Business Participation in Welfare-to-Work: Lessons from the United States

Prepared for the Business Forum on Welfare-to-Work: Lessons from America
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JOBS FOR THE FUTURE

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Jobs for the Future

Jobs for the Future (JFF), a national non-profit organization, works to strengthen the foundation for economic opportunity and civic health in America by advancing the skills and knowledge required for success in the new economy. JFF works locally and nationally to develop innovative workforce development solutions that help people make effective lifelong transitions between work and learning.

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Through the New Deal, the British government has embarked upon a major reform of the welfare state, with a focus on reducing dependency and increasing the employability of long-term unemployed individuals. As in the United States, which has undertaken similar initiatives during the last several years, British efforts make employment the primary goal, marking a shift from income support to a work-centered welfare system. This shift puts employers at the heart of reform.

On behalf of the New Deal Task Force, Jobs for the Future (JFF) has researched early lessons from the U.S. experience to stimulate planning and discussion among British employers and policymakers. This paper summarizes those lessons, with particular attention to the experience of a select group of large U.S. firms that have British subsidiaries and effective welfare-to-work programs.

These companies are: Allied Signal, American Airlines, Anheuser-Busch, Bristol-Meyers Squibb, Chevron, EDS, Federal Express, Ford, General Motors, Hewlett-Packard, Manpower Inc., Marriott International, McDonald's, Monsanto, Pizza Hut, Salomon Smith Barney, United Airlines, United Parcel Service, and Xerox Business Services.

Because the United States and the United Kingdom have very different political and economic structures and traditions, as well as different welfare and workforce development systems, no attempt is made to transfer JFF's findings about the American experience into recommendations for Britain. Social policies from one country can never be adopted wholesale by another. However, we believe that the lessons from the past few years of welfare-to-work practice in the United States are instructive and relevant to the future development of the New Deal and other welfare-to-work initiatives.

Social and Economic Context

Political and economic factors have accelerated the rate at which U.S. employers are hiring people on welfare.

- *The "push" of federal legislation is increasing the number of welfare recipients seeking work:* The 1996 Personal Responsibility and Work Opportunity Reconciliation Act transforms welfare into a work-based system by limiting welfare recipients to a lifetime maximum of five years of federally financed assistance. The Act requires most recipients to find employment or participate in activities leading to work. It also places a clear priority on immediate labor market attachment—known as a "work-first" approach—rather than longer-term education and training strategies.
- *The "pull" of a shortage of qualified entry-level employees is forcing employers to seek new sources of labor:* Tight labor markets combined with rising employer demand for basic and soft skills in entry-level positions have prompted employers to

look to new sources of potential employees, including the welfare population. Through most of the 1990s, the demand for qualified entry-level employees has increased more quickly than the supply. During the last five years, the number of companies reporting skill shortages has doubled. In addition, the literacy, numeracy, communications, and teamwork skills demanded by employers have increased. In this environment, many firms are experimenting with new ways to find qualified, entry-level staff, reduce turnover, and improve productivity.

Welfare has traditionally provided income to poor families with dependent children.

Consequently, adult welfare recipients are overwhelmingly female and between the ages of 20 and 45. The typical family that receives welfare is a single mother with two children. (Able-bodied adult men and women without children are not eligible for most welfare programs; those who have recently lost their job are eligible for short-term income support through the Unemployment Insurance system.) Welfare recipients are distributed fairly evenly across racial groups, and as many as a third have dependents under the age of three. They are unevenly distributed geographically: they are overwhelmingly concentrated in the nation's cities and, to a lesser extent, rural poverty areas.

As a group, welfare recipients face serious skill deficiencies.

At least 42 percent of welfare recipients lack a high school diploma. A sizable minority have physical and other disabilities that make work difficult. One-third have never held a job for longer than six months. According to one estimate, only 10 percent of the welfare population is skilled enough to advance beyond entry-level work. Other non-skill barriers to employment include inadequate transportation to where jobs are located, a lack of daycare resources, and inexperience in strategies for finding suitable employment.

As the welfare system becomes more work-centered, welfare and workforce policy are becoming more closely linked.

Recent reforms of both welfare and workforce development policy in the United States emphasize the priority of work. Welfare policy promotes work as a way to reduce dependency on public assistance. Workforce development policy has moved toward skill-development strategies that are more work-based and responsive to employers than in the past. New policy priorities include: an emphasis on serving employer needs, increased roles for business-oriented intermediary organizations and private-public partnerships, a one-stop service-delivery system, and an accountability system that includes performance measures on retention and advancement as well as hiring. These reforms constitute a major paradigm shift in the role of the Employment Service at the local level.

The success of a work-centered welfare policy is linked necessarily to the dynamics of the low-wage, low-skill labor market.

Many individual employers can change—and are changing—hiring and employment practices to better help welfare recipients find work. However, important questions remain about whether the U.S. economy has enough jobs for all welfare recipients; whether recipients are qualified for available jobs; and whether the jobs that are available to these individuals, in combination with government income support, make it possible for welfare recipients eventually to achieve family-supporting incomes.

These are challenges that individual employers alone cannot address. It is why many U.S. experts—and employers—see a necessary role for public policy not just in helping welfare recipients escape dependency but also in making it easier for the millions of low-wage workers who are not on welfare to achieve self-sustaining incomes through a combination of employment, education, job training, tax, and income-support policies.

General Trends in Employer Welfare-to-Work Efforts

Many employers are hiring welfare recipients.

Hiring of welfare recipients by U.S. firms has grown rapidly, more rapidly than many predicted even two years ago. The national Welfare to Work Partnership, an organization dedicated to helping companies set up welfare-to-work programs, has enlisted 7,500 firms. In 1997, Partnership members hired over 135,000 welfare recipients. Two recent surveys conclude that more than half of U.S. firms report they have hired from the welfare population. However, most welfare recipients get low-wage jobs. And unfortunately for both firms and welfare recipients, turnover rates in low-wage jobs are high, unless employers design programs to promote retention.

Participation is dominated by larger firms in a few industries.

Larger firms in a small number of industry sectors are the major employers of welfare recipients, with firms of more than 100 employees estimated to employ 61 percent of working welfare recipients.

The service and retail sectors account for 60 percent of all employment but 80 percent of the jobs secured by welfare recipients. Business services, eating and drinking places, and health services alone account for 45 percent of employment for welfare recipients.

However, as Jobs for the Future's research and interviews indicate, firms in diverse—and frequently higher-paying—industries, such as high technology, transportation, health, and heavy manufacturing, have successful welfare-to-work policies. Efforts to diversify target industry sectors are beginning to bear fruit.

There is potential for continued expansion of employer participation, particularly among smaller businesses.

Further expansion of employer hiring from the welfare population is both likely and feasible, assuming continued economic growth. Even in a recession or a period of slower growth, firms will face ongoing challenges in finding and retaining qualified, entry-level workers.

While participation of small firms in welfare-to-work programs has been relatively weak, two-thirds of small firms that used local intermediary organizations to recruit candidates for employment reported hiring welfare recipients. Smaller firms that hire welfare recipients have a much higher ratio of welfare hires to total employees than do larger firms. Marketing to firms by employer associations, business networks, and other local intermediaries, an idea that is gaining momentum in many communities, may help increase small-business involvement in welfare-to-work efforts.

Most employers focus primarily on recruitment and hiring, but strategies to improve retention are becoming more common—and they are receiving support from public policy.

The primary emphasis of welfare-to-work efforts to date has been recruitment and hiring. However, employers are increasingly interested in ways to lower turnover and improve retention of entry-level employees.

Federal and state policies have also focused on moving recipients off welfare and into employment. Increasingly, though, policymakers recognize the need for additional funds to support strategies that help recipients stay employed and advance in careers. The newly enacted Workforce Investment Act authorizes resources for training current employees, with an emphasis on low-skill workers. Federal welfare-to-work legislation provides $3 billion for measures to improve retention and advancement of the hardest-to-employ welfare population. One target group for this assistance is non-custodial parents with significant barriers to market success. These resources can be used for pre-employment training and related services delivered by public agencies, local One Stop Centers, or other community-based organizations that are part of the local workforce development system.

The Welfare-to-Work Experience of Leading U.S. Firms

Jobs for the Future interviewed 19 leading U.S. companies about their welfare-to-work activities. (Profiles of 11 of these large firms, all of which have a presence in the United Kingdom, are included in the full report.) The interviews explored: corporate motivation for developing and sustaining welfare-to-work programs, the benefits firms derive, the kinds of activities in which the firms engage, and the role of local partnerships in simplifying and strengthening employer participation.

The primary motivation for employer participation is to meet business objectives.

Wage subsidies motivate firms to begin welfare-to-work efforts but are not by themselves sufficient to sustain involvement. Public funding of recruitment, training, and support services encourages sustained efforts by improving welfare recipients' job performance while reducing companies' financial exposure.That said, firms report two other motives for initiating welfare-to-work efforts: the desire to be good corporate citizens and peer pressure or influence from other companies they see as leaders in their industry or community.

Employers identify a number of important business benefits from their welfare-to-work involvement.

Three benefits are foremost: more effective access to an expanded labor pool, reduced employee turnover, and increased motivation and loyalty among new hires.

Firms report other benefits as well. These include: reduced recruitment and hiring costs; better-than-average quality and performance for new hires; and improved morale among a firm's incumbent workforce.

An additional benefit comes from public subsidies for hiring welfare recipients and for training and other services that improve job-readiness and productivity. Employers appreciate subsidies because they help reduce the risks and costs of employing welfare recipients.

Finally, employers enjoy "spill-over" benefits from innovations that benefit not just welfare recipients but all entry-level employees in a company. Examples include: more effective mentoring and orientation programs for all new hires and strategies for addressing transportation needs or other barriers to work that can extend beyond the welfare population.

Employers identify several challenges to expanding their efforts.

These include:

- How well local service providers can customize their activities to meet employer needs;
- The need for quality referrals and screening of potential hires, given the poor job-readiness of many welfare recipients and other low-skill workers;
- Perceived inflexibility of welfare and workforce development agencies;
- The time and resources commitment required to develop new programs; and
- Complexities of integrating services needed by many welfare recipients into a firm's existing human resource practices.

Partnerships play a critical role in successful business experience.

U.S. companies have found it particularly helpful to enlist local agencies who excel at providing services that are beyond the firm's core competencies. Every firm interviewed by Jobs for the Future stressed the importance of working in partnership with effective local organizations. Examples include: community-based organizations and temporary help firms that help companies recruit and assess potential new hires; regional bus lines or private firms that provide transportation to and from workplaces; community colleges that provide training and skill development; and a range of organizations that collaborate with employers to design and deliver work-based training and post-placement support.

From the company perspective, successful partnerships must meet clearly defined business objectives. Partners must provide excellent customer service, understand an employer's specific entry-level labor needs, and be committed to continuous improvement in meeting employer standards.

Large, engaged firms are involved in two kinds of welfare-to-work efforts:

1. Activities that increase their access to quality employees and help the firm retain and advance those employees; and
2. Collaborative inter-firm activities that share best practice, increase overall business involvement, and influence public policy.

1. Activities that increase access, retention, and advancement

Firm-specific efforts focus primarily on expanding access to sources of new employees, improving the quality of the job match. Effective strategies include:

- Better screening and matching of job seekers to job vacancies;
- Pre-employment preparation in basic skills, communication, and "soft skills" and short-term training targeted to the firm or industry; and
- Improved orientation to the job, training on the job, and support during socialization to the job.

  Examples of firms interviewed by JFF that engage in these efforts: Allied Signal, American Airlines, Chevron, EDS, Federal Express, General Motors, Hewlett-Packard, Manpower, Marriott, McDonald's, Monsanto, Pizza Hut, Salomon Smith Barney, United Airlines, United Parcel Service, and Xerox Business Services.

Companies are increasingly concerned with strategies for increasing retention and lowering turnover. Activities include:

- Supervisor training on working with new hires;
- Mentoring and coaching by company staff;

- Post-placement support to address logistical and personal barriers to employment; and
- Provision of health and other benefits to entry-level workers.

  Examples of firms interviewed by JFF that engage in these efforts: American Airlines, EDS, Federal Express, Marriott, McDonald's, Pizza Hut, Salomon Smith Barney, United Airlines, United Parcel Service, and Xerox Business Services.

Many companies are developing efforts to strengthen career-advancement opportunities for entry-level workers. Activities include:

- Helping entry-level employees to develop career plans;
- Encouraging employees to engage in additional training and education (within and outside the firm); and
- Joining consortia of firms in the same industry or occupational cluster to collaborate on training, job matching, and other efforts that can improve advancement opportunities within and outside a single firm.

  Examples of firms interviewed by JFF that engage in these efforts: EDS, Federal Express, Manpower, Marriott, McDonald's, Pizza Hut, United Airlines, United Parcel Service, and Xerox Business Services.

While effective participation in welfare-to-work efforts requires staff, companies vary in how they organize and manage their activities. There is great variation in how firms organize the operational management of welfare-to-work efforts, depending upon the extent to which a firm's operations and management are centralized. Xerox Business Services decentralizes most decision-making in welfare-to-work efforts to local managers; EDS, on the other hand, has more centralized roles for planning, program design, goal-setting, and reporting. Regardless of organizational structure, corporate staff often play important roles in providing local offices with guidance, tools and materials, examples from other parts of the company, and other ways of simplifying local start-up and implementation.

2. Collaborative, inter-firm activities that promote business engagement

Large firms frequently contribute staff time and resources to help coordinate and advance business involvement in local welfare-to-work efforts through membership on local Workforce Investment Boards that set policy and priorities for federal workforce-related spending or through other local partnerships. Companies provide leadership in planning and governance. They are well-positioned to provide detailed labor market information, advocate for quality and continuous improvement in placement and training programs, and offer practical advice to local welfare and workforce agencies on simplifying the system and making participation more attractive to employers.

Employers also find it advantageous to collaborate with other firms in their region or their industry. Examples include United Parcel Service's Employee Share program and American Airlines' efforts to improve transportation for employees. Collaborations can be especially helpful to smaller firms with more limited staff and resources. They can be strengthened and formalized through technical assistance from public and quasi-public institutions at the state and local levels.

At the national level, membership in business-led organizations and learning networks facilitates joint activities around sharing best practices and representing employer interests in national policy debates. Business organizations, such as the Welfare to Work Partnership, the U.S. Chamber of Commerce, the National Alliance of Business, the Conference Board, and Business for Social Responsibility, provide interested and member companies with important opportunities for inter-firm collaboration, learning, and direct technical assistance.

Lessons and Implications from U.S. Experience

Although U.S. experience with a work-centered welfare system is modest and the long-term results unknown, the experience of participating firms and individuals has yielded important lessons for employers; their partners in designing and implementing programs to employ welfare recipients; and the policymakers who are reshaping the U.S. welfare system and its public institutions. These lessons fall into two categories: implementation advice to employers and lessons for the public system at the regional and national levels.

Implementation Lessons to Employers

- ***Successful initiatives require strategic planning***

and high-level corporate commitment, so that participation meets clear business objectives and the commitment to participate is communicated effectively throughout the company.

- ***Local partnerships can simplify and strengthen employer efforts to hire welfare recipients who can succeed.*** By working and contracting with local service deliverers for help on recruitment, screening, skill-development, and support services, firms can improve their job matches and, as a result, increase employee productivity.
- ***Productivity and employer satisfaction can be increased by greater emphasis on post-placement services for new hires.*** Employers are more likely to be satisfied with their involvement in welfare-to-work if they derive long-term productivity benefits, not just short-term public subsidies. Promising retention strategies include these post-placement services: mentoring and coaching; supervisor training; help overcoming logistical and personal barriers to long-term employment; and access to company benefits plans.
- ***Companies frequently find it advantageous to integrate efforts for welfare recipients into their overall human resource practices.*** It is frequently easier—and less controversial within a worksite—to provide all entry-level staff with the kinds of support services that can help welfare recipients succeed in the transition to employment. Whether they receive public assistance or not, most low-wage, low-skill employees can benefit from access to employee assistance programs, on-the-job training, and help with personal barriers to employment. Broad availability of such assistance can help reduce high turnover in entry-level positions.

Policy Lessons for the Public System

For welfare-to-work to expand significantly and become sustainable in more U.S. firms, large and small, changes in government policies and practice will be needed. We highlight five policy priorities that can help the United States achieve the public goal of meeting both employer and individual needs:

- ***Change policies and funding to better balance "work first" and effective longer-term skill development strategies,*** with a particular emphasis on:

  Pre-employment skill development programs customized in response to the needs of specific employers. Salomon Smith Barney's close collaboration with Wildcat Service Corporation is a good example of a program that is responsive to an employer while preparing welfare recipients for jobs that pay well and offer career-advancement opportunities.

  Skill advancement strategies while individuals are employed, including access to career planning; innovative partnerships with education and training providers; more on-the-job training opportunities for all entry-level employees; and support for additional training and credentials.
- ***Increase public investment in activities that support the decision to work.*** For example, provide additional resources to help pay for on-the-job support services; transportation, child-care; and substance-abuse services, and other activities that can make work more viable for welfare recipients.
- ***Create and expand income supplements for low-wage workers,*** such as the gradual expansion of the Earned Income Tax Credit, which supplements wages of the working poor, rewarding them for work and raising their effective earnings through the tax system.
- ***Remake the culture of the public-sector welfare system.*** Fund efforts to accelerate and support the transition of government from the role of simple administrator of income maintenance to that of a partner in promoting work, with responsibility for setting performance standards, developing accountability systems, and strengthening partnerships with the private sector and non-profit community organizations.
- ***Provide public support to build the capacity of local intermediary organizations.*** Successful local welfare-to-work efforts combine the strengths of the public, business, and non-profit sectors. Public funding should promote the engagement of employers and their partners in both governance structures and in a one-stop service-delivery system that provides a single point of contact for individuals and employers.

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FOREWORD

Through the New Deal, the British government has embarked upon a major reform of the welfare state, with a focus on reducing dependency and increasing the employability of long-term unemployed individuals. As in the United States, which has undertaken similar initiatives during the last several years, British efforts make employment the primary goal, marking a shift from income support to a work-centered welfare system. This shift puts employers at the heart of reform.

On behalf of the New Deal Task Force, Jobs for the Future (JFF) has researched early lessons from the U.S. welfare-to-work experience to stimulate planning and discussion among British employers and policymakers. This paper summarizes those lessons, with particular attention to the experience of a select group of large U.S. firms that have undertaken welfare-to-work activities and that also have a significant corporate presence in Britain.

Because the United States and the United Kingdom have very different political and economic structures and traditions, as well as different welfare and workforce development systems, no attempt is made to transfer JFF's findings about the U.S. experience into recommendations for the U.K. In fact, we recognize that no program or policy can simply be transported wholesale from one country to another. However, we believe that the lessons from the past few years of welfare-to-work practice in the United States are both instructive and relevant to the future development of the New Deal.

This paper is written with that goal: to characterize and summarize the experience of a select group of U.S. firms and their public, private, and non-profit partners as they implement new welfare-to-work efforts. Lessons we highlight for policy and practice are derived from the U.S. context. We leave it to our British colleagues to distill appropriate lessons for the U.K.

Introduction

What is Driving U.S. Welfare-to-Work Efforts?

The United States is in the early stages of an unprecedented social experiment: remaking welfare policy to emphasize employment. The vehicle is national legislation that limits the amount of time an individual can receive welfare benefits and sets work requirements for recipients. Enacted in 1996, this federal legislation accelerated a policy shift—from income support to a work-centered welfare system—that was already occurring in many states.

Employers are now central to welfare policy. This has come at a time when economic forces are also leading U.S. employers to embrace new strategies for finding qualified staff, including individuals from the welfare population. Economic and political realities are combining to push employers and welfare recipients toward one another, presenting both parties with new opportunities. At the same time, moving welfare recipients into work poses many challenges that are beyond the influence of individual employers, given the characteristics of this population, on the one hand, and available low-wage employment opportunities, on the other.

The Policy Context: New Legislation and System Reform

The 1996 Personal Responsibility and Work Opportunity Reconciliation Act transformed welfare into a work-based system. The Act limits almost all welfare recipients to a lifetime maximum of five years of federally financed assistance, ending the previously assumed right of poor parents to federal welfare assistance.[1] The Act also requires most welfare recipients to find employment or participate in activities leading to work. It places a priority on job search and immediate entry into the labor market—this is known as a "work-first" approach—rather than longer-term education and training strategies.

Prior to the legislation, in the 1970s and 1980s, most publicly funded employment and training programs, including those targeted to welfare recipients, had focused on improving individuals' skills and abilities—a human-capital approach. However, unless these programs had close connections with employers, participants rarely secured better-paid work than those who did not participate, especially over the long run.[2]

Public support of welfare eroded during the 1980s. Calls mounted for increased personal responsibility and an end to income and other entitlements for the poor. Welfare policy continued to produce poor outcomes, and evidence mounted regarding the negative impact of long-term dependency. States responded by testing a range of work-based welfare strategies.

The 1996 federal legislation accelerated the shift to the work-first approach to welfare reform over a human-capital approach. Just as important, it gave the states responsibility for designing and administering public assistance. The federal government now provides states with block grants, with the amount based on each state's allocation of federal welfare spending between 1992 and 1995. States have broad discretion in: allocating block-grant funds to different purposes, establishing the respective roles of state and local governments, determining the stringency of work requirements, and deciding the amount and form of supportive services available to recipients. As the federal government's role has diminished, considerable variation in strategy and emphasis has emerged among the 50 states.

As the U.S. welfare system becomes more work-centered, its connections to the public workforce-development system are becoming closer and more important. Meanwhile, that public system has significantly changed. In recent years, states have experimented with ways to improve the performance and accountability of a very decentralized employment and training system, which is delivered locally by public, private, and non-profit institutions that include: the Employment Service, community colleges, community-based organizations, employer intermediary organizations, and One Stop Centers created by local Workforce Investment Boards.

The 1998 Workforce Investment Act has reformed the public U.S. workforce-development system, based on the following principles:

- A more market-driven system of resource allocation and accountability;
- Greater emphasis on quality service and responsiveness to both employer needs and those of the labor force;
- An increased role for public/private partnerships and for intermediary organizations at the local level, organized by industry or occupational cluster, that serve as brokers among employers, job seekers, and service providers; and
- A priority on outcomes that include measures of retention and advancement, not just hiring.

Publicly funded at the federal level, the workforce system is governed at the local level by Workforce Investment Boards. The Chair and a majority of the members must be employers. The system is anchored in local labor markets by publicly funded One Stop Centers that can be managed by public, private, or non-profit entities.[3]

Economic Factors: Rising Skill Demands, Tight Labor Markets

While public policy pushes welfare recipients toward work, tight labor markets and rising demand for better-skilled, entry-level workers have forced employers to become more aggressive in their search for new employees. Emerging recruitment strategies have included welfare recipients in their outreach.

Through most of the 1990s, the demand for entry-level employees in the United States has increased faster than the supply.[4] Unemployment is at its lowest point since the early 1970s. Employers are reporting difficulty filling entry-level and more skilled positions. During the last five years, the number of companies reporting shortages of skilled workers has doubled, reaching almost seven out of every ten employers.[5]

Finding qualified, entry-level workers has emerged as a major problem. In focus groups in three U.S. cities, employers agreed that among new applicants for entry-level jobs, many appear to have "significant motivational, attitudinal, and life skill problems [and that] very basic screening dramatically limited the pool of eligible employees."[6]

American companies also face serious and growing difficulties with high turnover among entry-level employees. A survey of 500 representative U.S. employers found that 26 percent of entry-level employees stayed on the job for six months or less; 23 percent remained seven months to one year; only 15 percent stayed over two years.[7]

Employer concerns about the availability and cost of qualified staff are being fueled by long-term workplace trends. Firms increasingly expect those they employ to be able to learn new tasks and adapt to changing job requirements.[8] In many industries, more flexible production methods, rapid changes in production processes and technology, shorter product cycle times, and the search for custom and niche markets have raised employer expectations of front-line employee skills. In addition, changes in work organization and hiring and in promotion patterns have increased employer reliance on the external labor market for new hires, undercutting career ladders that once existed inside many firms.

Job requirements at the low-end of the labor market have risen. Employers more frequently expect basic numeracy and literacy, as well as basic computer facility and "soft skills," such as communication, teamwork, problem solving, reliability, and a positive attitude.[9] In an era of tight labor markets, rising employer expectations of entry-level recruits create serious and costly mismatches between job seekers and employers. In this environment, firms have become far more concerned about the costs of inefficient recruitment and hiring, high turnover, and poor productivity.

In response to these challenges, many employers are experimenting with new ways to find and keep qualified entry-level staff. The openness to new approaches to recruiting, hiring, and retaining workers is noteworthy—and leads naturally to exploration of the potential of hiring new workers from the welfare rolls.

Welfare Reform and Low-Wage Labor Markets

Individual employers can change—and many are changing—their hiring and employment practices to help welfare recipients find jobs and succeed at work. However, a work-centered welfare policy is of necessity linked to the dynamics of the low-wage, low-skill labor market. It is also linked to questions about whether enough jobs exist for all welfare recipients, whether recipients are qualified to fill available jobs, and how public policy can improve the functioning of that labor market.

The welfare population: In the United States, public assistance has traditionally targeted poor families with dependent children. Consequently, adult welfare recipients are overwhelmingly female and between the ages of 20 and 45. The typical welfare family is a single mother with two children. (Able-bodied adult men and women without children are not eligible for most welfare programs; those who have recently lost their job are eligible for short-term income assistance through the Unemployment Insurance system.) Welfare recipients are distributed fairly evenly across racial groups. The total welfare caseload (adults and their children) in mid-1998 was 8.4 million individuals. This is a 42 percent drop from its peak in 1994 of 14.4 million.

The welfare population is disadvantaged when it comes to skills and work-readiness. The Urban Institute reports that 42 percent have not completed high school. One-third of welfare recipients have never held a job for over six months. According to some estimates, without additional education or training, only about 10 percent of the welfare population has the skills to advance beyond entry-level work.[10] A sizable minority has physical, psychological, and other disabilities that make work difficult. As many as a third have children under the age of three. Long-term recipients are particularly ill-equipped to enter the workforce. Although around 70 percent of welfare recipients report recent work experience, a study of long-term recipients in Los Angeles found that less than 25 percent reported working during the prior two years.[11]

While welfare recipients vary significantly in their ability to succeed at work, many are capable of moving from dependence to employment. Even before reform, over 40 percent of recipients typically left welfare in fewer than two years. Recent studies indicate that about half of the adults leaving welfare move directly into employment and others find jobs within a few months.[12] That said, as more welfare recipients move into employment, it is inevitable that those who remain will be less educated, less skilled, and plagued by other barriers to employment.

The low-wage labor market: If policy is to reduce welfare dependency through work, there will have to be enough jobs for this population—jobs that pay wages high enough for families to escape poverty. Urban Institute scholars estimate that the new welfare rules will push at least 140,000 recipients a year into the labor market between now and 2002.[13] (High-end projections are above 300,000 a year.)[14]

The Urban Institute and others have concluded that absorbing these new workers will be possible in a growing economy. However, barriers such as limited access to information about job openings, inconvenient shifts, poor transportation to work, and inadequate child care pose problems for matching welfare recipients with those jobs.

The jobs available to these new workers are unlikely to pay wages sufficient to pull families out of poverty. Data from 11 state welfare offices show that the hourly wage for most jobs that welfare recipients hold is between $5.50 and $7.00 per hour.[15] A study in four states found that the average quarterly earnings for welfare-to-work participants were less than full-time, minimum-wage employment and substantially below the poverty standard for the typical welfare family, due to part-time work and short tenure in each position held.[16] This and similar studies reflect earnings during a booming economy, among recipients likely to have relatively better education and skills. Economist Gary Burtless has concluded:[17]

> When employer demand is high and unemployment is low the great majority of recipients who diligently seek work will eventually find it. But because of the nature of the jobs they find, and the poor preparation they bring to those jobs, unskilled single parents will usually find jobs that pay low wages and do not last long.

The earnings of those moving from welfare to work remain near poverty levels. This is a challenge that individual employers alone cannot address. It is why many U.S. policy experts—and employers—see a necessary role for public policy in two areas: (1) helping welfare recipients escape dependency through employment; and (2) making it easier for the millions of low-wage workers who are not on welfare to achieve self-sustaining incomes through a combination of employment, tax, and income-support policies. To reduce both dependency and poverty, policy must help local, entry-level, labor markets become more efficient, but it will also have to address the serious problem of low earnings for individuals who succeed in obtaining those jobs.

P A R T   T W O

General Trends in Employer Welfare-to-Work Efforts

Based on the experience of U.S. firms during the first few years of large-scale welfare-to-work initiatives, we draw several general conclusions:

- Many employers are hiring welfare recipients.
- Participation is dominated by larger firms in a few industries.
- There is potential for continued expansion of employer participation, particularly among smaller businesses.
- Most employers are concerned primarily with recruitment and hiring, but strategies to improve retention are becoming more common, and they are receiving support from public policy.

Many employers are hiring welfare recipients.

Hiring of welfare recipients by U.S. firms has grown rapidly, more rapidly than many predicted even two years ago. By December 1997, after one year in operation, the national Welfare to Work Partnership had enlisted 3,200 companies, which reported hiring more than 135,000 welfare recipients that year.[18] A survey of these firms found that 79 percent expect to hire welfare recipients during 1999, for a total of 250,000 additional workers from the welfare population.[19] Membership in the Partnership continues to grow; in late 1998, it reached 7,500 firms, each of which had hired at least one welfare recipient.

Two recent surveys conclude that over half of U.S. firms report that they have hired from the welfare population. In a 1998 survey of 500 employers, selected to reflect the distribution of U.S. firms, 62 percent reported having hired welfare recipients.[20] In Michigan, over half of 900 employers in three metropolitan areas had hired someone who had been on welfare at some point, according to a 1997 survey.[21]

In addition, far more welfare recipients who get jobs are staying employed. In 1992, the percentage of welfare recipients who left welfare and were employed a year later was only 19 percent. In 1997, that figure had climbed to 32 percent.[22] Improving this rate for former welfare recipients and for other low-skill workers would reduce employer costs and improve productivity.

This does not mean that all these firms made special efforts to recruit welfare recipients. Each year, millions of jobs are filled by people with no more skills than those of many welfare recipients. Employers hire these individuals through routine recruitment practices, such as classified ads and employee networks. And many welfare recipients land positions through their own efforts, without an employer's participation in formal welfare-to-work programs.

Participation is dominated by larger firms in a few industries.

Larger firms in a few industries are the major employers of welfare recipients, according to a study of employment patterns in Florida, Maryland, Missouri, and

Oregon.[23] Mid-size and large firms (i.e., over 100 employees) employ 61 percent of working welfare recipients but constitute a far smaller proportion of all business establishments. As Table 1 indicates, large firms are far more likely to hire at least one welfare recipient, and the number of hires per firm, on average, rises with firm size. However, these data also demonstrate an important fact: while smaller firms have been less likely to hire welfare recipients, those that do so have a much higher ratio of welfare hires to total employees than do larger firms.

The service and retail sectors account for 60 percent of all employment but 80 percent of the jobs secured by welfare recipients.[24] Business services, eating and drinking places, and health services alone account for 45 percent of employment for welfare recipients.[25]

Efforts to diversify the industry sectors in which welfare recipients are employed appear to be effective. Firms reporting success in hiring welfare recipients can be found in manufacturing, construction, high technology, and transportation, in addition to the service and retail sectors.

In many larger firms that invest in strategies to promote retention and advancement of welfare hires, wages of those leaving welfare are higher than the average. For example, the large companies JFF interviewed reported paying their employees hired off welfare from a low of $6.25 per hour to a surprisingly high $11.75 an hour.

Table 1: Firm Size and Employment of Welfare Recipients[24]

Firm Size	Percent of Firms Employing at Least One Welfare Recipient	Hires per Firm	Employees per Welfare Recipient Hired
Large (500+)	78.6	12.4	187.2
Mid-size (100–499)	29.1	3.1	72.2
Small (20–99)	9.2	1.7	29.3
Very small (1–19)	1.2	1.2	7.2

Table 2: Employment of Welfare Recipients by Industry Sector[26]

Industry Sub-sector	Percent of Total Hires
Business Services	19.0
Eating and Drinking Places	14.7
Health Services	10.8
Food Stores	5.5
Social Services	4.9
Hotels/Lodging	4.6
General Merchandise Stores	3.6
Educational Services	3.4
Miscellaneous Retail	2.5
Real Estate	2.4
TOTAL	**71.4**

There is potential for continued expansion of employer participation, particularly among small businesses.

Further expansion of employer hiring from the welfare population is both likely and feasible. Marketing the benefits of recruitment and hiring from the welfare population has been uneven, particularly among small and mid-sized firms. A survey of Michigan employers showed that while over half had hired someone currently or previously on welfare, under 17 percent had been contacted by a public or private placement agency explicitly trying to place welfare recipients. Significantly, two-thirds of firms contacted by such agencies reported hiring a referral.[28]

If small businesses are to reach their potential to contribute to increased numbers of welfare recipients hired, new and different outreach methods will be needed that take advantage of the capacity and motivation of business associations to serve their members' workforce needs. Such marketing strategies are emerging, particularly from business groups, such as local Chambers of Commerce and industry-specific trade associations, many of whose members are eager to expand their sources of qualified, entry-level hires.[29]

This optimistic view is premised on continued economic growth. Of course, in a recession or even in a period of slower growth, some of the pressure for new hiring that many firms feel may weaken. For this reason, advocates of welfare-to-work efforts are striving to establish, expand, and institutionalize local initiatives now. They hope that if they succeed now, it will be easier—in a less-heated economic environment—to sustain strong partnerships and initiatives that seek to improve recruitment, matching, and productivity in entry-level work.

Most employers are concerned primarily with recruitment and hiring, but strategies to improve retention are becoming more common, and they are receiving support from public policy.

The primary emphasis of welfare-to-work programs to date, and of employer efforts, has been recruitment and hiring. However, employers are increasingly interested in ways to lower turnover and improve the retention of entry-level staff. Employers are introducing or expanding a range of policies that can influence how long welfare recipients—or *any* new entry-level employees—stay on the job. These include:

- Better screening, pre-employment training, and matching of job seekers to job vacancies;
- Improved orientation to the job, training on the job, and support during socialization to the job;
- Training for front-line supervisors on working with new hires;
- Mentoring, coaching, and other ongoing on-the-job support;
- Help with child-care, transportation, and other personal barriers to work; and
- Provision of health and other benefits to low-wage employees.

Employers increasingly see skill development (prior to hiring and on the job) as a means of reducing turnover and increasing employee loyalty, adaptability, and productivity. In recent years, U.S. firms have increased the percentage of employees they train. While better-educated employees still receive the lion's share of firm-provided training, U.S. companies are now training more front-line employees.[30]

Federal and state policies are beginning to encourage individual firms and local welfare-to-work partnerships to pursue strategies that focus on retention and advancement as well as hiring. Federal welfare-to-work legislation, enacted in 1997, provides communities with $3 billion in new resources for interventions that can improve the retention and advancement of hard-to-employ welfare recipients. Also, the 1998 Workforce Investment Act authorizes communities to invest more effectively in supporting training for current employees.

Welfare-to-Work Experience of Leading U.S. Firms: Motivation and Benefits

On behalf of the New Deal Task Force, Jobs for the Future interviewed representatives of 19 American firms regarding their involvement in welfare-to-work initiatives.[31] (Case studies of the welfare-to-work efforts of 11 of these firms accompany this report.)

These are not typical U.S. firms. Rather, they are multinational companies that have demonstrated a commitment to hiring welfare recipients and taking leadership positions in designing, promoting, and implementing welfare-to-work efforts. They include firms in a range of sectors: business services, transportation, retail, high technology, and financial services. In addition, while they are headquartered in the United States, each has a significant business presence in the United Kingdom.

In these interviews, we addressed five key issues:

- The firms' motivation for their efforts;
- The benefits that accrued;
- The kinds of high-value activities they undertook;
- How companies managed and implemented these activities; and
- Lessons from their experiences.

The first two issues are summarized in this section. The others are covered in sections four and five of this report.

Business Motivation to Participate

Among the firms interviewed by JFF, meeting business needs was the primary reason for participating in welfare-to-work initiatives.

> **Business reasons**: Entry-level labor needs spur many employers to seek expanded sources of qualified staff. Public subsidies for hiring, training, and/or support services can influence employer decisions to participate. Successful welfare-to-work programs have also reduced turnover markedly.

Companies reported two other motives for initiating welfare-to-work efforts, but they emphasized that business reasons would determine whether their efforts continued and grew:

> **Corporate citizenship**: Many firms, particularly those with a local customer base, are committed to improving the quality of life in the community and earning local goodwill. Recognition as a good corporate citizen is frequently an important motive.
>
> **Peer influence**: Firms are frequently influenced by others they see as competitors for leadership in an industry or community. Peer recruitment of corporate CEOs can play an important role in initial decisions to participate.

Employer Perceptions of Business Benefits

The companies we interviewed identified a number of business benefits that derived from their welfare-to-work involvement. Foremost are: access to an expanded labor pool, reduction in employee turnover, and increased employee loyalty. Employers also report reductions in hiring costs and better-than-average quality and performance levels among new recruits. Many firms report improved morale among existing employees in participating facilities, as well as greater attention to human resource issues that affect entry-level staff generally.

Access to an expanded labor pool: By partnering with community-based organizations with roots in particular neighborhoods or ethnic communities, companies have expanded the pool from which they recruit. This benefit is significant in tight labor markets and in firms or industries where workforce diversity is valued. Over half of the firms JFF interviewed stressed this benefit. "As a responsible corporate citizen, United Parcel Service's goal is to have a workforce that reflects the diversity of the communities we serve," says Ken Parks, Vice President of Corporate Human Resources. "We have a continuing need to fill UPS jobs with dedicated people, and our approach has always been to partner with education, government, and non-profit organizations to locate, employ, and retain them."

Many firms are partnering with temporary employment companies to both gain access to new labor pools and reduce hiring risks. As Manpower CEO Mitchell Fromstein notes, "Welfare-to-work makes good business sense because there are many jobs going unfilled and many candidates who want to work."

Satisfaction with quality of hires: Among companies with welfare-to-work programs interviewed by JFF, every one reported that it is satisfied or very satisfied with individuals employed through these programs. This is consistent with a survey of members of the Welfare to Work Partnership, which found that 76 percent of responding firms value the welfare recipients they employ as good, productive workers.[32] Almost all the firms we interviewed expect to expand their welfare-to-work efforts in the coming year. Two noted that a rise in unemployment might change their plans, but no firm we interviewed expects to reduce its commitment in the coming year.

Reduction in turnover: Effective recruitment, screening, and pre-employment preparation can help improve job matches and lower turnover. Salomon Smith Barney reports a 90 percent retention rate for welfare-to-work program participants it has hired over two years, compared to an average of 82 percent for all employees in equivalent positions. UPS reports a 30-day retention rate of 70 percent for welfare-to-work program participants, about 10 percent better than for all new entry-level employees. (One of the company's most successful sites reports an 88 percent retention rate for new hires.) Marriott reports a 65 percent retention rate after one year for welfare recipients, compared to 50 percent for entry-level employees in general. According to Gerald Greenwald, Chairman and CEO of United Airlines, after one year, "United employees hired from public assistance have one-half the attrition rate of similarly placed employees not from public assistance." Just over half of Welfare to Work Partnership firms report that welfare hires show the same or higher retention rates when compared to employees hired through standard procedures.[33]

Subsidies for training and hiring: Companies that hire welfare recipients are eligible for a range of state and federal tax credits and subsidies, including the federal Work Opportunity Tax Credit and the Welfare-to-Work Tax Credit.[34] These subsidies help offset employer investments and the risks they take of making poor job matches as they reach further down the employment queue for new hires.

For example, the federal government subsidized about two-thirds of the average $5,000 cost to the Marriott Corporation of its highly regarded Pathways to Independence training program. EDS has identified seven sources of federal and state resources that can offset training and support costs for welfare recipients. Federal job training funds have helped support the pre-employment training that has successfully prepared welfare recipients to work at Salomon Smith Barney (through Wildcat Services Corporation) and EDS (through the Advanced Technology Program). Among firms we interviewed that have programs in place, about three in four say they take advantage of public subsidies.

Spill-overs from welfare-to-work efforts to general human resource policies: Some companies report that developing welfare-to-work as a human resource priority strengthens the firm's commitment to existing staff in lower-level jobs. Relationships with local organizations that recruit and screen welfare recipients help companies identify other qualified employees. Mentoring and orientation programs designed for welfare recipients can be useful for all new employees. Strategies for addressing child care or other barriers to work can be easily extended beyond the welfare population.

United Airlines created a 60-day mentoring program targeted to its new welfare employees. It was not long, though, before the program was extended to all entry-level staff. As a United manager explained, "Not only did we improve retention, but a survey of mentors found that they actually felt better about their jobs and the company." EDS has expanded an effort to identify government training grants and subsidies for its welfare-to-work efforts into a corporate initiative to identify and make use of all available sources of public funding for human resource development.

Employers that make family-friendly policies into a competitive advantage tend to integrate welfare recipients relatively easily into their organizations. American Airlines, for example, has contracted with the private firm, Ceridian, to provide resource and referral services for entry-level employees, not just welfare-to-work hires. Many firms that hire welfare recipients, such as AT&T and Eli Lilly, have also been recognized for their progressive work-life policies.

To encourage loyalty and retention, a number of firms extend the company's benefits package to all part-time staff. Xerox provides health insurance for all employees who work more than 20 hours a week, as well as flexible work schedules, child-care resources, and a dependent-care fund. This enables many welfare recipients, who frequently work part-time, to take advantage of company benefits. Of the firms interviewed by JFF, six are among those selected by *Working Mother* magazine as the 100 Best Companies for Mothers in 1998.[35]

Concerns and challenges: Employers we interviewed were overwhelmingly positive about their experiences (many attributed this to their focus on strategies to hire qualified employees and promote their retention.) At the same time, they voiced several important concerns. They acknowledged that:

- It is difficult to build collaborative relationships at the local level that are sufficiently responsive and customized to meet firm-specific needs. The employment and training system has historically served clients and their skill needs, rather than to seeing employers as an equally important customer.

- Some of the regulatory and bureaucratic routines of local public agencies introduce an inflexibility that complicates and impedes business involvement.

- Even in large firms, the time commitment required to design and implement new programs can be significant, and local managers may not be able to participate to the extent they would like.

- It takes careful consideration to find the most appropriate way to balance services to new hires from the welfare system with those provided to all entry-level employees. At times, different services seem necessary, but differential treatment can have repercussions with the existing workforce.

- Organizations with the capacity to provide effective recruitment, screening, training, and support services are crucial to successful welfare-to work programs. Without them, few firms believe that hiring welfare recipients would produce good outcomes.

(See next page for Table 3: Benefits to Firms and Employees of Improved Access, Retention, and Advancement Strategies.

Table 3: Benefits to Firms and Employees of Improved Access, Retention, and Advancement Strategies

RECRUITMENT AND HIRING	
Benefit to Firm	*Increases sources of qualified entry-level employees* *Reduces the cost and time required for entry-level hiring*
Benefit to Individual	*Increases information about available jobs, improves job matching, and increases access to hiring decision makers*
JOB RETENTION	
Benefit to Firm	*Increases employee loyalty, quality of work, and morale* *Reduces employee-replacement and lost-productivity costs*
Benefit to Individual	*Provides essential orientation to jobs, new-employee skill building, knowledge and support regarding navigating the workplace, and ways to address barriers to employment*
ADVANCEMENT	
Benefit to Firm	*Increases quality, quantity, and range of performance, ability to adapt, and the growth of employee skills to meet changing job requirements*
Benefit to Individual	*Provides the means to gain new, marketable skills, increases employability, and heightens opportunities for wage increases and promotions.*

Welfare-to-Work Experience of Leading U.S. Firms: High-Value Activities

Among the employers we interviewed, we found a sophisticated understanding of the challenges companies face in designing effective programs—and local partnerships—for hiring and training welfare recipients. The employers we surveyed understand that successful welfare-to-work efforts require more than a simple exchange of public subsidies for targeted hiring by private-sector firms. We found impressive examples, particularly in the areas of improved pre-employment preparation and retention strategies, of corporate commitments to new approaches and a willingness to work closely with public-sector and community-based institutions.

In all these firms, activities are fairly new, localized in particular facilities and communities, and still evolving; none would claim that their efforts adequately or comprehensively address access to work, job retention, and career advancement. Taken together, however, these efforts illustrate some of the most promising strategies for employers who want to improve their entry-level labor force while helping to address a critical societal problem.

Large, engaged firms tend to be involved in two kinds of welfare-to-work efforts in the United States:

- Activities that increase their access to quality employees and help the firm retain and advance those employees; and
- Collaborative, inter-firm activities that share best practice, increase overall business involvement, and influence policy.

1. Activities that Increase Access, Retention, and Advancement

The companies we interviewed have developed innovative approaches to addressing their needs for quality, entry-level and better skilled workers. These include strategies to improve access, retention, and advancement. All of the most innovative—and effective—approaches involve collaborative partnerships with non-profit, public, and private organizations that supply welfare-to-work services to individuals and employers. Business-oriented intermediary organizations frequently serve as brokers for arranging these services.

Expanding Access to Employment

Companies are eager to find new sources of qualified employees—employees with good basic skills, motivation, and discipline. Increasingly, they are tapping expanded labor pools—from different neighborhoods, diverse countries of origin and ethnic/racial backgrounds. Targeted recruitment, outreach, and screening assistance from organizations that know and understand welfare and other low-skill, disadvantaged populations can be very valuable to employers. For employers to stay engaged, programs must also assure that identified job candidates are ready to work hard and be productive. For welfare recipients, who tend to be less-job ready than the population as a whole, this challenge cannot be minimized.

Several strategies for improving the quality of the job match stand out from our interviews, all of which are consistent with other research. These are:

- Recruitment and screening;
- Pre-employment preparation; and
- Short-term training targeted to the firm or industry.

Recruitment and screening: Many companies are turning to publicly sponsored community-based organizations for assistance in recruiting staff and screening them for overall job readiness and for their "fit" with particular labor needs. All the firms interviewed by JFF that had welfare-to-work programs developed partnerships with local organizations to improve job matching.

Monsanto has organized networking sessions so its human resources staff can get to know community-based sources of potential employees**.** Marriott contracts with public agencies and community-based organizations to recruit for its Pathways to Independence training program, and it restricts participation to referrals from those organizations. Chevron's service-station territory managers contract with local placement agencies to recruit and screen applicants. American Airlines partners extensively with community-based non-profit organizations rather than building in-house programs, because the company does not consider preparing welfare recipients for employment to be a core competency.

Temporary help firms and other for-profit placement companies can also play an important role in improved recruitment. Manpower has developed assessment tools that help it determine whether applicants are qualified for various office or light industrial positions. To facilitate its welfare-to-work efforts, Manpower has adopted a strategy of locating offices in inner cities to tap the labor pool there. Many firms routinely use staffing firms to help them recruit from new sources. Anheuser-Busch has formed a partnership with the staffing firm Interim for help with recruitment and screening of its entry-level workers. Hewlett-Packard's San Francisco office houses a dedicated Manpower staff member to recruit and screen for entry-level positions. Through this relationship Hewlett-Packard has met its initial goal of placing 30 welfare recipients in temporary positions and moving several into permanent jobs.

Employee screening can help firms take advantage of tax benefits available for hiring welfare recipients. One aspect of screening can be welfare recipients' eligibility for tax credits available to firms. Some companies, including fast-food giants, Pizza Hut and McDonald's, contract with outside firms to process applications for these tax credits.

Pre-employment preparation: Improved screening is often followed by pre-employment preparation that increases the ability of welfare recipients or other entry-level workers to meet firms' job qualifications. Many welfare recipients need to improve both basic skills and communications and "soft skills" if they are to succeed at work. In the current environment, which stresses "work first" and discourages long-term education and training, short "orientation to work" courses are becoming more common.

One influential model is the three-week "boot camp" created by STRIVE, Inc., a non-profit organization based in New York that works with hard-to-employ young adults, including welfare recipients. Graduates have demonstrated the discipline needed to keep a job; the program weeds out those who are not ready. Another model is Sprint's six-week, soft-skills training program, which is held at a community college and followed by fourteen days of in-house training. Local social service agencies, education and training service providers, and community colleges provide pre-employment training to FedEx job candidates as part of the firm's involvement with Tennessee's Families First program. Xerox Business Services values highly the pre-employment training in work attitudes, communication, and XBS expectations that local organizations provide to prospective employers.

Assistance with non-work barriers to employment: Companies believe it is essential to provide assistance to welfare recipients in overcoming the many serious barriers to initial employment, such as lack of child care and transportation. Although the overwhelming majority of companies we interviewed assist welfare recipients with these needs, they tend to see these services as properly provided by publicly funded programs and agencies.

Pre-employment job-specific training: Companies are particularly interested in working with education and training partners to design and deliver customized pre-employment preparation that relates directly to a firm's job openings. Some companies that have worked closely with education and training institutions have found that jointly designed programs can successfully prepare potential employees for a specific workplace culture and work assignment. Four out of five firms with ongoing programs, interviewed by JFF, emphasized the value of the job-specific pre-employment training welfare recipients received.

Short-term training programs that introduce potential hires to job-specific skills related to a firm or industry are gaining favor. Salomon Smith Barney's (SSB) partnership with Wildcat Service Corporation, a community-based training provider in New York City, is one example. Wildcat and SSB designed the training together, and each runs components of it. The program includes 16 weeks of training and a 16-week internship at SSB. The firm hires those who complete the program successfully as permanent employees.

The publicly subsidized Advanced Technology Partnership run by EDS prepares welfare recipients to work as EDS system administrator associates, business analysts and help-desk staff. EDS has found that closely linking pre-employment training to the firm's needs yields new hires from the welfare rolls who are more settled in their work environment, more committed to their work, and quicker to grasp new concepts. An important element of training is exposure to real workplaces: potential hires learn by doing, and their preparation is grounded in the realities of the work they will perform.

Improving Job Retention

The companies we interviewed understand that if new hires are to remain employed beyond a few weeks, long enough to make a positive contribution to the enterprises, serious attention must be paid to supporting them through the series of transitions that returning to work requires. While this is generally true for hires in entry-level positions, where wages are low and hours are often inconvenient, it is particularly true for welfare recipients returning to the job market.

The companies we interviewed are experimenting with a range of strategies for increasing employee retention. These include:

- Improved orientation and mentoring by company staff;
- Supervisory training in interpersonal and managerial skills;
- Post-placement support to address personal barriers; and
- Access to company benefits.

Orientation and mentoring: To ease the transition to a new job, some employers are revising the orientation they give new hires to make it less perfunctory and more supportive. Among firms with programs in place and interviewed by JFF, more than half highlighted their welfare-to-work program's orientation and mentoring components. UPS has redesigned its orientation program. A number of firms have found that establishing a kind of "buddy system" that pairs new hires with supervisors or experienced workers who can serve as mentors can help new hires adjust more quickly and effectively. At Xerox Business Services, the "Friends at Work" program engages existing staff to help support new entry-level employees as they make the transition to work. Pizza Hut favors job coaching by outside partners to support new hires as they learn the job and interact with supervisors and co-workers, a model that is common among organizations that place individuals with disabilities. These strategies can be implemented at relatively low-cost, with internal staff and resources.

Supervisory training: Improved training for supervisors of entry-level staff is an efficient way to help new hires succeed. These employees are the interface between new hires and the company, yet few have any significant training in either interpersonal or managerial skills. Supervisory staff are particularly ill-prepared for the aspects of their job that approach "social work." However, few of the firms we interviewed provide supervisor training, a finding that is consistent with other research on employer activities.

Innovative private- and public-sector efforts to train supervisors exist. Ceridian Performance Partners, a for-profit unit of Ceridian Corporation, provides their supervisors with a two- to four-hour training course and ongoing telephone access to support from experienced managers. Ceridian's Partners in Progress program, which helps firms hire, train, and retain qualified welfare recipients, also provides training to supervisors.

At least 20 companies have received training for supervisors and entry-level employees from the Denver Workforce Initiative, a demonstration program designed to improve the access of low-income young adults, and in particular men aged 18 to 35, to family-supporting employment. Its "Managing to Work It Out" training curriculum prepares supervisors to teach new hires to anticipate and solve certain workplace problems, in order to increase retention rates.[36]

Post-placement support: Companies looking to help new hires address personal barriers to employment, including psychological adjustment to employment and logistical issues such as child care and transportation, frequently partner with outside organizations to provide welfare recipients (or any new hire) with necessary long-term support. In general, companies we interviewed see the need for this kind of support, are eager to have outside agencies provide it, and would like to see public funds support it. Among the firms with ongoing programs which JFF interviewed, about two-thirds offered some form of post-placement support.

STRIVE case workers maintain regular contact with the individuals they place throughout the first year of employment, helping them to deal with conflicts with supervisors, family or personal problems that might lead them to quit. Salomon Smith Barney contracts with Wildcat for similar post-placement support. Marriott worked with a contractor to set up and manage an extensive Employee Assistance phone line service, which can respond to employees in 150 languages. This service has been adopted by other employers including Allied Signal, American Airlines, and some McDonald's. UPS developed an innovative transportation program to help welfare recipients in Camden, New Jersey, get to night-shift jobs at the company's Philadelphia facility, ten miles away—a program that the local public bus line now operates without a subsidy.

Access to company benefits: About one-third of the firms we interviewed, including UPS, United Airlines, and Xerox Business Services (XBS), provide part-time employees with access to full company benefits. This is a strategy to encourage loyalty and improve retention. UPS, XBS, and some other firms also see access to on-the-job skill training, particularly in new technologies, as a benefit that workers value, not simply an unavoidable cost.

Promoting Advancement

If retention is more challenging than hiring, providing advancement opportunities for welfare recipients is even more daunting. The public-sector employment and training system is only beginning to make available resources for training low-wage individuals who are working. Welfare recipients frequently lack technical and other job-specific skills required to advance from entry-level work to jobs that pay family-supporting wages. And many firms have moved away from internal career ladders that enabled lower-level employees to advance within the company.

Among the firms which JFF interviewed, there are notable examples of career-advancement efforts targeted to welfare recipients and other low-wage workers. The companies cite the value of skill upgrading to productivity and the effect that skills expansion and promotion opportunities have on retention and commitment. These businesses also recognize that minimum-wage jobs or part-time work at low wages will not lift families out of poverty and frequently weaken employee resolve to remain on the job.

Employer strategies for promoting career advancement include:

> **Help in assessing career options and planning next steps:** For example, all welfare recipients and other entry-level account associates at XBS participate in a competency-based development system that includes self-assessment of the skills they need to move from their current assignments to future ones of their choice.
>
> **Access to education and training on the job or with employer subsidy:** Additional skill development is typically critical to any employee's ability to advance into more complex job assignments. XBS makes available on-the-job training, computer-based training on-site, and tuition assistance for courses taken at traditional educational institutions. At UPS, extensive internal training programs are available, and pay is linked to skill development. UPS partners with a number of community colleges to deliver courses on-site at workplaces, and it reimburses successful completers for 50 percent of the tuition. Among firms with welfare-to-work programs interviewed by JFF, over half highlight the internal training opportunities

- they provide; about a third assist welfare recipients with career advancement planning.

Employer efforts can only go so far in promoting advancement for individual staff members. Consortia of firms within the same industry sector or cluster of occupations can spread the cost and increase overall employer demand for skill development for front-line employees.[37] Similarly, community-based brokering organizations can help individuals identify career pathways to better opportunities within the same or a different industry or occupation sector. "Community career ladder" initiatives of this type are underway in a number of communities, although little public money is available for them.[38]

Organizing and Managing Firm Activities

Welfare-to-work programs must meet the needs of specific business units and local facilities if they are to survive and mature. At the corporate level, staff often play important roles in providing local offices and facilities with guidance, tools and materials, examples from other parts of the company, and other ways of simplifying local start-up and implementation.

In the companies we interviewed, the level of oversight from corporate headquarters varies with the extent to which the firm's operations and management are centralized. For example, XBS decentralizes decision-making to local managers, and this principle guides its company-wide welfare-to-work efforts. Because it is largely dependent upon franchisees, McDonald's creates standardized training curricula for interested franchises, but it cannot compel local franchises to participate in welfare-to-work efforts. EDS is about to centralize its welfare-to-work planning, goal-setting, and reporting in its newly created office of the Executive Vice President of Human Resources Worldwide.

The extent to which a corporate headquarters sets quantifiable participation goals and requires local offices to report on progress also varies. American Airlines has no specific goals or monitoring. EDS and Marriott require regular reports from managers. Pizza Hut and Marriott make participation by local establishments voluntary but structure their programs to provide strong business incentives to participate. At Pizza Hut, Work Opportunity Tax Credits go directly to the profit line on a store's income statements, so hiring welfare recipients affects the store manager's performance measures and year-end bonuses.

Corporate staff roles frequently include:

- Identifying the business objectives for welfare-to-work and priority strategies for achieving them;
- Developing program models or identifying successful local initiatives to disseminate to local offices;
- Disseminating directives regarding corporate participation goals, if they exist; and
- Collecting and disseminating learning from local experience for use in the design of future initiatives.

Local managers typically are responsible for deciding when and how to participate in local programs and partnerships, championing the effort within the facility, and ensuring the quality and value of the effort.

2. Collaborative, Inter-Firm Activities that Promote Business Engagement

In addition to activities that firms pursue to address their particular business or public-relations needs, many companies also engage in efforts to organize business's involvement and voice on issues of welfare policy and practice. The firms JFF interviewed are engaged in three types of inter-firm activities:

- Involvement in governance and program planning at the local level;
- Participation in networks of businesses in the same industry or region; and
- Membership in national organizations and networks.

Local Governance Structures and Program Planning

Employers across the country are playing an increasingly important role in the governance and planning of local, public, workforce investments. Recent passage of the Workforce Investment Act formalizes private-sector involvement: local Workforce Investment Boards, which bring together representatives of business, labor, and government to jointly govern the use of federal workforce development funds, must have a majority of members representing businesses and be chaired by a business representative. Among firms JFF interviewed that are involved in welfare-to-work efforts, over a third participate in local governance boards.

Large firms frequently contribute staff time and resources to help coordinate and advance business involvement in welfare-to-work efforts. For instance, United Airlines has loaned an executive to run the Chicagoland Business Partnership. Employers are well-positioned to provide detailed labor market information, advocate for quality and continuous improvement in placement and training programs, and advise the public system on how to make services simpler and more attractive to employers.

Business Networks

Increasingly, firms are finding it advantageous to collaborate with other firms in their region or industry. Among firms JFF interviewed that have ongoing welfare-to-work programs, a majority participate in such collaborative activities. These collaborations can be very helpful to smaller firms whose staff and resources are limited. For example:

- Ford is collaborating with General Motors and other automobile industry firms in the Detroit area to establish widely recognized, entry-level, skill standards;
- FedEx is organizing a consortium to improve transportation to firms at the Dallas/Fort Worth Airport;
- UPS facilities coordinate with small, local firms so that part-time employees can more easily balance the demands of two part-time jobs;
- Ford Motor Company has made natural-gas-powered vehicles available to transport welfare recipients to jobs in the Detroit area;
- American Airlines and McDonald's have developed and disseminated curricula for preparing employees for an industry, not just a single company.

National Networks and Organizations

At the national level, membership in the Welfare to Work Partnership, a government-sponsored network, is one vehicle for sharing best practice and articulating employer concerns and interests in national policy debates. UPS has loaned a seasoned executive, who ran the firm's welfare-to-work program in Philadelphia, to the Partnership. Every firm with an ongoing welfare-to-work program that JFF interviewed is a member of the Partnership, as are three out of four companies we interviewed that are just starting programs.

Other national organizations, such as the National Alliance of Business, the U.S. Chamber of Commerce, the Conference Board, and Business for Social Responsibility, also provide important venues for sharing effective practice in welfare-to-work and other human resource policies. Companies pick up promising ideas and strategies through these organizations and the opportunities they provide for inter-firm collaboration and direct technical assistance. Some of this interaction is informal. For example, EDS and Xerox consulted with other multinational firms before beginning their welfare-to-work efforts. An employee-assistance hot line developed by Marriott has been adopted by other Partnership members. Government-funded agencies that are part of the reformed workforce development system also help facilitate inter-firm communication and learning.

PART FIVE

Lessons and Implications from U.S. Experience

Although U.S. experience with a work-centered welfare system is modest and the long-term results unknown, the early experience of participating companies and individuals has yielded practical lessons for employers. It has also provided lessons for their partners in designing and implementing local welfare-to-work programs and for the U.S. policymakers who are reshaping the welfare system and its public institutions.

These lessons fall into two categories:

- Implementation lessons for employers; and
- Lessons for the public system that can make a work-centered and employer-responsive welfare system more effective for employers and welfare recipients.

Implementation Lessons for Employers

There is no "cookie cutter" model for an effective welfare-to-work program—and no implementation manual to pull off the shelf. However, from our research and from the experience of firms we interviewed, important lessons emerge about program design and implementation.

Successful initiatives require strategic planning and high-level commitment.

Companies find that it is important to develop clear business objectives and evaluate available resources, priority needs, and the appropriate division of labor between in-house staff and outside organizations (see box on page 21 for a recommended planning process). CEOs and senior management must signal the effort's importance to corporate and local office staff.

Local partnerships can simplify and strengthen employer efforts to hire and retain welfare recipients.

Successful welfare-to-work efforts invariably involve collaborative partnerships. Employers partner with local welfare agencies charged with moving recipients into employment. They also partner through the public workforce development system with public- and private-sector organizations that can help them improve their performance in hiring, retaining, and increasing productivity from new hires off the welfare rolls. Firms want to "buy" expertise in provision of services that are not part of their core competencies. They also want to increase the efficiency and reduce the costs and risks of their efforts to improve hiring and job retention. Intermediary organizations that are well-grounded in labor market realities in particular industries and occupations or that have particular skills in brokering among employers, job seekers, and service providers are becoming increasingly important partners in local workforce service delivery.

From the company perspective, valuable partnerships are those that provide its staff with excellent customer service, understand employers' specific labor needs, and are committed to continuous improvement in meeting employer standards. They are based on mutual commitment to meet clearly defined business objectives.

U.S. firms have found it particularly helpful to enlist partners who specialize in services, such as:

- Temporary help firms and community-based organizations for recruitment and assessment of potential new hires;
- Regional bus lines or private firms for help with transportation to and from workplaces;
- Community colleges and private education and training providers for skill development; and
- A range of organizations that have the capacity to collaborate on designing and delivering effective work-based training programs and post-placement support services.

Companies can encourage and strengthen these partnerships through various means. Large firms can set performance standards for programs and offer assistance to partners in achieving them. Xerox Business Services, for example, sets standards for outcomes, evaluates the extent to which its partners meet them, and provides informal advice on improvements. UPS and Bristol-Meyers Squibb fund innovative service providers through their corporate philanthropic activities. McDonald's provides customer-service training for the staff of its partner organizations.

Productivity and employer satisfaction with welfare-to-work can be increased by greater emphasis on post-placement support services and activities that reduce turnover and increase job retention. Too often, employers appear to perceive welfare-to-work participation as a single transaction: hire a person from the welfare system and get a public subsidy. This view is likely to disappoint all concerned. While there is no doubt that companies welcome public subsidies, many employers regard this as a weak incentive. Focus groups with employers repeatedly conclude that companies would rather public funds be used to help prepare potential employees for on-the-job success than to subsidize employers for hiring ill-prepared staff who are likely to quit or be fired soon after hiring.[40]

Moreover, employers are most eager to hire qualified individuals who will stay with the firm for a reasonable length of time and be productive. For this reason, employers who are looking for long-term value rather than short-term wage savings pursue strategies that promote job retention. As noted above, primary among these strategies are: improved orientation and mentoring; supervisory training; supports to help employees address personal barriers; and bene-

Recommendations for Planning a Welfare-to-Work Program[39]

Based on the experience of its member firms, the Welfare to Work Partnership recommends the following planning process:

Find or assign a company champion: A CEO or other high-level decision-maker who cares can make a big difference in a company's level of commitment and its resolve to sustain or expand initial efforts.

Assess the company's internal situation: A firm must assess its staff and financial resources, labor needs, personnel practices, company culture, and level of commitment to decide whether to hire welfare recipients, how many to hire, and what services to make available.

Review recruiting and hiring options: A company must decide whether it will create a program in-house, contract with a local intermediary organization that brokers recruitment, training, and placement, or hire directly through the public sector.

Understand the welfare population: The welfare population is diverse, with different levels of skills, work experience, and readiness to meet employer standards. Employers need to communicate to potential employees the quality standards they expect from new hires.

Develop a strategic plan for hiring: Firms that develop successful programs identify their workforce needs clearly, communicate them to partners, identify support services for new hires that will increase their likelihood of retention, and develop close working relationships and communication with organizations that recruit, assess, place, train, and support welfare recipients who enter the labor force.

fits that can substitute for income, offer hope for advancement, and encourage workers to stay with the firm.

Integrate welfare-to-work efforts into a firm's overall workforce practices.

Many companies find that effective strategies to improve retention of welfare recipients are worth extending to entry-level workers generally. The non-welfare population that works at entry-level jobs, particularly adult men or working adult women not receiving public assistance, shares with the smaller welfare population many barriers to economic self-sufficiency: poor education and family, child-care, and transportation problems. Innovative services developed for, and successful with, welfare recipients can be expanded and can be made more cost effective at a larger scale. In addition, on a practical level, it is difficult to provide welfare-to-work participants with services and benefits not available to other employees in similar jobs.

Policy Lessons for the Public System

For welfare-to-work to expand significantly and become sustainable in more firms, large and small, changes in U.S. governmental policies and practice will be needed. Through our interviews and other research, we identified five policy priorities that can help promote continued progress toward a welfare and workforce development system that meets both employer and individual needs. These are:

Change policies and funding priorities to better balance "work first" with effective skill development.

The basis of current welfare policy is "work first"—job search and rapid labor market attachment above all else. Federal legislation and state implementation reward quick placement and make it far more difficult for welfare recipients to qualify for publicly funded pre-employment education and training. While "work first" has enabled many work-ready recipients to move more quickly into the labor force and has forced education and training providers to be more aware of and responsive to employer demands, there are indications that this strategy must be balanced and tempered.

From an employer's perspective, "work first" can be impractical and problematic. A large segment of the welfare population is not qualified for most entry-level jobs. Forcing ill-prepared recruits upon employers may alienate companies.

From the job seeker's perspective, constraints on access to education and training can cut off routes into better-paying jobs and career advancement. And being pressured to apply for jobs that are beyond a person's skill levels can further undercut self-esteem and motivation to work.

Public policy must continue its aggressive encouragement of work. However, as the National Governors' Association has concluded, "Getting a job, keeping it, and using it to develop new skills are important steps along the road to economic security . . . [but] for many welfare recipients, work will not provide a path out of poverty unless they can access education and skill training that will enable them to advance into better jobs."[41] In a society where post-secondary education and credentials are the primary route to decent wages, a more flexible, balanced approach to welfare policy is needed that combines job search, education, job training, and work in ways that help individuals build marketable skills quickly and move up to better jobs over time.[42]

Two important areas for greater public support are: 1) customized pre-employment skill development programs linked to offers of jobs upon successful completion (e.g., EDS's Advanced Technology Program and Salomon Smith Barney's relationship with Wildcat Services Corporation); and 2) skill development strategies for individuals while they are employed (including through courses and credentials granted in-house or at local educational institutions).

Increase public investment in activities that support work and career advancement.

A work-centered welfare system cannot succeed without broad-based participation and support of business. This approach places new responsibilities on employers to help solve serious social problems. Public policy must not demand too much of employers. Private sector responsibility should be coupled with public sector support that lessens the risks and costs that companies incur in playing a more active role in reducing welfare dependency.

In the United States today, significant public resource are available. One source is the federal government's allocation of $3 billion for new welfare-to-work programs that promote retention and advancement. These funds are helping pay for such activities as pre-employment services, on-the-job training and supports, transportation and child-care services, substance abuse counseling, and other ways to "make work work" for particularly hard-to-employ welfare recipients.

Another source is the substantial savings states have realized as federal welfare block grants they receive have remained stable while their welfare caseloads, and payment obligations have shrunk. However, it appears that only a few states have chosen to expend these funds, which they control, on additional services and supports for welfare recipients and their families. Many states have chosen to hold them in reserve, spend more on politically popular programs unrelated to work or welfare, or return some of the money to taxpayers through tax cuts.

The temptation to reduce public welfare spending should be resisted. If anything, addressing serious barriers to employment will cost more money in the short-run, not less. Yet without adequately addressing the supports and services that can help prepare all but the most poorly equipped welfare recipients for work, the progress being made in moving people from dependence into employment will likely stall. Companies will collaborate with public authorities on welfare reform initiatives only if they feel they are having their needs met and are not being asked to take on unreasonable risks and costs. Companies will only hire and retain people who have motivation and basic skills. As the most-employable welfare recipients leave the rolls, leaving those who need more skills and more help, significant public investment will be needed to prepare this population for keeping and succeeding in private-sector jobs.

Create and expand income supplements for low-wage workers and their families.

Low-wage work does not lift families out of poverty. The U.S. government has recognized this through the gradual expansion of the Earned Income Tax Credit, which supplements wages of the working poor and thus rewards them for work by raising their effective earnings through the tax system. While use of this tax credit is expanding, the government has made little concerted outreach effort to employers or community-based organizations to help those who are eligible learn about and take advantage of the credit. If the public goal is to reduce poverty, not just public-assistance payments, expansion of the tax credit and other strategies to raise earnings through government policy will be needed. Such efforts are in keeping with an approach to welfare reform that focuses on working poor families in general, rather than solely on public assistance recipients.

Remake the culture of the public-sector welfare system.

Welfare reform has changed the role of government from simply an administrator of income maintenance to a partner in efforts to move people into work and keep them employed. The system is driven now by employment-related goals—and by public payments that are increasingly based upon meeting performance benchmarks for placement, retention, and wage rates. The welfare and workforce development systems are becoming more interdependent.

This shift will require significant change in state and local agencies and the way they do business. They will need help in building their capacity to serve employers, partner with multiple non-governmental agencies, and become more entrepreneurial. Public agencies also need help moving toward accountability systems based on accurate information about outcomes for individuals and families, which requires investment in the design and implementation of better management information systems. Private-sector involvement in governing the local welfare and public-employment system can help increase the capacity of public agencies. To accomplish this remaking of the U.S. welfare system, states and the federal government will need to provide adequate resources for professional development of public-sector employees, as well as resources for organizing greater private-sector involvement and assistance to the public system.

Provide public support to build the capacity of local intermediary organizations.

Successful local welfare-to-work efforts combine the strengths of the public, business and non-profit sectors. Public funding should promote the engagement of employers and their partners in both local governance structures and in a one-stop service-delivery system that provides a single point of contact for individuals and employers.

NOTES

[1]Not all welfare recipients are expected to be able to work. Twenty percent can be exempted for reasons of hardship. Under federal legislation, states must meet a requirement of 50 percent of recipients in jobs or work-related activities by 2002.

[2] Julie Strawn. 1998. *Beyond Job Search or Basic Education: Rethinking the Role of Skills in Welfare Reform.* Washington, DC: Center for Law and Social Policy, p. 20.

[3] One Stop Centers offer a core set of employment-related information and assessment services to any interested individuals. They organize referrals and access to training and skill-development services for individuals in need of more intensive services.

Decisions about entities that operate local One Stops are left to the discretion of local Workforce Investment Boards, which are required by the new law for all local labor markets. The boards, which must have majority representation of local businesses, oversee workforce development within the labor market, set policy, and establish performance standards and accountability measures. To insure maximum independence, the boards do not deliver services.

[4] Since 1992, labor demand has risen 16 percent, while labor supply has risen only 7 percent. National Alliance of Business. October 1998. “The U.S. Labor Market: Getting Inside the Numbers.” *Workforce Economics*, Vol. 4, Issue 3. Washington, DC: The National Alliance of Business, p. 3.

[5] Speech by James Kelly, CEO, United Parcel Service of America, Inc. National Alliance of Business’ 30th. Annual Conference: Knowledge Networks: Centerpiece of the 21st Century. October 1998.

[6] Brandon Roberts and Jeffrey D. Padden. 1998. *Welfare to Wages: Strategies to Assist the Private Sector to Employ Welfare Recipients.* Chevy Chase, MD: Brandon Roberts + Associates, p. 22.

[7] Marsha Regenstein, Jack A. Meyer, and Jennifer D. Hicks. 1998. *Job Prospects for Welfare Recipients: Employers Speak Out* (Occasional Paper Number 10). Washington, DC: The Urban Institute, p. 52.

[8] Richard Kazis. 1998. *New Labor Market Intermediaries: What’s Driving Them? Where Are They Headed?* A Background Paper for the Task Force on Reconstructing America’s Labor Market Institutions. Cambridge, MA: MIT Sloan School of Management, p. 8.

[9] Harry J. Holzer. 1996. *What Employers Want: Job Prospects for the Less-Educated.* New York: Russell Sage Foundation. Philip Moss and Chris Tilly. 1996. *Growing Demand for “Soft” Skills in Four Industries: Evidence from In-Depth Employer Interviews.* New York: Russell Sage Foundation.

[10] Judith Combes Taylor. 1997. *Learning at Work in a Work-Based Welfare System: Opportunities and Obstacles.* Boston, MA: Jobs for the Future, pp. 3, 15.

[11] Gary Burtless. Summer-Fall 1998. “Can the Labor Market Absorb Three Million Welfare Recipients?” *Focus.* Madison, WI: University of Wisconsin, p. 3.

[12] U.S. Department of Labor, Bureau of Labor Statistics, private communication.

[13] Daniel McMurrer, Isabel Sawhill, and Robert Lerman. 1997. *Welfare Reform and Opportunity in the Low-Wage Labor Market.* Washington, DC: Urban Institute, p. 2.

[14] Kenneth Deavers and Anita Hattiangati. 1997. *Welfare to Work: Building a Better Path to Private Employment Opportunities.* Washington, DC: Employment Policies Foundation.

[15] National Governors’ Association et al. July 1998. “Tracking Recipients after They Leave Welfare: Summaries of State Follow-up Studies.”<www.nga.org/welfare/statefollowup.htm>

[16] Brandon Roberts and Jeffrey D. Padden, p. 29.

[17] Gary Burtless, p. 6.

[18] The Welfare to Work Partnership is an organization of businesses formed at the request of President Clinton. Its mission is to motivate the American business community to hire and retain former welfare recipients without displacing existing workers.

[19] Keith H. Hammonds. June 1, 1998. "Welfare-to-Work: A Good Start." *Business Week*, p. 102.

[20] Marsha Regenstein, Jack A. Meyer, and Jennifer D. Hicks, pp. 2, 54.

[21] Harry J. Holzer. July 1998. *Will Employers Hire Welfare Recipients? Recent Survey Evidence from Michigan*. East Lansing, MI: Department of Economics, Michigan State University, Table 7.

[22] U.S. Department of Health and Human Services' First Annual Report to Congress on the Temporary Assistance to Needy Families (TANF) program, cited in National Alliance of Business. October 1998. "The U.S. Labor Market: Getting Inside the Numbers." *Workforce Economics*, Vol. 4, Issue 3. Washington, DC: The National Alliance of Business, p. 9.

[23] Brandon Roberts and Jeffrey D. Padden, pp. 126-143.

[24] Brandon Roberts and Jeffrey D. Padden, pp. 132,135.

[25] Brandon Roberts and Jeffrey D. Padden, pp. 126-143. This statistic may be misleading. Staffing firms are a major employer of welfare recipients employed in the business services sector, but these hires are recorded as hires within the temporary help industry, not the industry in which they are placed.

[26] Brandon Roberts and Jeffrey D. Padden, pp. 126-143.

[27] Brandon Roberts and Jeffrey D. Padden, p. 139.

[28] Harry J. Holzer, 1998, pp. 22-23.

[29] Brandon Roberts and Jeffrey D. Padden, pp. 77-78.

[30] A 1996 survey of representative U.S. firms conducted by the American Society for Training and Development found that 43 percent of companies reported an increase in the percentage of employees receiving training while only 6 percent reported a decline. An average of 69 percent of employees at the surveyed companies received some training. Laurie Bassi and Mark Van Buren, "1998 ASTD State of the Industry Report." *Training and Development*, January 1998. pp. 26-29.

[31] For this project, JFF identified a group of about three dozen U.S. companies that met two criteria: 1) they have undertaken welfare-to-work efforts; and 2) they have a significant corporate presence in the United Kingdom. Information on companies was gathered from our own research, with additional assistance from the Boston College Center for Corporate Community Relations, Business for Social Responsibility, the National Alliance of Business, and the Welfare to Work Partnership. Nineteen firms agreed to in-depth interviews, which lasted 40 to 90 minutes.

By design, these firms are atypical U.S. companies. They are large, multinational businesses. They have already chosen to be active in welfare-to-work activities at the level of firm practice and, frequently, national policy. These are engaged employers with sizable corporate human resources staff. We chose them for this study precisely so that the experience of leading firms could be examined. It would be misguided to draw conclusions from these interviews alone about typical or overall employer participation in welfare-to-work. For this reason, we distinguish in the report between general trends and the experience of this sample of firms.

[32] Wirthlin Worldwide. 1998. "Survey of the Partnership's Business Partners." In The Welfare to Work Partnership. *Annual Report*. Washington, DC: Welfare to Work Partnership.

[33] Lyn A. Hogan. 1998. "Welfare-to-Work: Engaging the Business Sector." Paper presented at the International Conference on the Local Dimension of Welfare-to-Work, Sheffield, U.K., p. 8.

[34] The Work Opportunity Tax Credit offsets up to $2,400 of the wage cost of new hires who are retained for more than 120 hours. The Welfare-to-Work Tax Credit offers a maximum tax credit of $3,500 in the first year and up to $5,000 in the second for hiring and retaining long-term welfare recipients.

[35] Deborah Wilburn. October 1998. "100 Best Companies for Working Mothers." *Working Mother*.

[36] Rebecca Brown et al., July 1998. "Working Out of Poverty: Employment Retention and Career Advancement for Welfare Recipients." www.nga.org/Welfare/EmploymentRetentionEmployed.htm>

[37] Examples include WIRE-NET in Cleveland, which works with local manufacturing firms; the Garment Industry Development Corporation in New York City; and the San Francisco Hotels Partnership Project; and the Wisconsin Regional Training Partnership. See Kazis, *New Labor Market Intermediaries.*

[38] See Laura Dresser and Joel Rogers. 1997. *Rebuilding Job Access and Career Advancement Systems in the New Economy.* Madison, WI: Center on Wisconsin Strategy.

[39] Lyn A. Hogan. 1998. *Blueprint for Business*: *Reaching a New Workforce*. Washington D.C.: The Welfare to Work Partnership, pp. 9-15.

[40] Brandon Roberts and Jeffrey D. Padden, p. 67.

[41] Rebecca Brown et al., pp. 6-11.

[42] Julie Strawn, p. 24.

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