Executive Summary

In 1996, TANF was created to lower welfare caseloads by increasing self-sufficiency. In order to increase self-sufficiency, state welfare programs had to focus on increasing workforce participation for participants to receive TANF funds. While research has shown that caseloads have been significantly reduced since 1996, it has also shown that welfare has not significantly improved self-sufficiency. Studies have found that program implementation can affect client outcomes and their ability to become self-sufficient. This capstone explores Work First programs in North Carolina.
Introduction

In 1996, Congress passed the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA). PRWORA (P.L. 104-193) replaced Aid to Families with Dependent Children (AFDC) and the Job Opportunities and Basic Skills Training (JOBS) program with Temporary Assistance to Needy Families (TANF). TANF transformed welfare into a program designed to reduce caseloads and increase self-sufficiency by focusing on employment. After 17 years, the research shows that caseload sizes are smaller but former clients are far from self-sufficient.

Studies that have explored former welfare-to-work (WTW) and TANF clients’ economic outcomes have found that despite the challenges welfare recipients face, program implementation can have a significant impact on employment and earnings outcomes. This qualitative exploratory study seeks to answer the following questions:

1. Do North Carolina counties that show the largest average difference in median annual earnings, identify different services, goals, focuses and challenges, than those that show the smallest difference?
2. Do NC Work First program managers and the literature agree on what is (are) the most important feature(s) to improve outcomes for participants?

Effectiveness of WTW and TANF Programs

Employment and Earnings as Measures of Effectiveness

Research on these programs has focused on employment and earnings as measures of self-sufficiency. In order to increase self-sufficiency, former participants must have wages high enough to meet basic needs. However, studies of WTW and TANF programs show that despite improving employment and earnings outcomes for former participants, they still have wages below the federal poverty level.\(^1\) Employed former participants often hold jobs that are unstable and pay low wages.\(^2\)

Moreover, average annual earnings have not been found to be higher than $15,000\(^3\), despite working an average of 33 hours per week.\(^4\)

Factors Affecting Self-Sufficiency

Barriers and Client Characteristics: Barriers (i.e. the economy, employer attitudes, childcare availability, transportation issues) and client characteristics (i.e. educational attainment, substance abuse, health issues, number of children, previous work experience, age) affect welfare recipients’ capacity to become self-sufficient.\(^5\) Moreover, welfare participants are likely to have multiple barriers and each additional barrier makes it more difficult to become self-sufficient.\(^6\) Nevertheless, studies have also found that individual and environmental factors may not be as important as previously thought. For example, MDRC completed a national evaluation of 20 WTW programs and found that while education was important, factors such as childcare, transportation and health had no significant effect on earnings.\(^7\)

Program Characteristics: One study examined the relationship between program implementation, client characteristics and local economic conditions and earnings outcomes. Although local economic conditions did affect client’s ability to obtain employment, they found that client characteristics accounted for only 16% of the variation in post-participation earnings. However, when program components were added, 80% of the variation could be explained.\(^8\) Programs that focused on quick client employment and personalized client attention were more likely to improve client earnings.\(^9\)

Despite serving a difficult-to-employ population, program features such as a requirement that participants work, caseload size, supportive services, and services that combine education and employment activities can improve outcomes.\(^10,11\) While each program may not have complete control over the policies and services it offers, there are features programs can control. Studies have found that programs with supportive case management and a focus on employment resulted in the highest employment and earnings outcomes.\(^12\)
Methodology
Using earnings data, one year prior to entry and one-year post-Work First participation, for cohorts that exited in the last quarter of 2009 up to the second quarter of 2012, counties were selected for inclusion in this study based on 1. A minimum of 5 clients exiting in a given cohort and 2. A minimum of 3 cohorts with at least 5 exiting. Additionally, both of these requirements had to be met with the removal of cohorts that were outliers. Based on these criteria, 1/3 of the 100 counties in North Carolina (34 counties) were eliminated. For the remaining 66 counties, the average difference in median annual earnings was calculated and used to rank counties. 

Five program managers/supervisors from the top 20% of counties with the highest average difference in median earnings and five program managers from the bottom 20% of counties with the lowest difference were interviewed.

Findings
Sample
Ten counties were included in this study. Of the 10 counties, three of the counties were tier 3, five of the counties were tier 2 and two of the counties were tier 1. In addition, three of the counties are in the coastal plain region and the remaining seven are in the piedmont region.

The average difference in median annual earnings for cohorts ranged from a high of $4,137.30 to a low of $-521.57. For the 10 counties, the average difference in median earnings was $1,607.97. For the five counties in the top group, the average difference in median earnings was $3,450.34. The average difference in median earnings, for those with the lowest difference, was $-234.34.

Do counties that show the largest average difference in median earnings, identify different goals, focuses, challenges and services than those that show the smallest difference?

Goals
The hypothesis was that counties in the top group would be more likely to identify employment or self-sufficiency goals than those in the bottom group. However, this was not the case. Every county gave a response that included the word “self-sufficiency” or “employment.” This finding suggests that program managers/supervisors are aware of the purpose and have adopted it as their program goal. Furthermore, it shows that the differences between the two groups are not likely to be related to program goals.

Focus
Program managers/supervisors were asked whether their program focused on quick employment or client development with the hypothesis being that counties at the top would be more likely to say quick employment. A small difference between the two groups was observed. For the five in the top group, two said “it depends” while three said quick employment. For the five in the bottom group, three said “it depends,” one said quick employment and one said client development. For counties that said, “It depends,” they mentioned that if clients had a diploma and experience, they focused on employment. If not, they focused on client development. This difference may be small but it could suggest that programs that have the highest difference in earnings are more likely to focus on quick employment. Because a program’s focus shapes how it is implemented, this observation provides a springboard for further research.

Challenges
Each county was asked about challenges to explore whether one group was more likely to identify a particular challenge over the other group. When asked about the top three general challenges limiting self-sufficiency for clients, every county mentioned at least one resource (transportation, daycare, mental health services, etc.) limitation within their county. Client characteristics (e.g. education,
work history, criminal record, etc.) were the second most common. The third most common was the economy.

While there was no apparent difference between the two groups’ general challenges, there was an interesting difference in how the two groups ranked challenges when they were asked to rank the importance of the following: client characteristics, the economy, program characteristics and policy regulations. Every county listed the economy and client characteristics. Half either listed program characteristics or policy regulations. Program managers/supervisors in the top group were more likely to list the economy (4/5) and less likely to list client characteristics (2/5) as the first or second challenge. In contrast, the counties in the bottom group were more likely to list client characteristics (4/5) and the economy (4/5) as the first or second challenge.

This observation could suggest that counties in the bottom group serve a more difficult-to-employ population. Alternatively, there may be no differences in the populations they serve but the belief that their clients are more difficult to employ could affect 1. how they provide services and 2. how much they think their program can help. These differences in beliefs could have a significant impact on client outcomes.

**Services**

Program managers were asked about the services they offered because the hypothesis was that the top group would offer more services or more intensive services (e.g. require a participation in a course) than the bottom group. However, there were no significant difference in the services offered by the two groups. Every county offered supportive services (assistance with transportation and daycare) and case management. One county in the top group appeared to offer more employment-related services. However, this was not representative of the other counties in that group. Moreover, there were two counties in the bottom group that also stated they offered more than supportive services and case management. Failing to find a difference in what counties offer could point to the importance of examining how each county offers its services, the differences in the populations each county serves or features that were not explored in this study or stated in the research that could be affecting participant outcomes. Although that was outside the scope of this research study, it is a question to explore in the future.

**Do program managers and the literature agree on what is (are) the most important feature(s) to improve outcomes for participants?**

**Services/Program Features**

Program managers/supervisors were given a list of 10 services and program features that have been found to improve outcomes and asked to rank the top three. Although other research suggests that a focus on quick employment and intensive case management are the most important, seven of the ten program managers in this study, believed that supportive services were the most helpful service their program offered. The second most common program activity mentioned as being the most helpful was job search assistance, which was ranked in the top 3 by six of the ten program managers/supervisors. Moreover, program managers in the top group were more likely to select supportive services (4/5) but those in the bottom group were more likely to select job search assistance (4/5).

This finding supports the challenges the counties identified and may suggest that the two groups do not differ on the services they offer because their perceptions align with the requirements of the program. Conversely, this may provide additional evidence that they differ on how they provide services. For example, counties in the top group may offer more supportive services than counties in the bottom group. This study focused on what differences exist but how they differ should be explored further.

**Case management (Caseload size, supportive/intensive case management, close monitoring)**

Program managers/supervisors were asked about features of their case management. When they were asked about their caseload size, reported caseload sizes ranged from an average of 15 to 150. However, the majority (7/10) had a caseload size between 20 and 50. Based on the research, the
hypothesis was that counties in the top group would have smaller caseload sizes but that relationship was not observed when caseload size and difference in median annual earnings were graphed.22

Each county was asked if they provided close client monitoring (regular contact) and intensive case management (personalized services/supportive/focus on relationship). Every county reported that their program provided these but each county defined them differently. For example, when program managers were asked about how often they checked in, the time ranged from daily to the state mandated limit of once every few months. There was no relationship found between differences in earnings and reported monitoring or intensity but further examination is needed.

Finally, when asked whether intensive case management and caseload size were important, all the program managers/supervisors stated that case management was a priority, while only four said the same about caseload size. Program managers stated that caseload size was not a priority because it was determined by factors that they could not control. For those who did consider it important, they stated that it was important because it helped caseworkers develop better relationships with clients. A few counties stated that they had caseload size goals but due to resource limitations and the inability to control the number of people they served, meeting their caseload size goal would be nice but was not realistic.

Quick Employment

Every program manager stated that quick employment was a priority. However, they did not consider it a feature that improved outcomes for participants. They stated that it was a priority because that was the goal of the program and because they had participation rates that they had to meet. This finding is interesting for two reasons. First, quick employment was found to be the most likely response among counties in the top group when asked about their focus. Second, while previous research shows that a focus on quick employment improves earnings for participants, it does not appear to improve earnings enough to be self-sufficient. This may explain why program managers/supervisors do not consider it an effective priority.

Conclusion

Two broad questions shaped the questions explored in this study: what differences exist between North Carolina Work First programs that could help identify what increases participant self-sufficiency and what is the extent to which Work First is operating as an evidence-based program? At the time of this study, no other study has attempted to answer these questions.

This study attempted to provide a foundation to begin exploring these questions. There were two main findings. First, although this study found no evidence of differences in services or goals between the two groups, it did find that there was a slight difference in their focus and possibly a more significant difference in challenges and perspectives on what works best, which could shape their program and influence outcomes. Second, there is some disconnect that seems to exist between the research and what program managers/supervisors believe. Program managers/supervisors believe that supportive services and job search assistance are the most helpful but the research says a focus on employment and intensive case management results in the best outcomes for participants. This could reflect a knowledge gap or it could reflect the program managers/supervisors reliance on observations or their personal biases.

In order for self-sufficiency to become an achievable outcome for the Work First program and other TANF programs, it is important to know what separates programs that have improved outcomes from programs that have not and to know what has been proven to work so the features and services can be replicated and modified. In order for this to be done, it is necessary for counties to collect data that makes program evaluation possible. Furthermore, despite the fact that the goal of the program is to improve self-sufficiency, the emphasis is placed on employment and not necessarily self-sufficiency. For self-sufficiency to be achieved, policymakers must make self-sufficiency a priority and invest resources consistent with that goal. This study aims to re-kindle the discussion and re-focus it on program effectiveness.
Endnotes


3 Cancian, Haveman, Meyer and Wolfe, 1999; Hildebrandt and Stevens, 2009; Wu, Cancian and Meyer, 2008

4 Cancian, Haveman, Meyer and Wolfe, 1999


6 Alfred and Martin, The development of economic self-sufficiency among former welfare recipients: lessons learned from Wisconsin’s welfare to work program 2007, Blumenberg 2002


8 Bloom, Hill and Riccio, 2003

9 Bloom, Hill and Riccio, 2003


11 Program features that have been found to improve outcomes include: requirement that participants work, no family cap, time limits, higher earnings disregard, caseload size, intake procedures, supportive services, services that combine education and employment activities, and financial incentives have been found to improve client outcomes


14 Because cohorts with earnings over $10,000 were rare and exaggerated the average increase in median earnings for each county, outliers were determined to be cohorts where the median earnings was over $9,999.

15 To calculate the average difference in earnings, the difference in annual median earnings for each cohort was calculated. For each county, the difference in earnings for each cohort was added together and divided by the total number of cohorts included.

16 Counties were selected based on 1. Their rank 2. Researcher’s ability to reach the program manager/supervisor and 3. Willingness of program manager/supervisor to participate.

17 The N.C. Department of Commerce ranks economic well-being of each county. The 40 most distressed counties are designated as Tier 1, the next 40 as Tier 2 and the 20 least distressed as Tier 3. For more information, see https://www.nccommerce.com/research-publications/incentive-reports/2011-county-tier-designations
County tier was considered to ensure that the five counties with the highest difference were not all tier 3 (counties with the most resources) and the five counties with the lowest difference were not all tier 1 (counties with the least resources).

See Appendix B for table 2

See Appendix C for table 3

While the line for earnings declined, the line for caseload size remained relatively unchanged (flat) minus the jump for the caseload of 150.

Acknowledgements
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Bibliography


### Table 1: Summary of Research Findings

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kim (2000)</td>
<td>Out of 1,221 1997 participants, only 335 had worked at some point during 1997</td>
</tr>
</tbody>
</table>
| Lim, Coulton, and Lalich (2009)    | - Earnings were at or below the poverty level  
- Of the 60% of working former TANF participants, only 17.4% had employer provided health insurance |
| Wu, Cancian and Meyer (2008)      | - 22% of former participants had earnings of at least $15,000 either consistently or as an average of year 5 and 6.  
- 46% had stable employment or worked for six out of eight quarters |
| Cancian, Haveman, Meyer and Wolfe (2002) | - Most likely worked in low paying industries such as food, temporary services or retail  
- Less likely to work in high paying industries like financial services or manufacturing.  
- Majority had part-time jobs |
| Hildebrandt and Stevens (2009)    | 40% earned more than $7.50 per hour and had health benefits                                                                                  |
| Moisides (2007)                   | Of working TANF recipients, only 58.6% of them had paid leave.                                                                             |
### Appendix B

#### Table 2: Reported Challenges Ranked by County

<table>
<thead>
<tr>
<th>ID</th>
<th>County Rank*</th>
<th>Challenge 1</th>
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<td>client</td>
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<td>economy</td>
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<td>9 economy</td>
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<tr>
<td>1471</td>
<td>7</td>
<td>10 client</td>
<td>policy</td>
<td>economy</td>
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</table>

*Listed in descending order. County 1 had the largest difference. County 10 had the smallest difference.
### Appendix C

#### Table 3: Ranked Best Service/Feature by County

<table>
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<th>ID</th>
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<th>Third</th>
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<td>33327</td>
<td>1</td>
<td>supportive services</td>
<td>basic education</td>
<td>job search assistance</td>
</tr>
<tr>
<td>92554</td>
<td>2</td>
<td>client development</td>
<td>job search assistance</td>
<td>close client monitoring</td>
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<tr>
<td>11742</td>
<td>3</td>
<td>case management</td>
<td>supportive services</td>
<td>strict enforcement</td>
</tr>
<tr>
<td>76663</td>
<td>4</td>
<td>focus on client development</td>
<td>supportive services</td>
<td>caseload size</td>
</tr>
<tr>
<td>80225</td>
<td>5</td>
<td>intensive case management</td>
<td>vocational training</td>
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<tr>
<td>32065</td>
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<tr>
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<td>education</td>
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<tr>
<td>14717</td>
<td>10</td>
<td>supportive services</td>
<td>basic education</td>
<td>job search assistance</td>
</tr>
</tbody>
</table>

*Listed in descending order. County 1 had the largest difference. County 10 had the smallest difference.
Appendix D

Telephone Questionnaire

1. What services are available to participants in your work first employment services program?
2. What are the work first goal(s) for your agency?
3. Given the option between human capital development and quick employment, which would your agency focus on?
4. In your county, what would you say are the top 3 challenges to helping clients achieve self-sufficiency?
5. I’d like to ask about four big categories of challenges to program success: client characteristics, the economy (job market), policy regulations and program characteristics (including funding, staffing, etc.). If you were to rank these challenges, which would you rank first, second and third?
6. Now I’d like to focus on features that have helped increase self-sufficiency for clients. Which of the following features are present in your program: job-search assistance, basic education, vocational training, supportive services (childcare, transportation, etc.) and strict enforcement? Please indicate whether each of these is present in your program.
7. How would you describe your case management?
8. How often do caseworkers and clients check in?
9. What is the average size of your work first employment services caseload?
10. I’m going to read a list and ask you to rank the top 3 services that you believe have helped increase client self-sufficiency. job-search assistance, basic education, vocational training, intensive case management involving personalized services, close client monitoring, supportive services (child care, transportation, etc.), case workers with small caseloads, staff focus on client development, staff focus on quick employment, and strict enforcement.
11. Are any of the following a priority for your agency: smaller caseloads, personalized case management and getting clients quickly employed? If yes, why? If no, why not?