TORONTO

# WHAT NEXT IN WELFARE REFORM?

## A Preliminary Review of Promising Programs and Practices

Prepared for Toronto Social Services

Dean Herd, PhD

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## EXECUTIVE SUMMARY

Recent years have seen a new consensus emerge around welfare reforms. As a result a number of promising programs and practices have been adopted in various jurisdictions which have shifted policy design and delivery *beyond work-first*. Instead of a simplistic focus upon the “shortest route to employment”, the new emphasis has recognized that large numbers have been left behind by such strategies and is focusing instead on identifying and meeting needs and supporting sustainable transitions into work. This report highlights a number of these “next steps” in welfare reform which reflect the types of services and supports necessary to move clients away from unemployment and poverty.

Clearly, cross-jurisdictional differences mean that reform will look and feel somewhat different from place to place. In addition, there is no readily-transferable, “off the shelf” policy tool box for Ontario Works. Nevertheless, as the rhetoric of “new agendas” is translated into concrete practices elsewhere, a combination of local knowledge and rigorous research suggest that the new structures of reform are being designed around a number of key building blocks which include:

- Increased outreach and targeting services to reach the most disadvantaged in the labour market and provide the most appropriate services;

- Improved screening and assessment tools to better identify participants’ training and service needs and to ensure good job matches;

- Ongoing and strengths-based case management that goes beyond tracking to help participants set realistic goals, with manageable steps to achieve those goals;

- A continuum of pre- and post-employment supports to meet the multiple and complex needs of recipients and leavers;

- A “dual focus” on both clients and employers, with the goal to develop long term relationships with employers which include input into program design;

- Demand-led strategies in the form of industry-specific and sectoral projects that provide strong connections to employers and improved career advancement prospects; and

- Local flexibility, within the context of overarching standards and sufficient funding, to support the local “buy-in” necessary for developing local solutions.

## SECTION 1: BEYOND WORK-FIRST: TOWARDS A NEW AGENDA

*Introduction: A New Agenda for Welfare Reform*

Against a backdrop of fiscal deficits and rising structural unemployment in the late 1980s and 1990s, traditional welfare programs -- increasingly criticized for being ‘passive’ and creating welfare dependency -- were restructured around ‘active’ labour market policies that contained an explicit welfare-to-work orientation. Much of the debate about reform was concerned with the relative effectiveness of two competing approaches: the Human Capital Development (HCD) model and the Labour Force Attachment (LFA) model, albeit, in reality, most programs reflect elements of both. The HCD model sought to improve the long term employability of welfare recipients through education and skills development and to find stable jobs which provided family-supporting wages. In stark contrast, the LFA or ‘work-first’ model focused upon a rapid transition into work, with minimal, if any, education and training, in the belief that rapid job entry would lead to future progression.

The US was at the forefront of these changes and, initially, the research evidence suggested that the LFA model carried the greatest promise of success. A landmark study by a key evaluation body, the Manpower Demonstration Research Corporation (MDRC), for example, found that the Californian Greater Avenues to Independence (GAIN) program -- which operated different models in different counties -- achieved the best results under the LFA approach (Riccio et al, 1994). As major welfare reform legislation was passed in the US and elsewhere, a political consensus increasingly solidified around ‘work-first’ models with the focus on rapid labour force attachment through mandatory participation in job search and related activities (Peck, 2001; Gorlick and Brethour, 2002). Indeed, this transformation found expression in Ontario with the introduction of the Ontario Works program in 1997, which although it contains limited options for training has been driven by the provincial emphasis on rapid labour market entry.

Almost a decade later, however, a new political consensus has emerged and with it a new momentum for reform. Benefiting from an unprecedented combination of research data and local knowledge about ‘what works’, this evidence-base -- locally, nationally and internationally -- consistently demonstrates that while ‘work-first’ models are successful in increasing work activity and reducing caseloads (especially in the context of strong local labour markets and heightened administrative requirements restricting eligibility), large numbers of leavers remain in poverty and access unstable work leading to frequent returns to welfare. Ironically, some of the most compelling evidence supporting this transformation emerges from two previous pillars of the LFA model: GAIN and MDRC. Re-analysis of the results of the GAIN programs over a longer time frame of nine years, for example, revealed that programs with a substantial education and training component achieved more sustainable employment outcomes (Hotz et al, 2000). Over recent years, meanwhile, MDRC has gone from advocating a ‘work-first’ approach to promoting a mixed model that effectively blends both employment search and education/training (Gueron and Hamilton, 2002; Martinson and Strawn, 2003).

After briefly reviewing the current knowledge-base on welfare reform, the remainder of this report identifies a number of concrete ‘next steps’ in reform. Although the emphasis is on a number of promising practices that the evidence suggests can improve employment outcomes for welfare recipients, the report also briefly notes a number of initiatives which appear unlikely to assist recipients. In large part the data in this report draws on practices in the UK and the US. This focus reflects two key issues: first, at a range of different levels from the national to the local, these countries have recently sought to modify their own ‘work-first’ strategies and enquiry here provides some concrete examples of how practices are changing; second, from the early moments of reform in these countries there was recognition that ongoing research and evaluation would play a key part in the development of a modern and effective system of assistance. As a result, there has been significant investment in evaluation and much of the most rigorous and exhaustive research is available from these countries. By contrast, although Toronto Social Services (TSS) has conducted a number of studies over recent years in an attempt to measure the impact of reforms and identify service and delivery issues, there has been an absence of research at the provincial level. A side note of this report, therefore, is the need for a greater focus on evaluation, so that research evidence can better guide the policy development process here in Ontario.

Finally, it should be noted that the problems associated with simply transferring policies from one economic, social and political landscape to another are well-documented and consequently the practices highlighted here are not recommended as an "off the shelf" policy toolbox for Ontario Works in Toronto. To some extent, as its *Action Plan for Social Assistance* articulates there are a number of areas where Toronto Social Services has already responded to the changing needs of clients and has taken the lead in re-designing intake, case management and employment assistance. Beyond this, however, as practices such as service integration suggest, the solutions to the challenges facing low income people frequently lie in greater collaboration both horizontally, across multiple local agencies and vertically, connecting different levels of government. As a result, the scope of change necessary to bring about real and sustainable improvements in the lives of low-income people in Toronto lies outside the remit of TSS alone. It is hoped, however, that the promising practices outlined here provide some concrete examples of how similar challenges are being addressed elsewhere, how client-focused solutions can be advocated and implemented and how, in many cases, municipal government can drive change.

*Evaluating Reform: On and Off Welfare*

In the US, welfare reform has for some time been accompanied by a substantial research and evaluation effort, a process which only escalated with the introduction of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) in 1996. Since this fundamental change a wealth of research has emerged on the outcomes of reform and, in particular, on how welfare leavers are faring (Blank and Haskins, 2001; Weil and Finegold, 2002; Brauner and Loprest, 1999; Acs and Loprest, 2001). The overall consensus is that caseloads and costs have fallen significantly and approximately two-thirds of leavers exit welfare for work-related reasons (either finding a job or working more hours/receiving higher wages) and approximately three-quarters work at some point over the year (Hamilton, 2002).

However, research findings also confirm a number of less satisfactory outcomes. Most significantly, increased work activity has not corresponded to decreased poverty for a majority of leavers, due to a combination of low pay and insecure employment (Brauner and Loprest, 1999). Typically, those who work earn less than the poverty level, receive no benefits and are little or no better off than before exit. Although there is some evidence suggesting slight wage progression over the short term, one of the largest studies of welfare reform found that even after five years most leavers were still earning $7-$8 per hour (Hamilton, 2002). Studies also provide evidence of the tremendous turbulence associated with the transition from welfare to work. Typically, for example, research suggests 20-35% of welfare leavers return within the first few months and many more over the next few years (Cancian et al, 2002). Others never leave welfare because of significant barriers to work and there is some evidence suggesting that those left behind are becoming more disadvantaged over time (Loprest, 2003).

This picture of unmet need was confirmed recently by the most comprehensive exploration of the impacts of welfare reform to date, *Assessing the New Federalism: Eight Years Later* (Urban Institute, 2005). Synthesizing findings from more than 450 publications, the study found that, in the context of a weakening economy, fewer leavers were actually finding work and almost 14% of welfare leavers in 2002 had no visible means of support. In addition, increased numbers were returning to welfare, although those who received the necessary supports, such as training and assistance with transportation and childcare were less likely to return (Urban Institute, 2005). While more people on welfare were engaged in work, approximately 40% of welfare recipients had multiple barriers to work, including limited education, little or no work experience, severe mental and physical disabilities and language challenges.

Such results have led states to conclude that 'work-first' strategies offer little to recipients facing difficulties finding or keeping a job. Consequently, there has been a shift in focus and resources towards more supports, especially for the 'hard to serve', those with learning disabilities, mental or physical disabilities, substance abuse problems, and limited English language proficiency.

Perhaps the most compelling evidence of this shift lies in how welfare reform dollars are now being spent: between 1996 and 2000, cash benefits fell from 76% to 41% and by 2000, almost 20% of federal block-granted funds were directed to child care, with another 20% directed to other work supports such as transportation, tax credits and individual development accounts (Urban Institute, 2005). Clearly, the research evidence has driven a significant change in direction: from low-cost strategies pushing recipients into the labour market to see how they fare, to far greater investment in the supports needed to meet needs and sustain welfare exits.

While there is far less evaluation of the Canadian experience with welfare reform similar findings to the US evaluations have emerged at both national, provincial and local levels (Frenette and Picot, 2003; HRDC, 2000, Ford et al, 2003; Michalopoulos et al, 2002; Sceviour and Finnie, 2004). One recent national study by Statistics Canada found that on average family incomes rose after leaving welfare, but, for approximately one-third of leavers, income declined (Frenette and Picot, 2003). After five years, those who had fared worst originally upon leaving welfare increased their incomes “substantially”, but this only returned them to the very low incomes they had received earlier while on welfare. Moreover, the study also found that returns to welfare were common, with approximately 33 percent returning within one year and fifty percent within five. Another national review of employment strategies for social assistance recipients concluded that for ‘hard to serve’ clients ‘work-first’ programs did not result in wage increases that raised them out of poverty and that many without such barriers also found difficulty moving towards self-sufficiency (HRDC, 2000).

Toronto Social Services has conducted a number of studies which confirm this picture. A recent study, for example, found that single parents are increasingly at risk of economic marginalization and social exclusion, evident in material deprivation, poor social networks, mental and physical health issues, immigration and discrimination issues, fear and victimization, limited transportation options, poor housing quality, and spatial isolation in disadvantaged communities (City of Toronto, 2004). Perhaps most worryingly, comparison with a previous survey in 1997/98 revealed that these obstacles have become much more common since the introduction of OW. The study concluded that single parents faced a double whammy: on the one hand, the inadequate rates undermined their ability to focus on work-related activities and on the other the lack of systems of support associated with a ‘work-first’ strategy left them unable to progress.

*From Welfare-to-Work to Welfare-in-Work*

In summary, the first wave of activation programs -- with an emphasis on ‘work-first’ – have cut caseloads and increased employment levels, on and off welfare. However, they have failed to generate *welfare in work*: jobs for most welfare leavers are low paid and poor quality, job retention is low and job progression lower still. Consequently, a decade after the launch of its Jobs Strategy -- a blueprint for reforms to cut high and persistent unemployment -- the OECD has refocused policy debates on the need for more and better jobs, especially for those currently disadvantaged in the labour market and disproportionately affected by unemployment. The next wave of activation, it is argued, must utilize more mixed models: with an emphasis on real work but recognition that significant investment in supports is essential to prevent subsequent returns to welfare (OECD, 2005a; 2005b).

As noted already, in the US, recent years have seen a shift towards such a mixed model. Indeed, the majority of states have expanded the availability of pre- and post-employment services since 2000, with increases in access to child care, transportation and job retention and advancement services amongst the largest (GAO, 2004). Moreover, most states have also made changes in support structures, such as income eligibility criteria, that allow a broader range of working parents to gain access to supports (GAO, 2004). In addition, many of the most effective strategies are “demand-led”, with a consistent focus on employment and a close relationship with employers in the design of programs and services (Strawn and Martinson, 2000). Targeting local high demand industries in particular can lead to higher paying, better quality jobs which provide better long term effects in terms of wages and stability.

In the UK, meanwhile, growing recognition of the weaknesses of the initial welfare-to-work strategy -- especially with regard to those with multiple labour market disadvantages and visible minorities -- has seen a much stronger focus placed on improving job outcomes, employment retention and progression into better paying and more stable jobs, with less recidivism. In addition, greater outreach efforts are now stressed to meet the needs of 'hard to serve' groups and there is recognition of the need for greater local flexibility and more service integration, based in large part on the success of Personal Advisers (case managers) working with clients to develop the best individual options across a range of programs. Finally, in Canada, a review of reform efforts nationally and internationally confirmed a number of measures key to next steps, including: increased child care and other transitional supports; more and better training programs that link more effectively with employers; access to education to allow movement beyond low wage jobs; and the integration of social assistance, employment services and training programs to increase the effectiveness of service delivery (HRDC, 2000).

Taken together, these developments signify a new direction in welfare reform that is moving *beyond work-first*. Although there are clearly differences across jurisdictions, the next steps of reform include changes in the following areas:

Front Door: Identifying and Meeting Client Needs
- Improved outreach to provide services to all those who need them;
- Streamlining program application and eligibility requirements;
- Providing more integrated services so there is no wrong door for those in need;
- Using diversion strategies if welfare is not appropriate;
- Improved screening and assessment to better identify needs; and
- Moving towards client-focused technology.

Inside Welfare: Serving Jobseekers and Employers
- Pre-employment supports such as child care, transportation, and health care;
- Greater local flexibility to design/deliver programs that meet community needs;
- Targeting geographical "hot spots" of poverty and unemployment;
- Providing more individual and personalized support through specialized case management and placing greater emphasis on the needs of "hard to serve" groups;
- A "dual customer focus" to meet the needs of clients and employers;
- Increased use of intermediary organizations and demand-led strategies that target local high growth sectors and industries and tailor training programs accordingly; and
- Developing Intermediate Labour Markets and Transitional Employment Programs to provide real skills in a genuine work environment.

Back Door: Making Work Work
- Post-employment supports, such as child care, transportation, health care;
- Education and Training;
- Retention and Advancement; and
- Making Work Pay, through savings incentives, wage supplements and tax credits.

It is beyond the scope of this report to address each of these strategies in full. Instead, the following sections discuss a number of promising practices in each of these discrete stages of the transition from welfare to work. In reality, of course, interventions are more inter-related. For example, some of the most successful pre-employment supports continue into post-employment and some of the most promising programs reflect a shift to targeting both deprived places and deprived groups. This reflects the integrated nature of service provision and indeed this in itself is a strategy which has become more and more evident. Before looking at some individual components of reform, therefore, it is sensible to briefly consider some overarching strategies.

*Service Integration: An Overarching Strategy*

In the words of Corbett and Noyes (2004), service integration might well be characterized as the 'holy grail' of public policy -- frequently sought, but never quite realized. In recent years renewed efforts have been made to achieve this elusive goal in the field of social and human services, and with some success. The Urban Institute has defined the key features of service integration as “common intake and 'seamless' service delivery, where the client may receive a range of services from different programs without repeated registration procedures, waiting periods, or other administrative barriers” (Pindus et al, 2000). More succinctly, as Ragan (2003) suggests, service integration is essentially a combination of strategies that seek to simplify and facilitate access to benefits and services.

*Why Service Integration?*

The trend to greater integration raises the question of why jurisdictions are pursuing this strategy. A review of the literature suggests a number of factors (Corbett and Noyes, 2004; Flynn and Hayes, 2002; Martinson, 1999; Ragan, 2003; Ragan and Nathan, 2002; Ranghelli et al 2003). First and foremost integration efforts reflect an appreciation of client difficulties in accessing necessary supports in the current fragmented and complex system. Many families and individuals need multiple benefits and services -- such as child care, job training, access to health care, and counselling -- to re-enter, or remain in, work. From the client perspective these local services often look more like a patchwork collection of separate programs with their own rules, goals, bureaucracies, funding mechanisms and service delivery processes (Ragan and Nathan 2002). Integration efforts above all therefore, reflect the desire to simplify and streamline client processes. As Greenberg and Noyes (2005) note, the goal of integration for clients should include a single point of entry to multiple services; a comprehensive, combined assessment of the needs of the whole family; a single, coordinated service/case plan and a primary caseworker who works with a multi-disciplinary team of staff from relevant programs; and either physical co-location of services or the use of innovative technology to support seamless service provision.

But there are other key factors as well. For example, amongst program administrators there is frequently a belief that integration is simply the “right thing to do”. As families and individuals do not exist within categories, their needs often stretch beyond the narrow programmatic boundaries of most human service programs. A more holistic approach can better address these multiple needs. Greater service integration can also address the failure of individual programs to achieve intended outcomes when other needed services are not in place. For example, if child care or transportation issues are not addressed transition to work may be unsustainable or even impossible (Ranghelli et al, 2003). Finally, there is an expectation that integration will provide agencies and staff with a fuller picture of what low income individuals and families need to become self-sufficient. The key for agencies, therefore, is to develop automated information systems that are integrated and accessible to multiple state and local agencies and key providers and which facilitate the sharing of information about families and individuals being served by multiple programs; the tracking of clients and their outcomes; the collection of data for federal and other reporting; and the provision of on-going and cross-program staff training (Greenberg and Noyes, 2005).

*What Kind of Integration?*

A number of different types of integration emerge from the literature. The U.S. General Accounting Office (GAO) (1992), for example, distinguishes between *system-oriented strategies* that seek to develop new human service delivery systems, address unmet needs and streamline eligibility and *service-oriented strategies* that seek to link clients to services while retaining their original structures. In his evaluation of cutting-edge integrated service models, Ragan (2003), meanwhile, differentiates between *administrative* and *operational* strategies. Administrative strategies include: reorganizing government agencies to consolidate program administration and functions; increasing the number and types of service providers; and blending funding streams. Operational strategies, on the other hand, include: co-locating staff from multiple programs and organizations in one-stop offices; developing common client intake, assessment, and case management processes; and integrating staff from multiple agencies into teams. Finally, Greenberg and Noyes (2005) describe three models:

- Integration of welfare and employment services to create needs-based rather than categorical services;

- Integration to create one simple application that covers multiple programs; allows one set of verification documents; and supports a single eligibility review covering all programs once per year; and
- Integration of comprehensive services to children and families, with family-based case management and the capacity to link family members with needed services.

Essentially, these various models provide some sense of the different scope that integration can take, running from narrow strategies that focus primarily on integrating client intake, assessment and access to welfare and employment services to broad-based strategies that seek to integrate multiple organizations, programs and levels of government. As such, perhaps the most helpful model has been developed by El Paso County, Colorado. Here, integration is explicitly defined as taking place along a continuum from better interagency communication to the consolidation of staff, budgets, and operations (Box 1). Given the complexities associated with broader change, it is perhaps no surprise that most integration efforts lie closer to the beginning of the continuum than the end. However, more extensive change is evident in a number of jurisdictions. Notable examples include:

**Box 1: El Paso County Colorado, Service Integration Continuum**

Communication: Clear, consistent and non-judgmental discussions; giving or exchanging information in order to maintain meaningful relationships.

Cooperation: Assisting each other with respective activities, giving general support, information, and/or endorsement for each other's programs, services, or objectives.

Coordination: Joint activities and communications are more intensive and far-reaching. Agencies or individuals engage in joint planning and synchronization of activities and goals.

Collaboration: Agencies, individuals, or groups willingly relinquish some of their autonomy in the interest of mutual gains or outcomes.

Convergence: Relationships evolve from collaboration to actual restructuring of services, programs, memberships, budgets, missions, objectives, and staff.

Consolidation: Agency, group, or individual behaviour, operations, policies, budgets, staff, and power are united and harmonized. Individual autonomy or gains have been fully relinquished, common outcomes and identity adopted.

The Human Services Agency (HSA) of San Mateo County, California (Box 2) includes a wide range of human services programs such as income support programs, employment and training programs, youth and family services, housing programs, vocational rehabilitation services, and alcohol and drug services in a single unit. In addition, to co-location of services the agency also focuses upon greater coordination of case plans, with cross-program team meetings used to develop a complete package of responses for individual cases. As part of this holistic approach, families are invited to attend team meetings and to provide input as decisions are made regarding the best mix of benefits and services to meet the family's needs. The Rogue Family Center, Jackson County, Oregon (Box 2) is also home to multiple human service agencies (21) and was designed from the outset as a site where multiple programs would be provided in an integrated manner. A similar strategy was adopted in Utah where five state agencies were consolidated into the new Department of Workforce Services. As part of the integration process, all staff were trained in the programs and services offered by each of the merged departments, providing the knowledge and skills to allow for seamless service delivery.

**BOX 2: Integrated Strategies**

The **Human Services Agency (HSA) of San Mateo County, California** is a large organization that includes a wide range of human services programs in a single administrative unit. Key elements of the agency include:

Local Flexibility: HSA offices are located throughout the county. Staff and managers in these offices have flexibility to implement policies in ways that meet local needs.

Matrix Management: Managers are responsible for office operations within a region *and* for policy in areas of individual specialization, such as youth and family services.

One-Stop Access: Clients have access to a broad range of programs in a single location.

Common Intake: The county has implemented a common intake process in which staff trained in multiple programs use a comprehensive screening and assessment tool to determine client needs.

Family Self-Sufficiency Teams: Multi-disciplinary teams that include staff as well as service providers meet weekly to review cases and recommend appropriate services and benefits.

Information Systems Support: A common case management and client tracking system (SMART) has been developed which is accessible to all staff. Community Partners are connected to HSA via the SMART system.

**The Rogue Family Center, Jackson County, Oregon** is a 25,000 square foot facility that houses approximately 55 staff from 21 human service agencies. Two managers from different agencies share responsibility for the office, and a Project Integration Team, comprised of management and line staff, plans events, discusses policies, and generates new ideas for the center. Thus, line staff are involved in major decisions that affect center operations. New clients go through a single point of entry/common assessment process. All staff participate in this process on a rotating basis. The primary case manager acts as a navigator and is responsible for working with clients and service providers to ensure that clients comply with case plans. Families with complex problems are invited to participate in developing their case plans, along with the agencies that will provide supports, ensuring buy-in by all parties. Communication across programs and agencies is both formal, through team staffings, and informal, in the open cubicles that form the core of the office layout. Formal team staffing meetings are interdisciplinary and are held monthly.

Maryland and Ohio are home to two of the most fully integrated job centres, designed in such a way that clients have ‘no wrong door’ (Box 3). For example, the Job Center in Dayton, Ohio is home to the largest one-stop career center known in the US. For most services, including welfare eligibility determination and enrolment, the one-stop is the only location in the city. In Maryland, meanwhile, Anne Arundel’s Family Investment Administration operates nine benefit programs (such as medical assistance, food stamps and child care) and eleven service programs (including job search, careers assistance, transportation assistance and domestic violence assistance). The creation of a professional job centre is at the heart of integration efforts and is credited with helping remove much of the stigma of welfare by mainstreaming recipients. In part, reorganization was based on a profile of those applying for benefits and what their needs were. As a result, for example, it was decided to conduct in-depth upfront assessments and to screen for issues such as child care and transportation needs and substance abuse. The state 14-page benefits application form was also reduced to a one-page assessment form. A formal cost-benefit analysis, conducted by the University of Maryland concluded that every $1 invested in the Job Center and its services, yielded $2.70 in public program savings funds not paid out in Aid to Families with Dependent Children (AFDC), Food Stamps, or Medicaid.

**Box 3: No Wrong Door**

The **Professional Job Center, Anne Arundel County, Maryland**, has been credited with transforming an impersonal bureaucracy into a service that offers customized employment services for any resident. To access assistance clients first enter the office and sign in and drop off their children at the on-site child care center. Next, applicants complete a one-page assessment form, before conducting an interview with a Child Support Worker where the client is asked to identify any needs regarding child support. Following this there is an interview with a Job Counselor. This interview includes domestic violence screening, substance abuse screening, employment assessment, enrollment in Up-front Job Search, child care vouchers, transportation subsidies, resume assistance, job leads, occupational training opportunities, referrals to other on-site services (Job Club, Careers program, GED preparation classes, ESL classes, WIC and Public Health Nurse, and social workers). If the job counselor suspects or knows that the customer has either a domestic violence or substance abuse problem, the job counselor calls a "staffing" immediately. During a "staffing", additional appropriate workers are brought in to discuss the specific case and to devise necessary next steps and appropriate resources. Finally, there is an interview with a caseworker to cover eligibility for Medicaid and Food Stamps. If the caseworker recommends a HELP Grant (one-time, lump-sum payment issued to the customer in lieu of receiving Temporary Assistance for Needy Families (TANF)), then the interview includes that as well. A customer avoids using any of the 60-month welfare lifetime limits if they receive a HELP grant. Once all other options have been exercised, the caseworker determines the customer's eligibility for welfare.

The **Job Center in Dayton, Ohio**, is home to the largest one-stop career center in the US with 47 organizations housed on site. For most services, including welfare eligibility determination and enrolment, the one-stop is the only location in the city. The Job Center serves all job seekers, not only those receiving cash assistance, and does not distinguish between candidates when filling employer requests. Since all staff are part of the same system, there is "no wrong door" for the client. Any service provider that the client encounters is familiar with the services available and is able to initiate the enrolment process. The Center has been internationally recognized for it's ability to bring employers, educators, and social service agencies together to deal with workforce development issues. More than half a million customers who use the Job Center each year provide thousands of local employers access to a large pool of skilled and professional workforce and thousands of job seekers access to a full range of jobs, from entry level jobs to senior management. Services for jobseekers include: unemployment services; private staffing services; public assistance; career counselling and self-development classes; drug addiction and mental health services; housing resources and on site vocational training and GED classes. Services for employers include: single point of contact for largest pool of job seekers; pre-screening services; labour-market information; incentive programs; specialized testing services.

Closer to home, the Winnipeg Development Agreement and the Vancouver Agreement provide examples of broad, overarching strategies that connect federal, provincial and municipal governments in an attempt to improve the well-being of low income groups and revitalize low income neighbourhoods (Box 4). More recently, under the direction of the City of Toronto, in May 2005 the three levels of government entered into the Canada-Ontario-Toronto Agreement to establish a common vision and shared goals for urban sustainability. The major focus was to better align and orient programs and services and focus funding and other resources to provide neighbourhood-driven, collaborative and inclusive approaches.

Further evidence of promising practices amongst broader integration emerges from the seminal work of the System-Linked Research Unit at McMaster University under the direction of Dr. Gina Browne. This research has demonstrated that integrated approaches are key to meeting unmet needs. For example, a study of households of single mothers and children on social assistance, found that those who were provided on a randomized basis with a package of inter-sectoral services (childcare, recreation, job skills training and home nurse visits) were 15% more likely to acquire jobs and leave welfare within one year than mothers having to obtain services on-demand. Crucially, the research suggested savings of $300,000 in one year for every hundred people served, as they were less likely to seek out a range of other services. Such fragmented delivery is expensive and may still not adequately address the issue.

Finally, the Integrative Wraparound (IWRAP) Process operating in Saskatchewan provides a holistic approach to human and social services delivery which ensures that needy families and individuals play active roles in planning their own development (Box 4). Perhaps most innovatively the process encourages needy families to have authentic ownership over their support plans by building balanced teams of professionals and family/friends to develop and guide case plans that respect individual and family culture.

**Box 4: Canadian Strategies**

The **Vancouver Agreement (VA)** is an urban development initiative involving the governments of Canada, British Columbia and City of Vancouver. The agreement was signed in March 2000 and commits the partners to work together, and with communities and business in Vancouver, on a coordinated strategy to promote and support sustainable economic, social and community development, with an initial focus on the city's Downtown Eastside area. The agreement has received numerous awards including for innovation and creativity in governance from the Institute for Public Administration of Canada in 2004 and as one of eight recipients worldwide of a United Nations Public Service Award for improving transparency, accountability and responsiveness in the public service. The VA is credited as representing a “new model of governance” and for overcoming traditional silo-based approaches to service delivery, with more integrated, horizontal strategies.

A 2004 study by the Macleod Institute noted a number of strengths and weaknesses: The VA forged shared objectives and correlated multiple agencies to address multi-faceted challenges and agencies/programs working together in ways not done previously (e.g. collaboration between health authority and police led to more effective management of drug issues). However there was no unified concept of the vision as a whole with a different project focus.

In 2001, Winnipeg completed a unique 20-year experience with tri-level funding for inner city revitalization. The **Winnipeg Development Agreement** focused on Aboriginal conditions but provided broad flexibility for the city, provincial and federal government to develop projects. The city of Winnipeg’s priorities included: employment equity, heritage buildings, neighbourhood investments, and riverbank development. The Province of Manitoba channelled funds into: urban safety, neighbourhood infrastructure and housing, labour force training, and housing. The federal focus was: an Aboriginal Centre, housing, labour force training, information technology, and tourism/heritage.

A 2002 study commissioned by a coalition of inner-city community groups argued for a renewed tri-level development agreement. Building on Our Strengths (Silver, 2002) found that improvements were being made, particularly in the areas of increased safety and increased community pride. The study stressed that the improvements occurred in those parts of the inner city where community organizations emerged “from the bottom up” and were rooted in the community and where the funding was adequate. There was less or no improvement where these conditions did not exist.

The **Integrative Wraparound (IWRAP) Process** is a holistic approach to human and social services delivery which ensures that needy families and individuals play active roles in planning their own development. The IWRAP process’ uniqueness is that it encourages needy families to have authentic ownership over their support plans. To achieve this objective, a family invites people whom they trust to be on their child/family team, with a goal of having no more than fifty percent of the team from professional agencies. The team then develops support plans that address priority needs through family strengths as identified by the family and team, and with respect and recognition for the “family culture.”

Overall, the literature suggests a number of positive outcomes to integration:

- Improved Client Services: Services are easier to access and cheaper as clients access them though a single point of entry;
- More and Better Services: By working closely and communicating with different agencies staff members become more knowledgeable about resources available for shared clients. Clients consequently tend to receive both more and better (more appropriate) referrals;
- Flexible and Individualized: There is also evidence of more flexible and individual strategies that are able to better respond to changing needs. Combining federal resources into one system maximizes caseworkers' flexibility and allows them to better serve individuals;
- Reduced Duplication: Combining resources, such as staff and facilities, is also expected to minimize duplication and may allow participating agencies to stretch their funding further. There is less duplication of effort, some activities and processes can be streamlined or redundancies can be eliminated;
- Improved Agency Profile: Evaluations suggest that despite the complexities involved in working towards integration, the outcome is an improved image in terms of relations with clients, employers and the community;
- Broader population coverage: Broader segments of the community can be reached, at least relative to categorical programs that deal with specific problems; and
- Reduced Stigma: Often, the stigma associated with less popular subgroups or programs is diminished when larger segments of the community are served by blended systems.

However, it is also apparent that integration is no small task and raises many challenges. Significantly, Ranghelli et al (2003) found more problems then benefits for state and local governments, especially in the short-term. For example, there was evidence that institutional knowledge was lost; there were no cost savings and initially costs increased; and there was increasing complexity as individual program changes now affected all others.

Beyond these concerns, the most frequently cited challenges included:

- Ongoing bias by some businesses against the welfare system limited the benefits of integration for welfare participants;
- Individuals with multiple barriers received fewer benefits highlighting the need for thorough assessments and strong case management. For example, in Utah, enrolments in support programs fell after integration as workers seemed to limit outreach through fear of "running out";
- Continued restricted access to broader services limiting the ability of welfare recipients to access workforce services;
- Bureaucratic barriers and turf-protection: Management and staff were concerned about losing control over their own organization or the clients they have traditionally served, especially given the different philosophies and missions of different agencies;
- Differences in performance measures: Organizations may be held accountable for different types of activities and integrating services may make it difficulty for individual agencies to demonstrate the success of their individual activities; and
- Incompatible management information systems: Particularly in regard to computer systems, organizations are often oriented toward collecting different types of information about their activities and clients (such as attendance and community referrals). Moreover, technology often lagged behind integration and as system failures became apparent it was those with multiple barriers who were most likely to be disadvantaged.

Overall, the studies suggest that integration is a long-term strategy and those that are farthest down the road at this time have likely also been involved for the longest time. In each of the evaluations noted, it was evident that numerous serious barriers to integration needed to be overcome and that some (such as the full participation of all agencies) may never be completely realized. It is also evident that different degrees of integration are necessary in different localities. Dayton, Ohio and Anne Arundel appear to be amongst the most physically and functionally integrated sites. While multi-service one-stops work here, however, such models may not be appropriate within larger cities where decentralized, neighbourhood-based structures may be more effective. There is some evidence that a more holistic approach and greater coordination can benefit 'hard-to-serve' clients, but this is by no means automatic and careful design is essential. Moreover, it is also evident that integration remains a complex and challenging strategy that requires extensive and ongoing efforts to come to fruition and then to be sustained. As it may not be possible to comprehensively serve all individuals, system design must take into account difficult issues, such as access to training, caseworker-to-client ratios, and services for individuals with multiple barriers. For these reasons, it may be important to pursue integration initially through experimental pilots.

## SECTION 2: BEYOND WORK-FIRST: BUILDING SURVIVAL SYSTEMS: Promising Practices at the Front Door --- Identifying and Meeting Client Needs

*Limitations of Work-First at the Front Door*

One of the dangers of 'work-first' systems is that the focus on rapidly moving individuals into the labour market creates associated pressures to reduce caseloads more generally. While moving recipients into work is a positive component of any welfare reform strategy, this has to be balanced against the primary function of meeting client need. Evidence from the US, UK and Canada, for example, demonstrates that unnecessarily complicated and restrictive administrative requirements frequently accompanied 'work-first' reforms. For example, a report by Statistics Canada found that a major factor in the decline of welfare caseloads, particularly in Ontario, was the result of increased difficulty accessing welfare (Sceviour and Finnie, 2004). In different ways, other policy developments, such as the introduction of time limits and diversion away from welfare, also reflect this shift away from a commitment to meet need.

In the US, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 imposed lifetime time limits on assistance provided under the Temporary Assistance for Needy Families (TANF) block grant. In general, a family with an adult is limited to a life-time limit of 60 months of TANF-funded assistance (some states imposed shorter time limits, however). While time limits represented one of the most dramatic changes to welfare in the US, in reality states were granted significant flexibility to adopt exemptions and extensions to the policy. So, for example, states can: impose time limits on adults and continue benefits to the children; provide wage-paying community service jobs to adults in families that reach the time limit and are not fully employed; and provide safety net assistance to families that lose benefits due to time limits (Schott, 2000). Recognizing the needs of clients, many states have adopted such policies in practice. For example, 26 states make exemptions when parents or caretakers have disabilities; 18 states where there is evidence of domestic violence; 17 states when a parent or caretaker is elderly; 13 states when an adult is caring for a young child; and 8 states where child care is unavailable. Extensions, meanwhile, can be granted in 24 states for reasons of domestic violence; 20 states where there is evidence of a good faith effort to find work; and 7 states where there is evidence of hardship.

Typically, those who reach time limits fall into three categories: those with multiple barriers to work who are long-time recipients or who cycle on and off assistance; those who are employed but remain eligible for cash assistance because their earnings are so low; and a small number who face few obvious barriers to employment but do not find jobs (Kaplan, 2001). Regardless of status, most studies suggest that those who leave welfare because of time-limits are struggling financially and that enforcing time limits has no positive effect on the likelihood of finding a job (Bloom et al, 2003). Indeed, while most states have attempted to soften the impact of time limits with an array of other incentives and services designed to promote employment and self-sufficiency, evidence suggests that the positive impacts of policy tools such as earnings supplements are substantially diminished by the imposition of time limits (Bloom, 1999). Overall, therefore, it is evident that most states have sought to diminish the impact of time limits recognizing that intensive supports are more appropriate interventions.

Given that, the decision of British Columbia in 2002 to impose time limits stood in direct opposition to the research evidence. It is perhaps not surprising, therefore, that to all intents and purposes these time limits no longer exist in practice. The initial list of 7 exemptions (including those with disabilities, dependent children and refugee claimants) was expanded to 25 in 2004. Essentially, the last of these -- which exempts individuals with an employment plan that they are in compliance with -- exempts almost everybody, as the requirement to develop such a plan is an integral part of eligibility.

The evidence concerning diversion is more mixed. Diversion strategies take three main forms: a lump sum of cash assistance on the basis that recipients will be ineligible for welfare for a set period of time; a one time lump payment instead of welfare to cover a specific and immediate crisis situation, such as the costs of repairing a car; immediate referral to other community resources such as housing, food banks or charities.

The amount of payment varies greatly across states (Rowe and Versteeg, 2005; Tableman and Sorenson, 2004). Currently, 11 states provide families a flat lump-sum of between $1,000 - $4,000, regardless of the family's size. The majority of states with diversion programs, however, determine the lump-sum diversion payment amount based on between 2 and 8 months of welfare. Maryland, for example, gives counties the option to offer Welfare Avoidance Grants (WAG) to applicants for cash assistance and families that receive a WAG are not eligible for TANF assistance (Kaplan, 2002). In Washington, applicants facing a temporary crisis can receive up to $1,500 per year from the Diversion Cash Assistance program to cover rent and utilities, as well as employment-related expenses, medical care and childcare.

While no doubt appropriate interventions for some potential welfare recipients, the imposition of diversion payments is in some senses at odds with an integrated strategy that seeks to meet the broad range of client needs. The risk is that those who are diverted either lose out on associated supports and services or are left with unresolved underlying issues. In some senses, therefore, moving beyond 'work-first' entails a return to basics and rebuilding systems of survival to better meet basic needs. To this end, many US states have now created much shorter and less complicated applications, extended the hours/days of service and reduced office visits by allowing increased use of telephone, fax and email services for routine issues; and extended the time between eligibility interviews from as little as 3 months to 12 months. In addition, there are a number of other practices at the front door of welfare which the research suggests provide some promise in terms of identifying and meeting client needs, especially those of the 'hard to serve'. These include improved outreach to provide services to all those who need them; screening and assessment of clients to identify support needs; profiling to target services; and transforming the way that technology is used to support client-focused and holistic approaches.

*Outreach*

Outreach strategies recognize that for various reasons there are many who qualify for benefits but do not receive them. In their review of state practices in the US, McNichol and Springer (2004) found that many states were now adopting a variety of outreach practices, with a particular emphasis on reaching groups with high rates of non-participation. Strategies included: using the application process as an outreach tool; using information from existing benefit program databases to identify families likely to qualify; using on-line screeners and allowing families to apply over the Internet; working with other organizations to improve outreach; incorporating outreach into the work of local offices; establishing a toll-free hotline to provide public information and application assistance.

In Washington and Michigan, for example, state laws require that the welfare department inform all clients in writing of additional programs for which they may be eligible, including health services, child care and education and training (McNichol and Springer, 2004). Some states have also placed eligibility workers in schools, health clinics, and community centres, while in the UK outreach has taken a different form with the setting up of additional satellite welfare offices or mobile units in deprived neighbourhoods. Finally, in Canada, the federal Income Security Programs (ISP) Outreach initiative has used various strategies -- such as direct contact with individuals through staffing booths at public events and presentations; working with intermediary organizations; and identifying and enrolling those entitled to benefits within at-risk communities -- to promote awareness of Canada Pension Plan and Old Age Security. Similar initiatives could form part of an outreach strategy for social assistance.

*Profiling*

Recognition of the differences amongst jobseekers in terms of personal characteristics, human capital and barriers to work has led to the development of various initiatives in the UK, US and Australia that attempt to better target service provision (Hasluck, 2004). Essentially targeting can depend upon administrative rules, worker discretion, statistical profiling or some combination of these. Each approach has weaknesses. Broad administrative rules, for example, may provide services to those who do not need them, while individual workers may fail to identify those at risk of long term unemployment. There is some evidence that statistical profiling can effectively target resources and help improve program outcomes (Hasluck, 2004).

According to Hasluck (2004), one of the most ambitious profiling pilots in the US is the Frontline Decision Support System (FDSS) which has operated in Washington and Georgia. As part of more integrated one-stop services, eligibility rules have been relaxed allowing clients access to many more services. To assist frontline staff in allocating these scarce resources, the FDSS profiling model was applied to each client and his or her probability of entering a job was estimated. Entry to any particular sequence of activities was then conditional on the estimated employability score. Significant differences were identified in the effective sequences for different employability groups.

The Commonwealth Employment Service in Australia introduced a profiling system in 1993, with subsequent changes in 1997 and 2003. The most recent incarnation -- the Job Seeker Classification Instrument (JSCI) -- is used by Centrelink (the public employment service agency) at the time when job seekers first register for benefit. Clients answer a standard set of questions and an employability score is calculated from this information. JSCI is a hybrid instrument based partly on statistical findings and partly on professional judgement. The role of JSCI is to identify where each individual job seeker should start the continuum of available services. Those identified by JSCI as being at 'a disadvantage' in the job market are referred to customised Intensive Support. While those identified as being 'highly disadvantaged' receive customised Intensive Support immediately and may trigger a JSCI Supplementary Assessment designed to identify people with severe, multiple or non-vocational barriers to employment.

Profiling, however, brings with it a number of potential side-effects such as stigmatization. Moreover, previous experience in Canada also suggests significant privacy issues. The Service Outcome Measurement System (SOMS), in operation between 1994 and 1999, was derived from 19 different data sources and covered all persons unemployed between 1987 and 1994. SOMS allowed workers to identify the most likely outcomes from various programs and services for clients with particular characteristics. The system, however, was ordered to be destroyed by the Privacy Commissioner in 2002 as it was in violation of Canadian privacy laws.

*Screening and Assessment*

Screening and assessment procedures -- typically conducted at the time of initial eligibility determination to identify a range of client issues such as mental health, drug and alcohol abuse and domestic violence -- are now a regular practice in the US. Indeed, many states now locate specialized staff in welfare offices to provide professional assessments, something which has reduced the large number of "no-shows" that typically result from off-site referrals (Tableman and Sorenson, 2004). In Utah, for example, employment counselors conduct initial assessments covering employment goals, employment history, education and training, family situation, emotional and psychological well-being, health issues, and basic resources (Capitani, 2001). All assessment information is entered into the UWORKS Comprehensive Assessment system. If substance abuse or mental health is self-disclosed or identified during the initial assessment, the client is referred to a co-located social worker for more detailed screening and assessment services.

Rhode Island was the first State to develop a critical assessment process for domestic violence. The Rhode Island Assessment Tool consists of 14 open-ended questions about threats to the client or family members, sexual abuse, fear of partner, ability to participate in education and work requirements, residency, child support, paternity, location of an absent parent, and hiding from an absent parent. Finally, Washington has also developed a comprehensive, automated Employment/Job Search Screening Tool, which is conducted with all recipients and which includes issues such as substance abuse, domestic violence and learning needs. The screening consists of questions to assess participants' readiness for job search and ability to succeed in the work place. The screening is then used to develop appropriate activities that will move the participant into employment. If recipients screen positive for an issue they are referred to an on-site, co-located specialist for further assessment, counselling and referral to appropriate resources.

*Client-Focused Technology*

This brief review of profiling, screening and assessment clearly identifies the increased role that technology is playing within welfare reform. The desire for greater service integration coupled with a new work-focus has led to outdated and limited IT human services being replaced with more extensive systems. Under a 'work-first' system, however, this transition has brought with it new challenges that have affected both clients, in the form of heightened eligibility requirements (some states, for example, have experimented with finger imaging systems; while others verify information by cross-checking with third party databases) and workers, as computer systems have frequently failed to reduce the time needed to process cases. Technologies have been developed to monitor eligibility, rather than sustain client-centred case management.

In contrast to this, a number of states have recently attempted to utilise technology to allow client-focused and holistic approaches. As already noted, several states have sought to increase outreach by developing user-friendly, web-based systems and allowing on-line application and eligibility determination. The RealBenefits system is one example of such as approach (Box 5). Utah developed UWORKS, a web-enabled system to support case management and employment in all 43 one-stop centers throughout the State. The overall goal of UWORKS is to support customers through services and information needed to obtain employment and provide for their families. The system can be accessed through self-service or with staff assistance. In addition to basic case data needed for program and funding information, UWORKS tracks information on possible barriers to employment for all household members, as well as a variety of federal and state program and funding requirements to provide staff with the ability to offer the full range of services to clients in a seamless manner.

Reflecting the shift away from simple work-placement, technologies are also being designed that provide better case management functionality and the ability to track leavers so more is known about their destinations, as well as their ongoing needs. The SMART system in San Mateo California mentioned above is one example. Nebraska's N-FOCUS is a fully automated eligibility determination and case management system that integrates twenty-seven human service programs and interfaces with various state and national systems, such as Unemployment Compensation and the Social Security Administration. The system uses rules-based artificial intelligence to determine eligibility for multiple programs. It also has extensive case management functionality, including information on available resources and services, and is used to make payments to clients and providers.

### Box 5: Client-Focused Technology

Washington state initiated **WPLEX**, a centralized, follow-up effort to ensure that welfare clients who work at least 20 hours per week are contacted after placement in order to explore additional needed services for upward mobility and family stability. These could include educational services, job upgrade services, transitional benefits, help with the Earned Income Tax Credit, or reconnection with case managers. Employment Security staff work from a call center, reaching out to clients across the State. This effort required IT coordination of information from the Employment Security System (related to available jobs), the community college system (related to training opportunities and available resources), and the welfare system (related to client status and contact information). Washington is also using an internal website to assist caseworkers with new data collection and reporting requirements.

The **RealBenefits** system developed by Community Catalyst, a national nonprofit organization, is designed for use by the general public but also contains components to be used by welfare case managers and other community agencies. The system seeks to facilitate low-income households to work supports through a website that combine screening tools to determine eligibility (for welfare and other support programs if applicable); calculators to easily demonstrate potential benefits; and the ability to both submit applications directly online and to print a copy to mail and/or keep as confirmation. Workers can use the program to print out a completed application, ready for signature, for each of these programs (except for the EITC, for which the applicant must file a return separately with the IRS). Workers can also electronically file applications to any agency willing to accept e-filing. The system is currently operating in Chicago where it is being used to simplify the application process. The Illinois Department of Human Services (IDHS) now accepts faxed applications and documentation, and waives in-person eligibility interviews when applicants work during departmental business hours or are unable to travel.

Other states have developed systems which support greater integration through information sharing. Crucially, in this context, the goal of information sharing is specifically to assist, rather than monitor, clients. Amongst other things, for example, the WPLEX system in Washington attempts to identify the ongoing needs of clients who have entered employment. In Oregon, meanwhile, the Shared Information System (SIS) is designed to share information between all the agencies now involved in more integrated service delivery, such as education, employment, and welfare. As well as sharing previously isolated information, SIS also provides a much clearer picture of participant activities across multiple systems and identifies the proportion of participants who access services from several organizations, how the pattern of service usage changes or does not change over time, and what level of services or other factors are associated with sustained employment. In addition, the data can be "rolled-up" by geographic area for more comprehensive reports. Case management functions such as program planning, referral, monitoring and documentation are also supported by the system.

## SECTION 3: BEYOND WORK-FIRST: BUILDING SUPPORT SYSTEMS:
## Promising Practices Inside Welfare: Serving Jobseekers and Employers

*Limitations of Work-First Inside Welfare*

Under 'work-first' strategies, the priority lies with the first entry into the labour market. As welfare recipients are believed to stand a better chance of obtaining 'good' jobs if they are already working, there is a belief that "any job is a good job". Consequently, programs stress the 'shortest route to paid employment' and rely on low-cost and short-term interventions to compel participants to rapidly enter the labour market. As already noted, however, the research evidence demonstrates that this is not the case. Moreover, this 'one size fits all' approach is clearly inappropriate to the needs of many recipients: necessary supports may be entirely absent or of insufficient duration to assist recipients to find and keep jobs and reduce returns to welfare. As a result, there has been increased focus on developing a broad range of supports that better meet the needs of recipients, especially the increased proportion of the caseload with multiple barriers to employment. Essentially, these fall into a number of distinct categories: strategies focused on individuals, especially those with multiple barriers to work; demand-led strategies that focus on improved relationships with employers; and strategies focused on places of high poverty and unemployment.

***Serving Individuals***

*Pre-Employment Supports*
Strategies to serve individuals include providing a broad range of support services such as childcare and transportation. In the US, for example, all states provide subsidized childcare for a transitional period to former or current welfare recipients who move into employment (Rowe and Versteeg, 2005). Typically, this lasts up to 12 months, but some states have extended transitional childcare for up to 24 months. More broadly, a number of states provide subsidized childcare for those below a set income to ensure that all low-income parents benefit from provision. In addition, as many entry level jobs involve nonstandard hours, childcare has to be flexible enough to meet the demands of shift-work and variable hours, as well as emergency situations (McNichol and Springer, 2004). In the US, providers are encouraged to supply childcare in non-standard hours through financial incentives paid for by states or as a 'preferred supplier' if they offer out of hours care.

States in the US have also developed three main types of programs to address transportation difficulties: the provision of free or low cost cars; loans for cars; and assistance with other transportation costs (Rowe and Versteeg, 2005). For example, a program in Ohio refurbishes cars and sells them to participants at a low price. Monthly payments are at a low interest rate and include gas and insurance costs. A similar program provided by a business in Texas passes ownership of the vehicle to clients after 12 months of employment. Other schemes provide loans to clients who need a car to get to work. The 'Cars for Work' program in Virginia provides an interest free loan of up to $2300 to welfare clients who are employed but need a car for work.

Some states have concentrated on helping to relieve transportation costs by either subsidizing public transportation or by subsidizing the work-related expenses incurred for existing car owners. In Connecticut, the Welfare to Work Transportation Access Group found that most entry-level jobs were in the suburbs and required non-standard hours or patterns of work, which did not fit current public transportation provision. In response, two new bus routes were developed along with transportation to smaller, more remote, suburban job sites. Finally, some states encourage employers to be involved with the provision of transportation for their low-income employees. Employers in all states may use the federal Transit Benefit Program which allows them to claim a tax reduction if they provide employees with transportation. The largest programs are in New York and Pennsylvania, where employers purchase public transportation vouchers or passes for their employees.

*Case management*
Recognition of the different needs of clients has also led to the increased use of professional case management strategies to tailor individualized routes out of poverty and unemployment. In general terms, case management is based upon a belief that the transition into work often includes much more than accessing employment: the needs of the individual and their family need to be identified; appropriate services need to be delivered across multiple agencies and providers; and numerous steps in the journey to self-sufficiency need to be planned. Morgenstern (2003) identifies the following as key goals of case management: continuity of care; access to services; accountability (single point of responsibility); and efficiency (the delivery of the right services, in the proper sequence at the right time). To meet these goals, case managers engage in such activities as outreach, screening and assessment, goal setting, and advocacy.

One of the most important changes in the delivery of welfare in the UK, for example, has been the adoption of a much more systematic network of case managers known as Personal Advisers as part of an attempt to implement a positive, flexible and client-centered approach to the unemployed. The new case manager role reflects a shift away from a benefits "policing" and "processing" towards the development of individual and ongoing relationships which are the basis for more constructive meetings. The rapport and cumulative knowledge that develops out of case management has been especially important in meeting the needs of those who are 'hard to serve' as a deeper understanding of the client allows greater insight into individual barriers and provides a platform from which to develop the most appropriate individual strategies for progression. Similar case management based strategies have expanded in the US. For example, Steps to Career Success (STEPS) in Tacoma, Washington provides case management services for one year to current or former welfare recipients that have moved into full-time work. Case managers were skilled in supportive listening, advocacy and acting on behalf of clients in identifying internal and external resources. As part of the service, case mangers also provide clients with bimonthly newsletters to inform them of important topics and resources.

Beyond this, to meet the needs of the 'hard to serve' a number of broader strategies have also emerged in the form of *intensive case management* and *strengths-based case management* (Morgenstern, 2003) Typically, these strategies are built around smaller caseloads, more assertive outreach, more intensive and ongoing monitoring, and facilitating client empowerment. One promising example -- 'Casaworks for Families' -- is a hybrid of these approaches, drawing on strength-based interviewing to promote change and the provision of intensive services to remove barriers. 'Casaworks' is a national demonstration project administered by Columbia University's National Center on Addiction and Substance Abuse. The program was based on growing evidence that addiction, poverty, violence and mental illness were overlapping problems that, unless tackled holistically, prevented women receiving welfare benefits from making a successful transition to employment.

The program is designed to achieve four goals: (a) facilitate and maintain abstinence, (b) promote work and economic independence, (c) address safety from violence for women and children, and (d) improve family functioning. Key components include individually tailored components; a broad range of supports; integrated employment training and treatment; and gender specific treatment, with a broader focus on the needs of families and children.

One of the most successful case management strategies is the Pathways model (Box 6) developed by Project Match. The goal of Pathways is to restructure interactions between caseworkers and clients so that clients are making progress on a month by month basis. A key principle is that the meaning of economic and family stability is different for each recipient, it is therefore paramount that the broadest range of activities are eligible for inclusion in plans. This means that every individual regardless of barriers to employment has a starting point and over time activities -- and balancing them -- become increasingly demanding. The centrepiece of the approach is the monthly group meeting where each participant has 15 minutes to review their monthly plan and to negotiate a plan for the upcoming month. The model is supported by tracking technology that captures information from the diaries and meetings and creates a cumulative record of successes and set backs, to inform future plans and progress.

The model requires numerous changes (Wagner et al, 2002). First, individual paths are determined as much by effort and motivation as other factors, such as education and are based on client-worker discussions. Second, workers act as facilitators not experts. Need to listen to concerns and interests and then work out options rather than simply tell clients what to do. Third, clients take part in multiple activities at once, so that work and family issues are always being addressed. Fourth, workers go beyond traditional resources as issues arise for example directing clients to health services as needed. As Wagner et al (2002) stress, Pathways is neither a life skills class nor a job search program. It is a case management system for selecting, monitoring and coordinating activities and services. At the heart of the model is the need to relate to clients as individuals: to get to know them better and recognise their different needs and the different paths they will take and the incremental progress they will make.

**Box 6: Project Match: Not a Destination, But a Journey**

Launched in Chicago's Cabrini-Green housing project in the 1980s, Project Match provides continuing assistance -- including job preparation, job search, reemployment, and/or job advancement -- to help long-term welfare recipients and other low income residents climb what project leaders call the "incremental ladder to economic independence." Welfare recipients and other jobless Cabrini-Green residents who volunteered for Project Match in the late 1980s and early '90s had little trouble entering the workforce, but little success in keeping their jobs once employed: 87% found work during their first year in the program, but 70% of those hired lost or quit their jobs within 12 months. With ongoing support from Project Match, many participants became stable workers. The percentage of participants working year-round climbed from 26% to 54% over four years. Project Match has worked with community-based organizations in other sites to replicate its employment assistance model, and it has helped public agencies in several localities implement a case management system based on the same principles. Each of these sites has learned Project Match's lesson that "first jobs—and probably second and third ones—are steps along the way toward self-sufficiency."

Project Match's case management strategy is distinguished by two key features. First is a long-term commitment. Case managers stick with participants through multiple jobs, in recognition of the fact that stabilizing in the labour market, then moving up, is a step-by-step, years-long process. Second, open eligibility: Anyone in the community who attends a two-hour orientation can receive services, no matter their level of job-readiness; there is no screening-out process based on individual characteristics like education level or health status.

The Project Match model is also being used to promote family stabilization in pilot projects where families in public housing are transitioning into new mixed-income developments. As part of this, Project Match is piloting a rewards program with 150 families making the transition. By achieving benchmarks related to steady work, lease compliance, community engagement, and positive child development (for example, increasing job retention, paying rent on time, improving children's school attendance), families will earn points toward rewards such as computers, assistance with utility bills, and health club memberships. As with a "frequent flyer" program, families will be able to redeem points for a small award or accrue points over time for a larger reward.

***Demand-Led Strategies***

Against a background of increasing labour market fragmentation and specialization, rising polarization as education and skill requirements increase, and precarious employment for growing numbers, intermediary organizations -- ranging from public employment institutions, through community-based organizations, to sector-based associations, and private firms -- have assumed a central role in the re-employment and ongoing support of welfare recipients. Indeed, in the UK, intermediaries have been described as holding a crucial place in the next generation of active labour market policies (New Deal Task Force, 1999).

The definition of such organisations can vary. Evans and Kazis (1999) defines intermediaries as organizations with the capacity to intervene in the labour market to improve labour supply; activate or stimulate demand for labour and match supply and demand. More generally, the term is used to describe any organisation that provides an intermediary service, by linking unemployed people (or others who have been absent from the labour market) to employers, through a variety of interventions (Pavetti et al, 2000). Learning from an integrated delivery model, intermediaries typically provide a range of functions including pre-employment support in the form of outreach, assessment and employability development; recruitment in the form of identifying opportunities, job matching and temporary employment; and retention in the form of workplace induction, mentoring, troubleshooting and ongoing career development.

Many intermediaries have developed a “dual customer” focus, where the emphasis is on serving clients and employers (Kazis and Seltzer, 2000; Strawn and Martinson, 2000). Mirroring the shift away from ‘work-first’ to mixed models, this reflects a movement away from a simple supply-side focus which might bear no relation to the needs of the local economy (Kazis and Seltzer, 2000). Instead of starting with the supply-side these “demand-led” strategies begin with a much more in-depth knowledge and understanding of the needs of specific employers and that knowledge is used to shape the education, training and work experience of participants. This strategy is particularly important in assisting the “hard to serve”, opening up employment in sectors that have previously excluded unemployed people, and helping job seekers in areas where there are skill shortages. Indeed, there is some evidence that sectoral strategies targeting local high demand industries has lead to better paying and higher quality jobs (Strawn and Martinson, 2000).

Box 7 notes a number of the most frequently cited examples. For example, the Wisconsin Regional Training Partnership has worked to recruit employers and unions. The partnership identifies industry, employer, and worker needs and responds by finding resources to make it easier for members to recruit, retain, and advance their workers. Developed by grassroots organizations Project QUEST in San Antonio, Texas works with employers, local community colleges, public agencies, and neighbourhood residents to broker long-term training from local residents. QUEST identifies growing sectors with high demand in jobs that can pay above poverty wages and approaches employers to act as a group and commit to guaranteeing graduates good jobs with advancement opportunities. QUEST staff helps employers and community colleges work together to shape an appropriate curriculum. Participants receive community college tuition and other supports, such as child care, tutoring, and medical coverage. Finally, responding to low job retention rates, the Seattle Jobs Initiative explored the retention strategies on offer amongst community-based organizations. Each organization used a different standard for determining work readiness, and none based this on employer input. As a result, common work-readiness standards and post-placement case management were adopted and over time a number of case management standards for interactions with clients and employers have been adopted. This approach has led to increased job retention rates.

***Place-Based Strategies***

Intermediate Labour Markets (ILMs) and Transitional Employment Programs (TEPs) represent another promising way of meeting the needs of those with multiple barriers, as well as assisting places of entrenched poverty and high unemployment. In some sense, ILMs and TEPs are very similar, providing temporary waged employment for the hardest to serve, in realistic work environments with continuous support to assist the transition to work (Brookings Institute, 2002; Rowntree Foundation, 2000). Finn and Simmonds (2003), however, suggest the following key distinction: ILMs describe *local* initiatives which typically contain a direct social benefit from the work; TEPs are more generic and describe temporary wage-based interventions (including national programmes), which typically rely on the private sector. The distinction is important because the true value of interventions may rest in their local nature: devised by local partners with the intention of enhancing support to the unemployed and providing synergy between national funding streams.

**Box 7: Demand-Led Strategies**

The **Detroit Job Ladder** is sponsored by the Business Education/Training Alliance (BETA) which works as an intermediary to recruit employers and workers and to track workers through Tier I employment and assist them into Tier II employment. Workers who demonstrate solid work skills with a Tier I employer (such as fast-food employers) for nine months have their names placed in a hiring pool for openings with Tier II employers. As Tier I employers typically lose entry-level workers within three to six months, even keeping workers for nine months could reduce employers' costs. Further, Tier I employers could choose to try to keep workers sought by Tier II employers by matching their job offers. Tier II employers face a shortage of workers with technical skills. Employers such as medical centers, banks, and manufacturers provide in-house training and advancement possibilities.

**Project QUEST, San Antonio, Texas** was established in 1992 after the Levi-Strauss manufacturing plant in San Antonio was shut down, leaving close to a thousand Latina women without jobs and prospects of stable, well-paid work. Many of San Antonio's residents lack access to skills training, and employers tend to recruit from outside the region to fill high-skill positions. QUEST seeks to resolve this mismatch by serving as a labour market broker and linking low-income residents with access to higher paying jobs with career opportunities through job training, job placement and critical support services. QUEST's enrollees are ensured access to a two-year job-training program in health care, business services or light industry. QUEST's sectoral strategy has helped to restructure the hiring process of many local employers and has changed the skills requirements of many jobs.

**The Jobs Initiative** is an eight-year, six-city project funded by the Annie E. Casey Foundation to develop strategies aimed at helping disadvantaged, low-skilled workers from inner city areas secure family-supporting jobs. **The Wisconsin Regional Training Partnership (WRTP)** plays the lead role in the **Milwaukee Jobs Initiative (MJI)** which brings together business, labour and community organizations to match inner city workers with good jobs. In its first six years the project placed 1,400 participants in jobs paying on average $10.55 an hour. One year after placement, 73% were still working, 41% at the same or a better job. The initiative has developed a sector-based approach to anticipate sources of jobs and to effectively prepare participants. At first, WRTP attempted to develop specific courses for each employer and each job category, but that approach proved too costly. Instead, WRTP now identifies cross-firm skills and develops training curricula for those particular competencies.

The **Seattle Jobs Initiative, Seattle, Washington**, was unveiled by the City's Office of Economic Development (serving as a public intermediary), in 1997 after a year of strategic planning with business, education, labour and non-profit agencies. The initiative places low-income city residents in living wage jobs, supports their retention and upward mobility and contributes to regional competitiveness by supplying employers with qualified workers and improving workforce development systems. A "living wage" job is defined as at least $8 per hour, with benefits and a career path. Training programs are designed to meet industry needs and are provided by local colleges.

Recent reviews of both ILMs and TEPs in the US and UK suggest that if well-targeted, well-designed, and time-limited, these paid work experience programs can generate additional net employment and earnings, and produce significant benefits in low-income communities (Brookings Institute, 2002; Finn and Simmonds, 2003; Rowntree Foundation, 2000). This research highlights a number of key features of successful programs, including the targeting of the most disadvantaged people and places; the granting of significant levels of local flexibility to provide holistic solutions; the provision of ongoing support services for individual employees; access to training and work that is close to conventional labour market conditions.

Like any initiative, there are a number of strengths and weaknesses to these approaches. For example, like any active labour market policy, they risk deadweight, substitution and displacement effects, where those helped would either have got a job anyway, got the job at the expense of someone else, or existing workers are displaced from elsewhere in the economy. Such programs are also typically criticized for being generally expensive, with high administration costs, resulting from the lack of a simple and reliable funding stream and for restricting participants' opportunities for employment in the regular labour market if they remain in programming for extended periods. Overall, however, the growing body of research is positive towards ILM/TEP programs for the 'hard to serve'. For example, a recent study by the Brookings Institution (2002: 7) noted that transitional programs in the US provide "an especially promising policy response to the needs of hard-pressed communities and people facing barriers to work". The study reports that between 50-75% of participants gained permanent employment at the end of the programs and earnings were somewhat higher than alternative schemes. Perhaps most importantly, the study stressed that while the package of supports such as training and childcare does increase program costs, these are justified by the superior outcomes.

Philadelphia and Milwaukee, for example, provide a comprehensive, flexible balance of work and training to the hardest to employ clients. With a caseload that generally had failed to complete at least three other welfare-to-work programs, Philadelphia decided that a transitional employment program, Transitional Jobs (TJ) was the best way to upgrade skills, promote job retention, and maintain and enhance income (Box 8). By 2003 TWC had recruited over 6,000 people to transitional jobs, and over 2,000 had gone on to unsubsidised employment, where they earned on average $7.75 an hour. Over 90% of those who completed their TJ placement got a job and half of all those recruited that year had been placed in regular jobs. Over 80% retained employment for at least six months after placement. The average cost per client was $1,166 per month. 'New Hope', meanwhile, was an independent welfare reform project run by a community-based organisation in Milwaukee, Wisconsin, in the mid-1990s. In contrast to the state program, the Community Service Jobs (CSJs) provided under New Hope were waged. MDRC reported an employment rate of 50 per cent two years into the programme, generating a 13 per cent wage gain over two years, at a cost per participant of $7,200 (Bos et al, 1999).

One of the largest and most widely cited TEPs is the 'Community Jobs' (CJ) program (Box 8) in Washington State. CJ provides transitional, community-based employment and training for welfare recipients with multiple barriers to employment. Participants are among the least job ready of all welfare recipients, facing an average of eight barriers to employment, ranging from an unstable housing situation to debt problems and experience of domestic violence. CJ provides nine months of paid work in non-profit or public agencies, along with education and work readiness training. Through the provision of a number of financial incentives including paid employment, tax credits and a 50% wage disregard, participants receive almost 75% more income than if on welfare. The program was found to have a beneficial impact on participants' employability, with almost three-quarters finding employment immediately or shortly after completing the programme. Once employed, participants had a high likelihood of remaining in employment in the longer term. In addition, average earnings were almost 20% higher then typical welfare leavers in Washington (Economic Opportunity Institute, 2002).

**Box 8: Transitional Employment Programs**

Founded in 1998, **Transitional Jobs** in Philadelphia is one of the largest programs in the US and is designed to support welfare recipients moving into stable unsubsidised jobs. The program is divided into a number of discrete stages. Initially, long-term welfare recipients are placed on the payroll of the Transitional Work Corporation (TWC) at minimum wage. A case manager identifies and addresses barriers to employment, providing support and motivation through a relationship-based approach. For two weeks, participants attend 25 hours of orientation to develop appropriate skills including interviewing, resume writing, and professional etiquette. They then interview for a transitional job in nonprofit organizations or government, where they work 25 hours per week for up to six months. Participants also spend up to ten hours a week in workshops designed to strengthen their social and work related skills. After four months in the program clients are assisted in accessing unsubsidised employment. Regular employees act as 'work partners' and provide additional support on-site and in return receive $50 per month. Case management and job retention services are available for up to 12 months after participants find unsubsidised jobs. Clients qualify for job retention bonuses at placement ($200), at 60 days ($200), and at 120 days ($400) if they are working at least 30 hours per week.

**Community Jobs** were introduced in Washington State in 1998 for "individuals facing multiple employment barriers who would otherwise be left behind". The program went state-wide in July 1999 and now serves up to 3,000 participants a year. It is the largest transitional jobs program in the US. CJ is coordinated by the Office of Trade and Economic Development (OTED), rather than the mainstream welfare agencies. This directly links CJs with an economic development agenda, and with services targeted at employers. Each participant develops an Individual Development Plan to identify professional/employment and personal goals. A training plan describes job duties, occupational goals, and skill development objectives. Participants are employed at minimum wage for up to nine months (average duration 7 months) during which they work 20 hours a week. In their remaining 20 hours each week, participants receive case management support and mentoring to resolve barriers to work. They also may access subsidized education, work readiness, and vocational training opportunities. Case managers can access a discretionary fund to cover work-related costs.

One of the most thorough assessments of ILMs in the UK, meanwhile, was undertaken by the Rowntree Foundation (2000). This UK study encompassed 65 programmes that involved 9,000 people per year, and its conclusions were broadly favourable to the ILM model. While they are more expensive than other programs, they are typically focused on the 'hard to serve', by default those requiring the most resource intensive assistance and they do produce more sustainable individual results, not to mention wider social benefits of local regeneration and better public services. In particular, the report argued that ILMs can deliver "a more sustained progression from welfare into work than other programmes for the long-term unemployed." (2000: 1). More specifically, the study found that on average between 20-30% of participants failed to complete an ILM programme (compared with 50% of regular programs) and of those who did complete an ILM programme, just over half moved directly into employment (compared to 40% for other programs). Perhaps, most significantly, the ILM model was particularly effective with regards to the durability of employment and earnings. More than 90% of participants who gained a job on completing the course were found to be in work after 6 months, compared to typical outcomes of below 40% (Rowntree Foundation, 2000).

Long term earnings prospects of ILM participants were also found to be significantly higher than the leavers' earnings on comparable programmes. Finally, the studies found that the longer an individual spent on an ILM, the greater their likelihood of subsequently becoming employed and the more durable their employment. This improved retention was due to a number of factors including the close working relationship between workers and clients and between workers and local employers, for example identifying local needs and implementing a tailor-made training program for clients to equip them with the types of skills employers demand.

As a result of such positive evaluations, ILM projects have expanded rapidly in the UK. Originating in Glasgow in the mid-1980s with the WISE initiative (Box 9) ILMs are now found in almost every area of the UK with high unemployment. Indeed, one of the most significant welfare experiments in the UK in recent years was the adoption of ILMs as part of Employment Zones (EZs). Initially operating as pilots in five areas of high and entrenched unemployment and targeted on the long-term unemployed, EZs provided greatly increased flexibility to local partners compared to national programs. A major evaluation of the EZ policy suggested they had effectively targeted the most disadvantaged as the majority of participants were over two years unemployed and one in five had been unemployed for over five years (CSI, 2000). Moreover, they had achieved promising results with long-term unemployed individuals doubling their chances of finding and keeping a job (CSI, 2000). The initial success of the prototypes led to the creation of fifteen EZ partnerships across the country and new government legislation provided the opportunity to combine welfare payments and employment program expenditure into innovative 'personal job accounts'. These have allowed workers and clients to work together to identify the best individual solutions to overcoming specific barriers. Job accounts can be used to cover immediate needs, such as the cost of work clothes, through to purchasing job related training. Devolving this decision making to front line advisers was identified as one of the most successful parts of the EZ approach, and this has been extended across various programs.

**Box 9: The WISE Approach**

The Wise Group, founded in Glasgow in 1983, pioneered the concept of the ILM through combining a variety of grants and contracts that enabled it to provide temporary wage-paying jobs to the long term unemployed in a regular work environment. The first ILMs developed by the Wise Group had a number of defining characteristics:

- participation was voluntary;
- participants were paid the going rate for the job and treated as regular employees;
- participants were employed for up to a year;
- training was a core element of the time spent on the program; and
- the work undertaken was 'real work' of clear benefit to the community.

Over the last 20 years the Wise Group has helped 14,000 participants move from welfare into jobs, regenerated communities and helped the excluded find ways to integrate. The Wise Group runs a number of programs through its constituent companies. People Services comprise fast track personal development and job search, call centre, care and job coaching, administration, catering services, child-care and classroom assistants, education and awareness raising, and customised training for employers. Regeneration Services include hard and soft landscaping maintenance, horticultural services, wood and metal fabrication, woodland creation and management, glass recycling service, domestic energy efficiency, domestic security and safety and concierge services. In addition to helping people into jobs Wise Group services have delivered substantial benefits to low income communities. Heatwise, for example, delivers home insulation programs that have assisted thousands of low income households with savings in energy bills and reductions in power demands.

## SECTION 4: BEYOND WORK FIRST: BUILDING SUSTAINABLE SYSTEMS
### Promising Practices at the Back Door: Making Work, Work

#### *Limitations of Work-First at the Back Door*
While the focus on 'work-first' is successful for some -- typically those who would rapidly find jobs anyway -- the weight of evidence demonstrates that it is an inappropriate and unsuccessful strategy for most. For example, although studies have consistently found that the majority of families leaving welfare find work, most welfare leavers are entering low-paying jobs with wages below the poverty line and providing no health coverage (Acs and Loprest, 2001; Loprest, 2003). Furthermore, despite relatively high employment rates after leaving welfare, between 20-50% of leavers in the US and UK are known to return within the first year after leaving. While some returns are predictable as a result of temporary employment, others are premature and reflect job unsuitability. This recidivism is not just detrimental to individuals but also to society as a whole. Frequent failure in the labour market can erode labour market attachment and skills, as well as making it even less likely that employers will hire individuals (Kellard et al, 2003). Such repeated welfare claims are also expensive in terms of benefit expenditures and lost tax revenue. Three sets of reasons for failure to retain work emerge from the research: pre-existing barriers to work that re-emerge; new problems that arise in work; and new problems that arise in private lives, such as the failure of child care.

To address these issues, many jurisdictions have broadened their supports to emphasize more sustainable outcomes. Although there are particular problems with providing post-employment supports, such as low levels of take-up as many welfare leavers do not indicate they are exiting the system, a number of practices have been developed at the back door of welfare which are proving effective in sustaining exits from welfare and encouraging labour market advances. These include the provision of a range of post-employment supports similar to those offered as pre-employment supports (such as childcare, transportation, and ongoing case management); greater access to education and training; retention and advancement strategies and efforts to make work pay.

#### *Post-Employment Supports*
Nearly all states in the US provide a broad range of post-employment services (Tableman and Sorenson, 2004; Rowe and Versteeg, 2005). Typically, these include: work-related expenses (e.g., clothing/uniform, tools, and transportation), worker stipends, job retention financial incentives, extended case management, job mentors, and financial incentives (e.g., income disregards and individual development accounts). Some States provide these services as transitional benefits (i.e., for a limited period of time after exiting the program) and others provide services until families reach a given income level. Transitional employment benefits range from three months up to two years after exiting welfare. In Arizona, for example, leavers can access a broad range of services (financial help towards tools, clothing, and licenses, as well as transportation, child care, and health and dental services) for 6 months. In addition, for up to two years after exit, they are eligible for post employment education ($2,500 limit); transportation assistance, transitional child care and medical assistance (Tableman and Sorenson, 2004).

#### *Education and Training*
As the emphasis has shifted away from 'work-first', many states have invested in education and training strategies. Crucially, research has shown that the welfare-to work programs that have been most successful in helping parents work more and increase earnings over the long run are those that include substantial access to education and training, together with employment services (McNichol and Springer, 2004). The most successful program to date has emerged from Portland, Oregon where educational opportunities are available from a few weeks to two years duration, based on job market requirements. As a result, Oregon's employment and earnings gains have surpassed those of any other state (Box 10). Portland adopted a mixed model for its welfare program, within which there is no single uniform path: those with workplace skills receive assistance in finding a good job; those with less education and work experience are assigned to obtaining a GED, vocational training, personalized work experience (in non-profit and for-profits),

and life skills training to improve their employability. Indeed, over half of those with a high school diploma attend college (Hamilton, 2002).

CalWorks in Riverside has also produced encouraging results after redesigning its welfare program into two phases to better support education and training activities. In Phase I, the emphasis is on clients going to work as soon as possible. Once a client is working at least 20 hours per week in unsubsidized employment, however, they advance to Phase II. Here, the emphasis is on achieving self-sufficiency, and the client is eligible for training and education services. While regular welfare caseworkers supervise between 120 and 200 recipients, those in Phase II have caseloads of less than 75. Case workers schedule an intensive initial interview to get to know each client and meet or telephone clients several times each month to discuss education and training options. The difficulties associated with juggling work and study and previous educational “failures” mean that it takes time to win clients’ trust. However, by targeting sectors with possibilities for career ladders for low wage workers, providing subsidies for employers and incentives for recipients, Phase II has increased enrolment and graduation in education and training.

**Box 10: Education and Training**

The National Evaluation of Welfare-to-Work Strategies (NEWWS) examined the long-term effects on welfare recipients and their children of 11 mandatory welfare-to-work programs, operated in seven sites, that took different approaches to helping welfare recipients find jobs, advance in the labour market, and leave welfare. In contrast to LFA and HCD models the research found that a mixed strategy was most successful (Hamilton, 2002). The welfare program in **Portland, Oregon**, by far outperformed the other 10 programs -- and the majority of welfare to work programs ever rigorously studied -- in terms of employment, earnings (an increase of 25% over the five years), job quality and employment stability. Participants were also advised to wait for a good job (approximately 25% higher than the minimum wage) as opposed to taking the first job they were offered. Although Portland’s relatively strong economy may have contributed to the success of the program, other NEWWS programs in places where the demand for labour was similarly high did not have equally large earnings or employment impacts.

Significantly, program participants were encouraged to access education or training. Over half of those with a high school diploma attended a community, two-year, or four-year college in the five years after entering the program (a 66% increase compared to a control group). Among those entering the program without a high school diploma, four times as many received occupational certificates compared to the control group. Portland also increased receipt of education and training credentials. The program emphasized participation in a range of activities, tailored services individually, and stressed job quality. Typically, recipients enrolled in one activity at a time.

***Retention and Advancement***

The advantages of retention are largely self-explanatory. For workers, staying on the job leads to greater opportunities for wage gains and promotions, as well as increased stability in their lives. For employers, there is a reduced turnover and related cost. In the US, retention and advancement strategies have grown rapidly in recent years after early evaluations showed promise. More recently a synthesis of research on 15 programs operating different strategies found that the greatest impact on retention emerged from programs that offered earnings supplements, followed by those that provided a mix of education and job search (Bloom et al, 2002). The study concluded that as financial work incentives help increase retention and earnings, programs should help participants understand all the incentives for which they are eligible and should encourage clients not to accept the first jobs offered, but rather to extend the job search process to obtain higher-wage positions.

The Annie E. Casey Foundation's Jobs Initiative noted earlier has helped to place more than 10,000 individuals in jobs lasting a year or longer. While strategies vary in the six cities, all target high-paying jobs and forge close working partnerships with employers. Fischer's (2005) examination of three Jobs Initiatives identified a number of successful features including recognition that the skills needed for retention need to be developed "from day one". The study also noted that retention was facilitated by a "dual-customer" approach, and that the key to engaging employers was "getting buy-in" and building credibility by working with firms on program design, continuously fine-tuning programs in response to employer feedback, and establishing a long-term commitment to both clients and employers. Overall, the study found that a mix of work supports, job readiness training and specific skills training were essential for moving from initial job placement to retention and advancement. Crucially, the more comprehensive the services and training offered, the more successfully participants transitioned into work and were able to remain in work.

The Jobs with a Future Partnership in Wisconsin, for example, operates an 'Upward Mobility' initiative and has developed a directory that charts jobs and advancement opportunities in local firms. Portland offers flexible advancement services available from 5:30 to 8:30pm on weekdays and from 9:00 am to 3:00 pm at weekends. The services include free childcare and meals, science and computer activities for children, adult education and English as a Second language classes, vocational rehabilitation services, career planning, computer training and job placement. These extra services have increased participation. Providing coupons for free movies, haircuts, the zoo or other similarly inexpensive items has also encouraged continued participation. Finally, the Up With Wages project in Salem works with clients to develop 'income improvement plans' which include thinking about their interests and skills and the steps required to move up to better jobs. In addition, they provide advancement workshops. Case managers are located at the worksite – to facilitate access and develop closer working relationships with clients and employers - and their services are available to all employees.

Overall, the evidence suggests that while stand alone retention and advancement strategies may provide limited success, the most successful programs combine post-employment services with pre-employment services. In particular, job retention and wage gains are improved when recipients are placed in the jobs that most closely match their skills and interests. Moreover, the evidence suggests that job retention improves when close, systematic support is provided in the first few months of a job to help deal not simply with the transition to work, but also with any crises that may appear. Finally, the evidence suggests that job retention improves when clients are encouraged to develop an advancement strategy and as a result some states have now improved advancement efforts.

***Making Work Pay***

The ways in which income support programs interact to restrict the upward mobility of the working poor are well documented (Maxwell, 2003; Saunders, 2005). For example, many workers face extremely high marginal effective tax rates when they earn more income as social benefits (like the Canada Child Tax Benefit or subsidies for child care or housing) are reduced in line with increases. Moreover, those entering work typically face very high costs for quality child care. Such issues have led many countries to develop a range of programs to "make work pay" or "make work work".

*Wage Supplements*

The research on wage supplements suggests they are effective in increasing employment among welfare recipients. Recipients who are offered wage supplements or enhanced earnings disregards work more than recipients in control groups. In addition, wage supplements have a bigger impact on employment if combined with services to help individuals prepare for work. The Minnesota Family Investment Program (MFIP), Canada's Self-Sufficiency Project (SSP), and Milwaukee's New Hope Project (Box 11) illustrate the impact of work-conditioned financial incentives. All three programs increased employment and income among single parents at risk of long-term welfare receipt. In each of these programs poverty was reduced; stable, full-time employment with earnings growth was promoted; and participants built assets through home ownership and savings accounts.

**Box 11: Wage Supplements**

The **Minnesota Family Investment Program** (MFIP) was implemented as a pilot in three urban and four rural counties. It operated from April 1994 to June 1998. For those in the randomly assigned programme ('treatment') group, three changes were made to their welfare grants: their basic grant was increased by 20% to offset work-related expenses; 38% of earnings were disregarded in calculating the family's grant; and childcare subsidies were paid directly to the provider. Evaluations found increased work participation for the treatment group: for example, 50% of MFIP parents worked compared to 37% of the control group and their earnings were 23% higher (Knox et al, 2000). Of those that went to work in the first year, MFIP participants were more likely to stay employed for at least 12 months.

**New Hope, Milwaukee** operated in two poor neighbourhoods and tested a combination of financial incentives and community jobs. The project was voluntary, and participants were made a simple offer that if they worked over 30 hours a week they were guaranteed that their earnings would be 'above poverty' (150% of the federal poverty level) and they would have access to child care and health insurance where necessary. Participants could participate in up to two six-month CSJs over the three-year programme (Brock et al, 1997). As participants were paid they were entitled to claim tax credits unlike their then unpaid Wisconsin Works CSJ equivalents.

The **Self-Sufficiency Project** (SSP) was a wage supplementation experiment conducted between 1994 and 2000 by Human Resource Development Canada in collaboration with the governments of British Columbia and New Brunswick. SSP paid a monthly earnings supplement to long-term, single-parent welfare recipients working full time and operated as a voluntary program outside the public welfare system. The supplement was designed to add from $3,000 to $7,000 to the family's earned income for up to three years. Compared to a control group, the 1300 participants who received the supplement reported higher incomes (a combination of their earnings and the supplement), more employment, and gains in well-being. However, extra supports such as counselling, training, child care supports were required to help families who had been on welfare longer.

The Minnesota Family Investment program (MFIP), for example, increased the earnings disregard when calculating welfare grants (that is, allowed those working while on welfare to retain a larger proportion of their welfare grants); increased benefits by up to 20% for those who worked; required long-term welfare recipients who were employed less than 30 hours a week to participate in employment-focused services. Milwaukee's New Hope project, meanwhile, provided earnings supplements and child and health care subsidies to those working 30 hours or more a week. New Hope's goal was to create a community-based, user-friendly system for providing low-income workers with financial work incentives and other work supports. Involving participants in program governance (by serving on the New Hope Board and Committees) provided valuable guidance in how policies would affect participants and how the program could be promoted to the target population. Including *all* low-income workers helped minimize the stigma of the program and also meant that participants would not lose eligibility because of changes in family or employment status.

*Income Supplements:* Some countries, such as the US and the UK, provide income supplements to the working poor. The Earned Income Tax Credit (EITC) in the US is a refundable credit designed to increase the rewards of work for low-income individuals and families. The credit is designed to support individuals with very low incomes. Families with two or more children, families with one child and unattached individuals are all eligible for different levels of support. Eligibility is determined when workers complete their annual tax return and those eligible receive a lump sum payment. In 2000, more than 18 million families in America received support lifting almost 5 million of them out of poverty (Maxwell, 2003). In addition, 17 US states have established their own EITCs as a non-welfare means of income support for working families (McNichol and Springer, 2004).

*Individual Development Accounts*

Another strategy is the creation of Individual Development Accounts (IDAs) which are designed to encourage people to save, by offering to match deposits on condition that the savings are used for certain activities such as education or home ownership etc. Recognizing the difficulties families face in meeting their daily needs while trying to build for the future on limited incomes, many IDA programs also provide mandatory financial education. About 30 states currently operate IDA programs (McNichol and Springer, 2004). Connecticut, for example, provides a match of 2:1 for those with household income at or below 80% of the area median income. The deposits must be made with earned income. The maximum allowable match is $1000 per account per year or $3000 over the lifetime. In Illinois, the Financial Links for Low-Income People program allows up to $1000 to be matched at a 2:1 rate over a two-year period. Funds can also be used for car ownership or repairs.

*Minimum and Living Wage*: Increasing the minimum wage is another mechanism to make work pay. Evidence suggests that sizeable increases in the minimum wage are possible without adversely affecting the employment of adults over the age of 24. While some of the benefits go to people living in well-off households, higher minimum wages disproportionately benefit the less well-off (Saunders, 2005). To assist families making the transition into work, 14 states in the US now have minimum wages higher than the federal rate (McNichol and Springer, 2004). Living wage requirements place the onus on the private sector to pay reasonable wages if employers are to benefit from tax dollars paid to contractors. Such requirements have been enacted by more than 70 local governments in the US, including large cities such as Baltimore. Firms bidding for municipal contracts must pay a wage sufficient to support a family of four at or above the poverty line. Evidence suggests a neutral net cost to employers as a result of efficiency gains from reduced turnover and increased productivity.

## SECTION 5: BEYOND WORK-FIRST: SOME KEY BUILDING BLOCKS

In recent years, a number of promising programs and practices have been adopted in various jurisdictions which have shifted policy design and delivery *beyond work-first*. Instead of a simplistic focus upon the “shortest route to employment”, the new emphasis has recognized the large numbers left behind by such strategies and is focusing instead on identifying and meeting needs and supporting sustainable transitions into work. Clearly, cross-jurisdictional differences mean that the “next steps” of reform will look and feel somewhat different from place to place and, as noted earlier, there is no readily-transferable, “off the shelf” policy tool box for Ontario Works. Nevertheless, as the rhetoric of “new agendas” is translated into concrete practices elsewhere, a combination of local knowledge and rigorous research suggest that the new structures of reform are being designed around a number of key building blocks:

- Increased outreach and targeting services to reach the most disadvantaged in the labour market and provide the most appropriate services;
- Improved screening and assessment tools to better identify participants’ training and service needs and to ensure good job matches;
- Individual, holistic solutions which recognize that for some improving employability can be a success, even if there is no immediate job outcome;
- Ongoing and strengths-based case management that goes beyond tracking to help participants set realistic goals, with manageable steps to achieve those goals;

- A continuum of pre- and post-employment supports to meet the multiple and complex needs of recipients and leavers;

- A "dual focus" on both clients and employers, with the goal to develop long term relationships with employers which include input into program design;

- Demand-led strategies in the form of industry-specific and sectoral projects that provide strong connections to employers and improved career advancement prospects; and

- Local flexibility, within the context of overarching standards and sufficient funding, to support the local "buy-in" necessary for developing local solutions.

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Dean Herd, PhD has been a Research Associate on the Social Assistance in the New Economy (SANE) project at the University of Toronto since 2002. Over the past eight years, he has conducted research on welfare reforms in Canada, the UK and the US. Between 2000 and 2001, he was an Honorary Fellow at the University of Wisconsin-Madison and prior to this he worked at the University of Manchester, where he conducted various studies of welfare reform in the UK.