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of the Committee on Health, Education, Labor, and Pensions

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Mr. Chairman and Members of the Subcommittee:

Thank you for inviting me to testify. I am a Senior Staff Attorney at the Center for Law and Social Policy (CLASP). CLASP is a nonprofit organization engaged in research, analysis, technical assistance, and advocacy on a range of issues affecting low-income families. During the past several years, we have closely followed research and data relating to implementation of both the Workforce Investment Act of 1998 and the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. In addition, we often talk and visit with state officials, administrators, program providers, and individuals directly affected by the implementation of workforce development and welfare reform efforts. Also, CLASP is in the midst of a project exploring the experiences of four states that have consolidated administration of WIA and TANF at the state and local levels.¹

Today's hearing focuses on access to career-path training for low-skill and low-wage workers and on how the intersection between TANF and WIA may affect access to such training.

The main points I wish to make are:

In order to meet the Workforce Investment Act's goals of improving the employment, earnings, and skills of America's workers and to make our employers more productive and competitive, greater access and resources to quality education and training programs need to be made available for low-skill, low-earning individuals. More specifically, the following modifications to the Act should be considered:

- Eliminate provisions of the law that require sequential eligibility for intensive and training services;
- Increase resources levels and consider a set-aside of funds for intensive and training services separate from funding for one-stops and core services; and
- Improve reporting and performance measurement to assure adequate information for stakeholders and customers while maintaining focus on system and provider performance.

A number of steps should also be taken to assist states and localities that wish to more closely coordinate activities under WIA with services and programs to low-income parents provided under TANF. It appears that there are significant potential benefits to TANF recipients, other job seekers, and employers that may result from better coordination, including:

- Better employment services for TANF recipients;
- Greater access to support and treatment services for non-TANF job seekers; and
- Easier access to a large pool of job seekers for employers, as well as benefits to their workers in terms of treatment and support services.

However, there continue to be concerns about access to services for those recipients who face significant barriers to employment and about how employers will respond to a system that integrates public benefits administration with employment services.

Nothing yet suggests that there is a single “right way” to bring these two systems more closely into alignment. Integration efforts have been difficult and there are significant costs in transitioning to a single structure. Accordingly, this would seem to be a period of time in which state experimentation should be encouraged and studied. The principal federal policy response should be to work with states and localities to reduce barriers that may hinder coordination and to help compare and assess state and local experiences in these areas.

Some of the changes that might foster better coordination include:

- More closely aligning the employment goals of the two systems;
- More closely aligning services strategies by eliminating sequential eligibility from the WIA requirements, and significantly broadening the activities that states can count toward TANF participation rates; and
- Aligning the employment outcome measures and methodologies used in the two systems, and giving states the option under TANF to use outcome measures rather than participation rates in assessing their activities.

Background

The Workforce Investment Act of 1998 (WIA) substantially altered the federally-funded system for job training and other employment-related services for adults, dislocated workers, and youth. The purpose of the Act’s provisions concerning employment services are stated this way:

The purpose of this subtitle is to provide workforce investment activities ... that increase the employment, retention, and earnings of participants, and increase occupational skill attainment by participants, and, as a result, improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of the Nation.
(Section 106)

Concerns about the fragmentation of federally-financed efforts to provide job training, and the weak performance of many programs financed under the Job Training Partnership Act (JTPA), informed the Congressional debates that led to WIA’s enactment.

The problems created by multiple federal programs designed to increase the employment and earnings of adults included lack of coordination among numerous agencies attempting to deliver services at the local level, limited state and local flexibility to use federal resources most effectively to address local needs, an inability among prospective participants to understand the full range of options available to them, and lack of accountability and effectiveness of the “system” as a whole. The principal policy response to this fragmentation was the requirement that every local workforce board create a one-stop delivery system in which local entities operating key federally-funded programs must participate and in which customers could more easily access programs and services, regardless of funding source or administering agency.

This broad new mission to create an integrated workforce development system marked a major shift from simply funding job-training programs, the principal purpose of JTPA. The central administrative element of this new system is the creation of one-stop systems that provide

universal access to set of “core services” — that is, assure that any individual would have access to employment-related services, including information about job vacancies, career options, student financial aid, relevant employment trends, and instruction on how to conduct a job search, write a resume, or interview with an employer, is available to any job seeker in the U.S. or anyone who wants to advance his or her career (Section 134(d)(2)). In addition, the Act defined two additional levels of services, “intensive” and “training,” and developed a system of sequential eligibility, which was intended to insure that these latter categories of services were limited to those individuals who needed access in order to find employment or move up in the labor market. Many have characterized this system of sequential eligibility as “work-first” insofar as it can be interpreted to limit access to training to those who have been unsuccessful in job search (a core service), and there appears to be confusion about this feature of the law in the field. However, neither the statute nor regulations actually require such results.

The Act also sought to address concerns about the weak outcomes of many training programs through greater emphasis on employment outcomes for those who receive intensive and training services. The new system has four key features: (1) states are required to report on a set of accountability measures that focus on employment outcomes, such as measures of employment entry, wage growth and job retention; (2) states are subject to fiscal penalties for failure to meet statewide performance goals; (3) training providers will eventually be required to meet performance-based eligibility criteria; and (4) when providing access to training, local boards are required to provide eligible individuals with “individual training accounts” to select among eligible providers using performance and cost information that will be made available through the new one-stop systems.

While WIA’s mission is centered around the improvement of employment, earnings for individuals, and productivity and competitiveness for employers, the purposes of the Temporary Assistance for Needy Families (TANF) block grant are at once narrower and broader. Narrower, because while the purposes include promoting work, they do not concern themselves with the broader functioning of U.S. labor markets and their focus is generally limited to low-income families, and broader in that they include concerns about the well-being of children and issues concerning family structure. TANF’s specific purposes as stated in the statute are:

IN GENERAL - The purpose of this part is to increase the flexibility of States in operating a program designed to —

- (1) provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;
- (2) end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;
- (3) prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and
- (4) encourage the formation and maintenance of two-parent families (Section 401(a)).

Although the purposes do not necessarily suggest that work is central to TANF implementation, a broader reading of the statute reveals a significant focus on promoting employment, and implementation throughout the country has reflected this focus. The law sought to promote work by creating an accountability system that requires states to place increasing percentages of cash

assistance recipients in employment-related activities, allows states broad flexibility to impose time limits on aid and penalize individuals and families if adults do not participate in required employment-related activities, and authorizes broad flexibility to provide financial incentives to those who obtain employment. The block grant financing structure also makes additional resources available to states for employment-related activities and supports because, as cash assistance caseloads fall, federal funding is maintained at fixed levels, effectively increasing resources for non-cash assistance purposes.

In implementing TANF, states continued a trend begun in the early 1990s of fundamental change in the basic orientation of state welfare systems, as the principal focus shifted from providing income support to an emphasis on requiring and supporting employment. Most states were guided by a work-first philosophy, in which programs emphasized rapid employment entry. The guiding perspective was that any job could be a stepping stone to a better job, that job placement efforts should not make special efforts to link parents with better jobs, and that education, training, and skill-building for the unemployed should be discouraged.

Unlike WIA, whose accountability measures focus on a set of employment-related outcomes, TANF's accountability structure focuses on a set of process measures, known as participation rates, which seek to require and measure the extent to which states engage cash assistance recipients in a set of defined work-related activities. There is also a voluntary system of measurement and incentives for employment outcomes created by regulation that uses a similar, though not identical, set of employment outcomes to those used in WIA.

Access to Training and Employment Outcomes Under Workforce and Welfare Reform Initiatives

In assessing the training experience for adults under WIA, key questions include how many people are getting training, who is getting training, and what is known about outcomes and effectiveness. The WIA reporting system provides information about the number of adults who receive training services, but there is no reported breakdown of those individuals by income or other demographic characteristics. Thus, while we know that in Program Year 2000 (July 1, 2000-June 30, 2001) about 50,000 adults received training (not counting dislocated workers),² we do not have information about the number who were poor or low-income. These data are included in the WIASARD, the WIA reporting system that states send to the Department of Labor, but the complete data are not yet available publicly. Furthermore, if breakouts of performance such as those mentioned above are desired, individuals will be forced to analyze the data themselves, as it is not a state or federal reporting requirement. What we know now then is that states were required to prioritize training services to low-income individuals during periods when funding for training is "limited," and the Department of Labor has by regulation required that states and localities implement a priority system unless they specifically report to the Department that funds are not limited in a particular local areas.³ However, there is still broad flexibility in structuring an acceptable priority system under the law, and thus it is uncertain how many of the 50,000 individuals are, in fact, public assistance recipients or other low-income adults.

Reported data on employment outcomes leave many important questions unanswered, partly because we lack more information about the demographics of those being served, and partly because important information, such as actual wage rates of job finders is not included as a measure. Employment outcome measures for adults for PY 2000 reflect that about 70 percent of those who received training entered employment in the quarter their training ended, and that approximately 80 percent were still employed six months after employment entry. However, without knowing more about the backgrounds of those being served, it is difficult to say how impressive these results actually are. Similarly, while the earnings gain measure (change in earnings from prior to program participation to after program participation), reflects what appears to be an increase of about \$3,800 per year, without knowing the actual pre- and post-program wage rates, one cannot determine the strength of these results. Separately-reported performance information for public assistance recipients⁴ shows comparable employment and retention rates to those achieved for all adults (67 percent and 79 percent respectively) and earnings gains of slightly over \$4,200.⁵ Here again, however, without more detailed information about participant characteristics and actual wage rates, this information is of very limited value. Another problem with the data described here is that while we know that about 50,000 adults received WIA-funded training, we have no information about how many more adults may have used one-stop systems and core services to learn about and access training that was paid for with other funds — for example, student financial aid and loans.

Information is also lacking about expenditures for training under WIA, as compared to other activities and services. Although approximately \$1 billion was appropriated for services to adults under WIA for PY 2000, states are not required to break out costs by activities in reports to the federal government. If one assumes that \$5,000 per person was being spent on training,⁶ services to 50,000 individuals may have cost in the neighborhood of \$250 million. It is worth noting that during the last full years of JTPA implementation (FY 96-98), before the transition to WIA began, approximately 150,000 low-income adults were receiving training each year when appropriations for Title IIA were roughly equivalent to the FY 2000 appropriation for adults under WIA.

Observers attribute the limited use of training to several factors, including: (1) the system of sequential eligibility, which many have interpreted to require a work-first approach; (2) the limited availability of resources for training, as large amounts have been spent on the development of one-stop systems and the delivery of core services to the general public; and (3) the strong economy during this period, which created expanded employment opportunities for many low-skill workers and job seekers. Each of these factors has probably played some role, but, whatever the reason or combination of reasons, the reality is that only a small number of adults are receiving training under WIA, and the number has plummeted since states shifted from JTPA to WIA. One thing that seems clear is that this drop in access to training is not simply about reduced demand resulting from strong economic conditions. A set of reports published by community-based organizations working in Washington, DC,⁷ Springfield, Massachusetts,⁸ and Minneapolis, St. Paul, and Brooklyn Park, Minnesota,⁹ reveal the difficulties encountered by low-income, unemployed and underemployed customers trying to access training services, and even basic core services, at one-stop centers. In the Minnesota and Massachusetts one-stop “testing projects,” not a single customer received job-training services, despite evidence that would lead one to believe they might be eligible for and benefit from training services.

Similarly, in the Washington, DC, study, only one customer received training. In the Minnesota study, out of 56 visits paid to one-stop centers by 28 unemployed and underemployed individuals, only 6 times did customers even get beyond the point of the receptionist and speak to a staff person about services. In the Massachusetts study, none of the customers involved in the testing project even found employment through the one-stop center.

Reports submitted to the federal government concerning TANF recipient participation in work-related activities show that in FY 2000 about 70,000 recipients participated in some form of job training each month, although there is no information about the number of different adults who participated during the course of the year. During FY 2000, states reported spending about \$233 million on education and training, including federal and state Maintenance of Effort funds, slightly less than 1 percent of all funds spent during FY 2000.

The employment outcomes achieved are impressive in terms of movement of welfare recipients into the labor market. Ample available evidence points to a dramatic increase in employment among low-income single mothers in recent years. In announcing its welfare reform proposal, the Administration reported that after a decade in which the annual employment rate for single mothers hovered around 58 percent, the rate had increased every year through 2000, and reached over 73 percent of mothers heading families in 2000. Moreover, employment rates for never-married mothers increased from under 46 percent in 1995 to nearly 66 percent in 2000, an increase of over 40 percent in just five years.¹⁰ Most observers attribute these results to a combination of factors, including the strong economy, welfare policy changes, and other policy changes that have provided strong incentives for low-wage working parents, particularly improvements in the Earned Income Tax Credit.

Unfortunately, the quality of employment being obtained by many former recipients leaves much to be desired. Studies that look at the employment experiences of families who leave welfare report generally low wages and earnings for those who are employed after leaving assistance. According to the Urban Institute's Nation Survey of America's Families, median wages for recent welfare leavers in 1999 were \$7.15 an hour.¹¹ State studies typically report wages at or in that range. A recent CLASP review of more than 30 recent leavers studies found that median wages ranged from \$6.00 to \$8.47 an hour, while median first-quarter earnings ranged from \$1,884 to \$3,416, with most states showing median quarterly earnings of \$2,000 to \$2,500.¹²

Access to Training Not Limited to WIA and TANF

Of course, WIA and TANF are not the only funding sources or gateways to training programs. While community colleges play a critical role in providing education and training services to both TANF and WIA clients, many more low-income and many low-skilled individuals access the community college system on their own or through the student aid system than those who enter training by enrolling in either program. The community college system was developed to offer low-cost educational and vocational training opportunities, and, in fact, public assistance recipients make up only a very small percentage of the total population enrolled. Tuition costs are highly subsidized by state and local funding and are kept relatively low, enabling many low-income individuals to access educational and training programs. In addition, the Pell Grant program provides financial assistance for qualified individuals. In fiscal year 1996, for example,

two-year public institutions reported receiving \$1,697,402 in Pell Grants as payment.¹³ While TANF and WIA training dollars are often used to cover costs at community colleges, it is important to recognize the greater role that community colleges play in the community at large and the importance that they have in providing education and training to low-wage and low-skilled workers who may not qualify for public assistance or other federally-subsidized training programs.

Why Should We Be Concerned About the Emphasis on Low-Intensity, Work-First Strategies at the Expense of Training?

In the five years since TANF adopted a narrow work-first strategy, both research and experience have demonstrated the strengths and the weaknesses of this approach. The narrow work-first approach has been successful in contributing to a significant increase in employment among low-income families. However, the employment has been principally low-wage, and, for many families, there is little or no evidence of advancement over time. Moreover, new research findings since 1996 strongly suggest that the most effective programs are not narrow work-first programs, but rather ones that combine a mix of services and that try to help families obtain better jobs. Thus, a key issue for both TANF and WIA should be how to maintain a strong focus on employment, while placing much greater attention on efforts to address job quality.

Evaluations of welfare-to-work programs have consistently shown that the most effective strategy for increasing employment and earnings among the welfare population is to provide a wide range of work-focused employment and training services tailored to individual needs. New research, testing a range of approaches in multiple sites across the country, has found that, in these “mixed-service” programs, the range of services provided typically includes assessment, job search, life skills, work-focused basic education, work experience, and job training with recipients generally participating in only one activity at a time. One of the most successful “mixed-service” sites — Portland, Oregon — produced impacts that are among the largest from any welfare-to-work evaluation.¹⁴

The Portland program stressed moving individuals into the workforce quickly, but also focused on using education and training as an important element for finding good jobs and sustaining employment. The program significantly increased participation in post-secondary education for those with a high school diploma, with over half attending a community, two-year or four-year college. For those without a high school diploma, the program resulted in an increase in both basic education programs and post-secondary education. Overall, the program resulted in a 23 percent increase in the use of education and training compared to the control group, a 21 percent increase in employment, a 25 percent increase in earnings (over \$5,000 over five years), and a 22 percent reduction in the time spent on welfare compared to other recipients not participating in the program.¹⁵

Proponents of the narrow work-first approach sometimes assert that training does not work. However, research clearly demonstrates that helping low-income parents increase their skills pays off in the labor-market, particularly through participation in vocational training and post-secondary education and training. Even those with lower skills can benefit from post-secondary education and training, if basic education programs are made intensive, close attention is paid to

quality, and basic education is linked to further training and employment. While it can take a substantial amount of time to complete both basic education and job training, it is a worthwhile investment because the payoff is significant and much larger than basic education services alone can provide.

A recently released study highlights the value of attendance at a community college as part of a welfare recipient's welfare-to-work plan. In the state of California, welfare recipients are allowed to attend community college if the county welfare department agrees that it will help lead the recipient toward unsubsidized employment. The study, conducted by the California Community Colleges Chancellor's Office, found that recipients who attend community college work more and have increased their earnings substantially just one to three years after exiting college. In addition, CalWORKS recipients in vocational programs and those who leave with certificates or associate's degrees have greater increases in median annual earnings than those who do not — those who left school in 1999-2000 with a vocational associate's degree doubled their earnings one year after completing school. Similarly, CalWORKS students who enter college without a high school diploma increase their earnings dramatically one year after exiting. These results highlight the value of including education as a major component in job readiness and job placement activities.¹⁶

Where Do We Go from Here?

The evidence is clear that programs offering a mix of services based on an individual's assessment and plan will have the greatest impact on employment and earnings, and that, for those who are allowed to gain access, quality education and training programs will substantially improve outcomes for participants. Yet relatively few people are receiving these services through either WIA or TANF. There is no one simple solution to this issue; rather we need to think about each system in three important respects: (1) Do states and localities have the flexibility they need? (2) What level of resources is available? and (3) Are the incentives right to assure the mix of services that are needed to help people enter and advance in the labor market?

- **Eliminate provisions of the law that require sequential eligibility for intensive and training services.**

Currently, local boards lack the flexibility to provide individualized service plans to job seekers and low-wage workers. Since its inception, the WIA system has been plagued by confusion over the extent to which Congress intended that localities require a work-first approach in which job search is required as a precondition to receiving intensive and training services. While the regulations issued by the Department attempted to make clear that a narrow work-first approach is not mandated, the field is still not uniformly persuaded that the work-first model is not the federally-preferred model. Further guidance from the Department has been under consideration and would be extremely helpful. However, looking toward WIA reauthorization, Congress needs to send a clear signal that local boards are empowered to set policy in this area, so long as that policy is consistent with the broad goals of helping every job seeker and worker achieve an income that allows for self-sufficiency. The statute requires a focus on low-income individuals if resources for training are limited, and local boards do not need a federally-mandated system of

sequential eligibility to balance the competing demands of universal access to core services with access to intensive and training services for those who need more help.

- **Increase resource levels and give serious consideration to a set-aside fund for intensive and training services separate from funding for one-stops and core services.**

Inadequate resources are available to undertake all of the tasks that Congress seeks to accomplish. When Congress enacted WIA, it substantially broadened the obligation of local boards to provide services when it mandated the creation of one-stop systems and the availability of core services on a universal basis. However, funding for adults has remained relatively constant at somewhat below \$1 billion. While in many cases partner agencies contribute to the cost of the one-stop systems and core services, it should come as no surprise that resources that were previously available for training services are now needed for the maintenance of one-stop systems and the delivery of core and intensive services. If local boards are to be able to provide a full array of services in a flexible manner, Congress will need to increase funding and should also consider earmarking funds for intensive and training services separate from funding needed to operate one-stop systems and providing universal access to core services.

- **Improve reporting and performance measurement to assure adequate information for stakeholders and customers while maintaining focus on system and provider performance.**

In addition to assuring adequate resources and flexibility, local boards need incentives that are consistent with the purposes and goals of the statute. Unfortunately, the current system of performance measurement falls short. Performance measurement is difficult, not the least because there are many different users of performance data, and they have different purposes. Policymakers need information on the amounts being spent on various types of services, information about the types of customers who are using various types of services, and the outcomes being achieved. However, the required reporting does not tell us how money is being spent — that is, how much is spent on what types of services and for which groups of clients. Nor do the performance data tell us much of what we need to know about outcomes. Most fundamentally, no data are required about the actual wage rates achieved for those receiving training services, nor is there any information available about the effectiveness of core services. Program managers need information that more specifically identifies — in a timely enough manner to guide spending decisions — the effectiveness of various programs in meeting the needs of various customers. However, there continues to be broad resistance to the reporting and publication of provider performance information, which should be the principal source of this information for managers, as well as consumers. Reasonable concerns about the burdens and costs of data collection for service providers should be addressed, but there needs to be continued progress toward holding every provider accountable for making meaningful outcome data available to program managers and consumers alike. More specific areas that need to be addressed include: (1) there are no measures that provide data about the performance or effectiveness of the new one-stop delivery systems and the quality or value of the core services being delivered to the public; (2) there are no incentives to enroll and provide intensive and training services to those for whom local boards and one-stop operators may have difficulty

meeting established benchmarks; and (3) there are no measures of job quality, nor the progress of customers toward self-sufficiency.

Coordination Between WIA and TANF

In recent months, there has been increasing interest in and discussion about how state efforts under TANF and WIA should fit together. As discussed above, guiding principles for WIA include one-stop delivery, universal access to services, and efforts to coordinate diverse programs into a unified planning and service delivery process. Some people urge that services and benefits for low-income families funded through TANF should be integrated into the WIA structure. However, efforts to integrate services for low-income families into a universal system raise concerns that: (1) the special needs and circumstances of the disadvantaged may not be effectively addressed in a universal system; (2) the resources intended to address the needs of low-income families could be diverted to less needy groups; and (3) TANF clients and concerns might dominate the WIA system, making it less attractive for other customer groups

The uncertainty about how the systems should fit together has been exacerbated because, over the last decade, the missions of state welfare departments have come to include responsibilities that traditionally were associated, at least in theory, with state labor/workforce agencies. During this past decade, welfare agencies were redesigned to see one of their principal responsibilities as involving efforts to connect low-income families with work, and that has become a key part of the mission of many of these agencies. Further, as more low-income parents entered employment, but often in unstable, low-wage jobs, welfare agencies began to articulate the need to develop services and supports to address employment retention and wage advancement for low-earning workers. On the one hand, welfare agencies had little prior experience with these retention/advancement efforts; at the same time, it is by no means clear that state labor/workforce agencies had a body of experience to draw upon in efforts to provide retention and advancement assistance for low-wage workers.

The issues presented by the welfare-workforce intersection raise fundamental questions about what the workforce development system should look like and how the needs of the most disadvantaged claimants should be addressed: (1) Should there be a single system for all? (2) How would such a system address the circumstances of those with little or no work history or who face issues such as mental illness or disability, substance abuse, and domestic violence? (3) Is it practical or feasible to serve voluntary and mandatory claimants in the same structure? (4) Will middle- and upper-income claimants opt out of a structure with substantial numbers of low-income participants? (5) How will employers respond?

CLASP is in the midst of a project exploring the experience in four states (Florida, Ohio, Utah, and Wisconsin) that have consolidated their TANF and workforce agencies into a single state agency. The project is designed to explore the early experiences of these states, in an effort to identify the benefits and disadvantages of closer coordination and integration for various customer groups and to identify obstacles that may impede state and local efforts to achieve closer coordination. While a report concerning the project is still several months away, some of our preliminary findings include:

- Benefits to TANF recipients appear to consist primarily in their closer connection to the broad array of employment services that are made available through or linked to one-stop centers, including employers. Of course, the value of this will be substantially affected by the welfare-to-work strategies adopted by TANF administrators and the extent to which recipients are allowed to access the array of training opportunities about which information and access is available through one-stop systems. On the other hand, however, concern exists regarding how TANF recipients with multiple barriers will fair within a more integrated system.
- For other one-stop job seekers, there is the potential for easier access to work supports, like child care, Food Stamps, and Medicaid, that are administered by public benefit agencies. In addition, rehabilitative and treatment services, which are increasingly available to TANF recipients, also become more accessible to other workers who might otherwise not be aware of these resources in their communities.
- For employers, coordination means easier access to a large pool of TANF-recipient job seekers and access for their employees to work supports and services, as noted. However, some employers may be not be comfortable using a one-stop center that serves a large number of welfare recipients, due to the stigma attached to that population.

Nothing in the project to date suggests that there is a single “right way” to bring these two systems more closely into alignment. Integration efforts have been difficult, there are significant costs in transitioning to a single structure, and, at this point, there is no empirical evidence demonstrating that the integrated structure is necessarily more effective than the broad range of approaches taken in many other states. Accordingly, this would seem to be a period of time in which state experimentation should be encouraged and studied. The principal federal policy response should be to work with states and localities to reduce barriers that may hinder coordination and to help compare and assess state and local experiences in these areas.

Some of the differences between the two systems that may be hindering better coordination include the actual or perceived differences in the missions of the two programs: dependency reduction versus skill/productivity improvement. Related to this difference in mission are differences in services strategies: while WIA is somewhat focused on work-first, TANF policy and incentives push more strongly in the direction of work-first, particularly in the kinds of activities and services mandated for those who are unsuccessful in job search. More uniform service strategies would also facilitate a common employment planning process. Specifically, with regard to WIA, this would mean eliminating the sequential eligibility structure and allowing local boards to provide varying levels of services to individuals based on an assessment and employment plan. On the TANF side, this would mean moving in the direction of broadening the range of activities that count in meeting participation rates so that individual plans can be developed based on assessment, without substantial limitation based on prescriptive federal rules governing which activities “count” and which do not. H.R. 4700, currently under consideration in the House, would, if enacted, be a major step backward in this regard as it significantly narrows the range of countable activities and would therefore make it more difficult to effectively integrate the delivery of workforce services for TANF and WIA customers.

Finally, there are significant differences in the accountability structures of the two systems. WIA uses a set of employment-related outcome measures. TANF relies principally on process measures in the form of participation rates to assess state conduct. However, incentive funds from the High Performance Bonus are distributed based on state performance on a set of employment-related outcomes that are not dissimilar from WIA outcome measures. There are two steps that might be taken in this area that would facilitate coordination. First, an effort should be undertaken to harmonize the employment outcomes that are used in WIA and TANF so that there are a common set of measures and definitions. Second, consideration should be given in TANF reauthorization to allowing states to rely in whole or in part on their performance with regard to these outcome measures rather than on participation rates for purposes of state accountability.

Thank you for providing me with this opportunity to testify.

¹ This testimony reflects ongoing collaborative work with a number of CLASP colleagues, including Abbey Frank, Nisha Patel, Mark Greenberg, and Julie Strawn.

² Based on review of state annual reports for program year 2000.

³ P.L. 105-220. Section 134 (d)(4)(D).

⁴ Public assistance recipients are defined as individuals who are listed on the TANF grant and/or are receiving assistance under General Assistance, Refugee Cash Assistance, Supplemental Security Income, or Pell Grants.

⁵ The number of public assistance recipients whose performance is measured in these data is not reported.

⁶ Nisha Patel and Steve Savner, *Implementation of Individual Training Account Policies Under the Workforce Investment Act: Early Information from Local Areas* (Washington, DC: Center for Law and Social Policy, May 2001). Available online: <http://www.clasp.org/jobseducation/ITA Preliminary Report May 2001.pdf>. The maximum amounts on ITAs for those local boards that provided information about caps ranged from \$1,000 to \$10,000, with some boards setting different caps for different types of training. Most caps were in the \$4,000 to \$6,000 range.

⁷ D.C. Jobs Council, *Help Wanted: Low-Income Job Seekers Assess the District of Columbia's One Stop Career Centers* (Washington, DC: D.C. Jobs Council, June 2001).

⁸ Anti-Displacement Project, *FutureWorks: Roadblocks to Success. How FutureWorks Is a Dead End for Low Wage Workers. Report Summary of FutureWorks Testing Project* (Springfield, MA: Anti-Displacement Project, March 2001).

⁹ Jennifer Blevins, *Accessing Jobs and Training in Minnesota: Workforce Center Testing Project Results* (Minneapolis, MN: Jobs and Affordable Housing Campaign, December 2001).

¹⁰ The Bush Administration, *Working Toward Independence* (Washington, DC: The White House, February 2002), 6-7. Available online: <http://www.whitehouse.gov/news/releases/2002/02/welfare-reform-announcement-book.pdf>.

¹¹ Pamela Loprest, *How Are Families That Left Welfare Doing? A Comparison of Early and Recent Welfare Leavers* (Washington, DC: The Urban Institute, April 2001), 3. Available online: http://newfederalism.urban.org/pdf/anf_b36.pdf

¹² Elise Richer, Steve Savner, and Mark Greenberg, *Frequently Asked Questions about Working Welfare Leavers* (Washington, DC: Center for Law and Social Policy, December 2001). Available online: <http://www.clasp.org/pubs/TANF/leaversFAQ.pdf>

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