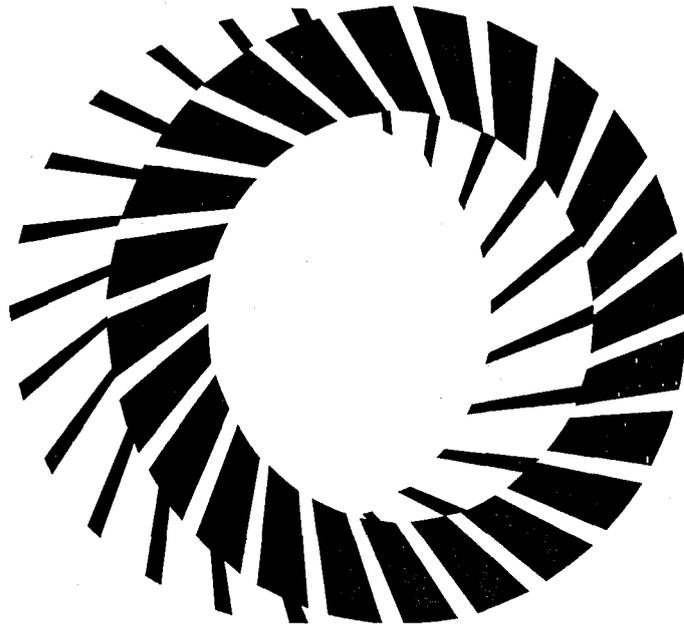


03 - 0239

# *Minnesota Job Skills Partnership*



## *Pathways Program Annual Report*

Written by the National Results Council

March 31, 2003

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## Report Summary March 2003

**The purpose of this report is to provide the information required by MS 116L.04 Subdivision 1a. which states that: The (MJSP) board shall annually, by March 31, report to the commissioners of economic security and trade and economic development on Pathways programs, including the number of public assistance recipients participating in the program, the number of participants placed in employment, the salary and benefits they receive, and the state program cost per participant.**

*The Pathways Program is a Minnesota Job Skills Partnership (MJSP) program established by the Legislature in 1997 to enable persons to move from public assistance to economic security. Pathways programs are joint efforts involving businesses, educational institutions and social organizations to develop and deliver education and training to public assistance recipients for jobs in a variety of industries state-wide. MJSP funding is matched by the participating businesses. Educational organizations and other organizations participating in the projects also provide financing.*

### **Pathways Trainee Data – Actual and Projected**

- ❖ As of 2/28/03, thirty-one Pathways grants have been awarded. Three (08-00-296, 07-01-342 & 07-01-343) were cancelled because funds were not being used, making a total of twenty-eight Pathways grants. Of these twenty-eight, sixteen are completed or closed and twelve are still active.
- ❖ Of the sixteen completed grants, the projected number of people to complete training was 2,329; the actual total number of persons who completed training was 1,209. The projected number of people to be placed into jobs was 2,120; the actual total number of persons placed into jobs was 746. (See Table A.)
- ❖ Of the twelve grants that are still active, it is projected that a total of 1,336 persons will complete training and of those, 1,183 will be placed into jobs. To date, 145 persons have completed training and none have been placed into jobs. (See Table B.) These numbers will increase since all of the grants are still actively training and placing people into jobs. However, the actual number of people who complete training and get placed into jobs is typically less than projected<sup>1</sup>.

### **Pathways Participants' Wages – Actual and Projected**

- ❖ Of the sixteen completed grants, the projected weighted average hourly salaries range from \$7.21 to \$12.85 per hour with an overall weighted average of \$9.33/hour; actual weighted average hourly salaries range from \$7.26 to \$16.25 per hour with an overall

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<sup>1</sup> Based on the first 16 Pathways grants that were completed (See Table A), the number of people actually trained ranged between 4% and 145% of what was projected with an average of 52%; the number of people actually placed into jobs ranged between 0.5% and 114% of what was projected with an average of 35%.

average of \$10.03 per hour. Projected fringe benefits range from \$.50-\$7.16 an hour; actual fringe benefits are not available because they are not collected under current MJSP reporting. (See Table C.)

- ❖ Of the twelve grants that are still active, the projected wages for public assistance recipients placed into jobs post-training range from \$8.36 to \$11.86 per hour with an overall projected hourly average of \$9.86. This is likely to be quite close to the actual weighted average hourly salaries that trainees will attain since businesses are adept at predicting the types of jobs trainees will be qualified for once they have completed training<sup>2</sup>. Actual hourly wages are only calculated once the project closes, so this information is not available on active grants. (See Table D.)

### **Program Cost per Participant – Actual and Projected**

- ❖ Of the sixteen grants that are completed, the actual MJSP cost per trainee ranges from \$213 to \$4,830, with an overall average MJSP cost per trainee of \$1,469. The actual total cost per trainee ranges from \$774 to \$16,248 with an overall average total cost per trainee of \$4,923 (See Table E.)
- ❖ Of the twelve grants that are still active, the projected MJSP cost per trainee ranges from \$438 to \$3,488 with a projected average MJSP cost per trainee of \$1,976. The total projected average cost per trainee ranges from \$1,039 to \$14,422 with a projected total cost per trainee of \$5,492 (See Table F.)

### **Application Trends**

Pathways funds became available in 1997. The thirty-one projects to date were funded as follows: one in FY 97, twelve in FY 98, three in FY 99, six in FY 00, six in FY 01 and three in FY 02. The decline in applications and awards of FY 99 Pathways grants after the surge in FY 98 is felt to be due to several factors including the availability of increased Partnership funding which turned institutional attention away from taking on additional Pathways programs until funded projects were well underway and/or completed. Other reasons could include recruitment difficulties<sup>3</sup>, the state emphasis on work-first programs, a lack of knowledge about the program in out-state areas or difficulties in securing trainees who met the eligibility requirements of the designated money. An increase in applications was noted in FY 00 and FY 01 as several education providers with specific expertise in welfare-to-work programs and serving TANF and MFIP clients became more involved in the program.

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<sup>2</sup> Based on the first 16 Pathways grants that were completed, actual weighted salaries ranged between 89% and 122% of what was projected.

<sup>3</sup> The National Results Council, an independent third-party evaluator that MJSP hired to evaluate the Pathways Program, wrote a report in April 2002 which stated a lack of referrals to the program was the most frequently mentioned problem by grantees. Grantees believed this could have been due to workforce centers not having the people to refer, no incentive for the workforce centers to refer people to training programs or that the caseworkers were too overwhelmed to know about all the different training programs. Others speculated that the political tension between the workforce centers, which are funded through the Department of Economic Security, and the Pathways training programs, which are funded through the Department of Trade and Economic Development was the cause for too few referrals.

## National Results Council's Evaluation of Pathways

In 1999, the Minnesota Job Skills Partnership contracted with the National Results Council (NRC)<sup>4</sup> to evaluate MJSP's Pathways program. The NRC also received funding from the Joyce Foundation to conduct an extensive three-year comparative evaluation of welfare-to-work approaches. Dr. Sam Myers from the Roy Wilkins Center, Humphrey Institute of Public Affairs, at the University of Minnesota assisted with the statistical review of the first two years of the evaluation and Dr. Inhyuck Ha of the University of West Florida with the third year. The value of the NRC evaluation is that it brings a third-party assessment to the table. It provides a different perspective in that it relies on data collected from the trainees themselves rather than statistics the educational institution provides on the MJSP reports. It also takes a longitudinal approach in that it assesses the impact of the training on the financial status of trainees not at placement but at 120 days, one year and two years post-training. Finally, it offers a comparative look at a similar population of welfare recipients who were not offered training prior to placement.

The final results of the evaluation were published in an April 2002 report to the Joyce Foundation, entitled, *Ways to Work: Comprehensive Report and Research*<sup>5</sup>. The NRC's work, which evaluated sixteen Pathways grants, had two primary functions. The first was to develop and install a performance measurement system for the program. This was an ongoing system of feedback for service providers. The NRC collected information about the employment results of the trainees and fed that information back to service providers in *Results Reports*. The purpose of these reports was for service providers to get timely, useful information to help improve their programs. The second function of the NRC's work was a research project comparing the Pathways customized training approach with the more traditional work-first approach to welfare-to-work programs.

### Goal One: Pathways Effect on Employment Outcomes

The first goal of the evaluation was to objectively assess the impact of the Pathways program on the lives of the consumers served, with a primary focus on employment outcomes. In order to do this, the NRC collected self-report data from trainees at three points in time.

During phase one of the follow-up, participants were contacted by the NRC 120 days after leaving the program; a total of 387 trainees were contacted. On average 34 percent (n=131) of the people who attended Pathways training were working 120 days after completing training, 20 percent were not working and 46 percent could not be reached for follow-up. For those working, the average weekly wage was \$350, the average hourly wage was \$9.66 and the average hours worked was 36 a week.

During phase two of the follow-up, participants (n=387) were contacted by the NRC one year after leaving the program. Phase two contacts indicated that 33 percent of the Pathways participants were working one year after leaving the program. The average weekly wage was \$356, the average hourly wage was \$9.90 and the average hours worked was 36.

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<sup>4</sup> The NRC is a non-profit third-party evaluator devoted to measuring and comparing the performance of employment and training programs, with an exclusive focus on outcomes.

<sup>5</sup> Please see Appendix B for the executive summary of the April 2002 report to the Joyce Foundation. The full report is included on the CD-Rom that accompanied this report.

During phase three of the follow-up, participants (n=186)<sup>6</sup> were contacted two years after training. At that time, 30 percent of the 186 Pathways participants were known to be working. The average weekly wage was \$415, the average hourly wage was \$10.95 and the average number of hours worked was 37.

#### Goal Two: Pathways Effect on Public Assistance Status

Goal two of the evaluation was to determine the impact of Pathways on the public assistance of those served. The NRC used two sources of information to determine the impact of Pathways on the public assistance status of persons served, self reports and government records. Self reports indicated that 92 percent of all 387 people who attended Pathways training in the sixteen projects surveyed reported receiving public assistance at entry to the program. Of the Pathways participants contacted at the 120-day follow-up, 31 percent reported receiving public assistance, 29 percent at the one-year follow-up and 25 percent reported receiving public assistance at the two-year follow-up. The evaluation used the MAXIS<sup>7</sup> system to provide information on the amounts of MFIP cash awarded to Pathways participants. The total dollars spent on participants in the Pathways program significantly decreased with time. A pre-training measurement revealed that \$102,772 was spent on Pathways participants. At the 120-day mark, this decreased to \$69,860. By one year, only \$40,163 government dollars were being spent on Pathway participants.

#### Goal Three: Educational/Career Pathways

Goal three of the evaluation was to assess the effectiveness of the educational/career pathway developed in each of the Pathway projects. The NRC reviewed the active grants and determined that the development of career pathways in each grant was sound. Between 62-73 percent of Pathways trainees who were working at any follow-up held jobs that matched the training they had received. A small percentage (3-8 percent) of Pathways trainees had received a promotion between four months and two years post-training. A higher percentage (7-20 percent) of Pathways trainees received a pay raise during the same time frame.

#### Goal Four: Meeting the Business' Needs

Goal four of the evaluation was to determine the extent to which each program meets the business needs of the business partner for Pathways. A telephone interview was completed with at least one of the contributing businesses for each of the sixteen grants evaluated during the initial stages of the grant. Most businesses contacted (85 percent) indicated that this was their first experience as part of a Pathways training program. The majority, 60 percent, of the businesses surveyed indicated that the overall goal was to have a better trained workforce. Other goals were recruiting new employees, reducing turnover and increasing retention. A follow-up survey was attempted with those who were initially contacted. Of respondents, those businesses that hired more than one Pathways-trained person felt generally satisfied with participating in the project. It appeared that the larger the number of Pathways participants hired, the greater the businesses' satisfaction with the program. This result points to one of the most common complaints of businesses participating in the program—frustration that the grant did not help them hire more people. Businesses also felt that inadequate recruitment to the program was a major issue.

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<sup>6</sup> Two-year information was not available on 201 participants because they have not yet reached phase three follow-up.

<sup>7</sup> According to the Minnesota Department of Human Services' website, the MAXIS system determines who is eligible for public assistance and the amount of aid that they are entitled to receive.

### Comparison of Approaches

The second function of the NRC's work was to compare the outcomes of two welfare-to-work approaches – the customized training approach (Pathways Program) with the work-first approach (Work in Progress)<sup>8</sup>. Here is a snapshot of the significant findings:

- ❖ Pathways participants made significantly more in hourly wages than work-first participants. Pathways participants made, on average at the 120-day follow-up, \$1.60 more an hour than work-first participants, \$1.36 per hour more at one year and \$2.27 per hour more at the two-year follow-up.
- ❖ Pathways participants made significantly more in weekly wages than work-first participants. Pathways participants made an average of \$79 more per week at 120 days, \$61 more at one year and \$110 more at two years.
- ❖ Significantly fewer Pathways participants were still receiving public assistance at follow-up than work-first participants. At 120-days, 31 percent of Pathways participants were receiving public assistance while 57 percent of work-first participants were receiving public assistance. At one year, 29 percent of Pathways participants were receiving public assistance while 39 percent of work-first participants were still receiving public assistance. At two years, 24 percent of Pathways participants were receiving public assistance while 36 percent of work-first participants were receiving public assistance.

Additional copies of the April 2002 Final Report to the Joyce Foundation, *Ways to Work: Comprehensive Report and Research*, are available by contacting:

National Results Council  
2885 Country Drive, Suite 145  
St. Paul, MN 55117  
651-787-0704

### **Program Recommendations**

#### 2001 Program Recommendations

- ❖ Give target populations longer-range economic security by allowing funding for programs that train not just current welfare recipients but MFIP's recipients recently employed under the work first strategy.

MJSP has awarded grants from an Allocation of TANF funds received from the Minnesota Legislature. The grants have provided training to individuals receiving MFIP/TANF benefits, as well as those who are *eligible* to receive MFIP/TANF benefits. This provides an opportunity for those employed under the work first strategy, who are eligible for TANF benefits, to receive job related training, thus increase employability and economic security.

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<sup>8</sup> Please see Appendix B for the executive summary of report to the Joyce Foundation. It includes the significant findings along with the specifics of the study.

- ❖ Revise program participants' eligibility requirements to 200 percent of poverty guidelines.

The statutes governing the Pathways program have been amended to allow eligibility for individuals with incomes at or below 200 percent of poverty guidelines. This change in eligibility requirements applies only to projects awarded general fund monies.

- ❖ Increase participation in greater Minnesota by providing more publicity about Pathways to education institutions and businesses in areas outside the metro area.

There has been increased awareness due to NRC's reports, better information on the MJSP web site and other outreach efforts.

- ❖ Encourage educational institutions to engage MFIP certified training providers in Pathways projects.

This has been done through MJSP communication to the educational network.

#### 2002 and 2003 Program Recommendations

The National Results Council recommends the following to improve the effectiveness and reach of the program:

- ❖ Increase referrals by encouraging grantees to establish links with referring agencies as part of the application process. Insure that referring agencies have current lists of customized training programs and contact information.
- ❖ Encourage potential grantees to anticipate and plan for the transportation and childcare needs of participants prior to grant implementation.
- ❖ Improve eligibility determination for Pathways participants through a clear definition of eligibility, consistently stated, by all MJSP Board and Staff, and introduce a standardized procedure for determining eligibility.
- ❖ Reports should focus more on actual results data and less on projected data. Findings of the NRC performance measurement system will be used as a tool for program improvement. NRC program data will be used to help the MJSP Board to make future funding decisions about grant proposals.
- ❖ Encourage project success by promoting common best practices that have been observed in the top three performing pathways grants. These best practices include the following: regular communication between grantees and business partners, placing an emphasis on workplace or soft skill training and combining training with paid work.

# **Appendix A:**

## **Tables A-F**

**Table A**  
**Completed Grants - Projected & Actual Trainee Data**

MJSP Grant Number	Educational Institution	Contributing Business(es)	Projected		Actual	
			Number to be Trained	Number to be Placed	Number Completed Training	Number Placed into Jobs
10-97-180	Carver-Scott Educational Cooperative	Advance Circuits	100	90	88	70
03-98-188	Anoka-Hennepin Technical College	Manufacturing Consortium	80	55	116	21
03-98-192	Pine Technical College	Marsden Corporation	200	152	150	150
03-98-195	Rochester Community & Technical College	Crenlo Mfg. Consortium	72	72	71	71
03-98-199	Central Lakes College	Lamb-Weston/RDO	28	28	32	32
03-98-202	Dunwoody Institute	Printing Consortium	358	358	26	2
07-98-205	Hennepin Technical College	HealthSystems	405	405	204	60
07-98-206	Hennepin Technical College	Magnetic Data & Turek	163	163	21	21
07-98-209	St. Cloud Technical College	Human Service Consortium	112	87	4	3
07-98-211	Resource, Inc.	Pillsbury Consortium	45	34	17	13
07-98-217	Carver-Scott Educational Cooperative	Soft Soap, Inc.	45	35	29	15
07-98-219	Dakota County Technical College	Rupp Industries Consortium	243	243	90	53
07-98-221	Minneapolis Community & Technical College	Abbott-Northwestern	133	100	119	80
04-99-226	Carver-Scott Educational Cooperative	Emplast Consortium	130	110	88	64
06-99-236	Teamworks	Audubon Engineering	40	40	16	16
02-00-266	Carver-Scott Educational Cooperative	Nilfisk-Advance Consortium	175	148	138	75
		<b>Total:</b>	<b>2329</b>	<b>2120</b>	<b>1209</b>	<b>746</b>

**Table B**  
**Active Grants - Projected & Actual Trainee Data**

MJSP Grant Number	Educational Institution	Contributing Business(es)	Anticipated Grant End Date	Projected		Actual	
				Number to Complete Training	Number to be Placed into Jobs	Number Completed Training* to date	Number Placed into Jobs to date
04-99-227	Century College	Thermoform Consortium	2/28/03	112	112	0	0
02-00-274	Teamworks	BDT Manufacturing	6/30/03	25	25	2	0
02-00-277	St. Paul Public Schools	G & K Services	10/31/03	200	200	26	0
11-00-310	Minnesota State University, Mankato	Immanuel-St. Joseph's Mayo Health System	2/28/04	203	184	10	0
11-00-332	Ridgewater College	SW MN Healthcare Consortium	10/31/03	50	50	2	0
07-01-341	Minneapolis Community and Tech College	Allina	6/30/04	80	48	43	0
07-01-354	Teamworks	Homecrest Industries	6/30/03	40	40	0	0
07-01-355	Teamworks	PRD	6/30/03	50	45	0	0
07-01-356	Teamworks	Lamb-Weston/RDO	6/30/03	71	64	26	0
02-02-376	Century College	Regions Hospital	6/30/05	275	220	36	0
11-02-398	Minneapolis Community & Technical College	U.S. Bancorp	2/28/05	80	65	0	0
11-02-409	Carver-Scott Educational Cooperative	General Mills	10/31/03	150	130	0	0
<b>Total:</b>				<b>1336</b>	<b>1183</b>	<b>145</b>	<b>0</b>

\*It is customary in some projects to not consider trainees completed with training until the end of the grant

**Table C**  
**Completed Grants - Projected and Actual Hourly Wages**

MJSP Grant Number	Educational Institution	Contributing Business(es)	Projected		Actual	
			Weighted Average Hourly Wages	Hourly Fringe Benefits	Weighted Average Hourly Wages	Hourly Fringe Benefits*
10-97-180	Carver-Scott Educational Cooperative	Advance Circuits	\$9.09	\$2.00-\$3.00	\$9.45	Not Available
03-98-188	Anoka-Hennepin Technical College	Manufacturing Consortium	\$9.06	\$2.35-\$4.45	\$9.91	Not Available
03-98-192	Pine Technical College	Marsden Corporation	\$9.51	\$2.91-\$5.78	\$9.52	Not Available
03-98-195	Rochester Community & Technical College	Crenlo, Mfg. Consortium	\$9.89	\$2.23-\$4.64	\$8.94	Not Available
03-98-199	Central Lakes College	Lamb-Weston/RDO	\$7.21	\$2.40	\$7.26	Not Available
03-98-202	Dunwoody Institute	Printing Consortium	\$9.16	\$2.25-\$3.33	\$16.25	Not Available
07-98-205	Hennepin Technical College	HealthSystems	\$8.60	\$.60-\$4.25	\$9.50	Not Available
07-98-206	Hennepin Technical College	Magnetic Data & Turck	\$9.44	\$2.48-\$5.70	\$12.87	Not Available
07-98-209	St. Cloud Technical College	Human Service Consortium	\$8.12	\$.50-\$7.16	\$9.07	Not Available
07-98-211	Resource, Inc.	Pillsbury Consortium	\$12.85	\$2.00-\$3.00	\$11.35	Not Available
07-98-217	Carver-Scott Educational Cooperative	Soft Soap, Inc.	\$10.86	\$2.25	\$9.65	Not Available
07-98-219	Dakota County Technical College	Rupp Industries Consortium	\$8.68	\$0.97-\$4.58	\$8.56	Not Available
07-98-221	Minneapolis Community & Technical College	Abbott-Northwestern	\$9.12	\$.28-\$2.57	\$9.98	Not Available
04-99-226	Carver-Scott Educational Cooperative	Emplast Consortium	\$9.07	\$2.00-\$3.00	\$9.47	Not Available
06-99-236	Teamworks	Audubon Engineering	\$8.25	\$3.60	\$9.00	Not Available
02-00-266	Carver-Scott Educational Cooperative	Nifisk-Advance Consortium	\$10.42	\$2.30-\$3.35	\$9.73	Not Available
<b>Overall Weighted Average:</b>			<b>\$9.33</b>		<b>\$10.03</b>	

\*This information is not collected through the current MJSP reporting forms

**Table D**  
**Active Grants - Projected Hourly Wages and Fringe Benefits**

MISP Grant Number	Educational Institution	Contributing Business(es)	Projected Weighted Average Hourly Wage	Projected Hourly Benefits
04-09-227	Century College	Thermoform Consortium	\$9.45	Not Available
02-00-274	Teamworks	BDI Manufacturing	\$9.25	\$3.70
02-00-277	St. Paul Public Schools	G & K Services	\$8.72	\$1.79
11-00-310	Minnesota State University, Mankato	Immanuel-St. Joseph's-Mayo Health System	\$9.19	Not Available
11-00-332	Ridgewater College	SW MN Healthcare Consortium	\$10.65	Not Available
07-01-341	Minneapolis Community and Tech College	Allina	\$11.86	Not Available
07-01-354	Teamworks	Homecrest Industries	\$9.80	Not Available
07-01-355	Teamworks	PRD	\$8.36	Not Available
07-01-356	Teamworks	Lamb-Weston/RDO	\$8.90	Not Available
02-02-376	Century College	Regions Hospital	\$10.87	Not Available
11-02-398	Minneapolis Community & Technical College	U.S. Bancorp	\$10.72	Not Available
11-02-409	Carver-Scott Educational Cooperative	General Mills	\$10.50	Not Available
<b>Overall Projected Weighted Average:</b>			<b>\$9.86</b>	

**Table E**  
**Completed Grants - Actual Cost per Trainee**

MJSP Grant Number	Educational Institution	Contributing Business(es)	Actual MJSP Cost per Trainee	Actual Total Cost per Trainee
10-97-180	Carver-Scott Educational Cooperative	Advance Circuits	\$1,134	\$4,018
03-98-188	Anoka-Hennepin Technical College	Manufacturing Consortium	\$1,869	\$6,698
03-98-192	Pine Technical College	Marsden Corporation	\$213	\$1,030
03-98-195	Rochester Community & Technical College	Crenlo, Mfg. Consortium	\$1,926	\$5,684
03-98-199	Central Lakes College	Lamb-Weston/RDO	\$917	\$3,410
03-98-202	Dunwoody Institute	Printing Consortium	\$553	\$2,579
07-98-205	Hennepin Technical College	HealthSystems	\$334	\$774
07-98-206	Hennepin Technical College	Magnetic Data & Turck	\$429	\$1,122
07-98-209	St. Cloud Technical College	Human Service Consortium	\$1,251	\$5,210
07-98-211	Resource, Inc.	Pillsbury Consortium	\$3,207	\$16,248
07-98-217	Carver-Scott Educational Cooperative	Soft Soap, Inc.	\$1,517	\$4,491
07-98-219	Dakota County Technical College	Rupp Industries Consortium	\$798	\$2,954
07-98-221	Minneapolis Community & Technical College	Abbott-Northwestern	\$942	\$2,054
04-99-226	Carver-Scott Educational Cooperative	Emplast Consortium	\$1,737	\$4,600
06-99-236	Teamworks	Audubon Engineering	\$4,830	\$13,656
02-00-266	Carver-Scott Educational Cooperative	Nilfisk-Advance Consortium	\$1,840	\$4,237
<b>Average Cost per Trainee:</b>			<b>\$1,469</b>	<b>\$4,923</b>

\*Costs are based on all trainees, not just those that completed

\*\* Includes funding from MJSP, the contributing businesses and the linkage organizations

**Table F**  
**Active Grants - Projected Cost per Trainee**

MJSP Grant Number	Educational Institution	Contributing Business(es)	Projected MJSP Cost per Trainee	Projected Total Cost per Trainee*
04-99-227	Century College	Thermoform Consortium	\$1,782	\$14,422
02-00-274	Teamworks	BDT Manufacturing	\$2,892	\$6,765
02-00-277	St. Paul Public Schools	G & K Services	\$1,650	\$3,873
11-00-310	Minnesota State University, Mankato	Immanuel-St. Joseph's-Mayo Health System	\$438	\$1,039
11-00-332	Ridgewater College	SW MN Healthcare Consortium	\$1,654	\$4,656
07-01-341	Minneapolis Community and Tech College	Allina	\$2,500	\$5,616
07-01-354	Teamworks	Homecrest Industries	\$3,488	\$7,107
07-01-355	Teamworks	PRD	\$1,641	\$3,424
07-01-356	Teamworks	Lamb-Weston/RDO	\$2,214	\$5,028
02-02-376	Century College	Regions Hospital	\$1,454	\$3,677
11-02-398	Minneapolis Community & Technical College	U.S. Bancorp	\$2,500	\$5,685
11-02-409	Carver-Scott Educational Cooperative	General Mills	\$1,500	\$4,611
<b>Average Cost Per Trainee:</b>			<b>\$1,976</b>	<b>\$5,492</b>

\* Includes funding from MJSP, the contributing businesses and the linkage organizations

## **Appendix B:**

### **Executive Summary – *Ways to Work:* *Comprehensive Report & Research***



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## **Ways to Work: Comprehensive Report & Research Executive Summary of MJSP Pathways Evaluation – The Third Year April 2002**

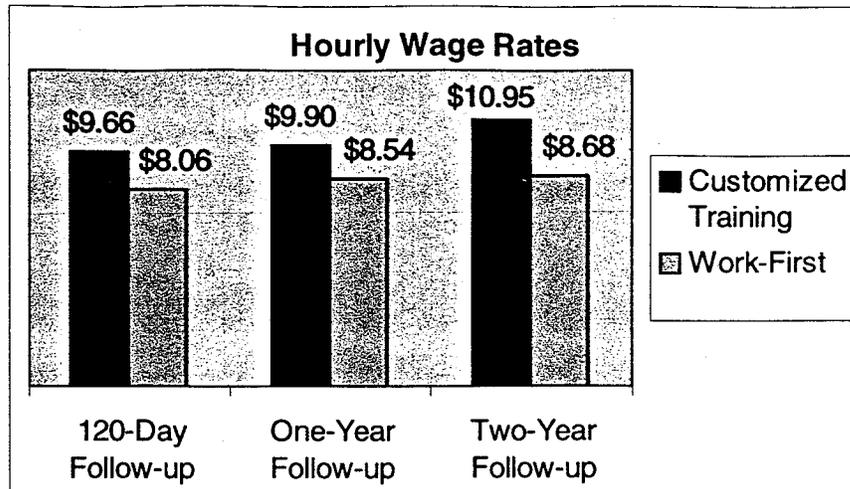
The National Results Council has spent three years examining two methods to move people from welfare to work: the dominant work-first approach vs. a customized training approach. Put very simply, the work-first approach immediately places clients into jobs while the Minnesota Jobs Skills Partnership Pathways customized training program trains participants for available jobs with defined career paths at local businesses. At the end of the second year of the study, (Summer 2001) a report was written to the Joyce Foundation and a summary piece called “Ways to Work: Off Welfare and Out of Poverty” was published. Since then we have received an additional year of funding from the Joyce Foundation, which has allowed us to gather more data from participants. At the time of the 2001 reports, we had 120-day data on 325 customized training and 241 work-first participants. We had one-year follow-up information on 138 customized training and 141 work-first participants. We now have 120-day and one-year follow-up data on all 387 customized training and all 310 work-first participants. In addition, we were able to gather two-year follow-up information on 186 customized training participants and 188 work-first participants.

At the end of the first two years, we concluded, “that people who are provided customized training have more hope, earn more money, and get off welfare more quickly than those who were placed in jobs using the work-first approach.” What, if anything, has changed now that we have more data? Let’s take a closer look at the significant findings:

- ❖ **Participants in the customized training program continue to make significantly more in hourly wage rates than work-first participants.** The differences in 120-day hourly wage rates from the 2001 report showed that Pathways customized training participants earned, on average, \$9.65/hour and the work-first participants earned, on average, \$8.08. The current mean unadjusted hourly wage rates<sup>1</sup> are seen on the graph on the next page:

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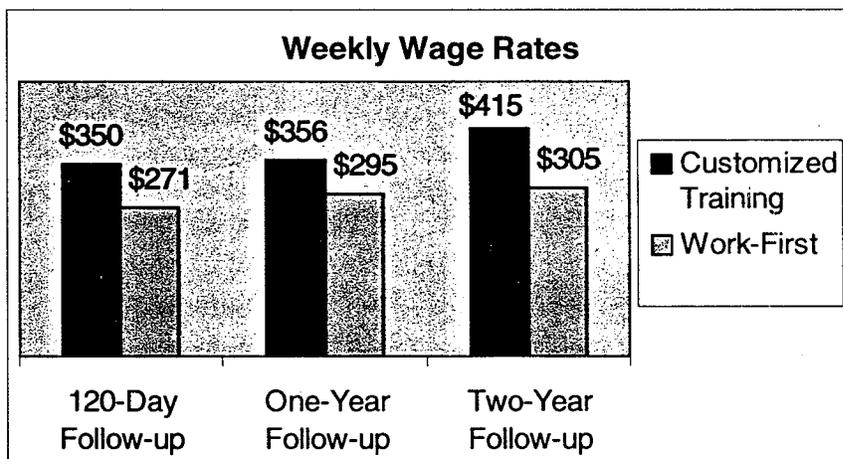
<sup>1</sup> The mean hourly wage rates do not take into account the significant differences between the two populations. On average, customized training participants were found to be younger, have more adults in the home, fewer children, and fewer barriers to employment (need for childcare, need for transportation, limited work history, limited English, no high school diploma) than the work-first participants.



As you can see in the graph, the customized training participants are making, on average at 120 days, \$1.60/hour more than work-first participants, \$1.36/hour more at one year and \$2.27/hour more at the two-year follow-up.

When a different statistical test is used to control for the differences between the two populations, 120-day data from the May 2001 report indicated a more than \$1.00 per hour benefit of customized training. Current data indicates a \$1.28/hour benefit of customized training at 120 days, a \$0.98 benefit at one year and a \$2.38/hour benefit of customized training at the two-year follow-up (not shown).

- ❖ **Participants in the customized training program continue to make significantly more in weekly wages than work-first participants.** The differences in 120-day weekly wage rates from the 2001 report showed that Pathways customized training participants earned, on average, \$345/week and work-first participants earned, on average, \$270. The current mean unadjusted weekly wage rates<sup>2</sup> are seen below:

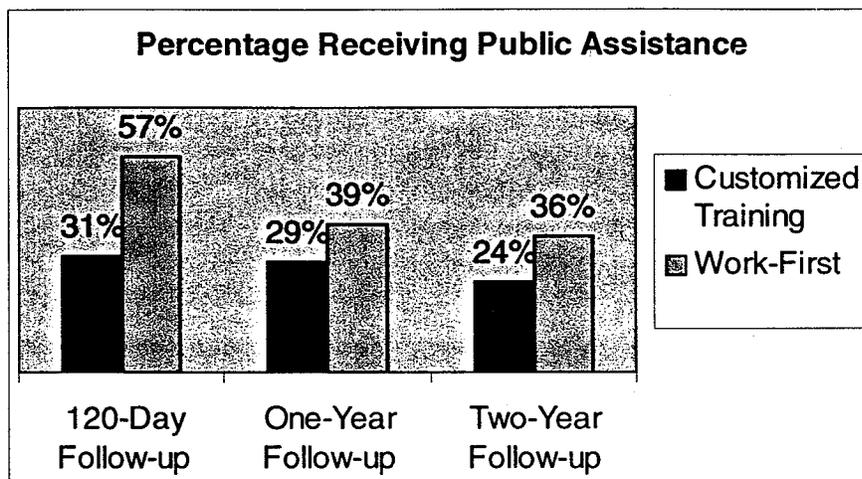


<sup>2</sup> The mean weekly wage rates do not take into account the significant differences between the two populations.

As you can see in the graph, the customized training participants are making an average of \$79 more per week at 120 days, \$61 more at one year and \$110 more at two years.

When a different statistical test is used to control for the differences between the two populations, data from the May 2001 report indicated that there was a \$68 per week benefit of participation in the customized training program at the 120-day follow-up. Current data indicates a \$77 per week benefit at the 120-day follow-up, a \$49 per week benefit at the one-year follow-up and a \$106 per week benefit of participation in the customized training program at the two-year follow-up (not shown).

- ❖ **Significantly fewer customized training participants were still receiving public assistance at follow-up than work-first participants.** Data from the May 2001 report showed that 33% of customized training participants were receiving public assistance while 64% of the work-first participants were receiving public assistance at the 120 follow-up. Please see the graph on the next page for current data:



As you can see in the graph above, a significantly smaller percentage of customized training participants are receiving public assistance than work-first participants. However, once a different statistical test is used to control for the differences between the two populations, the benefit of customized training only exists at the 120-day follow-up; your chances of being on public assistance would be 24% less if you had been in a customized training program. No statistically significant differences exist at the one or two-year follow-ups (not shown).

With all that said, we can say a little more loudly that people who are provided customized training do have more hope, earn more money, and get off welfare more quickly than those who were placed in jobs using the work-first approach. And while this model isn't right for everyone, certainly more TANF recipients should have customized training available to them. For some participants, the work-first approach and extended benefits is all they need to be self-sufficient. For others, skill training should be offered prior to work. And there are still others who will require skill training at some point after going to work to become self-sufficient.

**Our policy recommendations:**

- ❖ **Allow job counselors more discretion in recommending work-focused, short-term customized training for clients and remove disincentives for doing so.**
- ❖ **Implement and encourage worksite training programs to upgrade the job skills of work-first clients.**
- ❖ **Continue to offer benefits to participants in welfare-to-work programs who are still below the poverty line at the end of five years.**

The results of the shift in policy and practice from the implementation of the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) are coming in. Enough is known now to indicate that some enhancements are needed to help people make the complete transition off welfare and out of poverty. We appreciate the opportunity to contribute to these solutions.