

WORK SUPPORT CENTERS: A FRAMEWORK

In the years following welfare reform, unprecedented numbers of low-income parents moved into the workforce, though many into low-wage jobs that do not pay enough to lift their families out of poverty. Federal and state governments and public agencies have responded to the needs of low-income working families by developing job retention and advancement services, and by expanding “work support” programs such as the Earned Income Tax Credit, Food Stamps, and subsidized health care. Both approaches show promise for raising family income, and in turn, recent research shows that such programs can have a range of positive impacts on families and children.¹ However, studies have also shown that take-up rates for both job retention and advancement programs and work supports are low, and even fewer families eligible for multiple programs receive the “full package” of services and supports. As one way to increase participation in these programs, the Manpower Demonstration Research Corporation (MDRC) is exploring the feasibility of developing **Work Support Centers**—agencies whose mission is to increase low-wage workers’ access to the full range of employment, retention, and advancement services, as well as work supports. MDRC is investigating a number of potential institutional “homes” for Work Support Centers, including One-Stops, Family Resource Centers, and private employers. This framework paper outlines, in brief, MDRC’s vision, rationale, and workplan.²

Background

Since the mid-1990’s, changes in workforce and welfare policies have presented public systems with a unique challenge—and opportunity—to address the needs of low-income working families. Between 1996 and 2001, policy reforms combined with a strong economy to move record numbers of low-skilled workers into jobs. And yet, long-term shifts in the labor market have meant that the majority have secured low-wage jobs with little opportunity for advancement. Thus, the workforce and welfare systems are now being challenged to meet a broad range of low-income working families’ needs. At the same time, policymakers, administrators, and practitioners are increasingly committed to developing programs that meet these needs and promote economic self-sufficiency, including:

- *Employment initiatives that support job retention and career advancement.* Many welfare and workforce agencies are now offering enhanced post-placement programs and designing career advancement strategies. However, most efforts across the country are in early stages of development and implementation.
- *The expansion of “work support” programs that increase overall family income.* These include the Earned Income Tax Credit (EITC), the Child Tax Credit (CTC), subsidized child care, the Child Health Insurance Program (CHIP), Medicaid, Food Stamps, and welfare earnings supplements. As illustrated in Appendix A, *these work supports can fundamentally change the income calculus for low-wage work, and in many cases lift families out of poverty.* In turn, recent research shows that increasing family income can increase rates of employment and retention, and improve family and child outcomes, including school performance among elementary school-aged children.³

However, take-up rates for retention and advancement services and work supports are low. Recent studies show that numerous barriers make participation in these programs difficult, such as lack of adequate child care during training, the difficulty of meeting welfare work requirements while participating in training programs, and the challenge of balancing work, family, and school.⁴ Further, national studies show decreasing take-up rates for many work supports programs in recent years. Of working families who are not receiving TANF but remain eligible for Food Stamps, for example, only 41 percent currently receive them, compared to 59 percent in 1994.⁵ Experts estimate that, of families who leave welfare but remain eligible for multiple work supports, *well less than half receive the “full package” of benefits*, and evidence strongly suggests that the main barriers to participation are difficulty of access and application, and the complexity of maintaining ongoing receipt.⁶

Even with recent efforts to develop retention and advancement initiatives and simplify application processes for work support programs, two key challenges confront public systems: ensuring that job retention and advancement services are easily accessible to low-wage workers; and maximizing the proportion of those eligible for work supports who actually receive them. Both challenges highlight a core problem: *there is currently no institution with the vision, mission, and statutory responsibility for ensuring that low-wage workers have knowledge about and easy access to these services*. Though some welfare and workforce agencies have taken this as part of their mission in recent years, low participation rates suggest that the possibilities for integrating these functions into current service delivery systems are far from fully realized.

Work Support Centers: A Potentially Promising Response

With support from the William and Flora Hewlett, David and Lucile Packard, Ford, Rockefeller, Annie E. Casey, and James Irvine foundations, MDRC is investigating the feasibility of developing Work Support Centers as one way to address the challenges of access to and institutional responsibility for services that support the working poor. In brief, MDRC is exploring Work Support Centers as single locations where job seekers can access employment, retention, and advancement services, and easily apply for work support programs. Work Support Centers could operate in a range of institutions, including One-Stops, community colleges, Family Resource Centers, and private employers. *Indeed, rather than creating a new network of agencies, MDRC views Work Support Centers as incorporating a set of functions that could be adapted to a number of existing institutions already working with low-income families*. Work Support Centers would directly provide pre-employment services to help low-income parents secure employment; job retention and career advancement services; access to work supports; financial counseling; and access to free tax assistance to increase participation in the EITC.

In short, Work Support Centers would aggressively market these services to assure higher participation in retention and advancement services and the full package of multiple work supports; and help clients navigate the maze of available programs in user-friendly environments. A key goal of Work Support Centers would be to administer these services as a cohesive “package” instead of as discrete, unrelated programs. MDRC’s purpose in undertaking this project is two-fold: at the local service delivery level, to develop programs that provide easy access for families to retention and advancement services, to aggressively market these services and work supports, and to establish simplified application procedures as a way to increase overall family income; and at the state and federal levels, to identify and encourage the

development of policies that facilitate these new local approaches, activities, and functions. If an approach to Work Support Centers appears to be promising, MDRC plans to develop a demonstration that would test the effect of these services.

Neighborhood/Community Focus. Work Support Centers may have particular relevance in a community context with the goal of realizing large employment gains in specifically-defined geographic areas, rather than just the needs of residents who meet categorical program eligibility criteria. Hence, MDRC is also exploring the potential for embedding Work Support Centers at the core of a new generation of neighborhood employment saturation strategies. These **Neighborhood Work Support Centers** would manage and house under one roof staff responsible for employment, retention and advancement services and work supports. These centers might operate as partnerships between a One-Stop and a community-based organization that would serve as a “broker” between neighborhood residents, public systems, and employers.

Workplan

MDRC is undertaking three phases in its exploration of Work Support Centers. In Phase I, potential institutional homes for Work Support Centers are being visited, including One-Stops, Family Resource Centers, community-based organizations, and employers. In Phase II, case studies of model programs will be developed, and will include analyses of the benefits and challenges of working in different venues. The case studies will describe promising partnerships and institutional configurations, and characteristics of effective service delivery strategies. In Phase III, MDRC will prepare a brief paper describing outcomes of the exploration, including recommendations on how and where Work Support Centers might be tested. The paper will also address whether an evaluation of work support centers is feasible. If a demonstration is warranted, MDRC would develop a formal research design.

In addition to extensive local-level work, throughout this exploration, MDRC will engage national and state-level public agencies to secure their support and on-going input, including the U. S. Departments of Labor, Health and Human Services, Housing and Urban Development, and Agriculture; as well as public interest groups such as the National Governors Association, National Conference of State Legislatures, National Association of Counties, and Association of Public Human Services Administrators.

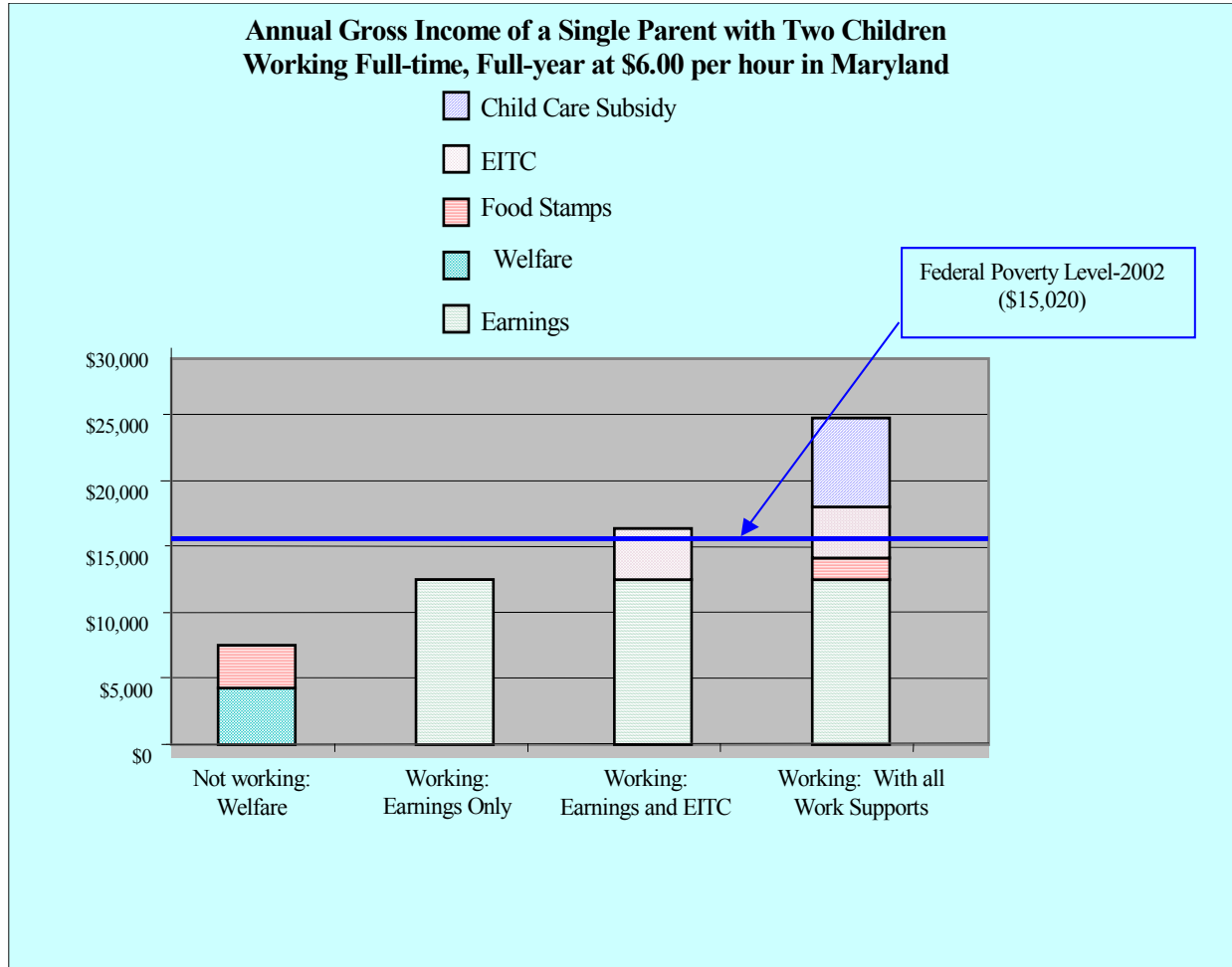
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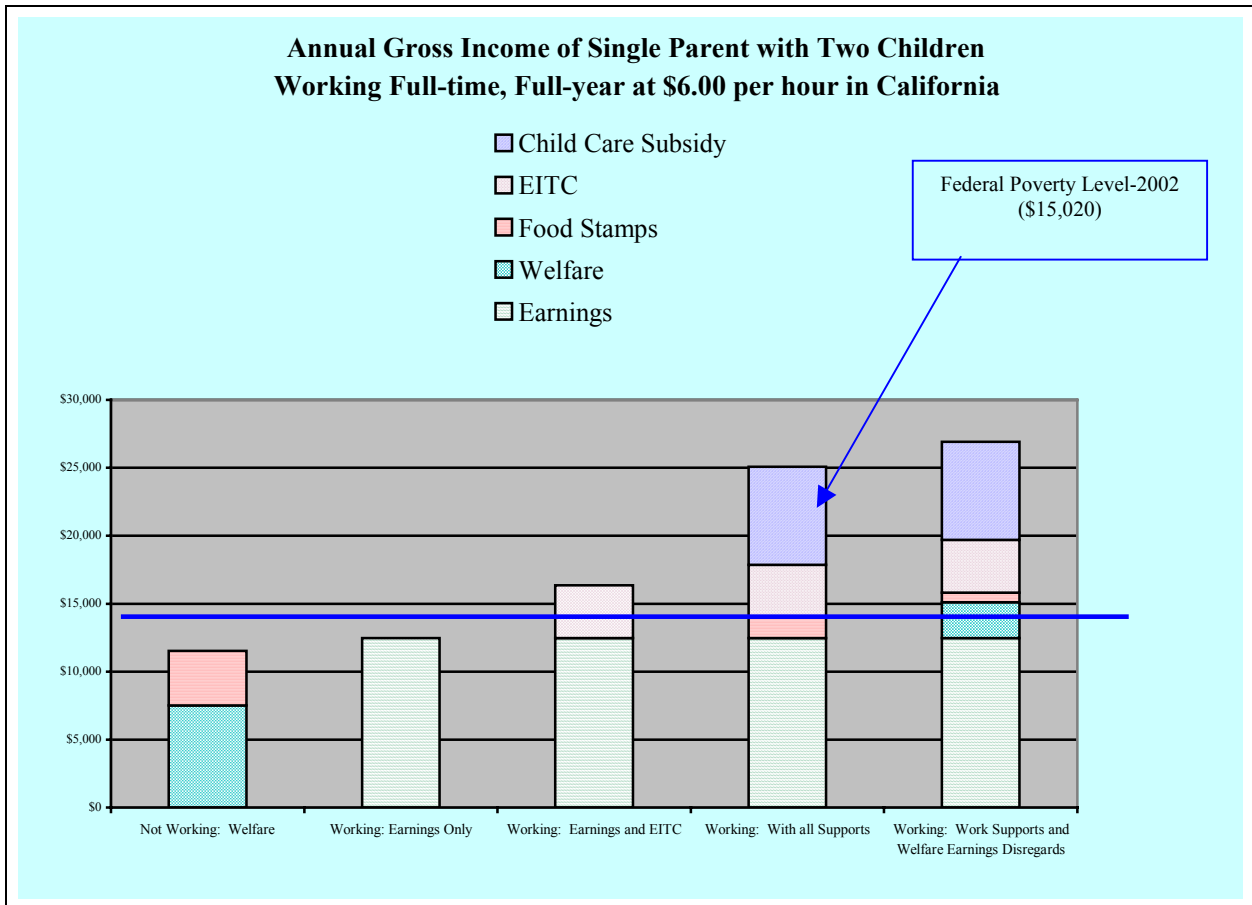
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Appendix A

The chart below illustrates the increase in income for a single mother of two in Maryland, which falls in the broad middle range of welfare payments nationally. Working full-time, full-year at \$6.00 per hour, her income from earnings is \$12,480, well below the poverty level of \$15,020.⁷ However, simply taking advantage of the EITC—\$4,008 for this single parent—raises her income to above the poverty level. Further, Food Stamps and a child care subsidy would effectively raise her income to \$25,000.⁸ In short, work supports can be worth more than \$12,000 to this family. *Taken together, work supports can fundamentally change the income calculus for low-wage work.*



The following chart shows income information for the same single mother living in California. Along with several other states, California’s welfare program offers generous earnings disregards, which can further increase overall family income, as illustrated below.



Notes

¹ Berlin, Gordon L. March 2000. *Encouraging Work, Reducing Poverty: The Impact of Work Incentive Programs*. New York: Manpower Demonstration Research Corporation; and Morris, Pamela, Virginia Knox, and Lisa A. Gennetian. March 2002. *Welfare Policies Matter for Child And Youth: Lessons for TANF Reauthorization*. New York: Manpower Demonstration Research Corporation.

² A more detailed version of this paper is available on-line at www.mdrc.org.

³ See Berlin, 2000, and Morris et. al., 2002.

⁴ See Anderson, Jacquelyn, Jennifer Miller and Johannes Bos. January 2002. "Job Retention and Advancement Services for CalWORKs Participants: Initial Survey of County Practices." *California Policy Research Center Brief*, Volume 14, Number 1. Available on-line at www.welfarepolicy-ca.org; and Golonka, Susan and Lisa Matus-Grossman. May 2001. *Opening Doors: Expanding Educational Opportunities for Low-Income Workers*. Manpower Demonstration Research Corporation and the National Governors Association for Best Practices.

⁵ Cunningham, Karen. June 2002. *Trends in Food Stamp Program Participation Rates 1994-2000: Final Report*. Washington D.C: Mathematica Policy Research Inc.; and U.S. Department of Agriculture. 2001. *The Decline in Food Stamp Participation: A Report to Congress*. Washington D.C.: Food and Nutrition Service.

⁶ Fishman, Michael E. and Harold Beebout. December 2001. *Supports for Working Families: A New Approach*. Baltimore: The Annie E. Casey Foundation.

⁷ It is important to note, however, that full-time, full-year work is not the norm for low-income single parents, so in many ways, this is a "best case" scenario.

⁸ Unlike Food Stamps, welfare income disregards, and the EITC, child care subsidies are not experienced by families as additional income, but rather as an offset to direct costs. We include them nonetheless in this chart to underscore the importance of child care subsidies in decreasing work-related costs as a proportion of low-wage workers' earnings, thereby increasing disposable income. Subsidized health care programs are not included here, as such programs are used on an "as needed" basis and therefore cannot be assigned a fixed cost per family.