

## Achieving Economic Self-Sufficiency Through Welfare Reform

Welfare reform began in Arkansas in July 1997 with the implementation of Act 1064, the Arkansas Personal Responsibility and Public Assistance Reform Act. Since that time, the state, local TEA Coalitions, and other organizations have worked hard to put into place all of the many elements of the law.

During the 1999 legislative session, the welfare reform law was amended to, among other things, change the goals of the TEA program from reducing the welfare rolls to a broader focus of economic self-sufficiency for those families who are no longer receiving welfare. A list of twelve outcomes was added to the law. Among these new outcomes were the following:

- ? Increase the percentage of families receiving TEA cash assistance who receive services necessary for them to participate in work activities, including education and training, to move toward self-sufficiency;
- ? Increase the hourly wages and monthly earnings of families who leave TEA for work;
- ? Increase the percentage of families who leave TEA for work who stay employed;
- ? Decrease the number of families who leave TEA and face hardship and deprivation; and,
- ? Increase the percentage of families who leave TEA cash assistance who move out of poverty.<sup>1</sup>

How has the state done in achieving these outcomes? In this issue of *Policy Points*, we will look at some of the outcome data from the evaluation of the TEA program conducted by the state's Independent Evaluator. We will also look at data from two welfare-to-work programs that are operating in the Delta region of the state – Good Faith Fund's (GFF) Industry Partners Employment Training Center (IPE) and the Careers in Health Care (CHC) programs.



### DEMOGRAPHIC INFORMATION FOR TEA PROGRAM AND GOOD FAITH FUND PROGRAMS

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Before looking at outcomes, it is important to compare demographic information for the various programs. The table on the next page summarizes key characteristics of former TEA recipients surveyed by the Independent Evaluator and of students in the Industry Partners and Careers in Health Care programs operated by the Good Faith Fund. A notable difference is that, overall, students in the two programs have much lower education levels than the overall TEA population in Arkansas.

Of the ten sectoral employment initiatives funded by the Charles Stewart Mott Foundation nationally, GFF

trains the youngest population, with the lowest incomes, the least employment experience, and the lowest levels of education. Despite the barriers facing these participants, program graduates are achieving and retaining full employment.

In addition to these characteristics that can be compared to the overall TEA population, there are other

| <b>Characteristics of TEA Program Participants Compared to IPE and CHC Graduates</b> |                    |                      |                   |            |
|--|--------------------|----------------------|-------------------|------------|
|  | <b>TEA Program</b> | <b>IPE Stuttgart</b> | <b>IPE Helena</b> | <b>CHC</b> |
| <b>Gender</b>  | 96% Female         | 84% Female           | 98% Female        | 93% Female |
| <b>Average Age</b>   | 30.1               | 26.7                 | 29.6              | 26.8       |
| <b>Education</b>   |                    |                      |                   |            |
| Less Than High School  | 38.5%              | 51.4%                | 69%               | 26.9%      |
| GED or High School   | 44.9%              | 40.4%                | 28.6%             | 51.7%      |
| Some College   | 15.4%              | 8.2%                 | 2.4%              | 20.9%      |
| College Degree   | 1.2%               | 0%                   | 0%                | .4%        |
| <b>Race</b>  |                    |                      |                   |            |
| African American   | 58.9%              | 80.7%                | 90.5%             | 86.4%      |
| White  | 38.7%              | 17.1%                | 9.5%              | 12.3%      |
| Hispanic/Latino  | 1.5%               | .6%                  | 0%                | .9%        |
| Asian  | .3%                | 0%                   | 0%                | 0%         |
| Native American  | .6%                | 1.1%                 | 0%                | .4%        |

characteristics of CHC and IPE students that are descriptive of the situation that participants were in financially and in terms of work experience when they enrolled in the programs. The table on the next page presents some of this data. An overwhelming majority of students had incomes below \$5,000 per year, and their recent work experience is quite limited. Some have cars, but almost none own homes or have savings accounts.

## **OVERALL OUTCOMES FOR THE TEA PROGRAM**

The Independent Evaluator for the state TEA program has just released a report on outcomes under that program.<sup>2</sup> This report is based on a random sample survey of former TEA recipients who left the TEA program between January and March 1999. The interviews took place during the spring and summer of 2000 – individuals had been off TEA for between 14 and 19 months.

In terms of outcomes, the report finds the following:

- ? 82% of those surveyed had worked at some time since leaving TEA, but only 52% were working at the time of the survey.
- ? Of those working, the average hourly wage was \$6.99 (14-19 months after leaving TEA).
- ? Of those former TEA recipients who were working, 61% had paid vacation, but only 31% had paid sick leave, and only 48% had a health plan or medical insurance.

| <b>Other Characteristics of IPE and CHC Graduates<br/>(At Time of Enrollment)</b> |                      |                   |            |
|---|----------------------|-------------------|------------|
|   | <b>IPE Stuttgart</b> | <b>IPE Helena</b> | <b>CHC</b> |
| <b>Pre-Program Income</b>   |                      |                   |            |
| Under \$5000  | 83.5%                | 78.6%             | 69.4%      |
| \$5001 – \$10,000   | 10.4%                | 21.4%             | 18.7%      |
| \$10,001 – \$15,000   | 3.8%                 | 0%                | 6%         |
| Over \$15,000   | 2%                   | 0%                | 5.9%       |
| <b>Work Experience</b>  |                      |                   |            |
| Working Full Time Now   | 10.7%                | 0%                | 10.6%      |
| Less Than Six Months Ago  | 43.3%                | 19%               | 35.3%      |
| 6 Months to a Year Ago  | 12.9%                | 40.5%             | 18.3%      |
| More Than a Year Ago  | 22.5%                | 11.9%             | 22.6%      |
| Never Worked Full Time  | 10.7%                | 28.6%             | 12.3%      |
| <b>Car Ownership</b>  | 28.4%                | 14.3%             | 41%        |
| <b>Home Ownership</b>   | 1.1%                 | 0%                | 6%         |
| <b>Savings Account</b>  | 0%                   | 0%                | 10%        |

## **TWO EFFECTIVE WELFARE-TO-WORK PROGRAMS IN THE ARKANSAS DELTA**

Good Faith Fund, a non-profit affiliate of Southern Development Bancorporation, operates two employment training programs in the Delta region of Arkansas. Industry Partners began in 1999 and is located in Stuttgart and Helena. Careers in Health Care began in 1997 and is based in Pine Bluff with satellite classes in Helena and Dumas.

**IPE** is a 24-week training program for the development of people wishing to enter the workforce in the Delta, with a particular focus on the manufacturing sector. The program encompasses an array of services to assess, educate, train, job place, and provide post employment support. Supportive services include assistance with obtaining child care and transportation, peer and mentoring support, employment plan development, placement assistance, counseling, and problem-solving.

Individuals participate in daily classes that include education, job readiness skills, personal development and work experience. Trainees spend approximately half of their time working on basic skills for their future employers. A key aspect of the program is that it is industry-driven and, if feasible, the same industries provide outsource work for job training. Trainees receive a small stipend for the 20 hours of work they perform as part of their weekly training schedule.

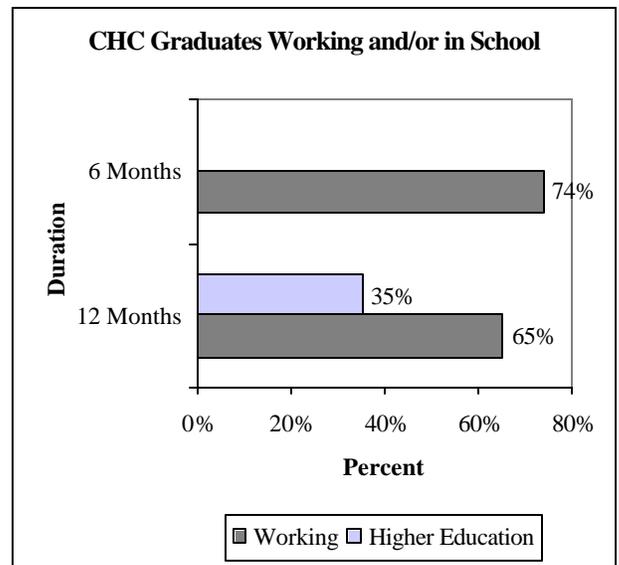
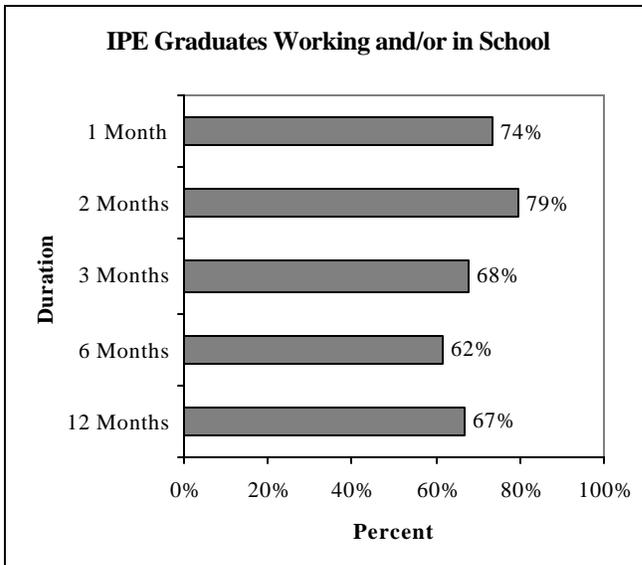
**CHC** is an 8-week sectoral employment training initiative designed to help low-income adults, including those receiving public assistance, to train for and access quality jobs and career advancement opportunities in the rapidly expanding health care sector. CHC participants are trained initially as nursing assistants. After securing entry-level jobs to gain practical experience and further develop their problem-solving skills, graduates are supported in their efforts to enroll in further training to become LPNs or RNs.

A CHC support counselor assists individual CHC trainees and graduates in addressing personal or systemic barriers to full employment and in accessing a broad range of supportive services. Job placement assistance and continuing access to support counseling and problem-solving assistance are available to all CHC training graduates as they move into the world of work and up a "ladder" of training opportunities for more advanced, better-paying jobs with benefits.

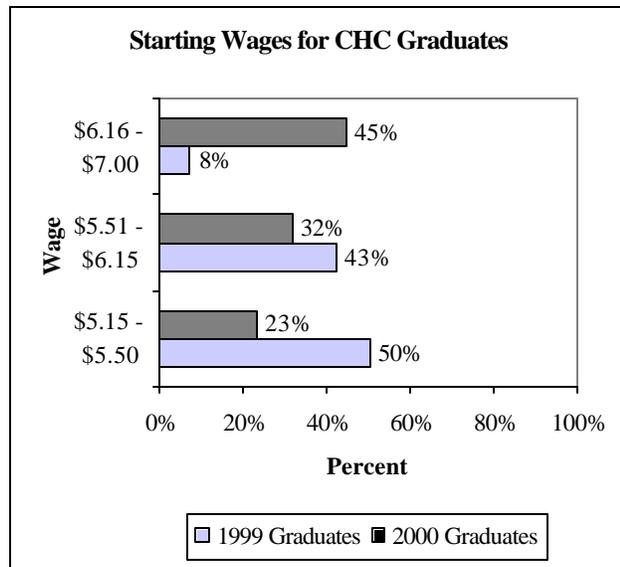
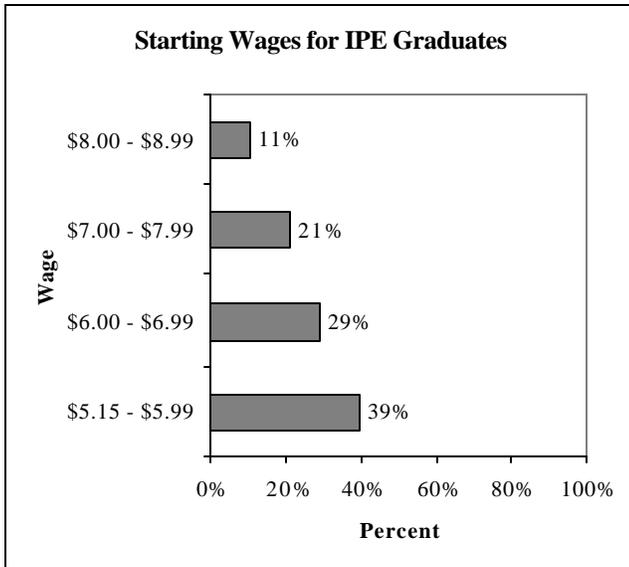
### OUTCOMES FOR INDUSTRY PARTNERS & CAREERS IN HEALTH CARE

Outcomes for the Industry Partners and Careers in Health Care programs exceed outcomes for the TEA program as a whole. And this is particularly striking because IPE and CHC students have much lower education levels, on average, than the TEA population as a whole.

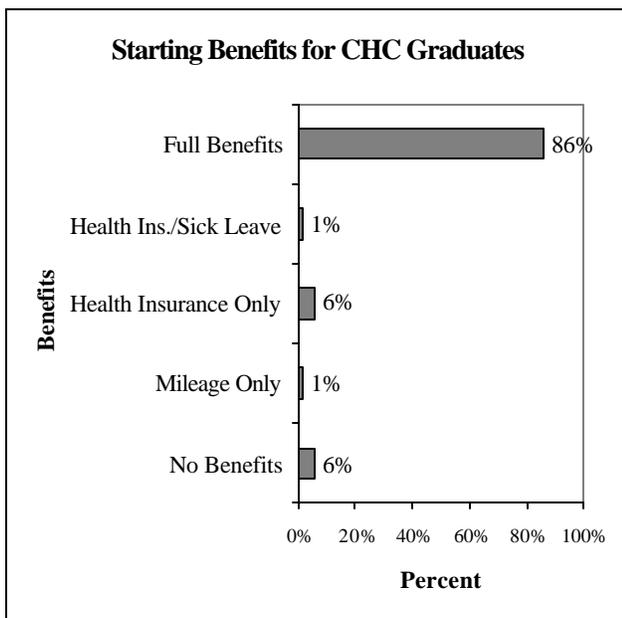
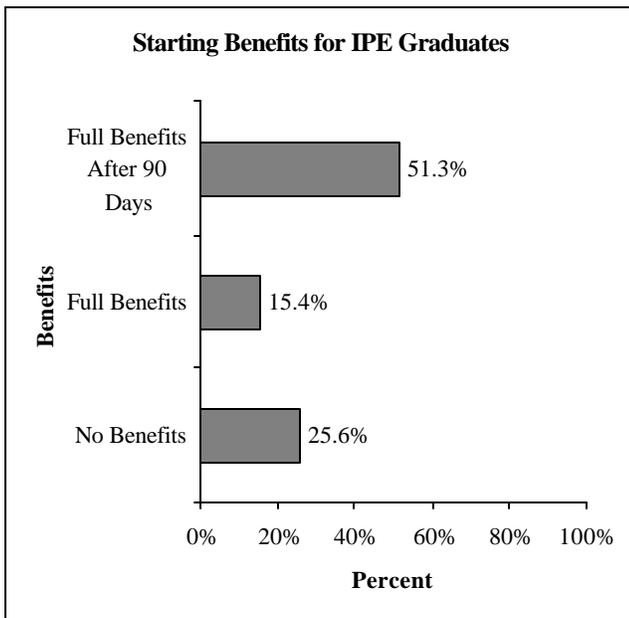
**Employment.** Since the beginning of the two programs, IPE has graduated a total of 47 individuals, and CHC has had 188 graduates. A high percentage of IPE and CHC graduates are employed or enrolled in higher education. And these high levels are sustained over time. The charts below show the percentage of IPE and CHC graduates who are employed and/or enrolled in higher education at various time intervals.



**Starting Wages.** Beginning hourly wages for IPE graduates range from \$5.15 to \$8.91 per hour. For CHC graduates, they range from \$5.15 to \$7.00 per hour. And as the chart shows, these starting wages have increased considerably in the last year. For 1999 graduates, 50% had starting wages of between \$5.15 and \$5.50 an hour. However, almost 45% of 2000 graduates had starting wages of between \$6.16 and \$7.00 per hour. This increase in starting wages shows the impact of a well-trained, well-prepared labor force on starting wages offered by employers.



**Benefits.** In addition to wages, benefits are key to making these jobs good. Sixty-seven percent of IPE graduates find employment that provides full benefits (health insurance, vacation, and sick leave) after a 90-day probation period. Eighty-six percent of CHC graduates have full benefits.



**Wage Progression.** IPE and CHC graduates also see wage progression on the job. For those IPE graduates who have been employed for a year or more, all but two have seen an increase in wages. The average wage increase was \$1.05 per hour, and the average wage after a year of employment was \$7.52 per hour. For those CHC graduates who have been working for a year, they have seen similar wage increases. Their starting wages ranged from \$5.15 - \$5.50 and have now risen to an average of \$6.25. And as has been noted above, the starting wage for more recent graduates has increased which should lead to even higher wages for them after a year of employment. Those students who move on to higher education have even greater opportunities. The median wage in the state for Licensed Practical Nurses is \$10.68 and for Registered Nurses it is \$16.66. Both of these occupations are on the list of the top 25 occupations with the most projected job openings for 2000.<sup>3</sup>

| Wage Progression for IPE and CHC Graduates |        |                 |
|--|--------|-----------------|
|  | IPE    | CHC             |
| Average Starting Wage                      | \$6.47 | \$5.15 – \$5.50 |
| Average Wage at One Year                   | \$7.52 | \$6.25          |

**CONCLUSION**

Outcomes achieved in the Industry Partners and Careers in Health Care programs exceed those outcomes achieved in the TEA program as a whole. And this is even though, on average, students in the two programs had much lower education levels. To recap, IPE students were much less likely to have attained a GED or high school diploma (51% of Stuttgart IPE students and 69% of Helena IPE students did not have them as compared to 39% of TEA recipients overall). As a result of their enrollment in and completion of the training programs, however, IPE and CHC graduates were able to find jobs with benefits and opportunities for advancement and wage progression.

For overall TEA recipients, those who had been working for over a year had an average wage of \$6.99. IPE graduates had an average wage after a year of working of \$7.52. CHC graduates who had been working for a year had an average wage of \$6.25. In addition to wages, benefits can add to the value of take-home pay. Workers can take time off without losing pay and their out-of-pocket costs for health care are limited when health insurance is provided. Sixty-one percent of all former TEA recipients who were working had paid vacation, but only 31% had paid sick leave, and only 48% had a health plan or medical insurance. Sixty-seven percent of IPE graduates had full benefits, and 86% of CHC graduates had full benefits.

There are several reasons why IPE and CHC graduates fare better in terms of employment and wages compared to all participants in the TEA program. One, they have obtained training and a credential that has prepared them for a specific job in viable market sectors with abundant jobs available and with opportunities for a career ladder. Two, they have received training and counseling to help them deal with interpersonal issues

both within their families and with employers and coworkers. Three, IPE and CHC staff build a relationship based on respect and trust with students while they are in the program. Staff help students to resolve barriers like child care, transportation, and housing. Staff continue to provide this support for at least a year after students graduate. This support helps graduates to weather crises that might otherwise lead to absence from or quitting their jobs.

## ENDNOTES

<sup>1</sup> Act 1567, "An Act to Revise the Arkansas Personal Responsibility and Public Assistance Reform Act," 82<sup>nd</sup> General Assembly, 1999.

<sup>2</sup> Berkeley Planning Associates, "Evaluation of Arkansas' Transitional Employment Assistance Program," October 2000.

<sup>3</sup> Arkansas Working Families Project, "Working Families and the New Economy: How Are Arkansas Families Really Faring in Today's Job Market? Executive Summary," November 2000.



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