

Economic Opportunity Institute Blueprint

Community Jobs Program Moves People from Welfare to a Career Track

Outcomes Assessment Summary, April 2002

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Key Findings

Community Jobs (CJ) is the nation's oldest and largest transitional jobs program providing paid work experience, training, education, and support services for welfare recipients who have not had success in finding or keeping a job. Based on wage data, the Economic Opportunity Institute assessed employment, job retention, and wage progression for Community Jobs participants and reports the following results:

- ▶ 72% of CJ participants find gainful employment.
- ▶ Average income of post-CJ workers increase 60% during their first two years in the workforce and is 148% higher than their pre-CJ income.
- ▶ Once in the workforce, CJ participants tend to stay in the workforce.

INTRODUCTION

Community Jobs (CJ), a component of WorkFirst, Washington State's welfare reform, sets a precedent as the nation's first and largest wage-based transitional jobs program for "hard-to-employ" Temporary Assistance for Needy Families (TANF) recipients.

In CJ, a statewide network of local community-based organizations provide paid work experience and training intended to move individuals onto a career ladder. During the nine month program, participants work 20 hours a week and earn a paycheck for the hours they work at local nonprofit or public agencies. In their remaining 20 hours each week,

participants receive one-on-one support and mentoring to resolve barriers to work. They also access subsidized education, work readiness, and vocational training opportunities.

The typical CJ participant is a 31-year-old single mom with two children, no high school degree, less than one year of prior job experience, and many personal issues ranging from lack of transportation and debt to an unstable housing situation or domestic violence. Average CJ participants are dealing simultaneously with eight such barriers to employment,¹ placing them squarely among the least job ready of all welfare recipients.²

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BACKGROUND

The Community Jobs program began as a pilot program in June 1998 specifically designed to work with individuals facing multiple barriers to employment - who would otherwise be left behind when welfare reform strongly emphasized a work component. The Office of Trade and Economic Development (OTED) first implemented CJ in five diverse Washington state areas ranging from the highly urban Seattle and King County area to the rural and economically depressed Okanogan County. Due to the pilot's success, the program expanded statewide in July 1999. Over the three and a half years of CJ operation, the program has grown dramatically, now engaging several thousand participants each year. As of April 2002, 7200 welfare recipients had participated in the Community Jobs program.

Federal authorization for current welfare reform legislation will expire in September 2002, and the debate around reauthorization is already well underway in congress and around the nation. The conclusion of this first five- year welfare reform experiment allows policy makers to learn from successes and failures of current welfare

reform programs in planning new legislation. As the oldest and largest transitional jobs program in the nation, Community Jobs provides an unique opportunity to analyze this model's ability to deliver on its goals of moving individuals with the significant barriers into employment.

This report is the first part of an an outcomes assessment conducted by the Economic Opportunity Institute to understand the employment patterns of participants after they leave CJ.

Methodology: Unemployment Insurance (UI) wage data was collected to assess employment, job retention, and wage progression for 1132 CJ participants representing the five original pilot sites around Washington. In order to be included participants must have spent at least one day on their community worksite and left the program in time to have reported employment and earnings data in the period between September 1998 and June 2001. During this period of time, participants were entering the workforce when the state unemployment was rising, beginning at a September 1998 rate of 4.9% and rising to a current rate of 8.3%.³

COUNTY PROFILES

King County: Population of 1,685,600 in a predominantly urban and suburban county that includes the cities of Seattle and Bellevue. Unemployment rate of 3.1% in September 1998 rising to 6.9% in January 2002.

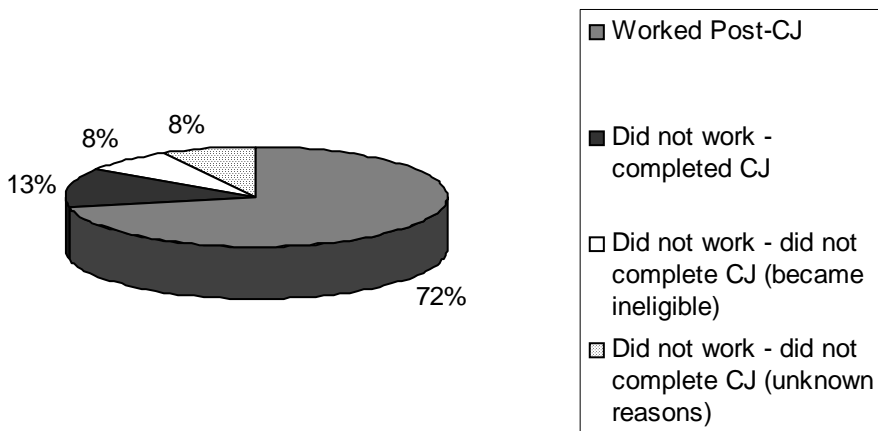
Pierce County: Population of 706,000 in a predominantly urban and suburban county that includes the city of Tacoma. Unemployment rate of 4.4% in September 1998 rising to 8% in January 2002.

Grays Harbor and Pacific Counties: Population of 88,400 in two primarily rural counties with a few small urban centers. Unemployment rate for Grays Harbor of 9.3% in September 1998 rising to 11.6% in January 2002 and for Pacific of 9.4% in September 1998 rising to 9.5% in January 2002.

Okanogan, Lincoln, Stevens, Ferry, Pend Orielle and Spokane Counties: Population of 520,500 in six primarily rural counties with a strong dependence on agriculture but also includes the city of Spokane. Unemployment rate ranging from 4.2% (Spokane) to 8.9% (Ferry) in September 1998 and ranging from 7.3% (Lincoln) to 15.1% (Okanogan) in January 2002.

Lewis, Thurston and Mason Counties: Population of 322,600 in three primarily rural counties that include the state capital of Olympia and its surrounding suburban area. Unemployment rate ranging from 4.7% (Thurston) to 8.6% (Lewis) in September 1998 and ranging from 6.4% (Thurston) to 9.9% (Mason) in January 2002.

Post-CJ Employment Rates



The main goal of Community Jobs is to prepare participants with the most barriers to employment to enter the workforce and move onto a path out of poverty. CJ is successfully meeting this program mandate: nearly three-fourths of all CJ participants find a job after they leave the program. This is a dramatic shift in employment pattern for CJ participants. In the year before entering CJ, over half of the participants in the study did not work at all, and another 18% only worked for three months or less.

About 8% of participants did not find work after CJ, and had left CJ early because they became ineligible to complete the program for a variety of reasons, including: debilitating health or

mental health issues, severe drug and alcohol issues, or a rise in income that made them ineligible to receive TANF. A second 8% also did not work or complete CJ, but for unknown reasons.

The remaining 13% of the study group did complete the program, but did not find work afterwards. This small group is of particular concern to program administrators. Anecdotal information indicates that this group may progress to another WorkFirst program to finish dealing with the extensive barriers that have prevented them from working. More detailed analysis of their post-CJ activities is necessary to determine why they did not enter employment, and how the program can be strengthened to serve them.

CJ participants that enter the workforce demonstrate wage progression during the first two years after the program. By the end of their first year in the workforce, median participant earnings had risen by 42% - from first quarter earnings of \$1811 to over \$2500 in the fourth quarter. Although slightly uneven, this rise continues in the second year with an additional 18% increase in median earnings by the end of the second year post-CJ. As a result, post-

CJ workers realize a 60% increase in median earnings during the first two years of the program.

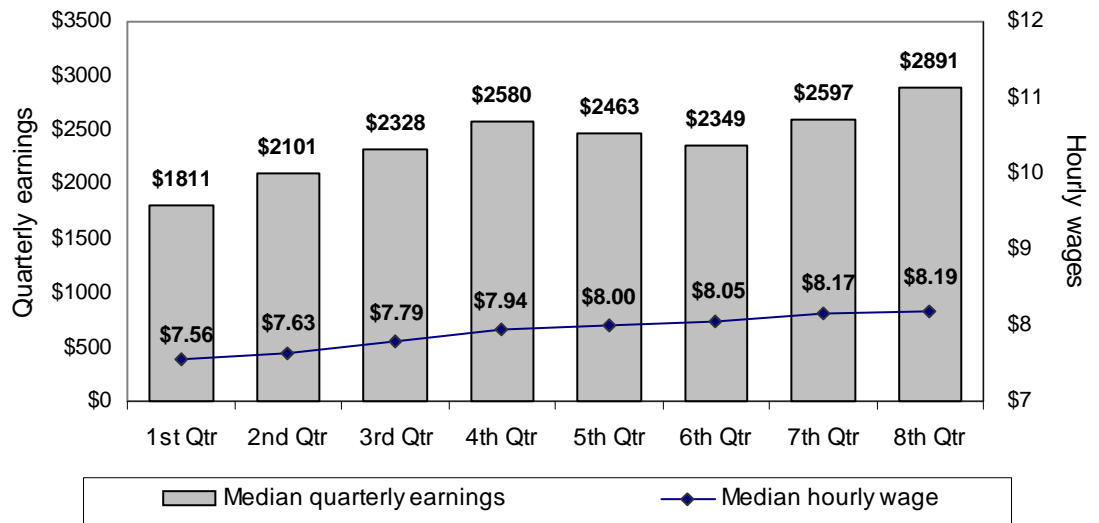
Similarly, hourly wages also increase each quarter after an individual leaves the program and begins working. In the first quarter after CJ, the median hourly wage for workers was \$7.56 an hour. This increased to \$8.19 two years later. Washington's minimum wage, which is indexed to inflation,

FINDINGS

#1: Most CJ participants enter the workforce after they leave the program.

#2: Average earnings of working post-CJ participants increase 60% during their first two years in the workforce.

Median Quarterly Earnings and Hourly Wages for Workers in the First Two Years After CJ



rose yearly during this period. Beginning in 1998, the minimum wage was \$5.15. Currently the state minimum wage is \$6.90 (2002).

A comparison of pre- and post-CJ earnings further demonstrates the important change in employment pattern for these workers. Although most participants were not working in

the year before CJ, earnings for the small group that did work were consistently low and steadily declined. Over the course of the year prior to CJ, earnings declined by 34%, from a “high” of \$738 per quarter to only \$485 in median earnings the quarter before entering the program.

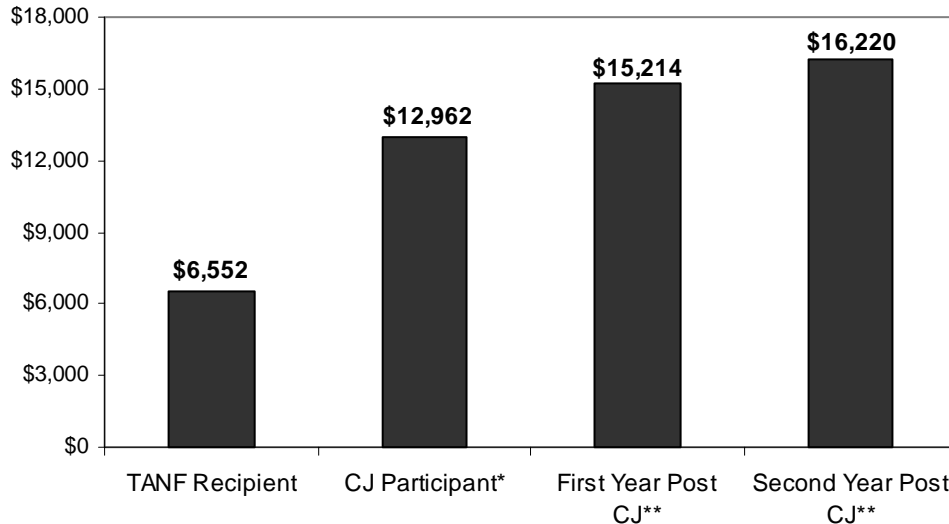
#3: Average income for post-CJ workers increases \$1000 from the first to the second year after the program and is 148% higher than they would have received on TANF.

The average CJ family, a single mother and two children, receives \$546 a month in the WorkFirst program (federal TANF funding) for an annual income of \$6552. Once this single mom enters CJ, she immediately increases her income because she earns a paycheck for the hours she works – demonstrating that work pays. Working at minimum wage, \$6.90 an hour for the required 20 hours a week equals a monthly paycheck of \$593 – a higher monthly income than she would have received on TANF. In addition, because she is earning income she is eligible both for the Earned Income Tax Credit (EITC) and a residual TANF grant based on the 50% earnings disregard for which all working

WorkFirst participants are eligible. This combination of earnings and supports raises her average annual income to over \$12,900 – twice as much as her TANF grant alone.⁴

Once she enters the workforce, her increase in average annual income continues. In addition to the steady increase in earnings reported above, the average CJ participant is still eligible to receive the EITC and, depending on earnings, can still access a residual TANF grant. In the first year after the program, average income for workers rises to \$15,214 and by the second year increases another \$1000. Her average annual income in the second year after CJ, therefore, is about 150% higher

Statewide Community Jobs Average Annual Income Comparison



*Includes average CJ wages, EITC for earnings, and earnings disregard on TANF assistance

**Includes average post-CJ wages for the year, EITC for earnings, and earnings disregard on TANF - for workers only

than her family would have received with her TANF grant alone. The dramatic increase in real income for the

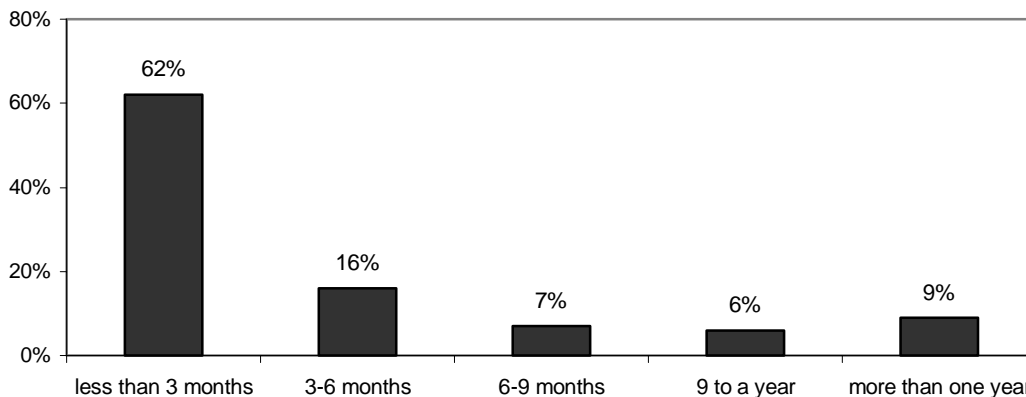
families of post-CJ participants is primarily income *earned by the worker*.

The majority of CJ participants who find work move rapidly into the workforce after they leave the program. Over 60% of those that enter the workforce do so in the first quarter after the program. This quick progression into the workforce is important, because they begin the positive wage progression and income growth patterns associated with working. About 22% of those that enter the workforce take longer than six months to find

their first job. At this point, not much is known about what participants are doing between the time they leave the program and the time they enter the workforce. Particularly concerning are the 8% of post-CJ workers who take longer than one year to find their first job. Further research is necessary to determine the circumstances surrounding the employment delay for this small percentage of CJ participants.

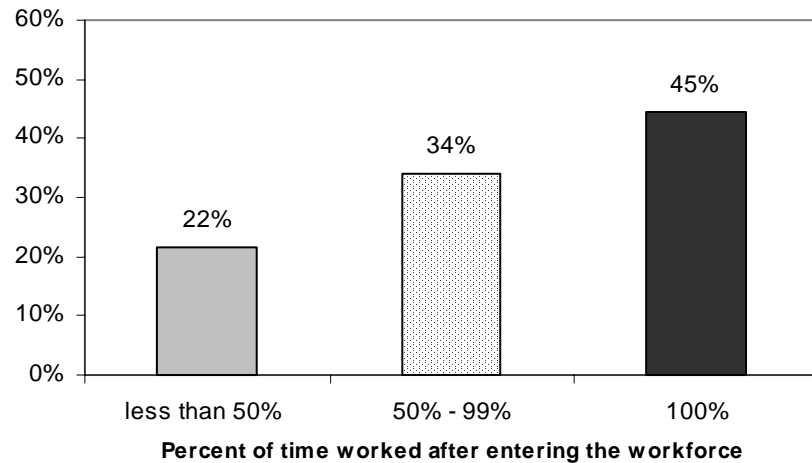
#4: Over 75% of CJ participants that entered the workforce did so within the first six months after leaving the program.

Length of Time for Post-CJ Workers to Enter the Workforce



#5: Once CJ participants enter the workforce, they work an average of 75% of the time. Higher levels of workforce attachment are directly linked to higher earnings.

Workforce Attachment Once Post-CJ Workers Enter the Workforce

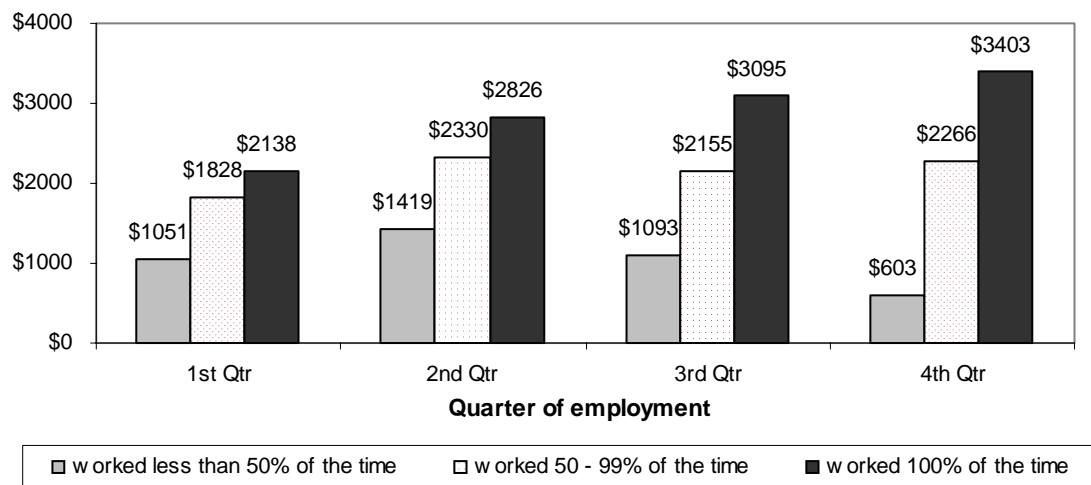


Another important measure of the program’s success is the ability for those that enter the workforce to remain working over time. In order to examine this, the study group included participants who could have worked up to three years after leaving the program, with 82% of the study group having at least one year’s worth of data. Analysis shows that working post-CJ participants are staying attached to the workforce: once finding a job, they work an average of 75% of the time period covered in available data. In fact, almost half of this group worked continuously once they found employment.

About 22% of participants worked less than half of the total available time once they had found a job. This low percentage of quarters spent in the workforce indicates that this group of post-CJ workers continues to experience difficulty sustaining employment over time.

Not surprisingly, the average earnings of post-CJ workers are directly tied to their degree of workforce attachment. Analysis of the average earnings for the first year after CJ participants first enter the workforce demonstrates two key factors.

Average First Year of Employment Earnings by Percent of Time Spent in the Workforce



First, the percent of time post-CJ workers spend in the workforce directly affects their ability to increase their earnings over time. Average earnings increased 59% in the first year for post-CJ workers that worked continuously after finding their first job. Those that did not work continuously, but did work more than half of the time available, experienced an average earnings increase of 24% during the year after they entered the work force. Average earnings declined significantly, however, for the small group of participants that worked less than half of the time period once finding a job.

Second, those who enter the workforce at a higher average earning level demonstrate a stronger attachment to the workforce over time. For those that stay in the workforce continuously once they find a job, average starting earnings are over twice the amount of those that work less than half the time. Their average starting earnings are also slightly higher than those that work over half the time but not continuously. Although further research is necessary to determine if it is the wage level or type of job that influences this workforce attachment, it is clear that “good jobs” are a factor in strengthening workforce attachment.

This outcomes assessment demonstrates that Washington state’s transitional jobs program, Community Jobs, can break the negative employment patterns characteristic of welfare participants with the most barriers to employment and move them into the workforce. The model worked successfully for hundreds of participants across the state, including those from rural and urban areas, as well as those in low and high unemployment areas.

Although the CJ model has directly increased the employment and earnings for the majority of participants, there is still room to improve its success with the small proportion of participants who are not moving into the workforce, are not experiencing positive wage progression, or are not staying in a job. The following recommendations capitalize on the program’s effective combination of work and training while maintaining the customized approach that works with the “hard-to-employ” population.

Strengthen the model’s ability to move participants quickly into the workforce. The positive wage progression presented in this assessment is only possible once the participant

becomes a worker. This is particularly true as CJ participants tend to keep working once they find a job. Although many CJ participants are entering the workforce in the first quarter after leaving the program, a small group is not moving quickly into the workforce. In addition, of particular concern are the 13% of participants that completed the program but did not find employment during the study period. In order to improve the outcomes for this group of participants, it is important to strengthen the ability of the local CJ practitioner to actively place participants in jobs after they complete the program. In addition, further research should be conducted to identify reasons why some participants are either slow to move into the workforce or do not enter it at all.

Provide stronger retention services for post CJ workers. Once working, former participants immediately experience real income growth, particularly when they stay strongly attached to the workforce. Although CJ prepared most participants to find work and keep working, a group of

CONCLUSION

participants continued to “churn” through jobs after leaving the program. Currently, the CJ model does not include a retention component.

More research is needed on post-employment services for welfare recipients to determine if general retention programs are effective in increasing employment rates. However, evaluations of program experience show that mixing pre- and post-employment services in the same program has achieved higher employment rates for post-welfare workers, particularly when participants establish a relationship with their retention specialist even before finding a job.⁵ These findings suggest that the addition of a retention component to the CJ model would be effective in strengthening participant attachment to the workforce and lead to increasing earning levels.

Maintain and improve the essential income supports and training programs that enable participants to successfully transition onto a career and wage ladder. The positive employment and earnings patterns demonstrated by post-CJ workers are the first important steps on a wage and career ladder that can lead their families

out of poverty. Initially, however, most post-CJ workers join a larger group of low-income workers that struggle to stay employed and support their families. In order to support this group of workers, it is important to maintain the existing worker supports that make work pay, including the Earned Income Tax Credit (EITC), TANF grant earnings disregards, and childcare subsidies. In addition, many studies show that a combination of work and training is necessary to experience real income growth. Participants are receiving this combination while in the program but access to further training and education once they enter the workforce is essential if they are to continue moving up a career ladder.

These consistent outcomes and recommendations are echoed by evaluations of other transitional jobs programs across the country.⁶

The lessons learned through this effective model should be considered in the ongoing welfare reauthorization debate. The transitional jobs model provides consistently positive results for participants across Washington state and the nation and should be promoted so that the “hard to employ” are not left behind.

ACKNOWLEDGEMENTS

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A note on methodology

The Economic Opportunity Institute conducted this outcomes assessment to understand the employment patterns of participants after they leave the Community Jobs program (CJ).

Unemployment insurance wage data was collected to assess employment, job retention, and wage progression for 1132 individuals served in the five original pilot sites around Washington. Focusing on this group of participants allows examination of outcomes for participants in the pilot program that would have the longest possible time in the workforce post CJ. This group contains participants that began the program as early as July 1998 and as late as December 1999 (the latest possible date to begin the program,

complete nine months, and incorporate a two-month lag time for unemployment insurance data reporting.)

Due to the intensive upfront engagement and assessment process, about three fourths of the individuals who are referred to Community Jobs are actually matched with and placed on a community worksite to receive CJ's combination of paid work and training. The participants in this analysis, therefore, are limited to those that spent at least one day on the worksite. The average length of time from referral to leaving the program is 7.8 months, with 6.4 months of this time spent working at their community job.

APPENDIX

Counties in the Study	Number of Participants	Percent of the Study Population
Spokane, Okanogan, Lincoln, Stevens, Ferry, and Pend Oreille	304	27%
Grays Harbor, Pacific	138	12%
Lewis, Thurston, Mason	98	9%
Pierce	409	36%
King	183	16%
Total	1132	

For more information:

- Economic Opportunity Institute: www.EOIonline.org
- Community Jobs Forum: www.cjforum.org
- National Transitional Jobs Network: www.transitionaljobs.net

Please check the website of the Economic Opportunity Institute for the full outcomes assessment or contact Erin Burchfield at Erin@EOIonline.org.

Endnotes

¹ A recently completed random sample study of CJ participants has detailed the frequency of participant barriers and determined that CJ participants have an average of eight barriers to employment. Yatsko, Sarah and Erin Burchfield. "Barriers to Employment for Community Jobs Participants." April 2002. www.eoionline.org.

² In analysis of the Workfirst Study of 3000 Families, Professor Klawitter used regression analysis to determine the job readiness of participants in different WorkFirst programs based on their personal characteristics, including education, work experience, health issues, etc. She determined that clients who were less job-ready were generally assigned to CJ. 2001. Klawitter, Marieka M. "WorkFirst Study of 3000 Washington Families: Employment". <http://www.wa.gov/WORKFIRST/about/StudyIndex2.htm>.

³ Unemployment statistics throughout the report were drawn from the Washington State Labor Market and Economic Analysis (LMEA) website: www.wa.gov/esd/lmea.

⁴ The average length of time for participants to spend in CJ is 7.8 months from referral to when they leave the program – with 6.4 months of this time spent working at their community job.

⁵ Strawn, Julie and Karen Martinson. *Steady Work and Better Jobs*. Manpower Demonstration Research Corporation (MDRC). www.mdrc.org.

⁶ Mathematica Policy Research, Inc. recently completed an analysis of six transitional jobs sites across the nation and concludes that "transitional jobs are a promising approach for moving hard-to-employ welfare recipients into the workforce and towards self sufficiency." 2002. Hill, Heather, Gretchen Kirby and LaDonna Pavetti. *Transitional Jobs Programs: Stepping Stones to Unsubsidized Employment*. Mathematica Policy Research, Inc. www.mathematica.com.