

Toward A Better Design

**NEW ECONOMY CHALLENGES REQUIRE
A BETTER W-2 PROGRAM IN THE BAY AREA**



Acknowledgements

The Bay Area Task Force on Low-Wage Work was formed through a cooperative effort of the Wisconsin Council on Children and Families (WCCF) and the Bay Area Workforce Development Board. Through the leadership of the Board and particularly its director, Jim Golembeski, a group of interested, qualified, and dedicated individuals came together as a task force to study the issues that arise in the operation of the Wisconsin Works (W-2) and Workforce Investment Act (WIA) programs in the Bay Area – a 10-county region stretching from Sheboygan County in the south to Florence County in the north.

Their charge was to examine the programs and their operation in this region and to look for potential local and state policy reforms that could help produce better outcomes for program participants as they attempt to gain economic self-sufficiency through work.

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Another key partner in this project has been Forward Service Corporation (FSC), a non-profit organization providing W-2 services in 10 counties and WIA services in 18 counties throughout the Bay Area and Wisconsin. In addition to representatives from FSC serving on the Task Force, Forward Service recently became the W-2 provider in Brown County, and is committed to exploring ways to take advantage of the task force's work and recommendations as they attempt to improve outcomes for program participants there.



Executive Summary

Recent changes in Wisconsin's economy, including significant changes in manufacturing processes and practices, have created a need for more skilled workers. The state's workforce development system includes a number of tools to help meet this need, and to meet the needs of workers - many of whom are struggling to retool their skills in this new economy.

The Wisconsin Works (W-2) program is a part of the state's workforce development system. The W-2 program includes work requirements and activities, and places high expectations on program participants. A look at the operation of the W-2 program in the Bay Area, and in the state in general, however, shows that it has yet to become an effective workforce development tool. The outcomes for participants - and likewise the outcomes for employers and taxpayers as well - have been decidedly mixed.

The average wages of former W-2 participants show the vast majority of them remain mired in poverty and eligible for a myriad of other state supports. Few participants take part in education and training services that could point to more long-term success for them and their families. And more participants are returning to the program after losing initial job placements.

A number of steps can be taken in the Bay Area, even within the parameters of difficult budgets, to improve service delivery and participant outcomes there. If low-skilled workers in the region are going to be able to retool their skills and match the changing needs of employers, W-2 program improvements must be made.

Recognizing that several key partners will need to play roles in improving outcomes for W-2 participants and other low-skilled workers in the Bay Area, the Bay Area Workforce Development Board's Task Force on Low-Wage Work recommends the following changes to current practice:

W-2 Providers

1. Consistently and thoroughly assess both the strengths and weaknesses of each participant.
2. Develop a plan for each participant – a “roadmap to self-sufficiency” – to take a participant from status at enrollment through economic self-sufficiency – incorporating aspects of the current “employability” and “supportive services” plans.

3. Provide more job skills training and educational opportunities for participants by linking with other partners such as WIA providers, technical colleges, employer networks, and others.
4. Provide informed job search assistance and placement recommendations for every participant, using available labor market information as well as proactive outreach to employers and employer networks to help participants tune in to higher quality jobs (defined not only as having higher wages, but also taking into account hours of work available).
5. Link basic skills and ESL trainings to specific occupations and employers, soliciting the assistance of employers in planning these trainings in order to make them relevant and useful for both participants and employers.
6. Stay engaged with participants after placement to provide increased retention and advancement assistance – maintaining pursuit of the program's goal of economic self-sufficiency for participants by helping the participant move further along their roadmap, specifically linking participants to education and training opportunities and openings in higher-paying jobs.

Workforce Development Board

7. Establish and support a permanent committee on low-wage work as part of the Bay Area Workforce Development Board to assist with the implementation of these recommendations, and to continue exploring these and other issues surrounding low-wage work.
8. Help educate local employers as to the positive impacts that peer-mentoring can have on their turnover costs and employee work habits, productivity, and loyalty.
9. Actively seek ways to incorporate W-2 participants into available WIA-organized education and training opportunities.

Department of Workforce Development

10. Create an ongoing W-2 program quality review and improvement team.
11. Develop and publicly share a specific plan for collecting and making accessible more information on the administration of and outcomes from the W-2 program.

12. Work with local providers to allow them to test evidence-based practices in Wisconsin and measure the results, offering grants on a competitive basis to help overcome existing budget constraints.
13. Test approaches against outcomes and work with providers to change approaches when positive outcomes for earnings, retention and employment aren't achieved.
14. Train local W-2 providers in how to maximize use of the available labor market information to target job search, job development, and job skill training offerings.

The recommendations listed above can be implemented under current law, but may require a shift in thinking by some parties. Fortunately, many key partners in the Bay Area are primed to address these and other critical workforce issues. Key partners have already taken on an attitude of cooperation in many respects, have begun viewing their economy as a regional one, and are cognizant of the changing nature of employers and industries in the area, and the corresponding changing workforce needs as well.



Introduction to the Project

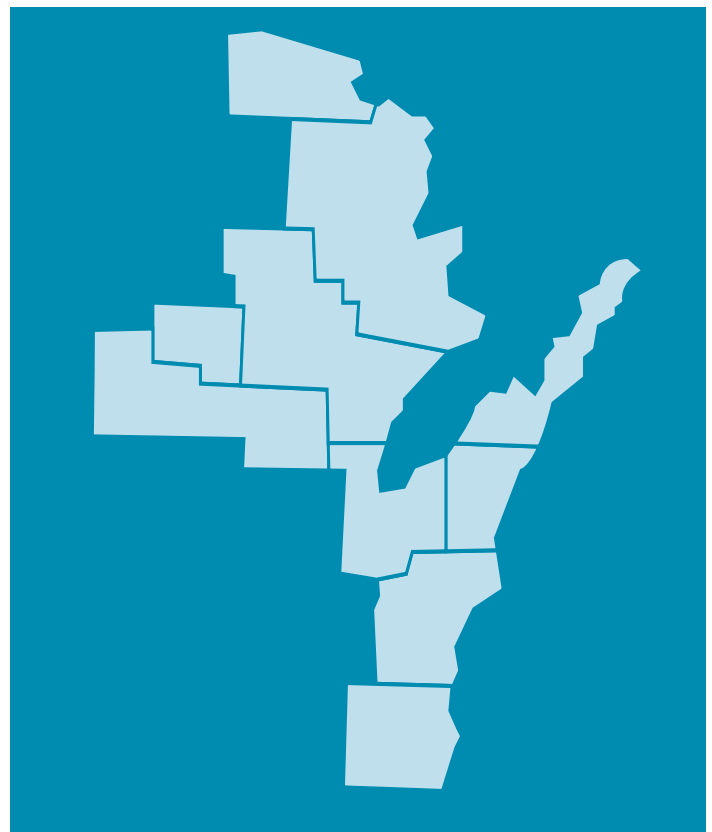
Wisconsin's employers and workers currently face a number of serious economic challenges. The loss of manufacturing jobs, the proliferation of low-wage service sector jobs, stagnant wages, and in some industries, employers' need to tap into an increasingly skilled workforce in the midst of a tightening labor market, are all issues faced today. At the same time, other alarming trends are showing up. Wisconsin's poverty rate – while still below the national average – grew faster than any other state in the nation between 2003 and 2004.¹ More individuals are finding that they are working (or working more) but remaining poor. And rising health care costs make it harder for employers to offer affordable and useful coverage to their employees.²

State and local leaders have a number of tools at their disposal to help deal with these challenges, to help Wisconsin residents find and retain worthwhile work, to meet the needs of businesses, and to help communities achieve diverse and growing economies. Two such tools are the Wisconsin Works (W-2) and Workforce Investment Act (WIA) programs. Though very different in their inception, structure, and even their goals, the two programs provide a variety of work-related services to the state's under and unemployed, and in the case of WIA, to dislocated workers.

The Wisconsin Council on Children and Families, a research and advocacy organization which has long worked on finding ways to improve W-2 and a number of workforce support services including subsidized child care, Medical Assistance, and Badger Care, approached the Bay Area Workforce Development Board in the summer of 2004. The Council suggested a project be conducted in which key workforce development and community partners from the area get together to analyze the provision of W-2 and WIA services in that 10-county region and look for ways to improve outcomes for program participants.

The decision to work at the local level was an easy one. W-2, while shaped in many ways by state policies, is administered at the local level – in most cases by county human services departments. WIA is subject to less state control, and funds actually flow directly from the Federal government to the local workforce development boards to administer the program. Possibilities for improvements, then, exist not only at the state policy level – an area of continued work for the Council – but also at the local provider level.

Working in the Bay Area was also an attractive option. Many area residents – including elected officials, economic development professionals and private employers – had been working together for months, and in some cases for years, to better understand and to improve the region's economy. For instance, a large-scale economic study was commissioned with a neighboring workforce development board, resulting in a number of recommendations for the area.³ Also, efforts are underway to help municipalities work together on economic development, instead of always competing for businesses across municipal or county borders. A leader in these and many other efforts was the Bay Area Workforce Development Board, and working with them to raise issues surrounding low-wage work and the unemployed seemed a natural fit.



Also, the region itself is a diverse one, with urban centers such as Green Bay, Manitowoc, and Sheboygan, rural areas, and suburbs stretching out from the urban cores. There are growing minority populations in parts of the region, there is much cross-county migration to work, and there have been significant shifts in the area's key industries in recent years. Based on these and other factors, the hope was that what would be learned from this project in this region could be useful for others elsewhere.

The Council also believed that while much attention was being paid to broader issues of economic development in the region, and on ways to attract highly educated workers for high paying jobs, that approach ignores a certain and growing number of workers that have low skills and in some cases, little work history. Another hope then, was that the project could increase the attention paid to the working poor and to those looking for work in the Bay Area.

A task force was formed of interested parties from the region, including representatives from the Department of Workforce Development (DWD), the area's two technical colleges, W-2 and WIA providers, and other active community members. Their mission was to look for potential changes to state and local workforce development policies, changes in agency relationships, and examples of best practices that could enhance the ability of parents in low-income families to obtain – and retain – family supporting jobs.

The task force met six times between January and September of 2005, exploring a number of issues including:

- (1) the availability and usefulness of education and training services in W-2 and WIA;
- (2) the working relationships and policy relationships between the Workforce Development Board and the Job Centers and between the W-2 and WIA programs;

- (3) the workforce needs of employers and their role as it relates to these programs;
- (4) the role of families as it relates to their needs for workplace accommodations, income supports, and social service supports including child care, transportation, Medical Assistance, food stamps, and housing;
- (5) the experience of and input from participants, what challenged them as they went through these programs and what worked well; and
- (6) an examination of best practice models from around the state and nation.

While the task force spent time exploring both W-2 and WIA, members decided early on in their meetings that most of their attention would focus on W-2 program enhancements, and that this would include the specific issue of W-2 participants gaining greater access to the education and training services already provided in the region by WIA and other key partners such as the technical colleges. This approach appeared to the task force to offer the best opportunities for positive change.

The group identified a number of opportunities for program enhancement. This report details their findings and recommendations – their ideas on what's important, what's often effective, and what should be done in the Bay Area to help more W-2 participants get closer to work-based economic self-sufficiency.



Economic Status of Children and Families in the Bay Area

With the recent recession still in mind, and the slow pace of the economic recovery continuing, the task force wanted to begin with a look at the economic status of the population in the region – and what that could mean for the issues it was going to explore.

The actual number of W-2 program participants is not relatively high in the Bay Area as a whole. For example, in Table 1, we see that the total W-2 caseload numbers for Bay Area counties range from zero in Florence County (in June of 2004) to 155 in Brown County.

TABLE 1

Total W-2 Caseload in Bay Area Counties and State, June 2004

County	W-2 Total Caseload
Brown	155
Door	10
Florence	0
Kewaunee	2
Manitowoc	5
Marinette	7
Menominee	9
Oconto	8
Shawano	11
Sheboygan	68
Total State W-2 Caseload	15,539

Source: Wisconsin Legislative Audit Bureau, Wisconsin Works (W-2 Program), An Evaluation, April 2005.

Low W-2 participation numbers, however, do not necessarily mean that there is little need in the Bay Area for assisting unemployed low-skilled workers as they attempt to move into work and stay working. In fact, in the Bay Area, the low W-2 participation numbers belie the fact that there is significant need.

A quick look at other indicators, including the use of a number of need-based state supports by those in the Bay Area, helps illustrate this point. The rates of Medicaid, Badger Care, Food Shares, and EITC recipients by county cited in Table 2 can be compared to the state averages given at the bottom of the table. Overall these statistics indicate that residents are largely using such supports at or around the average rates of others in the state. The dramatic exception is Menominee County, where use of most of the supports listed is significantly above average.

TABLE 2

Use of Selected State Supports in Bay Area Counties and State Averages, 2003

County	FSET Population*	MA Recipients (per 1,000 Children)	Badger Care Recipients (per 1,000 Children)	Food Shares Recipients (per 1,000 Residents)	EITC Recipients* (as a % of Filers)
Brown	241	210	20	40	10
Door	33	215	41	29	10
Florence	1	303	78	36	14
Kewaunee	4	151	33	17	9
Manitowoc	18	187	20	28	9
Marinette	96	277	45	41	13
Menominee	2	519	16	157	39
Oconto	51	209	33	33	12
Shawano	15	241	36	33	13
Sheboygan	77	165	16	31	8
State Avg		252	28	56	11

Source: Compiled from data gathered from several WI state agencies for the purpose of producing the 2005 WisKids Count data book.

* November 2005 data

Child poverty rates are another indication of the existence of pockets of economic distress in the region. Looking at just the county numbers, with the exception of Menominee County, the area's poverty rates are generally not high compared to the state average. However, when looking at child poverty rates at the school district level throughout the region, as seen in Table 3, one gets a better indication of the actual level of economic stress felt by many families in the region.

TABLE 3

School District Poverty Rate Ranges in Bay Area Counties

County	Low and High Child Poverty Rates and School Districts
Brown	2.4% – 10.8% (De Pere – Green Bay Area)
Door	5.8 – 13.6 (Southern Door – Washington)
Florence	8.4
Kewaunee	3.5 – 6.8 (Luxemburg-Casco – Algoma)
Manitowoc	2.4 – 9.6 (Kiel Area – Manitowoc)
Marinette	7.5 – 17.1 (Marinette – Wausaukee)
Menominee	29.7
Oconto	7.7 – 12.3 (Oconto Falls – Suring)
Shawano	7.6 – 20.8 (Shawano-Gresham – Bowler)
Sheboygan	0.6 – 7.9 (Elkhart Lake-Glenbeulah – Sheboygan Area)

Source: U.S. Census Bureau Housing and Household Economics Statistics Division, Small Area Estimates Branch

We see child poverty rates as high as 29.7 percent in Menominee County (a single school district). Others that stand out are: a child poverty rate of over 20 percent in Shawano County's Bowler school district, and over 17 percent in Marinette's Wausaukee school district.

In all, approximately 12,500 Bay Area children lived below the poverty level in 2002. Since that time, the state poverty rate among both children and adults has grown and it is safe to assume that children and adults in the Bay Area have not been immune to this trend.

What can be taken from these statistics is the existence of concentrated poverty in some areas of the region. The point of looking at such measures, of course, is that poverty and low-income status is closely associated with a number of negative

outcomes for children and their families. Alternatively, getting out – and staying out – of poverty significantly improves the likelihood of a range of positive outcomes, from living in secure and stable families to success in school.

Though the W-2 program is currently serving low numbers of residents in most of the region's counties, the data included here indicate a more substantial need for the types of work assistance provided within W-2 – or at least that is potentially provided within W-2 – than is currently being provided. The fact that the W-2 program is not serving a lot of people in the Bay Area is not responsible for the fact that 12,500 children in the region live in poverty, but W-2 is one of the tools available for combating poor work connections and habits that often result in such poverty.



Economic and Workforce Challenges in the Bay Area

The Bay Area maintains a diverse economy with several key state industries present, including manufacturing, agriculture, and tourism. Having said that, the region has experienced significant economic change in recent years, and there has been a corresponding change in the job skills needed by employers.

When the state and region's economy were growing rapidly during the mid to late 1990s there were a lot of jobs being created, even for those with few job skills and little education. The subsequent recession along with a number of other, less temporary factors resulted in significant job loss, including manufacturing job loss – a development that has significantly changed the workforce needs and opportunities in the region.

At the beginning of 2001, nearly 21 percent of the state's jobs were in the manufacturing sector. By the beginning of 2004, that number was down to 17.7 percent, representing a loss of about 91,000 manufacturing jobs during those years. Many of the better paying jobs for those without four-year degrees have typically been in the manufacturing sector, and the same was true in the Bay Area. These often include benefits, have – at least in the past – been with stable employers, and have been the road to the middle class for countless Wisconsinites.

Specifically in the Bay Area, significant layoffs or plant closures have occurred over the past four years at a number of large manufacturers, including: Paper Converting, American LaFrance, Pride Manufacturing, Tecumseh, Emerson Motors, Evenflo, Kohler Corporation, Mirro, and Paul Flagg Leather. These larger layoff and closure events together have resulted in nearly 3,000 lost jobs. Most recently, Georgia-Pacific announced in early October of 2005 that it would be cutting approximately 400 positions from its Green Bay paper products operations.

The state has recently begun adding jobs, including manufacturing positions in some areas, but there is no serious expectation that the manufacturing base will return to those earlier highs any time soon. Another significant issue for employers and workers in the region is the fact that in many cases the types of jobs being created require different sets of skills than those positions that have been lost.

For instance, the manufacturing jobs that are being created require more skills – both occupation-specific skills as well as soft skills – than in the past. This is due to the increased use of technology as well as new manufacturing procedures that

require more problem solving, communication, and teamwork than before, in an effort to increase productivity and to remain competitive. There are fewer opportunities for low-skilled workers and those who have limited English speaking skills (except in the lower-paying food service and retail industries).

The bottom line for the region's workforce is that new sets of job skills are increasingly needed in order for them to be competitive, that is, for the area's workers to gain employment in the existing and emerging industries that do offer family-supporting wages.

Employers have had to reinvent themselves in recent years in order to remain competitive, workers are correspondingly having to reinvent themselves to match emerging employer needs. As recently highlighted in the economic analysis of the region by NorthStar Economics mentioned earlier, the workforce demands of the area's industries are not being met due to the generally low skill levels of the area's workers. In short, there is a skill gap in the region.

The jobs that are readily available to those with low skills and little education are service sector jobs that typically pay low wages, often do not include benefits, and often offer less than full time hours. Also, workers qualifying for and taking these jobs often maintain their low levels of education and job skills.

In response to these basic industrial and economic developments, many in the area (and in the state) have begun to devise ways to attract and retain highly educated workers. Their efforts stem from the basic idea that employers typically locate where there is an adequately educated workforce. With high-skilled workers, firms would be able to compete on a global basis by becoming more efficient as technology makes them more productive.

While that may be a good strategy to engage in, it will, by itself, leave out a significant portion of the existing workforce, those with low skill levels and little education referred to earlier. Attention should be paid not only to attracting the highest skilled workers for “high end” jobs, but to the workforce as a whole, including existing low-skilled workers. Economists and workforce development professionals often talk of how education and skill attainment should continue throughout a person's work years. This is also the case for workers currently on the low-end of the skill spectrum.

WIA and W-2: Investments in the Workforce

As stated earlier, state and local officials already have a number of tools at their disposal to assist the low skilled workers, including the W-2 and WIA programs. Significant funds have been spent on each. Between September of 1997 and June of 2004, approximately \$1.5 billion was invested in the W-2 program. In a recent contract period, (from January 2002 to December 2003) nearly \$10 million was spent in total W-2 expenditures in the Bay Area alone.

In 2004, \$44.5 million was spent in Wisconsin on the three WIA funding streams: youth, adult and dislocated workers. In the Bay Area in that year, over \$3 million was spent in those three areas, and another \$340,000 on administration.⁴

The WIA and W-2 programs provide opportunities for low-wage workers and the unemployed to improve their employment outcomes and improve the financial security of their families. The programs do differ significantly, however, not only in their design, but also in how they are measured for success.

WIA: Assessed for Performance, Focused on Training, Questions about Access

Program Description

The federal Workforce Investment Act (WIA) was signed into law in 1998, with the intent to integrate and improve existing employment and training programs. WIA Title I replaced the Job Training Partnership Act. WIA allows states to structure their systems to fit a “work first” philosophy and mandates three levels of services to be provided: core, intensive, and training.

Local workforce investment boards (which in Wisconsin are called workforce development boards) administer the program in the states. These boards have discretion as to the nature and degree of program and service integration. Indeed, some have done better than others at integrating existing workforce programs and services. For instance, key partners are often housed at one-stop centers – or job centers – mandated by federal law, including vocational rehabilitation, job service, TANE, Food Stamp Employment and Training, unemployment insurance, and others.

The goals of the program are to enhance employment, retention, and earnings for individuals, increase occupational skills

attainment, and to improve national economic growth through better productivity and competitiveness.

Services Provided

The local workforce development board helps participants (and employers) by informing them of which skills are in demand, what jobs are available, what career fields are expanding, and identifying trainings that best meet local needs.

WIA providers utilize Individual Training Accounts (ITAs) that provide or supplement existing financial aid for training. Job centers may also contract for group training services in addition to the use of individual training accounts. The training can take many forms including technical college programs, job-skills development at employers’ worksites, and others.

Also, the program mandates universal access to core employment-related services, such as job vacancy announcements, career options, employment trends, job search assistance, and assistance applying for student financial aid.

While all members of the public are eligible to receive Title I services, in times of tight budgets the state may give priority for low-income individuals and those transitioning to work, but it doesn’t have to. Wisconsin does not currently include this in their WIA plan. In fact, recent research indicates that nationwide, fewer WIA funds are being spent training low-income participants than in past years.

Reporting

There are four core indicators of performance that are to be recorded by providers and eventually reported to the federal government, including: entry into unsubsidized employment, retention in such employment six months after placement, earnings gains six months after placement, and attainment of education credentials.

A report must be submitted by each state to the Secretary of Labor regarding its respective performance measures and achievement on an annual basis. These annual reports are available on DWD’s website. These are clear standards of performance that are closely tied to participant success that must be regularly tracked and reported on – in other words, the program is assessed for performance.

If performance goals are not met over time there are financial repercussions, as the funds flowing to the state or the local workforce development board from the federal government will be in jeopardy.

WIA Outcomes

The value of training services is clearly seen within the WIA program by taking a look at the earnings gains for those participants who received training services. The six-month earnings gains of WIA participants who received training services were 36 percent higher than those participants who did not and only received core and intensive services (\$3,872 for those who did receive training services, and \$2,854 for those who did not, in program year 2004).⁵

These results have not been lost on those running the program in the Bay area. Administrators have focused on in-demand occupations that pay family-supporting wages. They've recognized the growing importance of the health care industry for the region, for example, as well as the increasing skill sets required in the emerging manufacturing positions. The Board is committed to bringing more occupation-specific job trainings to participants, as well as developing a soft-skill training program in conjunction with the technical college system, which was informed by the needs expressed by area employers.

The Bay Area WDB is also increasingly focusing on employer-specific training activities. Currently, for example, a 10-week welding program is training participants for available positions

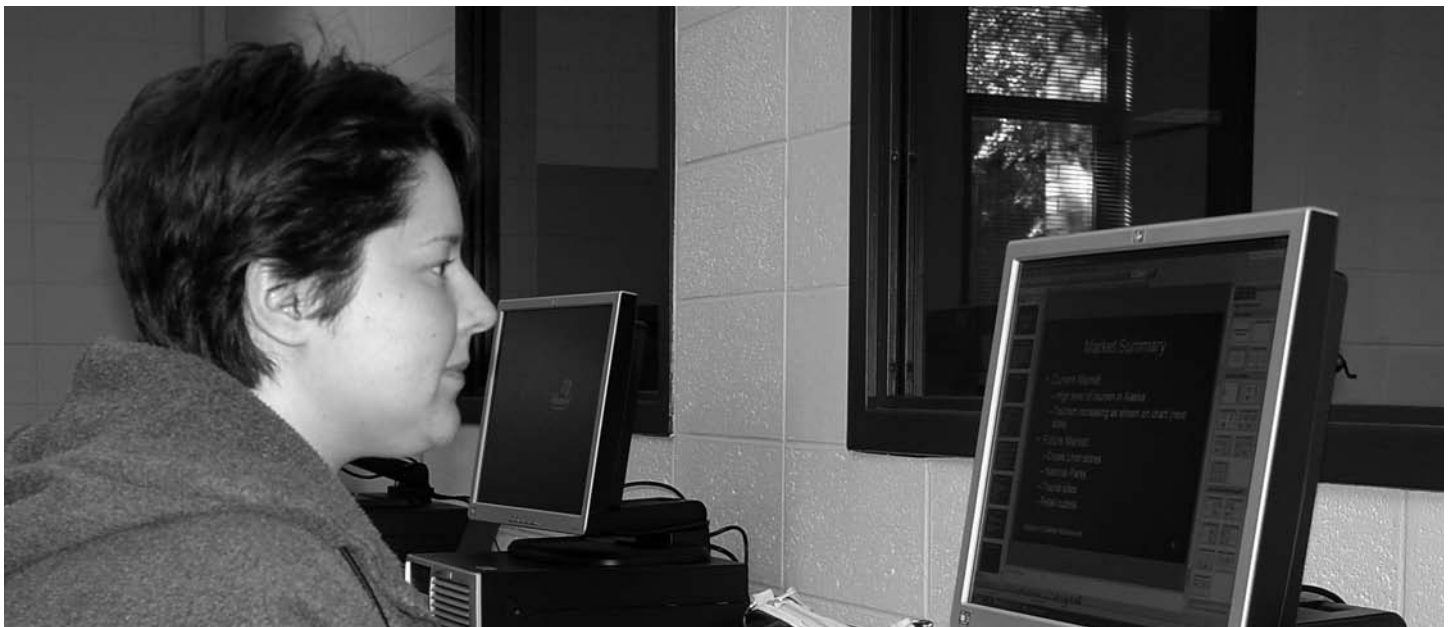
at Manitowoc Crane, a large employer in the area. Crane has committed to hiring those who graduate from the course, with plans to subsequently give them additional training while paying them their regular wages.

While more research needs to be done on the impact of employer-specific training, it is intuitive that training individuals for existing positions likely increases participant motivation significantly. It also develops connections to employers that should further educate providers as to the needs and practices of employers in the area.

Better Access for W-2 Participants

There are clearly strong WIA – employer connections being made in the Bay Area that should improve the chances for success of WIA participants. Likewise, there is generally a strong emphasis on increasing the skill levels of participants within that program. What remains a difficulty in the Bay Area, as elsewhere, is successfully folding W-2 participants into such training activities. There is no reason, after all, within statutes or the administrative code that would keep these two programs – both of which provide assistance finding and/or keeping work – mutually exclusive.

Budgetary pressure, lack of workforce development expertise within the W-2 program, and other issues related to the need for W-2 to be better integrated with WIA and other partners is discussed in more detail in subsequent sections.



W-2 Performance: Low Level of Services and Poor Outcomes Show Need for Better Program Design

Program Description

Wisconsin was at the forefront of welfare reform. With the passage of welfare reform legislation in 1996, Wisconsin led the way in changing its Aid to Families with Dependent Children (AFDC) entitlement program to a work-based program under Temporary Assistance for Needy Families (TANF). Under the new rules, participants are expected to actively seek work and engage in other activities – education and training activities, for example – as they search for work. When work is found, the participant is required to take it regardless of the quality of the job (wages, benefits, number of hours available, etc.).

The driving belief behind W-2 is that rapid attachment to the workforce is the best way to achieve the program’s stated goal of work-based economic self-sufficiency for participants. The program is set up around this rapid attachment approach – as compared to one that would focus first on building skills and obtaining credentials, and then searching for work. Though it is somewhat simplistic to describe any state’s TANF work program as exclusively a rapid attachment (or “work-first” model) or a skill-building model, W-2 squarely falls into the camp where rapid attachment is the driving force behind the program’s structure and administration.

After W-2 was fully implemented in 1997, the number of those receiving cash benefits dropped significantly. From a total of 35,000 cases just before full implementation, the cash caseload (including child-only cases) dropped to 18,300 by September 1999, a decline of almost 48 percent. The caseload then rose over the next five years to nearly 23,200 in September 2004, a level still off prior highs – before falling significantly again in recent months.

The caseload reductions, which were much greater than expected, caused many to deem the program an instant success despite the fact that little was known about whether former participants were actually working, for how long they stayed working, what their wages were, whether those jobs were permanent, and whether they continued to rely on other state supports.

Several years and a couple of audits later, however, we know that the program is in need of improvement. The rapid attach-

ment approach resulted in many welfare recipients leaving the rolls and joining the workforce, but their jobs were often low-skill and low-wage, with little possibility for moving up, and in many cases participants were soon unemployed again. For many W-2 participants, simply getting a job – any job – has not meant continued employment, increased wages, more family financial security, and has certainly not meant work-based economic self-sufficiency.

W-2 Services

The following table, taken from the most recent Legislative Audit Bureau report on W-2, shows the types and corresponding levels of services that were provided to participants from January through June of 2004 and provides some insight into what is being done for individuals as they go through the program.

T A B L E 4

Selected Types of W-2 Program Services (January - June, 2004)

Program Service	Number Receiving Service	Percent Receiving Service
<i>General Employment Services</i>		
Employment Search	10,940	51.1%
Work Experience	10,823	50.6
Motivational Training	4,536	21.2
<i>Education and Training Services</i>		
Adult Basic Education	6,916	32.3
Parenting and Life Skills	4,500	21.0
Job Skills Training	1,463	6.8
General Education Development	1,358	6.3
English as a Second Language	415	1.9
Technical College Courses	403	1.9
High School Equivalency	203	0.9
Driver Education	48	0.2
Other Post-Secondary Education	1	<0.1
<i>Assessment and Counseling Services</i>		
Employment Counseling	4,525	21.1
Physician’s Assessment	3,017	14.1
Mental Health Counseling	2,545	11.9
Mental Health Assessment	1,536	7.2
Physical Rehabilitation	1,330	6.2
Occupational Testing	1,053	4.9
Disability and Learning Assessment	832	3.9
Alcohol and Other Drug Abuse Counseling	737	3.4
Alcohol and Other Drug Abuse Assessment	398	1.9
Domestic Violence Assessment & Support Services	323	1.5

Source: Wisconsin Legislative Audit Bureau, Wisconsin Works (W-2 Program), An Evaluation, April 2005.

The low commitment to job skills training (6.8 percent of participants) and credential building (high school equivalency at less than one percent and GED services at just over six percent), along with the large numbers of participants not receiving any assistance in their job search (nearly half of participants) are particularly noteworthy.

The percentage of participants receiving job skills training had reached a high of 19.7 in 2002 before falling to 6.8 by 2004. The percentage receiving GED services fell from a high of 18.9 in 2001 to 6.3 in 2004. Several W-2 providers suggested that tighter budgets are responsible for these service declines – as compared to a belief that these services do not have a positive impact on employment and wages.

Several aspects of W-2 administration that were highlighted in the LAB report raise questions about the level and quality of services provided to participants. For example:

- For those in community service jobs (CSJs – designed to provide work experience and training to those who are able to perform some job duties) although statutes allow CSJ's to be assigned work for up to 30 hours per week, the amount actually assigned went down from 26.5 per week in 1998 to 17.7 per week in 2004.
- Many W-2 providers are not making widespread use of the Barrier Screening Tool (BST) – an assessment tool used to identify potentially serious barriers to employment. From May of 2003 through June of 2004, only 43.5 percent of participants were screened using the BST.

A brief look at the Bay Area indicates some similarities with the statewide numbers, particularly when it comes to the low level of commitment to education and training services – particularly job skills training and basic credential attainment – as well as the outcomes produced by the program.

Several counties in the Bay Area served very few W-2 participants between January and June of 2004. Brown and Sheboygan counties served the most, and the following table shows the level of various education and training services provided in those two counties.

T A B L E 5

Participant Levels and Percentage Receiving Education and Training Services Provided in Brown and Sheboygan Counties

	Brown County	Sheboygan County
Total Unduplicated Participants:		
January through June 2004	359	127
ESL	1.1%	3.1%
Literacy Skills	5.0	0.8
Adult Basic Education	5.0	13.4
Regular High School	0.3	2.4
High School Equivalency	0.6	1.6
Technical College Courses	0.6	0.0
Other Post-Secondary Education	0.0	0.0
Job Skills	7.8	2.9
Parenting/Life Skills	4.5	11.8
Driver Education	0.3	0.0

Source: Wisconsin Legislative Audit Bureau, Wisconsin Works (W-2 Program), An Evaluation, April 2005.

Assessment Services

In 2003, DWD introduced the Barrier Screening Tool mentioned above. It is meant to help providers identify significant potential barriers to employment. Several problems with the BST were raised during the task force's discussions. W-2 providers are required to offer it, but participants are not required to take it, and a number of providers spoke of how unreasonable it was to expect a participant to choose to answer such personal questions. Actual use of the BST varied widely among W-2 providers, ranging from under 20 percent of participants taking it in Dane County to over 87 percent doing so in Rock County.

Also, the questions on the BST are worded in a highly negative way, with most questions starting out, "Do you have a problem with . . ." Several providers and task force members noted how the BST was developed quickly in response to criticisms leveled by an earlier audit of the W-2 program, and was not well devised.

The provision of assessment services is an important issue, as much research has indicated the presence of multiple barriers

to employment among TANF participants, including mental health problems, experiences of employment discrimination and harassment, low work experience, lack of high school diploma, few job skills, and learning disabilities. In fact, researchers from the University of Michigan found in a study of TANF women's barriers to employment that two-thirds of the mothers met the diagnostic criteria for one of six mental health disorders at least once during the study period.⁶

While there does not appear to be much research on the issue of the impact that thorough assessments can have on participant success in program services such as education and training, or on future earnings, it is intuitive that proper assessment must occur if participants are to be placed in services they will be interested in, can complete, and that will be useful for them. Improper placement, on the other hand, likely leads to higher non-completion rates, dissatisfaction with the program, and little gained by participants from their involvement with the W-2 program.

While the task force struggled with the issue of how exactly to best assess participants, (weighing privacy concerns raised by DWD along with the need for accurate information, and so on) it is clearly an issue that needs further review and study. The development of any assessment tool in the future should involve all interested parties, including providers, former participants, advocates, along with key DWD personnel.

Outcomes

It has been difficult to obtain information regarding the status of former W-2 participants – if they remain in jobs, what their wages are, and so on. Two legislative audits, the most recent one released in April of 2005, are the primary sources of W-2 program participant outcome information.

For the nearly 10,000 participants who left the program during the last three months of each year 1999 through 2002:

- About 20 percent earned more than the poverty level in the year after they left W-2,
- the average annual income statewide for W-2 participants in 2003 was \$9,291 (the poverty level for a family of three was \$14,680 in 2003),

- returning participants increased from 38.6 percent of all subsidized placements in June 2000 to 52.3 percent in June 2004, and
- temporary staffing agencies (by their very nature offering short term work) employed 41.8 percent of former W-2 participants.

The Department of Workforce Development provided wage and other data specific to the Bay Area region for the task force. Participants in the Bay Area who had entered employments during 2002 had an average hourly wage of \$7.48 and the average hours worked was 27.9 per week, resulting in annual earnings from that work of \$10,851.

For 2003, the average hourly wage was \$7.14 with 28.2 hours worked per week, resulting in \$10,470 average annual earnings. This level of earnings would leave many families below the poverty line – depending on other sources of income.

Reporting

W-2 providers are required to enter a variety of information into the CARES database, including the services engaged in by participants, their wages at placement, status at follow-up and so on. Unfortunately, this information is not readily available to the public, including researchers and other policy analysts interested in studying the program and looking for ways to improve it. In fact, it took a long-awaited audit by the Legislative Audit Bureau to understand fully the shortcomings and poor performance of the program as currently administered.

Not only is the data that is recorded not widely or easily available, those administering the program have not been held accountable in the past for participant outcomes. There have been no repercussions for poor performance by W-2 providers (short of outright fraud and other felonious behavior).

Changes in the Offing

DWD has made a number of assurances in the area of reporting, insisting that more information will be easily accessible in the future. It has not been made clear yet, however, exactly how that will be done, and when and where program and participant outcome information will be available.

Along with the assurances of increased program transparency, the Department has made a number of changes to program administration for the next contract period. For example:

- the new contracts are for four years instead of two,
- new performance standards place demands on W-2 agencies to:
 - show progress in participants' obtaining and retaining jobs,
 - make connections with local employers,
 - deliver short-term job-skills training,
 - and collaborating with other providers and child welfare agencies.

Though the impact of these changes will not be known for some time, they are in large part welcome changes to W-2 program administration.

There are also several significant changes in program delivery in Milwaukee County, in which 80 percent of W-2 participants reside. The county will be broken down into regions and program functions broken down into case management, job development and training, and SSI advocacy (instead of all functions being performed by each of the different agencies involved in the past). It remains to be seen whether further dispersal of program responsibilities will result in better outcomes or accountability in Milwaukee County.

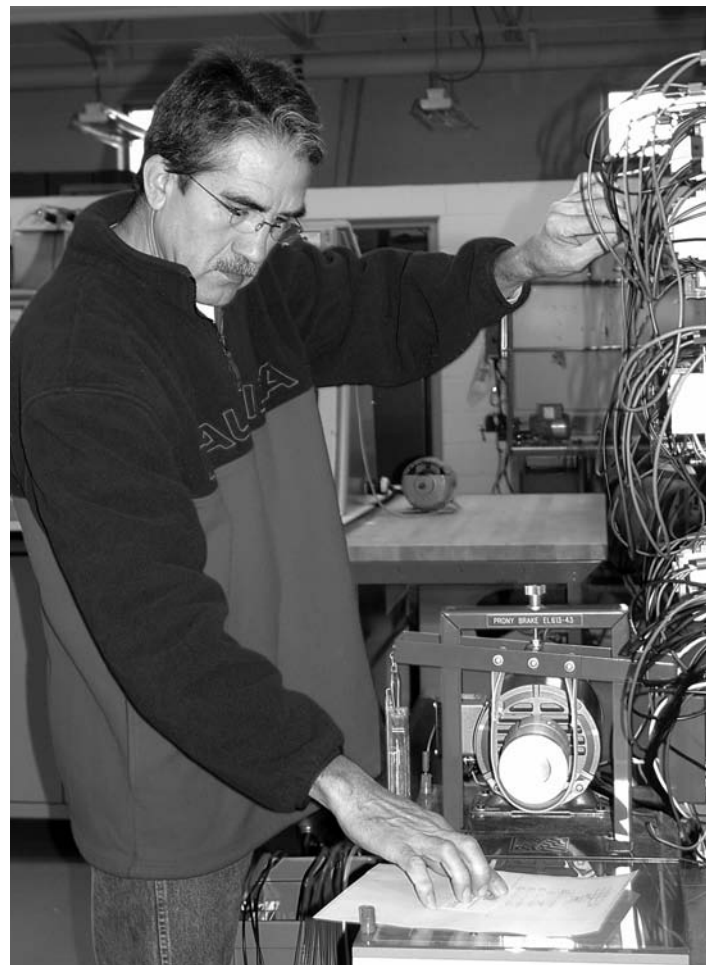
This quick look at the services offered in the W-2 program and the outcomes produced by the program in recent years gives an indication of what participants are experiencing within W-2's rapid-attachment model, and where they are once they've left the program.

If the goal of the program is truly work-based economic self-sufficiency for participants, then it should be recognized that for some, the rapid attachment model – at least as currently practiced – has failed. In fact, the rapid attachment model has not simply failed participants, but employers and the public as well. More W-2 participants are returning to the program, and because of their low wages, many that are working remain on

a myriad of other state supports. Likewise, employers are not well served when participants are generally pushed into the first available job instead of receiving job skills training or other services that in turn add value for the employer.

With provider budgets getting tighter due to the decreased state commitment to the W-2 program within the broader current state fiscal crisis, there's no reason to think those outcomes will improve using the current model. In fact, the funding decline will be significant in coming years. For the first two years of the next contract period – 2006-07 – funding for both services and benefits is down by about twenty percent compared to the prior contract period, and ten percent for administration. As one task force member suggested: "Trying to do the same thing – which has failed for many participants – with less dollars, is doomed to also fail."

Fortunately, there are a number of other TANF programs and discreet TANF program elements that provide some insight into how the W-2 program could be improved.



What Works: Best Practices to Inform a Better Design

As mentioned earlier, the federal government replaced Aid to Families with Dependent Children (AFDC) with the Temporary Assistance for Needy Families (TANF) block grant program in 1996. Under TANF, states receive a grant and are under a number of parameters for operating their respective TANF work programs. The belief was that states, while operating within these general parameters, would have substantial discretion and would be able to innovate and find best ways to move their participants into work.

The result is that states' TANF work programs do differ somewhat. There have indeed been some successes in helping TANF participants find work, stay in work, and increase their incomes. Wisconsin policy-makers and W-2 providers could learn from these successes.

Skill-Building, Work-First, or the “Mixed” Approach

There has long been debate about the most effective approach to take in TANF work programs – the work-first approach described earlier, or a skill-building approach in which services (such as parenting skills, basic education, or job skill trainings) are begun immediately. Most programs include elements of both approaches, and attempts to categorize programs as one or the other of these types has led to a great deal of confusion and contention.

Many work-first programs, for example, offer other services to participants while they are looking for work, and many skill-building programs still require a participant to move into work as soon as it is found, even if in a training program of some kind. W-2 is a good example of a program that includes a variety of services that providers can offer participants, but can certainly still be described as a rapid attachment or work-first program since participants are required to accept the first available job and penalized through the loss of benefits and services if they do not.

A number of studies have been conducted of the effectiveness of TANF work programs in various states. While debate still rages (to the point where researchers have reached opposite conclusions examining the same program), what is called a “mixed approach” seems to offer the most hope for TANF work program participants. This mix, as embodied in the Portland JOBS program described briefly below, combines

assisted or what could be called “informed job search”, with education and training activities when appropriate.

The Portland JOBS program was individualized, with some participants immediately heading into assisted job search, and others heading into a training track. The success of this approach is intuitive. Participants come to a work program with very different work histories, with different skill sets, with different abilities to complete training, and so on. Correctly determining the proper services for each participant appears key to good outcomes. Not every service, even if effective for one person, will be effective for another.

In Portland, program administrators made a particular point of increasing the number of participants who were allowed to take and complete training programs. For this reason, the program is hailed by those advocating for more education and training as the best example of the effectiveness of such services.

The results in Portland were impressive, as seen from the following statistics:⁷

- participants earned nearly 25 percent more over a five year period than individuals who did not receive the program's services,
- 49 percent of the program's participants held jobs that provided health insurance (the rate for job-search focused programs described in the far reaching NEWWS study was 43 percent (National Evaluation of Welfare-to-Work Strategies)), and
- the program increased job stability more than the other 10 programs in the NEWWS study.

Case managers in the Portland program were familiar enough with the participants they were working with, and familiar enough with the local labor markets, that they advised participants not to take the first available job when they assessed a person could get a better one, with a better wage and perhaps with benefits. This attention to job quality may well be the most important element of the Portland program, and one that, while difficult if not to impossible to parse out from other program elements to analyze, should receive further attention and study.

While the Portland JOBS program is often discussed, other programs that invested in skill-building for participants have also shown improved outcomes. The following examples are also taken from the Workforce Alliance’s “Skills Training Works: Examining the Evidence” report.

- **The state of Washington’s WorkFirst Program.** Despite its name, a number of welfare recipients who completed a 12-week pre-employment occupational training program – tailored to specific jobs – earned \$864 more per quarter because of it. Those who did not saw no substantial earnings gains from the program.
- **The Baltimore Options Program.** Four distinct approaches were tested, and in one a number of participants were allowed to attend education and training as an initial activity (instead of automatic placement into job-search activities). This group saw earnings gains by the fifth year of nearly 10 percent more than those in the other groups.
- **Minnesota’s Pathways Program.** A customized training program was developed by the business community and the technical colleges there. Participants earned 19 percent more per hour and 28 percent more per week than participants in another Minnesota program, Work in Progress, in which participants only received job-search services.

Several common elements appear when reviewing these and other successful skills-building programs. In most cases, there was a willingness to allow participants to complete a prescribed program (usually short in length) before having to accept a job. Also, there is often a very close connection with employers, to the point of helping plan the job-skills trainings that were offered. In some cases, these were at-the-job-site trainings geared around specific job openings.

There does not appear to be as much research on the impact that community college and other post-secondary programs have on employment and wages, but Figure 1 reminds us of what has been known for a long time, that in general, higher education levels bring significantly higher earnings.

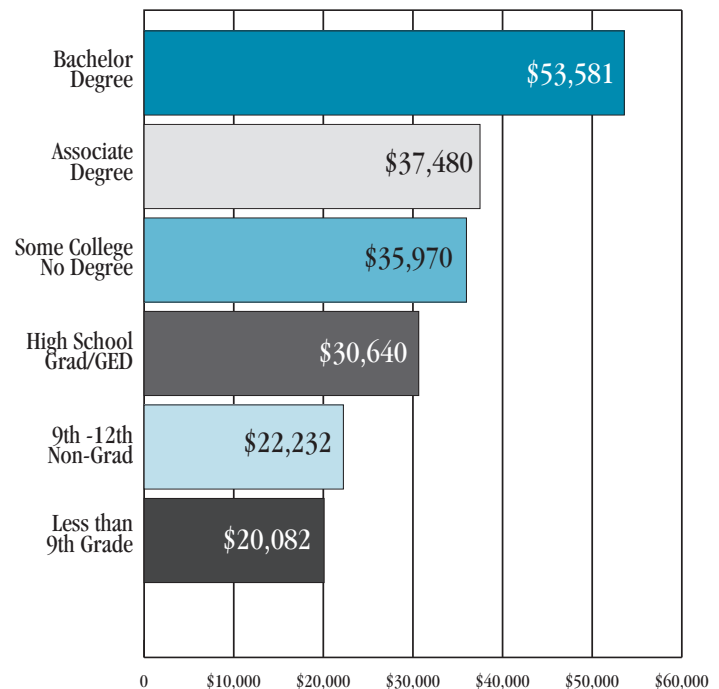
This fact is as relevant for someone trying to move up from a 9th grade education level to a high school diploma as it is for

someone wanting to move from a high school diploma level to a bachelor degree.

The Figure below shows the earnings achieved at different education levels for those who worked full-time in 2004. It’s important to remember that at lower education levels, fewer people have full-time work. For example, in 1999, only 65 percent of those without a high school diploma worked full-time, while 77 percent of those with bachelor’s degrees worked full-time. It’s not simply a job’s wage that matters, but how many hours of work it allows as well.

FIGURE 1

***Educational Attainment and
2004 Average Annual Earnings,
for Full-Time Workers 25 or Older***



Source: U.S. Census Bureau, CPS, 2005 Annual Social and Economic Supplement

The Role of Education and Training in Wisconsin: Neglected and Confused

In Wisconsin, the idea that education and training, combined with basic job search activities can result in higher rates of employment and wages is not new. In fact, in a June 1998 report from the Governor's Wisconsin Works (W-2) Education and Training Committee, titled "Step Up: Building a Workforce for the Future, the Role of Education and Training in Wisconsin Works", we read a very familiar story – a commission of experts calling for an increased focus on job-specific occupational training and basic credential attainment combined with active job search. The report's authors stated seven years ago, "Again looking at past work programs, the most successful activities were job skills training and on-the-job training (OJT), where education and training activities were combined in a work environment."

What has occurred in the W-2 program, however, has been a much different story, as seen in the LAB data given earlier, with a low level commitment to such training and with a surprisingly low level of assistance given to participants in their job searches. In fact, less than five percent of total contract funds were spent on education and training services from September 1997 through June of 2004 in the W-2 program. Even more disturbing is the fact that the audit indicates the commitment to these services is also declining.

It may be surprising, then, that some have actually called for less education and training within the W-2 program recently.⁸ What is creating this disconnect between what is going on within the program, what is known to work, and what is being called for? In addition to the difficulties inherent in narrowly labeling a program as "work-first" or "skill building", as mentioned earlier, confusion seems to exist over what is considered and what should be considered "education and training."

In W-2, the category of services called education and training includes all of the items listed in that category in Table 5, from job skills training to adult basic education to parenting and life skills. The education and training that is often cited in studies as having an impact on employment and wages typically falls into two categories, job-skills training (particularly useful when directly linked to specific employers and open positions) and basic credential attainment (the lack

of which will eventually impede the wage progression of most employees).

This is not to say the other types of education and training activities, such as motivational training and parenting and life skills are not important. In fact, they may well have a direct impact on a family's stability and security. There has been little research, however, exploring the link between these education and training services and employment and wage levels.

What is important to note about the level of education and training services offered in the W-2 program is that the commitment to job skills training and basic credential attainment is low, and appears to be waning further as W-2 provider budgets are squeezed.

Other Examples of Innovative Service Delivery

A number of states have implemented pilot projects or new elements into their work programs which have been identified by others, such as the National Governors Association, as promising ways to improve outcomes or program administration and which are worth a look.⁹

Pre-Employment Services

The value of participating in job-skills training and obtaining basic credentials is fairly well established. How to offer these services to participants in ways that foster completion of the training is a difficult task. When the training is closely connected to the workplace it appears to be more successful. Here are just a couple examples of creating such a connection.

- In Minnesota, **Pillsbury United Communities** (PUC), a community-based non-profit, teamed up with Home Depot and, using TANF funds, established a Vocational English as a Second Language program. This pre-employment training was held at the workplace, and focused on helping Spanish speakers pass the application exams. Other support services were also provided by PUC, including other skill trainings and housing services.
- In **Maryland**, noting the high numbers of retail jobs available in the area, community colleges teamed up with TANF and workforce development agencies to set up a skills training center at a local mall. Potential hires

and existing employees could make use of the center's GED, ESL, and other training opportunities.

Job Placement

While it is somewhat understandable that placement in any job could seem like a success when viewed against being unemployed, paying attention to the quality of the jobs currently available in the area can make a real difference for the wages and continued employment of participants, as well as their continued reliance on other publicly-financed need-based supports.

- In the **Portland JOBS** program described earlier, case managers were able to pay attention to job quality, and that attention resulted in higher earnings, higher rates of participants obtaining benefits, and increased job stability.

In addition to wage and benefit considerations, a key consideration should be the number of hours available for work. Part time jobs will likely not include benefits, will result in lower earnings overall, and may indicate to future potential full-time employers that an individual has not wanted to work full-time in the past. Such consideration at placement requires an informed case manager or job developer, not merely of the participant and their skill levels, work history and so on, but of the local labor market, specific local employers, the types of jobs they offer, and wages paid.

One could posit, in fact, that even within a work-first oriented program, better-informed job search assistance – which takes job quality into consideration – could have a significant impact on raising wage at placement averages and retention levels. In other words, even if a participant is required to accept the first work opportunity found, looking for higher quality jobs to begin with should result in more participants *having* to accept higher quality jobs than if the case manager helps them look for just any job opening.

Retention and Advancement

Attention to retention and advancement may seem antithetical to a rapid-attachment program. Why worry about what happens to a participant after they find a job, if finding that job is really thought to be all that is needed for an individual to work his or her way up to economic self-sufficiency. The obvious and

well-understood importance of retention and advancement services for low-income workers – and for employers – reveals the conundrum of the state's W-2 program, one that espouses work-based economic self-sufficiency but practices (and funds) rapid-attachment with minimal follow up.

Providing retention and advancement services, in the form of continued opportunities for training and credential obtainment, mentoring on the job, and so on, can improve job stability and result in higher earnings. For employers who are susceptible to high turnover costs typically associated with employing a low-wage workforce, retention and advancement services can significantly reduce their labor costs (often the highest cost of doing business).

Below are a few examples of innovative ways to handle post-placement issues and continue to assist workers on what is usually a long path to economic self-sufficiency.

- The **Upward Mobility Project** in Dane County, Wisconsin assisted low-income workers who could show recent job stability (employed for the past six months), by informing them of higher-wage job opportunities, helping gain access to trainings, and connecting them to employers. Sixty-nine percent of participants gained new jobs with an average wage 20 percent higher than their original positions. The share of workers with health coverage and other benefits increased from 15 to 51 percent. Importantly, workers also increased the number of hours they worked from 31 hours per week to 37 hours per week. The program operated with TANF funds for four years and ended in 2003.¹⁰
- The Oregon **PROGRESS** Program involved case managers assisting former TANF recipients who are now working and who are still receiving Medicaid due to low earnings. An integral part of the program is the development of an "income improvement plan," meant, obviously, to help workers navigate their way to higher earnings. The case managers suggested career opportunities and helped with any barriers to employment that may have arisen – something that is particularly critical in the period immediately after gaining employment. The draw to the program was the possibility of increased wages. Case managers kept participants involved by engaging in "intensive follow-up" after placement.¹¹

- In South Carolina, the **Moving Up Program** provides case management services to former welfare recipients. They offer cash incentives to those who stay on the job or advance to a better position. Case managers are described as being flexible and taking a highly individualized approach to participants' needs.¹²

These brief examples – more specifics on which are readily available – illustrate what a lot of people working in workforce development already know, that retention and advancement services can have a significant impact on workers' continued employment and wage growth, as well as aiding employers.

Best Practice Lessons

Existing research shows that certain approaches to assisting TANF work program participants can have a significant and positive impact on their employment levels, earnings, and job stability. For instance, job skills training, particularly when directly linked to employers, clearly works when combined with informed job search activities. Also, when case managers are able to pay attention to job quality they can help participants wade through the local labor market and connect with employers, finding optimal positions for each participant based upon their individual characteristics.

Likewise, post-placement activities like those described above can have a profound impact on former TANF recipients' ability

to maintain that employment, as well as to move up the income ladder (through sustained employment and continued training and credential attainment).

What the task force took from its look at best practices, then, is the importance of the following program elements:

- ✓ thorough assessment of both strengths and weaknesses
- ✓ individualized approach to case management
- ✓ job skills training
- ✓ basic skills training when linked to an employer or occupation
- ✓ knowledgeable and proactive job development
- ✓ retention services combined with continued job skill development

The alternative is a hands-off approach resulting in low levels of services being provided. This is an option that has not produced good results in Wisconsin to date – with increasing numbers of participants losing the jobs gained and returning to the program, and doing so with the same low-level of skills and education they had before.



Input from Those on the Ground in the Bay Area

Task force members were interested in hearing from a number of key players in the workforce system and raising certain issues that had come to the fore in their examination and discussions. Over the course of several months, the task force heard from W-2 participants, providers, DWD personnel, technical college representatives, and employers, both in meetings and through survey responses. The following are some of the key issues raised by these respective parties and some of their answers to questions from the task force.

Participants: Greater Individualization, Continuing Support and Closer Connections Between Program Activities and Actual Jobs

The task force invited individuals who participated in the WIA or W-2 programs in to speak and was pleased at the level of frankness and thoroughness with which those participants described their experiences. They answered questions on a wide range of issues and a number of important observations emerged during these conversations.

Each of the participants noted how every participant's situation – including their goals, their work history, family commitments, transportation needs, and so on – is different, and suggested the W-2 program does not adequately account for this.

For many participants the road to employment, and especially to stable employment, can be a long one. The task force heard how participants often felt they were out on their own during this often long process, and how case managers played more of a program-rule-enforcement role, rather than that of coach or motivator. Participants spoke of the usefulness of and need for a motivating force throughout their effort to gain self-sufficiency. They also spoke of the need for staff to share information on opportunities for them to improve their job skills and to work with them on developing a plan to do so.

Former participants spoke of how there are often key moments when they faced a particular barrier (such as lack of childcare, inflexible scheduling of classes or other services offered, and so on), when the presence of someone to assist them could have a significant impact. They suggested that getting by that barrier at that moment was the difference between continuing in or dropping a course, a training, the program itself, or even a job.

Participants also spoke of the need for program activities to seem more relevant. That is, that motivation can be low for participants when services that are offered, even education and training activities, do not appear closely related to their personal goal of getting a good job.

Providers: Dwindling Resources and Rapid Attachment Mandate Limit Services

Twelve surveys were completed by individuals responsible for delivery of W-2 and/or WIA services in the 10 counties of the Bay Area. All counties were included, and in several cases one respondent and his or her organization serve more than one county. Also, in some cases both W-2 and WIA services are provided by the same organization.

Their answers provide a very stark look at the programs they are administering. The bottom line for several W-2 providers in the area is that it is getting increasingly difficult to administer the program, as they are being asked to achieve better results with less money, and all within the parameters of the rapid attachment model.

W-2 providers repeatedly expressed the opinion that the program was never meant to be a job training program, that caseload reduction through rapid attachment drives their work and severely limits their ability to provide job skills and education services that may be useful for participants.

While it wasn't too surprising to hear that the provision of education and training services are often not possible within the current structure of the program, some noted that it was actually also not possible given the program's goals. As one provider wrote, "the provision of education and training services are not compatible with the program's goals." And another wrote: "Any employment regardless of wage is viewed as a success."

WIA providers, on the other hand, were content with the training opportunities available, though they too lamented that shrinking budgets were putting limits on what they could offer. They also pointed out occasional difficulties with sharing information with the W-2 providers, due to limits on the use and sharing of information in the CARES database system mentioned earlier.

W-2 providers cited a number of different assessment tools that were available, including the Barrier Screening Tool mentioned earlier. There was some hesitation, however, to say that such tools were used widely, and in fact, we know from the LAB report that the BST is often not administered to participants. Part of any comprehensive assessment – which should be considered a prerequisite to proper job category and service placement – is a positive assessment of an individual’s skills, work desires, preferred work habits and needs (hours, work environments, and so on). In this regard, providers mentioned a number of tools that are available to them. It was unclear, however, how the results of these other assessment options were then used.

A surprising number of providers also questioned the impact that education and training could have on participants’ employment and wages. Others were convinced that had resources been available, the provision of such services would naturally have a positive impact over time on earnings. Again, however, they universally stated that little is done or even possible along the lines of gauging the impact of different services such as education and training, that they don’t have the staff to track such information – such as what are the most useful types of education and training for participants.

Several providers of both programs did express the growing need for ESL programming that would be focused on work concepts and work needs, and how their current funding levels did not suffice to provide needed staff levels to provide this training.

Interestingly, at the same time, at least one provider suggested that most employers were looking for employees with more skills than those held by most W-2 participants. Regarding their connections to employers, providers mentioned things like being a member of the chamber of commerce or the county’s economic development board, or of the job center management team having some connection to private employer networks.

Providers mentioned how they were aware of the information available from DWD regarding labor market trends, in-demand occupations and so on, but again, there was no indication that this information was utilized by case managers in any systematic way. In fact, there appear to be few substantive links between W-2 providers and employers.

Employers: Poor Employee Work Habits, High Turnover Costs, Little Connection to the Job Centers

Three employers with significant low-wage workforces spoke to the task force of their needs and concerns, and their observations of the low-wage workers they employ.

Poor work habits such as low attendance and tardiness were a common complaint by the employers who spoke to the task force. They noted that high skill levels were often not required of their employees, and that training at the job site, whether by them or someone else, was the kind of training that would be useful for them, the employers as well as the employees. Soft skill improvement and job skills that are tailored to their specific workplaces and position requirements were deemed as potentially useful.

Employers did not engage in peer mentoring of new hires, and instead spoke of how supervisors made it clear to the employees what was expected of them. There appeared to be a disconnect between what was being asked about – peer mentoring as a way to help smooth the inevitable bumps in the road for new low-wage hires – and what they were thinking about, that is, employees knowing what the rules are.

While knowing what is expected of them is no doubt important, peer mentors or workplace ambassadors provide additional benefits to participants. The adjustment to work for many low-wage workers who have been unemployed for some time or who don’t have much work history in general can be difficult. Having a peer to discuss problems that arise (but which may not rise to the level of telling one’s supervisor) and that may impact the employee’s attendance or attitude at work can provide a significant morale boost. There are also practical issues that peers can help with in ways that supervisors often cannot – or that employees don’t feel they can raise with supervisors, such as transportation problems, lack of a phone, family problems, and so on.

One employer did mention how for a short period of time one unit of its firm did provide peer mentoring to new employees, and that it did appear to have an impact on decreased turnover rates. They could not quantify that experience, however, and the mentoring was discontinued despite the apparent positive impacts. While it’s difficult, if not impossible, to quantify the

advantages of having a robust mentor program at a workplace, it's effectiveness is intuitive and also supported by anecdotal evidence from participants.

Also of interest was the fact that the employers talked to did not have any connection to the job centers other than posting open positions on JobNet, a job posting service. They were not aware of the kinds of things the Job Center could potentially provide but were very interested in learning more and potentially making use of the job center. All the employers were keenly aware of the kinds of significant costs at their firms associated with high turnover rates, and were interested in anything that could help alleviate those costs.

Technical Colleges

Technical colleges play an important role in workforce development in the state and around the nation. Some basic information on technical college programming and their results gives a quick indication of how important the technical college system is to workforce development in Wisconsin, and how the technical colleges need to be a key participant in workforce development program reform and administration.¹³

For example:

- more than 90 percent of technical college graduates stay in Wisconsin
- more than 300 programs are available, as two-year associate degrees, one- and two-year technical diplomas or short-term technical diplomas
- businesses and industry are increasingly taking advantage of the customized training and technical assistance offered at the technical colleges
- one out of every nine adults in the state uses the technical colleges for career preparation or continuing education every year
- six months after graduation, 94 percent of technical college graduates are employed; 80 percent in their field of study

Graduate salaries also indicate that completion of technical college programs offer strong starting wages. Here are the median annual salaries for the different types of degrees granted:

- associate degree - \$31,198
- two-year technical diploma - \$25,739
- one-year technical diploma - \$24,958
- short-term technical diploma - \$21,838

Another interesting point is that salaries of new technical college graduates are up 30 percent over those seen five years ago, perhaps reflecting the increasing demand for new skills sets in the jobs that are now being created.

Northeast Wisconsin Technical College (NWTC) and Lakeshore Technical College are both located within the Bay Area WDA. Representatives from each served on the task force, and others from NWTC spoke to the task force about key issues.

A number of opportunities for collaboration exist between the technical colleges and the job centers – which can include W-2 participants. For example, NWTC has a career center at which a number of career development tools are available, including web-based assessment tools that could be completed at the Job Centers (such as “World of Work”).

Also, the technical colleges have taken part in the development of occupational job skills trainings for employers in the past – often at the job site. As long as there are enough participants to cover the costs of the program, they can tailor such trainings to many types of occupations, and working closely with the employer will help them tailor those trainings to specific positions.

The technical colleges in the Bay Area are already involved in various ways in the workforce development programs offered there, and the task force came away with the strong feeling that they could become even more helpful in bridging the gap that exists between the skill levels of many low-income workers in the area and the needs of employers there.

Lessons from Key Partners

The task force gleaned the following important points from the surveys, interviews with participants and employers, and input from other key players such as the technical colleges.

- ✓ greater program individualization needed
- ✓ continuing support can keep a participant in a program/service
- ✓ closer connection between program activities and actual jobs
- ✓ mentoring not being utilized by most employers

- ✓ employers interested in resources that can help their bottom line
- ✓ employers that hire low-skilled workers share many similar problems and needs
- ✓ the technical colleges are a key workforce partner and have experience in developing various types of occupational trainings

In many respects, what we heard from participants, employers and providers in the area mirrored what shows up in the data, and highlighted what are really the key issues for the program and for eventual participant success. Together, these lessons combined to lead the task force to a number of recommendations for the region.



Recommendations

Significant state and federal money has been spent on the W-2 and WIA programs in Wisconsin, representing a sizable investment in the state's unemployed and low-income workers. The outcomes have been mixed. Many W-2 participants in particular are earning below-poverty wages. Many of them have not increased their skill levels or education credentials key to future wage growth and the financial security of their families. Also, increasing numbers are returning to the program after losing their jobs.

Wisconsin is not alone in the hurdles it faces in helping those with little education and low-skill levels, and little or no work history, obtain family-supporting jobs. This fact offers the opportunity to learn from others' experiences in this area of public policy, and to apply best practices here in Wisconsin and in the Bay Area.

There are indeed ways to improve the employment levels, wages, and retention of TANF and other low-skilled workers. We also see from a look at the structure of the W-2 program and the services offered therein that we're often not doing those things – that what's going on within the program currently is not conducive to positive outcomes for participants.

Based on a review of the W-2 program as currently practiced and the outcomes it has produced, along with a look at best practices and having heard from others in the Bay Area involved in the program, the Task Force recommends the following reforms:

W-2 Providers

1. Consistently and thoroughly assess both the strengths and weaknesses of each participant.

The Barrier Screening Tool is not widely used in many counties. It is voluntary, and is written in such a way that many participants would be understandably dissuaded from taking it. Questions were also raised about whether W-2 staff have the training necessary to interpret the results. Also, while there are a number of positive skill and career assessment tools available to W-2 providers, it is not clear how extensively these are used and when they are, how the results were being used.

A thorough assessment for each participant, of both the employment barriers they face as well as their strengths, should be a prerequisite for subsequent job category placement as well as determining what services are to be offered.

2. Develop a plan for each participant – a “roadmap to self-sufficiency” – to take a participant from status at enrollment through economic self-sufficiency – incorporating aspects of the current “employability” and “supportive services” plans.

Many TANF program participants remain on other state supports long after job placement, due to low wages. Economic self-sufficiency is hard to define, but an initial goal could be 200 percent of poverty, as that is the eligibility level often associated with key economic supports.

A roadmap for participants that leads to self-sufficiency would accomplish a number of positive things for all parties involved. Both participants and case managers would: become more aware of the importance of job quality; would see how various services available could help the participant along that road – thereby increasing the relevance of such activities in the minds of both parties, and would indicate to both that initial job placement is a significant step along that road, but not sufficient in itself, often, to get to the desired goal – that of self sufficiency.

Also, such a plan should include linkages to the various other state supports that are available to participants if they qualify, subsidized child care, Medical Assistance, housing assistance, transportation assistance, and so on, supports which are critical especially in the early stages of work. It would also highlight the need for creating linkages to other key workforce partners as ways of tapping into education and training opportunities.

3. Provide more job skills training and educational opportunities for participants by linking with other partners such as WIA providers, technical colleges, employer networks, and others.

Education and training opportunities, when consistent with participants' skills and interests can be an effective tool for improving employment, earnings, and retention. While W-2 providers have largely shied away from such services in the past as being inconsistent with the program goal of rapid attachment, the fastest road to self-sufficiency – the stated goal of the program – for some will require efforts to boost skills and earn basic education credentials.

Given the increasingly difficult budgets of W-2 contractees, better integration with WIA and other key partners is likely going to be required before W-2 providers are *able* to steer more participants toward education and training options.

4. Provide informed job search assistance and placement recommendations for every participant, using available labor market information as well as proactive outreach to employers and employer networks to help participants tune in to higher quality jobs (defined not only as having higher wages, but also taking into account hours of work available).

Much labor market information – on emerging industries, types of job openings, and so on – is available to Job Center and specifically W-2 and WIA case managers from DWD. The usefulness of such information, however, should be in helping steer participants not simply to the first available job, but to the best possible job for that participant. Job quality matters greatly for earnings, wage growth, and job retention for participants. Additional training may be required for front-line staff, regarding the availability of and how best to use this labor market information.

5. Link basic skills and ESL trainings to specific occupations and employers, soliciting the assistance of employers in planning these trainings in order to make them relevant and useful for both participants and employers.

Many employers spoke of the needs for increased and job-specific ESL trainings and basic skill development. Such trainings will appear more relevant to participants as well, since they would be connected to actual employers and actual position or industry requirements. The technical colleges are already engaged in producing such employer-specific trainings, and W-2 providers should attempt to link with WIA, the technical colleges, and employer networks to identify the jobs and employers best suited for such training.

6. Stay engaged with participants after placement to provide increased retention and advancement assistance – maintaining pursuit of the program's goal of economic self-sufficiency for participants by helping the participant move further along their roadmap, specifically linking participants to education and training opportunities and openings in higher-paying jobs.

There are two important reasons for increasing the amount of attention paid to retention and advancement within the W-2 program. First, even with a greater emphasis on job quality by case managers, it is likely that for most W-2 participants, their first job placement will not offer a wage sufficient to take that participant to self-sufficiency. Additional skill development and perhaps education credential attainment will be required to move into a better-paying job.

Secondly, research clearly shows that continued assistance from case managers can have a positive impact on participants' chances of retaining employment and eventually moving up the wage ladder. Multiple hurdles will likely arise after initial job placement, and when participants are left to their own devices, many – and in fact an increasing number – end up leaving that first job and returning to the program.

Workforce Development Board

- 7. Establish and support a permanent committee on low-wage work as a part of the Bay Area Workforce Development Board to assist with the implementation of these recommendations, and to continue exploring these and other issues surrounding low-wage work.**

Improvements to the existing workforce system – whether specific program improvements or system-wide changes – will only occur when a number of the key partners are working together. To help bring these parties together – providers, DWD, employers, participants – the WDB should establish a committee on low-wage work issues. Such a committee could bring additional relevant information to the board and other parties, and could provide an ongoing institutional presence on issues surrounding low-wage work. A committee’s focus on these issues may become especially useful – and needed – given the level of effort being put into economic development in the area in general.

- 8. Help educate local employers as to the positive impacts that peer-mentoring can have on their turnover costs and employee work habits, productivity, and loyalty.**

While little research exists regarding the impact on retention that peer mentoring or employee ambassador programs have, much anecdotal information was presented by participants as to the value of having a fellow-worker act as a helper when confronting many workplace issues common to others, but new to new workers. For employers of W-2 participants, the benefits are strongly intuitive. Employee turnover costs are high. Workplace support such as this can increase one’s productivity and loyalty to the employer. The W-2 providers could partner with the Job Centers, employer networks, or WIA on offering training for employers’ human resource personnel on the value of and models for such activities.

- 9. Actively seek ways to incorporate W-2 participants and others into available WIA-organized education and training opportunities.**

Several barriers to better WIA and W-2 service integration were discussed by the task force. While no single recommendation on overcoming these barriers was decided upon, it became clear when discussing the needs of employers as well as education and training best practices, that there are opportunities for W-2 participants to be included in available Job Center trainings. If the WDB implements recommendation number seven and creates a committee on low wage work, such service integration could and perhaps should be one of the first major issues it tackles.

Department of Workforce Development

10. Create an ongoing W-2 program quality review and improvement team.

Instead of responding to notification of program failures every few years when the LAB issues a report, the Department should be proactive and look for ways to improve the program on a continuing basis. They should do this by working closely with others involved in the program administration and design, including providers from a number of areas in the state (including private and public entities), policy researchers, employers and workforce development professionals, as well as key economic development professionals and advocates.

11. Develop and share a specific plan for collecting and making accessible more information on the administration of and outcomes from the W-2 program.

The Legislative Audit Bureau's recent report on W-2 highlighted many aspects of the program's administration as well as some of the program's outcomes. Such information should be available to policymakers and others interested in and working on workforce development on a regular basis. While the Department has said it plans to make such information available – such as employment outcomes, wages, retention, and so on, there does not yet appear to be any specific information on what such a plan would entail, what specific data will be available, how it will be accessible, and by whom. A more specific plan should be forthcoming and will ensure that program evaluation can take place in an ongoing fashion, rather than the program eliciting strong reaction every few years when the Legislative Audit Bureau issues a report.

12. Work with local providers to allow them to test evidence-based practices in Wisconsin and measure the results, offering grants on a competitive basis to help overcome existing budget constraints.

The recommendations listed above can all take place within current law and administrative rules. There may be occasion, however, when a W-2 provider wishes to test a particular program element, and when doing so may require flexibility on the part of DWD. The Department is responsible for the outcomes of the program to the public, the stated goal of which is still to help participants achieve economic self-sufficiency. They should be willing to assist individual providers that can demonstrate that a new approach may prove beneficial for participants.

13. Test approaches against outcomes and work with providers to change approaches when positive outcomes for earnings, retention and employment aren't achieved.

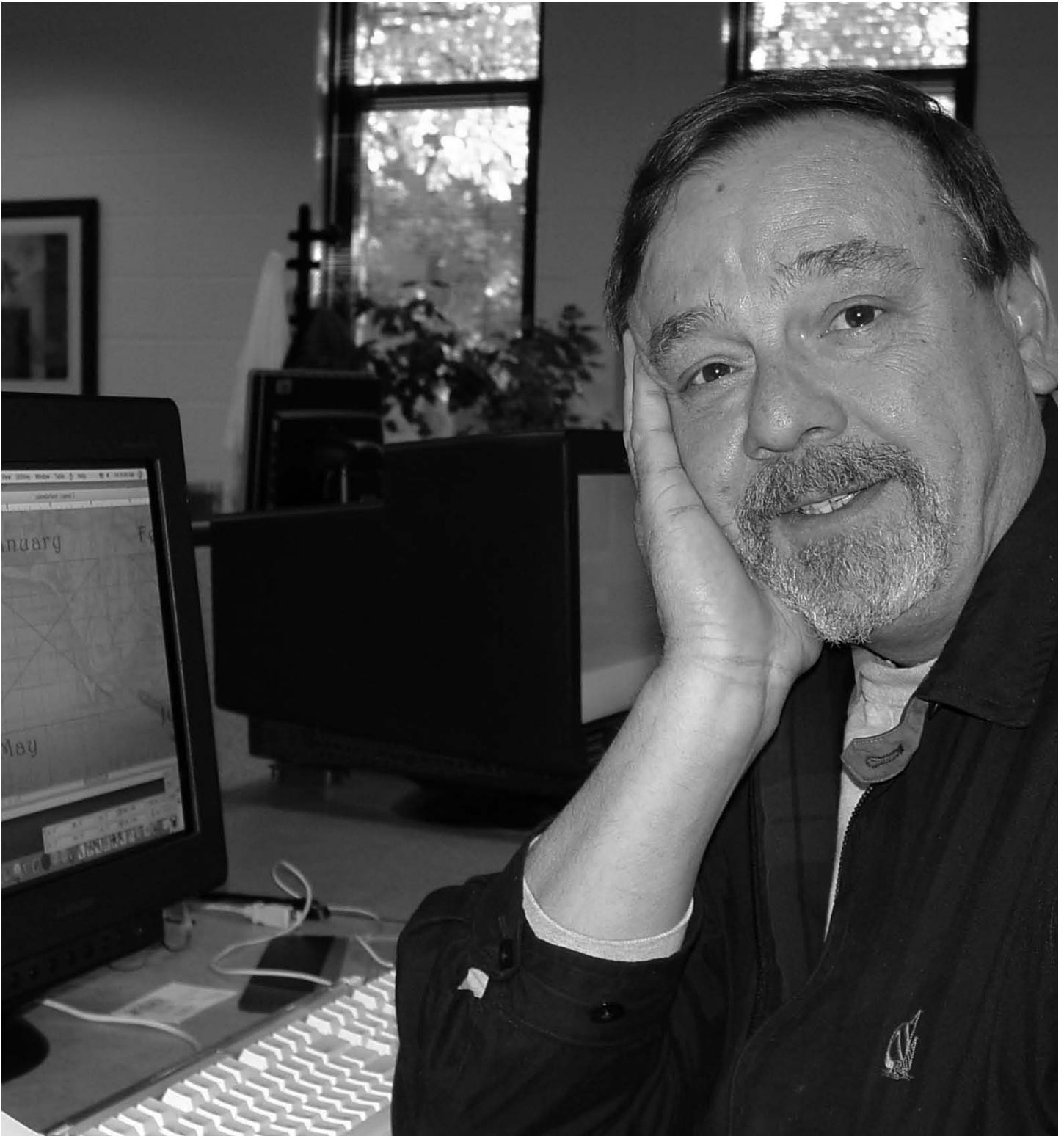
The program as a whole, as well as any specific element changes should be evaluated based on the outcomes produced. When the results of such an effort do not produce good outcomes, DWD should help local W-2 providers analyze why that may be occurring and suggest possible changes that could improve outcomes.

14. Work with local providers to assist them in understanding how to use the available labor market information to target job search, job development, and job skill training offerings.

While DWD provides much labor market information on the state's various regions, it is not clear how well-used that information is, in other words, how much use case managers make of this information and how it has helped participants. DWD should work with local W-2 providers to ensure the available information is used to the fullest extent, and to ensure that local W-2 providers understand the value of being able to point participants in the direction of the best available jobs, not merely to any available job, as job quality at placement is increasingly understood to have long term impacts on employment, wages, wage growth and retention.

Conclusion

Task Force members believe these changes would make the program more effective, and will, in the end, help participants move significantly closer to work-based economic self-sufficiency than the program as currently practiced will. It also believes a status quo approach to the W-2 program may produce, not only continued poor results for many participants, but could in fact, due to increasing budget constraints on providers, produce worse outcomes in the future than it has in the past.



Endnotes

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