Employment Retention and Advancement: Pennsylvania’s Experience with Performance Goals

by Diane Paulsell and Ali Stieglitz

This brief is based on our study of Pennsylvania’s Community Solutions initiative, a statewide effort to provide job placement and employment retention services to TANF participants, which operated from 1998 through early 2001. The brief also draws on the state’s early experiences in designing and implementing the Retention, Advancement, and Rapid Re-Employment initiative, which began in late 2000. The study conveys operational lessons for states and program operators involved in similar efforts.

The Community Solutions Initiative

Welfare reform, with its work requirements and time limits, has created intense interest in employment retention and advancement strategies. In response, Pennsylvania implemented the Community Solutions initiative to help TANF recipients find and keep jobs. Pennsylvania funded 70 contractors to provide pre- and postemployment services—including case management, job readiness preparation, education and training, job placement, and postemployment follow-up—for at least one year. A “benchmark-based” system paid contractors based on the number of participants who achieved employment goals set by the state.

The contractors enrolled nearly 6,300 participants. Most had multiple challenges to sustained employment, including child care issues, lack of transportation, low education, lack of English skills, family problems, limited job-readiness and life skills, behavioral problems, and poor self-esteem.

While Community Solutions contractors made progress toward reaching the state’s performance goals, fewer participants than expected met the performance benchmarks.

### BENCHMARKS FOR WHICH CONTRACTORS WERE PAID

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Number of Participants</th>
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<tbody>
<tr>
<td>Total enrolled</td>
<td>6,260</td>
</tr>
<tr>
<td>Placed in full-time jobs</td>
<td>2,774</td>
</tr>
<tr>
<td>Jobs had medical benefits</td>
<td>1,249</td>
</tr>
<tr>
<td>Retained jobs for 12 months</td>
<td>293</td>
</tr>
</tbody>
</table>

- On average, service providers enrolled only half the planned number of participants (6,260 of an expected 12,440).
- Only 44 percent of those enrolled were placed in full-time jobs (at least 30 hours a week), compared to the goal of 65 percent. Less than half of these jobs offered medical benefits within six months after hire, while the state’s goal was 60 percent.
- Contractors received 12-month retention bonuses for only 11 percent of those placed in jobs.

Meeting Performance Goals: The Challenges

Several factors contributed to the low achievement of performance goals. First, Pennsylvania’s TANF caseload dropped rapidly after Community Solutions was implemented, which substantially reduced the pool of eligible applicants and made it difficult for contractors to enroll the number they had planned to serve. Second, the Pennsylvania Department of Public Welfare established goals for Community Solutions (full-time employment for at least 30 hours a week at $6.50 an hour) that were higher than TANF work requirements (employment for at least 20 hours at $5.15 an hour). These differences sometimes resulted in state caseworkers and Community Solutions staff providing inconsistent messages about work...
requirements and the types of jobs participants should seek. Third, many programs could not generate enough income under the benchmark-based payment system to maintain adequate staffing and provide sufficiently intensive services to meet employment goals.

In addition, some contractors encountered gaps in documentation for participants’ employment history and did not report all outcomes, making performance seem lower than it was. Some employers objected to releasing confidential information needed to substantiate employment and hours worked, which may have caused underreporting of employment goal achievements. Finally, many contracts were terminated before the end of the third year, either at contractors’ request or by the state because of poor performance, leading to nonreporting of some participant outcomes.

Building the Knowledge Base

As Community Solutions ended and Pennsylvania began implementing its new Retention, Advancement, and Rapid Re-Employment initiative, state administrators and contractors attempted to build on their successes and challenges as they designed new service delivery strategies. Key performance goal lessons showed that:

• Paying service providers based solely on individual participant outcomes is complex and may jeopardize providers’ financial viability.
• Communicating a consistent message to participants about state performance goals is important.

Operational lessons suggested that:

• Providing flexible, individualized services enhances recruitment and service delivery.
• Tailoring services to individual needs requires intensive case management.
• Financial incentives and other rewards can motivate participants to engage in program activities and sustain their employment.
• Recruiting participants for voluntary programs requires aggressive efforts and close coordination between service providers and welfare offices.

As welfare reform advances, the state and contractors are working hard to help TANF recipients and other low-income families sustain employment. They will also continue to refine their service delivery strategies, which will provide new lessons as the TANF landscape continues to change.

NEW STRATEGIES: RETENTION, ADVANCEMENT, AND RAPID RE-EMPLOYMENT

This new initiative also aims to help low-income working families sustain employment and increase earnings over time, but differs from Community Solutions in many ways. Eligible applicants must be working in an unsubsidized job on application. Eligibility is not limited to current or former TANF recipients. All working families can receive services if they have incomes at or below 235 percent of federal poverty guidelines, have a dependent child in the household, and are not enrolled in any other state-funded program. Contractors can provide a broad range of services and financial incentives to encourage participation.

Performance goals require participants to:

• Remain continually employed for at least six months
• Increase their gross weekly earnings by 25 percent or obtain a job with medical benefits within six months after hire
• Find another job within two weeks if they lose their jobs

The Pittsburgh Foundation and the Administration for Children and Families at the U.S. Department of Health and Human Services funded the research. Information was gathered through telephone interviews with contractors, site visits to four Community Solutions programs and local county assistance offices, and in-person interviews with state officials. For more information, contact Diane Paulsell at dpaulsell@mathematica-mpr.com. The full report is available at www.mathematica-mpr.com/PDFs/redirect.asp?strSite=community2.pdf. Mathematica® is a registered trademark of Mathematica Policy Research, Inc.