

Work First New Jersey Evaluation

**NEEDS AND CHALLENGES IN
THREE NEW JERSEY
COMMUNITIES:
Implications for Welfare
Reform**

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EXECUTIVE SUMMARY

The combination of a strong state economy and new welfare policies have already achieved a great deal in New Jersey. Since the inception of Work First New Jersey (WFNJ)—the state’s welfare reform initiative—welfare caseloads have declined by more than 50 percent. Most of those who have left the welfare rolls find jobs, and most employed former recipients have increased their incomes (Rangarajan and Wood 2000).

However, some families continue to face financial hardships. While many former recipients have rising incomes, about half are still poor. Moreover, poverty is not confined to families who have received welfare. Even at the advent of WFNJ in 1997, only about one-third of poor families in New Jersey received cash assistance. By 1999, the fraction of poor families on welfare had declined to less than a quarter. Overall family poverty rates in New Jersey have declined

PURPOSE OF THIS REPORT

With its increased emphasis on work, welfare reform has highlighted the importance of strategies to help low income parents succeed in the labor market. To assist welfare recipients who encounter employment challenges, New Jersey officials have enhanced a variety of services including case management, transportation, and training programs. As the caseload dropped and fewer resources were needed for cash assistance, the state has also made services such as child care and health insurance available to all low- and moderate-income families.

Progress in helping parents stay employed and sustain their families depends not only on state policies, but also on local social, economic, and institutional conditions. The recent efforts to enhance services available to families prompted New Jersey to commission the Community Study—an analysis of the local challenges facing parents and services providers in three high poverty areas: Camden City, Cumberland County, and Newark. Although the study does not focus directly on Work First New Jersey, it examines the employment-related needs of low- and moderate-income parents and local efforts to address those needs. In addition, the Community Study provides a context for the WFNJ evaluation’s Client Study and Program Study which are focused more on the experiences of welfare recipients and counties’ implementation of the WFNJ program, respectively.

This report, one in a series of Community Study reports, is organized around an analysis of three main questions:

1. What employment problems and other hardships do parents in the case study areas experience, and which parents face the most serious problems?
2. What employment opportunities and challenges do employers’ workforce needs pose for parents with relatively low levels of education?
3. How are local organizations responding to the service needs of welfare recipients and other parents facing employment barriers?

somewhat during the past few years, but pockets of poverty persist in the state's major cities and in some rural areas. Further progress in helping families escape poverty will depend, in part, on local social, economic, and institutional conditions.

To understand how welfare reform is working in the state, the New Jersey Department of Human Services (NJ DHS) contracted with Mathematica Policy Research, Inc. (MPR) to conduct a comprehensive, five-year evaluation. This evaluation consists of (1) a Client Study that focuses on the experiences and outcomes of a statewide sample of current and former WF NJ clients, (2) a Program and Management Study that explores implementation issues that the main state and county institutions responsible for WF NJ must address, and (3) a Community Study that examines the challenges to welfare reform in three low-income areas (Camden City, Cumberland County, and Newark).

This report, one in a series on the Community Study, examines the local issues that face welfare reform initiatives in the three case study areas. These areas are among the poorest in the state and illustrate important challenges confronting low-income communities. The report is organized around an analysis of three topics: (1) the employment problems and other hardships of low- and moderate-income parents; (2) the jobs available to those with low levels of education and employers' expectations of workers in those jobs; and (3) how local organizations are responding to the service needs of welfare recipients and other disadvantaged parents.

The report first examines the extent and nature of the employment challenges and hardships of low- and moderate-income ("modest-income") parents residing in the case study communities. This analysis draws on surveys conducted in spring 2000 with a random sample of 1,246 parents in the case study areas whose incomes were less than 250 percent of the poverty threshold and who live with their children. By including representative samples of families with incomes up to 250% of poverty, the survey covered most of the populations eligible for important benefits such as child care and health insurance subsidies. One of the key research questions is the extent to which families are using these types of benefits, as well as other services designed to help parents stay employed and off welfare. In addition, by contrasting the experiences of different subgroups of parents, such as low-income and moderate-income parents, the study examines employment challenges and other hardships associated with poverty.

To gain a fuller picture of the employment challenges disadvantaged parents can face, the report also examines the types of jobs available in the case study labor markets and employers' experience hiring recipients and other single parents for jobs with low educational requirements. To obtain information on these issues, MPR conducted an employer survey in spring 2000 covering a random sample of 1,282 establishments with 10 or more employees in the labor market areas that include and surround the case study communities. Since most low-income parents have low levels of formal education, most of the survey questions focused on jobs with few educational requirements, including (1) those that do not require a high school degree, and (2) those that require a high school degree but no additional education.

To document and analyze local institutional responses to parents' employment-related needs, MPR conducted interviews with staff from service providers and other organizations in the case study areas. Most of these organizations provide services to current and former welfare recipients, and some also serve other low-income parents. While the report's analysis of recent changes in services focuses mainly on the services provided to current and former recipients, the report also

examines the availability of services such as child care and transportation to all low-income parents (including those who have never been on welfare). The interviews with local organizations were conducted between October 1999 and June 2000.

The key findings pertaining to each of the three main research questions are summarized below and described in more detail in the three substantive chapters of the report.

WHAT EMPLOYMENT PROBLEMS AND HARDSHIPS DO PARENTS EXPERIENCE?

Local strategies to promote self-sufficiency should be based on an understanding of the mix of employment and related problems that parents experience. The hardships and other factors that contribute to joblessness can shed light on families' service needs. The extent to which parents are familiar with and make use of relevant services can suggest what types of investments in outreach or service enhancements might be helpful.

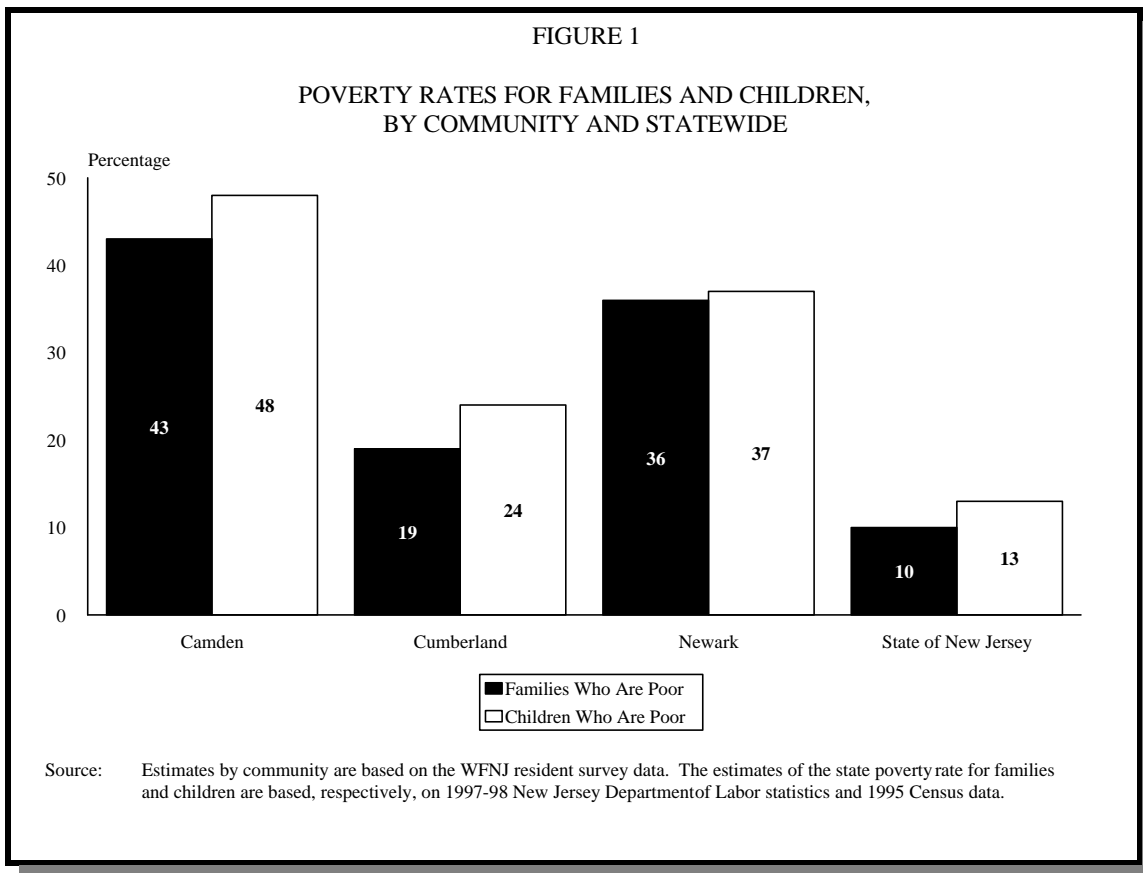
Many families in the case study areas are poor or experience other hardships.

Despite strong economic conditions in New Jersey, many parents in the case study communities are struggling to overcome challenges and support their families. Poverty rates among families and children are considerably higher in Camden City, Cumberland County, and Newark than statewide (Figure 1). This pattern is not surprising, since the three case study areas were selected because they had high poverty rates. Nonetheless, the extent of poverty in these communities is quite striking, particularly in Camden, where nearly half of all children are poor. Many families with modest incomes—more than two out of five—have also experienced at least one recent hardship related to housing, food, or health. Nearly 10 percent of families in Camden and Newark rely on TANF cash assistance benefits, compared with 2 percent in Cumberland County and only 1 percent statewide.

Most modest-income parents work, but many face employment challenges.

Two out of three modest-income parents across the three communities are employed, but many of these working parents receive low pay or have unstable employment. One-third of these parents are in jobs that pay less than \$7 per hour. About two out of five are not offered health benefits by their employer.¹ More than one-fourth of working parents in Camden and one-third in Newark rely on public transportation to commute to work; they must commute an hour each way, on average. A substantial fraction have unstable employment patterns or part-time work. About 30 percent worked less than 10 out of the past 12 months, and more than 20 percent of working parents in each of the three communities worked less than 35 hours per week. Because they work for low hourly wages and less than full time, about one-third of employed parents are still poor.

¹Overall, about one in four modest-income parents do not have health insurance.



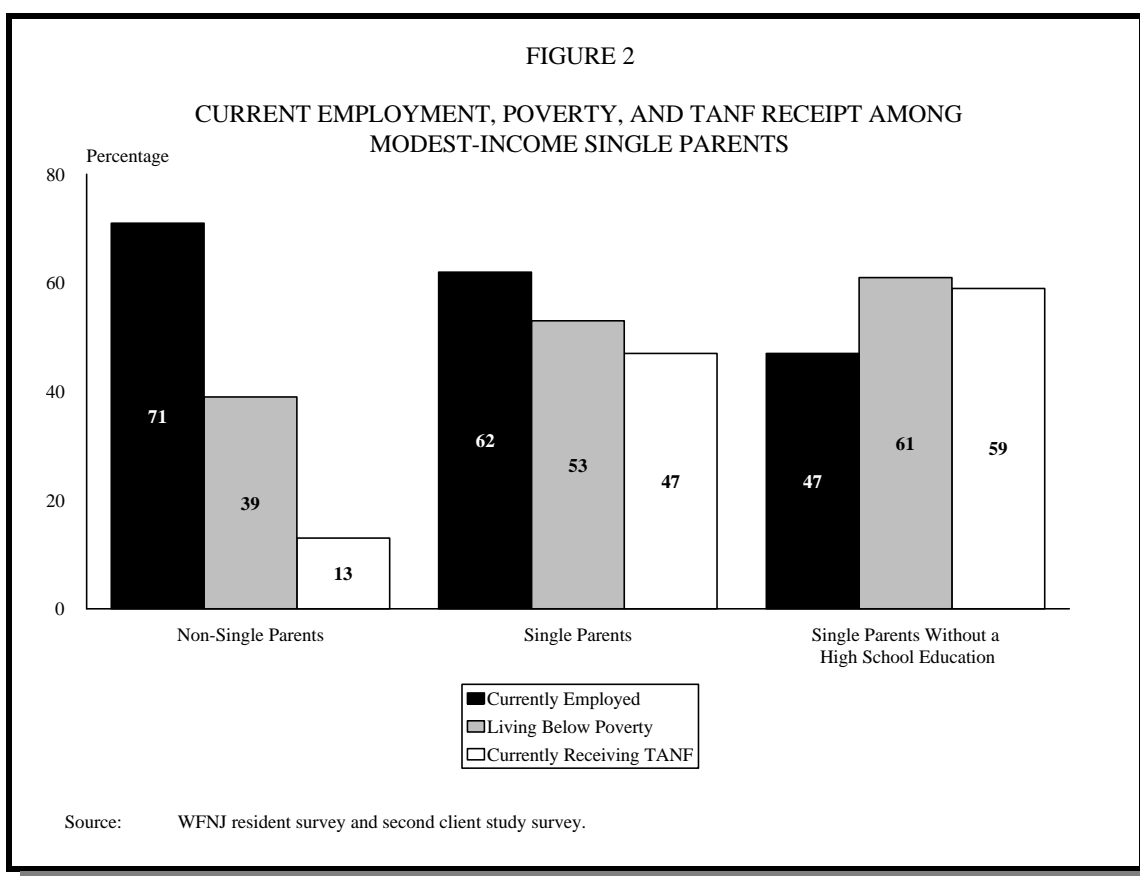
Parents who are single, have little education, or have health problems face particularly difficult employment challenges.

Balancing work and family responsibilities can be difficult for many parents but is particularly challenging for disadvantaged parents. Single parents without a high school education have unstable employment and high rates of TANF receipt and poverty (Figure 2). Modest-income parents who have physical or mental health disabilities, substance abuse problems, or domestic violence experiences also work less and rely more on TANF.

Some parents do not take advantage of key services, for reasons that suggest a need for greater outreach and assessment.

Many parents with low incomes do not make use of child care subsidies, job search assistance, or other services for families experiencing hardships. Although child care subsidies are available to most modest-income parents who work, only about one in three eligible families uses this type of assistance. Approximately 1 in 3 unemployed parents turn to government workforce agencies to find a job, only about 1 in 10 receive a job offer through these agencies, and only 3 in 100 accept such an offer. While most families facing mental health, substance abuse, or domestic violence problems secure some help from personal networks or local service providers, one out of five do not receive help from any sources.

Some of the reasons parents give for not taking advantage of services point to the need for additional outreach. While some parents suggest that they do not need any services, a



substantial fraction indicate they had a service need but were unaware of relevant services or subsidies. For example, about a third of working parents eligible for child care subsidies report that they are not aware of these subsidies or do not know how to access them. Similarly, about a third of those who have had a recent mental health, substance abuse, or domestic violence problem indicate that they did not turn to any organization for help because they were not aware of any relevant provider of these services. This lack of familiarity with available services is not surprising, since declining welfare receipt has probably reduced low-income parents' contacts with public agencies and case managers. Moreover, many parents may see little need to learn about available services. Nonetheless, these findings suggest that greater investments in outreach may prove useful.

The reasons parents give for turning down job offers developed by workforce agencies highlight some of the client-assessment and support-service challenges these agencies face. The most common explanation parents gave for turning down these offers was that they had a transportation problem that would have made it hard for them to get to the employer's location.² Other parents reported that health problems prevented them from accepting job offers. Staff from workforce agencies and service providers confirm that a large fraction of their clients have service

²While it is difficult to gauge the nature of these self-reported transportation problems, administrative records confirm that many of the jobs to which workforce agencies refer clients require a substantial commute (Hulsey and Haimson 2000).

needs that are sometimes difficult to identify and address. These findings suggest the potential value of enhancing assessment procedures and support services.³

WHAT ISSUES ARE POSED BY EMPLOYERS' WORKFORCE NEEDS?

Parents' success in the labor market depends not only on their personal attributes and problems but also on employers' workforce needs. The parents who have the most difficulty in the labor market are single parents with little formal education. Hence, available positions with modest education requirements are most relevant for these individuals, at least in the near term. The location, schedules, and demands of these jobs can define important challenges for those who have limited access to cars, many child care responsibilities, or limited skills. Employers' impressions of the qualifications and performance of welfare recipients and other single parents in jobs with few educational requirements can suggest ways that workforce agencies might help these workers prepare for jobs.

Most jobs do not require much formal education, but many have inconvenient locations or work schedules.

Few available jobs in the case study labor markets require more than a high school degree. However, these "low-education jobs" can pose other challenges for disadvantaged parents. More than two-thirds of low-education jobs are located outside the areas in which case study residents live. Although nearly all the low-education jobs in the local labor markets can be reached quickly by car, more than one-fourth take longer than an hour to reach by public transportation (Figure 3). Most low-education jobs require employees to be available to work overtime, but few give employees much control over their own work schedules, which creates problems for those with child care responsibilities.

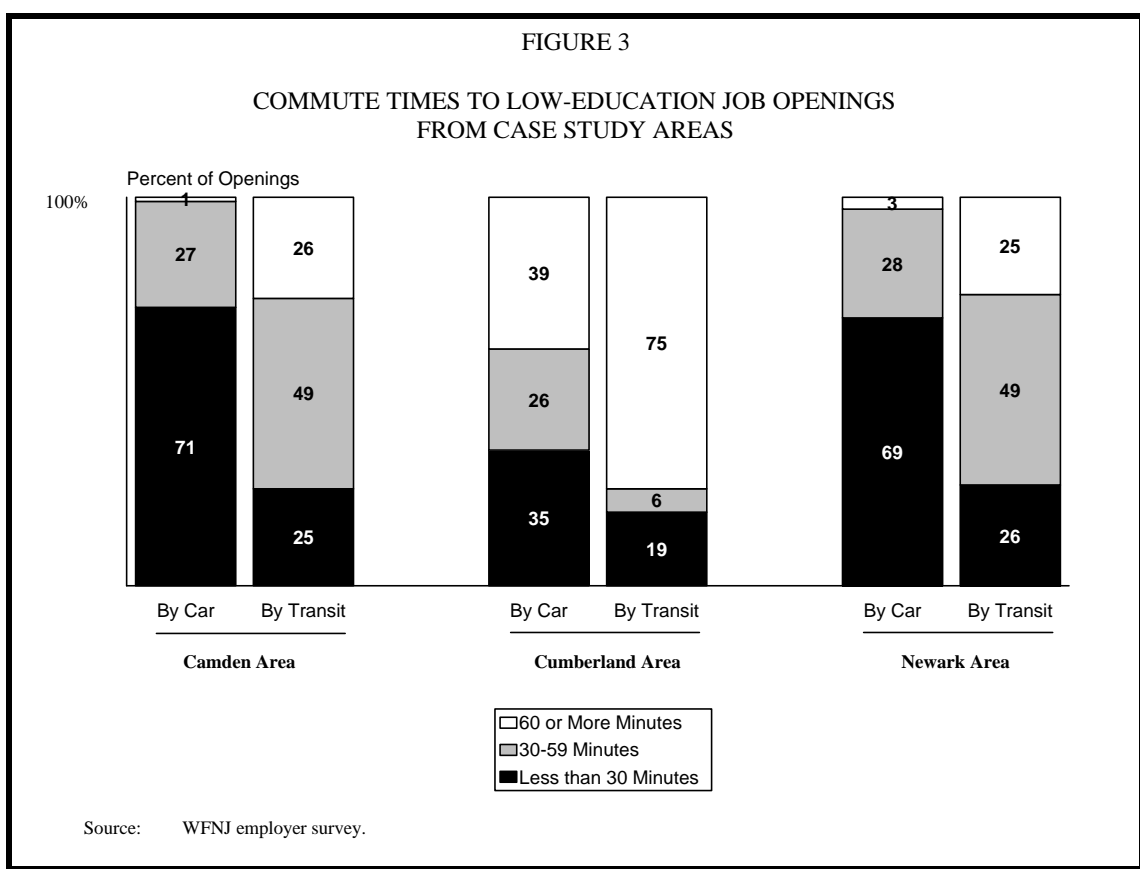
Among low-education jobs, those paying relatively well often demand specific competencies and personal assets.

Those applying for higher-paying low-education jobs are often required to pass drug tests, undergo criminal background checks, take basic skills tests, or perform sample tasks. Among jobs with few educational requirements, clerical positions tend to offer particularly attractive pay and benefits. However, these positions often involve tasks that rely heavily on basic skills, such as using a computer or taking notes, skills that many disadvantaged parents lack.

Absenteeism is the most common performance problem employers report for welfare recipients and other single mothers in low-education jobs.

Employers' experiences working with welfare recipients and other low-income parents can shed light on the workforce readiness and potential service needs of these workers. The WFNJ survey examined employers' perceptions of both welfare recipients and single mothers hired for

³As discussed below, state and local agencies have recognized these issues and, in response, are seeking to enhance their assessment procedures and support services (see pages xxi-xxii).



low-education jobs during the past two years. Most employers suggested that the overall performance of these two groups is not significantly different from that of other employees recently hired for similar positions: at least two-thirds of employers gave “average” ratings to welfare recipients and single mothers. In addition, on most specific dimensions of performance—such as attitude, skills, and mental health and substance abuse problems—employers gave average ratings to these employees (Figure 4).

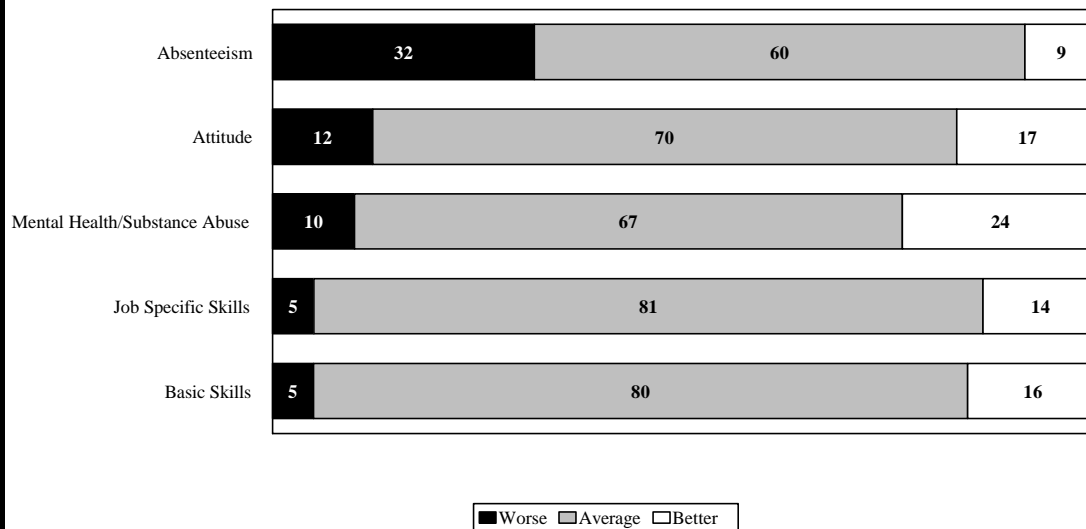
Absenteeism is the most common performance problem cited by employers. Approximately one-third of employers indicated that both welfare recipients and single mothers have higher rates of absenteeism than other employees. When asked why, employers indicated that these workers’ tenuous child care arrangements are the most important contributing factor. This view is consistent with reports from service providers, which suggest that many low-income single parents rely on informal child care providers who are not dependable. Some service providers are responding to this problem by helping clients select reliable child care providers or develop backup options. Given employers’ concerns about absenteeism, expanding this type of assistance could be helpful.

Employer managers suggest that hiring of recipients will depend on these applicants’ skills and supports but not on subsidies offered to employers.

Employers indicate that tax credits and training subsidies have little effect on their hiring decisions. Two-thirds of the employers that use financial incentives indicate that the incentives did not affect the number of recipients hired. This finding is consistent with other studies on hiring subsidies and raises questions about the effectiveness of these incentives.

FIGURE 4

**PERFORMANCE RATINGS FOR RECIPIENTS AND SINGLE MOTHERS
IN LOW EDUCATION JOBS RELATIVE TO OTHER EMPLOYEES**



Source: WFNJ Employer Survey.

While financial incentives may not be particularly effective, employers suggest that enhancing screening services, training, and support services could increase the number of recipients they hire. Most employers reported that they would hire more recipients if workforce agencies could refer clients with better child care and transportation arrangements, stronger skills, and no substance abuse problems or criminal history. These findings, in conjunction with those from the parent survey, suggest that workforce agencies should focus on assessing and addressing their clients' service needs and matching them with appropriate positions.

HOW ARE LOCAL ORGANIZATIONS RESPONDING TO PARENTS' SERVICE NEEDS?

Welfare reform has focused attention on the labor market challenges facing TANF recipients and other low-income parents. By emphasizing work and limiting parents' entitlement to cash assistance, welfare reform has heightened the importance of addressing disadvantaged parents' employment barriers. State and local agencies are exploring new ways to help parents who lack skills, have limited access to child care or transportation, or have health problems. Most of these new initiatives target current or former recipients, but some apply more broadly to all low-income parents.

New partnerships have been forged, but they create some coordination challenges.

The welfare reform initiatives in each case study community have involved new institutional partnerships. For example, each of the case study counties has decided to expand the roles of several public agencies—including workforce, economic development, and transportation agencies—in efforts to help recipients obtain jobs. County leaders in Camden and Essex also have involved many private nonprofit service providers in key roles. In both counties, some organizations are dissatisfied with the level of coordination and mutual support offered by partners. In Cumberland County, where partnerships expanded more slowly, coordination appears strong across the major county organizations. However, all three counties could make better use of community-based organizations to identify clients with service needs and advertise transitional supports and benefits.

Assessment tools have been introduced, but full use of them requires more staff training and investment in computer systems.

Agency staff are using new tools to assess clients' needs. During the past two years, the state has developed new assessment procedures to identify clients who could benefit from substance abuse treatment or vocational rehabilitation services. In addition, DHS recently introduced a new assessment instrument to identify and address the problems of long-term welfare recipients. However, discussions with county agency and provider staff suggest that frontline staff could benefit from more training on how to use existing and new assessment instruments. Training could also cover the services to which clients can be referred, procedures for referring clients to a service provider, and the types of client information that can be given to the provider. Establishing computer links among organizations could make it easier for staff to share information about clients' needs. Finally, agencies could consider reducing the average caseloads of staff, to give them time in which to complete careful assessments and to communicate with service providers.

Revising service providers' contracts could help enhance services.

Camden and Essex counties recently embraced performance-based contracting as a tool with which to reward contractors when their clients find and retain jobs. These contracts generally hold back a substantial portion of a vendor's payments until clients secure jobs. Declining welfare caseloads have both reduced the flow of clients and increased the proportion of hard-to-serve welfare recipients remaining on the caseload. Counties need to focus on several issues as they seek to refine the structure of the contracts. The decline in the caseload may require more contractors to consolidate programs for TANF recipients with programs designed to serve other target populations, allowing providers to achieve greater economies of scale and diversify risks associated with uncertain referrals. Since a growing fraction of the remaining clients face multiple barriers, service providers are having more difficulty helping clients achieve the outcomes that drive vendors' performance-based payments. To ensure that vendors deliver appropriate services, counties may have to increase performance-based payment rates, tie the payment level to the specific barriers facing the clients served, or reward contractors when hard-to-serve clients achieve important intermediate milestones, such as entering substance abuse treatment.

*Public agencies are expanding key services, but important gaps remain.*

State, county, and local agencies have been seeking to expand services designed to help low-income parents secure and retain jobs. New state welfare reform initiatives have expanded the resources available for child care, transportation, vocational rehabilitation, and substance abuse services. County and local agencies have implemented these state initiatives and have also launched efforts to offer job coaching, training, and other services to low-income parents. Most of these initiatives are targeted largely to current and former welfare recipients.

Notwithstanding these efforts to expand needed services, state and local officials report that three types of services remain in short supply in the case study areas. First, some parents still have difficulty securing child care subsidies or the form of child care their children need. Although the capacity of preschool child care centers appears to be adequate in the three communities, infant child care centers cannot accommodate demand. In addition, low-income parents who have not received welfare assistance or who have exhausted their two years of transitional child care have difficulty securing child care subsidies and must now put their names on waiting lists. Second, some specific types of substance abuse services are in short supply, particularly residential services that can accommodate families, and services that integrate mental health and substance abuse treatment. Third, many low-income parents who do not have access to a car continue to have difficulty reaching jobs outside their community. While welfare recipients placed in jobs sometimes receive transportation assistance, other recipients and low-income parents finding their own jobs are often either not eligible or not aware of special transportation services. Enhancing regular bus service, special para-transit bus and van services, and programs that help pay for car purchases or repairs could help these parents obtain and hold jobs.

By working together, state and local agencies have made significant progress implementing welfare reform. However, they now must confront some of the most difficult challenges. Finding ways to address the unmet needs of low-income parents will require careful planning and new resource commitments. The time and resources invested can improve the well-being of New Jersey's families.

I

INTRODUCTION

The combination of a strong state economy and new welfare policies have already achieved a great deal in New Jersey. Since the inception of Work First New Jersey (WFNJ)—the state’s welfare reform initiative—welfare caseloads have declined by more than 50 percent. Most of those who have left the welfare rolls find jobs, and most employed former recipients have increased their incomes (Rangarajan and Wood 2000).

PURPOSE OF THIS REPORT

With its increased emphasis on work, welfare reform has highlighted the importance of strategies to help low income parents succeed in the labor market. To assist welfare recipients who encounter employment challenges, New Jersey officials have enhanced a variety of services including case management, transportation, and training programs. As the caseload dropped and fewer resources were needed for cash assistance, the state has also made services such as child care and health insurance available to all low- and moderate-income families.

Progress in helping parents stay employed and sustain their families depends not only on state policies, but also on local social, economic, and institutional conditions. The recent efforts to enhance services available to families prompted New Jersey to commission the Community Study—an analysis of the local challenges facing parents and services providers in three high poverty areas: Camden City, Cumberland County, and Newark. Although the study does not focus directly on Work First New Jersey, it examines the employment-related needs of low- and moderate-income parents and local efforts to address those needs. In addition, the Community Study provides a context for the WFNJ evaluation’s Client Study and Program Study which are focused more on the experiences of welfare recipients and counties’ implementation of the WFNJ program, respectively.

This report, one in a series of Community Study reports, is organized around an analysis of three main questions:

1. ***What employment problems and other hardships do parents in the case study areas experience?*** What is the background of parents who face the greatest difficulties? To what extent do parents report using local services and supports to overcome employment challenges?
2. ***What employment challenges do employers’ workforce needs pose for parents who have low levels of education?*** What types of jobs are available for those with a high school degree or less? How convenient are the locations and work schedules of these jobs? How do employers recruit employees for these jobs, and what competencies do they value? What are employers’ perceptions of single parents hired for these jobs?
3. ***How are local organizations responding to the service needs of welfare recipients and other parents facing employment barriers?*** How are service providers’ roles changing and what challenges do these changes pose? What are local organizations’ strategies for addressing the employment barriers of low-income parents? What opportunities exist to enhance services?

However, some families continue to face financial hardships. While many former recipients have rising incomes, about half are still poor. Moreover, poverty is not confined to families who have received welfare. Even at the advent of WFNJ in 1997, only about one-third of poor families in New Jersey received cash assistance. By 1999, the fraction of poor families on welfare had declined to less than a quarter. Overall family poverty rates in New Jersey have declined somewhat during the past few years, but pockets of poverty persist in the state's major cities and in some rural areas. Further progress in helping families escape poverty will depend, in part, on local social, economic, and institutional conditions.

To describe the local context of welfare reform and how welfare reform initiatives are progressing the State of New Jersey commissioned the Work First New Jersey Community Study. This study is examining the challenges facing low- and moderate-income parents and

MATHEMATICA'S EVALUATION: THREE INTERRELATED STUDIES

- # The ***Client Study*** is tracking a statewide sample of WFNJ families over a five-year period to establish what happens to them before and after they leave welfare. Focusing on clients who participated in WFNJ during its first 18 months of operation, this study is documenting the welfare receipt, employment levels, income, health, housing arrangements, and other indicators of WFNJ clients' general well-being and quality of life. It will identify factors affecting individuals' success in moving from welfare to work and will document changes in the welfare caseload over time. The study uses three main types of data: (1) a series of longitudinal surveys with a statewide sample of as many as 2,000 WFNJ clients, conducted at 9- to 12-month intervals; (2) information from state administrative data systems on a larger sample of 10,000 WFNJ clients, documenting such outcomes as their welfare receipt, employment levels, and earnings; and (3) three rounds of in-depth, in-person interviews with a subset of WFNJ clients, designed to gather more detailed, qualitative information about their lives.
- # The ***Program Study*** is examining operational challenges and promising strategies for overcoming them, to help state and county staff identify and address key implementation issues. It also will help the state develop performance indicators to guide program improvement efforts. The analysis draws on state administrative data and three rounds of site visits to 10 of the state's 21 counties. Site visitors will interview a variety of county staff members, conduct case file reviews, and observe key program activities.
- # The ***Community Study*** is conducting case studies in three areas—Newark, Camden City, and Cumberland County—to understand local opportunities and challenges facing welfare reform. The case studies focus on the employment patterns and service needs of low-income parents, the jobs available in local labor markets, and the local institutional response to welfare reform. The analysis draws on a survey of low-income residents, an employer survey, and interviews with local service providers and other stakeholders.

service providers in three high poverty areas: Camden City, Cumberland County, and Newark. The study provides a context for the WFNJ evaluation's two other components: the Client Study, which focuses on the experiences and outcomes of a statewide sample of current and former WFNJ clients and the Program and Management Study, which explores implementation issues facing the main state and county institutions responsible for WFNJ.

This report, part of a series of WFNJ Community Study reports, examines social, economic, and institutional challenges in the three case study areas. The report draws on surveys of low- and moderate-income parents and welfare recipients, an employer survey, and interviews with service providers in the case study communities. The report's main chapters are organized around an analysis of three issues: (1) the employment problems and hardships experienced by low and moderate income parents, (2) the opportunities and challenges posed by the jobs available to parents with low levels of education, and (3) local organization's response to the service needs of welfare recipients and other parents facing employment barriers. In addition, three appendices elaborate some of the issues facing organizations in each of the three case study areas. The rest of this introductory chapter describes the policy context, case study areas, and the data sources for this report.

A. POLICY CONTEXT AND ISSUES

The state has made substantial progress in achieving the central goals of welfare reform. The overall economic circumstances of current and former recipients of Temporary Assistance for Needy Families (TANF) in the state appear to be improving. Most of those leaving TANF have done so because they secured jobs or because their earnings increased (Rangarajan and Wood 2000). In addition, during the past year, most employed former recipients have benefitted from rising incomes.

However, a substantial number of current and former recipients continue to face challenges. Many of those who continue to receive TANF have problems that make it difficult to secure jobs and support their families. Relative to those who have left the TANF program, recipients still receiving TANF tend to have less education, less work experience, and more physical or mental health problems (Rangarajan and Wood 2000). Although most of those who have left the welfare rolls are better off financially, some former recipients are experiencing difficulties. About half of former recipients have family incomes below the poverty level.

Policymakers' concerns about low-income families also extend beyond current and former welfare recipients. While overall family poverty rates in New Jersey have declined somewhat during the past four years, pockets of poverty persist in New Jersey's major cities and in some rural parts of the state.¹ Moreover, most poor families do not receive welfare assistance. Even at the advent of WFNJ in late 1997, only about one-third of poor families in New Jersey received cash assistance. By 1999, the fraction of poor families receiving cash welfare had declined to less than a quarter (Mateo 2000).

Concerns about these issues have prompted state and local officials to develop new strategies to help low-income parents stay employed and remain off welfare. Although most

¹The statewide poverty rate declined from about 9.3 percent in 1996-1997 to about 8.2 percent in 1998-1999.

of these efforts have been designed primarily for current or former welfare recipients, some new services and supports are available to broader groups of parents. Some of these initiatives have been implemented statewide, but extra resources and attention have been focused on the urban and rural parts of New Jersey with the highest poverty rates. The new strategies have several distinguishing features:

- # ***Forging partnerships among public and private agencies.*** State, county, and local officials have involved a wide array of organizations in planning and implementing welfare reform initiatives. In most counties, a variety of institutions are participating in welfare reform efforts, including county and state workforce agencies, nonprofit service providers, local economic development agencies, and transportation agencies. Although the urbanized counties have been able to draw on a larger array of existing organizations, even rural counties have expanded the number of public and private agencies involved in service delivery.
- # ***Enhancing services and supports available to working families.*** To help low-income parents stay off TANF, policymakers have expanded postemployment services and supports. The state extended eligibility for transitional Medicaid and child care programs for parents leaving welfare from one to two years. More recently, it expanded eligibility for health insurance and child care programs to all low- and moderate-income families and initiated an outreach campaign to increase the number of families taking advantage of these programs. In addition, new welfare programs offer counseling, training, and transportation services to clients both before and after they leave TANF.
- # ***Expanding employer outreach.*** State and local workforce agencies have initiated new strategies to identify jobs that might be suitable for welfare recipients. These agencies have taken advantage of the employer networks of a wide array of agencies including the New Jersey Department of Labor (NJ DOL), county economic development agencies, and local community development corporations. The agencies' staffs have helped advertise to employers the existence of incentives to hire recipients, such as the Welfare to Work tax credit and on-the-job training subsidies. They also have identified agencies that will prescreen and refer recipients for specific job openings.

In developing these new initiatives, state and local officials face three types of challenges, which we discuss in Chapters II, III, and IV of this report. First, local agencies sometimes have difficulty gauging which services parents need, and which groups of parents should be targeted for services. The declining welfare caseloads pose an institutional challenge: the public and nonprofit agencies involved in providing services to welfare recipients now have contact with a smaller proportion of low-income families than they did before the advent of welfare reform. Moreover, these agencies often have difficulty identifying the problems of those remaining on welfare; multiple agencies have some responsibility for client assessment, and this information is not always compiled in a way that permits local officials to gauge the prevalence of specific needs or problems.

Second, to understand the employment challenges that low-income parents face, one must examine not only the background and problems of these parents, but also the workforce

needs of employers. The state's strong economy has created many employment opportunities, but parents who do not own cars, who rely on child care providers with inflexible schedules, or who lack skills demanded by employers may have difficulty obtaining some of these jobs. Examining the demands of jobs for which parents can become qualified will enable workforce staff to refine their strategies for helping low-income parents prepare for, find, and hold jobs.

Third, welfare reform initiatives pose new institutional coordination challenges. In an effort to better identify and address the needs of low-income parents, public and nonprofit agencies are seeking to forge partnerships with another. To achieve the goals of these partnerships, agency staff need to devise new strategies for planning new services and performing functions that may require interagency communication, such as client and employer outreach, client assessment, and scheduling services.

B. CASE STUDY AREAS

By focusing on specific parts of the state, the Community Study is designed to shed light on how local factors can affect the needs of low-income parents and institutional strategies to address these needs. The Community Study has focused on three locations in New Jersey: (1) Camden City (in Camden County), (2) Newark (in Essex County), and (3) Cumberland County. The areas were selected because they have high poverty rates, are diverse in terms of TANF caseload trends and population characteristics, and are the focus of some new state and local welfare reform initiatives.

Camden and Newark have the highest poverty rates for school-aged children of all cities in New Jersey with populations exceeding 50,000. Cumberland County represents New Jersey's most impoverished rural county and its third most impoverished county overall. (The first two are Essex County, in which Newark is located, and Hudson County.) In 1995, 55 percent of children 5 to 17 years old in Camden City were impoverished, as were 42 percent in Newark, and 21 percent in Cumberland. These rates were substantially higher than the average statewide poverty rate for school-aged children of 13 percent.

The high poverty rates both reflect and contribute to the declining job base in these communities. Although private-sector employment has been expanding statewide, employment in each of the three case study areas decreased between 1990 and 1997 (Table I.1). The decreases were particularly sharp in Camden.

Notwithstanding the economic problems in the case study communities, their welfare caseloads have been decreasing. However, the rate of decrease varies considerably across the three areas. Between July 1997 and July 2000, Essex County has experienced the smallest caseload decrease of any county in the state (35 percent) and has the largest fraction of long-term recipients remaining on the caseload.² Newark's caseload has decreased at about the same rate as that of Essex County's (Table I.1). Although Newark always has had the largest TANF caseload of any municipality in the state, its share of the state's total TANF

²During the third quarter of 1999, 36 percent of Essex's TANF recipients had been receiving welfare continuously for five or more years, a percentage considerably higher than in any other county in the state.

TABLE I.1
POPULATION, JOBS, AND TANF CASELOADS IN CASE STUDY AREAS

Place	Population ^a		Private-Sector Jobs		TANF Caseload	
	1999	Percentage Change 1990-1999	1997	Percentage Change 1990-1997	Percentage of Population on TANF July 2000	Percentage Change July 1997 - July 2000
Newark ^b	263,087	! 4.4	107,183	! 7.0	9.6	! 34
Camden ^b	82,402	! 5.8	22,364	! 20.0	10.0	! 53
Cumberland County ^c	140,112	1.5	47,086	! 1.9	2.1	! 60
New Jersey ^c	8,143,412	5.1	3,131,476	3.1	1.4	! 49

SOURCE: Data on population and private-sectors jobs are from the NJ Department of Labor. Data on TANF caseloads are from the NJ Department of Human Service's FAMIS Records.

^aData on the 1990 population are from the U.S. Bureau of the Census; data on the 1999 population are estimates for July 1999.

^bThe numbers of private-sector jobs are annual averages.

^cPrivate-sector jobs for Cumberland County and New Jersey are for September of 1990 and 1997.

cases has grown considerably.³ Both Camden City and Cumberland County have experienced much sharper reductions in their TANF caseloads than has Newark. However, despite the decreasing caseloads in Camden, the proportion of the population that remains in the TANF programs is slightly higher than in Newark and is much larger than the statewide average.

The size and change in population in the three areas also vary considerably. Newark is the most populous city in New Jersey and one of the most heavily urbanized. Camden has a smaller population but is almost as densely populated as Newark. Vineland, the largest municipality in Cumberland county, is a relatively sparsely populated city that covers a very large area. Millville and Bridgeton have the next-largest populations in Cumberland County. Most of the county's population and most of its TANF recipients reside in Vineland, Millville, or Bridgeton.⁴ Although the populations of Camden and Newark declined during the 1990s, Cumberland's population grew slightly.

³Newark's share of the total state caseload rose from approximately 18 percent in July 1997 to 23 percent in July 2000.

⁴About 86 percent of TANF recipients in Cumberland reside in Vineland, Millville, or Bridgeton; however these three municipalities account for a somewhat smaller percentage (72 percent) of the county's total population.

The three case study areas are also of particular interest because state and local agencies are involved in several new initiatives designed to achieve the goals of welfare reform. Community-based organizations in all three areas are participating in special welfare-to-work initiatives. For example, service providers in Camden and Newark received grants under state's 21st Century Initiative to develop job placement and retention services for hard-to-serve welfare recipients. Providers in Cumberland and Newark have received federal competitive Welfare to Work grants to develop similar services for longer-term recipients. Some public and private agencies in all three areas have received grants through federal economic development and transportation programs designed to help low-income residents access area-based jobs. Furthermore, all three case study counties are involved in the state's special program to refer TANF clients with health problems to the Division of Vocational Rehabilitation services. The lessons learned by the staff involved in these initiatives may help inform policies and strategies applicable to other parts of the state.

C. DATA SOURCES

The Community Study draws on three data sources to shed light on each of the key research issues explored in the report: (1) surveys of low- and moderate-income parents, (2) a survey of employers, and (3) interviews with local service providers and other key stakeholders.

1. Resident and Client Surveys

To examine the employment challenges, hardships, and service use of parents living in distressed urban and rural communities, MPR conducted surveys with low- and moderate-income parents in each of the three case study areas. The eligible population included parents 18 to 60 years of age who have a child younger than age 18 living at home and whose household income is less than 250 percent of the federal poverty level. Parents and their families with incomes below this level were chosen as the target population for two primary reasons. First, to help these residents manage employment challenges and reduce their risk of welfare dependency, New Jersey has made them eligible to receive various family-support services and benefits, such as child care subsidies and child health insurance benefits. Second, collecting information on parents with a relatively broad range of household incomes allows for analysis of the experiences of different subgroups, such as low-income versus moderate-income parents and TANF versus non-TANF recipients. It also allows for identification of key factors associated with the most severe employment challenges and hardships. In so doing, important lessons can be derived that have relevance for policymakers and community service providers.

MPR conducted two surveys to collect data on modest-income parents: (1) a "resident survey" of low- and moderate-income parents ("modest-income" parents) in the three communities, including current and former TANF recipients, as well as residents who never received public assistance; and (2) a "client survey" of current and former WFNJ clients in the three communities (who were interviewed as part of the WFNJ Client Study). The resident survey was based on a list-assisted random-digit-dialing (RDD) sample frame stratified by telephone exchanges to facilitate the identification of eligible modest-income households. Households were screened and surveyed only if a parent 18 to 60 years old was living with a child younger than age 18 and if the household's income did not exceed 250 percent of the poverty standard. In eligible households with multiple adults, one adult was randomly selected as the survey respondent. The client survey

was based on a random sample of WFNJ clients statewide who entered the program between July 1997 and December 1998 (Rangarajan and Wood 2000). The data collected from the two surveys were combined and weighted appropriately to develop estimates for the entire population of parents in each of the case study communities whose household income is below 250 percent of the federal poverty level and who have children younger than age 18 living at home. An additional weight was developed to estimate the population of *all* families with children younger than age 18 in each community.⁵

The total combined sample for the resident and client surveys across the three communities contained 1,246 individuals. This total includes the 907 modest-income parents responding to the resident survey and the 339 WFNJ clients in the case study areas responding to the client survey (Table I.2). Both the resident and client surveys were administered by telephone using a computer-assisted telephone interviewing (CATI) instrument. Both were conducted from February through June 2000. The resident survey achieved a 55 percent response rate and the client survey, an 80 percent response rate.⁶

The resident and client survey samples differed in two key ways. First, the resident survey sample included a much broader population than just TANF and former TANF recipients. More

	Camden	Cumberland	Newark	Total
Resident Survey	330	335	242	907
Client Survey	98	65	176	339
Total	428	400	418	1,246

⁵Using the latter weight to estimate the overall population of families with children younger than age 18 shows that, in Camden, modest-income families represent approximately 86 percent of all such families; in Newark, they represent approximately 81 percent of all such families; and in Cumberland County, they represent 71 percent.

⁶The resident survey response rate is comparable to that of most recent RDD surveys. Response rates for these surveys have declined recently due to growth in telemarketing efforts (Council for Marketing and Opinion Research 1999).

than half (55 percent) of resident survey respondents had never received TANF. Second, the income distribution of the two samples differed, with a greater proportion of moderate-income parents in the three communities represented in the resident survey sample. That is, 28 percent of resident survey sample members had family income greater than 200 percent of poverty, compared with only 9 percent of client survey sample members.⁷

2. Employer Survey

To shed light on the challenges posed by the types of jobs available to low-income parents and employers' perceptions of welfare recipients referred by workforce agencies, MPR conducted a survey of 1,282 employer establishments in the labor markets that include and surround the case study areas. Commuting patterns provided a basis for defining the boundaries of the labor markets covered by the employer survey. In 1990, the vast majority of jobs held by case study residents were located in seven New Jersey counties—the counties that define the universe of employers sampled for the survey (see Figure I.1). The seven counties are Camden and Burlington (the labor market for Camden City residents); Essex, Hudson, and Union (the labor market for Newark residents); and Cumberland and Atlantic (the labor market for Cumberland residents). In 1990, at least 80 percent of employed case study residents worked in these seven counties (Table I.3). Few case study residents worked out of state in 1990.⁸ The 1,282 establishments responding to the survey consisted of 434 in the Camden area, 399 in the Cumberland area, and 449 in the Newark area. The survey was conducted in May and June of 2000 and achieved a 79 percent response rate.

The sample of establishments was selected randomly from a list provided by the Dun & Bradstreet Corporation. Establishments with fewer than 10 employees were excluded because these establishments are less stable and account for only a modest fraction of all jobs in New Jersey.⁹ The sample is stratified by size of establishment, geographic area, and whether the employer had hired a welfare recipient through a workforce agency.¹⁰

The survey was conducted largely by telephone using a CATI instrument. About 99 percent of the 1,282 surveys were telephone surveys; the remaining 1 percent of respondents completed a mail questionnaire, which was sent only to those who requested it. The instrument sought information on positions that require at most a high school degree. It included separate questions

⁷Data presented on the fraction of resident survey respondents who never received TANF and the fraction of resident and client respondents with income greater than 200 percent of poverty are based on unweighted estimates. However, all data presented from these surveys in the remainder of the report, unless otherwise noted, are based on weighted estimates.

⁸Only about 10 percent of residents of Camden worked in Philadelphia, even though the two cities are adjacent. Similarly, only four percent of residents of Newark worked in New York City. Few Cumberland County residents (about one percent) worked out of state.

⁹County Business Patterns data for 1998 suggest that establishments with fewer than 10 employees account for only about 15 percent of all jobs.

¹⁰To increase the precision of estimates pertaining to employers' views of welfare recipients, establishments that had recently hired recipients through local workforce agencies were sampled with a higher probability of selection. These establishments were identified using a list from NJ DOL, which was matched with the Dun & Bradstreet sample frame.

FIGURE I.1

CASE STUDY LABOR MARKET AREAS

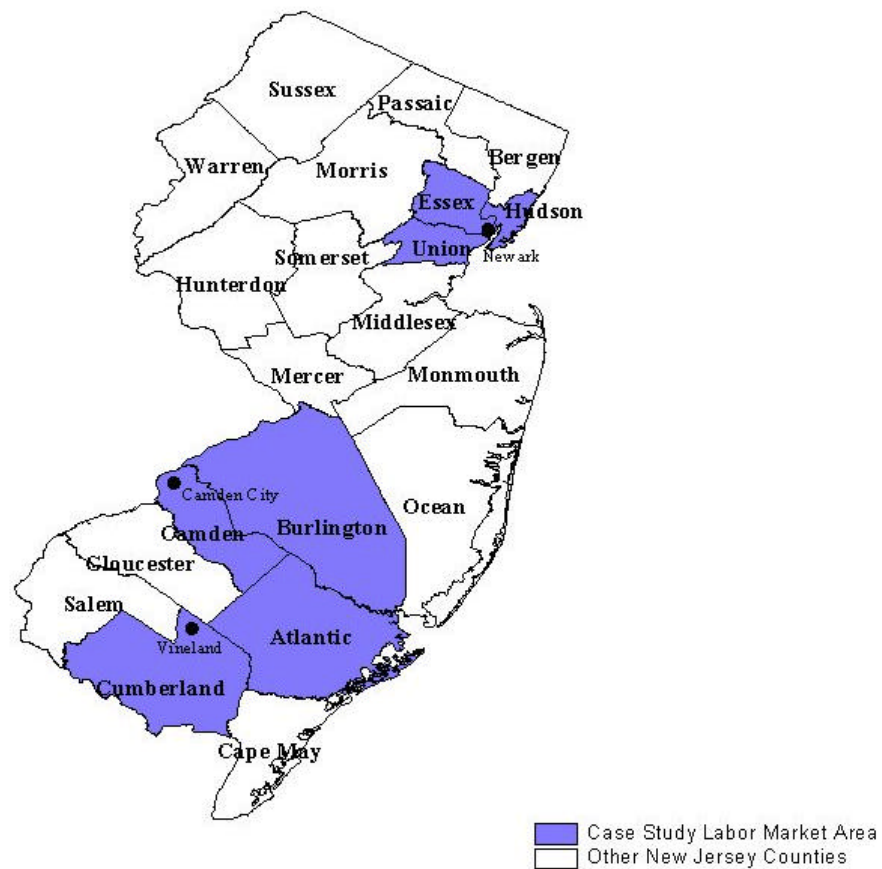


TABLE I.3
DESTINATIONS OF COMMUTERS FROM CASE STUDY AREAS

Origin/Case Study Area	Destination County	Percentage of All Case Study Residents Commuting to County
Camden City	Camden	72
	Burlington	10
	Other counties	12
Newark City	Essex	65
	Union	9
	Hudson	6
	Other counties	20
Vineland, Bridgeton, and Millville	Cumberland	79
	Atlantic	10
	Other counties	11

SOURCE: U.S. Bureau of Transportation Statistics (1990).

on jobs that do not require a high school degree and on those that require a high school degree but no postsecondary education. It also included questions about employers' contacts with workforce agencies that place recipients in jobs, the number of welfare recipients they had hired, and their perceptions of these employees.

3. Interviews with County Agencies, Service Providers, and Other Organizations

To shed light on the institutional issues facing local welfare reform initiatives, the evaluation team conducted two sets of interviews with staff from organizations involved in the initiatives. The first set of interviews, conducted as part of the WFNJ Program and Management Study, focused largely on the county-level agencies responsible for implementing WFNJ. During fall 1999, the study team conducted three-day site visits in each of 10 New Jersey counties, including the three case study counties of Camden, Cumberland, and Essex. The individuals interviewed during the visits constituted a range of staff from county agencies—including the county welfare agency, the economic development and transportation agencies, and the Unified Child Care Agency—as well as a few of the major work activity or training contractors in each county. The second set of interviews, conducted from April through June 2000, focused on other organizations involved in local welfare reform initiatives. A total of 160 people participated in the second round of interviews, including 105 staff from training contractors and service providers, 30 staff from city and county agencies, 7 staff from employers, and 18 staff from state agencies. Since most of the local initiatives and programs were designed to address the needs of current and former welfare recipients, much of the discussion focused on the issues relating to this target population. However, the interviews also covered the extent to which relevant services were available for the larger population of low-income parents.

II

PARENTS' EMPLOYMENT CHALLENGES AND HARDSHIPS

Parents in distressed urban or rural communities must often overcome challenges to remain employed and sustain their families. Although some parents stay above the poverty level and successfully advance up the economic ladder, others have few skills or face hardships related to health or a lack of social support. Parents' limited use of services available in their communities can sometimes exacerbate the difficulties they face staying employed and sustaining their families.

KEY FINDINGS IN BRIEF

Low- and moderate-income parents' employment experiences and circumstances can shed light on some of the challenges they must overcome to become financially self-sufficient. Our analysis draws on a survey of the general population of such parents in the case study areas, some of whom have had recent contact with the welfare system and others who have not. Four key findings emerge from the analysis of this survey:

- # ***Many families in the case study areas are poor or experience other hardships.*** Families face high poverty rates—43 percent in Camden, 19 percent in Cumberland, and 36 percent in Newark, compared with 10 percent statewide. Relative to the rest of the state, much higher fractions of parents in these communities rely on Temporary Assistance for Needy Families. More than two out of five modest-income families recently experienced at least one hardship related to housing, food, or health.
- # ***Most modest-income parents work, but many face employment challenges.*** Although two out of three modest-income parents are employed, one-third of these working parents are in low-wage jobs and are poor. In addition, about two out of five working parents are not offered health benefits from their employer, which contributes to a lack of insurance for many. Commutes are also long for the many parents who rely on public transportation and work outside their communities.
- # ***Single parents without a high school education face the greatest employment challenges.*** Parents who do not have a high school degree, and who are raising a family as a single parent work less regularly, often for lower wages. Parents with health problems also fare poorly in the labor market.
- # ***Many parents do not make use of available services.*** Despite employment challenges and other hardships, many modest-income parents do not use government or community-based services to find jobs, reduce child care costs, and deal with hardships. Instead, many turn to family and friends for help, and some do not use any source of support for help with hardships. Many parents who do not use available services are not aware that services exist, and others do not think services can address their needs.

This chapter focuses on the experiences of a subset of residents in Camden City, Cumberland County, and Newark. These communities were selected for the WFNJ Community Study because they represent three of New Jersey's most impoverished areas, and they provide diversity in terms of population size and density. Camden and Newark are the two most impoverished cities in New Jersey, and Cumberland County is the state's most impoverished rural county and its third most impoverished county overall.¹ This chapter highlights the experiences of "modest-income parents" in each of these communities—those with household incomes below 250 percent of the federal poverty level and who have children younger than age 18 living at home. These residents and their families represent about four-fifths of all families with children across the three communities.² Unless otherwise stated, references to parents are to those with these modest incomes.

Modest-income parents and their families were chosen as the target population for this study for two key reasons. First, these parents are eligible for various family-supporting services and benefits, such as child care subsidies and child health insurance benefits. Second, by contrasting the experiences of different subgroups of parents, such as low-income versus moderate-income parents and TANF versus non-TANF recipients, it is possible to identify key factors associated with the most severe employment challenges and hardships. In so doing, important lessons can be derived that have relevance for policymakers and community service providers.

The modest-income parents in the three communities are a fairly diverse group (Table II.1). Some, particularly in Camden and Newark, appear to face important challenges to employment and self-sufficiency, whereas others appear to be less disadvantaged. On the one hand, more than two-thirds of all modest-income parents across the communities were employed at the time of the survey. On the other hand, about one-fourth were receiving TANF. In addition, more than one-third did not have a high school diploma or GED, one-fourth spoke a language other than English at home, and about one-sixth had a family member who received either Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI). Many parents also were confronted with additional challenges related to caring for their children; more than one-third were single parents, and most had at least one child younger than six years living at home.

This chapter examines parents' financial and social hardships, their employment experiences, and their use of services. It is organized around an analysis of four key questions:

¹According to 1995 data on poverty rates among school-aged children, Camden and Newark have the highest poverty rates of all cities in New Jersey with populations exceeding 50,000. In Camden, 55 percent of school-aged children are poor, as are 42 percent of these children in Newark. According to 1995 data, Cumberland County has a poverty rate of 15 percent. (Only Hudson County and Essex County are more impoverished than Cumberland County; each has a poverty rate of 17 percent.)

²As described in more detail in Chapter I, data from the resident and client surveys were combined and weighted to develop a representative population estimate of all modest-income parents and families in each of the three communities. An additional weight was developed to estimate the population of *all* families with children younger than age 18 in each community. Using the latter weight to estimate the overall population of families with children younger than age 18 shows that, in Camden, modest-income families represent approximately 86 percent of all such families; in Newark, they represent approximately 81 percent of all such families; and in Cumberland County, they represent 71 percent.

1. *What are parents' financial and social hardships?*
2. *What are parents' employment experiences?*
3. *Which parents face employment challenges?*
4. *How much do parents use specific services and supports?*

TABLE II.1
CHARACTERISTICS OF MODEST-INCOME PARENTS, BY COMMUNITY
(Percentages)

Characteristic	Camden	Cumberland	Newark
Female	77	70	72
Average Age (in Years)	34	35	35
Educational Attainment			
Less than high school diploma or GED	44	33	36
High school diploma or GED	29	40	31
More than high school diploma or GED	27	27	33
Currently Employed	62	73	68
Currently Receiving TANF	35	14	26
Average Number of Children Younger than Age 18	2.5	2.3	2.1
Age of Youngest Child			
Younger than 3 years	32	25	33
3 to 5 years	22	26	23
6 years or older	46	49	43
Household Type			
Single parent (adult)	48	29	34
Two parent	43	65	58
Other multiple adult	9	6	8
Race/Ethnicity			
African American	47	29	53
Hispanic	31	14	16
White/other	22	57	32
Household Member Receiving SSI or SSDI	20	14	13
Does Not Speak English at Home	25	10	31
Is a U.S. Citizen	92	96	76
Sample Size	428	400	418

SOURCE: WFNJ resident survey and second client study survey.

NOTE: GED = general equivalency diploma; SSI = Supplemental Security Income SSDI = Social Security Disability Insurance; TANF = Temporary Assistance for Needy Families.

A. WHAT ARE PARENTS' FINANCIAL AND SOCIAL HARDSHIPS?

Despite strong economic conditions in New Jersey, some parents struggle to support their families financially. Some face hardships related to housing, food, and health, and some turn to TANF cash assistance for at least short-term support. The extent and type of hardships that families face can clarify priorities for community service delivery systems. In this section, we examine the extent to which families in the three case study communities live in poverty, rely on TANF cash assistance, and experience hardships. (Except for the analysis of poverty rates and TANF receipt, which covers all parents in the case study communities, the remainder of this chapter focuses on modest-income parents—that is, those with incomes below 250 percent of the federal poverty level.) The analysis is relevant for policymakers and service providers who are interested in understanding the social needs in some of New Jersey's most distressed communities. While these needs go beyond the reach of any single state or local agency, they are important to document and address.

All three communities have much higher poverty rates than the statewide average.

Camden, Cumberland, and Newark are three of New Jersey's most distressed communities. The poverty rate among families with children younger than age 18 in each community—particularly in Camden and Newark—is considerably higher than for the state as a whole (Figure II.1).³ Child poverty rates are also significantly higher in the three communities than in the state as a whole. In particular, Camden has the highest rate of child poverty of all New Jersey cities with equal-sized or larger populations.

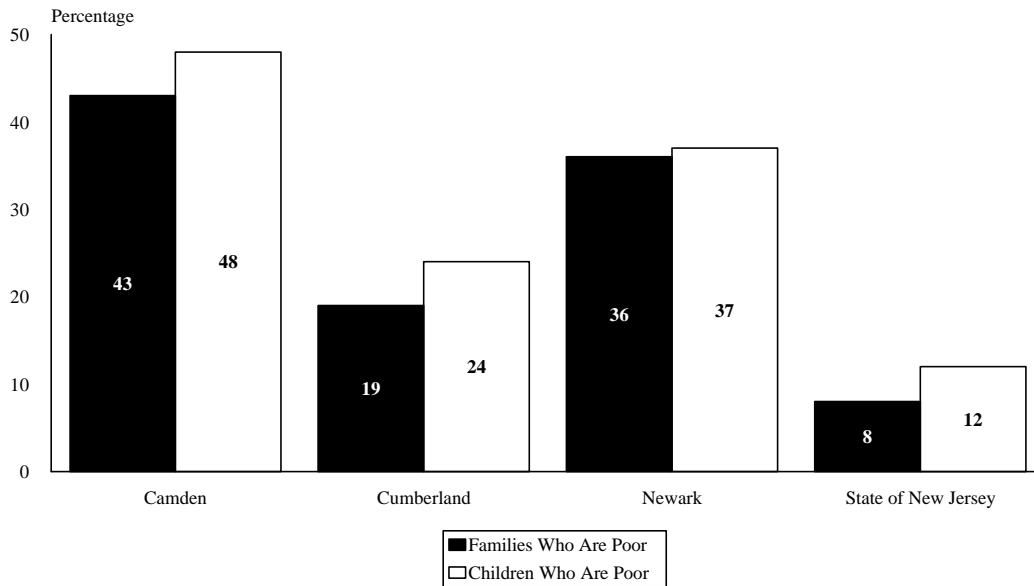
Many parents, particularly those in Camden and Newark, struggle to support their families on very limited incomes (Figure II.2). A substantial fraction in the two communities are extremely poor. A family is considered to be living in extreme poverty if its income is less than 50 percent of the federal poverty level. For a family of three, this translates into an annual income of less than \$7,075 per year, or \$590 per month. Nearly one in four families (24 percent) in Camden live in extreme poverty, compared with 19 percent in Newark and 8 percent in Cumberland.

Not all families in the three communities are poor. In particular, Cumberland has a substantial proportion of middle-class families living well above poverty. Nearly three in five families (59 percent) live on an income that is at least double the poverty-level income, compared with 36 percent of families in Newark and 29 percent in Camden (data not shown).

³The poverty rate estimates for all families presented here are based on the WFNJ resident survey data. Although most of the survey was limited to modest-income parents, a representative sample of all parents answered the initial screening questions pertaining to family income. The responses to these screening questions provide the basis for the overall estimates of poverty in each community. Parents' reported annual family incomes, along with Year 2000 federal poverty guidelines by family size, were used to determine a family's poverty status. For example, based on the guidelines, a family of three is considered to be poor (or in poverty) if its annual income is less than \$14,150. Family income represents income before taxes and deductions and includes the income of parents, their children who live with them, and, if parents are married or living with someone, their spouses or partners. Specifically, it includes earnings from formal jobs, odd jobs, public assistance, child support, and any other sources.

FIGURE II.1

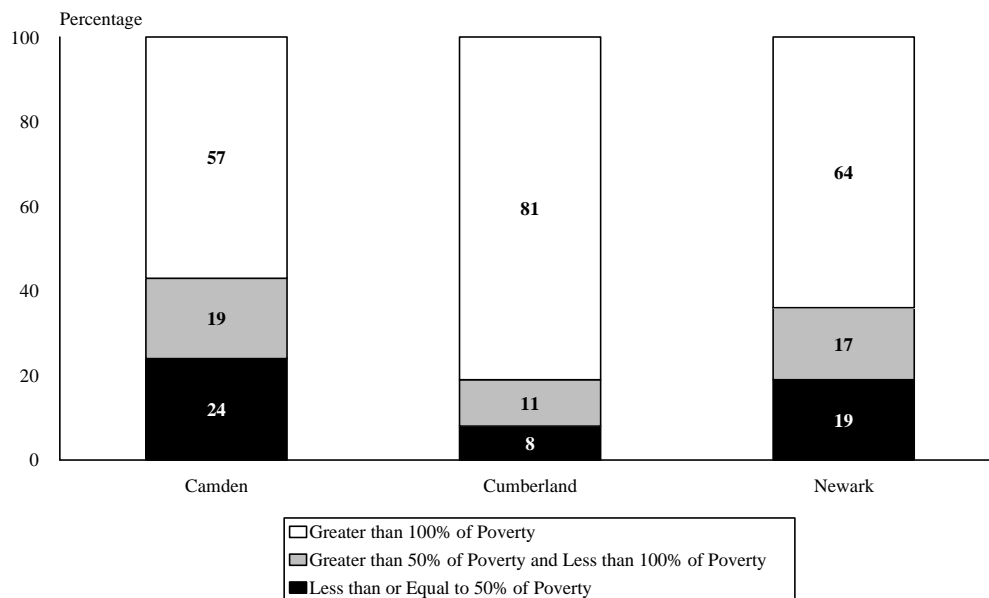
POVERTY RATES FOR FAMILIES AND CHILDREN,
BY COMMUNITY AND STATEWIDE



Source: Estimates by community are based on the WFNJ resident survey data. The estimates of the state poverty rate for families and children are based, respectively, on 1997-1998 New Jersey Department of Labor statistics and 1995 Census data.

FIGURE II.2

ALL FAMILIES LIVING ABOVE AND BELOW POVERTY,
BY COMMUNITY

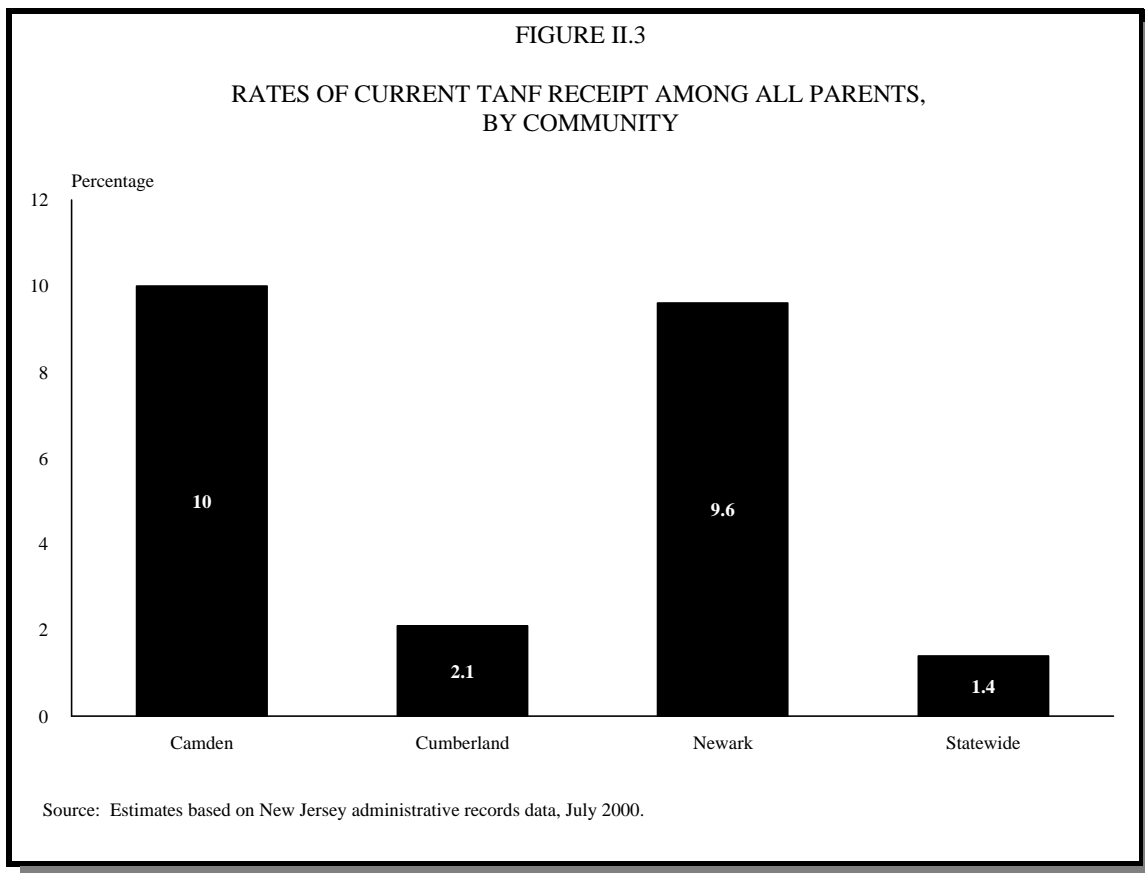


Source: WFNJ resident survey.

Many parents in case study areas have relied on cash assistance.

Despite declines in welfare caseloads in each of the three communities, many poor and near-poor families in Camden, Cumberland, and Newark have turned to the welfare system for support. Based on state records, a higher proportion of the population in these communities receive TANF (Figure II.3).⁴ Rates of TANF receipt are particularly high in Camden and Newark, where about 1 out of 10 residents received TANF in June 2000. In addition, not only does Newark's Essex County have the highest rate of TANF receipt of all counties in the state, but it has the highest proportion of long-term welfare recipients and therefore could have substantial numbers of families who will exhaust their entitlement to TANF within the next two years.⁵

Rates of TANF receipt in the three communities are high compared with rates for the country as a whole. Forty-five percent of modest-income parents in the three communities (those with household incomes less than 250 percent of poverty) received TANF cash



⁴These estimates represent the proportion of total TANF recipients in July 2000 divided by the total resident population in July 1998. Population data for July 1998 were used because this was the most recent time period for which population estimates for all three case study areas were available.

⁵An estimated 5.1 percent of all Essex County residents are TANF recipients, and more than one-third (36 percent) of that county's TANF caseload had received TANF continuously for 60 months or more by the fourth quarter of 1999.

assistance at some point since WFNJ was implemented.⁶ In comparison, a recent national survey of parents with income below a lower poverty threshold (200 percent) showed that a substantially smaller fraction (26 percent) had received cash welfare at some point (Heldrich Center and CSPA 1999).⁷

Poverty in the case study areas is not confined to welfare recipients. The poverty rates of current and former TANF recipients (68 percent and 41 percent, respectively) are higher than those of other modest-income parents. Nevertheless, one-third of all modest-income parents who have never relied on TANF are poor, suggesting that a broader group of parents than just the TANF and former-TANF population may face employment-related challenges and other hardships.⁸

Many families recently have experienced housing, food, or health problems.

The personal and family challenges that many disadvantaged parents face can make it difficult for them to stay off welfare, maintain stable employment, and become self-sufficient. More than two out of five modest-income families in the three communities faced at least one hardship during the past year related to housing instability, food and material insecurities, or health and well-being.

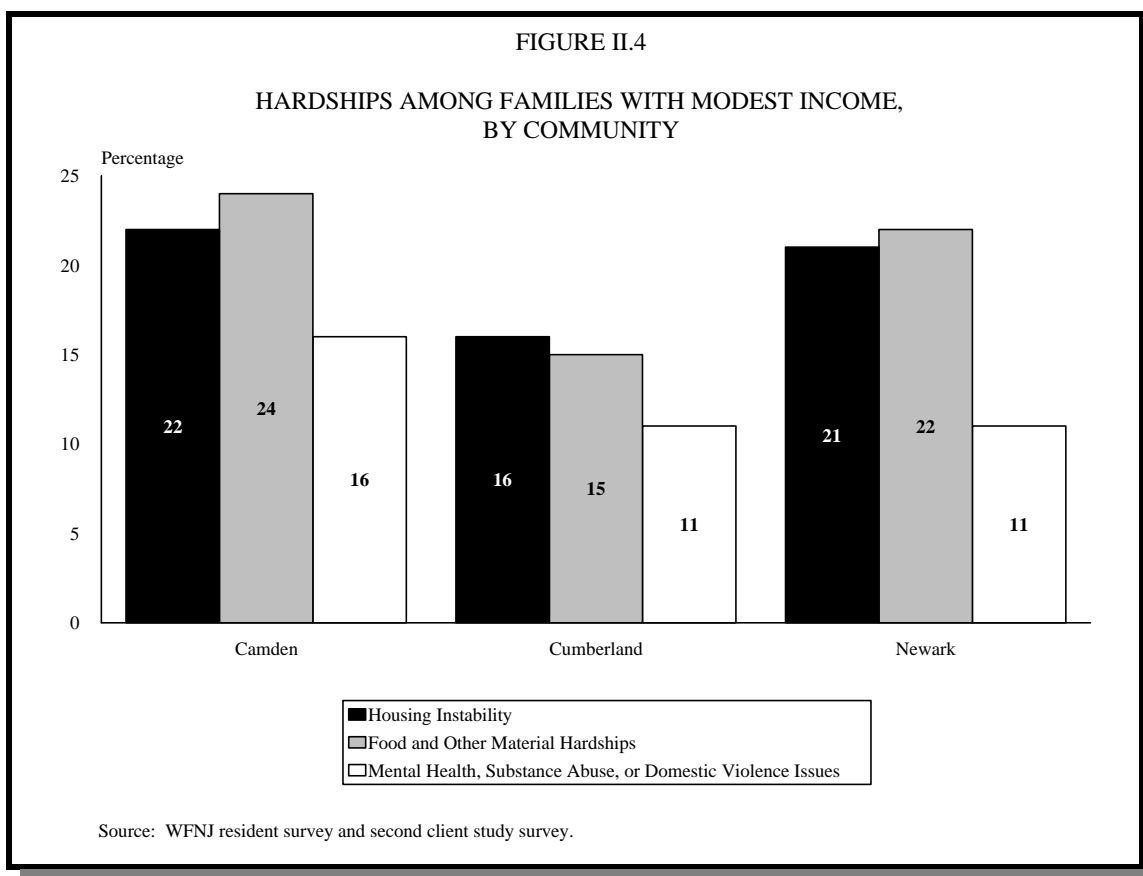
Unstable housing situations pose financial challenges and social disruptions for many families. More than 20 percent of modest-income families in both Camden and Newark and 16 percent in Cumberland reported that they needed help during the past year with paying rent, finding a place to live, and/or accessing emergency shelter (Figure II.4). In addition, more than one-third of poor families in the three communities (35 percent) lived in overcrowded housing conditions (more than one person per room), compared with only 7 percent of poor households nationwide in 1997 (HUD User Web Site 2000). In Camden, overcrowding rates among the poor were particularly high; 40 percent, compared with 34 percent in both Newark and Cumberland.

A basic measure of quality of life is whether families have enough food and other material goods, such as clothing and household furnishings. About 20 percent of families across the three communities perceived that they needed help during the past year obtaining food or other material goods for themselves or their families. These needs were particularly high in Camden and Newark.

⁶At the time of the survey, 62 percent of modest-income families in Camden, 43 percent in Newark, and 38 percent in Cumberland had received TANF cash assistance at some point.

⁷This national survey, conducted in 1999 (one year before the WFNJ surveys), differed from the WFNJ surveys in that it examined *only* parents who were either working or unemployed (not working but looking for work). In contrast, the WFNJ surveys examined parents without regard to their work status. In addition, all respondents to the WFNJ surveys had children younger than age 18 living at home, compared with 93 percent of respondents to the other survey. The difference in the rates of welfare receipt from these surveys is even more noteworthy, given that welfare caseloads decreased from 1999 to 2000, when the national survey and the WFNJ surveys, respectively, were conducted.

⁸Stated another way, more than two-fifths (42 percent) of poor modest-income parents have never received TANF. In Newark, a relatively high fraction of these parents (48 percent) have never received TANF, compared with 39 percent in Cumberland and 26 percent in Camden.



Research links physical and mental health disabilities, substance abuse, and domestic violence with lower rates of employment and higher rates of welfare receipt (Johnson and Meckstroth 1998; and Olson and Pavetti 1996). A substantial fraction of modest-income parents in the three communities face these types of hardships. Twenty percent of parents in Camden, 14 percent in Cumberland, and 13 percent in Newark reported that they had a serious physical or mental disability or were living with someone with a serious disability as measured by whether they or someone they lived with received SSI or SSDI during the past year) (data not shown). In addition, during the past year, more than 1 in 10 parents needed to talk to someone or to seek help about an emotional or mental health problem, drug or alcohol problem, or a domestic violence situation in their household (Figure II.4).

B. WHAT ARE PARENTS' EMPLOYMENT EXPERIENCES?

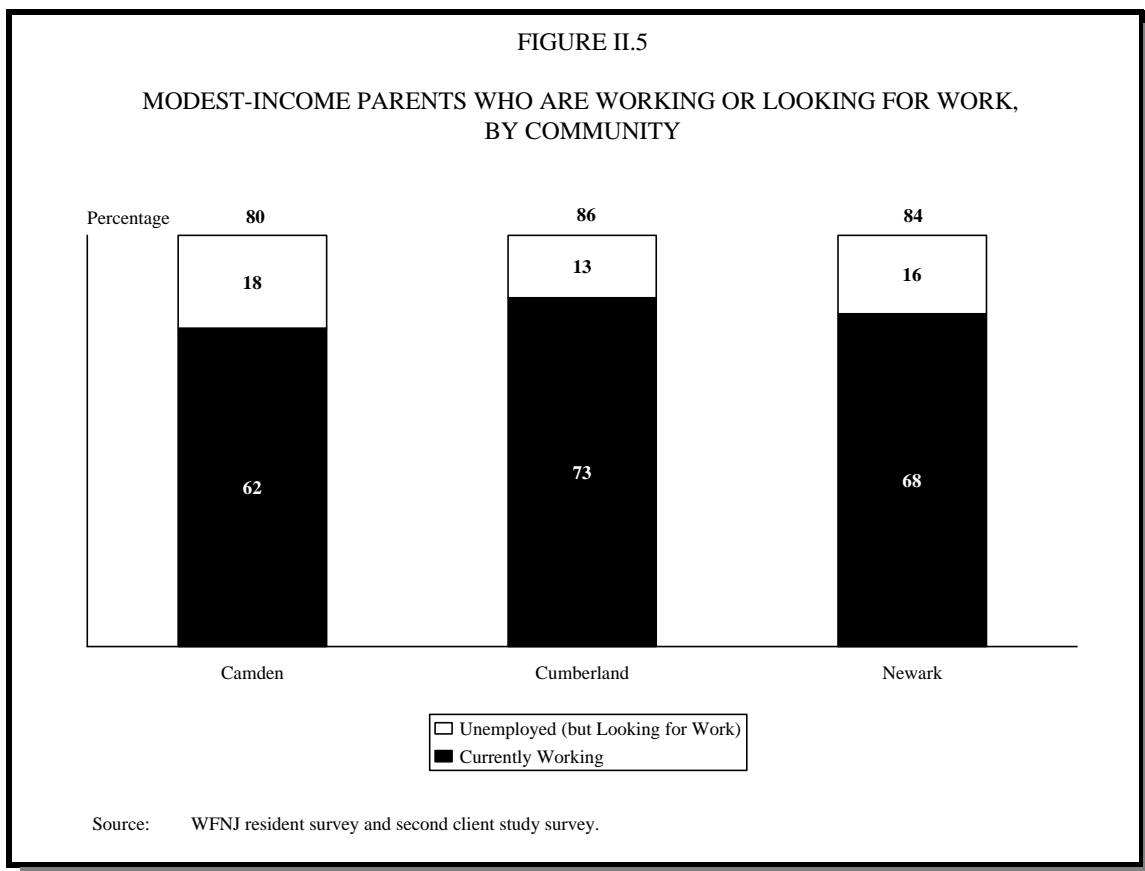
Many parents in the three communities work, although some find that staying off welfare, staying above poverty, and overcoming hardships remain challenges. In this section, we profile the extent to which parents are working, the types of jobs they hold, their wages, and their benefits. In particular, we highlight their receipt of employer health benefits and examine how these benefits may influence health insurance coverage for parents and their children. We also examine parents' commuting experiences, which affect efforts to maintain stable employment.

Most parents work, but a substantial fraction hold low-wage jobs and are poor.

Supported by strong economic conditions, two-thirds of modest-income parents across the three communities were working at the time of the survey (Figure II.5). Nevertheless, a substantial minority, particularly in Camden and Newark, were unemployed.⁹ The unemployment rate among modest-income parents in the three communities was four times the rate for all parents statewide (New Jersey Department of Labor 2000).¹⁰

Parents who worked had fairly continuous employment. About 70 percent of modest-income parents who worked did so for 10 of the past 12 months, and more than 80 percent did so for more than 6 months. A higher proportion of parents in Cumberland were employed continuously. Ninety percent of working parents were employed more than half the past year, compared with 82 percent in Camden and 80 percent in Newark (data not shown).

The average employed parent earned modest wages. Across the three communities, working parents earned an average wage of \$9.78 per hour. For the average parent (who worked 37.9 hours per week and 9.4 months per year), this wage translates into average



⁹Parents were considered unemployed if they were not working, but reported that they were actively looking for work during the past three months.

¹⁰About 16 percent of these parents across the three communities were unemployed, compared with 4 percent statewide.

annual earnings of \$15,100. Before public assistance benefits and income from other sources, this level of earnings was 11 percent below the poverty threshold for a family of four. A substantial fraction of parents earned very low wages. About one in three parents worked in jobs that paid only \$7.00 per hour or less. Parents in Camden and Newark had lower average earnings than did parents in Cumberland because they received lower wages and worked fewer hours per week and fewer months per year (Table II.2).

Overall, about one-third of working parents live on annual family incomes below 100 percent of the federal poverty level (Figure II.6).¹¹ Poverty rates were particularly high in Camden and Newark; close to 2 out of 5 working parents in both communities are poor. Despite their economic struggles, many of the working poor have never received TANF cash assistance, 40 percent in Camden, 49 percent in Cumberland, and 63 percent in Newark.

Poverty among working parents is a function of both fewer hours worked and lower wages earned. These factors appear to contribute about equally to poverty among working parents. Compared with their nonpoor counterparts, the working poor are more likely to work part-time and for fewer months out of the year (Table II.3). They worked 31 percent fewer hours during the year, on average. Working-poor parents also had lower hourly wages; their average wages were 29 percent lower than the average wages of nonpoor working parents (Table II.3).

Many working parents did not receive benefits from their employer, and a substantial fraction of both parents and children lack any health insurance.

Receiving benefits through an employer, such as health insurance and paid vacation and sick leave, helps many parents support their families. In particular, employer health benefits are important in helping families stay insured. To expand health insurance coverage among employed former TANF recipients, New Jersey offers transitional Medicaid coverage for the 24 months after recipients leave welfare.¹² Public insurance benefits for children are also available to many more families through New Jersey KidCare (the state's Children's Health Insurance Program), which covers children who live in families with income up to 350 percent of the federal poverty level.

A substantial fraction of working parents, especially those in Camden and Newark, were employed in jobs that did not offer health insurance (Table II.2). In particular, more than two-fifths of working parents in Camden and in Newark had such jobs. Compared with parents who were offered employer insurance, those who did not receive this benefit generally worked in lower-wage jobs, earned less, and were more likely to have relied on TANF at some point. Parents who worked in lower-paying production- or transportation-related jobs were less likely to be offered employer health insurance than were their counterparts who worked in higher-paying management, professional, or clerical jobs.

¹¹Family income, along with Year 2000 federal poverty guidelines by family size, are used to determine poverty status. Refer to footnote 3 for more information.

¹²At the time of the survey, public health insurance had not been offered to other low-income adults. However, after the WFNJ resident and second round client surveys were completed, the state launched FamilyCare in July 2000, a state-sponsored insurance program for low-income working adults. This program covers adults with incomes below 200 percent of poverty. The information on insurance coverage presented in this report was collected prior to the implementation of FamilyCare.

TABLE II.2

CHARACTERISTICS OF PARENTS' CURRENT OR MOST RECENT JOB, BY COMMUNITY^a
(Percentages Unless Otherwise Noted)

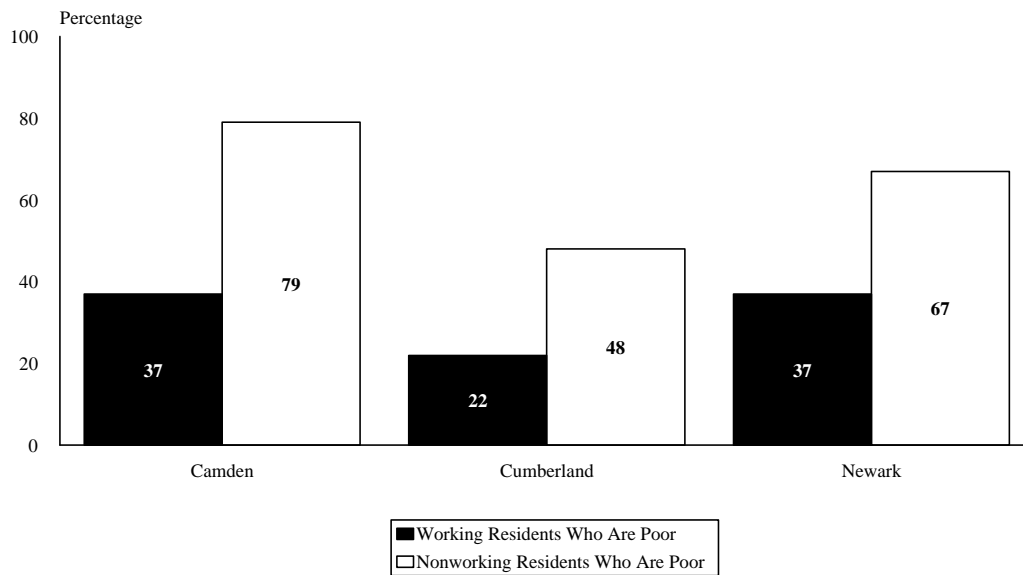
	Camden	Cumberland	Newark
Hourly Wages of Current or Most Recent Job			
\$6.00 or less	16	13	23
\$6.01 to \$7.00	15	12	11
\$7.01 to \$9.00	25	19	19
\$9.01 to \$11.00	28	25	28
More than \$11.00	16	30	19
(Average hourly wage)	(\$9.20)	(\$10.37)	(\$9.73)
Monthly Earnings			
\$1 to \$600	11	8	11
\$601 to \$1,000	14	10	20
\$1,001 to \$1,800	51	44	43
\$1,801 to \$2,600	15	22	17
More than \$2,600	9	15	9
(Average monthly earnings)	(\$1,456)	(\$1,726)	(\$1,482)
Benefits Offered			
Health	58	70	55
Vacation	61	70	62
Sick leave	52	56	53
Working More than One Job Currently			
	5	8	4
Hours Worked per Week			
20 hours or less	13	10	11
21 to 34 hours	11	11	10
35 to 40 hours	60	54	61
More than 40 hours	16	25	18
(Average hours per week)	(34)	(39)	(34)
Shift Worked			
Regular	78	77	86
Evening/graveyard	21	21	13
Weekend/variable shift	1	2	1
Occupation			
Manager/professional/technical	5	13	12
Services	27	27	27
Clerical/administrative	23	14	15
Production/repair/construction services	21	21	21
Transportation and moving services	17	14	16
Sales	7	7	9
Other	1	3	1
Sample Size	355	368	333

SOURCE: WFNJ resident survey and second client study survey.

^a Includes only parents who worked during the past two years.

FIGURE II.6

POVERTY RATES AMONG WORKING AND NONWORKING MODEST-INCOME PARENTS



Source: WFNJ resident survey and second client study survey.

TABLE II.3

EMPLOYMENT PATTERNS OF MODEST-INCOME WORKING PARENTS,
BY POVERTY STATUS

Characteristics	Less than or Equal to 100% of Poverty	Greater than 100% of Poverty
Ever Worked (Percent)	85	98
Currently Employed (Percent)	52	81
Number of Months Worked (Average) ^a	8.7	10.7
Working More than One Job Currently (Percent) ^a	4.1	8.6
Working Standard Shift Job (Percent) ^a	83	82
Hourly Wage in Primary Job (Average) ^a	\$7.86	\$11.06
Hours Worked per Week (Average) ^a	34	40
Monthly Earnings (Average) ^a	\$1,103	\$1,809
Health Benefits Available from Employer (Percent) ^a	39	71
Sample Size	416	640

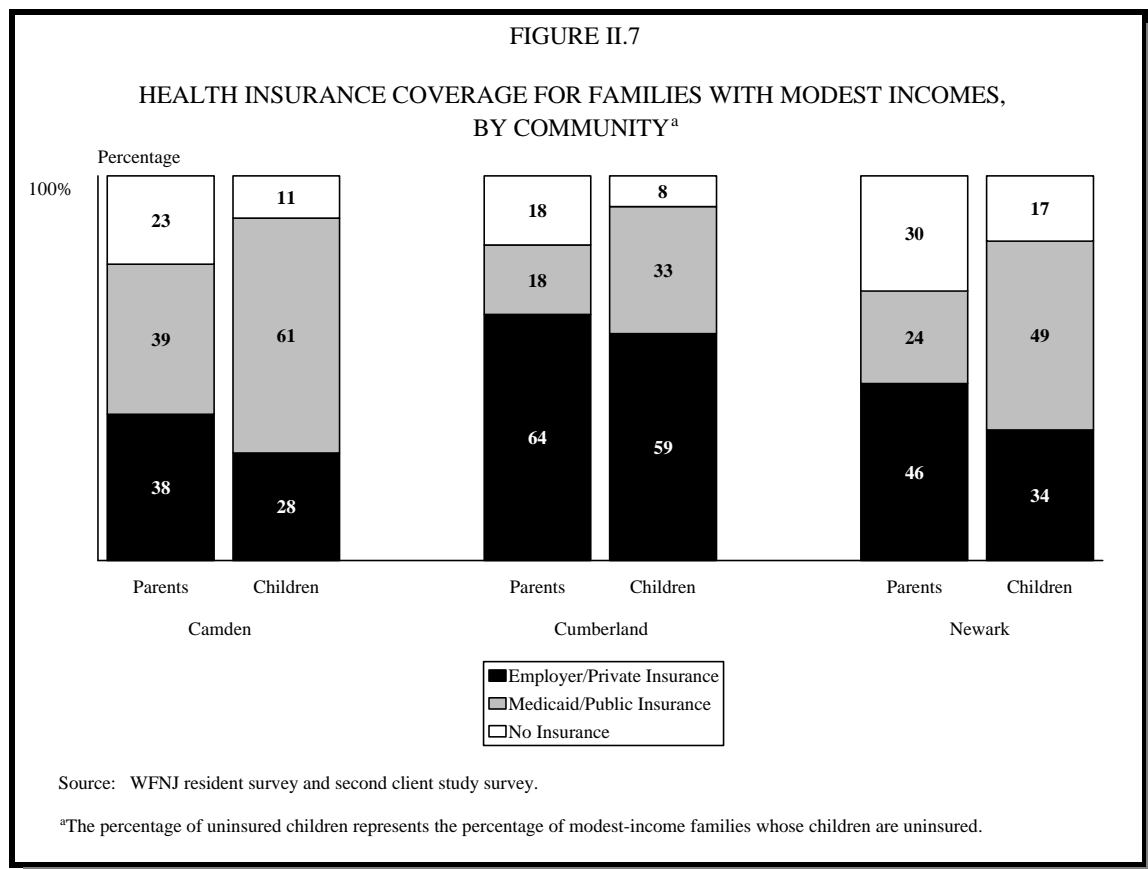
SOURCE: WFNJ resident survey and second client study survey.

^aThe data refer only to parents who worked during the past two years.

Many modest-income families are uninsured (Figure II.7). About one in four modest-income parents had no insurance (Figure II.7). The fraction of parents who are uninsured is much higher among former TANF recipients and those who have never received TANF than among TANF recipients—nearly all of whom are eligible for Medicaid. Only 9 percent of current TANF recipients lacked health insurance, compared with 26 percent of former recipients and 36 percent of other parents. Although public health insurance is offered to all children from modest-income families, about one out of seven families still reported that their children were uninsured (Figure II.7).

The offer of employer health benefits made it easier for families to stay insured. Rates of uninsurance were particularly high in Newark, where a greater proportion of parents did not receive employer-provided health benefits. Overall, among parents offered employer health benefits, 12 percent of parents and 7 percent of children were uninsured, compared with 55 percent of parents and 30 percent of children who were not offered these benefits. People who were eligible for employer benefits but were uninsured generally did not receive benefits either because they had not been employed in the job long enough or because the insurance was too expensive.

Lack of health insurance creates hardships for many. Nearly one-half (47 percent) of uninsured families across the three communities required medical attention during the past year. To reduce such medical hardships and to ensure that more eligible parents access available public insurance benefits, public agencies and service providers might reexamine and improve their outreach and recruitment efforts.



*Many working parents who rely on public transportation, particularly those who work outside of their communities, have long commutes.*

Commuting, especially for those who work outside of their community, can be time-consuming and costly, erode the financial benefits of work, and make working difficult. Substantially more than half of all employed modest-income parents in Newark and Camden commute to jobs outside their cities; in Cumberland, about one-third work outside of the county (Table II.4).¹³

The extent to which parents commute to jobs outside their home areas varies both by parents' income and geographic area (data not shown). In Newark, the working poor are somewhat less likely than their higher-income counterparts to work outside the city. In

TABLE II.4						
MODE OF TRANSPORTATION AND AVERAGE COMMUTING TIME AMONG MODEST-INCOME WORKING PARENTS, BY PLACE OF COMMUTE ^a						
Type of Commute	Mode of Transportation, By Job Location (Percent)			Commuting Time (Minutes)		
	Camden	Cumberland	Newark	Camden	Cumberland	Newark
Working in Home Area	38	69	46	22	18	27
Commute by Car ^b	16	61	15	18	18	23
Commute by Public Transit	9	2	19	34	25	36
Commute by Other Modes ^c	13	5	12	15	14	21
Working Outside Home Area	62	31	54	39	41	45
Commute by Car ^b	38	25	31	26	41	34
Commute by Public Transit	20	2	20	64	105	64
Commute by Other Modes ^c	4	4	3	24	17	36
Sample Size	355	368	333	355	368	333

SOURCE: WFNJ resident survey and second client study survey.

^a Parents who worked during the past two years.

^b Driving self or obtaining a ride from family or friends.

^c Walking to work, using employer-provided transportation, using a van service, biking, or working from home.

¹³In addition, although a substantial fraction of employed parents work outside of these "home areas," it is striking that only a very small fraction work outside of New Jersey. For example, only 7 percent of working parents in Camden and 4 percent in Newark take advantage of job opportunities in Philadelphia and New York City, respectively, even though public transportation is available to both cities and commuting times are often shorter than to suburban New Jersey areas.

contrast, poor parents in Camden are about as likely as their nonpoor counterparts to work outside the city; in Cumberland a somewhat higher fraction of poor parents work in jobs outside the county (often in adjacent Atlantic County).¹⁴

In Camden and Newark, where public transportation systems are more developed than in Cumberland, public transportation is used more heavily by all residents, but especially by the working poor. In Camden, about 3 out of 10 working parents use public transportation to get to work, as do about 4 out of 10 in Newark; in comparison, only 4 percent in Cumberland do so (Figure II.8). The working poor in Camden and Newark are about 25 percent more likely than their nonpoor counterparts to use public transportation.¹⁵ Overall, fewer working parents in Camden and Newark than in Cumberland own or have access to a car (57 percent in Camden, 52 in Newark, and 87 percent in Cumberland). In particular, fewer than one-third of working poor parents in Camden and Newark own or have access to a car.¹⁶

Parents who rely on public transportation have long commutes, particularly when they work outside their home area. Parents in the three communities have average commutes by public transportation of about an hour each way (Figure II.9).¹⁷ This average is notably higher than statewide average commutes for all modes of transportation (25 minutes) and for public transportation (37 minutes) (U.S. Bureau of Transportation Statistics 1990). Regardless of the mode of commute, parents in all three communities who work outside their home area have long average commutes (about 40 minutes each way) (Table II.4). Although most who work outside their home area travel by car, 20 percent of working parents in both Camden and Newark use public transportation to travel to out-of-city jobs (Table II.4). Average commutes are particularly long for these public transit commuters—64 minutes one way (Table II.4).¹⁸

The prospect of long, complicated commutes, often via public transportation, appears to discourage some parents, particularly the working poor, from pursuing jobs outside their

¹⁴In Newark, 46 percent of poor parents work outside the city, compared with 61 percent of nonpoor parents. In contrast, in Camden, 61 percent of poor parents work outside the city, compared with 64 percent of nonpoor parents. In Cumberland, 37 percent of poor parents and 31 percent of their nonpoor counterparts work outside the county.

¹⁵In Newark 45 percent of poor parents rely on public transportation, compared with 35 percent of nonpoor parents, in Camden, 35 percent of poor parents rely on public transportation, compared with 24 percent of nonpoor parents.

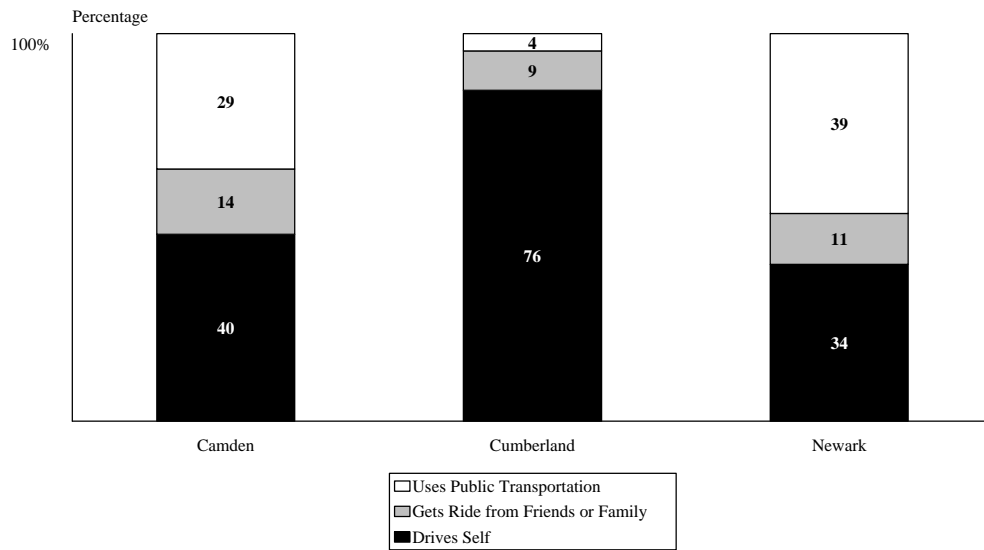
¹⁶In Newark, 32 percent of poor parents own or have access to a car, compared with 62 percent of nonpoor parents; in Camden, 32 percent of poor parents own or have access to a car, compared with 72 percent of nonpoor parents. A higher proportion of poor parents in Cumberland than in Camden or Newark own or have access to a car (68 percent). Although a substantially higher fraction of poor parents in Cumberland have access to a car, it is still significant that in an area with limited public transportation about one-third of poor parents do not have access to a car.

¹⁷Commuting times include time parents spend dropping their children off at day care.

¹⁸Although commutes are exceptionally long for Cumberland residents who use public transportation to get to jobs outside the county (an average of 105 minutes each way), this type of commute applies to only two percent of Cumberland's working parents (Table II.4).

FIGURE II.8

MODE OF TRANSPORTATION USED BY MODEST-INCOME WORKING PARENTS

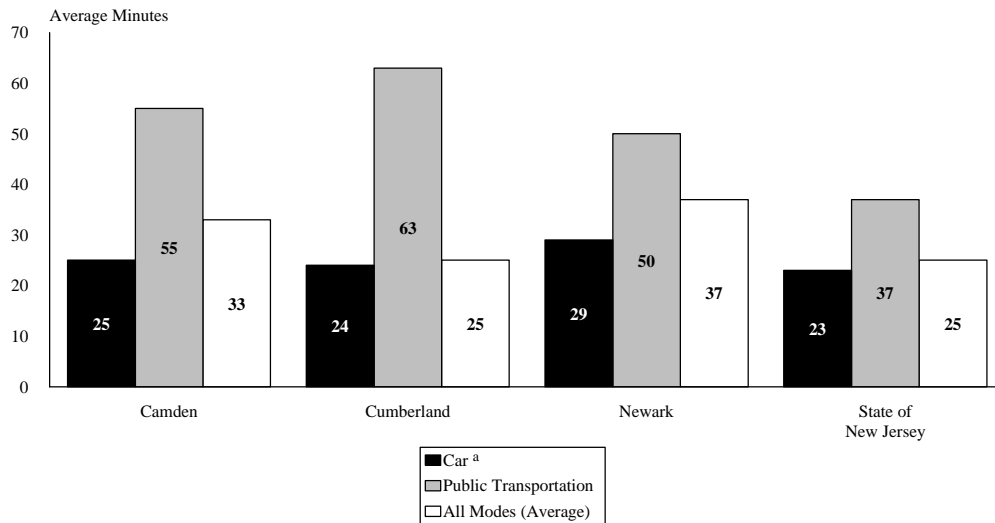


Source: WFNJ resident survey and second client study survey.

Note: Percentages sum to less than 100 percent because some response categories are not presented. In Camden, Cumberland, and Newark, 17 percent, 10 percent, and 15 percent, respectively, used other methods to get to work, such as walking (the most common), using employer-provided transportation, using a van service, biking, or working from home.

FIGURE II.9

AVERAGE COMMUTING TIME FOR MODEST-INCOME WORKING PARENTS, BY MODE OF TRANSPORTATION AND COMMUNITY



Source: Community estimates are based on the WFNJ resident survey and second client study survey. State estimates are based on U.S. Bureau of Transportation Statistics (1990).

^aDriving self or obtaining a ride from family or friends.

home area. For example, two out of five parents in Newark said the primary reason they turned down a job offer a government agency had helped them find was because they faced transportation difficulties. A smaller, but still notable, fraction in Camden (12 percent of parents) and in Cumberland (16 percent) reported that a transportation problem was the primary reason they turned down such a job offer. Improvements in transportation options might help widen the choice of jobs and make it easier for some parents to work.

C. WHICH PARENTS FACE EMPLOYMENT CHALLENGES?

Although most working parents sometimes have difficulty balancing the demands of work and family, some parents have greater challenges. Single parents who work do not have partners who can share the burden of dealing with child care crises. Parents who have health problems also face difficult hurdles when they try to find and retain jobs. Identifying which parents face the greatest number of challenges can help shape social programs and services and target outreach efforts to those most in need. In this section, we identify key employment-related challenges parents face and examine which groups appear to be struggling most.

Parents who have health problems work less and rely on TANF more.

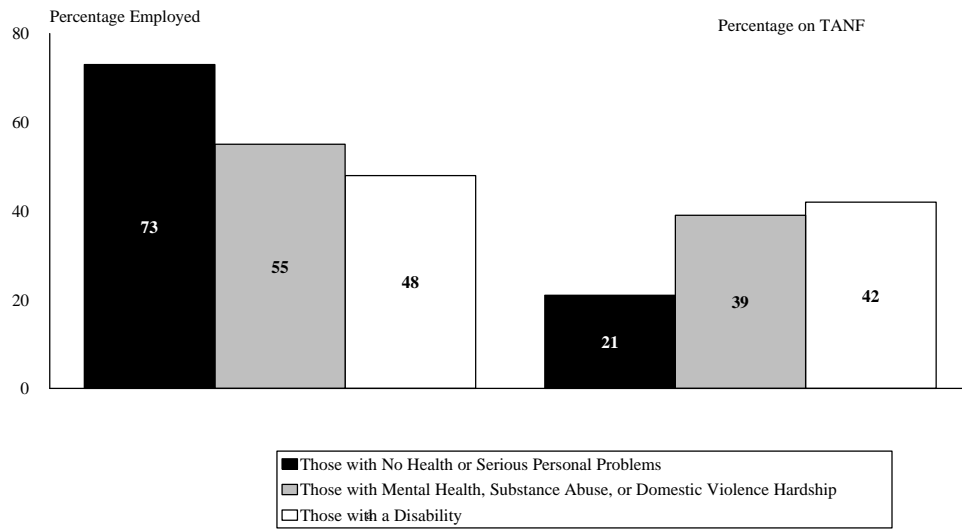
Studies of TANF recipients and other low-income parents in New Jersey and nationwide suggest that health problems are an impediment to stable employment (Rangarajan and Wood 2000; Johnson and Meckstroth 1998; and Olson and Pavetti 1996). Parents in the three communities who faced serious physical or mental health disabilities were much less likely to work than other parents (Figure II.10). Fewer than half the parents who reported that they or a family member had a serious physical or mental health disability were currently working (Figure II.10). Parents who had personal problems related to mental health, substance abuse, or domestic violence also were less likely to work than other parents.

Health problems were frequently cited by parents as an important reason for not working. About one in three nonworking parents reported that they did not work during the past three months for this reason (Figure II.11). In particular, 17 percent did not work because of their own physical health, 12 percent because of another household member's health, and 2 percent because of their own mental health. Health barriers were especially prevalent in Camden, where 50 percent of nonworking parents did not work due to a health problem (compared with 39 percent in Cumberland and 22 percent in Newark; data not shown). Moreover, a substantial fraction (19 percent) of parents who left their jobs reported that they *stopped* working due to health problems.

Since parents who have health problems work less, it is not surprising that they are also more likely than other modest-income parents to receive TANF. About two out of five parents who had disabilities or other serious personal problems related to mental health, substance abuse, or domestic violence were currently receiving TANF (Figure II.10). This rate is markedly higher than the rate of 21 percent among parents who did not face such hardships.

FIGURE II.10

CURRENT EMPLOYMENT AND TANF RECEIPT AMONG MODEST-INCOME PARENTS,
BY PRESENCE OF HEALTH AND OTHER PERSONAL PROBLEMS

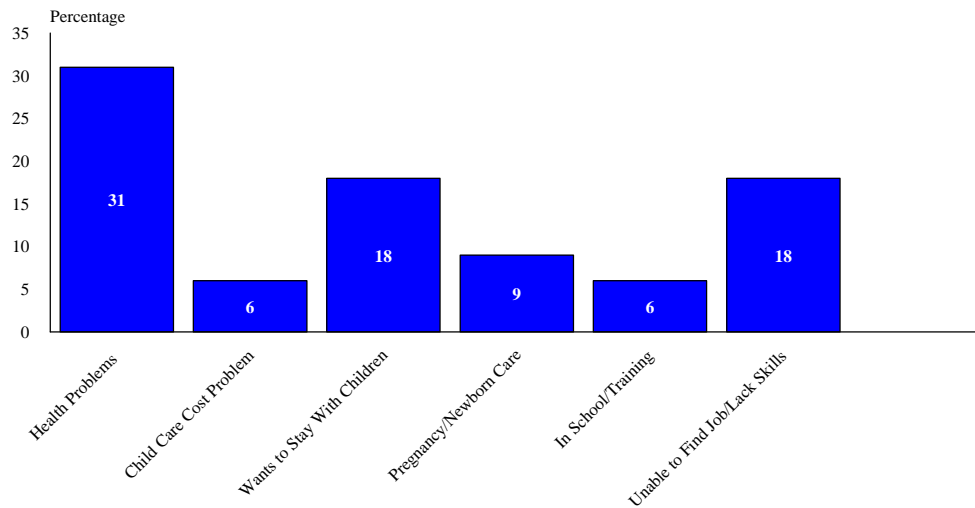


Source: WFNJ resident survey and second client study survey.

^aFamilies with disability are those receiving SSI or SSDI during the past year.

FIGURE II.11

MAIN REASON THAT UNEMPLOYED MODEST-INCOME PARENTS
DID NOT WORK^a



Source: WFNJ resident survey and second client study survey.

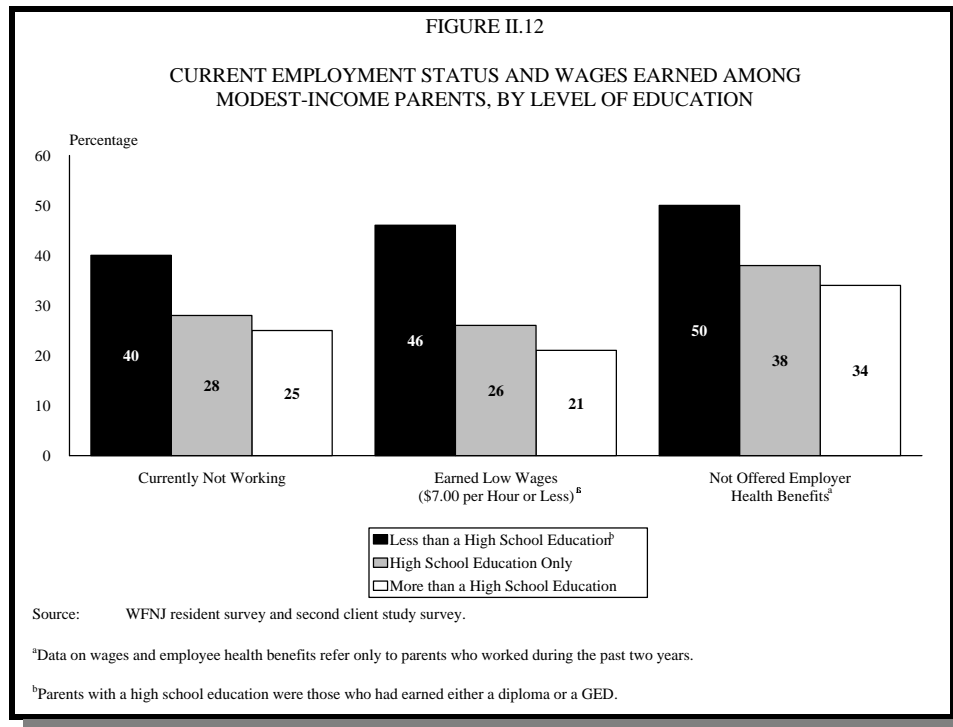
Note: Percentages sum to less than 100 percent because some response categories are not presented.

^aFigures include only residents who had not worked during the three months preceding the survey.

Parents without a high school education work less, earn lower wages, and hold lower-skill jobs.

Many modest-income parents had relatively low levels of education. More than one-third of parents (37 percent) across the three communities did not have a high school education (a diploma or GED), nearly one-third (32 percent) had only a high school education, and the remaining 31 percent had some postsecondary schooling (Table II.1).¹⁹ A greater fraction of parents in Camden (44 percent) than in Newark (36 percent) or in Cumberland (33 percent) did not have a high school education.

Parents without a high school education fared poorly in the labor market. Two-fifths of less-educated parents (those without a high school education) were not working, compared with about one-fourth of better-educated parents (Figure II.12). These differences were similar across the three communities, although a smaller proportion of parents of all education levels were employed in Newark and Camden than in Cumberland. In addition, working parents with less education earned less. Working parents without a high school education earned an average of \$8.43 per hour, compared with \$10.36 per hour for other working parents. Moreover, nearly half these less-educated parents earned low wages of \$7 per hour or less, compared with about one-fourth of their better-educated counterparts (Figure II.12).²⁰ A relatively high fraction of less-educated parents worked in jobs that did not offer employer health benefits (Figure II.12).



¹⁹Forty-four percent of parents with postsecondary education had taken some college courses but had not earned a degree. Most of the rest earned a bachelor's degree (20 percent), an associate's degree (15 percent), a vocational or technical certificate (10 percent), or a graduate or professional degree (6 percent).

²⁰Parents who only have a high school education earned \$9.40 per hour, on average, compared with \$11.53 per hour by parents who had some postsecondary education. Similar proportions of these two better-educated groups earned low wages of \$7 per hour or less (Figure II.12).

Less-educated parents also worked in lower-skill occupations. Working parents without a high school education were more likely than other parents to hold relatively low-paying jobs in services, sales, and transportation. In contrast, better-educated parents, particularly those with some postsecondary schooling, tended to work in higher-paying management and professional positions and clerical positions. As discussed in the next chapter, service and sales jobs generally offer the lowest wages, in part because they make use of few basic skills and do not require employees to have many educational credentials.

The combination of lower wages and lower earnings means that less-educated parents were somewhat more likely to be poor than their better-educated counterparts (38 percent versus 31 percent, respectively). In general, less-educated parents also were more likely to turn to TANF for support; 35 percent were currently receiving TANF, compared with 20 percent of other parents.

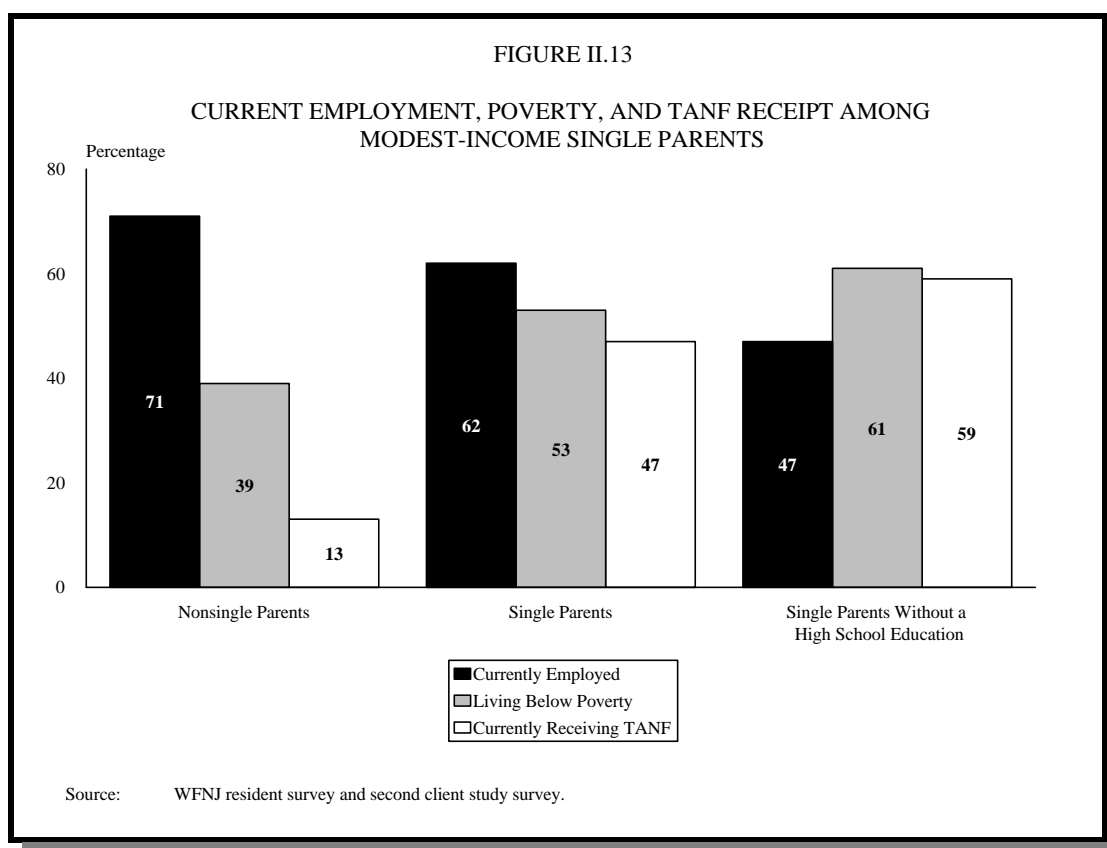
Single parents, especially those without a high school education, have unstable employment and find self-sufficiency difficult to achieve.

A substantial fraction (35 percent) of modest-income parents were raising their families as single parents. The rest were families with at least two adults (Table II.1).²¹ Camden has a relatively high proportion of single parents (48 percent, compared with 34 percent in Newark and 29 percent in Cumberland).

Compared with other parents, single parents were less likely to work and were more likely to report health hardships. About 6 out of 10 single parents were employed, compared with 7 out of 10 other parents (Figure II.13). Furthermore, 32 percent of single parents but only 20 percent of other parents had physical health problems (their own or a family member's) that prevented them from working, making stable employment more difficult for them to achieve. In addition, 18 percent of single parents had serious disabilities and 15 percent faced mental health, substance abuse, or domestic violence hardships, compared with 13 percent and 10 percent of other parents, respectively.

Lower employment and greater health hardships appear to contribute to relatively high rates of poverty and welfare dependence among single parents. Single parents were more likely to be poor (53 percent, compared with 39 percent of other parents). They also were more likely to receive TANF currently (47 percent, compared with 13 percent of other parents; Figure II.13).

²¹In single-parent families, only one adult lived with his or her child or children. In two-parent families (comprising 57 percent of modest-income families), a married or unmarried couple lived together with a child or children. In multiple-adult families (comprising 8 percent of modest-income families), at least two adults (but not a couple) lived together with a child or children.



Single parents who lack a high school education (“less-educated single parents”) had particularly low levels of employment. One out of seven modest-income parents were less-educated single parents.²² These single parents were much less likely than all single parents to work currently (47 percent and 62 percent, respectively; Table II.13). Moreover, compared with all parents who lack a high school education, less-educated single parents had notably lower employment rates (47 percent and 60 percent, respectively; data not shown). The combination of being a single parent and having little education appears to make it particularly difficult for many to work. Less-educated single parents who had some employment during the previous two years worked much less continuously than other parents, and for fewer hours during the week.²³

Most single parents without a high school education currently receive TANF and live below the poverty level (Figure II.13). Given their less stable employment patterns, it is not surprising that less-educated single parents have notably higher rates of TANF receipt and poverty than do other parents. Overall, single parents without a high school education appear

²²Twenty-two percent of all modest-income parents in Camden were in this category, compared with 14 percent in Newark and 10 percent in Cumberland.

²³Only 55 percent of single parents without a high school education worked for longer than six months, compared with 76 percent of other parents. They also were more likely to work part-time; 36 percent of single parents without a high school education worked fewer than 35 hours per week, compared with 19 percent of other parents.

to be the most at-risk of poor employment-related outcomes and most in need of services and supports to promote their employment and self-sufficiency.

D. HOW MUCH DO PARENTS USE SPECIFIC SERVICES AND SUPPORTS?

Whether parents use available services to help overcome challenges and hardships often depends on the extent to which they turn to family and friends, as well as their awareness of available services and their perceptions of the helpfulness of local service providers. An understanding of parents' knowledge and use of available services can help providers better target client outreach and service delivery strategies. In this section, we examine the sources of support parents use to address personal and family hardships, and the extent to which they make use of available tax credits, child care subsidies, and job search services. In addition, we highlight the extent to which government agencies and other community organizations are perceived as helpful in addressing parents' employment challenges and social service needs.

Many turn to family, friends, and community service providers for help with hardships, but a substantial fraction do not receive help from any source.

Although many parents turn to multiple sources for help dealing with hardships and surviving difficult times, most rely on family and friends.²⁴ During the past year, about 7 out of 10 parents who had housing, food, or material hardships turned to family and friends for help (Figure II.14). A smaller, but substantial, fraction turned to service providers (government agencies and other community organizations) for help with these needs. Many parents received support from family and friends for mental health, substance abuse, or domestic violence problems, and a comparable fraction also turned to service providers for help, particularly in Cumberland and Newark.

Most parents who did turn to government and other service providers for help obtained the services they needed. More than 8 out of 10 (83 percent) reported that they received the services they needed when turning to government agencies and other community organizations for help with mental health, substance abuse, or domestic violence problems. Smaller proportions of parents who had housing, food, or material hardships received the services they needed, but many remained satisfied with the response.²⁵

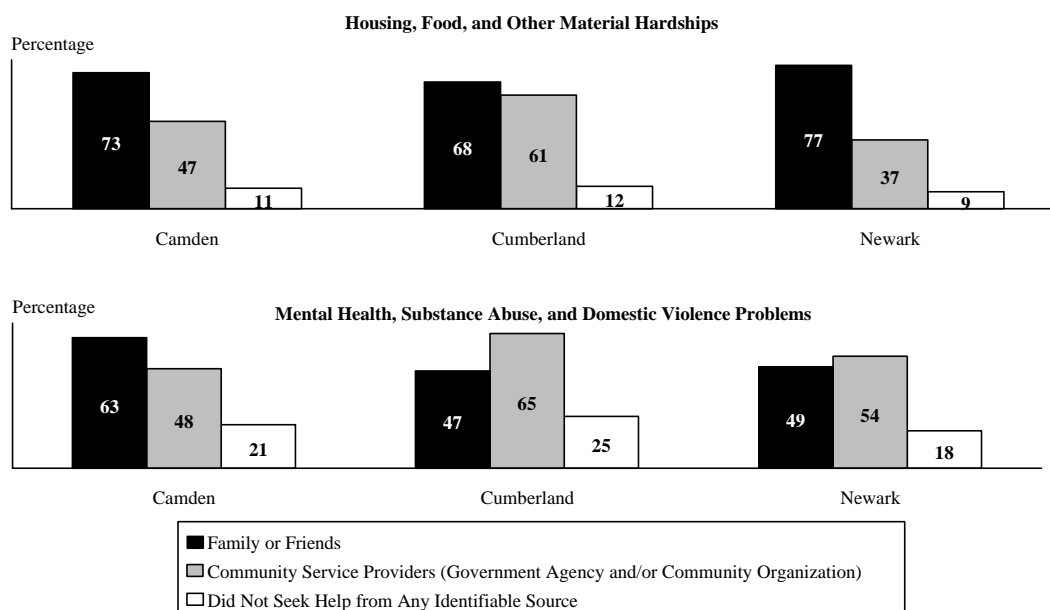
A substantial minority of needy parents did not turn to any identifiable source for help with hardships, particularly those related to mental health, substance abuse, and domestic violence. About 1 out of 10 parents did not seek help with housing problems or help to overcome food and material hardships, and about 2 out of 10 did not seek help for mental health, substance abuse, or domestic violence problems (Figure II.14). Current and former TANF recipients, who are likely

²⁴This section focuses on hardships parents faced and services they received during the past year.

²⁵For housing problems, 38 percent who turned to government agencies and 33 percent who turned to community service providers obtained the services they needed. For help with food and other material goods, 49 percent who turned to government agencies and 91 percent who turned to community organizations obtained the help they needed. The sample sizes are too small to allow examination of how satisfaction with services varies across the three communities.

FIGURE II.14

WHERE MODEST-INCOME PARENTS GO FOR HELP WITH HARDSHIPS, BY COMMUNITY



Source: WFNJ resident survey and second client study survey.

to be better connected to a community's service delivery system, turned to formal sources of support more frequently than did other parents. However, similar fractions of TANF and non-TANF recipients did not obtain help from any source. These findings suggest that hardships, particularly those related to mental health, substance abuse, and domestic violence, often may be unidentified and unaddressed, which may place these parents at greater risk for poor employment outcomes and welfare dependency.

Among parents with hardships who did not turn to formal service providers, many faced a real or perceived difficulty in accessing or utilizing the service delivery system for help. For example, 30 percent of the parents who did not turn to these organizations said they were not familiar with these organizations or with their services, 11 percent did not believe that service providers could help them, and another 9 percent felt uncomfortable about or burdened by the process of obtaining help. Other parents reported that they did not turn to service providers because they received the help they needed from family or friends (21 percent) or were otherwise able to resolve the problem on their own (9 percent). Understanding the reasons parents give for not making use of available services may help providers to improve outreach of their services to needy parents.

*Most eligible families do not take advantage of the Earned Income Tax Credit.*

The federal Earned Income Tax Credit (EITC) reduces the tax owed by low- and moderate-income working families nationwide. New Jersey is also one of many states that offers a state-based EITC. The EITC is an important source of assistance for working families, because it increases the amount of income that these families can keep.²⁶ In examining knowledge of and participation in the EITC, it is useful to focus only on working parents whose family income is below the income eligibility threshold for the EITC (“likely eligible families”).²⁷

Three-fifths of likely eligible families across the three communities knew about the EITC, but only about one-third (37 percent) reported that they applied for or received it during the past two tax years. More families in Cumberland than in Camden or Newark knew about the EITC or took advantage of it. More than half (54 percent) of likely eligible parents in Cumberland reported that they applied for or received the EITC, compared with about one-third (31 percent) in Newark and two-fifths in Camden (43 percent).²⁸

Working parents with a history of TANF receipt were substantially more likely than other working parents to take advantage of the EITC. Nearly half (46 percent) of current and former TANF recipients who worked applied for or received the EITC, compared with 26 percent of other eligible working parents. This difference may reflect efforts by the WFNJ program to promote awareness of the EITC among its clients.

*Many eligible parents do not make use of available child care subsidies.*

To help make child care for modest-income parents more affordable and stable, New Jersey offers child care subsidies to modest-income families with children younger than age 13. Subsidies are available for families who use formal child care arrangements, such as day care centers, preschools, and family day care, and for families who rely on informal care provided by friends, relatives, or neighbors. Transitional child care assistance is available to all parents who leave welfare for work for a period of two years after they exit TANF. Child

²⁶For 1999, the maximum tax credit for families with one child was \$2,312, and for families with two children, \$3,816.

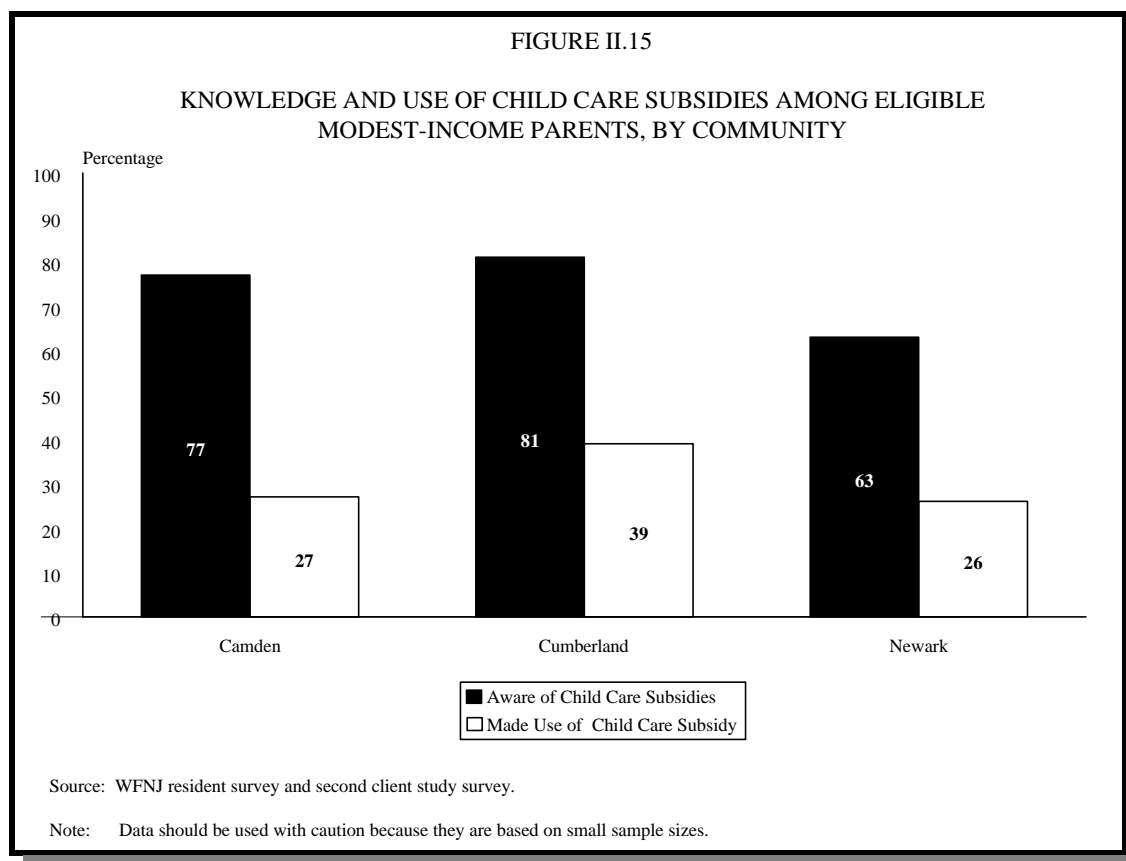
²⁷Eligibility for the EITC depends primarily on the amount of a family’s earned income. Based on income, working families qualified for the EITC for tax year 1999 if they earned income and met one of the following conditions: (1) they had no qualifying children, and their earned income and modified adjusted gross income (AGI) were less than \$10,200; (2) they had one qualifying child and their earned income and modified AGI were less than \$26,928; or (3) they had more than one qualifying child and their earned income and modified AGI were less than \$30,580. The resident survey collected information on families’ total income but not on earned income. We therefore estimated the proportion of likely eligible families by examining total family income from all sources, along with the EITC income eligibility guidelines by family size. According to this method, which likely understates the proportion of eligible families, 79 percent of modest-income families in Camden were likely to be eligible for the EITC, as were 74 percent in Newark and 55 percent in Cumberland.

²⁸These estimates may undercount the proportion of likely eligible families who received the EITC. Because many low-income workers do not prepare their own taxes, some EITC recipients are not aware that they received the tax credit. For example, recent estimates of the proportion of WFNJ TANF clients statewide who received the EITC adjusted for this type of undercounting and found that EITC participation increased by nine percentage points as a result (Rangarajan and Wood 2000).

care subsidies are available for other parents through the New Jersey Cares for Kids Program (NJCKP), but waiting lists exist for these benefits in each of the case study communities. Families with incomes below 200 percent of the federal poverty level are eligible for NJCKP. Families who receive a subsidy because they meet the eligibility criteria for either type of child care assistance can continue to receive a subsidy until their income rises above 250 percent of the poverty level.

Parents likely to be eligible for child care subsidies are working parents who have (1) received TANF at some point during the past three years, or (2) have incomes below 200 percent of the poverty level. Using this definition, more than four-fifths of modest-income working parents were eligible for child care assistance. About 9 out of 10 parents in Camden and in Newark were eligible (91 percent and 85 percent, respectively) and slightly more than two-thirds (69 percent) in Cumberland were eligible.

Most eligible parents did not make use of available child care subsidies. Although 7 out of 10 eligible parents reported that they knew about child care subsidies, only about 3 out of 10 made use of these subsidies (Figure II.15). Child care subsidy take-up rates for parents in Camden and Newark were lower than the rates for parents in Cumberland. Moreover, parents who relied on informal child care arrangements—as two-thirds did—had particularly low levels of subsidy use. An estimated 19 percent of eligible parents who relied on informal child care made use of subsidies, compared with 42 percent of their counterparts who relied on formal care.²⁹



²⁹Sample sizes are too small to permit examination of knowledge and use of subsidies, by community, among parents who used formal care versus informal care.

Although most eligible parents did not make use of child care subsidies, a majority who knew they were available thought that the process of getting them was manageable (regardless of whether they actually used them). For example, about three-fifths of eligible parents thought getting a subsidy was either very easy or somewhat easy. The remaining parents thought the process was at least somewhat difficult, and they generally indicated that it was inconvenient or complicated.³⁰

Although it is not clear why so few eligible parents make use of child care subsidies, several key factors appear important.³¹ One factor appears to be a lack of knowledge of subsidies among eligible parents. For example, about 3 out of 10 eligible parents did not know about child care subsidies, and an even larger proportion (6 out of 10) did not know that subsidies were available to reimburse their family, friends, or neighbors for caring for their children. Many other parents who did know about subsidies simply reported that they did not want this kind of help (24 percent). However, another substantial fraction of knowledgeable parents said they did not use subsidies because they either did not know how to obtain assistance or found the application process to be “too much trouble or a hassle” (20 percent). Still other knowledgeable, likely eligible parents perceived that they were *not* eligible, and reported that they did not apply for that reason (7 percent). Overall, to help more working parents obtain child care assistance welfare agencies and other providers might improve their efforts to inform parents about subsidies and make it easier for them to participate.

Parents rely more on self-directed job searches and personal networks than on workforce agencies to find jobs.

Many modest-income parents looked for work recently. During the three months preceding the survey, about two out of five parents in each community actively searched for a job. Three-fifths of these parents were working but were looking for a new job, often because they wanted to earn higher wages, receive better benefits, or have more opportunity for job advancement. The remainder of those searching for a job were not currently employed.

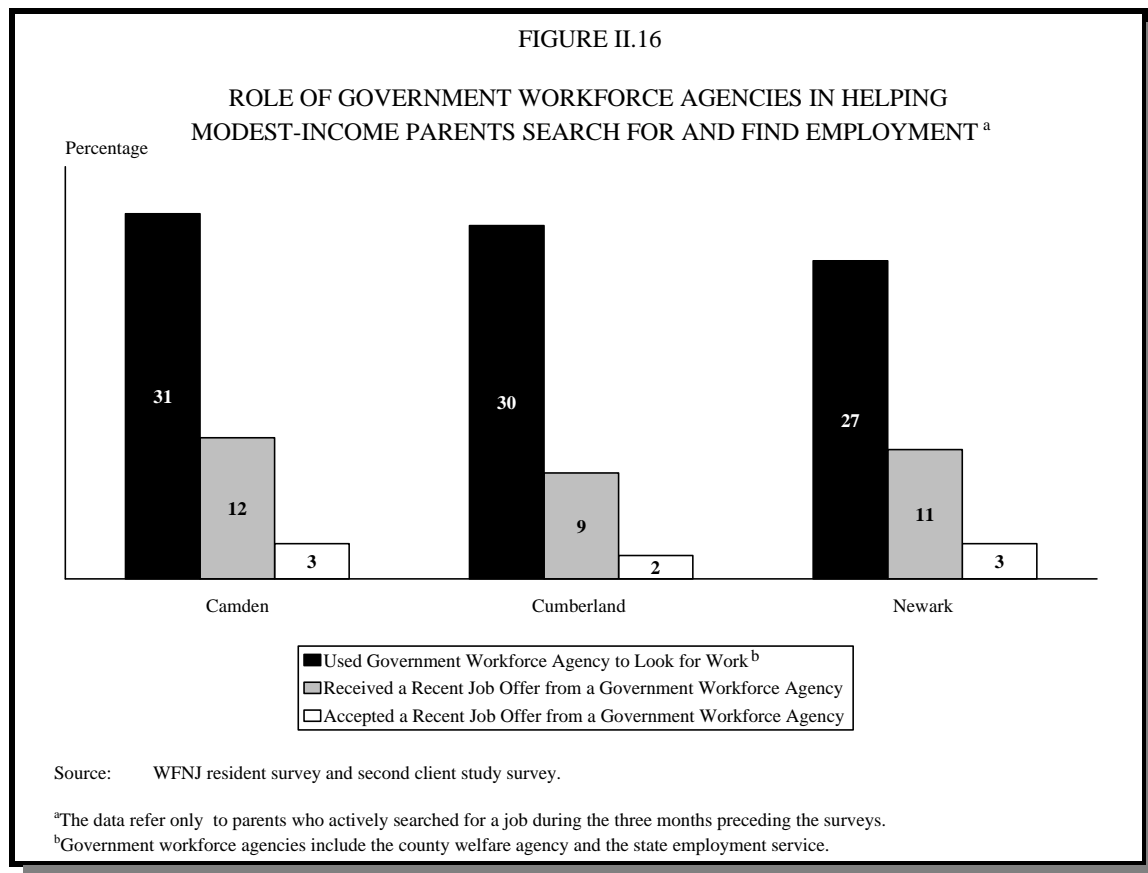
The vast majority of parents who looked for work relied on self-directed job searches and assistance from family and friends. In each of the three communities, about 9 out of 10 parents who looked for work did so on their own, for example, by answering newspaper ads or applying directly to employers. A similarly high fraction in each community (about four-fifths) sought help

³⁰Sample sizes are too small to permit examination of the extent to which parents in each community found the child care subsidy process to be easy or difficult.

³¹Sample sizes are too small to permit examination of the reasons parents in each community gave for not using subsidies.

by networking with family and friends.³² About one-third of parents in each community who were searching for a job sought help from a workforce agency (Figure II.16).³³ More than one-tenth of parents (12 percent) turned to other community organizations for this type of assistance.³⁴

For a variety of reasons, many parents did not avail themselves of job search services provided by government workforce agencies. Among these parents, about one-fourth (27 percent) reported that they did not need help, primarily because they believed they could get a better job through their own efforts. About one-fifth (21 percent) were not aware of the services provided by workforce agencies or did not know how or where to go to obtain assistance in finding a job. Seventeen percent did not believe that these agencies could provide the help they needed.³⁵



³²During the three months preceding the survey, about one-third of parents received a job offer as a result of their own efforts, and about one-fourth did so through their contacts with family and friends.

³³Workforce agencies represent, in about equal proportions, the county welfare office (WFNJ program) and the state employment service (or unemployment office).

³⁴Other parents sought help from temporary agencies and other private employment agencies (29 percent and 14 percent, respectively).

³⁵Although these trends were similar across the three communities, nearly three times as many parents in Newark as in the two other communities did not look for a job through government workforce agencies because they did not know how to get this type of help.

Few parents received job offers, and even fewer accepted offers that workforce agencies helped them identify. About 10 percent of all parents who actively searched for a job during the past three months received a job offer through a workforce agency; only about 3 percent accepted a job offer that a workforce agency helped them identify (Figure II.16).³⁶ Higher-risk groups, such as unemployed parents, current and former TANF recipients, and parents without a high school education, were no more likely than their lower-risk counterparts to rely on workforce agencies to obtain job offers, nor were they more likely to accept job offers that agencies helped them identify.

Why don't parents accept job offers identified through workforce agencies? The most common reason appeared to be transportation problems that would have made it difficult for parents to get to and from the job.³⁷ The next most common reasons were related to some type of dissatisfaction the parent had with the job offer, for example, low wages, too few hours, unsatisfactory schedule, and lack of interest in the work. Other parents turned down job offers because they believed they would have difficulty balancing the job requirements with their own or a family member's health-related problems or because they foresaw problems with child care.

To increase the proportion of parents who avail themselves of job search services and who find jobs through workforce agencies, these agencies and other service providers might consider ways to improve their marketing and public relations outreach methods. They also might explore new strategies to prepare parents for work and to help them overcome work-related challenges. However, to appreciate fully the range of issues that parents encounter in the labor market, public officials should examine the characteristics of the jobs parents hold, as well as the expectations that employers have of these workers, issues discussed in the next chapter.

³⁶There was little difference across the communities in the extent to which parents who searched for a job received or accepted a job offer that a workforce agency helped them identify. However, examining the source of the current or most recent job among *all* parents who worked during the past two years shows that nearly three times as many parents in Cumberland as in Camden and Newark found their current or most recent job through a government workforce agency (eight percent in Cumberland, compared with three percent in Camden and three percent in Newark).

³⁷Sample sizes are too small to report the percentages of parents who gave particular reasons for not accepting a job offer identified by a workforce agency.

III

JOB OPPORTUNITIES AND DEMANDS

Success in the labor market is a function of more than personal attributes. It also depends on employers' workforce needs. Many workforce agencies seek to place disadvantaged parents in jobs for which they can become qualified without having to complete extensive formal education, typically jobs that require at most a high school degree. The availability and demands of these jobs define near-term challenges that many low-income working parents and the agencies seeking to assist them must overcome.

KEY FINDINGS IN BRIEF

The availability and demands of jobs with few educational requirements highlight labor market challenges facing disadvantaged parents in the case study areas. Drawing on a survey of local employers, this chapter examines the jobs available requiring at most a high school degree and employer managers' perceptions of single parents hired for these jobs. The chapter includes four key findings:

- # ***Many jobs with low educational requirements have inconvenient locations or schedules.*** Although most jobs do not require education after high school, many of these "low-education" jobs are outside the case study areas, and some are difficult to reach by public transit. Most low-education jobs require employees to be available to work overtime, but few give employees much control over their work schedules, creating problems for those with child care responsibilities.
- # ***Employers that have low education jobs paying relatively good wages often require applicants to pass tests and assign workers tasks making heavy use of basic skills.*** Applicants for jobs that require at most a high school degree, but pay relatively well, often must pass drug tests, criminal background checks, or skills tests. Many of these jobs assign tasks requiring basic skills such as using a keyboard or taking notes.
- # ***Absenteeism is the most common performance problem cited by employers hiring welfare recipients and other single parents in low-education jobs.*** Most employers report that both welfare recipients and other single parents perform about the same as do other employees in jobs requiring little education. However, a substantial fraction of employers report that these workers have relatively high rates of absenteeism. Employers believe this problem is most often caused by tenuous child care arrangements; however, they suggest that transportation problems and poor attitudes are also contributing factors.
- # ***Hiring of recipients is said to depend on skills and supports, not on subsidies.*** Employers indicate that they would hire more recipients referred by workforce agencies if agency staff could provide greater assurances about their clients' skills, child care arrangements, and transportation arrangements. Employers suggest that tax credits and training subsidies have little effect on the number of recipients they hire.

This chapter draws on a survey of employers in the three labor markets that include and surround the case study areas. Many case study residents can and do work outside their home city or county. Commuting patterns provided a basis for defining the boundaries of the labor markets in which most residents work and seek jobs. In 1990, the vast majority of case study residents worked in the seven New Jersey counties that define the universe of employers sampled for the survey (see Figure I.1, in Chapter I). These counties are Camden and Burlington (the labor market for Camden City residents); Essex, Hudson, and Union (the labor market for Newark residents); and Cumberland and Atlantic (the labor market for Cumberland residents). As indicated in Table I.1 (in Chapter I), about 80 percent or more of case study residents worked in one of these labor market areas in 1990.

The employment opportunities and challenges facing low-income case study residents are shaped largely by the types and locations of jobs in the three labor markets. Few low-income parents have any education after high school, so most seek jobs that do not require postsecondary credentials—the main focus of the employer survey. Residents’ employment challenges hinge partly on the accessibility of these jobs by public transit, whether work schedules are difficult to reconcile with child care responsibilities, and the types of competencies employers expect workers to display or develop. Employers’ impressions of the qualifications and performance of low-income parents can suggest ways to help these workers prepare for jobs.

In this chapter, we examine these issues, drawing on the WFNJ employer survey. The chapter is organized around an analysis of four main questions:

1. *How many and which types of jobs are available for those with a high school degree or less?*
2. *How convenient are these jobs’ locations and work schedules for case study residents?*
3. *How do employers recruit for these jobs and what competencies do they value?*
4. *What are employers’ experiences in hiring and working with welfare recipients and other single mothers in low education jobs?*

A. WHICH JOBS ARE AVAILABLE FOR THOSE WITH LITTLE EDUCATION?

The success of welfare reform initiatives hinge in large part on welfare recipients’ ability to find and keep jobs that can sustain their families. To assess the labor market challenges facing low-income parents in the case study areas, it is first necessary to gauge how many jobs are available for people with low levels of education. Information on the types of occupations and industries that offer the most attractive compensation for people with limited education also can be useful in formulating priorities for job development and training initiatives.

The WFNJ employer survey provides information about the number and types of low-education positions available in spring 2000. The survey focused on jobs and job openings that require no more than a high school diploma. Although the information on job openings provides the best measure of current employment opportunities, information on total jobs is another useful barometer of the types of employment opportunities available, because job openings in specific

industries can fluctuate as a result of seasonal and other factors. This section focuses on two questions: (1) How many and what types of jobs in the case study labor markets do not require education after high school? and (2) What wages and benefits do these jobs offer, and how does compensation vary by occupation and industry?

*Most job openings do not require any postsecondary education.*

Employers may prefer workers who have some postsecondary education or training, but they often are willing to hire people who lack these credentials. The New Jersey Department of Labor (NJDOLE) estimates that, statewide, two-thirds of all jobs available in 1996 did not require any postsecondary education.¹ (We refer to these jobs as “low-education jobs.”) The WFNJ employer survey provides more detailed and current information on low-education jobs in the case study labor markets. Unlike the statewide estimates, the WFNJ survey allows one to distinguish between jobs that do not require a high school degree or GED (“non-high school jobs”) and those that require one of these credentials but no education after high school (“high school jobs”).

The WFNJ employer survey indicates that a large fraction of jobs and job openings do not require any postsecondary education. In each of the three communities, roughly half of all filled jobs are low-education positions (Figure III.1).² Because low-education positions have high vacancy rates, they account for an even larger share of all job openings than they do of filled jobs.³ Moreover, among low-education job openings, non-high school positions are more numerous than high school positions, presumably because the former have higher turnover rates.⁴

A large proportion of job openings in the Cumberland area are low-education positions, reflecting the importance of the personal service industry in that area. In the Cumberland labor market (Cumberland and Atlantic counties), about 83 percent of all job openings do not require any postsecondary credentials. The personal service sector accounts for half of all low-education jobs and 69 percent of job openings in the Cumberland labor market area (Figure III.2).

¹However, about one-fifth of these jobs required extensive on-the-job training or work experience and therefore were not accessible to people with a spotty job history (NJ Department of Labor 1998).

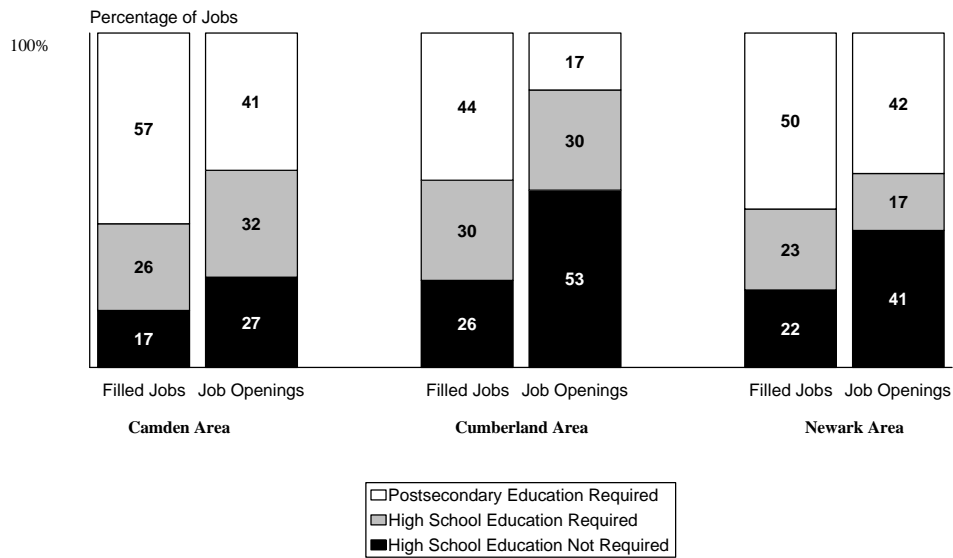
²This estimate is somewhat lower than DOL’s statewide estimate of the fraction of jobs statewide that do not require postsecondary education (about two-thirds). This discrepancy may be due to several factors. First, the case study and statewide labor markets may be different. Second, the survey did not cover establishments with fewer than 10 employees; establishments of this size provide only about 20 percent of all jobs, but a large fraction of these jobs may not require postsecondary credentials. Third, employers responding to the survey may not have included estimates of jobs that require extensive on-the-job training in their counts of jobs that require a high school degree or less. Fourth, the fact that the WFNJ survey is more current than the state’s estimates (which are based on data from the mid 1990s) could account for some of the difference.

³As used in this report, the term “job vacancy rate” refers to the ratio of job openings to total jobs (filled and unfilled).

⁴The ratio between job openings and jobs is about six percent for non-high school jobs, compared with only four percent for high school jobs.

FIGURE III.1

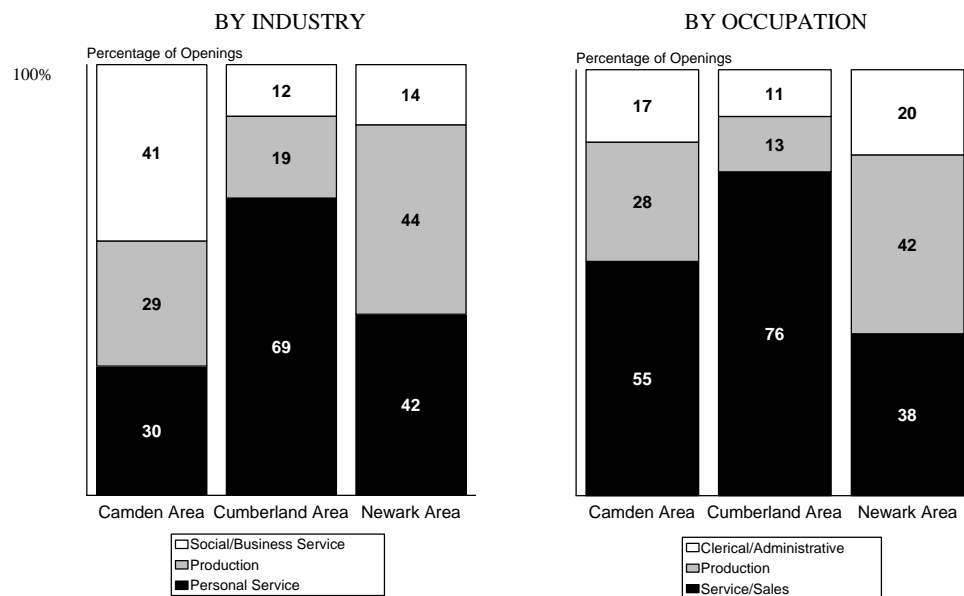
EDUCATIONAL REQUIREMENTS OF FILLED AND UNFILLED JOBS IN CASE STUDY LABOR MARKETS



Source: WFNJ employer survey.

FIGURE III.2

LOW-EDUCATION JOB OPENINGS



Source: WFNJ employer survey.

The Newark labor market is the largest of the three areas, but employers in that labor market had relatively few jobs openings at the time of the survey. New Jersey's wage record data for 1998 indicate that the Newark labor market area (Essex, Hudson, and Union counties) contained more than 690,000 jobs, or more than one out of five jobs in the state (see Table III.1). Moreover, the Newark economy is quite diversified, with substantial numbers of low-education jobs in each of the three major industry clusters. However, the WFNJ employer survey indicates that employers have a low vacancy rate for low-education jobs.⁵ The low vacancy rate may reflect the relatively slow rate of job growth in the Newark area (Table III.1). The job vacancy rate is particularly low in local production industries, which account for a large share of the Newark area's low-education jobs (Figure III.2).

Of the three case study areas, the Camden labor market (Camden and Burlington counties) has the smallest proportion of jobs and job openings that do not require a high school degree, reflecting the importance of white collar industries and occupations in that area. Non-high school positions comprise only about 27 percent of all job openings in the

TABLE III.1 EMPLOYMENT LEVELS AND GROWTH IN THREE LABOR MARKET AREAS			
Area	1998	1995	Percentage Change
Newark Labor Markets	692,717	683,336	1.4
Essex County	289,888	290,550	0.0
Hudson County	199,009	192,840	3.2
Union County	203,820	199,946	1.9
Camden Labor Markets	317,587	297,190	6.9
Burlington County	147,807	132,662	11.4
Camden County	169,780	164,528	3.2
Cumberland Labor Markets	169,061	164,323	2.9
Atlantic County	122,983	118,730	3.6
Cumberland County	46,078	45,593	1.1
New Jersey State	3,192,494	3,017,640	5.8
SOURCE: NJ Department of Labor.			

⁵In Newark, the vacancy rate among low-education jobs (the percentage of jobs that are vacant) is 43 percent. The vacancy rate in the Camden area is 5.5 percent and in the Cumberland area 7.1 percent.

Camden labor market; 32 percent of job openings require a high school education, and the remaining 41 percent require some education after high school. The small percentage of non-high school jobs in the Camden area reflects the relatively large social/business service sector, which includes hospitals and other health service employers (Figure III.2). Employers in this sector tend to have more stringent education requirements than do those in other sectors.⁶ Thus, Camden city residents who lack a high school education may have a relatively narrow range of employment opportunities.⁷

The three case study labor markets contain substantial numbers of low-education positions, but some of these jobs are more likely than others to meet the needs of low-income parents. The suitability of particular jobs depends on a variety of factors, including their location and hours (see Section B) and the qualifications and competencies employers require (Section C). The attractiveness of jobs largely depends on the wages and benefits they offer, a topic we now examine.

Among low-education jobs, clerical and production jobs offer the best compensation.

The average low-education jobs available in the case study areas pay modest wages. Employers responding to the survey paid their employees in low-education jobs an average hourly wage of \$9.16. Because the lowest-paying positions are most likely to turnover and be vacant, the average hourly wage of low-education job openings is even lower, about \$8.13. Working full time at this wage would generate annual earnings of about \$17,000—approximately the poverty line for a family of four.

Despite only modest average wages, low-education jobs often provide basic fringe benefits (Table III.2). For example, most low-education jobs offer some paid vacation, sick leave, pensions, and health insurance (although employees in some of these jobs must pay a portion of their health insurance premiums). However, other fringe benefits are less common; fewer than half these jobs offer employee assistance plans, payment for educational expenses, or any assistance with transportation or child care. Large establishments are much more likely than smaller ones to offer fringe benefits to their low-education workers. For example, 92 percent of establishments with 100 or more employees offer a health insurance plan, compared with only 72 percent of smaller establishments.

⁶Across the three areas, only about 7 percent of jobs in the social/business service industry do not require a high school education; in contrast, about 34 percent of production industry jobs and 32 percent of personal service jobs are available to those without a high school education. The patterns are broadly similar for job openings, except that larger fractions of production and personal service jobs do not require a high school education.

⁷As noted in Chapter II, more than 4 out of 10 modest-income parents in Camden (44 percent) do not have a high school degree or GED, a larger fraction than in Newark (36 percent) or in Cumberland (33 percent).

TABLE III.2						
FRINGE BENEFITS AVAILABLE IN LOW-EDUCATION JOB OPENINGS THAT DO AND DO NOT REQUIRE HIGH SCHOOL DEGREE (Percentage of Job Openings Offering Fringe Benefits)						
	Camden Area		Cumberland Area		Newark Area	
	Non-High School	High School	Non-High School	High School	Non-High School	High School
Health Insurance	84	85	64	99	80	98
Pension/401K Plan	62	89	52	96	68	96
Paid Sick Leave	59	81	45	97	52	99
Employee Assistance Plan	31	48	55	86	30	70
Paid Educational Expenses	28	69	29	79	24	63
SOURCE: WFNJ employer survey.						

Jobs that require a high school education offer higher wages than do non-high school jobs (Figure III.3). In addition, nearly all high school jobs offer health insurance, paid sick leave, and a pension, whereas a somewhat smaller percentage of non-high school jobs offer these benefits (Table III.2). These findings suggest that case study residents with a high school diploma or GED can compete for jobs that are substantially more attractive than those available to high school dropouts.⁸

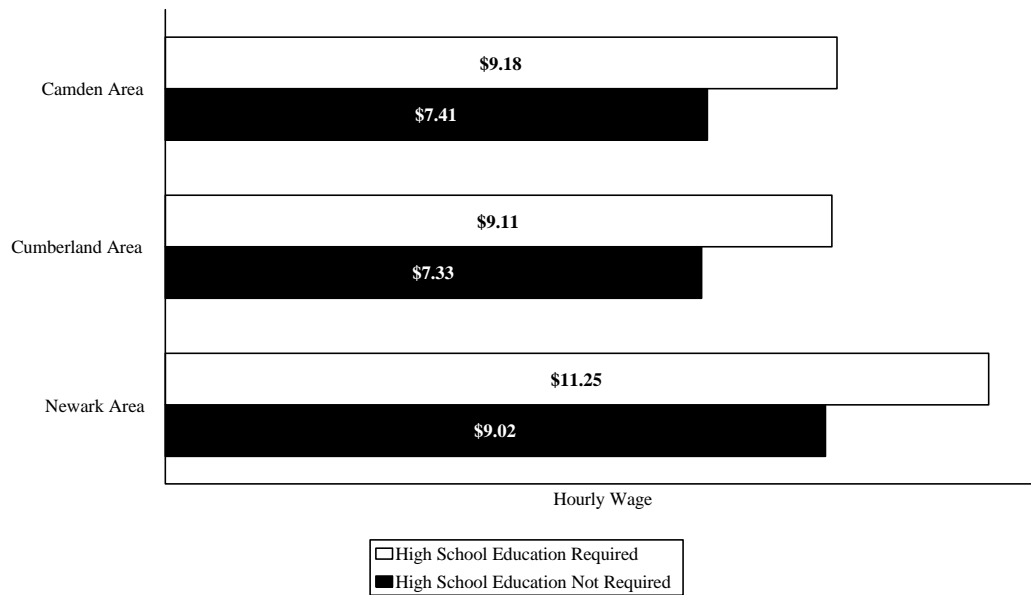
Clerical and production occupations offer the best compensation to those in low- education jobs. Clerical and administrative jobs pay average hourly wages of \$10 to \$12 in the three labor market areas (Figure III.4). These white collar jobs also are more likely to offer fringe benefits, in particular, health insurance and sick leave (Figure III.5). In the Camden and Newark areas, a large fraction of the social/business service industry jobs are clerical, increasing the average wage in that sector. Many of the low-education jobs in production occupations and industries also offer relatively attractive wages and benefits (at least when compared with those of most sales and service jobs).⁹ Although many clerical and production jobs pay attractive wages, they have other features than can pose challenges for disadvantaged parents. As discussed in the next section, some of these jobs have rigid schedules or require skills that low-income parents lack.

⁸However, as we discuss, requiring a high school education is not the only factor that distinguishes the way employers screen applicants for high school and non-high school jobs. Hence, some high school graduates cannot secure many of the jobs that require a high school degree.

⁹The overall high average wage of low-education jobs in the Newark area is partly due to the large fraction of job openings concentrated in production industries, including the manufacturing and transportation sectors.

FIGURE III.3

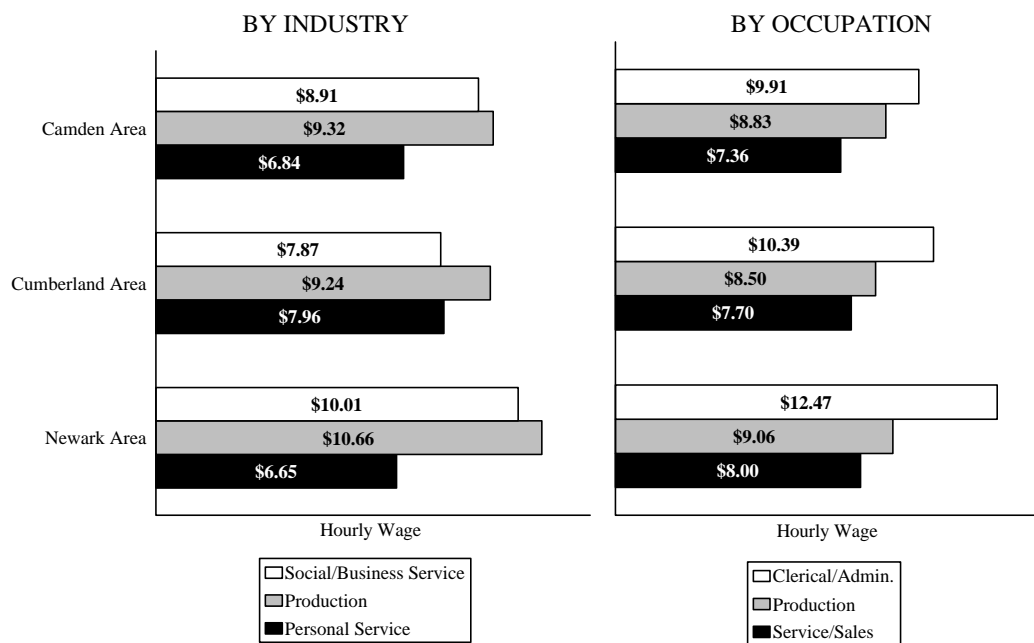
AVERAGE WAGES IN LOW-EDUCATION JOBS



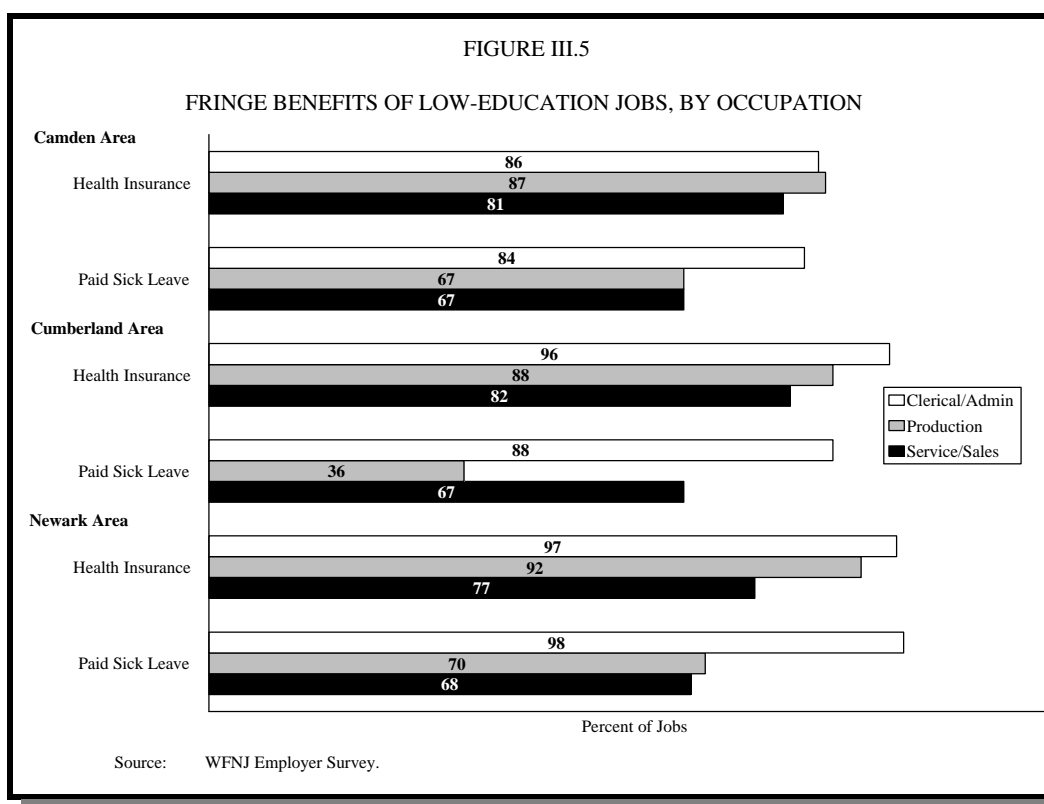
Source: WFNJ Employer Survey.

FIGURE III.4

AVERAGE WAGE OF LOW-EDUCATION JOBS



Source: WFNJ Employer Survey.



B. HOW CONVENIENT ARE JOBS' LOCATIONS AND WORK SCHEDULES?

Many low-education jobs are available, but not all are equally accessible or convenient for low-income parents. Many of these parents, particularly in Camden and Newark, do not have access to cars and therefore rely on public transit or rides from friends and relatives. Although some low-income parents resign themselves to long commutes, others simply do not apply for jobs that are difficult to get to. Nonstandard or unpredictable work schedules can heighten the logistical challenges faced by disadvantaged parents. Nonstandard work schedules can make commuting more difficult for those who rely on public transit, particularly bus or train lines that run infrequently after peak hours. Late or unpredictable work schedules also can be difficult to reconcile with the schedules of trusted child care providers.

This section focuses on two main questions: (1) Where are the jobs that have few, if any, educational requirements, and how many of these jobs are in places that low-income case study residents may have difficulty reaching? and (2) To what extent do employers require employees in these jobs to work outside of normal daytime business hours?

Most jobs are outside of case study cities, and some are hard to reach by public transit.

Recent job growth has been concentrated in parts of the three labor markets that are outside of the home cities and counties of the case study residents. Job growth in the Newark labor market has been concentrated less in Essex County (the county that contains Newark) than in its neighbors, Hudson and Union counties (see Table III.1). Similarly, most of the job growth in the Camden labor market is concentrated in Burlington County, and the growth in the Cumberland area

is in Atlantic County, which contains one of the fastest-growing employment centers in the state, the casino/hotel complex in Atlantic City.

The WFNJ employer survey provides additional information on the locations of low-education jobs and the accessibility of these positions to case study residents. The survey data provide information on the fraction of low-education job openings that are concentrated in the areas in which case study residents live. The survey also asked employers how long it would take an employee to commute (by car and by public transit) to their premises from the population centers of the case study areas (downtown Camden, Newark, and Vineland).¹⁰ Because these commute times do not include any time for dropping off children at child care providers or traveling from home to the downtown areas, they probably are shorter than the average amount of time working parents would need to reach these establishments.¹¹ These estimates should therefore be viewed as the *minimum* amount of time needed to reach jobs in the local labor market.

Most of the low-education job openings are located outside the areas in which the case study residents live. About 70 percent of all such openings identified by employers in the Camden labor market are not in Camden City. Similarly, 73 percent of job openings in the Newark labor market are outside of Newark, and 84 percent of those in the Cumberland labor market are in Atlantic County, rather than in Cumberland County. The spatial distribution of filled jobs is similar to that of job openings, with most outside the case study residential areas.

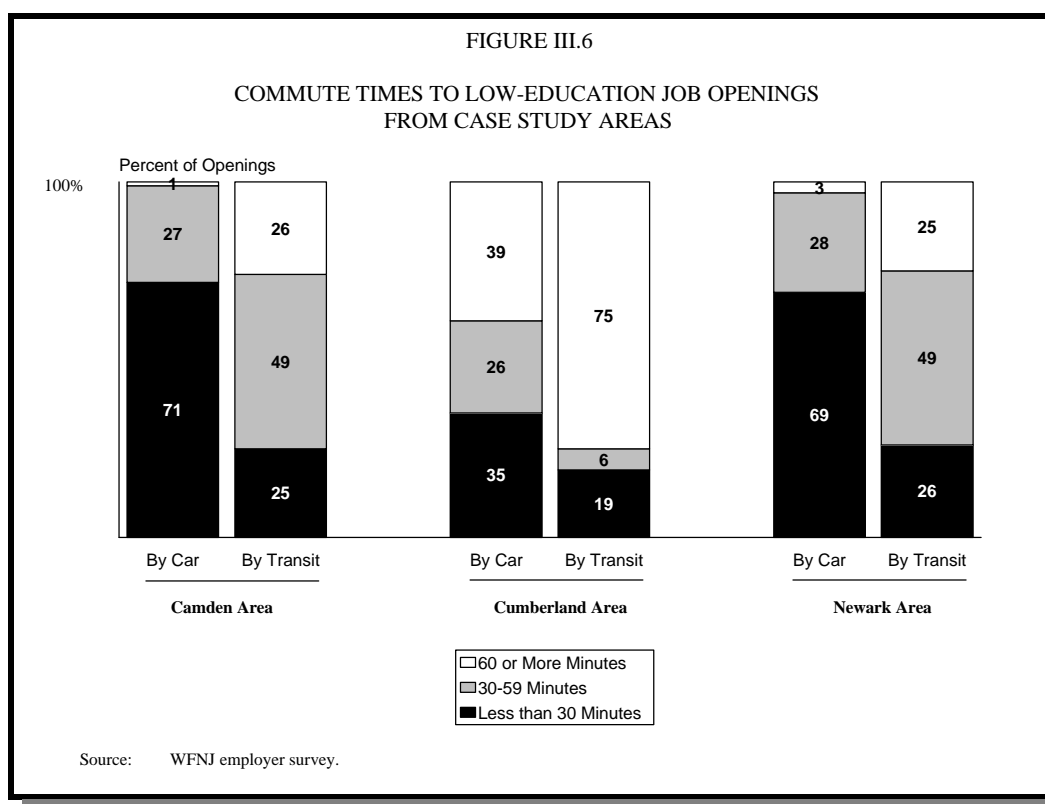
Most jobs, including the ones concentrated outside the case study cities, can be reached relatively quickly by car. Traveling by car from Newark or Camden City would enable someone to reach about 70 percent of the labor market's low-education job openings in less than 30 minutes, and nearly all of them in less than an hour (Figure III.6). The Cumberland labor market has longer commutes because most job openings are in Atlantic County, and many are in Atlantic City. Even so, most job openings in the Cumberland labor market (61 percent) can be reached in less than an hour by car.

Public transit commutes to job openings are considerably longer. An individual who traveled from Camden or Newark by public transit would be able to reach only one-fourth of the low-education job openings in less than 30 minutes (Figure III.6). More than one-fourth of the openings would take longer than an hour to reach. Cumberland has very long average public transit commutes; more than three-fourths (76 percent) of all the openings in the Cumberland labor market take longer than an hour to reach.¹²

¹⁰Although Vineland is the only city in Cumberland County, Bridgeton and Millville are nearby towns with large concentrations of low-income residents.

¹¹As noted, these times do not include any time required for residents to travel from their homes to the downtown area of the case study cities. This leg of the daily commute may be short (or unnecessary) for some of those commuting by car, but it is likely to be longer for those commuting by public transit. Hence the actual time required to commute by public transit to jobs is likely to be considerably longer than the estimates provided by employers.

¹²Moreover, according to local service providers, parents relying on public transit can spend a substantial amount of time dropping off children; if this time is included in the commute times, then the fraction of public transit commutes taking longer than an hour probably would be considerably larger.



Public transit commutes to some places that have experienced recent employment growth are quite long. For example, employers reported that the bus rides from downtown Vineland to Atlantic City and from Camden City to employers in Mount Laurel (in Burlington County) take about an hour or more. Although public transit commutes from Newark to Jersey City are less than half an hour, the bus ride to other growing parts of Hudson County, such as Secaucus or West New York, takes about an hour.¹³

Most job openings involve nonstandard shifts or some uncertainty in work schedules.

The logistical challenges working parents face are a function not only of the locations of jobs but also of employers' work schedules. Nonstandard or unpredictable schedules can be particularly inconvenient for low-income parents. Working during off-peak hours can increase the daily commute times of those relying on public transit. Nonstandard work shifts also pose child care challenges, particularly for parents who have school-aged children or who wish to make use of day care centers, most of which have standard business hours. Unpredictable work schedules create even greater challenges, as most child care must be scheduled in advance. We used data obtained from the employer survey to examine the fraction of low-education jobs that have nonstandard or uncertain work schedules. The work schedules are broadly similar across the three case study areas, so our analysis focuses on common patterns that apply to all three.

¹³Local welfare reform initiatives in the case study areas are experimenting with a variety of strategies to help residents reach these jobs, including extending bus schedules and routes and developing special van services to the jobs (see Section B of Chapter IV).

A substantial fraction of low-education jobs have nonstandard shifts. About three-fourths of all low-education job openings are in establishments in which some workers have a shift other than a day shift.¹⁴ Employers that have at least some nonstandard shifts indicated that about half of all new workers in low-education jobs begin their employment on a shift other than the regular day shift. Consequently, about 40 percent of all low-education job openings have a nonstandard shift. This fraction is considerably larger than the fraction of modest-income parents who report working a nonstandard shift; as noted in Chapter II, only about 18 percent of modest-income parents work a shift other than the day shift. Many of these parents presumably choose not to accept jobs with nonstandard shifts because of the difficulty of reconciling their work and child care responsibilities.¹⁵

Regardless of whether employers have nonstandard shifts, most require employees in low-education jobs to be available to work overtime and weekends occasionally. Nearly 69 percent of all employers indicated that new hires in low-education jobs “need to be available to work weekends, overtime, or times other than their regular shift.” Moreover, 87 percent of all low-education job openings were in establishments whose employers indicated that workers were required to be available in this sense. Employers’ expectations that low-education workers will be available when they are needed probably pose the greatest challenge to working parents who have weak support networks or inflexible child care providers.

Most employers do not routinely try to accommodate individual employees’ work schedule preferences. About one-third (32 percent) of all job openings are provided by employers that have a flexible-time policy giving employees some control over their daily or weekly schedules. Employers who offered some nonday shifts were no more likely than other employers to allow workers to define their own schedules, suggesting that those offered a job with some nonstandard shifts may have difficulty defining a schedule to meet their personal child care constraints.

The production industries are least likely to have flexible work schedules, highlighting a potential challenge for those interested in securing jobs in this high-paying sector. Only about 14 percent of job openings in production industries were provided by employers who had a flexible time policy (compared with 41 percent in the personal service industry and 42 percent in social/business services). This finding suggests that low-education jobs in production industries, while offering higher average wages and better benefits, may pose particular hurdles for working parents who must meet their child care providers’ schedules.

Thus, both the location and schedules of low-education jobs may create difficulties for low-income parents in the case study cities. Although nearly all the job openings in these areas can be reached quickly by car, most require a time-consuming public transit commute. Many openings have nonstandard shifts or at least require employees to be available to work overtime. Parents’

¹⁴Only about 27 percent of all establishments have any shifts other than a day time shift. However, the establishments with the largest numbers of job openings tend to have some nonstandard shifts. For example, about two-thirds of personal service establishments, which account for more than 45 percent of all openings, have some nonstandard shifts.

¹⁵This difference also may partly reflect the difference between the schedules that employers report assigning to most new workers and the schedules held by a cross-section of working parents. Some of these parents may have started on a nonstandard shift but subsequently changed to the day shift.

employment options may be further restricted for other reasons, including the ways that employers screen workers and the competencies workers are expected to display on the job.

C. HOW DO EMPLOYERS RECRUIT WORKERS, AND WHAT COMPETENCIES DO THEY VALUE?

Employers' recruitment methods and production processes can define challenges for those seeking jobs and the workforce agencies trying to assist them. The mix of employers making use of workforce agencies defines the range of opportunities these agencies can provide to their clients. The ways that employers screen job applicants suggests how workers must prepare for jobs. Although employers sometimes are willing to take a chance on an applicant without having first obtained substantial information on his or her skills, most employers expect new employees to be able to perform or quickly learn basic tasks. However, even simple tasks, such as making change or reading a form, can be difficult or impossible for some workers.

Most low-education jobs offer only modest wages. Thus, low-income parents who hold these jobs often are interested in promotions. Some parents can have difficulty advancing within an organization if promotional opportunities require additional training or credentials. Information on employers' promotion requirements can help workforce agencies formulate education and training strategies designed to help workers advance.

This section explores the challenges defined by employers' recruitment, production, and promotion procedures. The analysis focuses on four main questions: (1) How do employers recruit for jobs with low educational requirements, and which firms are most likely to make some use of workforce agencies? (2) How do employers screen job applicants for these jobs, and which characteristics do they value most? (3) How many low-education jobs involve tasks that make use of basic skills? and (4) How many employers require workers to obtain additional education or training to secure promotions?

*Many employers in Cumberland area recruit employees through workforce agencies.*

Most employers use multiple methods to recruit for low-education jobs. The most common recruitment channel is advertisements, such as the classified pages in newspapers (Table III.3). The next most common strategy is recruitment through the personal networks of managers and employees. Most modest-income residents of the case study areas find jobs through these networks; however, low-income parents with weak social networks are less likely to have success with this method. Smaller numbers of employers (about 15 percent) use public agencies to identify job applicants.¹⁶

¹⁶Of the public workforce agencies, employers reported using the employment service the most. (However, this may partly reflect the fact that the name of the Employment Service was easier for respondents to recall.)

TABLE III.3

EMPLOYEE RECRUITMENT METHODS USED BY EMPLOYERS

Recruitment Method	Camden Area	Cumberland Area	Newark Area
Percentage of Establishments Using Method			
Advertisements	74	76	68
Employee Networks	54	50	57
Walk-Ins/Signs	14	25	17
School/Nonprofit Agency	18	18	16
Public Agency	18	16	10
Temporary/Employment Agency	12	7	14
Percentage of Job Openings in Establishments Using Method			
Advertisements	82	67	85
Employee Networks	48	71	65
Walk-Ins/Signs	22	16	18
School/Nonprofit Agency	24	50	27
Public Agency	25	41	23
Temporary/Employment Agency	11	5	12
Sample Size	434	339	449

SOURCE: WFNJ employer survey.

Employers with many jobs are more likely than other employers to make use of workforce agencies. About 22 percent of the establishments with more than 100 jobs indicated that they recruit through workforce agencies, compared with only 12 percent of those with fewer jobs.¹⁷ In general employers with substantial numbers of jobs and job openings are more likely to use multiple recruitment strategies—including workforce agencies. This makes sense, since the time and effort required to develop an additional recruitment channel is more likely to pay off when an employer has a substantial number of openings to fill. Conversely, given the budgetary constraints

¹⁷Thus, one-fourth of all job openings are provided by employers who make some use of workforce agencies, a larger percentage than the fraction of establishments using these agencies. Since larger establishments also are more likely to use multiple recruitment channels, it remains unclear whether they rely on workforce agencies for a larger fraction of their job openings than do smaller establishments.

faced by public workforce agencies, it makes sense for agency staff to target their job development efforts on employers that can potentially hire many agency clients.

Large employers in the Cumberland area were particularly likely to use public agencies as a recruitment source. Consequently, more than 4 out of 10 job openings in that area are in establishments that make some use of public workforce agencies. It may be relatively easy in Cumberland and Atlantic counties for workforce agencies to contact employers, because most large establishments are concentrated in a few cities and towns (Vineland, Bridgeton, and Millville in Cumberland County, and Atlantic City in Atlantic County). In addition, service provider staff interviewed during site visits reported that public workforce agencies in the Cumberland area have initiated fairly aggressive employer outreach campaigns. The large proportion of employers aware of hiring welfare recipients through workforce agencies suggests that these outreach campaigns have been successful.

Employers offering higher-paying jobs screen applicants more intensively.

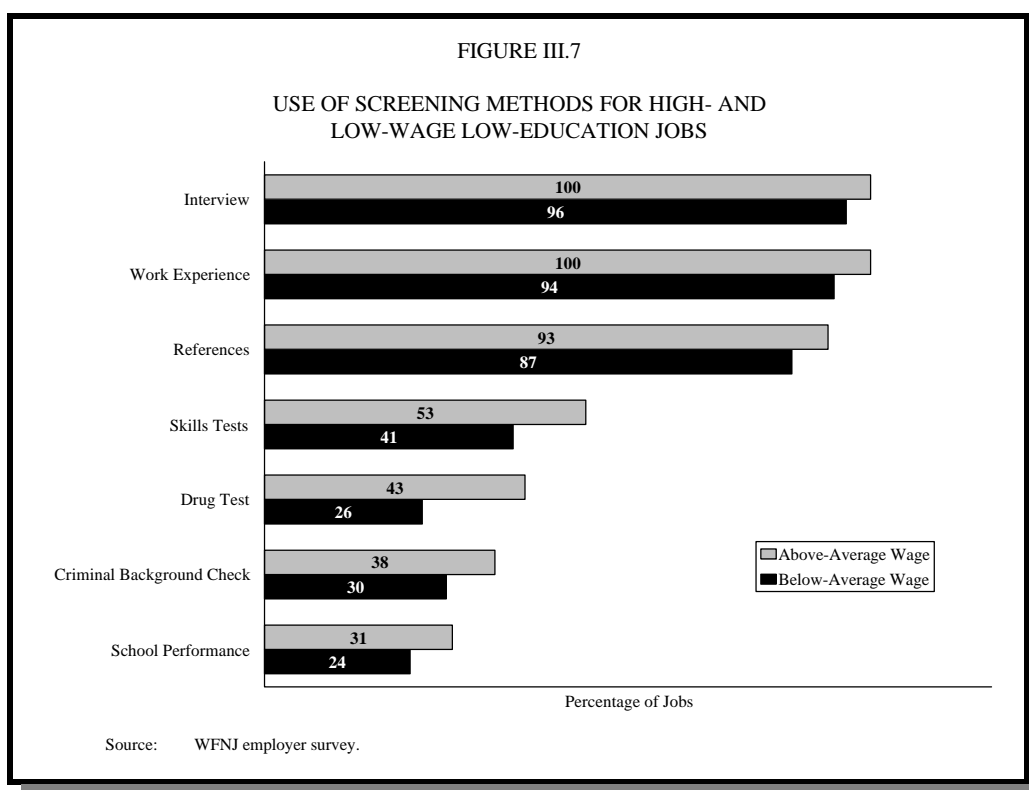
Jobs requiring little formal education still can require skills or other credentials. Regardless of the education level that job applicants have achieved, most employers are interested in gauging an applicant's competencies and reliability. Employers can use a number of techniques to assess applicants. During interviews, employers often try to obtain information about applicants' work experience and technical skills, observe their dress and appearance, and gauge their communications skills. Although it requires additional effort, employers also can request references from previous employers, administer written tests, ask applicants to perform sample tasks, screen for substance abuse, or run criminal background checks.

Most employers in the case study areas use several techniques to screen applicants for low-education jobs. Nearly all employers interview candidates, consider applicants' previous work experience, and check references. Smaller proportions of employers use other screening techniques, such as skills tests, drug tests, criminal background checks, and reviews of school performance (Figure III.7).¹⁸

Employers offering the highest-paying low-education jobs tend to use more screening methods to evaluate job applicants. In particular, compared with those that pay below-average wages, establishments that pay higher wages to employees in low-education jobs (more than \$8.13 per hour) are more likely to use each of the seven screening methods (Figure III.7). The most substantial difference between employers that pay above-average wages and those paying below-average wages is that the former are more likely to rely on skills tests, drug tests, and criminal background checks.¹⁹ Thus, case study residents who cannot pass these screens are likely to have more difficulty securing high-paying positions.

¹⁸Employers in all three case study areas appear to use a similar mix of screening methods.

¹⁹Part of these differences reflect the fact that higher-wage employers generally offer more high school than non-high school jobs. Establishments with many high school jobs are more likely to use each of the screening methods than are those with more non-high school positions. However, regardless of the mix of high school and non-high school jobs in an establishment, employers that pay higher wages are more likely to screen applicants for both drug use and prior criminal offences.



Employers with higher-paying jobs also attach greater importance to work experience, which can be a challenge for people who have a spotty job history. Employers were asked which information they place the most importance on when hiring employees for low-education jobs. The highest percentage (about 40 percent of employers) reported that they relied primarily on the information conveyed in a job interview; the second most highest (about 30 percent) focused most on applicants' work experience. However, in each of the three labor market areas, employers with low-education jobs paying above-average wages were more likely to place the most weight on applicants' work experience, rather than on the job interview; conversely, employers paying below-average wages place more weight on the interview.²⁰

Certain job opportunities in the three areas illustrate the difficulties facing low-income parents seeking higher-paying jobs. For example, baggage and ticketing jobs at Newark Airport are growing at a rapid rate. The vast majority of these positions require a high school degree but no postsecondary education. However, disadvantaged parents have difficulty obtaining most of these jobs, even if they have a high school education. According to an administrator with a major airline, the Federal Aviation Administration requires airlines to conduct a 10-year background check on every job applicant. Workers who cannot document what they have done during the previous 10 years have difficulty passing this screen. In addition, most ticket agents must pass computer keyboard tests and a rigorous series of interviews. Although airline staff are very eager to find new employees and work with most of the local workforce agencies, most clients referred by these agencies are not hired.

²⁰Of course, employers placing the most importance on job interviews may obtain some information about the applicant's work experience during an interview. However, these employers may not attach as much importance to work experience as do employers who specifically identified work experience as the most important factor affecting their hiring decisions.

*Most low-education jobs involve tasks that draw on basic skills.*

Even jobs with minimal educational requirements may require basic skills. Employers rarely check high school graduates' academic achievement, often because they do not believe that applicants' grades or course work are closely related to basic skills (Bishop 1992). Although many low-level jobs draw on basic skills, the particular types of skills required depend on the job. To examine this issue, the WFNJ employer survey asked respondents how frequently employees in low-education jobs perform the following seven types of tasks that draw on basic skills: (1) reading documents, (2) filling out forms (3) taking notes or writing memoranda or emails, (4) speaking with customers, (5) using arithmetic or making change, (6) using a computer, and (7) monitoring an instrument.²¹

Most low-education jobs require workers to perform some tasks that draw on basic skills. Overall, about 80 percent of all low-education jobs require workers to perform at least one of the seven tasks on a daily basis. The most common tasks are those that are required in most stores and many service jobs: speaking with customers, using arithmetic or making change, and reading documents (Table III.4). The other four tasks are used somewhat less frequently but still pertain to substantial fractions of low-education positions. The fraction of workers performing these tasks daily is similar across the three case study areas. However, Cumberland area employers are somewhat more likely to require workers to speak with customers daily.

Even positions that do not require a high school education frequently require workers to perform one or more of the seven tasks. Although the non-high school jobs are less likely than the high school positions to require workers to perform these tasks daily, some of the tasks are fairly common among both sets of jobs. For example, more than one-third of the non-high school jobs require workers to read documents daily. More than half the non-high school jobs in each labor market area require workers to perform one of the seven tasks daily.

Clerical jobs—the highest paying of the low-education occupations—are most likely to require workers to perform two tasks that can pose challenges for disadvantaged workers: (1) taking notes, and (2) using computers. Two-thirds of the clerical and administrative low-education jobs require employees to use a computer daily; performing this task would be expected of only about 40 percent of the service job openings and 20 percent of the production openings. Similarly, more than half the clerical job openings require workers to take notes daily, compared with only about one-third of the sales and service jobs and one out of five production jobs. Some workforce staff in the case study sites indicated that many of their clients lack the writing or keyboarding skills usually required for clerical jobs.

Production occupations pay somewhat higher wages, but this difference does not appear to be driven by the frequency with which workers in these jobs perform the skilled tasks covered in the survey. The low-education jobs in the production industries are less likely

²¹By weighting employers' responses by the number of low-education job openings in their establishments, we estimated the fraction of such positions that require workers to perform each of the seven tasks.

TABLE III.4

TASKS THAT DRAW ON BASIC SKILLS
JOBS THAT DO AND DO NOT REQUIRE
HIGH SCHOOL DEGREE

(Percentage of Jobs Where Employees Must Perform Task Daily)

Task	Camden Area		Cumberland Area		Newark Area	
	Non-High School	High School	Non-High School	High School	Non-High School	High School
Take Notes	15	54	13	49	18	59
Use Computer	20	51	22	54	19	65
Fill Out Forms	26	67	40	86	33	79
Monitor Instruments	34	50	30	70	31	60
Read Documents	34	84	43	89	47	84
Use Arithmetic	35	69	35	74	31	69
Speak with Customers	41	64	59	86	32	69
At Least One Task	59	96	74	99	63	95

SOURCE: WFNJ employer survey.

than those in the two other sectors to involve most of these tasks (although they are equally likely to involve monitoring of instruments). However, production industry employers may expect workers to possess or develop job-specific skills that were not identified in the survey.²²

To earn promotions, workers often need some specific education or training.

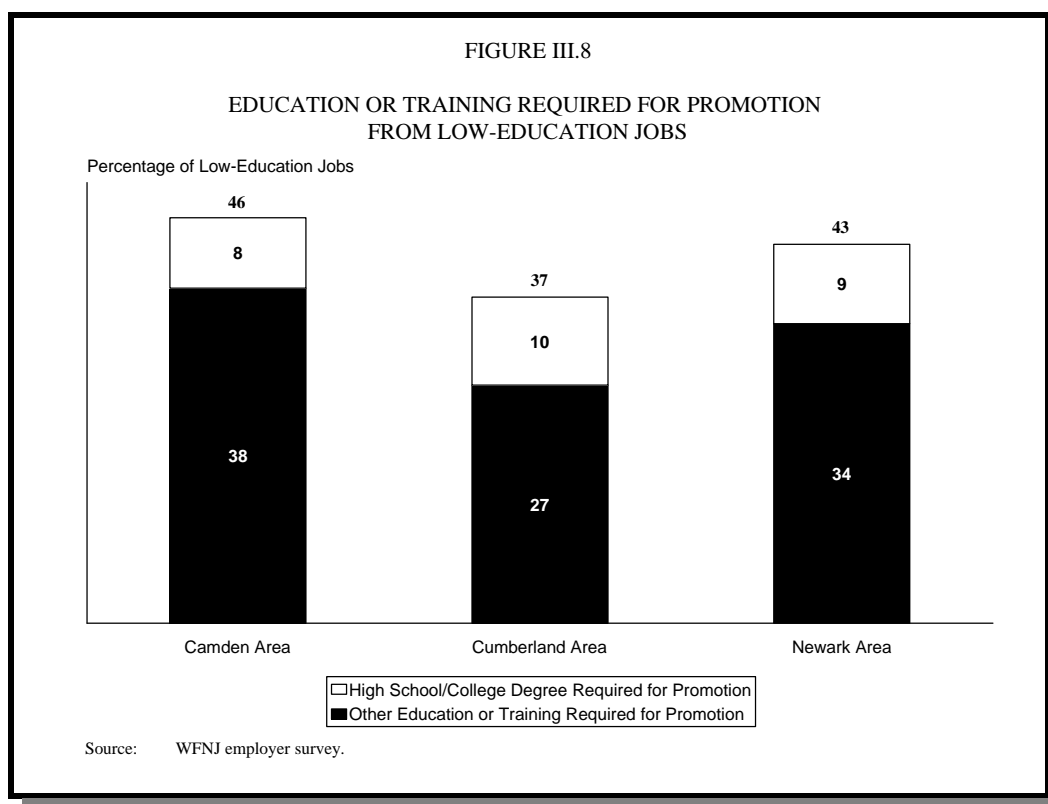
Even workers who adequately perform the tasks assigned may have to acquire new skills before they earn a promotion. Some skill development can occur informally as employees practice new tasks, but this form of training is not always sufficient. The WFNJ survey asked employers whether employees in low-education jobs usually need additional education or formal training (lasting a month or more) before they are promoted.

A substantial fraction of low-education jobs—about two out of five—are in establishments that require employees to complete additional education and training before

²²Production employers and social/business service employers were more likely than personal service employers to report being dissatisfied with the job-specific skills of welfare recipients referred by workforce agencies.

they can earn promotions. (Figure III.8).²³ Focusing on job openings rather than on jobs reveals that an even larger fraction of positions are in establishments requiring additional education or training in order to earn promotions.²⁴ Camden area employers with job openings are particularly likely to require employees interested in promotions to complete some education or training. This requirement is due in part to the large number of Camden area job openings in the social/business service industry (including nursing homes and hospitals)—establishments that often require a certificate or license.

Although employers often want employees to complete structured skill development programs to earn a promotion, these programs do not always involve earning a traditional educational credential. Only about 1 out of 10 jobs require employees to secure a high school degree or college diploma to earn a promotion (Figure III.8).²⁵ However, another 10



²³With respect to non-high school jobs, the survey asked employers whether employees “who do not have a high school degree usually need to get more education or complete a formal training program lasting a month or more.” With respect to high school jobs, the survey asked a comparable question pertaining to employees in these positions who have high school diplomas.

²⁴Additional education or training is required for a promotion from 57 percent of openings in the Camden area, 40 percent of those in the Cumberland area, and 45 percent of those in the Newark area.

²⁵About 12 percent of the employers offering non-high school jobs require employees to secure an educational credential—typically, a high school diploma or GED—to advance. Only 10 percent of employers offering high school jobs require employees to secure a college degree to advance.

percent of jobs require employees to secure a certificate, license, or apprenticeship credential. These findings suggest that workforce agencies seeking to help low-education employees advance should not focus solely on helping them obtain general educational degrees; they also should help them obtain the specific types of education or training valued by employers in the industry.

D. WHAT ARE EMPLOYERS' EXPERIENCES IN HIRING AND WORKING WITH TANF RECIPIENTS AND OTHER SINGLE PARENTS?

Assessing employers' perceptions of the welfare recipients and other single parents they have interviewed for low education jobs or hired can shed light on the challenges facing welfare reform initiatives. Employers' satisfaction with these workers can reveal how prepared they are for the workforce. Employers' specific concerns also can help workforce agencies determine how they should train, screen, and match clients to positions.

This section is organized around an analysis of four questions: (1) How many employers, and which ones, are aware of hiring welfare recipients? (2) How qualified are the recipients that employers interview? (3) What are the most common performance problems of welfare recipients and other single mothers in low-education jobs? and (4) What types of incentives or assurances could increase the number of recipients that employers hire?

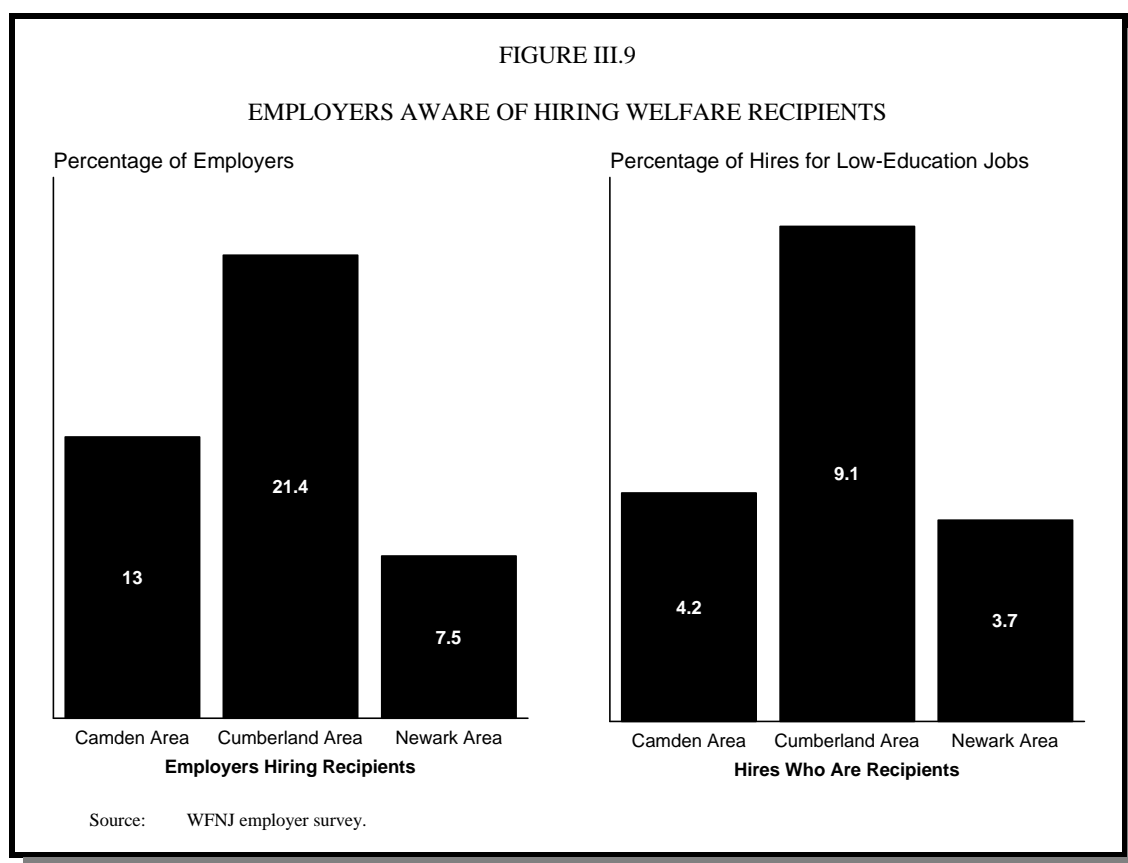
A large fraction of employers in the Cumberland area reports hiring welfare recipients.

Employers can become aware that they have hired welfare recipients in two main ways. First, some workforce agencies that place recipients in jobs do not conceal their clients' welfare history. In fact, some agencies have mounted explicit outreach efforts designed to convince employers to hire some welfare recipients. Second, regardless of whether they have contacts with workforce agencies, some firms ask new employees whether they are welfare recipients, in order to take advantage of state or federal tax credits or subsidies. However, many employers do not know that they have hired welfare recipients, so an employer survey cannot be used to document the types of jobs these people hold. Nevertheless, the WFNJ employer survey does shed light on the number and mix of employers that are consciously engaged by welfare reform initiatives in the case study areas.

A substantial fraction of employers reported hiring one or more welfare recipients. Overall, among respondents to the employer survey, about 11 percent of employers were aware of hiring at least one recipient during the last year. Employers indicated that recipients filled about 4.8 percent of low-education jobs, which translates into roughly 3 percent of all new hires during the last year. This estimate is similar to estimates reported in recent employer surveys conducted in other states.²⁶

Cumberland area employers were particularly likely to be aware of hiring recipients, suggesting that the employer outreach efforts in that area have been relatively effective (Figure III.9). More than one out of five Cumberland area employers reported hiring at least

²⁶Our estimate of the fraction of all new hires who are recipients is based on the assumption that the ratio of all hires and low-education job hires is proportional to the ratio of low-education job openings and all job openings. The three percent estimate is similar to the one obtained by Holtzer and Stoll, based on their employer survey in Chicago, Cleveland, Milwaukee, and Los Angeles (Holzer and Stoll 2000).



one recipient. More than nine percent of all employees hired for low-education jobs in the Cumberland area were welfare recipients.

Although most employers reported hiring welfare recipients directly, those using public agencies or other intermediaries hired larger numbers of recipients. Only about 40 percent of the employer survey respondents who had hired at least one recipient reported hiring recipients through an intermediary. However, the employers using intermediaries reported hiring an average of about eight recipients during the past year; in contrast, those hiring recipients directly hired only about three recipients. Hence, intermediaries referred about 70 percent of all the recipients whom employers were aware of hiring.

Public agencies appear to play the largest role in placing recipients. In all three areas, employers reported that public agencies referred most of the recipients hired. In the Camden and Newark areas, where nonprofit agencies and schools are important partners in local welfare reform initiatives, these organizations referred a substantial fraction (about one out of six) of the recipients they hired.

Employers report hiring recipients mostly for jobs that do not require a high school degree. In Newark and Cumberland, more than two-thirds of welfare recipients were hired for non-high school jobs. In the Camden area, only about half the recipients were hired for non-high school jobs, reflecting the relative scarcity of these positions in the local labor market. The industries with the largest numbers of low-education jobs in each labor market area (the social/business service

industries in the Camden area, the personal service industry in Cumberland, and the production industries in the Newark area) tend to hire the highest number of welfare recipients.²⁷

*Agency referrals are prompt, but clients who are referred sometimes lack important attributes.*

Workforce agencies that refer disadvantaged workers to jobs can face difficult constraints and competing pressures. First, agencies are often constrained by the qualifications of their clients. Even when agencies have resources to prepare people for jobs, some clients have problems that make them unsuited for many positions. Employers often ask agencies to pre-screen candidates, and to refer only those with specific qualifications. Second, agencies often expect their staff to match workers to positions quickly, as well as carefully. Employers sometimes ask agencies to refer clients expeditiously so that they can fill positions quickly. The pressure to place recipients in jobs quickly is often reinforced by local job placement goals and the need to help clients obtain jobs before they exhaust their entitlement to cash assistance benefits.

The employer survey sheds light on how employers perceive the recipients referred to them by agencies, and the responsiveness of agency staff. The survey asked employers to assess welfare recipient job applicants on five dimensions: (1) basic (reading, writing, verbal, and math) skills; (2) job-specific skills; (3) interpersonal skills; (4) transportation arrangements; and (5) child care arrangements. For each dimension, employers indicated whether recipients were “better than average, average, or worse than the average applicant.” Employers also were asked to rate the responsiveness of agency staff, particularly with respect to the speed with which they referred clients.

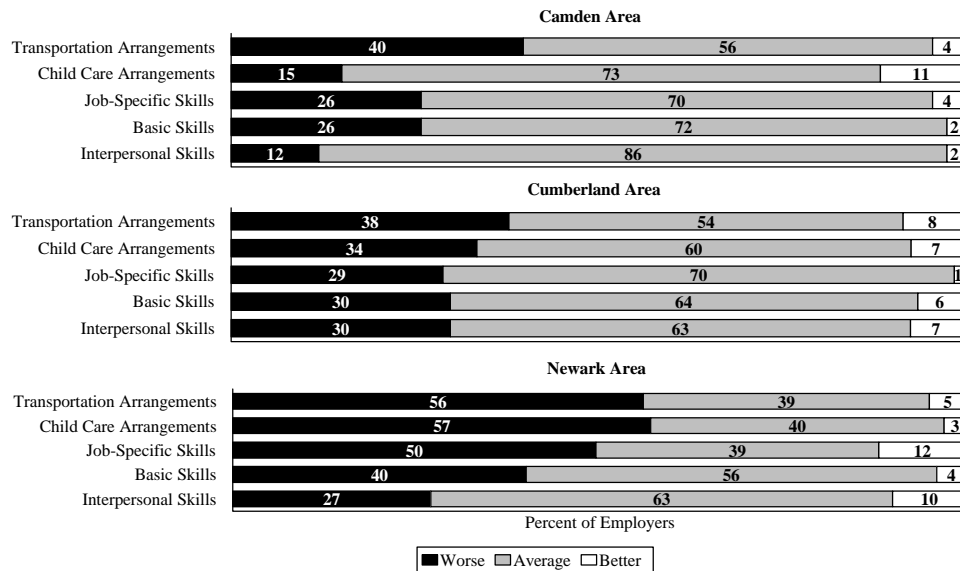
Most employers suggested that workforce agencies refer recipients with average qualifications. Overall across the three areas, substantially more than half the employers indicated that recipients were about the same as the average applicant on most of the criteria. This finding is noteworthy, because recipients are often perceived as having numerous problems that affect their ability to perform their jobs.

However, a substantial fraction of employers gave negative ratings to the qualifications of recipients referred by agencies. With respect to each of the specific types of qualifications, the percentage of employers rating recipients as worse than the average applicant substantially exceeded the percentage rating recipients as better than average (Figure III.10). Employers gave their lowest rating to recipients’ transportation arrangements. Concerns about this issue were most apparent in Newark, where more than a half of the employers indicated that recipients had worse-than-average transportation arrangements. Recipients’ lack of car ownership no doubt contributes to this negative assessment.

²⁷However, in both Camden and Cumberland, employers in the social and health service industries reported filling a high proportion of their positions with welfare recipients, perhaps reflecting these industries’ close ties with local workforce agencies.

FIGURE III.10

RATINGS OF RECIPIENTS REFERRED BY AGENCIES
RELATIVE TO OTHER JOB APPLICANTS



Source: WFNJ employer survey.

In the Newark and Cumberland areas, employers also gave fairly low marks to the child care arrangements of welfare recipients applying for positions. More than half the Newark area employers and more than one-third of those in Cumberland indicated that recipients' child care arrangements were worse than those of other applicants. Camden employers' more positive rating of recipients on this dimension suggests that the county's Unified Child Care agency may be doing a good job of helping recipients obtain child care.

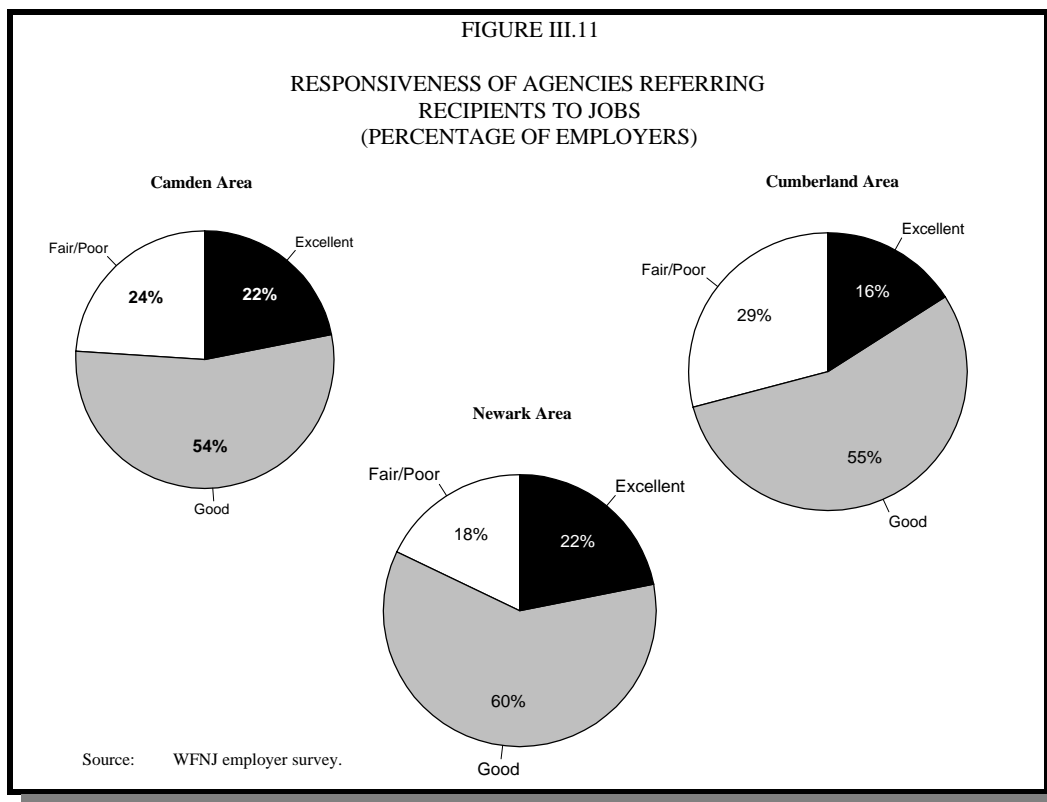
A substantial fraction of employers in all three areas gave low ratings to recipients' job-specific and basic skills. Half the employers in the Newark area and more than one-fourth of those in the Camden and Cumberland areas indicated that recipients' job-specific and basic skills were worse than those of other applicants, substantially exceeding the fraction of employers giving recipients a rating of better than average. The fact that many recipients' have low levels of education and training probably contributes to these perceptions. However, few employers indicated that recipients' interpersonal skills were weaker than those of other applicants, a surprising finding given service providers' negative assessments of recipients' communication skills.

Employers in the Newark labor market were particularly critical. On all but one of the five dimensions of performance, the Newark area employers rated recipients more negatively than did employers in the two other labor market areas (Figure III.10). Perhaps recipients in the Newark area have more problems than do recipients in the two other areas. In addition, Newark area workforce agencies may have difficulty matching clients to appropriate jobs.

Notwithstanding the concerns employers expressed about the recipients referred through agencies, most employers were satisfied with the responsiveness of agency staff. The survey asked employers to rate workforce agencies “on their responsiveness, for example, how quickly they referred candidates.” More than two-thirds of employers in each site gave agencies a rating of good or excellent (Figure III.11). This finding suggests that workforce agencies are doing a good job of referring clients promptly to employers (or at least are responding to employers’ telephone calls courteously and quickly). Employers in the Newark area gave the most positive assessment of agency responsiveness. These findings suggest that Newark area workforce agencies are doing a good job of responding promptly to employers’ requests for job applicants but may need to work harder to prepare and screen recipients referred to jobs.

*Absenteeism is the most common performance problem cited by employers hiring welfare recipients and other single mothers in low-education jobs.*

Employers sometimes cannot determine how competent and dependable job applicants are until they are hired. Even when employers screen applicants carefully, they usually are uncertain whether the applicants will perform well in specific jobs. Employers’ experiences working with welfare recipients and other low-income parents can shed light on the readiness of these workers for the workforce and on their potential service needs.



The WFNJ survey examined employers' perceptions of both welfare recipients and other single parents for low-education jobs during the past two years. Employers who had hired recipients were asked to compare the performance of these employees to that of other workers recently hired for similar positions. Employers who had not hired recipients or who were unaware how recipients had performed were asked to describe the relative performance of single mothers hired for low-education jobs.²⁸ Employers were asked both for (1) an overall performance rating of these groups of workers relative to other employees recently hired; and (2) an assessment of the relative performance of these workers with respect to several specific criteria, including absenteeism, attitude, job specific skills, basic skills, mental health, and substance abuse.²⁹

Most employers suggest that the overall performance of welfare recipients and single mothers is about average. At least two-thirds of employers indicated that the performance of welfare recipients and single mothers was comparable to that of other employees in similar positions (Figure III.12).³⁰ Employers' ratings of welfare recipients were somewhat less favorable than their ratings of single mothers in general. More than 1 out of 4 of the employers who rated recipients indicated that they performed worse than the average employee, and only 1 out of 14 (7 percent) said that recipients performed better than average. By comparison, employers were more likely to give single mothers better-than-average ratings. Nonetheless the fact that most employers gave average ratings to both recipients and single mothers suggests that employers do not have strongly negative perceptions of either of these groups.

Employers report that absenteeism is the most common performance problem among both welfare recipients and single mothers hired for low-education jobs (Figure III.13). About a third of employers reported that welfare recipients and single mothers in low-education positions have worse absenteeism than other workers; by contrast, less than 10 percent indicated that these groups had fewer problems with absenteeism.

Employers suggest that single parents' tenuous child care arrangements frequently contribute to absenteeism. Employers were asked to cite the factors contributing to absenteeism among employees who were welfare recipients and single mothers.³¹ More than two-thirds of employers in each site indicated that problems with child care contributed to absenteeism among both recipients and single mothers. Nearly half the employers said that transportation problems also led to some absenteeism among both groups of employees. About half indicated that poor attitudes contributed to recipients' absenteeism (but this factor was not considered important for single mothers).

²⁸The survey focused on single mothers (as opposed to fathers) because nearly all TANF recipients are single mothers and because many single fathers do not live with their children.

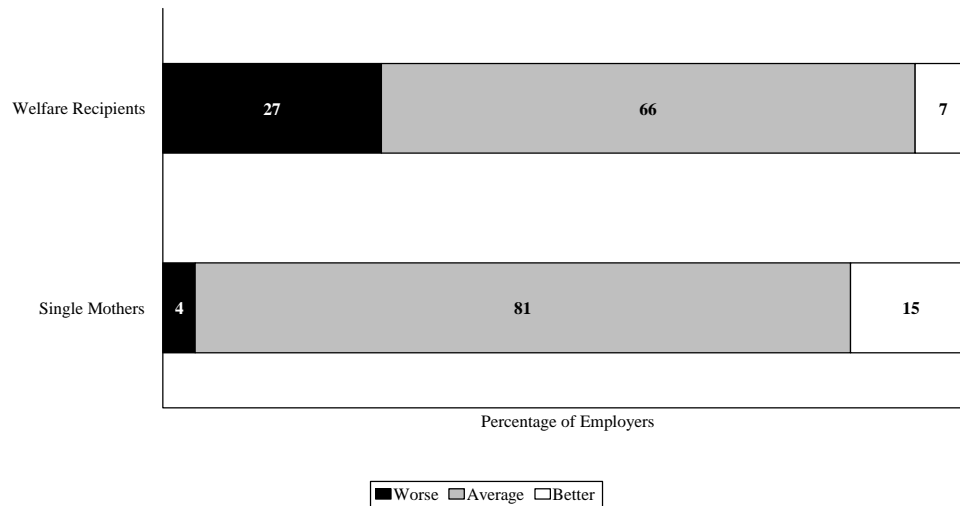
²⁹One must be cautious in interpreting these perceptions, because some employers may not have had a great deal of information on the performance of these workers. Nonetheless these employer perceptions are important, if only because they reflect managers' concerns and provide clues about how workforce agencies might address them.

³⁰Figures III.12 and III.13 consolidate the responses of employers across the three case study areas. The sample sizes were too small to provide precise estimates for each area separately. Moreover, there were not substantial differences in these findings by case study area.

³¹Only employers indicating that recipients' (or single mothers') absenteeism was average or worse than average were asked to identify the factors contributing to absenteeism.

FIGURE III.12

RATINGS OF RECIPIENTS AND SINGLE MOTHERS IN LOW-
EDUCATION JOBS RELATIVE TO OTHER EMPLOYEES

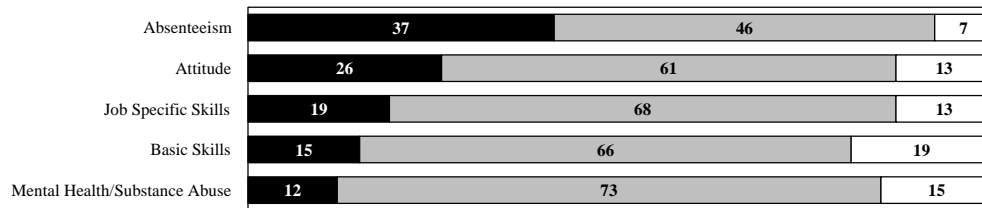


Source: WFNJ employer survey.

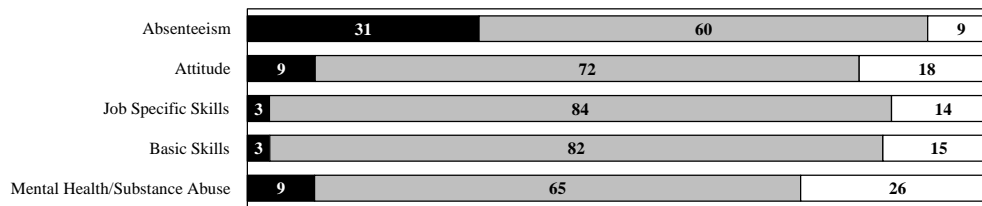
FIGURE III.13

PERFORMANCE RATINGS FOR RECIPIENTS AND SINGLE MOTHERS
IN LOW-EDUCATION JOBS RELATIVE TO OTHER EMPLOYEES

WELFARE RECIPIENTS



SINGLE MOTHERS



Legend: ■ Worse □ Average □ Better

Source: WFNJ Employer Survey.

These findings highlight the need to help single parents, whether former welfare recipients or not, secure more reliable child care. Employers' apparent concern about disruptions in child care arrangements is consistent with reports from service providers. Service provider staff in the case study areas suggested that their clients often miss work when their children are sick or informal child care arrangements break down. Some service providers work with clients to help them select more reliable providers and develop at least one good backup provider. Given employers' concerns about absenteeism, expanding this type of assistance could be helpful.

Hiring of recipients is said to hinge on screening and supports, not on subsidies.

Policymakers have sought to encourage employers to hire welfare recipients. Tax credits and other subsidies are available to employers who hire welfare recipients. In addition, workforce agencies offer to train and pre-screen recipients, and to provide postemployment services, such as child care, transportation, and counseling. Policymakers are interested in assessing the efficacy of each of these strategies. Although employers cannot gauge the impacts of specific policies, they can provide an informed view about which subsidies and services affect their hiring decisions.³²

About one-third of employers who realize that they have hired welfare recipients make use of a tax credit or subsidy (Table III.5). Most employers making use of incentives reported that they took advantage of tax credits, rather than on-the-job training subsidies. The most popular tax credit, by a wide margin, is the federal Welfare-to-Work corporate income tax credit. Among employers that have hired welfare recipients, large establishments are most likely to make use of subsidies and incentives.³³

Most employers (two-thirds) using tax credits or subsidies indicated that these incentives have not increased the number of welfare recipients they have hired. Regardless of which type of tax incentive or subsidy used, most employers indicated that the subsidies had no effect on hiring. These findings suggest that financial incentives may not be a cost-effective strategy for expanding the number of recipients hired.³⁴

Subsidies may have little effect on hiring in part because the costs of hiring the wrong worker are perceived to be larger than the value of the subsidies. In follow-up interviews, some employers making use of subsidies indicated that they usually do not consider applicants' eligibility for a subsidy until after they are hired. This procedure reflects the firms' main priority: hiring the most-productive workers available. Larger employers are more inclined to develop the administrative

³²We report the findings only for the three case study areas combined because the sample sizes are too small to provide precise estimates in each area individually.

³³About 52 percent of establishments with 100 or more employers reported using a subsidy or credit, compared with only 25 percent of smaller establishments.

³⁴Although neither tax credits nor training subsidies appear to have any effect on hiring, on-the-job training subsidies could generate other benefits. For example, these subsidies may encourage some employers to provide training to disadvantaged workers, or to work more closely with workforce agencies seeking to provide counseling services or other postemployment supports to these workers. The employer survey was not designed to address this issue.

TABLE III.5

USE OF TAX CREDITS AND SUBSIDIES AMONG
EMPLOYERS HIRING RECIPIENTS

(Percentage of Establishments Using Credit or Subsidy)

	Camden Area	Cumberland Area	Newark Area
Any Tax Credit or Subsidy	27	34	38
Federal Welfare to Work Tax Credit	22	13	26
Federal Empowerment Zone Tax Credit	7	1	9
State Urban Enterprise Zone Tax Credit	2	3	8
On-the-Job Training Subsidy	2	7	3

SOURCE: WFNJ employer survey.

capability to secure and process subsidies, partly because they reap larger benefits from this investment. However, some managers in large firms indicated that the staff responsible for hiring workers are not the ones responsible for assessing employees' eligibility for credits and subsidies.³⁵

The WFNJ survey also asked employers how they would respond to a variety of specific types of assurances designed to make recipients more attractive employees. In particular, employers were asked whether the chance of their organization hiring more recipients would increase "a lot," "some," or "not at all" if workforce agencies provided assurances that recipients had (1) a good attitude, (2) good basic skills, (3) good job-specific skills, (4) successfully completed a work experience program, (5) stable child care and transportation arrangements, or (6) no criminal record or substance abuse problems.

Employers indicated that each of these assurances could substantially increase the number of recipients hired. More than half the employers responded that each of the six assurances would increase the chances of hiring recipients "a lot." Employers reported that the assurances pertaining to criminal offences and substance abuse, child care and transportation arrangements, job-specific skills, and basic skills would be the most helpful.³⁶

These findings suggest that employers are likely to respond positively if workforce agencies could better prepare and screen welfare recipients. Of course, workforce agencies confront a difficult challenge, in that some of their clients are poorly prepared for the workforce and have

³⁵This view is consistent with evidence from the survey that small establishments are more likely than larger establishments to perceive an effect of the incentives on their hiring practices. Although majorities of both small and large establishments indicated that subsidies do not have any effect on hiring, larger establishments were less likely than smaller ones to discern any such effect. However, the sample sizes for this finding are quite small, so the differences between the views of small and large firms on the effects of subsidies may be due to random chance.

³⁶About two-thirds of employers indicated that each of these assurances would increase the chances of hiring recipients "a lot."

difficulty satisfying employers' requirements. Moreover, even if agencies could prepare more clients for jobs, they can never provide guarantees about their clients' performance. Nonetheless, agencies may be able to expand their employer base if they can enhance training, screening, and support services in ways that address both employers' and clients' needs. The challenges local organizations are facing in achieving this goal are examined in the next chapter.

IV

LOCAL RESPONSES TO PARENTS' SERVICE NEEDS

By emphasizing work and limiting parents' entitlement to cash assistance, welfare reform has heightened the importance of addressing low income parents' employment barriers. Local agencies are exploring new ways to help parents who lack skills, have limited access to child care or transportation, or have health problems. Although most attention has focused on assisting current and former welfare recipients, public and private agencies are also

KEY FINDINGS IN BRIEF

A variety of organizations in the case study areas are involved in new efforts to help low income parents overcome employment barriers. Most of these local initiatives are focused primarily on assisting current and former welfare recipients although some new programs are targeting services on a broader population of low- and moderate- income parents. Based on interviews with selected service providers, this chapter identifies four lessons learned by the staff involved in these new initiatives:

- # ***New partnerships have been forged, but they create some coordination challenges.*** The welfare reform initiatives in the case study areas involve a broad array of organizations in service delivery. In Newark and Camden, where partnerships expanded quickly, many organizations became dissatisfied with their roles or the limited support offered by partners. In Cumberland County, where partnerships expanded slowly, coordination across the main local agencies appears to be strong.
- # ***New client assessment tools have been introduced, but their use requires more staff training and MIS investments.*** Agency staff are using new tools to assess the needs of clients, particularly needs relating to substance abuse and health problems. However, some staff must be trained on how to use these tools effectively. In addition, weaknesses in MIS systems and interagency staff relationships sometimes impede the exchange of client information needed for efficient assessment.
- # ***Revising service providers' contracts could help enhance services.*** Many vendors are reluctant to provide services under performance-based contracts because they bear high risks when referrals drop or when the fraction of clients with multiple barriers rises. Contracts could be modified to reduce vendors' risks and to provide greater incentives to assist hard-to-serve clients.
- # ***Some key support services may need to be expanded.*** Local service providers in each case study community report shortages of some key services that low-income parents need. These services include child care subsidies for those who have not received cash assistance benefits recently, transportation to suburban employment centers, and substance abuse treatment that includes family counseling and mental health services.

seeking to enhance services available to all low-income parents. The experiences of the three case study areas illustrate some important institutional challenges and opportunities for further enhancing services.

Organizations in each of the three case study areas are developing new strategies to address the employment barriers of low-income parents. These initiatives are led by county-level welfare and workforce agencies—the institutions that manage most programs for welfare recipients in New Jersey. In each area, however, other organizations and levels of government are expanding their roles in welfare reform initiatives or have some responsibility for providing employment-related services.

Because most new initiatives target current and former welfare recipients the analysis in this chapter focuses primarily on the services delivered to these groups. Nonetheless, some of the issues, such as the utilization of local child care, transportation, and substance abuse services, apply more broadly to all low-income parents. Drawing largely on the interviews with county agencies and local service providers, the chapter is organized around an analysis of three main questions:

1. *How is the institutional framework changing?*
2. *What are local organizations doing to address parents' service needs?*
3. *What are priorities for additional improvements in services?*

A. HOW IS THE INSTITUTIONAL FRAMEWORK CHANGING?

Federal and state policies have encouraged county officials in New Jersey to involve new institutional partners in welfare reform initiatives. Thus, although the county welfare agencies (CWAs) continue to have responsibility over income eligibility and other functions, the roles of other organizations have expanded. Competitive grants, such as the federal Welfare to Work grant program and New Jersey's 21st Century program, have encouraged counties to involve a wide array of local institutions in their initiatives, including both public agencies and private service providers. The New Jersey Department of Human Services (NJ DHS) has entered into agreements with two divisions of the New Jersey Department of Labor (NJ DOL) to provide services to welfare clients: (1) the Employment Service (ES) provides job placement services to all recipients; and (2) the Division of Vocational Rehabilitation Services (DVRS) provides more specialized training, job coaching, and other services to clients with health or learning problems. The state's substance abuse initiative (SAI), which screens welfare recipients for substance abuse and refers them to treatment, involves new private agencies in the screening and referral process. In each county, the unified child care agency (UCCA) works with the county welfare and workforce agencies to help current and former recipients obtain child care.

As welfare reform partnerships have expanded, partners can encounter new challenges. First, organizations may have to learn to work with the new institutions that deliver services. To partner effectively, organizations may have to adapt their role and help their staff understand other institutions' capabilities. Second, state and local officials must ensure that all partners focus on common goals. As the array of organizations involved in welfare reform initiatives expands, local

leaders are increasingly concerned with ensuring that each partner, particularly private contractors, have an incentive to achieve the ultimate objectives of welfare reform—helping low-income parents obtain and keep jobs. Some counties have introduced new performance-based contracts that reward vendors that succeed in achieving this objective.

This section describes how the institutional framework is changing in the three case study communities and some of the challenges these changes pose. The section is organized around an analysis of four topics: (1) how the number and mix of institutions involved in local welfare reform initiatives are changing, (2) how changes in the composition of institutional partnerships affect the need for interagency coordination, (3) local factors that affect the extent of coordination, and (4) some of the challenges that new performance-based contracts pose.

Institutional partnerships have expanded in each of the case study areas.

Each of the case study counties has involved a broad range of public and private organizations in planning improvements to welfare services. Some planning committees that were in operation before welfare reform became more active after the federal and state welfare policies changed in spring 1997. Although Cumberland County agencies involved in delivering services to welfare recipients have met regularly for many years, the number of agencies represented in these meetings increased after WFNJ was introduced. Similarly Camden's Human Resource Advisory Council and Workforce Investment Board both began convening more frequent meetings with service providers in 1997 to discuss how the county should respond to welfare reform. In Camden and Essex counties, county leaders organized meetings of public and private agencies to prepare plans and proposals for competitive federal and state grants. Interagency planning committees continue to meet on a regular basis in each of the case study counties.

New public and private organizations have become involved in service delivery. During the past few years, public organizations in all three areas began performing new functions designed to support welfare reform. First, as required by the state, the CWAs in each case study county now work with the ES to register recipients for work and work with the DVRS to provide job coaching services to recipients with health problems. Second, each county's workforce agency now delivers or manages the contracts of most job search, training, and education programs. In addition, the Essex County workforce agency has taken over some of the case management functions previously performed by the CWA, such as assessing clients' needs, referring clients to work activities and to some support services, and monitoring clients' progress.¹ Third, each county's economic development agency now helps recruit employers to hire welfare recipients, and to support new transportation initiatives designed to help welfare recipients commute to jobs.

Essex and Camden counties have substantially expanded the service delivery roles of private contractors, including both nonprofit and for-profit agencies. Essex and Camden counties always have contracted with some private service providers to provide training and job search assistance to welfare recipients, but the roles of these providers expanded after 1997; these agencies now conduct more assessment, counseling, and monitoring of clients' progress before and after they find

¹The Cumberland workforce agency managed work activities and performed some case management function even before the advent of WFNJ.

jobs.² Cumberland County has relied on private providers less than have either Essex or Camden counties. Rather, it charged the Cumberland County Office of Employment and Training's (CCOET) with delivering most training and job search assistance services. This decision is mostly a reflection of the county's relatively smaller population and welfare caseload; assigning these functions to multiple service providers might have been inefficient, as the providers would have had difficulty reaching economies of scale.

*Expansion in partnerships has heightened the importance of coordination.*

As the number of organizations that deliver services to low-income parents has grown, so, too, has the need for interagency coordination. This need is most obvious in Camden and Newark, where client assessment and monitoring functions have been assigned to several public and private organizations. Each organization's performance largely depends on the support that its partner agencies provide. The extent of interagency coordination increasingly affects the ability of an organization's staff to effectively carry out four important tasks:

1. ***Identifying clients' needs.*** Multiple organizations now work with the same clients, increasing both the opportunity and the need to share information about clients' needs. Each agency can help identify service needs that other organizations can best address. Moreover, the decline in welfare caseloads has reduced public agencies' contacts with many poor families, increasing the importance of the service outreach functions performed by private organizations in the community.
2. ***Selecting and scheduling services.*** If scheduling conflicts are to be avoided, organizations must be aware of the activities and services that each one plans to provide to a particular client. Ideally, the selection and design of activities should be based on a common understanding of the client's service needs.
3. ***Monitoring clients' progress and outcomes.*** Most organizations are judged on the basis of clients' outcomes, so staff track and document these outcomes. Welfare agencies, workforce agencies, and service providers all would benefit if they shared information on which clients are securing and holding jobs.
4. ***Recruiting employers and identifying jobs.*** Growth in the number of organizations that recruit employers has heightened the risk of overwhelming individual employers with appeals to hire clients. To avoid this problem, agencies would have to coordinate their employer outreach efforts. In addition, sharing more employer contacts and information about job openings might increase employment opportunities for clients with specific skills, interests, or transportation constraints.

Of course, coordination can be costly and must be balanced against other competing objectives. It is neither practical nor desirable to coordinate every key decision among large numbers of organizations. Even where coordination is theoretically possible, the cost of planning and communications can be excessive. Moreover, in seeking to improve the way welfare services

²However, as we discuss in this chapter, Camden recently canceled some of the contracts with local providers providing these types of services.

are delivered, state and local officials must balance the objective of achieving effective coordination against other desirable objectives, such as fostering healthy competition among agencies and service providers. Despite these potential limitations, however, the value of interagency coordination has grown as the institutional framework has become more decentralized.

Divergent views, distrust, or weak communications sometimes impede coordination.

Although most of the key partners in the case study areas share a common goal, they often have different perspectives on the optimal strategy for achieving that goal. The public and private organizations in each community that are involved in welfare reform initiatives support the goal of helping low-income parents find jobs and stay employed. However, partners often differ on what it will take to help these parents become productive workers.

To some extent, these debates reflect divergent institutional interests, as leaders of each organization usually assert that their own programs and staff are best suited to helping recipients. However, agency managers also have real differences of perspective about the importance of various service needs. Thus, for example, most workforce agency staff in each community place high priority on helping clients learn how to interview and search for jobs. Although staff in other organizations agree that job search skills are important, many of them place more emphasis on assessing clients' health, substance abuse, or other family problems. These disagreements do not prevent partners from working together, but they do make it harder to agree on an appropriate allocation of resources among agencies, the way services should be designed, and the needs of particular clients.

Disagreements that lead partners to question each others' intentions can increase the difficulty of coordination. These types of tensions emerged in Camden and Essex counties. Managers of workforce and community-based organizations there suggest that CWA staff are reluctant to help recipients find jobs because this action would lead to further reductions in caseloads, and would therefore jeopardize CWA's administrative funding. Similarly, some CWA staff suggest that staff in the other public and private agencies involved in welfare reform initiatives are interested primarily in expanding their organizations' roles, regardless of whether this will benefit clients. While there is no corroboration for either point of view, the distrust among the key agencies in Camden and Essex appears to be impeding collaboration. Unstable institutional roles have contributed to the lack of trust. Many organizations in Camden County took on welfare and workforce responsibilities during the 1990s, reflecting and reinforcing political jockeying among local leaders. Distrust also is a factor in Essex County, particularly between the CWA and the county workforce agency, which took over many of the CWA's case management functions. Recently, the county hired a new senior administrator whose main responsibility is to improve communications between the two agencies.

Even where key partners trust one another, the organizations' staffs do not always have the skills or information to work together productively. In each county, many staff providing job search assistance and training are unfamiliar with the kinds of substance abuse treatment programs available through the state substance abuse initiative (SAI), or with vocational rehabilitation services that the DVRS program offers. Moreover, some caseworkers in Essex County's workforce agency are not familiar with all the work and training activities to which they can refer their clients.

Agencies often lack protocols or systems for sharing information about clients whom they have referred to service providers. In each county, the CWA, workforce agency, main vendors providing work activities, SAI coordinator, and DVRS staff providing rehabilitation services rarely share client assessment information. This problem is only partly due to concerns about maintaining the confidentiality of the information; the design of agencies' computer systems and the large number of cases assigned to staff also are important factors. Thus, for example, the FAMIS and OMEGA computer systems that contain information on clients' backgrounds and activities are not designed to facilitate sharing of a selected portion of the client data maintained by CWA and workforce agency staff. Paper files contain much of this information, but staff do not have the time to locate the nonconfidential data that service providers or other agencies would value. The state is developing a computer system—One Ease E-Link—that potentially could facilitate agency information sharing. This system could allow public and private agencies to share general information about the types of services they provide as well as detailed information about individual clients. For this system to work, however, counties will have to aggressively promote it and train staff how to use it.

Thus, as organizations in the case study counties explore new ways to strengthen their partnerships, three management priorities are becoming more important:

1. **Developing incentives for partners to collaborate.** Local leaders can provide both positive and negative incentives for agencies to collaborate. Agencies that support one another can be rewarded; those that fail to do so should incur some cost.
2. **Training staff about local services available and how to access them.** Before staff can take full advantage of services that partner agencies provide, they must become more familiar with these services. They also must be trained on how and when to make referrals.
3. **Creating systems and protocols for sharing client information.** Many agencies work with the same clients, so new systems for sharing client information could benefit each agency. Depending on how it evolves, the state's proposed One-Ease E-Link system could substantially help local agencies achieve this objective.

Unforeseen caseload changes complicate shift to performance-based contracting.

Many counties recently have embraced performance-based contracting as a tool to reward contractors whose clients find and retain jobs. Performance-based contracts are designed to respond to some of the problems of the cost-reimbursement contracts that most counties used in the past. Vendors with cost-reimbursement contracts had limited incentive to help clients secure jobs because their revenues did not always depend on client outcomes. Counties sometimes refused to renew contracts with low-performing vendors, but this threat was not always credible or effective. During the past three years, with encouragement from state officials, counties increasingly have shifted from cost-reimbursement contracts to performance-based contracts that tie vendor payments to specific employment-related milestones their clients achieve.

Shortly after the state initiated welfare reform, Camden and Essex counties adopted performance-based contracts for most work activity vendors. These contracts became the norm

for most training, job search assistance, and job placement services and for some postemployment coaching services. The contracts generally retain a substantial portion of the vendor's payments until clients secure employment. For example, Camden County's initial performance-based contracts reimbursed training providers 10 percent of the maximum total payment for client enrollment, 30 percent for clients' completion of intermediate stages of the training, and 20 percent each for program completion, job placement, and retention of employment six months later. Thus, providers that were unable to place a client in any job lost 40 percent of the per client payment.

Performance-based contracts are less common in Cumberland County than in Essex and Camden counties, partly because CCOET provides most job search assistance and training to welfare recipients. Although CCOET makes some individual referrals to local education or training institutions, it does so infrequently, so the referrals do not justify special contracting arrangements. If CCOET is not pleased with an organization's performance, it simply ceases making referrals to that vendor.

Unexpected reductions in the welfare caseloads have created problems for many service providers, and particularly for those with performance-based contracts. First, the sharp declines in caseloads meant that providers did not receive the number of client referrals they had expected. Several job search and training providers in Camden City and in Newark had created new programs and increased their staffs after securing contracts designed to serve substantial numbers of TANF clients. Because the providers had hired staff specifically for the new programs, they were particularly vulnerable when the caseload dropped, reducing the number of clients who the county agencies referred to all activities. Regardless of the design of the contracts, the reduction in the caseload would have eventually jeopardized these vendors' programs. Under the performance-based contracts, however, vendors experienced the financial effects immediately.

Second, most performance-based contracts did not account explicitly for changes in the types of clients referred to service providers. As caseloads dropped and employable clients left the welfare program quickly, the remaining caseload consisted of a larger proportion of hard-to-serve clients, including those with serious barriers, such as low motivation, poor skills, or substance abuse problems. The contracts' implicit expectations about the outcomes that clients were likely to achieve were no longer realistic, further reducing the payments tied to job placement and retention.

These two changes caused many vendors in Camden and Newark to experience sharp, unexpected reductions in revenues and some vendors were forced to lay off staff. The problem was most acute for five community-based organizations in Camden County that had contracts to help longer-term recipients obtain and hold to jobs. While these organizations expected to serve many clients who had failed to find employment after completing their job search classes, they reported receiving fewer referrals than expected and clients with more complicated barriers than anticipated. For example, some referred clients had health-related problems that the vendors could not accommodate. Camden's workforce agency ultimately canceled the contracts with the five organizations, partly because the number of referrals was quite low, but also because of difficulties in coordinating services across agencies. Several providers in Newark laid off staff for similar reasons; however, others were able to make use of alternative funding sources, some of which were not tied to client outcomes. Some funding sources supported services for different or broader target groups, which enabled these Newark providers to retain more of their staff.

Although Camden and Essex counties recently have made their performance-based contracts somewhat more generous, some vendors still have problems with the contracts' terms. Both counties recently have issued contracts that provide a somewhat larger payment to vendors at the point of client enrollment. In addition, some of Essex County's contracts now tie the job retention payment to the vendor's overall performance in job retention, rather than to outcomes of individual clients.³ However, several vendors in Camden City and Newark report that the performance-based contracts continue to impose excessive risks on their organizations, and some are reluctant to accept contracts of this type in the future. Most vendors also suggest that the contracts provide little financial incentive to assist hard-to-serve clients, as the cost of helping these clients find and retain jobs exceeds the payments tied to these outcomes.

Officials in the case study counties are continuing to explore new ways to refine performance-based contracts. Their goal is to provide appropriate incentives for performance while limiting the amount of financial risks vendors bear. Future efforts to refine contracts could focus on four specific strategies:

1. **Consolidating services for welfare recipients and other groups.** The uncertainty about the number of welfare recipients referred to providers is a less serious problem when providers use the same staff to deliver services to both welfare recipients and other groups. For example, some large training providers have been able to deal with fluctuating numbers of welfare recipient referrals because they mix recipients and other students in the same classes. The use of more generic staff enables providers to diversify and reduce the risks they bear: as welfare referrals drop, they can seek to attract other types of students. Thus, vendors may benefit if county agencies can combine funding streams for different populations into one contract.
2. **Covering a larger share of providers' costs.** If county agencies place a high priority on maintaining specialized services just for welfare recipients, they can modify contracts to ensure that providers will be able to cover a substantial portion of their costs. These changes need not preclude providing some incentive for providers to achieve specific client outcomes. For example, vendors can be promised a lump-sum minimum payment to cover at least a portion of their fixed costs, regardless of the number of clients referred.
3. **Setting payment rates to reflect the mix of clients referred.** The revenues of contractors whose contracts are performance based will continue to be sensitive to the fraction of their clients who are hard to serve. One way to address this problem is to tie the level of a performance-based payment to the background characteristics of the clients who are referred. For example, a vendor helping clients with little education obtain and retain jobs could receive payments that are somewhat larger than the standard payment for serving less-disadvantaged clients. However, this option would be feasible only if counties make substantial improvements in their assessment and vendor-tracking systems. Even if they do so, payments could be tied

³Thus, if a client does not remain in her job for six months, but the vendor already has met its overall job retention target, the vendor still receives all the "retention" payments from the county.

only to client characteristics that can be easily identified and documented before a client is referred to the vendor.

4. **Defining intermediate milestones for hard-to-serve clients.** Counties could reward vendors when their hard-to-serve clients achieve important intermediate milestones. For example, a vendor that discovers a client has a learning or substance abuse problem could receive a payment if its staff successfully refers the client to treatment (assuming a third-party screener confirms that the client needs treatment).

B. WHAT ARE LOCAL ORGANIZATIONS DOING TO ADDRESS PARENTS' SERVICE NEEDS?

Local public and private organizations in the case study areas are trying to enhance services designed to help disadvantaged parents find and hold jobs. This section focuses on efforts to improve five types of services: (1) community work experience opportunities for welfare recipients, (2) substance abuse treatment (3) vocational rehabilitation services for recipients with physical and learning disabilities, (4) child care, and (5) transportation.

Providing a valuable work experience requires more than an open slot.

When welfare recipients are unable to find a job, county agencies sometimes place them in an unpaid work experience designed to enhance their employability. Through the community work experience program (CWEP), local agencies place welfare recipients in nonpaying positions at public agencies or nonprofit organizations. Often, these work experiences are combined with other activities, such as an education class or training program, to form alternative work experience program (AWEP) positions.

An ideal CWEP position, whether provided as the sole activity or in conjunction with others, combines three elements: (1) accessibility, (2) prospects for future advancement, and (3) effective monitoring. An accessible work experience position is one that is within reach of the parent's skills. The parent should have reliable transportation to the job site and, if possible, to her child care provider. An ideal work experience also improves her future prospects by enhancing her occupational, general employability, and social skills. Ideally, the position leads to a permanent job, either at the work experience site or at another location. Finally, both the work-experience site supervisor and the worker should be closely monitored to ensure that a quality work experience is provided, and that the worker is performing adequately.

Each of the three case study counties provides community work experiences to its welfare clients that combine some of these elements. In Newark, the New Community Corporation's food service AWEP provides participants with classroom training that they can apply to work experiences at the organization's restaurant. New Community Corporation then helps clients who successfully complete the program to find a job, either in its own restaurant or at another establishment within the community. The certified nursing assistant AWEP in Camden County also combines classroom training with a work experience. Clients in the program work at the Camden County Health Department's 300-bed nursing facility; most participants ultimately secure an unsubsidized position in a local nursing home or hospital. Cumberland County offers CWEP opportunities at the Martin Luther King Academy's before- and after-school programs. Workers

who perform well in this experience are eligible to receive on-the-job training, and to enroll in a child care program at the community college.

Although these work experience activities have promising designs, others fall far short of the ideal. County and local agencies have encountered challenges in developing community work experience positions that (1) match clients' needs, (2) link to future job opportunities, and (3) provide sufficient feedback across clients' multiple activities.

Matching work experiences with clients' needs and other activities. It can be difficult to identify appropriate work experiences and training activities that match clients' interests, skills, and needs. In Camden County, the involvement of multiple agencies makes it harder to make these matches. Although the community work opportunities are developed by one agency, training opportunities usually are developed by another, and job search is provided by several others.⁴ Welfare case managers are expected to coordinate these activities, but they often are unfamiliar with the content of the activities and their scheduling constraints. Thus, some clients may be assigned to a community work experience and a training activity that are scheduled for the same time, or to a work experience that is not related to the classroom training.

In Essex County, caseworkers' knowledge of available AWEP providers affects the quality of matches. Each AWEP provider develops its own set of community work experiences for the AWEP. Caseworkers at the Division of Training and Employment (DTE), who are responsible for referring clients to one of these providers, often do not have detailed information about the range of opportunities each one offers. Thus, a client interested in a health-related experience might be referred to a provider that has not developed opportunities in this area.

Cumberland County, which has an extensive community work experience program, also has had difficulty obtaining good matches for clients. CCOET has developed almost 500 possible positions with 50 public agencies and nonprofit private organizations. It assigns clients to positions based on an employer's specific requirements, such as a high school education or the client's ability to travel to the job site. The CWEP provider also interviews the client and decides whether to accept her for the CWEP opening. Despite this comprehensive process, however, the need to find placements that are accessible to clients means that some clients are assigned to work experience positions that are of little interest to them and that offer few employment opportunities.

Linking work experiences to future prospects. Work experience providers and other community representatives report that some clients believe they have few incentives to apply themselves at work. They view the experiences as "make work" and do not see any merit in working for \$6 per day (the reimbursement most receive for transportation expenses). Some providers believe that sanctioning clients' cash benefits for their failure to attend these activities provides the necessary motivation; however others believe that sanctions further undermine clients self-esteem and motivation. According to some vendors, work experience programs that are likely to result in a job at the end of the experience are more attractive to clients and engage them more effectively.

Integrating training and work experiences. Discussions with county agencies and vendors suggest that staff are better able to monitor clients' activities when one organization coordinates

⁴The nursing program described above is exceptional in that a single agency—the Camden County Health Department—coordinates both the work experience and training components.

both the training and work experience components of an AWE. The organization is aware of its clients' dual activities and can more effectively monitor their progress in both of them. In addition, the supervisors of the work experiences can easily provide feedback to the classroom instructors. In some cases, supervisors also can assign tasks that reinforce the skills taught in the classroom. When responsibilities are divided, as they often are in the case study counties, a client is less likely to see a connection between her work and training activities and therefore often perceives the work experience as "make work."

Enhancing assessments and services can help treat more substance abusers.

Low-income parents who abuse alcohol or drugs have difficulty succeeding in the labor market. As noted in Chapter III, employers offering good jobs to low-skilled workers often require drug screening for entry-level job applicants. Even if parents with substance abuse problems find employment, they are likely to have difficulty retaining their jobs (Olson and Pavetti 1996). Interviews with service providers in the three case study areas suggest that many substance abusers have other problems that can affect their success at work, such as learning disabilities or mental illnesses.

NJDHS developed the SAI to address the problem of substance abuse among parents on welfare.⁵ This program enables caseworkers to identify clients who appear to have substance abuse problems, and to refer them to the SAI care coordinator for a professional evaluation of their problem.⁶⁷ In some counties, other organizations, such as vendors, can also refer clients to the SAI coordinator. As in a managed care health system, the care coordinator assesses clients' needs, determines appropriate treatments, and refers them to providers in the SAI network.

Persuading substance abusers to enter treatment programs is difficult in the best of circumstances, so it is not surprising that SAI has had limited success. According to the available research, 11 to 27 percent of welfare clients nationwide have substance abuse problems (Meckstroth et al. 2000). However, only about 5 percent of TANF clients have been referred to the SAI program (Table IV.1). In 2000, the welfare program in Camden County referred 2 percent of its TANF caseload for an SAI assessment; Essex County referred 8.0 percent, and Cumberland County referred 3.7 percent. About half of those referred in Camden County and about 20 percent of those referred in Essex County entered a treatment program. As a result, some organizations providing work experience and other services to TANF clients express frustration over the number of clients with substance abuse problems who are unable to function in the classroom or workplace.

⁵The National Council on Alcoholism and Drug Dependence of New Jersey administers the initiative under contract to the New Jersey Department of Health and Senior Services.

⁶Essex County is one of two counties participating in the Substance Abuse Research Demonstration (SARD). In this demonstration, all clients who are at the welfare office on randomly selected days are referred to the care coordinator for an assessment, regardless of the results of the screening tool.

⁷Clients whom the screening tool has identified are not required to meet with the care coordinator. However, clients who have been sanctioned as a result of their failure to participate in an activity and who are suspected of substance abuse are required to attend such a meeting. If they do not comply, their case is further sanctioned.

The case study communities' experiences with the SAI program provide valuable lessons. These lessons suggest the importance of (1) identifying clients who may need substance abuse service and arranging quick professional assessments of their problems, (2) ensuring that treatment opportunities are available, and (3) providing comprehensive services to clients needing substance abuse treatment.

TABLE IV.1

CLIENTS REFERRED, ASSESSED, AND ENTERED INTO TREATMENT
THROUGH THE SUBSTANCE ABUSE INITIATIVE,
JANUARY THROUGH DECEMBER 2000
(Percentage of TANF Caseload)

Place	Referred	Assessed	Entered Treatment
Camden County	2.0	1.6	1.1
Cumberland County	3.7	3.8	3.7
Essex County	8.0	6.3	1.7
New Jersey	5.2	4.4	1.8

SOURCE: New Jersey Department of Health and Senior Services.

NOTE: The number of TANF clients referred, assessed, and entered into treatment during the 12-month period is divided by the TANF caseload, minus child-only cases, averaged over the 12-month period.

Broaden skills and responsibility for identifying possible substance abuse. Convincing substance abusers to enter needed treatment programs requires that they first admit they have a problem, and that they commit themselves to resolving it. It is even more difficult to induce substance abusers who are single parents with weak support networks to take this step. These parents often are reluctant to publicly admit they have problems, because they fear their children will be taken from them.

It is difficult for trained workers to induce clients to realize and admit to their problems—but it is even more difficult for welfare caseworkers with little relevant training. Case workers in all three case study counties have some difficulty identifying likely substance abusers. Many county welfare case workers, who are responsible for administering the SAI screening instrument, do not have the training to elicit honest responses from clients or the time to give the instrument the attention it deserves (Rosenberg et al. 2000). They do not feel comfortable asking the sensitive questions in the screening instrument and talking with clients about abuse of drugs or alcohol. Additional training can help staff highlight the benefits of treatment without minimizing the personal challenges a substance abuser can face. Limitations on the caseworkers' time, especially in Essex County, can compound the challenges these staff face. Caseworkers in Essex County say their caseloads are too large (as many as 150 cases per worker) and their WFNJ responsibilities too great to spend the time with clients to learn about each one's individual situation and problems.

Staffing problems sometime prevent a substance abuser from receiving an immediate professional assessment from the SAI care coordinator. Cumberland County shares its care coordinator with other counties, so the coordinator may not be available on the day a client admits she has a substance abuse problem. In Essex County, the care coordinators often are too busy seeing clients who had been referred to them through the SARD program or the mandatory SAI referrals to schedule a same-day appointment with an admitted substance abuser. If the assessment is not done quickly, the client may lose the courage to follow through with the process.

Broadening the responsibility for identifying and referring clients with substance abuse problems could enable more of these clients to enter treatment programs. Under the current system, referrals typically flow through the welfare caseworkers, but this centralization can restrict the referral process. Thus, in Cumberland County, the CCOET must send SAI referrals through the CWA, even though its workers often have more frequent contact with clients than do the CWA's caseworkers. CCOET staff contend that this requirement limits their ability to refer clients to treatment quickly. In Essex County, DTE recently began referring clients to the SAI care coordinator. Although the flow of its referrals to the SAI care coordinator has been low, allowing DTE and other agencies to make referrals could increase the likelihood that substance abusers receive the treatment they need.⁸ However, if other organizations became responsible for referring clients, their workers will have to be trained on how to screen and talk with clients about substance abuse.

Expand types of treatment programs. Available treatment programs do not always have sufficient capacity to meet the needs of everyone with substance abuse problems. In the three case study communities, substance abuse services, especially for women with young children, are in short supply. In general, the availability of services, particularly residential treatment and

⁸DTE staff report that referrals have been low because their large caseloads have prevented them from devoting time to the initiative.

methadone maintenance outpatient care, is more limited in the southern part of the state; clients there often are referred to northern New Jersey providers for treatment. According to SAI providers, the lack of transportation and child care services also affects clients' use of their services.

The rates paid to providers in the SAI network may not be sufficiently high to attract other substance abuse providers to participate in the initiative. SAI providers report that the rates paid for substance abuse treatment are low relative to private insurance rates and public sector rates in neighboring states. Raising rates, especially for provision of services in short supply, may help increase the number of providers willing to enter the SAI network.

Provide comprehensive treatment to substance abusers. To better meet clients' multiple needs, substance abuse providers in the network must coordinate with other providers of services their clients are receiving, such as employment and training agencies. Providers of substance abuse services in the case study areas believe that their staff are most effective when they can monitor their clients' progress in these other activities. However, because of limited communications with other organizations, substance abuse providers are not made aware when their clients have experienced difficulties at a workplace or in a training program.

To expand rehabilitation services, screening must be improved.

Some low-income parents have other physical and mental problems that make it hard for them to become and remain employed. As the most employable clients leave cash assistance, the remaining caseload tends to consist of more clients with these serious problems. In New Jersey, more than half the clients who have received welfare benefits for more than two and a half years report their physical or mental health is poor (Rangarajan and Wood 2000).⁹ Many other low-income parents have health problems that limit steady employment. In the three case study areas, 18 percent of nonworking modest-income residents reported that their physical or mental health prevented them from working.

NJDHS began a major initiative in the fall of 1999 to improve the use of vocational rehabilitation services to help welfare clients with physical and mental problems. Modeled on the collaboration between the local welfare and vocational services offices in Cumberland County, NJDHS contracted with the NJDOL Division of Vocational Rehabilitation Services (DVRS) to provide vocational services to welfare clients. In Cumberland County's program, caseworkers in the county welfare and workforce offices refer to DVRS those clients whose physicians indicate they can work despite having medically limiting conditions ("limited deferrals").¹⁰ Similarly, the state initiative, which is undergoing pilot testing in the three case study community counties and five others, is designed to increase the number of clients with disabilities who are referred to the

⁹This finding is consistent with national research. According to this research, as many as 40 percent of the pre-TANF welfare caseload had learning disabilities, and 28 percent had mental health problems (Meckstroth et al. 2000).

¹⁰When a physician indicates a client cannot work because of a medical condition, then the client receives a medical deferral from participating in a work activity. However, if the physician indicates that the client can participate in certain activities despite a legitimate medical condition, then the client receives a limited medical deferral and can be required to participate in a work activity.

vocational rehabilitation system.^{11,12} The state has given caseworkers a list of criteria to use when referring clients. These client characteristics, such as long-term cumulative welfare receipt and multiple sanctions against their cash assistance grant, provide some preliminary indication that a client might benefit from vocational rehabilitation services.¹³ Although these groups of clients can be required to participate in DVRS activities, clients with a medical deferral have the option of not doing so.

DVRS services help individuals with disabilities become employed. Vocational counselors at local DVRS offices conduct extensive assessments of referred clients to better understand their barriers. Clients needing vocational rehabilitation services are then referred to local service providers, which offer such services as sheltered workshops, job placement and coaches, and vocational training.

Experiences of the counties as they began to implement the new DVRS initiative suggest several lessons for the future: (1) the need to help staff better understand vocational rehabilitation services, (2) the need to refine screening tools, and (3) the importance of focusing services on medically deferred clients.

Enhance caseworkers' understanding of vocational rehabilitation services. Although more TANF clients have been receiving DVRS services, the number still falls short of the suspected incidence (Table IV.2) of physical and learning disabilities in the TANF population.¹⁴ In Essex County, less than 1 percent of the TANF caseload received vocational rehabilitation services in September 2000; 2.1 percent of TANF clients in Camden County were receiving services. Cumberland County, with a history of collaboration among its welfare, workforce, and vocational rehabilitation agencies, had 9.7 percent of its TANF clients on the DVRS caseload.

Workers in the welfare offices did not always have the necessary skills to make appropriate assessments and referrals for vocational rehabilitation services. In some instances, they did not know their clients well enough to determine their limitations and their suitability for these services. Some caseworkers who were familiar with their clients' problems did not fully understand what services DVRS provides, and which types of problems these services were designed to address. Even in Cumberland County, which has had a strong interagency relationship, DVRS staff indicated that welfare and workforce agency caseworkers have had difficulty making appropriate referrals. To help caseworkers make more appropriate referrals, CCEOT recently hired a consultant to train its staff and staff of other agencies how to identify clients with hearing, vision, or learning disabilities.

¹¹The other counties in the initiative are Atlantic, Hudson, Monmouth, Ocean, and Passaic.

¹²The state has implemented a comprehensive assessment process for clients who have been in welfare 34 months or more. This process can also help identify clients needing vocational rehabilitation services.

¹³The form identifies the following criteria: (1) clients who have been unsuccessful in WFNJ activities during the preceding six months and who test below the eighth grade level (or have no GED or high school diploma); (2) clients who have been receiving assistance for 60 cumulative months; (3) clients whose cases have been sanctioned at least twice, and whose cases have been closed as a result of a sanction at least once; and (3) clients in SAI, who have been cleared to participate in activities.

¹⁴However, the number of TANF clients receiving DVRS services is reaching the contracted level of service between NJDOL and NJDHS.

TABLE IV.2

PERCENTAGE OF TANF CLIENTS RECEIVING
VOCATIONAL REHABILITATION SERVICES^b

Place	April 2000	September 2000
Camden County	1.6	2.1
Cumberland County	10.6	9.7
Essex County	0.3	0.4
Eight Counties in Joint Initiative ^a	1.1	1.9
New Jersey	1.3	1.5

SOURCE: Vocational Rehabilitation data from NJDOL data base; NJDHS management system.

^aEight counties (Atlantic, Camden, Cumberland, Essex, Hudson, Monmouth, Ocean, and Passaic) are participating in the joint NJDHS-NJDOL initiative to increase use of vocational rehabilitation services by DVR-eligible TANF recipients.

^bThe numerators of these percentages are the numbers of TANF clients served by DVRS at two points in time: (1) April 13, 2000; and (2) September 15, 2000. The denominators are TANF caseloads (excluding child-only cases) for the months of April 2000 and August 2000, respectively.

Refine screening tools. Local DVRS staff do not consider the referral criteria developed for the initiative always to be appropriate. On the basis of these criteria, some CWA staff refer all their long-term recipients to DVRS regardless of whether they had any reason to believe these clients had a physical or learning disability. Clients who clearly have learning disabilities do not receive referrals for services unless they also have received multiple sanctions or are long-term welfare recipients. Based on feedback from local DVRS staff, Camden County caseworkers have begun to focus on clients with limited referrals, the same population that Cumberland County has targeted.

Place additional focus on medically deferred clients. Medically deferred welfare clients, who may have the greatest need for vocational rehabilitation services, are not targeted for services under this initiative. In some places, this population comprises a large proportion of all TANF clients. In Cumberland County, as much as 40 percent of the caseload has been deferred for medical-related reasons.¹⁵ In contrast to those with limited deferrals, medically deferred clients are not required to participate in any activities. Once deferred, they do not receive services or information about services that may help them become employed but continue to accumulate months toward their TANF time limit.

Marketing vocational rehabilitation services to these clients may encourage them to seek services to help them become employed. In fact, the DVRS in Essex County plans to send letters

¹⁵FAMIS and OMEGA administrative records, fourth quarter 1999.

to all those deferred that explains its services. Although DVRS does not expect many responses, it may give some clients the opportunity to receive needed services.

*Case study areas are making progress in creating a seamless and comprehensive child care system.*

Low-income parents, especially single parents, need stable, reliable child care in order to obtain and hold jobs. Those who have not been able to secure this care may have difficulty entering the labor market or may miss work when informal child care arrangements break down. Employers consider absenteeism caused by breakdowns in child care arrangements a major challenge to entry-level workers' continued employment.

Under the state's child care subsidy programs, a client is eligible to receive continuous help with her child care costs while in the TANF program and for at least the two years after leaving the program for employment. Each county's UCCA administers the state's three child care subsidy programs: (1) WFNJ child care for clients receiving cash assistance and working or participating in work activities; (2) two years of transitional child care for clients who no longer are eligible for cash assistance because they have earned income; and (3) New Jersey Cares for Kids (NJCK), for low-income families as long as they remain eligible.¹⁶

A seamless and comprehensive child care system must contain certain elements. First, families should be able to easily move from one program to another, without experiencing any disruptions in their child care services. Second, parents should be aware of the services available to themselves and to their families. Finally, the supply of child care should be sufficient to meet the needs of families eligible for the different subsidy programs.

Each case study county has established important elements of a seamless, comprehensive system to serve the child care needs of its low-income families. In all three counties, parents receiving cash assistance and participating in work activities contact the UCCA to learn about their child care options. The UCCA then gives the parents the names of potential child care providers to contact, and the parents select their provider. The UCCA and other county agencies also inform parents about the various child care subsidy programs when they enter the welfare system, as well as on other occasions when they receive cash assistance. In the end, parents choose the type of child care they want for their children. Some parents decide not to use formal care, because they trust only their friends or family to care for their children or because child care centers are inconvenient.

Although counties have succeeded in creating a child care referral system, some gaps remain. Interviews with local service providers suggest that low-income parents with child care needs would benefit from (1) expanded infant child care services, (2) more flexible child care hours, (3) additional NJCK slots, and (4) greater awareness of the available child care subsidy programs. In addition, WFNJ families would benefit from improved continuity of child care while receiving TANF.

Expand infant care. Demand for infant child care among low-income families exceeds its availability. Many of the child care providers interviewed for this study have waiting lists for infant

¹⁶Families are eligible to participate in the NJCK program if their annual gross income does not exceed 200 percent of the federal poverty level. They remain eligible for program benefits until their annual gross income exceeds 250 percent of the federal poverty level.

care. For example, in Newark, the New Community Corporation's eight Babyland child care centers have a combined waiting list of more than 100 infants. Respond, Inc., in Camden City, has 150 infants and toddlers on its waiting list for 75 subsidized slots.

Welfare reform has most likely contributed to the growing demand for infant care. The current welfare program requires parents with children older than 12 weeks to participate in program activities or work for 35 hours per week. Prior to WFNJ, parents were exempted if their youngest child was younger than one year. The 35-hour requirement has forced many families to obtain full-time child care. At the same time, other low-income mothers may be trying to avoid entering the welfare system by returning to work when their children are very young.

The cost of infant care may be the main factor limiting its availability. Costs to provide infant child care are higher than the costs of providing care to preschool-aged children because infant-toddler programs require higher staff-child ratios and must meet more stringent facility standards. Although the state reimbursement rates for infant care are higher than for preschool care, providers say the infant care rates are not high enough to compensate them for the additional staff and facility improvements they are required to make.¹⁷

Providers can pursue opportunities to expand infant care.¹⁸ For example, in September 2000, Newark's New Community Corporation used a grant it won from the federal Early Head Start program to begin converting one of its eight Babyland child care centers to an infant child care center. This conversion will eliminate Babyland's waiting lists for infant care.

Improve the availability of extended-hour care. Child care staff report that the parents in their communities need day care centers that have extended hours of operation. Commutes can increase the number of hours that parents are away from home. In addition, parents often do not work during the same hours that centers are open. Child care centers that are open for only 10 hours may not cover the hours during which parents need child care.¹⁹ For example, a child care center may be open from 7:30 a.m. to 5:30 p.m., whereas the client might work from 7:00 a.m. to 4:00 p.m. or from 8:00 a.m. to 6:00 p.m. Even centers or family day care providers that are open longer than 10 hours may not provide enough flexibility for parents with long commutes or unusual work hours.

In the absence of child care providers with longer or more flexible hours, transportation services and employer-based child care may help working parents juggle their jobs and their need for child care. To help parents with their commutes, about 10 percent of child care centers in Newark provide transportation services for their families.²⁰ The centers pick up children at their homes in the morning and bring them home in the evening. In Camden, the van service provided

¹⁷For example, the state-subsidized child care program's full-time reimbursement rate for infant/toddler services is \$139.20 per week; for preschool services, it is \$114.80 per week.

¹⁸The state's Neighborhood-Based Child Care Incentive Demonstration program may increase the supply of infant and toddler care. The demonstration seeks to encourage community partnerships to develop child care centers. Communities in Cumberland and Essex counties are targeted for this program.

¹⁹State-contracted child care centers are required to be open for a minimum of 10 hours.

²⁰The state reimburses the centers for transporting children participating in the welfare program at a rate of \$10 per week per child.

by the Camden County Improvement Authority (CCIA) takes children to child care and their parents to work. Several employers in Camden County now have started on-site child care designed to provide the stable, accessible child care their employees might otherwise have difficulty obtaining. These arrangements enable employees to commute directly to work, without having to first travel, possibly in a different direction, to drop their children off with a child care provider.

In contrast to the need for extended-hour care, it is less clear whether there is a need for formal late-night or weekend care. Local child care staff suggest that most low-income parents who work second or third shifts are able to place their children in the homes of family members, or to obtain child care in their neighborhoods, rather than seek late-night child care at centers. In fact, at least one provider in each case study community has tried to offer after-hours care but found little demand to support the program. Nevertheless, concerns about the need for this care might be warranted. According to workforce staff in Essex County, some parents turn down or cannot maintain nonstandard-hour jobs, because of child care difficulties.²¹

Expand NJCK program vouchers. Many low-income families that need help to pay for child care costs have been placed on waiting lists for NJCK program vouchers. In July 1999, the state infused money into the NJCK program to provide vouchers for 7,500 children, and to clear the waiting lists. However, after these funds were distributed and the new child care slots were filled, the waiting lists began to grow again.²² Local service providers suggest that the scarcity of NJCK vouchers is making it harder for these low-income parents to stay employed.

Reach out to families that are eligible for child care. In each of the three case study counties, only about one-third of families whose welfare cases were closed due to employment received a child care subsidy. Although some parents who leave welfare for work may not be interested in receiving child care subsidies, poor staff communications may also contribute to this low rate. For example, service providers sometimes are aware that clients have obtained a job but fail to notify the clients' welfare caseworker. A caseworker who is informed about the job would be able to contact the client, confirm the employment, and establish eligibility for the two years of transitional child care.

Some parents do not know about child care programs that are available to them. About 30 percent of parents in the case study areas who were eligible for a child care subsidy said that they were unaware of the programs.²³ Although UCCA staff and other agency staff in the case study counties usually inform welfare recipients about the different subsidy programs, these clients do not always absorb the information. Because staff have large caseloads, they do not always have the

²¹In addition, the informal child care arrangements parents make when they work nonstandard shifts tend to be unstable and of mixed quality (Wood and Paulsell 1999; and Ross and Paulsell 1998).

²²By January 2001, the waiting list reached more than 4,000 children. About 600 families are on the waiting list in Essex County, and smaller waiting lists exist in Camden and Cumberland counties. However, the waiting lists are only a rough indicator of demand for the child care subsidies. Some clients on the waiting lists may no longer need child care. Conversely, some parents who are eligible and interested in obtaining a subsidy may decide not to put their name on the waiting list.

²³Similarly, the WFNJ client study found that statewide, only 55 percent of employed former TANF parents were aware they were eligible to receive child care subsidies (Rangarajan and Wood 2000).

time to determine that clients understand how the child care programs work. More care must be taken to ensure that this information is effectively communicated to eligible parents.

Avoid interruptions in care between work activities. According to service providers in the case study areas, child care arrangements can be interrupted while parents are in the TANF program. Child care provided through TANF is linked to a client's participation in work activities; consequently, when she completes one activity, her child care continues only if her next activity is already scheduled.²⁴ If the welfare agency is not able to make timely referrals that would enable the UCCA to initiate child care agreements with the providers and clients, the family sometimes loses its child care. Child care providers report that these disruptions occur frequently in Camden and Essex counties.

Case study counties can try to counter some of these coordination difficulties. To maintain the continuity of welfare clients' child care arrangements, Respond, Inc., in Camden City, informs parents that their child care vouchers are about to expire. Center staff then inform clients that their voucher is ending and encourage clients to contact their CWA caseworker to reestablish their eligibility for child care. Child care providers in Newark believe they would benefit from having one person at the UCCA designated as their liaison to help resolve issues relating to clients' eligibility for child care and other child care problems.

Available funds and existing networks can improve clients' transportation options.

People must have adequate transportation if they are to commute easily to their jobs and their children's child care providers. Many low-income families do not own cars.²⁵ Residents in urban areas, such as Camden and Essex counties, are particularly likely to rely on public transportation, partly because these systems are more extensive. However, in both urban and rural areas, public transit systems do not always extend into areas in which jobs are growing.

Both the state and individual counties have sought to expand working parents' transportation options (Rosenberg et al. 2000). Several counties have worked with New Jersey Transit to add or modify bus routes to growing employment centers. Some counties have developed their own van or bus services to help working parents, especially those leaving welfare for work, commute to their jobs. Another approach is to provide resources to help working parents pay for public or private transportation. The state generally reimburses welfare recipients for their transportation-related expenses (up to \$6 per day) or issue a monthly bus passes. A few counties provide supports to help low-income parents purchase or maintain their cars.

Of these options, the case study counties have made the most progress in developing special bus or van services. The Camden County Improvement Authority (CCIA) used a federal Job Access and Reverse Commute (JARC) grant to develop a special bus service for welfare clients who obtain employment. This service transports clients from downtown Camden to job locations

²⁴To cover child care costs when clients are between activities, New Jersey's child care regulations allow the UCCA to continue paying for child care for one month if the second activity has been scheduled in such a way that there is a gap between the activities. To create the "bridge" payment, the management information system must have a record of the next activity.

²⁵Only about one-third of poor parents in Camden and Newark own or have some access to a car. In Cumberland, where the public transit system is less well developed, two-thirds of parents have access to a car.

and child care centers in Camden and Burlington counties. In Cumberland, CCOET has used federal welfare-to-work funds to develop a shuttle system to bring current and former welfare recipients from downtown Vineland to jobs in the city's major industrial park.

Cumberland County also has provided additional support to working parents who do not own cars. Through the county's competitive federal welfare-to-work grant, former long-term welfare parents who are working can keep their earnings in special individual development accounts. These savings, which are matched by the county, can be earmarked for the purchase of a car, home, or additional education. Program participants also can receive extra funds to help them pay transportation and child care costs related to their employment.

Two obstacles have made it difficult to develop new transportation services. First, Camden County staff have had some difficulty making other providers and recipients aware of the new transportation services. Although access to the system is not limited to welfare clients who obtain employment through CCIA's job placement services, clients who obtain jobs through other organizations rarely learn about and take advantage of the services. Second, transportation plans do not always meet the criteria for receiving transportation funds. Cumberland County had planned to consolidate all of its special van and bus services, including those for welfare recipients, the elderly, and disabled residents. Taking full advantage of the entire fleet of vans and buses would enable the county to improve the efficiency and range of available transportation services. Under this system, a central transportation manager would plan clients' transportation routes, based on the transportation services available. However, because JARC grants are targeted for the development of new or expanded transportation systems, Cumberland County's plan for an integrated system did not meet this grant's criteria. Given the constraints in this federal funding source, the state might explore other ways of funding initiatives like Cumberland's that are designed to improve the efficiency of county transportation services.

C. WHAT ARE PRIORITIES FOR ADDITIONAL IMPROVEMENTS IN SERVICES?

Although welfare reform has prompted many institutional changes designed to enhance services, the pressure to make additional improvements is likely to persist. The real and perceived stakes of welfare-to-work initiatives will increase as more clients begin to exhaust their lifetime entitlements to cash benefits. Many of those continuing to receive welfare assistance face multiple barriers and may need a variety of services before they can obtain and hold jobs. Some former recipients as well as other low-income parents will need training or other services to stay employed and remain off welfare.

Some strategic decisions and investments could improve services designed to address employment barriers of low-income parents. This study was not designed to measure the impact of specific program initiatives. However, the interviews with staff of the public agencies and service providers in the case study communities suggest that several general objectives could be priorities, as state and local officials seek to enhance services further. In the remainder of this chapter, we briefly discuss opportunities to make improvements in four areas: (1) strengthening institutional partnerships, (2) enhancing client assessment systems, (3) refining performance-based contracts, and (4) expanding the supply of key services.

- C *Strengthening partnerships capable of mobilizing a rich array of resources.*** State and local officials have involved new public and private institutions in welfare reform initiatives. However, partnerships in each of the case study communities could be enhanced by involving new members or by modifying institutional roles. To engage hard-to-serve clients and advertise transitional supports and benefits, Cumberland County may have to take greater advantage of local community-based organizations. If Camden County wants community-based organizations to remain involved in outreach or service delivery, county leaders will have to regain the trust of these organizations' leaders, as many believe they have been treated unfairly. Essex County has a different problem; many of its community-based organizations are performing nearly identical functions, rather than taking on roles that reflect their relative strengths.
- C *Enhancing assessment through investments in staff and systems.*** State and local officials have made significant improvements in assessment procedures. For example, the new substance abuse and vocational rehabilitation screening procedures have the potential to help more welfare recipients with health problems. However, to ensure that partners identify clients with service needs and address those needs, additional investments probably will have to be made. Assessment instruments could be further enhanced to help front-line workers collect more detailed information on clients' interests, skills, and problems.²⁶ These staff also could benefit from additional training on using existing and new assessment instruments, the types of services to which clients can be referred, how to refer clients to providers, and the types of client information that should be shared with the provider. Establishing computer links among organizations could facilitate the exchange of information about clients. Finally, some agencies may have to reduce their staffs' average caseloads to provide sufficient time to complete careful assessments and communicate with service providers.
- C *Refining contract standards to reflect changes in size and composition of caseload.*** Many counties in the state, including Camden and Essex, have recognized that performance-based contracts can serve as a useful tool to reward contractors whose clients complete programs, obtain jobs, and stay employed. As counties seek to refine the structure of these contracts, they are focusing on several issues. First, the decline in welfare caseloads may require more contractors to consolidate programs for TANF recipients with programs designed to serve other target populations so that the providers can achieve higher economies of scale and diversify risks associated with uncertain referrals. The unexpected decline in TANF caseloads also has increased the fraction of hard-to-serve clients referred to vendors, making it harder to achieve the client outcomes on which the vendors' payments are based. To ensure an adequate supply of services, counties may have to increase average performance-based payments or tie the payment level to the specific barriers facing the clients who are

²⁶After information for this study was collected, NJDHS began administering a comprehensive assessment to all clients who have been receiving cash assistance for 34 months or longer. The assessments will help counties develop service plans for individual clients, diagnose county-wide problems, and formulate solutions to those problems.

served. Vendors also could be reimbursed when they identify and appropriately refer clients who need intensive treatment.

- C *Increasing the supply of key services.*** Although the state and counties have increased the supply of many key services, important gaps remain. Child care is available for most parents, but some parents still have difficulty obtaining subsidies or the type of child care their children need. Low-income parents who have not received welfare assistance or who have exhausted their two years of transitional child care often must put their names on waiting lists; they may not reach the top of the lists for a year or more. Additional state funding will be needed to clear these lists. Furthermore, preschool child care in the three communities is plentiful, but infant child care centers do not have sufficient capacity to accommodate demand. Similarly, some substance abuse services are in short supply statewide, particularly residential services that can accommodate a family and services that integrate mental health and substance abuse treatment. State officials should determine whether the rates paid to providers of infant child care and family-oriented substance abuse treatment are sufficient to induce providers to expand these services. Finally, low-income parents who do not have access to a car have difficulty reaching jobs outside their community. Further improvements in public transportation systems could help these parents obtain and hold jobs.

It is clear that, by working together, state and local agencies have made significant progress in implementing welfare reform. However they now must confront some of the most difficult challenges. Finding ways to address the unmet needs of low-income parents will require careful planning and new resource commitments. The time and resources invested can help achieve the ultimate goals of welfare reform—helping parents succeed in the labor market and sustain their families.

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APPENDIX A

PROFILE OF CAMDEN

PROFILE OF CAMDEN

I. LOCAL CONTEXT

A. Social and Economic Context

For decades, the city of Camden has been mired in poverty and related social problems. In 1995, Camden had the highest poverty rate for school-age children (about 55 percent) in the state. The city's 1999 unemployment rate (13 percent) was about three times the state average. Residents' poor health appears to contribute to these high rates; half of the unemployed, modest-income parents reported that they could not work because they or a family member had a health problem. Furthermore, nearly half (44 percent) of the modest-income parents do not have either a high school diploma or a GED. The city of Camden also ranks high on other indicators of social disorder. The city's 1998 crime index was the highest and its violent crime rate the second highest among the state's 15 largest cities. Local teenage birth and adverse pregnancy outcome rates are also much higher than in the rest of the state.¹

Since implementation of the 1997 welfare reform initiatives, the economy in the region has improved, expanding the number of entry-level jobs. The 1998-1999 employment growth rate in the Camden Labor Area (Camden, Burlington, and Gloucester counties) was slightly higher than that of the state. Much of the growth in entry-level positions has been in the service industries (particularly in health services), a trend that is expected to continue. Job growth in the higher-paying clerical and sales sectors is also expected to be large.

Much of the growth in the regional labor market, however, is taking place in areas not easily accessible by public transportation—in the adjacent counties of Burlington and Gloucester, and to a lesser extent in parts of Camden County outside of the city. Burlington and Gloucester counties are expected to have job growth rates much higher than that of Camden County. Between 1996 and 2006, both Burlington and Gloucester counties are expected to have a 17 percent growth in jobs, while jobs in Camden County are expected to grow by 12 percent. Many areas experiencing job growth are not easily accessible by public transportation. For example, while it takes about 20 minutes to travel by car the 15 miles to Mt. Laurel in Burlington County, it takes about an hour by public transportation. Moreover, many bus services in the city of Camden stop around 8 or 9 P.M.

In spite of these problems, Camden's welfare caseload has fallen dramatically since the implementation of Work First New Jersey (WFNJ). Between July 1997 and July 2000, Camden County's caseload fell by more than half, with most of the decline occurring in Camden City. However, Camden City continues to have a high percentage of its population on welfare (about 10 percent compared to about 6 percent statewide).

¹In 1997, 29 percent of births in the city of Camden were to teenage mothers, compared to 7 percent for the balance of Camden County and 8 percent for the state. The percent of low-weight births in the city was nearly twice that for the balance of the county and for the state as a whole—13.1 percent, compared to 7.1 percent in the balance of Camden County and 7.7 percent for the state. The postneonatal mortality rate for the county was also more than twice that of the state—3.5 postneonatal deaths per 1,000 live births, compared to 1.9 for the state.

B. Institutional Context

In planning the county's welfare reform initiatives, the planners had to contend with both economic and institutional challenges.² One challenge was working through differences in perspectives and interests of the key institutions involved. Local public agencies and service providers agreed with the goal of placing clients in jobs, but they had different views on how to achieve this goal. Leaders of each organization believed that their own staff and programs were best suited to helping recipients. While their perspectives appear to have been partly driven by organizational interests, they also seemed to reflect differences in values and perceptions of the most important barriers. Three distinct strategies for welfare reform were advanced that represented somewhat diverging priorities:

1. ***Establishing Strong Linkages with Economic Development and Employment and Training Entities.*** This approach was advanced by some county freeholders and the county's Workforce Investment Board (WIB). They believed that accomplishing the goal of moving clients into jobs required having stronger linkages among the county Welfare Agency, the Camden County Improvement Authority (the county's economic development arm), and the Resource Center (the county's workforce agency). They felt the participation of the Resource Center and the Improvement Authority would improve clients' access to employers and help focus other organizations on the goal of job placement. The WIB also believed that holding organizations accountable for their performance would encourage them to deliver services efficiently, while keeping them focused on program goals.
2. ***Organizing Welfare Reform Initiatives Through the County Welfare Agency.*** The county welfare agency felt that the welfare reform initiatives should take advantage of its institutional knowledge and structures. The county welfare agency staff, responsible for administering public assistance programs in the county, believed that they were most well versed in welfare policies, had established relationships with many of the organizations serving low-income families in Camden, and understood the welfare population better than any other local organization.
3. ***Using Nongovernmental Agencies to Deliver Core Services.*** This approach was advanced by the Community Planning and Advocacy Council, the area's human service advisory council, and local community-based organizations (CBOs) that work extensively with low-income families. Staff from these organizations were skeptical that county agency staff understood clients' needs and had the ability to motivate clients. The CBOs' staff also felt that, even if the government staff possessed these skills, the fact that they were employees of the government would make clients wary of their

²The group that planned the county's welfare reform initiatives has evolved into the Employment Partnership Collaborative, which creates and coordinates initiatives designed to help low-income residents get jobs. It continues to facilitate coordination of the welfare initiative.

intentions. Since they were known and trusted in the community, the CBOs' staff believed that they would be more effective in moving clients into jobs.

Resolving these differences in strategies has been difficult because trust among the staff of these organizations is lacking. The lack of trust was an outgrowth of a history of intense competition for resources by private and public organizations, who questioned each other's mission, effectiveness, and way of competing for resources. Trust was further undermined by the recent history of changes in case management roles among several organizations—the community college, the Resource Center, and the county welfare agency. The unstable institutional roles reflected and reinforced organizations' efforts to expand their responsibilities in ways that sometime conflicted with the interests of other local institutions. Some nongovernmental agencies also felt shut out from participating in previous efforts to improve social services in Camden. This lack of trust posed challenges for a joint initiative calling for close coordination.

The county freeholders chose to put the WIB in charge of coordinating the development of the county's welfare reform plan. The WIB sought to foster interagency trust and cooperation by inviting a broad range of social services and economic development organizations to participate in planning and carrying out the welfare reform initiatives. The planning group eventually consisted of representatives from more than 20 businesses and public and nonprofit organizations.

The planners developed a strategy to take advantage of each organization's strengths. The general case management and assessment functions were assigned to the county welfare agency because of the agency's knowledge of welfare policies and bureaucracies and its experience working with the welfare population. Most of the education and occupational interest assessment, general employability skills instruction, job search, and GED instruction tasks, as well as management of training vendor contracts, were assigned to the Resource Center because of its experience performing these functions. Similarly, the planners assigned the Improvement Authority the tasks of recruiting employers, placing clients in jobs, and providing them with transportation, because of its involvement in economic development initiatives in the county. Finally, recognizing the difficulties county agencies previously encountered when working with long-term welfare recipients, the committee assigned local CBOs the responsibility for working with this group. The CBOs' roles included case management, employability skill instruction, job placement, and outreach to these clients. The planners felt that the CBOs would be able to contact and win the trust of hard-to-serve clients because of their strong community networks. Since the CBOs' assignment was based on their ability to work with a specific population, their roles overlapped with those of the public agencies, including the county welfare agency, Resource Center, and Improvement Authority.

Overlapping services in Camden became a major issue when the vendors began to experience financial losses under their performance-based contracts. The performance contracts were designed to focus providers on job placement and retention by tying vendor payments to client progress in the program.³ Given the large number of organizations participating in the welfare initiative, each with

³Some county agencies have also instituted incentives for their staff to encourage job placements. For example, the Improvement Authority has linked staff compensation to job placement and retention, and the Resource Center has incorporated job placement into its staff evaluation.

a particular role and dependent on other organizations, a key challenge, and one that eluded the Camden partnership, was providing the incentives for organizations to work together cooperatively.

As part of its service-enhancing strategy, the planning group pursued other sources of funds. In addition to TANF and Welfare-to-Work formula funds, which they used to contract with the CBOs to provide more intensive services to high-risk clients, the planners also sought (unsuccessfully), to secure a Welfare-to-Work competitive grant. The partnership did win a 21st Century Demonstration Grant to identify and assist recipients and other underemployed residents of the city of Camden in obtaining employment through mentorships, training, and support services.

II. ENHANCING SERVICES AND SERVICE DELIVERY SYSTEM

Organizations involved in Camden's welfare initiatives sought to achieve three key objectives. One is to make sure that clients are aware of and enter program services and to develop plans that best meet clients' needs, based on careful assessment. A second objective is to provide the training and work experiences that engage and prepare clients for the workforce. The third objective is to address important services needs that affect clients' ability to work.

A. Outreach and Assessment

Outreach. One of the key rationales for involving CBOs was to provide outreach, particularly for long-term and difficult-to-employ recipients. The planners felt that the CBOs' local networks and understanding of the residents' concerns would make them effective agents to contact and engage TANF clients. CBOs were expected to make special efforts, including home visits, if necessary, to encourage clients to participate.

Ironically, to avoid the appearance of favoritism, the county welfare agency implemented a referral procedure that counteracted the advantages the CBOs may have had with clients.⁴ Although the reason for using CBOs was to take advantage of their reputations in their specific community, instead of referring clients to particular CBOs' services based on where clients lived or which organization they were most likely to identify with, the county welfare agency ultimately decided to use a random-assignment procedure. As a result, the CBOs were unable to take advantage of their knowledge of a particular community or community-specific services, such as the ones the Hispanic Family Center provided to Hispanic clients.

Camden's unexpectedly sharp decline in its welfare caseload led the CBOs to pursue outreach more aggressively than planned. The lower number of referrals from the county welfare agency

⁴There is some evidence that this could have become an issue. For example, because the county welfare agency referred more clients to the Resource Center than to the CBOs, the CBOs suspected that the county welfare agency was favoring the Resource Center.

reduced the CBOs' potential revenue because reimbursement was on a per-client basis. The lower number of referrals also made each client more valuable and thus heightened the importance of achieving a high enrollment rate. This problem was particularly acute for the CBOs that hired staff especially to serve the TANF clients.⁵ As a result, the CBOs intensified their outreach in an effort to increase enrollment. For example, Respond, Inc. had its staff call or visit clients who lived in their neighborhood to encourage them to enroll.⁶

The CBOs' inability to increase their enrollments sufficiently to cover their costs eventually led the county to cancel their contracts. The county initially responded to CBOs' financial difficulty by amending their contracts. The county increased the per-client payment, shifted more of the payment up front, and added more early milestones, including compensation for enrollment. However, the restructured contracts could not stem the CBOs' financial losses, and the county ultimately canceled the contracts. The county felt that the smaller TANF caseload did not justify having several vendors providing job search and coaching services, especially since the Resource Center was providing these services. The CBOs' influence also may have waned after it became clear that involvement of grassroots organizations was not a panacea for engaging long-term recipients. The county terminated the contract in January 2000, six months before it was scheduled to end. The CBOs were not pleased with the decision, and levels of trust among public and nonprofit agencies in Camden sank still lower.

Assessment. Camden's assessment process takes advantage of existing information and expertise. The Resource Center administers career interest and academic tests, and the county welfare agency case managers obtain information on clients' service needs.

Resource constraints, however, have made it difficult for case managers at the county welfare agency to identify clients' less obvious problems. With caseloads that sometimes approach 500 clients each, the case managers find it difficult to develop trusting relationships with clients, so clients are reluctant to disclose sensitive problems such as drug addiction.⁷ Nor are the resources available to provide all case managers with the training needed to identify disabilities that qualify a person for assistance from the Department of Vocational Rehabilitation Services (DVRS).⁸ The difficulty in identifying clients in need of drug treatment and DVRS services has made it harder for Camden to take full advantage of these services; hence the number of clients in treatment remains very small.

⁵Many CBOs felt the county led them to believe that the number of referrals would be large and encouraged them to hire their staff early so that they could participate in the staff training.

⁶The CBOs were also reacting to the Improvement Authority's outreach effort. The Improvement Authority, whose staff receive bonuses for job placement, arranged with the county welfare agency to obtain the list of referrals for case management services and had its staff contact the clients in an effort to place them in jobs even before the case managers made referrals to the CBOs.

⁷In Camden, the state's drug-screening form is being administered by income maintenance workers, before clients are referred to the case managers.

⁸Many of the clients eligible for DVRS assistance may not even be reaching the case managers, because they are being deferred by the income maintenance workers.

The difficulty in identifying clients with chronic problems has also posed financial and operational challenges for job training vendors. Since clients with substance abuse and other health problems are less likely to succeed, many vendors spend the first week or two closely monitoring their clients, seeking to screen out those with these problems. Failure to identify clients with these chronic problems would lower average outcomes for the training vendors, thus reducing their payments under the terms of the contracts.

B. Work- and Training-Related Activities

Camden offers welfare recipients essentially two types of work and training activities. One is the Community Work Experience Program where clients engage in job search and are assigned to an organization to develop their basic job skills. The second type of activity is the Alternative Work Experience Program, which combines training with work experience. Clients in this activity typically spend part of their time in either basic skills instruction or occupational skills training and part of the time in a work experience activity.

The program has not always had success coordinating work experience activities with training. Although the training vendors prefer to have the training component aligned with the work experience component, this has not always been possible. For example, clients enrolled in a computer training class are not always placed in work experience positions that involve computers. When the clients' work experience is unrelated to their training, the clients do not have the opportunity to practice the skills they are learning in the classroom. The training vendors also indicated some difficulties in coordinating schedules.

Two training vendors have managed to avoid this problem by managing both the training and work experience components. The County Health Department sponsors a Certified Nurse Assistant training program, in which clients receive their training and work experience at one of the county's hospitals. The Camden Housing Authority's America Works program provides training and work experiences designed to prepare clients for jobs in the construction trades. Because these vendors also have their classroom instructors supervise clients at the worksite, the work activities are synchronized with classroom instruction. This arrangement enables the instructors to give clients immediate feedback on their performance at the worksite.

C. Transitional and Support Services

The planners in Camden are interested in placing clients in permanent jobs and not having them cycle between welfare and work. They believe an unreliable support system often contributes to low-income families cycling on and off welfare. They have identified at least four types of transitional and support services that welfare clients are likely to need to make a sustainable transition to employment—child care, transportation, substance abuse, and postemployment support services.

Child Care. Child care supply is generally adequate, but there are shortages for certain segments of the target population. Since most of the adult welfare recipients are single parents, they

need child care services to participate in work activities. The Camden County Division of Children, the unified child care agency, has been generally successful in meeting the area's child care needs. The Division of Children has been able to meet the need for off-hour child care by relying largely on approved home care providers.⁹ One area where the supply of providers is tight is infant care. In addition, a waiting list exists for New Jersey Care for Kids—the main source of child care for former recipients who have exhausted transitional care, as well as for other low-income parents.

Transportation. Responding to the limitations of Camden's public transportation system, the Improvement Authority has established a para-transit system. Camden's public transportation system is limited in both hours and geographic coverage. Many areas enjoying rapid job growth are outside of the city of Camden and are not accessible by public transportation. The Improvement Authority enhanced the public transportation system by purchasing vans and buses to transport recipients from downtown Camden to employers in areas not easily accessible by existing bus service. The para-transit system makes an average of about 2,500 round trips a month and has enhanced Camden's transportation services; however, some clients are not well informed about the availability of the new services.

Substance Abuse. Substance abuse services remain scarce. In particular, residential services and services that accommodate parents with children are limited. The planning group has limited influence over substance abuse services because much of the funding for these services comes from the state and federal government and from private third-party payers. The state's substance abuse initiative, which increased reimbursement rates and enhanced assessment, has attracted local providers who have agreed to serve recipients referred by the program, but does not appear to have appreciably expanded the total supply of service providers.

Postemployment Support Services. An important goal of the planners was to ensure that former welfare clients were not left to cope on their own when faced with the breakdown in their support system or when overwhelmed with life's stresses. Thus, their plan called for postemployment counseling to help clients after they transition off welfare. However, low overall enrollments have impeded the development of these services. The CBOs charged with providing these services had to focus their attention on outreach efforts designed to engage clients before they obtain jobs. Moreover, when the county terminated their contracts, most of the CBOs discontinued their postemployment services.

III. OUTSTANDING ISSUES

Although Camden has made much progress in moving low-income families into jobs, there are several areas where it may be able to make improvements.

⁹Approved home care providers are usually family members or friends of the parent whose home has passed an inspection by the unified child care agency.

- ***Involving Community-Based Organizations.*** Rebuilding partnerships with CBOs could be important as Camden's welfare caseload is reduced to the hardest to serve and as officials seek to enhance outreach and job retention strategies. The CBOs have networks and flexibility that may be useful in reaching, engaging, and understanding the needs of those on and off welfare. However, accomplishing this will not be easy because many CBOs' believe that government agencies failed to deliver on the implicit agreement to try to make the partnership work. Any new effort should define organizational roles clearly and provide incentives for interorganizational cooperation.
- ***Upgrading Organizational Capabilities.*** The instability of institutional roles in Camden has made it harder to maintain interorganizational communications and staff rapport. When each organization adopts new roles, its staff need to learn their own new tasks and the staff of other organizations also need to be oriented to the roles of their partners. Staff training can be provided on key tasks, such as identifying clients with chronic health problems and procedures developed for sharing client information with other organizations.
- ***Strengthening the Linkage Between Client Training and Work Experience.*** Many of Camden's work activities combine training and work. However, sometimes the client's work activity does not reinforce training, and sometimes the work and training schedules conflict. Camden does have two programs that have successfully integrated training with the work activity. In those programs, a single training vendor provides both the training and work experience, with the training instructor supervising clients at the worksite. These training programs appear promising and could be models for others.
- ***Expanding and Promoting Para-Transit System.*** While the Improvement Authority has made a good start in addressing the transportation needs of clients leaving welfare, it needs to continue to seek ways to enhance transportation services. The demand for transportation services is likely to increase, since most of the job growth is taking place in areas not served by existing bus lines. The Improvement Authority also needs to focus more resources on advertising its new bus and van services, since it has not succeeded in attracting many clients who find jobs on their own or through other intermediaries. The county may also want to consider providing more funds for car repairs, auto insurance, or repairing donated vehicles and making them available to clients.

APPENDIX B

PROFILE OF CUMBERLAND COUNTY

PROFILE OF CUMBERLAND COUNTY

I. LOCAL CONTEXT

A. Economic and Social Context

Cumberland County is the poorest rural county in the state. About a quarter of its children live in poverty, compared to 13 percent statewide. In 1996, Cumberland's per capita income of \$20,987 was the lowest in the state (\$10,278 below the state average), and its rate of increase in per capita income between 1990 and 1996 was lower than that of the state (19.4 versus 25.4 percent).

Cumberland County also ranks poorly on health and social indicators. The county had the highest infant and postneonatal mortality rates and the second-highest neonatal mortality rates in the state in 1997.¹ It had the highest teenage birth rate in the state in 1997; 18.5 percent of live births were to teenage women, compared to 7.8 percent for the state. Health problems are preventing many of Cumberland's modest-income families from working. In the WFNJ parent survey, nearly 4 out of 10 of Cumberland's modest-income unemployed parents reported that they were unable to work because they or someone in their family had a health problem. The survey also found that a third of Cumberland's modest-income residents do not have either a high school diploma or a GED.

Employment opportunities are less abundant in the Cumberland area than in the state as a whole. The county's unemployment rate of 8.6 percent was the second highest in the state in 1999. The number of entry-level jobs in the county is expected to grow between 1996 and 2006, but at a rate of six percent—lower than in neighboring counties and the state as a whole. Most of the job growth will be concentrated in the service sector, which is expected to grow by 27 percent and replace manufacturing as the county's largest industrial sector.

In contrast to Cumberland County's relatively slow growth, adjacent Atlantic and Gloucester counties are expected to have among the highest job growth rates in the state. The number of entry-level jobs in Atlantic County is expected to grow by 24 percent between 1996 and 2006, mostly in jobs related to the gaming industry in Atlantic City. Similarly, although Gloucester County has fewer jobs now, it is expected to have a 17 percent growth in jobs, many of them in food and beverage preparation and health and personal services.

Getting to jobs in the neighboring counties, as well as those within Cumberland County, however, may be difficult for residents without a vehicle. The county has limited public transportation services. Although New Jersey Transit has some bus routes running through Bridgeton, Millville, and Vineland, many residents living in outlying areas have difficulty getting to the stops along the routes, and the buses on some of the

¹Cumberland County's infant and postneonatal rates were 11.2 and 3.2, respectively, compared to the state rates of 6.4 and 1.9. Its neonatal mortality rate was 8.0, compared to 4.6 for the state. Vineland's mortality rates were 12.2 for infants, 1.4 for postneonates, and 10.8 for neonates.

routes run infrequently. Moreover, many of the jobs outside the county are not easily accessible by public transportation. The limited public transportation system helps explain why few Cumberland residents work outside the county.²

Despite the challenges posed by its low job growth rate and transportation barriers, Cumberland's welfare caseload has declined rapidly. Between July 1997 and July 2000, its welfare caseload dropped by 60 percent, compared to the state's 49 percent decline. Many of those remaining on welfare appear to face severe barriers that make it difficult for them to work. In the fourth quarter of 1999, 40 percent of welfare cases in Cumberland were deferred from the work requirement, compared to 14 percent for the state.

B. Institutional Context

Cumberland County has relied on a few public agencies to deliver services for low-income families. The limited number of participating organizations is more a measure of the size of the county's population than of need or interest. Over the years, these organizations have developed a good working relationship with each other. Instead of competing with each other, the administrators of these organizations have tried to establish roles for their organizations that complement the strengths of others. The county drew on key organizations that have been involved in welfare programs in the past to lead the development of its welfare initiative and to deliver the following core services:

- C *Identification and Referral of Clients.*** Clients who are required to participate in work activities need to be identified and referred to the appropriate providers. The Cumberland County Board of Social Services, which administers the county's public assistance programs, child support services, and social services, is responsible for providing general case management services, making medical deferrals, and referring clients to the Cumberland County Office of Employment and Training for work activities. The Board of Social Services also refers clients with substance abuse problems to the substance abuse initiative coordinators and, through an agreement with the board, clients with disabilities to the Department of Vocational Rehabilitation (DVR).
- C *Employment- and Training-Related Services.*** A core set of services in Cumberland's welfare reform initiatives are services that prepare clients for work. These services include general employability instruction, work experience, training, and academic instruction. The Office of Employment and Training has primary responsibility for these services. In addition to providing education and training services, the Office of Employment and Training assesses clients' abilities and needs, provides job counseling and coaching services, and refers clients to educational, training, and work experience programs, many of which it operates. The

²Nearly all (92 percent) of Cumberland County's employed residents commute to work by car. In addition, 80 percent of the residents in Bridgeton, Millville, and Vineland work in their own county, compared to 58 percent of employed residents in the state.

Office of Employment and Training also contracts with several private organizations. For example, Vineland Adult Education provides basic education and alternative work experiences, and the Martin Luther King Academy and the Millville Housing Authority provide clients with training and work experience opportunities.

- C **Support Services.** The county has also sought to enhance its child care network and its transportation services. Tri-County Community Action Agency, selected by the state as Cumberland’s unified child care agency, administers and coordinates child care initiatives. The Cumberland County Improvement Authority has been selected by the county to implement and operate the county’s transportation service.

The long history of collaboration within the county may have also helped county agencies secure funding for several new initiatives. Cumberland County is a recipient of a \$3.1 million Welfare-to-Work competitive grant, which the county is using to fund post-TANF transitional services and services for noncustodial parents. It is also the recipient of an Empowerment Zone and two state urban enterprise zone grants. The Empowerment Zone grant is a 10-year, \$230 million grant. It covers the area of Bridgeton, Millville, Port Norris, and Vineland and is expected to create as many as 6,000 jobs, of which 35 percent are to be filled by people who live in the zone. Cumberland has planned to set aside \$1 million of the Empowerment Zone funds to cover child care costs.

II. ENHANCING SERVICES AND SERVICE DELIVERY SYSTEM

Cumberland County has sought to enhance three types of services—outreach and assessment, work and training, and support services. While the county has made progress in all these areas, the progress was not always easily accomplished.

A. Outreach and Assessment

Outreach. Cumberland County’s outreach efforts may not be reaching all low-income families. The county has largely relied on the Board of Social Services to identify parents for its employment and training services. Although the board has tried to recruit nonpaying, noncustodial parents, its outreach has been largely limited to low-income parents on welfare.³ Thus, many needy families not on welfare may not be getting needed services. Child care providers and other community-based organizations have reported having to assist former welfare clients who were unaware of or did not know how to seek available transitional child care services.

³The Board of Social Services arranged with the courts to have all nonpaying, noncustodial parents ordered to participate in program work activities and has assigned one staff member to handle all two-parent family cases in an effort to increase their participation in work activities.

Assessment. In Cumberland, the responsibility for identifying client barriers is shared by the Board of Social Services, the Office of Employment and Training, and Tri-County. Although there is some overlap in their assessments, the Board of Social Services is largely responsible for identifying clients' support and medical barriers, the Office of Employment and Training for identifying skill barriers, and Tri-County for assessing child care needs.

In an effort to improve the detection of client barriers, Cumberland County has expanded the scope of its assessment. As Cumberland's caseload fell, program administrators felt that a larger proportion of the remaining cases consisted of clients with barriers that were more difficult to detect. Some of these clients had already cycled through a number of community work experience program sites. As a result, the Board of Social Services has worked out an agreement with DVR under which the board and the Office of Employment and Training will send to DVR for assessment clients who have health issues but are not medically deferred from participating in work activities.⁴ Should clients qualify for vocational rehabilitation services, DVR will provide them with the services they need to become gainfully employed. In addition, the Office of Employment and Training has trained its staff to identify visual, hearing, and learning disabilities,⁵ and to advise clients with such problems to see medical specialists.

B. Work- and Training-Related Activities

Many welfare clients lack the skills and the work history to move directly into jobs. Clients often need general employability and occupational skills training and work experience to practice their skills, adjust to the world of work, and accumulate job references. Placing them in a work- experience activity related to their career interest may be an effective way to engage them, and aligning classroom and work experience activities may make it easier for them to learn, since the two activities can reinforce each other.

However, Cumberland's weak transportation infrastructure has made it difficult to deliver work and training activities effectively. For example, in addition to occupational interest and skills, the Office of Employment and Training job counselors often need to take transportation into consideration when deciding clients' work activities. As a result, some clients are placed in work activities that do not correspond to their skills or interests, which may account for some of the disinterest that work experience providers have observed among their clients. This disinterest may, in turn, be the reason some employers have not provided clients with the support or training they need. The Office of Employment and Training job counselor then has to reassign such clients.

Transportation barriers also make it difficult for the Office of Employment and Training to offer programs where the classroom instruction and on-the-job work experience components are at two different locations. One such program, which trains clients to become early child care providers, has had to turn away several promising candidates. The program, run jointly by the Office of Employment and Training, a local community-based organization, and the local college, provides clients with a 12-week life skills and

⁴This county-initiated effort is now being supported by the NJDHS and NJDOL collaboration.

⁵The Office of Employment and Training invited other organizations to send their staff to the training.

work preparation class and a nine-month college program, with an attached paid work experience component at the community-based organization's child care facility. However, several clients could not participate because they lacked the transportation to travel between the community college campus and the community-based organization or to make the 7:00 A.M. start time.

C. Transitional and Support Services

Clients' efforts to move off welfare are often thwarted because of breakdowns in their support system. Cumberland County has sought to strengthen the support system for clients, with mixed results.

Child Care. Since all welfare recipients subject to work requirements are custodial parents, ensuring that their child care needs are addressed is important. Tri-County, the unified child care agency, has been able to meet the child care needs of welfare recipients through the use of approved home providers, registered family day care providers, and child care centers.⁶ Of these, approved home providers are used frequently because of the need for after-hours and weekend care, when many parents prefer to have a friend or relative provide the care. In addition, because of the area's poor transportation system, clients find it difficult to meet both their work schedule and the schedule of a registered or institutional provider.

Tri-County's dual role as child care coordinator and provider has made other child care providers uneasy. Tri-County is the area's Head Start provider and a major institutional child care provider. However, as the unified child care agency, Tri-County staff work with clients to ensure that the clients' child care needs are met so that they can participate in their work activities and pursue employment. Part of this task involves providing clients with information on child care providers in the area. This dual role has made other child care providers suspicious of Tri-County's impartiality as coordinator. Similarly, they say they did not receive timely information from Tri-County about other grant programs or prompt notification when clients leave an approved activity and are thus no longer eligible for a subsidy. There is no evidence to support providers' claims that Tri-County has abused its role. The state monitors the referral process in counties to ensure a fair distribution of referrals. However, providers' unease should be addressed to ensure a stable supply of child care providers.

Transportation. Access to reliable transportation would make it possible for welfare clients to take full advantage of the training and employment opportunities available in the area. Inability to secure funding has slowed the implementation of Cumberland's plans to enhance its public transportation system. The county's plan calls for routes to connect the major population centers with the industrial parks. It also calls for drawing on transportation resources of local agencies and New Jersey Transit. However, the county's application for Job Access and Reverse Commute funds through the state and for Empowerment Zone funds have not yet been approved, and it was only through the use of its Welfare-to-Work competitive grant funds that the county was able to purchase the buses and minivans needed to start the system. The

⁶Infant child care and child care for low-income families are more problematic. There are indications that infant care slots are becoming harder to find as more institutional providers switch over to early child care because of the Abbott program's higher reimbursement rates and because providers find it more difficult to meet the safety regulations for infant care. In addition, there is a waiting list for New Jersey Care for Kids, the main child care program for low-income families.

new system, which started operating in late September 2000, currently has only one route, with two more routes planned for the near future.

Substance Abuse. If substance abusers do not receive treatment, it is unlikely they will be able to secure and keep a job. In Cumberland County, however, a number of factors impede client access to treatment. One is the shortage of all types of substance abuse services, which forces some residents to go outside of the county for treatment. A second is bus lines that do not provide easy access to some providers. Both factors make it difficult for people without a car to obtain treatment, although some local providers do provide transportation. A third factor is the shortage of bilingual providers, so Spanish-speaking clients may have greater difficulty accessing services.

Finally, a fourth factor is system barriers that delay clients' access to treatment. Cumberland's substance abuse initiative coordinator covers other areas besides Cumberland County. Though pleased with the coordinator's performance, some service providers believe that he has been stretched too thin, making it difficult for him to respond promptly to referrals and requests. Another system barrier is the procedure of having all referrals to the substance abuse initiative coordinator made by the Board of Social Services staff. Because of this, the Office of Employment and Training job counselors must refer a client with substance abuse problems to the Board of Social Services, who then refers the client to the substance abuse initiative coordinator, thereby lengthening the time it takes to enter a treatment program.

Postwelfare Case Management Support. Recognizing that the transition from welfare to work may not be an easy one for many welfare clients, Cumberland County has secured Welfare-to-Work competitive grant funds to provide postwelfare supportive services. The funds are being used to hire job coaches to help employed clients work through problems that might affect job retention. In addition, clients are encouraged to participate in a seminar on general employability skills covering such topics as budgeting, communication and interpersonal skills, and basic life skills. The seminar is required for clients who participate in the county's savings account program, in which the county is using grant funds to offer a proportional match for money that clients save.

III. OUTSTANDING ISSUES

Despite serious barriers, Cumberland appears to have made remarkable progress on its welfare reform initiatives. However, there are several areas the county may wish to strengthen. These include:

- C ***Expanding the Roles of Other Local Organizations.*** As local officials seek ways to identify and serve low-income parents with varied needs, both on and off welfare, they might wish to consider using local nongovernment agencies more extensively. Many low-income parents do not fully use available services because of physical, cultural, or psychological barriers or because they have limited contact with county agencies. For example, organizations that work with people with emotional problems or certain ethnic groups may have an easier time contacting and engaging these parents. Similarly, child care providers and

community-based organizations are likely to be in contact with former welfare clients and could be a source of referral.

- C ***Enhancing the Public Transportation System.*** Cumberland has taken steps to enhance the limited public transportation system in the area. It has developed a transportation plan and has sought funding to implement the plan. Unfortunately, enhancements have been delayed by difficulty in obtaining funding. The state and county should work together to secure the resources needed to implement the planned improvements.
- C ***Addressing Child Care Providers' Concerns over Tri-County's Dual Role.*** Tri-County's dual role as the county's unified child care agency and as a child care provider has led other child care providers to question its impartiality. While there appears to be no basis for these criticisms of Tri-County, providers' perceptions may inhibit communication between Tri-County and local child care providers. It may thus behoove the county to find a way to reach a mutually satisfying solution to this issue, perhaps through meetings with providers or refining the process for referring clients to providers.

APPENDIX C

PROFILE OF NEWARK

PROFILE OF NEWARK

I. LOCAL CONTEXT

A. Economic and Social Context

Newark watchers and many city residents view 1997 as the year in which the city's economic fortunes appeared to begin a subtle, but psychologically important, move forward. The New Jersey Performing Arts Center (NJPAC), a \$185 million public/private construction project, was completed that year, and the excitement generated by its apparent success gave rise to a new sense of optimism about the city's economic prospects.

NJPAC's potential impact on the city's future cannot, however, erase the social difficulties Newark continues to experience. About 42 percent of the city's school-age children are poor, compared to 13 percent statewide. In 1998, Newark had one of the highest infant mortality rates in the state. Affordable housing continues to be a serious need that city officials have been unable to meet.

Many Newark residents face serious challenges in the labor market. The city's unemployment rate is about 11.1 percent, nearly three times that of the state. A fifth of low- and moderate-income parents have worked less than six months in the past year. About one of five (22 percent) unemployed parents report that they could not work because they or a family member had a health problem. Only about half of employed parents were in jobs that offered health benefits, and 34 percent have wages less than \$7 an hour. Many parents have difficulty getting a job with decent pay or benefits because they lack basic skills: more than a third have not secured a high school degree or GED.

Welfare caseloads in the Newark area have been declining at a slower pace than in the rest of the state. Essex County—the county containing Newark—has experienced the smallest welfare caseload reductions of any of the state's 21 counties, largely because of the relatively small decline in Newark's caseload.¹ A tenth of Newark's population is receiving cash assistance, compared to one percent for the state. By the last quarter of 1999, about a third of its cases, the highest in the state, had received cash assistance continuously for five or more years. Many of these clients will exhaust their entitlement to cash assistance unless they leave welfare soon.

While the labor market is fairly tight, many jobs are outside of Newark and Essex County, and this poses transportation challenges. Although the number of jobs in Essex County declined by six percent between 1980 and 1990, jobs grew substantially in neighboring Bergen, Hudson, and Morris counties. Good public transportation exists to most cities in the area, but only indirect links exist to many of the suburban areas experiencing rapid job growth.

¹Between July 1997 and July 2000, Newark's Temporary Assistance for Needy Families (TANF) caseload fell by nearly a third (34 percent), compared to 49 percent for the state.

B. Institutional Context

A large number of public and private agencies provide services to low-income families in Newark. Indeed, welfare reform has expanded the number of organizations involved in planning and implementing services. A variety of state, county, and local agencies are now actively recruiting employers to hire welfare recipients. Many community-based organizations are providing services designed to address the employment barriers of current or former welfare recipients. The growth in the number of institutions involved in welfare reform initiatives is posing some coordination challenges. Three specific features of the institutional landscape have posed challenges:

1. ***County is shifting responsibilities from welfare to workforce agency.*** Prior to welfare reform, the county welfare agency (CWA) in Essex had primary responsibility for implementing and funding programs designed to help welfare recipients prepare for and find jobs. In 1998, the county began shifting most of these functions to a newly created Department of Economic Development, Training and Employment (DEDTE). This transfer was intended to help job placement staff take advantage of the employer networks and leverage of the county's economic development staff. It also was an attempt to place clients in an environment that more clearly emphasizes the importance of employment and self-reliance. The shift in responsibilities from the CWA to DEDTE has been difficult because both agencies are still involved in the assessment and sanctioning process, increasing the need for extensive communications between the staff of the two agencies. The agencies have had some difficulty sharing client information, however, leading to redundant assessments and improperly imposed sanctions. To address this coordination issue, the county has hired a senior administrator whose sole responsibility is to facilitate improved communication and cooperation between the CWA and the DEDTE.
2. ***City and county have overlapping jurisdiction over workforce programs.*** Developing effective relationships between the county and city service delivery systems has been an ongoing challenge. Newark residents comprise a majority of the county's low- and moderate-income population and an equally large component of the county's TANF caseload. These individuals are served by both city and county social service agencies, sometimes resulting in overlapping or redundant services. As welfare reform was being implemented, the city convinced both the state and federal government to permit Newark to establish its own Workforce Investment Board. In the aftermath of this action, the city and county have struggled to build compatible service delivery relationships that minimize service duplication.
3. ***Roles of nonprofit service providers are growing and changing.*** During the past two years, the county has sought to expand the role of nonprofit agencies in providing employment-related assistance to current and former welfare recipients. Many of these agencies had provided some education or training services in the past. The new county contracts, however, shift the emphasis from education and training to rapid employment, requiring providers to develop new capabilities. Some vendors have stated concerns about the county's use of performance-based contracts, which tie payments to clients' achievement

of specific milestones such as completing a program, finding a job, and retaining employment. While the county has sought to make these contracts more attractive, vendors still believe that they do not adequately cover their costs when they assist clients with more difficult problems.

Newark's low-income families and TANF recipients appear to have more services available to them as a result of the actions taken by county and city agencies to assist them. However, service efficiency and coordination challenges remain.

II. ENHANCING SERVICES AND SERVICE DELIVERY SYSTEM

County and local leaders have sought to enhance services designed to help low-income parents prepare for and keep jobs. These leaders have focused on three specific aspects of service delivery: (1) ensuring clients are aware of program services and assessing clients needs, (2) providing training and work experiences that prepare clients for jobs, and (3) providing other services clients need to get or hold jobs.

A. Outreach and Assessment

Outreach. Essex County relies heavily upon its vendors to perform outreach to current and former welfare recipients. Vendors have an incentive to ensure that their clients participate: when clients fail to show up, vendors usually do not receive any payments under their performance-based contracts. As the welfare caseload has declined, many of the remaining TANF recipients are reticent to attend activities, leading vendors to become more aggressive in their outreach. Some vendors canvass the community to recruit clients. Much of the outreach is through word-of-mouth referrals, but several vendors employ "field visitor" staff who visit clients' homes. One large community-based vendor has assigned staff to focus solely on client outreach. Nonetheless, low attendance is still having a negative impact on some vendors' financial stability.

The county has initiated a new outreach strategy designed to engage former recipients whose benefits were terminated because they failed to participate in job search or other employment-related activities. Under contract with the county, two community-based organizations have been contacting these former recipients and letting them know how they can become eligible for TANF benefits once again if they are employed or agree to participate in a work activity. The two vendors suggest that this outreach effort has been effective, in part because the staff responsible for outreach are themselves former recipients with whom clients are likely to identify.

Assessment. Coordination difficulties and resource constraints sometimes limit the quality or efficiency of the client assessment process. Some assessments are too superficial. While both the CWA and DEDTE staff are responsible for conducting routine client assessments, these staff have large caseloads and not much time to meet with individual clients to discuss problems. In addition, some staff have limited training in how to identify subtle but important barriers. The county recently expanded staff training on how to identify clients with potential health or learning problems and refer them to the state's Division for

Vocational Rehabilitation (DVR). However, many caseworkers still are unsure about how to deal with these clients.

Some clients are subjected to multiple assessments, and the assessment information usually is not shared across agencies. CWA staff conduct an initial brief assessment of clients' employment history, education, and social service needs. Then, DEDTE staff prepare another brief assessment of clients' interests and skills. Clients referred to vendors or DVR undergo additional assessments, some of which are more detailed. While legitimate confidentiality concerns limit agencies' ability to share the most private client information, the redundancy of assessments also reflects procedural differences, incompatible computer systems, high caseloads, and the lack of protocols for sharing client information.

B. Work- and Training-Related Activities

Local program improvement efforts have focused on three types of work and training activities: (1) work experiences offering greater learning opportunities, (2) job readiness training, and (3) coaching services relating to clients' employment problems.

Some work activity providers have been trying to enhance the Alternative Work Experience Program, which provides clients with both a work activity and some classroom training or basic education. While most work activities in Newark are not designed to reinforce the skills that clients are learning in the classroom, there are some noteworthy exceptions. One community development corporation developed a food service training program that enables clients to apply and extend their cooking skills in the organization's own restaurant. After they complete the program, participants are placed in jobs or internships at local restaurants and hotels.

Vendors providing job search assistance are exploring ways to better prepare clients for work. Helping clients, especially the hard to employ, overcome what agency staff and vendors characterize as "socialization problems" remains a challenge. Vendors have concluded that four weeks of job readiness and job search training are not sufficient to overcome deficiencies in clients' social skills, low self-esteem, and low motivation, as well as education and job skills deficiencies. Vendors argue that these clients require intensive case management in addition to job readiness and job skills training. Vendors maintain that such clients need, at a minimum, a six- or eight-week job readiness/job skills training program to enhance their employability. The county is considering how it could strengthen the education services it provides, short of a return to the pre-Work First New Jersey (WFNJ) emphasis on education and training.

Some community-based organizations have also begun providing personalized coaching and case management services to clients after they secure a job. Vendor staff report that counseling on such issues as how to handle emergency child care needs, time management, and workplace behavior has helped some clients resolve problems and stay employed. Because of the importance the county places on this kind of support, DEDTE expanded the number of vendors providing job coaching services in 2000.

C. Transitional and Support Services

Essex County has a substantial infrastructure of services, but some gaps exist. Child care services are available, although not always the right type or during the right hours. Public transportation in Newark is generally adequate but is problematic when clients must travel to outlying suburbs. Substance abuse treatment and mental health services are available, but integrated services that accommodate the needs of families are scarce. The county has several initiatives under way to fill some of the gaps and increase the use of available services.

Child Care. Child care services are expanding in Newark, but some services are in short supply. Interviews with child care providers and Programs for Parents (PFP), Essex County's unified child care agency, suggest that further expansion is needed in three areas: (1) child care for low-income parents who have never been on welfare or who have exhausted their two years of post-TANF child care, (2) child care for infants and children with special needs, and (3) child care centers open after normal business hours.

Although recipients who find jobs are entitled to child care for two years after they leave TANF, other low-income parents can have difficulty obtaining child care subsidies. PFP reports that about 600 parents are on their waiting list for New Jersey Cares for Kids (NJCK), the state's general child care program serving low-income parents. PFP does not anticipate that parents on this waiting list will secure child care benefits until May 2001, when new state funds become available.

Although some providers are expanding the number of infants and special needs children they serve, several providers indicated they have substantial waiting lists for these types of services. One provider, Babyland, an affiliate of New Community Corporation, is planning to substantially expand its child care services for infants and children with AIDS or asthma. Other providers, however, say they are reluctant to offer or expand these kinds of child care, reporting that the state rates do not fully cover the higher costs of serving infants or children with special problems. In outlying suburban areas, infant care—both center and family day care—is more readily available, but transportation to these locations is a problem. Recognizing the need to expand available special needs child care services, PFP has initiated special training for center staff that focuses on special needs care.

Providers also perceive a demand for extended-hours child care, and some are lengthening their hours of operation.² Providers believe the state should reimburse for child care at least up to 7 P.M., since many working parents have difficulty picking up their children by 6 P.M. Babyland plans to extend the hours of all but two of its centers to 7 P.M., which will lengthen their operating hours by one. Some providers are also offering pick-up and drop-off transportation services to simplify parents' daily commute.

²While PFP staff do not perceive a shortage for late-night and weekend child care, some work activity vendors believe that this is an important service gap. This difference in perspective may be due to the fact that work activity vendors are aware of some late-shift jobs that clients refuse because of a lack of child care services; however, PFP typically does not learn about clients' need for child care until they have accepted a job. Nonetheless, both PFP and work activity providers agree that extending child care hours to the early evening would be helpful for many parents.

Finally, welfare recipients often experience interruptions in child care after they have completed a work activity and before they have entered their next activity. If activities are not assigned in a timely fashion, clients lose child care services. This problem sometimes occurs when clients completing activities cannot meet promptly with their DEDTE caseworker and the PFP child care coordinator.

Transportation. Getting to job sites in the suburbs is problematic and makes it difficult for clients to consider jobs there. The county has been exploring several new transportation strategies; however, implementation of these strategies has been slow. For some time, the county has been planning a NightOwl Feeder van service serving residents of Newark, East Orange, Orange, and Irvington who work during hours when regular bus service is not available. Similarly, the county is planning a van service to bring WFNJ clients from locations in eastern Essex County to jobs in the western part of the county. These programs were funded in 1999 but have not yet been launched. The reorganization of county agencies responsible for these initiatives may have contributed to some of the implementation delays.

The county has also acknowledged the difficulty clients face in commuting between its offices in Newark and East Orange. A van service is being developed to link these offices; it will also allow clients to make intermediate stops at other agency and vendor locations between these offices. The goal is to ensure that clients are able to get to the agencies that facilitate their linkage with services and jobs.

Substance Abuse. There are a number of substance abuse treatment providers in the county and city, but few provide family-focused residential treatment services for women and their children. Providers say they are reluctant to offer this service because of the liabilities associated with it and because current rates do not always cover the cost of care. Vendors indicate that many substance abuse clients have myriad service needs—including mental health, housing, and domestic violence—that require intensive case management. Several community-based programs have developed initiatives designed to address these problems. At Integrity House, services are planned and delivered by integrated service teams—including staff with both mental health and substance abuse treatment training. Apostle House is collaborating with several substance abuse treatment centers to provide family counseling services designed to address both mental health and domestic violence problems.

III. OUTSTANDING ISSUES

Essex County is unique in the state in the size of its service provider infrastructure and the range of employment services available. However, improvements can be made in at least three areas:

1. ***Improving Cooperation Among Key Public and Private Agencies.*** While the large number of organizations involved in serving low-income parents and TANF recipients will always pose some coordination challenges, opportunities exist to improve communications. Since DEDTE, the county's workforce agency, and the Mayor's Office of Employment and Training, its city counterpart, contract with the same vendors to provide similar services, the two agencies could both benefit from sharing information on planned or existing contracts.

Similarly, the two main county agencies—the CWA and DEDTE—should continue to explore ways to work together to better serve clients. Better communication could result in shared client assessments and better management of sanctions. The county’s designation of a senior official to focus on interagency coordination is a positive development and could produce substantial improvements. Clients will also benefit if vendors and county agencies share information about clients’ barriers and needed supports.

2. ***Improving Assessment and Services to the Hard-to-Employ Client Population.*** Local officials are examining how to reach and effectively serve clients with multiple problems. More clients could probably benefit from existing substance abuse, mental health, and vocational rehabilitation services. Expanding the number of clients referred to these services is likely to depend on training staff to identify clients with these service needs and follow the appropriate referral procedures. Vendors who serve clients with chronic problems assert that the county and state will need to raise payment levels to provide adequate incentives to deliver appropriate services to this population.
3. ***Closing Child Care and Transportation Service Gaps.*** The state and county could help reduce the waiting lists for NJCK, infant care, extended-day, and special needs child care. The recent increase in the infant child care rate has not yet had a large impact on the availability of infant care slots. Improvements in public transportation could also enhance low-income parents’ access to jobs. The county should implement its planned van service to the suburbs and the Newark to East Orange agency connector.