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## ABSTRACT

Characteristics were examined of participants in and services provided through the Job Opportunities and Basic Skills (JOBS) and Aid to Families with Dependent Children (AFDC) programs in 1992. National data concerning 1992 JOBS program participants that had been collected by the Department of Health and Human Services (DHHS) were analyzed along with DHHS National Integrated Quality Control System data and the Bureau of the Census' 1992 Current Population Survey. The analysis established the following: (1) despite recent efforts to make AFDC a transitional program by providing the education, training, and supportive services that AFDC recipients need to move from welfare to work, most AFDC recipients do not participate in JOBS because of allowable exemptions and minimum participation standards; (2) despite the wide range of services they offer, many JOBS programs lack the capacity to ensure that all participants receive the specific services they need; and (3) the true impact of the time limitations on welfare benefits that will be imposed if the Personal Responsibility Act of 1995 is passed will likely remain unclear until a final bill is passed. (Appended is information about the study's objectives, scope, and methodology.) (MN)

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GAO

United States General Accounting Office

Report to the Ranking Minority Member,  
Committee on Finance, U.S. Senate

May 1995

# WELFARE TO WORK

## Participants' Characteristics and Services Provided in JOBS

ED 383 888



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Health, Education, and  
Human Services Division

B-257792

May 2, 1995

The Honorable Daniel Patrick Moynihan  
Ranking Minority Member  
Committee on Finance  
United States Senate

Dear Senator Moynihan:

In 1988, the Congress made sweeping changes in the Aid to Families with Dependent Children (AFDC) program when it enacted the Family Support Act (FSA). The centerpiece of the act, the Job Opportunities and Basic Skills (JOBS) training program, was designed to provide an increasing percentage of adult AFDC recipients with the education, training, and supportive services they need to become self-sufficient and avoid long-term welfare dependency. FSA aimed to use JOBS to transform the culture of both welfare agencies and recipients so that they viewed AFDC benefits as temporary assistance on the path to employment and not a permanent entitlement. Since its creation, federal and state governments have spent about \$8 billion on the JOBS program.

Despite this landmark welfare legislation, a growing consensus exists among the public, policymakers, and welfare recipients that the AFDC program, which served an average 4.98 million cases per month in 1993, needs to be overhauled. This new call for welfare reform has been fueled by rapidly rising AFDC caseloads; concerns about escalating program costs; and public perceptions that AFDC has become a permanent entitlement, not a transitional route to work. Another major concern among policymakers and program experts is that the JOBS program was not designed to reach a large number of adult AFDC recipients. As states confront the maximum participation rate mandated by law for 1995, they will be required to serve 20 percent of the nonexempt caseload,<sup>1</sup> raising questions concerning JOBS' ability to effectively transform the welfare culture. Some experts believe that only participation on a large scale, along with an emphasis on work, can transform the welfare culture.

A number of different federal proposals are being considered to significantly reform welfare. For example, the Personal Responsibility Act of 1995 (H.R. 4), recently passed by the House of Representatives, would

<sup>1</sup>Program rules exempt certain recipients from participation in JOBS. In 1993, these rules exempted about 59 percent of adult recipients. See page 6 for a description of exemptions.

- eliminate AFDC as an individual entitlement,
- repeal the JOBS program,
- convert AFDC funding into a capped block grant to the states,
- impose time limits on benefits, and
- deny cash assistance to unwed mothers under 18 years old and their children.<sup>2</sup>

The states would be required to provide increasing percentages<sup>3</sup> of families on welfare with work-related activities.<sup>4</sup> By contrast, the administration's proposal, introduced in the 103rd Congress, would continue AFDC as an entitlement but would also set time limits on welfare receipt and require increasing numbers of adult welfare recipients to participate in education and training activities. The administration's proposal would build on the existing JOBS program to help move adult recipients from welfare to work. In addition to these national proposals, many states are experimenting with welfare waivers and are testing provisions to time-limit benefits and promote work.

Regardless of the ultimate structure of welfare reform, a central goal will likely remain that of moving more people off welfare and into the work force. While some participants who enter JOBS may be ready for immediate placement into the work force, others may need some level of education or training to prepare them for employment, the ultimate objective of welfare reform. If programs are required to serve more participants faster in a time-limited environment, the capacity of local programs to deliver these services to participants will likely remain a critical factor.

To assist the 104th Congress in its deliberations on welfare reform, you asked us to examine (1) who is and is not being served under the JOBS program, (2) the range of services JOBS participants are receiving and the extent to which participants' needs are being met, and (3) the implications of serving participants in a system of time-limited benefits.

This report is one of three studies we are completing at your request on the JOBS program. It draws upon (1) our analysis of data on adult AFDC recipients and JOBS participants, (2) a national telephone survey that

<sup>2</sup>According to AFDC data, in 1992, such cases constituted about 1.4 percent of caseloads.

<sup>3</sup>H.R. 4 sets the minimum participation rate at 4 percent of all families receiving assistance in fiscal year 1996, rising to 50 percent in fiscal year 2003.

<sup>4</sup>Defined as including unsubsidized employment; subsidized private-sector employment; subsidized public-sector employment or work experience, on a limited basis; on-the-job training; job search; job readiness assistance; and some education activities, on a limited basis.

gathered representative data from local JOBS program officials, and (3) qualitative information developed from a series of four discussion groups with JOBS officials (for more information on our methodologies, see app. D). This study looks at the JOBS program's capacity to provide the up-front education, training, and supportive services necessary to get participants ready for employment; a companion report examines how JOBS programs work with employers to find jobs or create employment opportunities for participants. Finally, a third report studies the Department of Health and Human Services (HHS) and the states' use of outcome measures in determining whether JOBS participants are finding employment and examines HHS' progress in measuring JOBS outcomes.<sup>5</sup>

## Results in Brief

In spite of FSA's aim of making AFDC a transitional program by providing the education, training, and supportive services that AFDC recipients need to move from welfare to work, most adult AFDC recipients do not participate in JOBS due to the act's allowable exemptions and minimum participation standards. While JOBS has grown at the gradual rate provided for by FSA, the program still reached only about 13 percent of single female-headed households receiving AFDC each month in 1992, with about 60 percent exempt from participation. Most of the 1.95 million exempt adult AFDC recipients were excused from participation because they were caring for a child under 3 years old. Even if states are successful in meeting the minimum participation standard of 20 percent of nonexempt adult recipients this year, JOBS will still be serving a small percentage of AFDC households. This low level of participation raises questions as to whether a program serving relatively few participants can bring about a widespread transformation of the culture of welfare.

JOBS programs offer participants a range of services that are drawn from existing community programs to avoid duplication of services. JOBS programs obtain many services at no cost to their programs, consistent with FSA's emphasis on using such services whenever possible. However, most programs also purchase at least some of the education and training services JOBS participants need. Furthermore, despite the low percentage of adult AFDC recipients being served by JOBS, many JOBS programs lack the capacity to ensure that all participants receive the specific services they need when they need them. For example, about 70 percent of programs provided on-the-job training or subsidized work to one-half or fewer of the participants who needed these services. Administrators selected a variety of reasons, including transportation problems, to explain why JOBS

<sup>5</sup>Welfare to Work: Measuring Outcomes for JOBS Participants (GAO/HEHS-95-86, Apr. 17, 1995).

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participants could not participate in the full range of needed education and training services.

The Congress and the administration are actively discussing reform of the welfare system. If enacted, the Personal Responsibility Act of 1995 (H.R. 4) could impact the mix of services currently offered to participants. This legislation would no longer require specific educational and training components; instead, it would require states to place increasing percentages of participants in a variety of work-related activities over time. While the bill imposes a 5-year limit on receipt of benefits, the implications of time limits and other welfare reform measures are likely to remain unclear until a final bill is passed.

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## Background

Created by the Social Security Act of 1935, the AFDC program provides cash assistance to families with needy children who have been deprived of parental support if a parent is continuously absent from the home, incapacitated, dead, or unemployed.<sup>6</sup> The program is jointly funded by the federal government and the states, with federal funds providing from 50 to about 80 percent of the AFDC benefit costs (55 percent on average) and 50 percent of administrative costs. States administer or supervise the program and set their own benefit levels. In fiscal year 1993, federal and state spending for AFDC totaled \$25.2 billion.

Since 1968, various federal programs have aimed to help adult AFDC recipients become employed. However, early welfare-to-work programs were faulted for low participation rates, insufficient attention to less employable recipients, and inadequate results in reducing welfare dependency.

In 1988, seeking to rectify these program deficiencies, the Congress passed FSA, creating the JOBS program. FSA was to be the first step in transforming the welfare system from one of permanent entitlement to a program of transitional assistance. Specifically, FSA directed the states to make available to JOBS participants a broad range of services and activities including high school or equivalent education, basic and remedial education, education for those with limited English proficiency, job skills training, job readiness activities, and job development and placement. Further, states were required to offer at least two of the following: group

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<sup>6</sup>The program also allows payments to certain individuals in the child's household.

and individual job search, on-the-job training, work supplementation,<sup>7</sup> or community work experience. States could also offer postsecondary education. Finally, FSA provided federal reimbursement for child care, transportation, and other work-related expenses and supportive services when necessary (as determined by the state) for participation in JOBS.<sup>8</sup> (See the glossary for further details on JOBS education and training components.)

FSA allowed states much flexibility in the design and implementation of their JOBS programs. Programs may emphasize quick movement into the labor force for those who are job-ready, while others may emphasize education and training to increase participants' employability. However, whatever their emphasis, JOBS programs are required to offer a full range of services.

Under JOBS, once a participant is enrolled, the program must assess individual educational, child care,<sup>9</sup> and other supportive services needs, taking into account skills, prior work experience, employability, and family circumstances. Based on this initial assessment, the program develops an employability plan, which specifies the services to be provided and sets an employment goal for each participant, considering individual preferences, supportive services needs, available program resources, and local employment opportunities.

To help clients meet their employment goals, FSA encourages programs to draw on existing community services to meet participants' needs, especially to the extent that they can be obtained at no cost to JOBS. By emphasizing existing services available at no cost, programs can avoid duplication and ensure judicious use of program funds. When JOBS programs find that such services are not available and must be purchased, they may enter into arrangements and contracts with other service providers to obtain them. Commonly used providers of education and training services include Job Training Partnership Act (JTPA)<sup>10</sup> programs,

<sup>7</sup>This is a form of subsidized employment also known as grant diversion, in which the AFDC grants are used to pay for a portion of the training and supervision provided to the participant by the employer.

<sup>8</sup>Typical work-related expenses can include items such as uniforms and boots; other supportive services include mental health counseling and drug or alcohol abuse treatment. For the costs of supportive services other than child care, federal funding is provided at a 50-percent rate.

<sup>9</sup>If necessary for participation, child care is guaranteed for dependent children who are under 13 years old and for those children who are physically or mentally incapable of caring for themselves or under court supervision.

<sup>10</sup>This act provides block grants to states to fund training and related services for economically disadvantaged youths and adults.

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state and local educational agencies, other public agencies, and private organizations (including community-based organizations).

FSA mandates participation in JOBS for AFDC recipients between 16 and 59 years old, but provides exemptions for certain individuals. FSA exempts individuals who: care for children under 3 years old (or 1 year old, at state option); work 30 or more hours per week; attend elementary, secondary, or vocational school full-time; are ill or incapacitated; care for a household member who is ill or incapacitated; are in at least the second trimester of pregnancy; or live in an area that is remote from a JOBS program or activity. However, exempt individuals may voluntarily participate in JOBS.

In addition, states must spend at least 55 percent of their JOBS funds on specific target groups, including custodial parents under 24 years old with low levels of education or work experience, long-term adult AFDC recipients,<sup>11</sup> and those whose AFDC eligibility is about to expire due to the age of their youngest dependent child.<sup>12</sup>

FSA provided \$1 billion in federal funds for JOBS in fiscal years 1991, 1992, and 1993, reaching \$1.1 billion in fiscal year 1994, and \$1.3 billion for fiscal year 1995. These funds are allocated among the states and tribal organizations according to their percentage of the national AFDC population. To utilize the full amount of the allocation available to them, states must meet certain matching requirements.<sup>13</sup> In recent years, most states have not provided sufficient matching funds to take full advantage of the federal resources available to them. In 1992, overall, states used 68 percent of the federal funding available to them.

FSA envisioned gradual expansion of JOBS and mandated steadily increasing participation rates for the program. States must meet these participation rates or accept a reduced federal share of JOBS expenditures. This participation rate threshold was 7 percent of the nonexempt caseload in fiscal year 1991, 11 percent in 1992 and 1993, 15 percent in 1994, and

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<sup>11</sup>Long-term recipients, for the purposes of JOBS, are defined as those who have received AFDC for any 36 of the preceding 60 months.

<sup>12</sup>This JOBS target group is defined as those with families in which the youngest child is within 2 years of being ineligible for AFDC. Eligibility for AFDC ends in most cases with a child's 18th birthday.

<sup>13</sup>States receive these federal matching funds for JOBS at three different rates. First, for each state's JOBS spending up to the amount spent on certain fiscal year 1987 welfare-to-work activities, the federal share is 90 percent. Second, for direct costs of providing services and full-time staff, the federal share is 60 to 80 percent, depending on a state's average per capita income. Third, for administrative and supportive services costs, other than child care, the federal share is 50 percent.



20 percent in 1995.<sup>14</sup> However, many critics remain dissatisfied with this gradual expansion and believe that these requirements do not ensure that JOBS will reach a large share of AFDC households and, thereby, transform the welfare culture.

## JOBS Serves a Small Percentage of the AFDC Caseload

The JOBS program serves a small percentage of the total AFDC caseload because program rules exempt most adult AFDC recipients from participation and because FSA established minimum participation rate requirements. In addition, the characteristics of the large population of adult nonparticipants differ from those of participants in certain key ways.

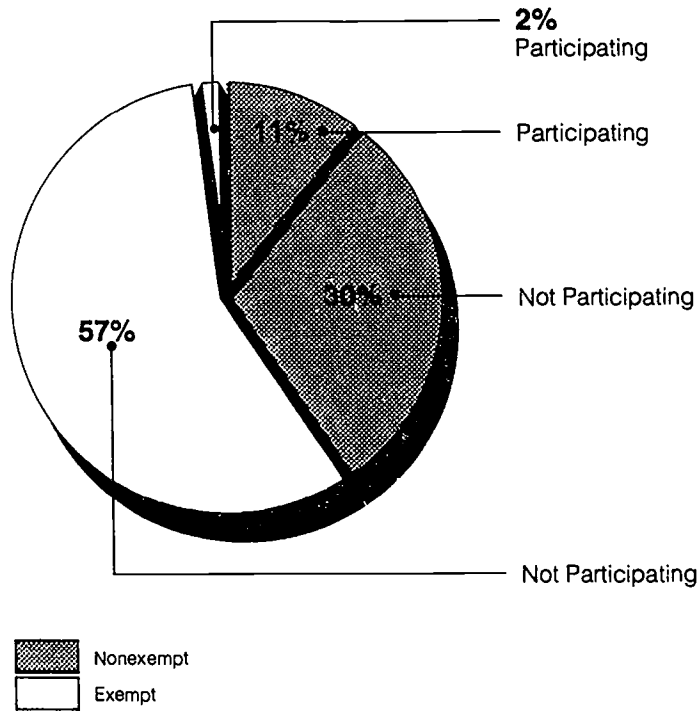
## Few Adult Recipients Participate in JOBS

JOBS reaches a relatively small percentage of all AFDC households, despite success in meeting the participation rates called for by FSA.<sup>15</sup> As shown in figure 1, in 1992, most adult AFDC recipients (about 59 percent) were exempt from mandatory JOBS participation. Of those 16 years old and older who were exempt from JOBS, 75 percent were exempt because they were providing care for a child under 3 years old. Adult AFDC recipients are also exempt if, for example, the JOBS program is not offered in the recipient's local area or if the recipient is in at least the second trimester of pregnancy, incapacitated, or caring for another household member who is ill or incapacitated.

<sup>14</sup>To compute the participation rate, HHS uses a complicated formula based on the number of individuals whose combined hours of participation in JOBS activities average at least 20 hours per week. This rate is intended to reflect meaningful participation rather than any level of activity in a JOBS component.

<sup>15</sup>However, as we stated in a 1993 report, states did not always accurately compute or comparably derive participation rate data. See Welfare to Work: JOBS Participation Rate Data Unreliable for Assessing States' Performance (GAO/HRD-93-73, May 5, 1993).

**Figure 1: JOBS Status of AFDC Caseload (Fiscal Year 1992)**



Note: Data are average monthly, weighted.

Source: Department of Health and Human Services.

Furthermore, even for those who are not exempt under program rules, JOBS participation rate requirements do not ensure that large numbers of adult AFDC recipients participate. In 1992, about 13 percent of all single female heads of households on AFDC, about one-fourth of the nonexempt adult recipients, were participating each month.<sup>16</sup> By contrast, however, about three-fourths of nonexempt adult recipients were not participating. Even if the participation rate requirements were raised dramatically for nonexempt adults, well over one-half of the AFDC caseload would still be exempt from program participation. Some experts believe that welfare-to-work programs will not be effective in transforming the culture of welfare unless they reach a much larger percentage of AFDC households.

<sup>16</sup>This percentage reflects any level of involvement in the JOBS program, not just those individuals countable toward the minimum participation standards. In 1992, the minimum JOBS participation rate requirement was 11 percent of nonexempt adult recipients.

## Program Requirements Result in Differences Between Participants and Nonparticipants

Participants in JOBS differ from nonparticipants in certain key ways that appear related to aspects of program requirements. The most noteworthy differences include the age of the youngest child and the age of the recipient. Nonparticipants were about twice as likely to have children under 3 years old than were JOBS participants. They were also more likely to be 24 years old or younger. This difference is consistent with JOBS' exemption of parents or other caretakers of a child under 3 years old.

Additionally, a comparison of JOBS participants with the overall AFDC caseload<sup>17</sup> showed that a larger percentage of JOBS participants have fewer than 9 years of education and a smaller percentage have attended college. The difference in education levels may also be explained by the JOBS requirement that targets young parents who have not completed high school.

Apart from differences resulting from program requirements, our analysis of program data did not reveal any other significant differences between JOBS participants and nonparticipants. In characteristics such as race, number of children, and prior AFDC history, the two populations appear similar.

Beyond the differences that are readily observable, however, nonparticipants may differ from participants in ways that are difficult to quantify. According to JOBS administrators who participated in our discussion groups, current nonparticipants may be less motivated and have impediments that make them harder to serve without extra support and services. For example, some may need treatment for more severe drug and alcohol problems before they can fully participate in an education or training program. Others may have mental health problems or learning disabilities that also need to be addressed.

## A Range of JOBS Services Offered, but Some Participants Do Not Receive Needed Services

As envisioned under FSA, JOBS programs offer a range of services and tap into available community resources to serve their participants. Our survey data results show that JOBS programs offer most of the education and training components and supportive services described in the act and that JOBS participants are enrolled in a range of activities. For each specific education or training component that participants needed, however, the percentage of programs that had difficulties providing that service ranged from 30 to 70 percent. In these cases, the programs lacked the capacity to

<sup>17</sup>JOBS data are based upon participants in a sample month, while AFDC data are based on the Bureau of the Census' Current Population Survey, which asks about AFDC receipt during any month of the sample year.

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ensure that all the participants received education and training services when they needed them. JOBS administrators selected multiple reasons for the programs' inability to serve all participants.

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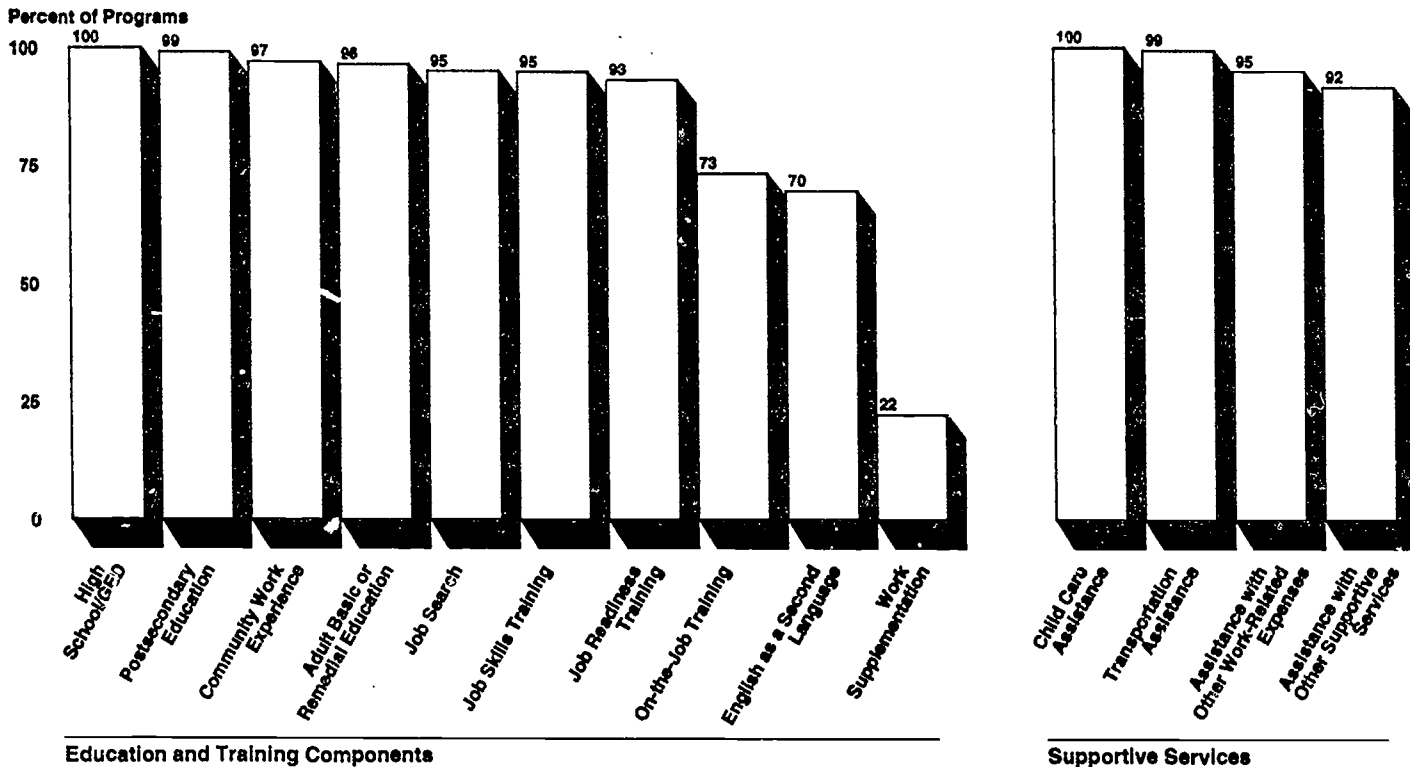
### Most Education and Training Components, Supportive Services Generally Offered

JOBS programs offer a range of components and services drawn for the most part from existing programs in their communities. About one-half of JOBS programs offer all the education and training components described in FSA or all but the work supplementation component. As shown in figure 2, nearly all offer high school/General Educational Development certificate (GED) education; adult basic education; job skills training; job readiness training; postsecondary education; job search; community work experience; and supportive services, including child care. About 30 percent of the programs did not offer English as a Second Language and about one-fourth did not offer on-the-job training. In addition, about 78 percent did not offer work supplementation.<sup>18</sup>

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<sup>18</sup>FSA requires states to offer at least two of the following four components: job search, community work experience, on-the-job training, and work supplementation. Also, FSA requires JOBS programs to offer education services (including English as a Second Language) as appropriate.

Figure 2: Availability of Services: Percent of Local JOBS Programs Offering Each Component and Service, Mid-1994



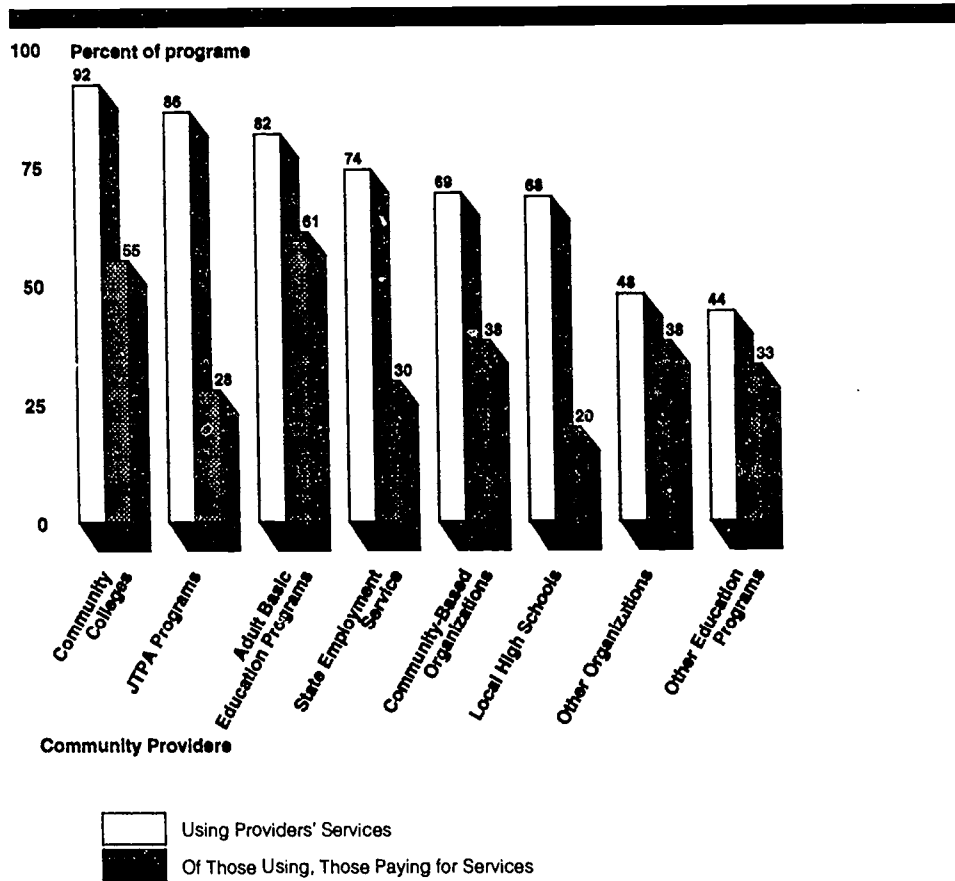
Note: Data generally reflect conditions in local JOBS programs as of the spring of 1994.

JOBS programs access a range of community providers to obtain education, training, and supportive services for participants, as FSA envisioned. More than 8 out of 10 JOBS programs use community colleges, JTPA programs, and adult basic education programs to provide services to their participants. About 7 out of 10 use state employment services, local high schools, and community-based organizations, and about one-half use other organizations or programs.<sup>19</sup>

<sup>19</sup>Community-based organizations include organizations such as the Salvation Army, Goodwill Industries, Young Women's Christian Association (YWCA), and churches. Other organizations include, for example, other federal, state, and county agencies.

While programs draw on services that are free to JOBS, they also purchase at least some of the education and training services that their participants need (see fig. 3). About 78 percent of programs purchased at least some services from one or more providers. As shown in figure 3, the most frequently reimbursed providers are community colleges (55 percent) and adult basic education programs (61 percent). On average, programs purchased services from about 38 percent of the providers they used.

**Figure 3: JOBS Programs' Use and Purchase of Services From Specific Providers, May 1994**



**JOBS Participants Receive Diverse Education, Training, and Supportive Services**

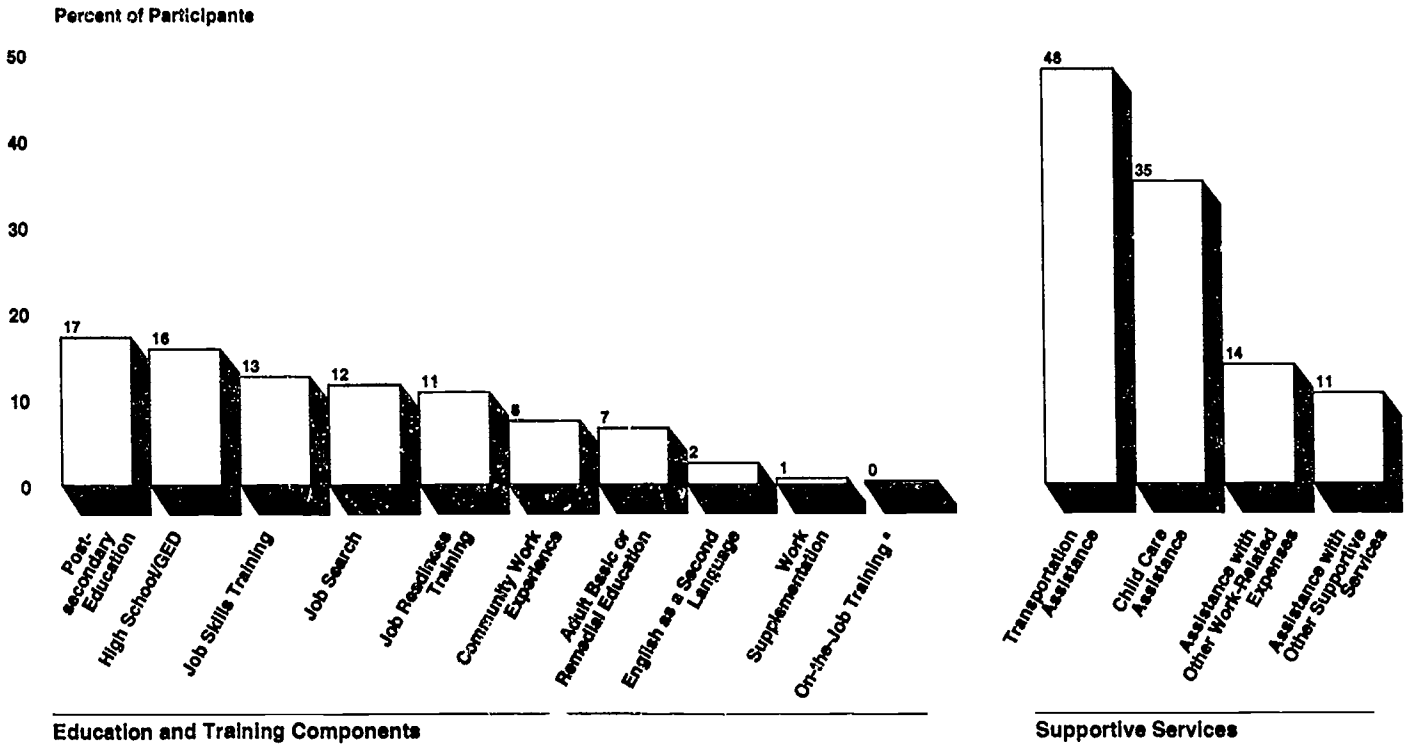
JOBS participants are enrolled in a variety of JOBS components and many receive supportive services. As shown in figure 4, nationally, we estimate that 17 percent of JOBS participants are enrolled in postsecondary education and 16 percent are involved in high school or GED preparation. Between 7 and 13 percent are involved in other activities, such as job skills

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training, job search, job readiness training, and community work experience. The smallest percentages (about 2 percent or less) are involved in English as a Second Language, work supplementation, and on-the-job training.

About one-half of JOBS participants receive transportation assistance and about one-third receive child care assistance through JOBS. Smaller percentages also receive assistance with other work-related expenses or supportive services, such as mental health counseling or drug or alcohol abuse treatment.

Figure 4: Percent of JOBS Participants Receiving Education and Training or Supportive Services, Mid-1994



Notes: Data may reflect involvement in more than one component at a time, and represent involvement for at least one hour in an average month or point in time—generally, from April through July 1994. Also, data are weighted, national aggregates; distribution of participants in components and services may vary in local programs.

Chart does not reflect the following activities: assessment, employability plan development, or job placement. Also, some participants may be between components at any given time.

\*About 0.4 percent of participants.

### Not All JOBS Participants Receive Needed Components and Services

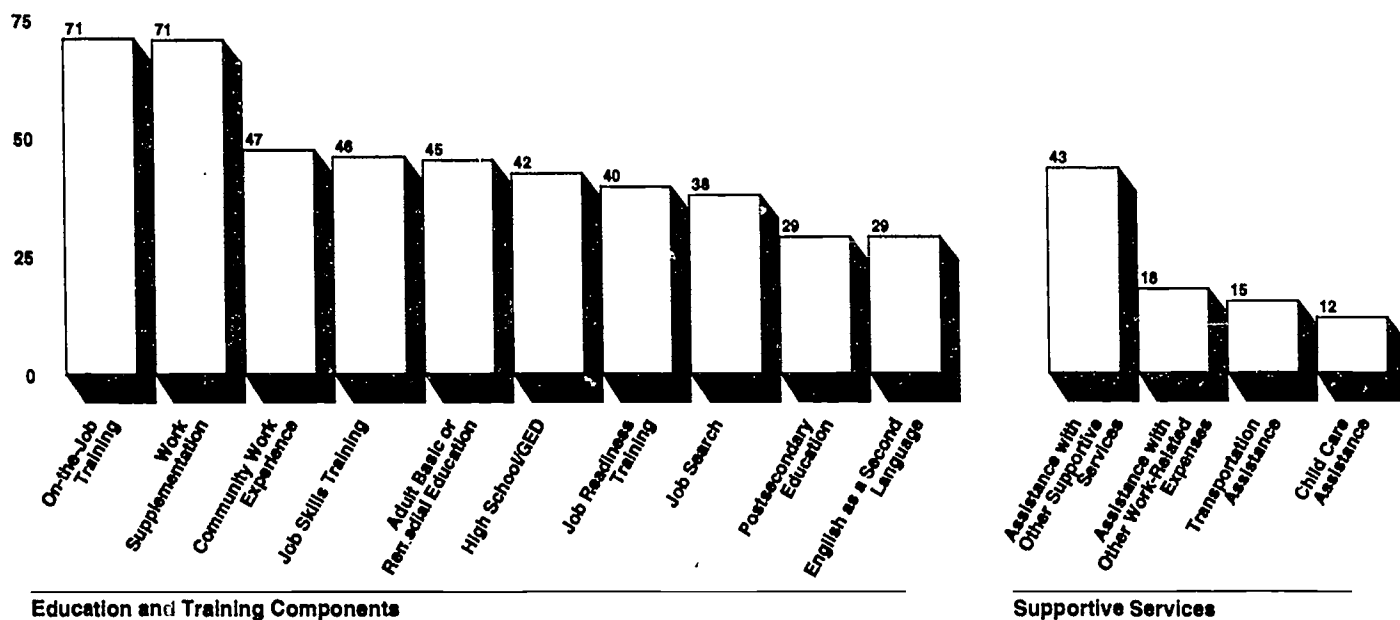
In about one-half of all JOBS programs, all or almost all the participants who needed education and training services were receiving them. However, as illustrated in figure 5, from about one-third to over two-thirds of JOBS programs had some participants needing a specific education or training service who were not receiving it. Such capacity problems were most common in the work supplementation and on-the-job training components (71 percent) and lowest in English as a Second Language



(29 percent). Among supportive services, capacity problems were most common in providing other supportive services<sup>20</sup> (43 percent) and least common in child care (12 percent), which is a guaranteed supportive service to JOBS participants.

**Figure 5: Percent of JOBS Programs Where Many Participants Needing Specific Services Did Not Receive Them, by Component, May 1994**

100 Percent of JOBS Programs



Note: "Many participants" is defined as "about half," "some," or "few or none" of program participants receiving the service indicated, despite their need for it. Also, percentages are based on those programs offering services and having participants enrolled.

### Reasons Varied Why Participants Did Not Receive Needed Services

About two-thirds or more of program administrators selected transportation problems as a reason why JOBS programs could not provide participants with the specific education or training component they needed, even though transportation was the supportive service most

<sup>20</sup>Other supportive services include mental health counseling and drug or alcohol abuse treatment.

participants received (selected reasons appear in table 1). Among other reasons selected by a substantial portion of administrators was a need for additional program staff (for example, for counseling, monitoring participants, developing job contacts with employers for work-related components, and conducting case management), and a lack of available services in the community. Additionally, for the work-related components—on-the-job training, work supplementation, and community work experience—the lack of employer interest was a commonly selected reason (see table 2).<sup>21</sup> In addition, some program administrators also volunteered other reasons why participants did not receive the services they needed, such as client choice (when participants drop out, choose not to participate, or fail to cooperate with the program).

By contrast, when asked whether lack of child care funding was a reason why participants were not receiving a specific education or training component they needed, the percentage of program administrators who selected this reason ranged from about 10 to 30 percent. That a relatively low percentage of program administrators chose this reason can be partially explained by the fact that JOBS participants may have less need for child care than nonparticipants because they tend to have older children who may be in school and do not need child care. Also, as shown in figure 5, only about 12 percent of JOBS programs had difficulties in providing child care to participants who needed it.

**Table 1: Percent of Programs Identifying Selected Reasons Why Specific Components Were Not Provided to Participants Who Needed Them, May 1994**

Component	Transportation problems	Lack of JOBS staff	Lack of community services
High School/GED	76	59	40
Adult Basic or Remedial Education	74	59	45
Job Skills Training	81	57	75
Job Readiness Training	64	65	50
Postsecondary Education	77	50	50
Job Search	72	68	50

Note: Program administrators could choose more than one reason. Percentages reflect those identifying specific reasons, expressed as a percentage of all those programs where about half, some, or few or none of the participants were receiving the services they needed.

<sup>21</sup>We discuss these work-related components more fully in a forthcoming report on how JOBS programs work with employers to find jobs or create employment opportunities for participants.

**Table 2: Percent of Programs Identifying Selected Reasons Why Specific Work-Related Components Were Not Provided to Participants Who Needed Them, May 1994**

Component	Lack of JOBS staff	Lack of employer interest
On-the-Job Training	54	43
Community Work Experience	67	44

Notes: Program administrators could choose more than one reason. Percentages reflect those identifying specific reasons, expressed as a percentage of all those programs where about half, some, or few or none of the participants were receiving the services they needed.

Because most programs did not offer work supplementation (see fig. 2), estimates for that component are not statistically reliable and are not shown in the table.

## Implications of Welfare Reform

FSA requires states to offer JOBS participants a full range of education and training services, including at least two of four work-related activities.<sup>22</sup> It also gives the states the flexibility to design their own programs to emphasize either quick movement into the labor force or work preparation activities to increase participants' employability. Results from a survey of state JOBS administrators, included in a GAO report on JOBS outcomes, suggest that many states chose to emphasize work preparation over quick movement into the labor force.<sup>23</sup> The Personal Responsibility Act of 1995 (H.R. 4), recently passed by the House, repeals the requirement for states to offer a range of services and instead requires states to place an increasing percentage of participants<sup>24</sup> in a work-related activity.<sup>25</sup> H.R. 4 would also prohibit states from providing benefits for more than 60 months (whether or not consecutive). If adopted, the proposal's cap on funding, its elimination of the requirement to offer a range of services, and its increased focus on work activities are likely to change the mix of services offered to participants. However, the implications of time limits and other welfare reform measures are likely to remain unclear until a final bill is passed.

<sup>22</sup>These activities include job search, on-the-job training, community work experience, and work supplementation.

<sup>23</sup>Welfare to Work (GAO/HEHS-95-86, Apr. 17, 1995).

<sup>24</sup>The bill sets the minimum participation rate at 4 percent of all families receiving assistance in fiscal year 1996, rising to 50 percent in fiscal year 2003.

<sup>25</sup>Defined as including unsubsidized employment; subsidized private-sector employment; subsidized public-sector employment or work experience, on a limited basis; on-the-job training; job search; job readiness assistance; education directly related to employment for participants under 20 years old without a high-school level of education; job skills training directly related to employment; and other secondary education, at state option.

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## Agency Comments

We provided a draft of this report to HHS' Assistant Secretary, Administration for Children and Families (ACF), and met with responsible ACF officials to obtain their oral comments. They generally agreed with the content of the report. They also provided technical comments that we have addressed in the text of the report as appropriate.

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We conducted our work between April 1994 and February 1995 in accordance with generally accepted government auditing standards.

We are sending copies of this report to the Chairman, Senate Committee on Finance; the Secretary of Health and Human Services; and other interested parties. Copies also will be available to others on request. If you have any questions concerning this report or need additional information, please call me on (202) 512-7215. Other contacts and contributors to this report are listed in appendix II.

Sincerely yours,



Jane L. Ross  
Director, Income Security Issues

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**Abbreviations**

ACF	Administration for Children and Families
AFDC	Aid to Families with Dependent Children program
FSA	Family Support Act of 1988
GED	General Educational Development certificate
HHS	Department of Health and Human Services
JOBS	Job Opportunities and Basic Skills program
JTPA	Job Training Partnership Act
YWCA	Young Women's Christian Association

# Objectives, Scope, and Methodology

To assist the 104th Congress in its deliberations on welfare reform, you asked us to examine (1) who is and is not being served under the JOBS program, (2) the range of services JOBS participants are receiving and the extent to which participants' needs are being met, and (3) the implications of serving participants in a system of time-limited benefits.

## Data Analyzed on AFDC Recipients and JOBS Participants

To find out who is and is not being served under JOBS, we analyzed HHS' 1992 national data on JOBS participants, its National Integrated Quality Control System data for 1992, and the Bureau of the Census' 1992 Current Population Survey. We used the AFDC quality control data to compare the characteristics of JOBS participants with those of nonparticipants for all characteristics except education. In the quality control file, education data are missing for a large number of cases. We based our analysis on 1992 data because they were the most current available when we did our analysis. We limited our analysis to single female heads of households between 13 and 60 years old who receive AFDC. In 1992, these cases accounted for about 76 percent of all AFDC cases.

## Officials Surveyed on Services Offered and Efforts to Meet JOBS Participants' Needs

To determine the availability of services offered by JOBS programs and their capacity to provide participants the services they need, we conducted a nationally representative computer-assisted telephone survey of over 400 local JOBS program officials between June and August 1994. We also solicited information on how local programs serve AFDC single-parent recipients.

## Sample Selection and Survey Response

Because most JOBS services are delivered and received at the county level, we selected a random sample of counties for our survey. We derived a nationwide listing of counties from 1990 Census data and selected an overall sample of about 450 counties. Before selecting this sample, we stratified the counties into the following four groups:

1. Large Urban: Counties comprising the 10 cities with the largest populations of children in welfare households.<sup>26</sup>
2. Metropolitan With Central City: Counties containing the central city for a metropolitan statistical area.

<sup>26</sup>These cities were included in the sample: Baltimore, Chicago (Cook and DuPage Counties), Cleveland, Detroit, Houston (Fort Bend, Harris, and Montgomery Counties), Los Angeles, Milwaukee (Milwaukee and Washington Counties), New York (the boroughs of Brooklyn, Kings, New York, Queens, and Richmond), Philadelphia, and San Diego.

3. Metropolitan—No Central City: Counties in metropolitan statistical areas that do not contain a central city.

4. Nonmetropolitan (Rural): Counties that are not part of a metropolitan statistical area.

We selected all the counties from the large urban category and random samples of counties from each of the other three groups. Table I.1 shows the total number of counties and the number sampled in each stratum. After selecting the sample, we used the Public Welfare Directory<sup>27</sup> to determine the name, address, and telephone number of the JOBS program administrators responsible for programs in the sampled counties. While preparing and conducting our interviews, we found that 36 rural counties and one nonrural county in our sample did not offer JOBS programs.<sup>28</sup> Therefore, we adjusted our initial sample to exclude these counties.<sup>29</sup> We obtained responses from nearly all of the program administrators for the counties in our adjusted sample (411 of 416). We used these responses to produce national estimates for the JOBS program.

<sup>27</sup>American Public Welfare Association, Washington, D.C., 1993.

<sup>28</sup>HHS regulations do not require states to offer JOBS programs in every locality. Instead, states must offer minimal or complete programs that reach most of a state's adult recipients. Minimal JOBS programs include high school or equivalent education, one optional component, and information and referral to other programs. See 45 C.F.R. §250.11, October 1, 1994.

<sup>29</sup>These 37 non-JOBS counties offered neither complete nor minimal programs. However, some offered supportive services (principally, child care) to self-initiated participants.



Table I.1: Universe, Sample Size, and Response Rates, by Strata

Stratum	Type of county	Number in universe	Counties sampled	Adjusted sample	Number of counties responding	Response rate (percent)
1	Counties comprising 10 largest cities	18	18	18	18	100
2	Counties in metropolitan areas with central cities	422	134	134	131	98
3	Counties in metropolitan areas without central cities	311	120	119	118	99
4	Counties in non-metropolitan areas	2,390	181	145	144	99
<b>Total</b>		<b>3,141</b>	<b>453</b>	<b>416</b>	<b>411</b>	<b>99</b>

Sampling Errors for Estimates

Because the estimates from this survey are based on a sample, each is subject to sampling error. Table I.2 shows the sampling errors for estimates presented in figures 2 through 5 and tables 1 and 2 of this report. In these figures and tables, each education and training component and each supportive service has an individual sampling error associated with it. Table I.2 shows the largest sampling errors for each figure and table. We computed the sampling errors at the 95-percent confidence level. Therefore, the chances are 95 out of 100 that the actual percentage being estimated falls within the range defined by the estimate, plus or minus the sampling error.

Table I.2: Maximum Sampling Errors for Data in Figures 2-5 and Tables 1 and 2

	Maximum sampling error (percentage points)
Figure 2	
Education and Training Components	6
Supportive Services	3
Figure 3	
Using Provider's Services	6
Of Those Using, Those Paying for Services	8
Figure 4	
Education and Training Components	2
Supportive Services	4
Figure 5	
Education and Training Components <sup>a</sup>	9
Supportive Services	7
Table 1	
Transportation problems	11
Lack of JOBS staff	12
Lack of community services	12
Table 2	
Lack of JOBS staff	11
Lack of employer interest	11

Note: Sampling errors were computed at the 95-percent confidence level.

<sup>a</sup>Sampling error was higher for the work supplementation component (16 percentage points).

## Discussion Groups Focused on Program Capacity, Implications of Time-Limited Benefits

To identify issues related to the efforts of JOBS programs to meet participants' needs and to solicit program administrators' views regarding the implications of serving participants in a time-limited system, we held a series of four discussion groups with local program officials.<sup>30</sup> The groups included officials from areas with large populations of children in welfare households, both urban and rural areas, and different geographical regions. While the information and views obtained reflect certain aspects of the participating administrators' JOBS programs, they cannot be considered representative of JOBS programs nationwide.

<sup>30</sup>Each discussion group involved from 8 to 10 participants. They were held in San Francisco, Chicago, Detroit, and New York.

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# GAO Contacts and Staff Acknowledgments

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## GAO Contacts

Kevin Kumanga, Evaluator-in-Charge, (202) 512-4962  
Cynthia Fagnoni, Assistant Director, (202) 512-7202

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## Acknowledgments

In addition to those named above, the following individuals made important contributions to this report: Sharon Dooley planned and coordinated the assignment; Robert DeRoy and Steve Machlin conducted the computer programming and provided statistical advice on the survey analysis; Chris Morehouse conducted survey interviews and provided support for survey analysis, discussion group facilitation and analysis, and the writing of the report.

# Glossary

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## Education and Training Components

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### Adult Basic or Remedial Education

Activities directed toward providing an individual with a basic literacy level, defined as a level equivalent to at least eighth grade, ninth month.

### Community Work Experience or Other Work Experience

Exposure to work: <sup>31</sup> Its purpose is to help participants move into regular public or private employment by allowing them (as individuals not otherwise able to obtain employment) to gain work experience and training and improve their employability. Limited to positions that serve a useful public purpose in fields such as health, social service, environmental protection, education, urban and rural development, welfare, recreation, public facilities, public safety, and day care.

### English as a Second Language

Education in English proficiency for an individual who is not sufficiently competent to understand, speak, read, or write the English language to allow employment commensurate with his or her employment goal.

### High School Education or Equivalent

Activities designed to prepare an individual to qualify for a high school equivalency certificate.

### Job Readiness Training

Activities that help prepare participants for work by assuring that they are familiar with general workplace expectations and exhibit work behavior and attitudes necessary to compete successfully in the labor market.

### Job Search

Activities such as counseling, job-seeking skills training, information dissemination, and support, possibly including telephone banks for participants to use to contact potential employers. May be offered as a participant's first activity upon enrollment and periodically thereafter, generally in combination with other education, training, or employment activities designed to increase an individual's prospects for employment.

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<sup>31</sup>The Family Support Act provides that "no work assignment under the program shall result in (1) the displacement of any currently employed worker or position (including partial displacement such as a reduction in the hours of nonovertime work, wages, or employment benefits), or result in the impairment of existing contracts for services or collective bargaining agreements." Furthermore, work assignments may not involve positions from which individuals have been laid off, nor may employers fire regular employees and replace them with JOBS participants. Additionally, work assignments may not infringe upon the promotional opportunities of regular employees.

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**Job Skills Training**

Vocational training for a participant in technical job skills and equivalent knowledge and abilities in a specific occupational area, whether offered by postsecondary institutions, secondary schools, public and private agencies, or other organizations.

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**On-the-Job Training**

Training that provides participants the opportunity to engage in productive work: upon being hired by a public or private employer, a participant receives training while working, acquires the knowledge or skills essential to the full and adequate performance of that job, and receives compensation comparable to that of other employees performing the same or similar jobs. The employer is reimbursed for the training and supervision provided and retains the participant as a regular employee upon completion of the training period.

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**Postsecondary Education**

Instruction in institutions of higher education and other institutions, in appropriate cases, subject to state approval and limited to education that is directly related to the attainment of an individual's employment goal.

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**Work Supplementation or Grant Diversion**

Subsidized employment whereby the welfare agency may pay or divert all or part of an individual's AFDC grant to an employer to cover part of the costs of the wages paid to that individual. Subject to nondisplacement requirements, any job may be supplemented in this way.<sup>32</sup>

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**Supportive Services**

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**Child Care**

Guaranteed to participants if necessary to permit them to accept employment, remain employed, or participate in an approved education or training activity. May be provided directly by the program, through other providers, in the form of cash assistance or vouchers to participants or reimbursement of caretaker relatives, or through other arrangements. In

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<sup>32</sup>The Family Support Act provides that "no work assignment under the program shall result in (1) the displacement of any currently employed worker or position (including partial displacement such as a reduction in the hours of nonovertime work, wages, or employment benefits), or result in the impairment of existing contracts for services or collective bargaining agreements." Furthermore, work assignments may not involve positions from which individuals have been laid off, nor may employers fire regular employees and replace them with JOBS participants. Additionally, work assignments may not infringe upon the promotional opportunities of regular employees.

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addition, transitional child care is available to participants for a 1-year period after they leave AFDC for employment.

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**Other Supportive Services**      Other services determined to be necessary by a state to enable participation in approved JOBS activities, whether provided directly, paid for, or reimbursed by the program.

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**Other Work-Related Expenses**      One-time expenses that must be provided directly, paid for, or reimbursed by the program if necessary to enable participation in approved JOBS activities or accepting or maintaining employment.

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**Transportation**      Must be provided directly, paid for, or reimbursed by the program if necessary to enable participation in approved JOBS activities.

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# Related GAO Products

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Welfare to Work: Measuring Outcomes for JOBS Participation  
(GAO/HEHS-95-86, Apr. 17, 1995).

Child Care: Child Care Subsidies Increase Likelihood That Low-Income Mothers Will Work (GAO/HEHS-95-20, Dec. 30, 1994).

Welfare to Work: Current AFDC Program Not Sufficiently Focused on Employment (GAO/HEHS-95-28, Dec. 19, 1994).

Child Care: Promoting Quality in Family Child Care (GAO/HEHS-95-36, Dec. 7, 1994).

Child Care: Current System Could Undermine Goals of Welfare Reform  
(GAO/T-HEHS-94-238, Sept. 20, 1994).

JOBS and JTPA: Tracking Spending, Outcomes, and Program Performance  
(GAO/HEHS-94-177, July 15, 1994).

Welfare to Work: JOBS Automated Systems Do Not Focus on Program's Employment Objective (GAO/AIMD-94-44, June 8, 1994).

Families on Welfare: Teenage Mothers Least Likely to Become Self-Sufficient (GAO/HEHS-94-115, May 31, 1994).

Families on Welfare: Focus on Teenage Mothers Could Enhance Welfare Reform Efforts (GAO/HEHS-94-112, May 31, 1994).

Child Care: Working Poor and Welfare Recipients Face Service Gaps  
(GAO/HEHS-94-87, May 13, 1994).

Multiple Employment and Training Programs: Major Overhaul Is Needed  
(GAO/T-HEHS-94-109, Mar. 3, 1994).

Welfare to Work: States Move Unevenly to Serve Teen Parents in JOBS  
(GAO/HRD-93-74, July 7, 1993).

Welfare to Work: States Serve Least Job-Ready While Meeting JOBS Participation Rates (GAO/HRD-93-2, Nov. 12, 1992).

Welfare to Work: States Begin JOBS, but Fiscal and Other Problems May Impede Their Progress (GAO/HRD-91-106, Sept. 27, 1991).

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