

TEXAS JOBS PROGRAM EVALUATION

Final Report

Executive Summary

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Executive Summary

The Texas Department of Human Services (DHS) implemented the Job Opportunities and Basic Skills (JOBS) program in October 1990 with a collaborative, multi-agency effort to provide Aid to Families with Dependent Children (AFDC) caretakers and their families with the education, job skills training and support services they need to move toward economic self-sufficiency. Researchers at the Center for the Study of Human Resources, a research center at the L. B. J. School of Public Affairs of The University of Texas at Austin, conducted a multi-year evaluation of the federally mandated program with funding from DHS, the Texas Department of Commerce (Commerce), the Texas Employment Commission (TEC) and the Texas Education Agency (TEA).

The evaluation addressed several key research questions covering the following areas: resource availability; service delivery; participation patterns; program outcomes (labor market and other); perceptions of JOBS participants; and multi-agency benefits and costs of the JOBS program. *The Texas JOBS Evaluation: Final Report* is the Center's concluding report on the early implementation of the Texas program and its impact on participants.

Conclusions and Policy Implications

Conclusions. Major conclusions and policy implications drawn from all components of the Texas JOBS program evaluation are as follows:

1. The Texas JOBS program is working for participants, especially when measured in terms of net impacts on employment and earnings. Net program impacts on employment and earnings associated with JOBS participation, relative to a very similar group of non-participating AFDC caretakers, are both positive and significant. These impacts appear to derive largely from participation in training and education components, regardless of service level, rather than from low-intensity services such as job readiness or job search.

While the estimated earnings impacts are modest in size, JOBS has had a positive effect on the lives of the participants. Although the earnings increases are not sufficient to lift participants' families out of poverty, these increases represent an incremental step toward self-sufficiency by increasing their overall employment rates and earning levels.

Participants perceive the JOBS program as working for them as well as offering them the chance to be better role models for their children. This is very important if there

are to be intergenerational effects on poverty and welfare receipt. Participants with children in center-based child care also feel that JOBS is providing their children with more positive opportunities for early childhood development than they would otherwise have had.

2. As currently practiced, sorting AFDC caretakers by service level needs rethinking. Sorting Texas AFDC caretakers into service levels does not appear to be producing the intended effects. Most Service Level I participants have many barriers that are beyond the scope of the job readiness/job search activities now being emphasized under JOBS. DHS should consider broadening the mix of services available to all participants, regardless of service level, or changing the current sorting criteria and process to one that relies more heavily on the results of individual assessment of client needs.

3. Most of the net benefits from JOBS program participation accrue to participants. Most of the net program benefits accrue to participants in terms of increased earnings and tax credits. Small benefits in the form of reduced AFDC and Food Stamps disbursements and most costs accrue to federal and (to a lesser extent) to the state government. The estimated benefits to society cover or come close to covering the measured costs to society, depending on which earnings projection method and discount rate are used.

4. Participants and program staff identify numerous other benefits from participating in JOBS not quantified in the evaluation, including improved self-esteem, greater workforce attachment and intergenerational benefits. A majority of participants surveyed perceived JOBS as a positive step toward a better quality of life for themselves and their children. Most felt that even though economic self-sufficiency was not feasible in the short term, participation in JOBS helped them envision and strive toward a better quality of life through improved motivation, goal setting and participation in education and training. Participation also made them better role models for their children. Clients anticipated that increasing their own educational levels would lead to better jobs for the future and, in the present, allowed parents to take a more active role in their children's education.

JOBS participants and their families have significant needs which are beyond the reach of resources now available to the JOBS program. Physical and mental health problems, substance abuse, unreliable transportation, and family needs and responsibilities often interfered with effective JOBS participation. Once participants become employed, these single parents are hard pressed to juggle work and family needs in neighborhoods characterized by poor health, crime, and unstable finances.

5. Supportive services play a vital role in the Texas JOBS program. The provision of child care and transportation assistance played a vital role in facilitating effective JOBS participation. Both child care and transportation assistance reduced time missed in most JOBS components, independent of the effects of demographic or other factors. Provision of child care and transportation may well have enabled Texas to exceed federal participation rate targets and thus secure enhanced federal matching funds during FYs 1991-1993. These support services are vital. Any funding cuts for child care would seriously affect future participation in JOBS.

6. Emphasis on process rather than outcomes in JOBS is a major programmatic barrier to success. The Texas JOBS program has become increasingly focused on capturing hours of participation in order to reach the federal participation rate targets so as to maximize federal dollars available to operate the program. Striving for higher participation rates in a tight budget environment has resulted in larger caseloads for DHS case managers. This appears to have adversely affected case managers' capacity to have frequent, intensive interaction with participants and their families and to develop and access additional community resources for them.

Lack of an outcomes orientation is also hindering JOBS in its ability to access increasingly scarce job skills training "slots" from JTPA. JTPA is performance-driven, while JOBS, as yet, is not. Lack of an outcome orientation constitutes a serious barrier to building effective programmatic relationships.

7. Texas' investment of resources in JOBS is too little to accomplish either the program's goals of increasing rates of participation or economic self-sufficiency. Texas just managed to exceed the target participation rates for enhanced federal matching funds in FYs 1991-1993, and may do so again in FY 1994. It has done so by achieving greater program efficiency, by modifying program content and by straining its delivery system. The resources for the JOBS program come from DHS, JTPA, Adult Education and others, most of which are declining absolutely and relatively. Texas has been spending, on average, between \$2,300 and \$2,800 for Service Level I and II participants respectively; only about 25 percent of this is state funding. These resources are stretched far too thin to be as effective as they could be if more intensive services were concentrated on fewer participants. Given the beneficial matching rates for JOBS expenditures—around \$1.56 in federal funds for every state dollar spent—Texas should invest more in the JOBS program.

Approach

Researchers conducted field interviews with program administrators and staff from all of the major JOBS partners in four sites (five JOBS counties)—Angelina/Nacogdoches, Bexar, Hidalgo and Tarrant counties—in the spring/summer of 1992 and 1993. These field visits offered insights on the operations of the Texas JOBS program, and how it had changed over time. Researchers also interviewed a panel of early FY 1992 JOBS participants during both site visits to gauge their perceived needs, circumstances, experiences and expectations and those of their families.

Program outcomes for a statewide sample of approximately 20,000 female AFDC caretakers entering the Texas JOBS program from November 1990 through March 1992 were compared statistically to outcomes for similar caretakers who received AFDC during this period but did not participate in JOBS. The comparison group was similar in terms of personal characteristics, prior earnings and total time spent on welfare. Net impacts from overall program participation were derived by comparing average outcomes for the two groups six quarters after program entry. Regression analysis was then used to identify which factors—including participation in individual JOBS program components, demographic characteristics, and local conditions—were statistically associated with producing such program impacts after completing the JOBS program. Cost information from the agencies and benefit data were also assembled to produce a benefit/cost analysis of the Texas JOBS program. Separate analyses were conducted for Service Level I caretakers, whom program administrators considered more job-ready, and Service Level II caretakers, who were thought to need more education or training to be competitive in the Texas job market.

Key Findings

Program Participation. During the first two years of the JOBS program operation in Texas (FYs 1991-1992), nearly 84,000 AFDC recipients enrolled in a JOBS component activity or service. Most of these participants were female (94 percent) and drawing benefits through the State's AFDC-Basic program (98 percent). Two of every three JOBS participants were members of federally-specified target groups, including long-term welfare recipients and young caretakers at risk of becoming long-term recipients, reflecting both the remedial and preventive approaches encompassed by JOBS.

Texas sorted JOBS participants into "service levels" based on their reported educational attainment, prior work experience and other barriers to employment in order to tailor service delivery to the needs of the individual client and to make better use of scarce resources. Service Level I participants are viewed as more 'job ready', having a

high school education (or equivalent) or recent work experience and few barriers to employment; Service Level II participants are viewed as less 'job ready', having 8-11 years of education, less recent work experience and modest barriers to employment. Service Level III participants have low education levels, little work experience and barriers to employment which put them beyond the reach of resources available under the Texas JOBS program. Ninety three percent of Texas JOBS participants during this period were determined to be either Service Level I or II.

Service Level I participants are regularly referred to and enrolled in job readiness (life skills, job preparation, and job search skills training) and job search activities, but could also participate in education or job skills training. Seventy percent of Service Level I participants enrolled in more than one component. Service Level II participants are typically referred to and enrolled in adult education classes and survival skills training, prior to enrolling in job skills training. Fifty-six percent of Service Level II participants enrolled in more than one component. The mean length of program stay for Service Level I and II participants was 5-6 months for individuals who had left the JOBS program and 12-15 months for those still enrolled in components (as of August 1992).

The Texas program has consistently emphasized access to educational opportunities: 26 percent and 58 percent of all reported hours of participation for Service Level I and II participants respectively were attributable to JOBS education components, including postsecondary, high school, self-initiated education, GED preparation, and adult basic/remedial education. Job training, though not as widely available as education, accounted for 24 percent and 16 percent of all participation hours for Service Level I and II participants respectively.

More than one-third of all Service Level I and II participants received DHS-funded child care during JOBS participation, while about three-fifths received DHS-funded transportation assistance. Rates of child care receipt rose sharply, approaching 40-50 percent, following the implementation of Child Care Management Services (CCMS). Receipt of child care and transportation assistance significantly reduced the percent of time missed from a scheduled component. Child care receipt was strongly associated with successful participation in GED and job-readiness/job search activities. Participation in almost all component activities was sensitive to the receipt of transportation assistance.

Program Impacts. Participation in the Texas JOBS program during its first two years of operation generally resulted in statistically significant positive net impacts on employment and earnings, significant but negative net impacts on overall AFDC exits and little net impact on AFDC exits due to employment, when measured six calendar quarters

after program entry.¹ Although overall impacts were modest in size, participation in JOBS program components resulted in substantially larger impacts for all of the outcomes measured.² The strongest and most consistent impacts were found from participation in training and education components, while the weakest impacts were measured for Service Level I caretakers who participated in job readiness and job search. While JOBS participation reduced AFDC recidivism for early cohorts, more time must elapse to fully measure the effects of JOBS participation on this longer-term outcome.

The net impact of JOBS participation on employment and earnings six calendar quarters after program entry was positive for almost all cohorts measured and statistically significant for cohorts beginning participation in JOBS after April 1991. For cohorts entering the JOBS program after this date, the net probability of employment increased by 11-18 percent and net earnings impacts increased by \$70-\$114 per quarter when measured six calendar quarters after program entry.

Although JOBS did significantly increase the employment rates and earnings levels for JOBS participants, these employment gains were not strong enough to influence the overall rates of AFDC exits to employment within six quarters after entry. Little difference was found between the JOBS sample and comparison group for this measure. Moreover, JOBS participants were significantly less likely than comparison group members to leave AFDC for reasons other than employment.

While the net impact results compare the average JOBS experience to the average experience for comparison group members, differences in both the types of JOBS components received and the length of JOBS participation can affect outcomes for individual participants substantially. Regression analyses were conducted to sort out the relationship of participation in certain JOBS components with each of the outcomes measured.

Among the individual JOBS components, training was associated with the strongest impacts. Participation in JOBS training components—which include job skills training, self-initiated training, and OJT—enhanced positive net impacts for all outcomes measured: AFDC exits, AFDC exits to employment, employment regardless of exit, and UI earnings. Participation in training programs of average duration (286 hours) increased

¹The negative net impact on AFDC exits was expected because the JOBS sample included individuals who were still enrolled six calendar quarters after entry and averaged all lengths and types of participation.

²The regression techniques, which are used to estimate the effect of individual JOBS components on outcomes, measure the degree of correlation between components and outcomes and does not necessarily imply a cause and effect relationship. Language used in this summary should not be interpreted as implying such a relationship.

the probability of exit from AFDC for all caretakers by nearly 20 percent and boosted quarterly earnings by \$333 for Service Level I participants and \$285 per quarter for Service Level II clients.

Education also had strong and positive impacts for all outcomes measured. The education category includes postsecondary education, high school, self-initiated education, GED preparation, and basic/remedial education. Education for Service Level I caretakers was associated with the best opportunity for employment in \$15,000 per year jobs, increasing the prospects for such employment by 33 percent.

For Service Level I participants, life skills /survival skills training resulted in positive and significant impacts on AFDC exits, AFDC exits to employment, exits to high-wage employment, and quarterly UI earnings. The results of life skills training for Service Level II participants were less conclusive.

Job search activities for Service Level I participants—which include job readiness, group and individual job search—resulted in the poorest outcomes of all the components. This group of components actually was associated with a negative effect on AFDC exits and exits to \$15,000 employment and had no impact on any of the other outcomes for Service Level I participants. These components are now the core services offered to most Service Level I participants.

Most of the desirable outcomes were not observed until after the participation in programs was completed. While participating in component activities, individuals were less likely to exit and had lower earnings. However, participation in JOBS did not seem to discourage AFDC caretakers from working part-time while they were enrolled in a JOBS component.

Program Benefits and Costs. Many of the benefits from JOBS participation have not yet occurred and are hard to measure, e.g., the level of future earnings, the value of increased literacy and intergenerational effects. The major benefits from participation measured in the evaluation included increased earnings and fringe benefits and reduced welfare payments. Projection of these benefits to the year 2002 as compared with the observed costs of participation (approximately \$2,300 for Service Level I and \$2,750 for Service Level II) depends upon the earnings projection methodology and the discount rate used. Using conservative assumptions—that participation in the JOBS program produces a change in the *level* of earnings and a moderate discount rate of five percent—discounted net benefits are estimated to be negative: -\$509 for Service Level I participants and -\$789 for Service II participants. With less conservative assumptions—that participation in JOBS produces a change in the *growth* of earnings and a lower discount rate of three

percent—discounted net benefits become positive: +\$1,095 for Service Level I and +\$65 for Service Level II participants.

The distribution of program costs and benefits is uneven. Savings for the federal government from reduced AFDC and Food Stamp benefits, due to increased participant earnings, are almost completely offset by corresponding increases in the Earned Income Tax Credit (EITC) for those same individuals. Potential savings from reduced AFDC payments are limited by the relatively low level of these benefits in Texas. The federal government incurs almost 75 percent of the costs of JOBS participation, and participants receive most of the benefits.

Recommendations

Policy and program recommendations based on both the evaluation of the Texas JOBS program and on examination of the existing literature on welfare-to-work programs are included in Section VIII of the report. Major areas addressed in the recommendations include the need for a stronger outcomes orientation in the JOBS program, changes in the existing service-level sorting process for participants, pursuit of a common assessment policy across agencies, and stronger linkages between JOBS and some of its current and potential partner agencies. These recommendations are intended to provide policymakers and others with information to enhance program effectiveness for Texas AFDC caretakers and their families.