usually developed specifically for the grants initiative, may continue in some form. For example, in Boston, two of the employer partnership programs are continuing even though the WtW grants to those programs ended. The business partners have decided to fund the program themselves for at least one year. The Boston grantee agency is also interested in sponsoring similar projects in the future, although currently there are no funds available to do so. In Chicago and Tarrant County (Texas), most of the WtW-funded programs, operated mainly by nonprofit service organizations, are continuing with WIA and/or TANF funds.

The Phil@Work program operated by the Transitional Work Corporation in Philadelphia is somewhat unique among the study sites in that it was begun before the WtW grants program, and will continue after the grant funds end. The grants from the local WIB and the state represented a major portion of the program's total funds, but grants from private foundations and the state TANF agency are the main sources of

funding. The TANF agency has committed to provide a special contract to TWC to continue the program for at least one more year, and expectations are that funds will continue beyond that time as well.

**Exhibit 4. Plans to Continue WtW Programs
After the Grant Expires, by Study Site**

Study Site	WtW Program is Expected to Continue if Funds are Identified	No plans to Continue WtW Program
Boston	X (some of the programs)	
Chicago	X (several of the programs)	
Tarrant County, TX	X (some of the programs)	
Indiana RVR	X	
Milwaukee DOC	X	
Nashville NCAC	X	
Philadelphia TWC	X	
Phoenix EARN		X
West Va. HRDF		X
Yakima, WA	X	
JHU-CTS Baltimore County		X
JHU-CTS Ft. Lucie FL		X
JHU-CTS Long Beach		X

Administrators in Milwaukee NOW, Nashville Pathways, Indiana RVR and Yakima hope that they will be able to continue programs, but at the time of our discussions, no final decisions had been made.

In the remaining three sites—Phoenix EARN, HRDF in West Virginia, and the JHU-CTS projects—the WtW-funded programs have ended and are not continuing.

2. What Funding Sources are Used to Continue the Programs?

Thus, by 2003, in several study sites, it had already been determined that at least some of the WtW-funded projects will continue after the grant period with other funding—mainly from TANF and WIA. In some places there is only short-term funding, but in some sites longer-term funding is expected, usually because the program operator is already a WIA or TANF contractor or because the grantee is the WIA agency.

In sites where the WtW grantee is also the WIA agency, WIA funds appear to be particularly accessible. Those grantees seem to have had more success in identifying other sources of funds to continue programs than independent agency grantees (i.e., independent nonprofit organizations). This perhaps reflects the fact that WIA agencies tend to have multiple funding sources and programs. In Chicago and Tarrant County, Texas, for example, the WIA agencies used their WtW grants to fund several separate projects, most operated by nonprofit community-based organizations. In each of these two sites, WIA administrators reported that most of the projects funded by WtW grants are continuing with WIA, TANF and other funds.

WtW grantees that administer WIA and also are TANF contractors are often able to access TANF funds to continue the program. For example, in Tarrant County, Texas, the WIA agency, which also administers the TANF and Food Stamps work programs, continues to fund many of the programs that had operated with WtW grant funds using a combination of sources including TANF, WIA, Food Stamps Employment and Training, special grant funds for retention services for TANF recipients, employment services for

public housing residents and, most recently, for ex-offenders. Similarly, in both Yakima and Phoenix, where the WtW grantee is the local WIA agency, many former WtW participants are being served through the One-Stop with WIA funds. In Yakima, many WtW participants also participate in the state TANF-funded Community Jobs Program.

Even in sites where the WtW grantee has no formal contract with or funding from TANF, their program subgrantees may be TANF contractors. In Chicago, for example, the WIA agency (and WtW grantee) has no formal contractual role with TANF, but most of its WtW operators do. (Two of the WtW project operators are also One-Stop operators.) A diverse funding base allows each organization to continue to operate the same or similar programs that had been developed with WtW funds. The total budgets of the post-WtW projects in the Chicago agencies are considerably lower than they had been with the WtW funds, and, therefore, fewer individuals can be served, but the basic WtW models are continuing to operate.

Not all administrators were confident about the long-term viability of the projects. A couple of administrators in grantee agencies in Massachusetts and Washington State specifically mentioned their concerns about future funding for work programs for TANF recipients because they fear that both TANF and WIA funds may decline in coming years. In Boston, for example, the state budget situation is currently strained to the point that some TANF-funded programs and supports have been reduced, including contracts to One-Stop Centers for assessment and referral to work programs. Some corporate and city funding in Boston will sustain a few of the former WtW programs for a year or two, but it is unclear whether long-term funding will be possible. And Nashville Pathways is continuing through March 2004 with WtW funding from a different Round 3 competitive

grantee. However, the WIA agency no longer has TANF funding, and the prospects for longer-term funding of Pathways are uncertain.

WtW grantees that are nonprofit organizations seem to have more difficulty continuing programs than those that are WIA agencies. The notable exception in the study sites is the Philadelphia TWC program, which will continue with strong financial support from foundations and from the state TANF agency. Other nonprofit grantees, though, are struggling to piece together funding to keep programs going and are seriously concerned about funds over the next few years. HRDF in West Virginia, for example, received some state TANF funding for a direct job placement model, and other TANF contracts for special initiatives such as the Wheels-to-Work transportation project, but the WtW CEP model is not continuing.

III. ADAPTING TO THE ECONOMIC AND POLICY CONTEXT

The environment within which WtW grantees and programs operate is defined by the economy and by policies governing TANF and WIA. One might expect that both the local economy and state or local policies might affect WtW program operations, or cause administrators to change their service delivery system in some way. In general, though, we found that WtW grant-funded programs in the study sites have not made service delivery changes in response to the economy, TANF policies, or WIA policies. While the slow economy has reportedly affected how quickly participants are able to enter employment, administrators in most sites indicated that they did not find it necessary to change their programs because of the poor economy. Neither have the programs made changes because of the TANF time limits, in part because very few participants in these programs have reached their TANF time limit. No major changes were made to these WtW programs as a result of One-Stop Centers or WIA policies either. However, several program administrators noted that state TANF funds were becoming increasingly tight and that in some places TANF funds for work activities and related support services such as child care have been reduced and that those reductions affect WtW programs. That is, the fiscal effect of the poor economy on state budgets has affected some WtW programs that depended on state-funded services for their participants.

A. PROGRAM ADJUSTMENTS DUE TO POLICY FACTORS

In addition to requesting an update about the status of program operations, we asked administrators in the study sites about adjustments WtW grantees and program operators made in response to policy developments. We asked (1) whether there have been any

WtW program adjustments as recipients started to reach their TANF five-year time limit or because of any other TANF policies; and (2) whether there have been any operational changes related to the full implementation of the Workforce Investment Act and One-Stop Centers, given that many of the WtW grantees were WIA administrative agencies.

1. Are WtW Grant-Funded Programs Affected by TANF Policies or Funding?

None of the WtW grantees or program operators in the study sites is a TANF agency, but all of the programs are affected in one way or another by TANF policies, since most WtW participants are current or former recipients of TANF cash assistance. In addition, many of the WtW programs are operated by agencies that also have TANF contracts to provide work-related services to TANF recipients. Thus, both the time limits and the block grant mechanism itself could affect programs like those operated with WtW grants, either because some participants might be reaching their welfare time limit, or because TANF funds and WtW grant funds are “blended” in many programs.

TANF Time Limits

Nationwide, TANF recipients began to reach the federal five-year limit on the receipt of welfare in late 2001. We asked WtW administrators whether the federal five-year TANF time limit has had an effect on their own programs and whether any program modifications were made in light of the fact that some of their participants might be reaching their TANF time limits. If work program participants are approaching their TANF time limits, it is possible that programs might alter their strategies in some way to help individuals prepare for the loss of benefits. For instance, the service delivery model might be altered to accelerate entry into jobs, rather than encouraging enrollment into extended training or education programs.

In 2003, TANF time limits did not seem to have any noticeable effects on either the types of services offered by WtW programs in the study sites or on the number or types of clients served. Administrators in some sites indicated that they had expected to see a substantial number of clients reaching the time limit and going off assistance, but as of Spring 2003, it had yet to happen. None of the WtW administrators in the study sites reported any specific program adjustments made to accommodate the needs of clients who had reached or were close to reaching the time limits. Of course, this is not to say that the TANF-funded work programs themselves have not changed, or that TANF recipients have not been affected by time limits, just that in mid-2003 time limits had not had much effect on programs in the study sites funded with WtW grants.

There are some obvious reasons why these programs have not changed as TANF time limits take effect. First, WtW grantee administrators explained that their state TANF agencies have various policies in place that act as alternatives to the time limit that appear to help buffer the effects of time limits. Some clients can receive extensions of or exemptions from the time limit, and in some states, some individuals can be transferred from TANF-funded benefits to a state program, meaning their monthly welfare checks continue. In Tennessee, for example, a TANF customer service review process requires that a client's time clock be restarted if it can be shown that the client was denied any available services while receiving benefits. Welfare recipients also can move in and out of the time-limited system while receiving various work-related services or participating in approved work programs such as those funded with WtW grants. Similarly, in Washington State, TANF clients are not terminated from receipt of benefits if they continue to participate in some work program; instead they continue to receive benefits

under the state-funded program. No participants in the Yakima WtW programs have had their welfare benefits terminated due to time limits, although a few had exceeded the 60 months and were moved to the state program. Staff from TWC in Philadelphia also noted a TANF “time-out” policy, which allows the TANF clock to be stopped for up to one year for various reasons (e.g., short-term physical problems) if a client continues to meet other requirements.

Thus, while policy and program changes may be occurring *in the TANF agency* in response to the five-year time limit, no additional programmatic changes were identified in the specific programs funded by WtW grants in the study sites. This was true in sites where some TANF funds were being contributed to the program as well as in programs that used WtW funds exclusively.

A second reason why WtW grant-funded programs evidently have not felt it necessary to change programs in response to time limits relates to the flexibility in the WtW eligibility criteria. Several administrators in study sites noted that even if participants lost their TANF status, they would still be eligible for WtW services and most also would be able to continue receiving food stamps and child care. The main program concern would be to identify components or employment that would provide income if TANF payments stop. In programs that use WIA funds as well as WtW and, often, TANF funds, administrators noted that if they were to have any participants reach the point of having their welfare checks terminated, they felt it would not interfere with their ability to complete the program because individuals remained eligible for employment services under WIA whether or not they were receiving TANF.

TANF Funds

While the WtW grant programs in the study sites have not been affected by TANF time limits, there is some evidence that TANF block grant funding constraints have affected these and other work programs in some (but not all) sites. Administrators in a few of the study sites indicated that TANF funds for work activities are becoming somewhat scarce, although they remain an important funding source for work programs in most places, including those operating with WtW grant funds. Again, it is important to note that the administrators with whom we spoke are not in the TANF agencies. Their observations convey the perspective of TANF contractors and service providers, who may not necessarily know why TANF resources seem more scarce in the past year.

In some study sites, administrators reported that state TANF funds for work programs and related support services in 2003 were lower than they had been two years earlier, and that they were concerned about future TANF funds for work and training activities and for child care. Some administrators noted that they had heard that TANF caseloads were increasing (although they could not confirm this) and that block grant funds for work programs were going to be redirected to pay for cash benefits. In two sites, program administrators explained that state budget reductions were occurring in all agencies, and not just in the TANF agency.

The operational result of tight state fiscal conditions is that in some study sites, there is anxiety about possible service cuts in the coming year, or concern because of budget reductions that have already occurred. In Boston, for example, tight fiscal constraints have reportedly resulted in termination of some TANF contracts and programs, including contracts with One-Stop Career Centers to assess and refer TANF recipients to work or

training programs. The ten-year-old TANF Employment Services Program which funded skills training for TANF recipients in Massachusetts was terminated suddenly in June 2003 (six months early). That loss, together with the discontinuation of TANF contracts to the One-Stop Centers, called Career Centers, for structured job search and the elimination of TANF transportation money, contributed to the characterization of the TANF funding situation in that city as “grim.” Grantee agencies in West Virginia and Indiana also reported substantial reduction in TANF funding to their agencies, which at least indirectly affected WtW participants who were faced with reduced service options in their communities.

2. Are WtW Grant-Funded Programs Affected by the Implementation of WIA?

Like TANF, the local WIA and One-Stop service delivery system is an important partner in the WtW grants program. Workforce investment boards are the most common local administrative entity for WtW grants, because according to the legislation, WIBs receive most of the state’s formula grant funding, and also because many agencies also received some WtW competitive grants. In sites where the One-Stop Centers are directly involved with the WtW grant-funded programs, one might expect that those programs could be affected by policies specifically related to One-Stops. We asked administrators of WtW-funded programs whether they have been affected by the ongoing implementation of the Workforce Investment Act (WIA) of 1998, particularly the development of One-Stop Career Centers.

Nearly every WtW administrator in the study sites explained that their WtW grant-funded programs were not affected by any new WIA or One-Stop policies in 2002 or 2003. In the study sites, the One-Stop Centers were already operating by the time the

WtW grants were received, and there were no major changes in those centers in 2002 or 2003. That meant that there was no disruption to the WtW grant-funded programs in 2003 or previously, simply because One-Stops pre-dated those programs.

The one noticeable exception among the study sites was Nashville, where in 2002, the local WIB decided to focus the workforce development system on economic development and relationships with businesses and employers. This was based on the belief that by strengthening the labor market and employer services, all job seekers in the community would benefit. One result of this shift in focus was that the contractual relationship between the TANF agency and the One-Stop operator, which had existed for many years, ended. This, in turn, meant that the previous link between the Pathways WtW program and the TANF work programs that had been implemented through the One-Stop vendor system ceased. Pathways in 2003 was considerably less integrated with other TANF services and funding than in 2001, and there was little likelihood of continuing the program with funds from either WIA or TANF.

Less dramatically, in Indiana, the WtW grantee (RVR) was also the WIA administrative entity for two local WIBs in 2001, but lost one of those contracts in 2002. This did not alter the nature of the WtW grant-funded programs, but did cause some fiscal pressure on the agency as a whole.

B. ADJUSTING TO THE ECONOMY

The vibrant economy that existed in the late 1990s when the WtW grant-funded programs were starting up cooled considerably after 2001, affecting not only the labor market, but the fiscal condition of states. Since the primary objective of the WtW grant-funded programs is to assist individuals in obtaining jobs that can lead to self-sufficiency,

labor market conditions can figure importantly in how programs attempt to accomplish this objective. We were interested in learning about any programmatic changes that were made in response to the economic slow-down and whether there were any changes in the role that employers play in the programs.

Despite declining economic conditions in the sites, administrators reported that they had not made any major changes in their programs or client services in response to the economic slow-down. Most of them noted that participants were still able to find jobs in 2003, although compared to prior years, it was taking longer, most had fewer job options, more were in part-time or temporary jobs, and the starting wages were somewhat lower.

To some extent, administrators seemed to have already factored in an understanding of their local labor market in designing their programs, meaning that when the economy slowed down no major program changes were considered necessary. For example, in sites that had relatively high unemployment rates even in the late 1990s (when the economy was generally very strong) or that typically have seasonal economic cycles, the design of the WtW programs had already incorporated a variety of components, such as community service jobs, that did not depend on rapid job placement.

Economic conditions in all the study sites, as in the nation as a whole, began to decline in early 2001, and median unemployment rates in 2002 were about 2 percentage points higher than in 1999. (Exhibit 5) The greatest increases in unemployment occurred in Chicago (rose from 4.1 percent in 1999 to 6.7 percent in 2002), Fort Worth (3.1 percent to 6.1 percent) and Milwaukee (3.1 percent to 6.0 percent), and in some Indiana

Exhibit 5: Unemployment Rates in Study Sites, 1999-2003

Local Area (and major city)	Unemployment Rate (%)					
	1999	2000 (b)	2001	2002	2003(p)	Change 1999-2002
Boston, MA-NH PMSA	2.7	2.2	3.2	4.8	5.1	+2.1
Boston	3.3	2.9	4.7	5.8	6.0	+2.5
Chicago, IL PMSA	4.1	4.2	5.4	6.7	6.8	+2.6
Chicago	5.5	5.5	7.0	8.3	8.0	+2.8
Fort Worth-Arlington, TX PMSA	3.1	3.2	4.1	6.1	6.4	+3.0
Fort Worth	4.1	4.2	5.5	8.1	8.5	+4.0
SE Indiana (19 counties)	3.3	3.6	4.3	5.1	5.7	+1.8
Milwaukee-Waukesha, WI PMSA	3.1	3.8	4.7	6.0	6.5	+2.9
Milwaukee	5.4	6.6	7.8	9.6	9.9	+4.2
Nashville, TN MSA	2.7	2.9	3.3	4.0	3.8	+1.3
Nashville	2.4	2.8	3.1	4.0	4.3	+1.6
Philadelphia, PA-NJ PMSA	4.2	4.0	4.3	5.5	5.7	+1.3
Philadelphia	6.1	5.8	6.2	7.6	7.8	+1.5
Phoenix-Mesa, AZ MSA	3.1	2.7	3.9	5.7	5.3	+2.6
Phoenix	3.3	5.0	4.3	6.2	5.8	+2.9
West Virginia (29 counties)	9.2	7.7	6.5	8.1	9.3	-1.1
Yakima, WA MSA	10.0	10.4	11.3	10.3	10.7	+0.3
Yakima	10.1	10.6	11.6	10.5	10.8	+0.4
Baltimore, MD PMSA	4.0	4.4	4.6	4.8	5.1	+0.8
Baltimore	7.3	8.1	7.9	7.9	9.1	+0.6
Fort Pierce-Port St. Lucie, FL MSA	7.5	6.4	7.3	7.0	6.0	-0.5
Fort Pierce	15.0	13.0	13.8	13.5	13.0	-1.5
Los Angeles-Long Beach, CA PMSA	5.9	5.3	5.6	6.8	6.8	+0.9
Long Beach	5.4	5.0	5.3	6.3	5.6	+0.9
13-AREA MEDIAN	4.0	4.0	4.6	6.0	6.0	+2.0
13-AREA AVERAGE	4.8	4.7	5.3	6.2	6.4	+1.6
(b) 2000 estimates benchmarked by BLS based on 2000 Census and CPS and used in subsequent annual estimations.						
(p) Preliminary monthly average, January-August 2003						
Source: Bureau of Labor Statistics, Local Area Unemployment Statistics						

counties and West Virginia. Other sites had relatively high unemployment rates even in the late 1990s—West Virginia’s unemployment rate was 9.2 percent in 1999 and 8.1 percent in 2002, and Yakima’s was 10.0 percent in 1999 and 10.3 percent in 2002.

In other words, even though their labor market conditions were stronger than usual in the 1990s, in designing their WtW programs, directors understood that many welfare recipients would not be able to find jobs in the regular market. The WtW plans, for example, generally involved special services, components and employability development strategies for individuals with job barriers even when the labor market was strong. In West Virginia, for instance, where HRDF serves individuals in over twenty, mostly rural, counties, their WtW program model emphasized subsidized jobs and wage supplements. Similarly, in Yakima, the WtW grants program also included a major subsidized community service jobs component, recognizing the difficulty low-skilled workers have in that labor market with high seasonal employment fluctuations and little new economic development. In Nashville, the Pathways model was adopted because administrators felt that TANF recipients with multiple barriers and little work experience would benefit from Pathway’s structured and individualized developmental plan, peer support, and a strategy that involved taking gradual “steps” towards employment.

In contrast, though, some grantee programs in local areas that experienced very large increases in unemployment in 2002 have been noticeably affected by the economy. In Boston, where the unemployment rate went from 2.2 percent in 2000 to over 5.0 percent by early 2003, the economy did have an effect on the WtW grant-funded programs, all of which implemented an employer-partnership model. Nearly two dozen partnership programs had been funded with WtW grants, each consisting of one or more businesses

and one nonprofit community-based organization that provided intensive case management. Employers helped design the pre-employment components, contributed financial and in-kind resources, and guaranteed jobs to those who completed the program. The continuation of the employer partnership programs beyond the period of the WtW grant funding has been very limited, in part because even businesses that are supportive of the approach cannot guarantee that they will be able to hire participants who complete the program. Only two businesses (Marriott and Partners Health Care) are funding and continuing the partnership models.

In all the other study sites, administrators indicated that their participants were still able to find jobs, but that it seemed that the job search period was taking longer than it had in 2000 and 2001. No major programmatic changes were considered necessary, however, presumably because staff and counselors had flexibility in how they help participants approach their job search and employment preparation. There is no evidence in any of the sites, for example, that programs shifted to training or education rather than direct employment.

IV. WtW LEGACY AND LESSONS

The WtW grants provided supplemental resources that were intended to complement TANF funds and focus specifically on those welfare recipients and noncustodial parents with particularly difficult barriers to employment. Grantees were given broad discretion in targeting and designing programs. At the same time, the federal legislation, at least initially, placed some restrictions on eligibility and services which presented special implementation challenges that had to be addressed. Despite the frustrations in the first two years over the very strict eligibility criteria and the difficulties programs had identifying eligible participants, we heard generally positive opinions about the WtW grants program. Administrators' perceptions do not, of course, represent empirical evidence about the effectiveness of a program. Their informed opinions do, however, provide useful insights into the implementation of work programs for hard-to-employ populations and suggest important program and policy implications.

We asked WtW grantee administrators to provide their own personal perspectives about the "legacy" of WtW. Was it worthwhile and what were its strengths? What were some of the main lessons they learned from the experience? Did the WtW grants program improve how their agencies or communities serve individuals considered hard-to-employ? Administrators generally feel that the grants provided an important, and flexible, opportunity to improve and/or expand services to welfare recipients and develop some new approaches to serve hard-to-employ individuals.

A. SOME POSITIVE EXPERIENCES WITH WtW GRANTS

Administrators in the grantee and program agencies in the study sites were quite positive about the WtW grants program and the opportunities the grant funding afforded them. In particular, some noted that the grants helped improve the interaction between WIA and TANF agencies, and several said that the flexibility in the grants programs allowed them to design and implement some employment strategies that they consider innovative.

Improved interaction between WIA and TANF in some sites. When asked what they thought the legacy of WtW might be, several administrators mentioned the improved interaction between agencies that administered the WtW grant-funded programs and the TANF agency. From the perspective of grantee administrators (most of whom are WIA administrators), the WtW grants generally had a positive effect on the interaction and collaboration between the workforce development system and the TANF system. At a minimum, grantees were required to establish procedures for referring individuals from TANF to WtW programs, and in some sites, according to WIA administrators at least, this interaction led to a better understanding of each other's programs and policies at the staff level.

There was, however, substantial variation across local sites in terms of how important those linkages were considered to be and whether the collaborative efforts undertaken for the WtW grants program will have a lasting impact. In several study sites, WtW administrators anticipated that collaboration would continue well into the future after the WtW funds are exhausted, and that this will improve welfare recipients' access to services through the workforce development system.

Some WIA administrators felt there may be some lasting positive effect of WtW because their agency or One-Stop Career Centers had to focus more attention on welfare recipients as a condition of receiving the federal funding. Administrators in several study sites indicated that the WtW grants helped reinforce the importance of welfare recipients as a priority group for WIA and in the One-Stop Career Centers. While it is not possible to say whether more welfare recipients will be served in the future or the priority given them will continue, WIA administrators in some sites did feel that having the WtW grants helped establish welfare recipients as a key group and transformed the working relationship between the welfare agency and the workforce agency. As one of the WIA administrators⁷ explained:

“...WtW has allowed One-Stop staff that traditionally worked mainly with dislocated workers to branch out and serve much larger numbers of welfare customers. This has broadened the horizon of board and staff in terms of who WIA (and the WIB) can effectively serve. WtW was the single most important funding stream we have received in changing perceptions about who the workforce development system could serve. WtW added a whole new element – it allowed us to be creative and try new things.”

Those grantees that were also contractors for delivering TANF or Food Stamp work programs were able to combine funds to serve welfare recipients through the One-Stop Career Centers after the WtW grants ended, although they were not able to serve as many welfare recipients as when they had the WtW grants. Several WIA administrators said that they expect to continue to blend resources to serve the hard-to-employ even after the grants end. For example, in one site nearly one-third of the WIA agency’s funding for the One-Stop system it administers is associated with public assistance or TANF (the

⁷In this section, we include quotes of some of the administrators contacted to illustrate general ideas or perceptions conveyed, but we agreed not to quote individuals by name in this report.

TANF work program, WtW, Food Stamps Employment and Training, and other federal grants for retention services). Thus, after WtW funding ends, that WIA agency will still have considerable resources specifically for welfare recipients, and the administrator explained that the experience they gained from WtW greatly improved their ability to sponsor innovative programs (e.g., supportive services, post-employment services, financial planning, and workplace-based skills training).

In contrast, in several sites, WtW had minimal, if any, effect on interagency collaboration in large part because the WtW-funded program operated fairly independently from both TANF and the One-Stop Centers. In a few sites, the only interaction with TANF involved TANF staff referring individuals to WtW programs, or allowing WtW program representatives to provide information or do outreach in local welfare offices. In some sites, collaboration between the WtW grantee and the TANF agency WIA/one-stop system never really developed and, hence, there is no lasting effect of WtW funding on collaboration.

Increased local program capacity to serve welfare recipients and noncustodial parents in some sites. In some places, the WtW grants allowed not only the WIA agency and One-Stop Center to refine their services to welfare recipients, but also provided considerable funding to community-based organizations that was used to develop new programs for welfare recipients or enhance existing programs. For example, in Chicago, the WIA agency is not a TANF contractor, but nearly every WtW program sub-grantee by 2003 was either a TANF contractor, a WIA intensive services contractor, or both. Before WtW, most of the program operators had been JTPA training contractors, and some had small TANF contracts to provide services. After the start of the WtW grants

program, the state TANF agency increased its use of contractors to deliver work program services. The WtW experience reportedly allowed those providers, many of them nonprofit community-based organizations, to gain valuable experience in providing intensive case management services and brokering comprehensive services participants might need. This improved capacity positioned them to win both TANF and WIA contracts for intensive employment-related services when those funding opportunities arose.

The WtW grants also allowed agencies and grantees to develop programs for non-custodial parents, and several grantee administrators reported that developing capacity in this area was one of their major accomplishments under WtW. As one explained:

“WtW has enabled [this agency] to offer noncustodial parents a variety of different programs and workshops, which we had never done before. It has also enabled [us] to form new partnerships with a variety of agencies and community groups we had not worked with before.”

Perhaps the best example of how an NCP focus evolved with WtW funding is the Milwaukee NOW program, developed by the Department of Corrections with WtW funding, to serve noncustodial fathers on parole or probation. While it took a couple of years for the program to stabilize, by 2003 staff and administrators felt they had acquired important programmatic experience, including operational coordination between the program staff and parole and probation officers and between the program and local one-stop centers (W-2 agencies).

Other funding (WIA, Food Stamps Employment and Training, retention and advancement grant funds, prisoner reentry funds, and fatherhood grants) also became available for NCPs during the same time frame. In addition to the Milwaukee NOW

program, a number of agencies in the study sites (e.g., Yakima, Tarrant County [Texas], West Virginia HRDF), were blending funds in creative ways to expand services. By 2003, administrators in several study sites noted that NCPs were their primary WtW target group. As one explained, “WtW brought together groups for the first time to focus on noncustodial parents.”

Opportunities for innovative programming. Several WtW grantee and program administrators explained that the WtW grants allowed them to think about and then develop creative program service approaches and administrative practices. They mentioned innovative programming such as employer partnerships, transitional and supported employment, intensive case management, post-employment case management and retention services, and special programs for particular populations (e.g., substance abusers, noncustodial parents, and persons with mental health needs). One administrator noted:

“WtW funding gave us the opportunity to demonstrate a [paid transitional job] model that was successful. It also enabled a lot of people to experience a program that they might not otherwise have accessed. WtW was a useful funding stream.”

Administrators in rural sites also noted that WtW enabled them to serve rural populations and design programs well-suited for rural areas. While it was difficult to start up some projects and often was very costly (due to transportation and wage subsidies, for example), administrators felt that WtW grants expanded services and opportunities to rural welfare recipients in ways not previously possible. Again, it is not possible here to determine whether or not services actually have increased or improved, but it is important to note administrators believe that rural services did improve with the availability of WtW grants.

In some sites, the programmatic experience gained in WtW is being adapted in WIA programming. In Boston, the experience gained in incorporating intensive case management in both pre- and post-employment components was considered so important that the WIA agency now emphasizes that in all programs. Furthermore, the WtW funds in Boston were used to operate employer partnerships where one or more businesses collaborated with a nonprofit service provider whose staff provided case management and post-employment support services. As with case management, the WtW success with businesses has led the WIA agency to encourage business links in all programs whenever possible.

Some WtW administrative and management innovations were also noted. In Chicago, for example, the WIA agency contracted out all the competitive and formula WtW funds using a new Request for Proposals process and included negotiated objectives in each contract. As noted by one WIA administrator, those contractual processes were subsequently incorporated into WIA:

“WIA was modeled after WtW in terms of operating concepts and service delivery contracting.”

A major—but temporary—funding source for One-Stop Centers. Regardless of whether the WtW grants had positive effects on the interaction between TANF and WIA agencies, and regardless of whether the grants helped expand program capacity in the communities, there is no doubt that the infusion of WtW grant funds alone had an important effect on some WIA agencies and One-Stop Centers. In several One-Stop Centers, one-third or more of the total operating funds in 2001 and 2002 came from WtW or from WtW plus TANF contracts. Although supporting the One-Stop infrastructure was not an objective of the grants program, with WtW funds almost depleted and, in

some states, TANF funds for employment services also being reduced, some administrators expressed concern about the adequacy of funding for One-Stop Centers in future years.

B. SUGGESTED IMPROVEMENTS

While they freely discussed the valuable role WtW grants played in their agencies and communities, administrators also offered several suggestions and recommendations for policymakers that could have improved the program. Some of them also reiterated the frustrations they had during the first two years related to the eligibility restrictions.

One administrator echoed what many others said:

“...WtW was great. We really helped this very needy population negotiate a complex system to help them get to work. But I don't think any program will ever be as terrifying to operate [referring to the eligibility criteria and the 70/30 spending requirements].”

Based on their experiences, grantee administrators offered several suggestions that could have helped.

- **Higher federal priority.** A few administrators suggested that a higher priority on the WtW grants program from the national offices at DOL and HHS would have been very helpful in the first two years. WIA administrators explained that at the time, they were also starting up WIA and naturally DOL was focused more on that than on WtW. But in a few areas (such as outreach and recruitment), more information or technical assistance from the federal agencies, especially DOL, might have made WtW implementation and start-up go more smoothly. More assistance from HHS might have helped improve the flow of recipients from TANF to WtW and streamline the procedures for verifying recipients' eligibility for WtW.
- **Permanent funding or a longer funding period.** Several administrators noted that they were disappointed that just when the programs were becoming stable, the funding ended, and that this happened at a time when other funding sources were also becoming more restrictive. While in general grantees are finding other funding to allow them to continue programs, at least for the next year or so, several administrators are pessimistic about the prospects for longer-term funding. They are especially concerned that TANF funding for employment programs is

being reduced in many states and that they are hearing that there may be reductions in WIA funding in 2003 and 2004. One noted that "...just when resources like the WtW grants could really make a huge difference in program resources, the funding is ending." Thus, while it is not clear whether longer or permanent funding would result in an increase in services to welfare recipients generally, or whether it would expand agencies' capacity to serve hard-to-employ individuals, the opinions of several administrators is that permanent funding would make a difference.

- **Broader eligibility.** Congress did eventually broaden the eligibility criteria, but in many sites, it was too late to make much of a difference since many administrative processes were already in place, including subcontracts with program operators and procedures for referring clients from TANF agencies. Administrators strongly advised policymakers that when temporary programs like WtW are enacted, it is critical that the eligibility criteria be as flexible as possible to allow programs to be developed and started up within the limited time periods allowed.

In conclusion, despite the early implementation difficulties, the consensus of grantee administrators in the study sites seems to be that the WtW grants program was very important in helping develop programs at the local level. Despite the early implementation problems, the positive comments we heard reflect the general sense of administrators that the funds provided them with unique flexibility to create often innovative programs. The disappointment at the loss of WtW funding is reflected in the following quotes from two WIA administrators:

"WtW has been very useful. Our [program] contractors have put out real efforts to run good programs and emphasize job placement and upgrading. After working so hard to start up these great comprehensive programs—some of them are really super—it is sad to see it all end now. And with it ends some of the continuing learning that has been occurring in the programs."

And...

"This is absolutely one of the best programs I've ever worked with. It brought the community and agencies all together. This is one program that worked--especially for noncustodial parents. I've never felt more devastated at the loss of a federal program than with this one."

Thus, in the study sites, there is general agreement among the grantee administrators that, after a long and frustrating start-up period, the presence of the WtW funding and the flexibility allowed in designing program models made for what administrators generally consider a positive experience.

APPENDIX A: WtW GRANTS PROGRAM AND WELFARE REFORM

The purpose of the federal WtW grants was to fund programs to help the hardest-to-employ welfare recipients, and other low-income parents obtain employment that could ultimately result in long-term economic independence. WtW funds were to especially target those parents in need of intensive services: long-term welfare recipients, high school dropouts, substance abusers, and persons approaching their TANF time limits, although the details of the eligibility criteria were modified over time. Programs funded by WtW grants, which could be operated by various public and non-public entities, were able to provide a range of employment-related services and were expected to complement state welfare reform policies and programs.

Eligibility criteria. Congress established strict eligibility criteria and spending rules for WtW grants to ensure that the funds were used primarily for individuals who had specific disadvantages in the labor market. As originally enacted, the BBA required that WtW grantees spend at least 70 percent of their grant funds on (1) long-term TANF recipients or recipients within a year of reaching a TANF time limit, who also had two of three specific problems affecting employment prospects; or (2) noncustodial parents of children in a long-term TANF case, who themselves faced two of the three specified problems. The three problems specified in the original language of the BBA were (1) lack of a high school diploma or GED *and* low reading or math skills, (2) a substance abuse problem, and (3) a poor work history. The remaining funds, no more than 30 percent of the grant, could be spent on people who met less stringent criteria: TANF recipients (or noncustodial parents of TANF children) who had characteristics associated

with long-term welfare dependence, such as being a school dropout or a teen parent, or having a poor work history.

Changes in the 1999 Amendments. As WtW grant programs were being implemented beginning in 1998, it became clear that the combination of the strict eligibility criteria and the “70-30” spending requirement was contributing to slow enrollment. In response, Congress modified the WtW legislation in 1999 as part of the fiscal year 2000 appropriations legislation for the Departments of Labor, Health and Human Services, Education, and other related agencies. While the amendments left in place the requirement that 70 percent of WtW funds be spent on a defined category of participants, they broadened the population in two ways to make it easier for TANF recipients and noncustodial parents to qualify for WtW services under the 70 percent category: (1) TANF participants qualified simply by being long-term recipients, easing the requirement that they have additional barriers to self-sufficiency; and (2) noncustodial parents qualified under less restrictive rules, namely that they had a child who had received, or was eligible to receive, some public assistance in the prior year and that they were committed to establishing paternity and paying child support.

Congress also extended the grant period from three years to five years, in part because it was clear that the start-up was taking longer than expected due in large part to the complex eligibility criteria.

Broad range of employment-related services. To address the employment and service needs of such a diverse target population, WtW grants could fund a broad range of employment services, including:

- job creation through short-term public or private sector wage subsidies;
- on-the-job training;

- job readiness programs;
- job placement services;
- pre-employment vocational educational or job training;
- post-employment education or training;
- vouchers for job readiness, job placement or post-placement services;
- community service or work experience;
- job retention services; and
- supportive services such as transportation or child care services, substance abuse treatment, and housing assistance (if such services were not otherwise available to the participant).

Formula and competitive grants. Congress authorized \$3 billion for the WtW grants program—\$1.5 billion in FY 1998 and \$1.5 billion in FY 1999—to help move welfare recipients into jobs, and included specific provisions about how the WtW funds were to be distributed. About 5 percent of the funds were set aside at the national level for Indian and Native American programs, for evaluation activities, and for federal-level program administration. The rest was distributed through competitive and formula-based grants. One-quarter of the grant funds was distributed competitively based on applications submitted to DOL (these are referred to as competitive grants). The other three-quarters of the federal WtW grant funds were allocated to states according to a formula based on each state’s share of the poverty population and number of adults on welfare.

A total of \$2.5 billion dollars in WtW grant funds was distributed by DOL in fiscal years 1998 and 1999: \$2 billion was allocated by formula to states (formula grants), \$472 million was allocated competitively to grantees that submitted applications (competitive grants), and \$12.8 million was distributed to 93 tribal program grantees. The rest of the funds were devoted to national activities including evaluation and reporting. Governors designated which state agency received and administered the formula funds. The state WtW agency (usually the state workforce development or employment/training

department) then distributed 85 percent of the grant to local Workforce Investment Boards (WIBs), according to the same formula used for allocation of funds to the states. Locally, competitive grantees and WIBs (primarily as formula subgrantees) were responsible for program design, administration, and service delivery.

WtW in the context of welfare reform. Federal welfare reform legislation in 1996 changed the nation's social assistance system in terms of the focus on employment and in several other ways, which influenced how WtW grant-funded programs were implemented. First, states have substantial flexibility in implementing TANF, meaning policies and programs vary considerably across states. States determine how to use their TANF block grant to fund cash assistance, work-related services, and other supports for low-income families with children. States also decide what types of work requirements are imposed on recipients and which individuals are subject to work requirements within federal parameters. TANF recipients are the primary target group for WtW-funded services and they are subject to state-determined policies, which means WtW programs and participants must understand those policies.

Despite the flexibility states have in TANF, however, federal law specifies that federally funded welfare payments can only be provided for a temporary period. Individuals can receive federally funded cash assistance under TANF for just 60 months in their lifetime, and states can apply shorter time limits as well. Some states, though, have decided to use state funds, rather than federal funds, to pay for some cash benefits, effectively extending the five-year time limit. Congress underscored the emphasis on work by requiring states to meet steadily increasing requirements for the percentage of their TANF cases that must be engaged in unsubsidized employment or work-related

activities. States were to have 45 percent of their caseload in work activities in fiscal year 2001 and 50 percent in 2002. Most state TANF policies, therefore, stress job search activities and encourage or require recipients to find employment rapidly, rather than provide education or training. State policies and procedures regarding both time limits and participation rates influence policies regarding WtW grant-funded programs and participants.