Illinois Department of Public Aid

Community Group Participation and Housing Supplementation Demonstration

Fourth Interim Report

Executive Summary

August 1994

Prepared for
Illinois Department of Public Aid (IDPA)

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EXECUTIVE SUMMARY

The report summarized here, the Fourth Interim Report, is the fourth of five publications planned for this evaluation of the Illinois community group participation demonstration. This Fourth Interim Report presents a descriptive analysis of demonstration implementation and operations for the time period, July 1, 1992 through June 30, 1993. Analyses of demonstration impacts are based on data from the first four years of demonstration operations, July 1, 1989 through June 30, 1993. The analyses summarized below replicate the analytic work described in the evaluation’s Third Interim Report, which considered data from the first three years of demonstration operations.

THE COMMUNITY GROUP PARTICIPATION DEMONSTRATION

In 1988, the Illinois Department of Public Aid (IDPA) embarked on the Self-Sufficiency Demonstration, a welfare reform effort aimed at increasing the employment and earnings and reducing the welfare dependency of recipients of Aid to Families with Dependent Children (AFDC). For one segment of its welfare reform demonstration, IDPA contracted with a community-based organization to deliver education, employment, and training services to AFDC clients. This portion of the Illinois welfare reform effort is called the community group participation and housing supplementation demonstration.

Since the mid-1980s, Project Chance (PC) has been the state’s primary employment and training (E&T) program for recipients of public assistance. The program was originally designed to offer each participant a sequence of activities for obtaining employment beginning with a required orientation session, moving through an intensive job search component, a comprehensive skills assessment if job search is unsuccessful, and subsequent service components to which an individual may be assigned. These services include pre-employment training (literacy, adult basic education, general equivalence classes), employment training, additional job search, job club, and work experience. During their participation in PC, individuals may be provided with other support services such as job search allowances, transportation and childcare payments, physical exams, payments for fees, books, supplies, and certain initial employment expenses. In 1990, PC became the Illinois JOBS program, E&T for welfare recipients mandated by the Family

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Support Act of 1988. Since 1990 there have been other modifications to PC, primarily resulting from state-ordered cost-containment that led to a notable reduction in services and, in 1991, a 59 percent statewide decrease in enrollment. Changes which occurred during the 1993 fiscal year are reviewed later in this summary.

The community group participation demonstration is designed to evaluate two alternative means of delivering education and E&T services. The first service delivery mechanism is through the state’s centralized system. PC is administered by a division of IDPA in Springfield; program services are delivered in regional offices located across the state. These offices are headed by IDPA administrators and are staffed by PC specialists (caseworkers) and their supervisors and clerks. Specialists are organized into five-person units that are similar to the administrative organization in IDPA district (local) welfare offices, and each specialist is assigned a caseload of an IDPA-determined number of cases. PC marketing units work with established networks of local employers to provide PC specialists with information on skills needed and jobs available in the marketplace. Making this information accessible to participants is expected to direct them toward obtaining marketable skills that will heighten their opportunities for stable employment. For the community group participation demonstration, the relevant regional office is the PC-Region II office, located on Chicago’s west side.

As an alternative to this structure, education, training, and employment services are delivered by a community-based organization. A primary reason for choosing such an organization to deliver these services is that many observers believe that a community organization can reach out to and involve specific population groups (in this case, public-assistance recipients) who are unlikely to enroll in traditional educational and training programs. It is thought that such organizations are integral components of potential participants’ communities and that they are often staffed by strongly committed, highly motivated individuals whose backgrounds are similar to the demographic characteristics of the client pool. Potential clients may feel more comfortable with and trusting of these organizations and their employees and may be more willing to enroll for program services. While the community organization may lack programmatic sophistication found in larger centralized systems, it is also thought that rapport between clients and staff may compensate for any program deficiencies. Bethel New Life, Inc. (BNL), the community-based organization under contract to IDPA, is located in West Garfield Park, a particularly distressed Chicago neighborhood.
All demonstration participants live—at least at the point of intake into the demonstration—in the West Garfield neighborhood within a specific zip code. The community group participation demonstration serves 1,000 AFDC recipients who volunteered for the demonstration. Volunteers were randomly assigned to two groups. Half of these volunteers receive education, training, and employment services at the Bethel Self-Sufficiency Program (BSSP), which is operated under the aegis of BNL. The other half constitute a "control group" who receive PC services at the Region II-PC office. All participants who remain in the West Garfield zip code continue to receive AFDC, food stamp, and Medicaid services from IDPA’s local (District 215) office.

An added dimension of the community group participation demonstration is taking place only at BSSP. This auxiliary program is a housing supplementation project in which up to 50 employed BSSP participants may become owners of newly constructed homes. The client contribution to the downpayment for a home is 750 hours of labor on the house—"sweat equity." The demonstration budget includes some IDPA funds to support this homeownership option. The potential for homeownership is expected to serve as an incentive to BSSP clients for initial and ongoing participation.

**Evaluation Overview**

The evaluation of the community group participation and housing supplementation demonstration includes process, impact, and cost-benefit analyses. The primary objective is to identify, describe, and assess the effects of providing E&T services through a community-based organization. Part of the overall assessment is determining the viability and effectiveness of contracting with such an organization to provide publicly chartered and funded education and E&T services to Illinois citizens. A subsidiary objective is to ascertain whether or not this model can be replicated elsewhere in Chicago; in other parts of Illinois; or in cities and towns in other states.

These objectives, then, are the overarching themes of this study. Desired outcomes include increases in numbers of persons employed, increases in earnings, decreases in AFDC benefits, and fewer persons on the AFDC rolls. The key question is whether, over time, differences in these outcomes will be observed between the participant group served by BSSP and the group served by PC-Region II.
As mentioned above, this report considers the first four years of the five-year demonstration—most of the demonstration’s planned life. However, it is important to note that full enrollment was not achieved until six weeks into the third year of operations. In addition, education and training programs, in general, and for the AFDC population, in particular, require substantial time lines during which participants attend classes, complete training courses, then find and sustain employment. More complete information on differences in outcomes between BSSP and PC-Region II participants will emerge in the final, fifth-year report.

**UPDATE ON BETHEL NEW LIFE, INC., AND PROJECT CHANCE**

Between July 1992 and June 1993, BNL was actively pursuing a variety of new initiatives. Three of the most significant of these were: 1) the capitation of UMOJA Care, Inc., a residential health care facility for the community’s "frail elderly"; 2) the development of a partnership with Argonne National Laboratory to pursue activities such as urban site reclamation and new business development; and 3) the establishment of a small business incubator on the Beth-Anne Foundation campus (a multi-use community revitalization facility). These initiatives required considerable time and attention from BNL’s senior management, and with senior management spread thin over a number of important projects, other ongoing projects—including BSSP—received less supervision and oversight than usual. This scenario proved disastrous for BSSP, which, during this time period, was operating with less internal leadership and funding after the loss of its longtime director and its United Way development grant.

While BNL did not reorganize during FY 1992, there were several attempts made at restucturing both BNL and BSSP during the 1993 and 1994 fiscal years. Some of the changes that occurred include the following:

- Effective July 1, 1992, BSSP was merged with BNL’s Employment and Training Center, under a new director for Employment and Training. In June 1993, BNL moved BSSP from the Community and Economic Development Division to the Health and Family Services division, where it was once again placed under the overall management of its former director, who at that point was the vice president of Health and Family Services.

- In early 1994, BNL eliminated all vice president positions. The position of program director was changed to that of manager, and managers began to report directly to the two senior vice presidents for programs and operations.
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The purpose of this restructuring was to create a flatter organization, with senior management taking a more "hands-on" role in program operations.

IDPA’s Planning and Community Services Division, where PC is administered, also experienced substantial change during FY 1993.

- In an effort to streamline PC and cut program costs, Cook County’s four regional PC offices were consolidated into two sections in July 1992. Regions I and II were combined, under the leadership of Region II’s administrator, to form the Metro-North section. The two regions were merged operationally in late August 1993, when the Region II staff moved into Region I’s offices on Chicago’s northside.

- PC administrators continued to ration program services via an allocation, or "slot," model that established the number of program slots that the department could fill given available funding. It was estimated that PC would have to serve 18,000 clients, on average, per month in order to have at least 11 percent of its clients actively participating in JOBS components. The model was successfully adjusted to maintain program enrollments within available funding levels and to meet federal participation levels so that receipt of federal money was not jeopardized.

- After all program slots were filled, intake limitations were imposed on January 11, 1993 for all but a few selected groups. All other clients were wait-listed. These limitations were effectively challenged in U.S. District Court in the case DuBose v. Bradley, in which the Court ordered IDPA to fund childcare for individuals enrolled in a JOBS component. A special non-JOBS education and training program was swiftly organized, serving about 1,000 clients at a cost of $1 million.

- Further budget reductions led to an IDPA proposal to eliminate PC, replacing it with another JOBS initiative, Opportunities. Under the new program, JOBS services would be provided through the Illinois community and junior college system. External pressures led to a compromise in which a pilot program, involving ten community colleges, began providing JOBS services in September 1992.

ONGOING IMPLEMENTATION

Earlier reports on the community group participation demonstration described the often negative effects on PC-Region II operations of actions taken and decisions made by IDPA administrators. This Fourth Interim Report contains similar findings. During the fourth year of demonstration operations, BSSP also felt the sting of choices made by senior managers at BNL. Services declined at BSSP; this deterioration is reflected in lower participation rates (described later in this summary). For control group participants at PC-Region II, services remained at the
level observed in previous years. Below, operations for FY 1993 are described separately for BSSP and PC-Region II.

**Bethel Self-Sufficiency Program**

As BSSP began its third year of operations, the program appeared to have matured into a fully functioning E&T program, offering a range of services to participants. By the end of the calendar year 1991, it seemed as though BSSP was operationally stable and able to sustain a high level of activity. The program’s progress was halted however, by its director’s promotion to a vice presidency in BNL’s Health and Family Services division in January 1992. By the summer of 1992, BSSP appeared to have lost ground, weakened by a number of factors:

- Since the demonstration began, Bethel relied on funds from a United Way grant to cover a substantial portion of BSSP’s operating costs. The three-year grant ended in June 1992, forcing a dramatic downsizing in BSSP staff, operations, and services.

- In January 1992, BSSP’s senior participant coordinator was appointed acting director of BSSP, a job for which she had neither the training nor the experience.

- BSSP’s acting director received little direction or administrative support from her direct supervisor, the vice president of Bethel’s Division of Community and Economic Development. This managerial deficiency also contributed to BSSP’s drift off course.

This situation continued into FY 1993, with virtually all of the program initiatives from the previous fiscal year eliminated, and no new programs initiated during that year. It appears that success at BSSP must be measured in terms of the impact the program has had on the lives of a limited number of individuals: a handful of participants have become home daycare providers; a few more have become nurses’ aides; several others have gone on to further schooling and/or training programs; and some have been hired by other BNL programs.

**Housing Supplementation.** The housing supplementation project’s original goal was to enroll 50 BSSP clients in the housing project and to eventually house all 50. As of June 1992, only seven BSSP clients were living in BNL townhouses and participating in the housing supplementation component. During the 1993 fiscal year, two new families were approved, bringing the total number served to ten since the program’s inception (one died, leaving the
active number at nine). Three of the nine participants are self-employed childcare providers, and six are employed homeowners.

There are a number of reasons that the Housing Supplementation project has failed to meet its goal. Perhaps the most important reason is that the original goal was too ambitious. Further, there has been considerable staff turnover within BNL’s housing division, leading to a lack of leadership and a loss of continuity in that group. In recent years, federal and state funding for low-income housing initiatives has been difficult to obtain. Moreover, the income levels of BSSP participants generally fall below the $16,000 average yearly income needed to afford the monthly mortgage payments on a BNL townhouse. Finally, very few BSSP clients are interested in becoming home daycare providers, even with homeownership as a reward.

West Garfield Park Day Care Initiative. Early in the life of the community group participation demonstration, BNL administrators decided that programs and clients would benefit if BSSP and West Garfield Park Day Care Initiative worked together on childcare issues in the neighborhood. The daycare initiative has had two components, a childcare center and the training of BSSP clients as daycare providers. In April 1992, a grand opening ceremony was held for the nearly finished Guyon Tower Day Care Center, located next door to BSSP. BSSP participants were informally given priority for half the center’s 40 daycare slots when it first opened, but they actually claimed relatively few slots, the remainder going to non-BSSP children. Some of the reasons that BSSP participants have not filled the slots include a need for infant and after school care, rather than preschool care; a preference for in-home (family) daycare; and a preference for paying relatives to care for children, which is a common practice in areas with high unemployment rates.

Project Chance-Region II

Between July 1992 and June 1993, lingering fiscal problems in Illinois continued to affect the funding, planning, operations, and staffing of PC, especially at the regional level. IDPA’s budget crisis forced the agency’s administrators to rethink and fundamentally alter the program’s premise and service delivery structure. The initial redesign of PC—described earlier—would have removed all direct service provision from the hands of PC caseworkers. As noted, this plan was modified to a pilot Opportunities program for a small portion (about 20 percent) of the PC caseload. Other more specific PC-Region II changes are noted below.
In September 1992, Region II-PC staff began transferring cases to the *Opportunities* program, selecting clients who were attending one of the area’s participating community colleges. In total, 400 of Region II’s 2,000 cases (about 20 cases per worker) were transferred to *Opportunities* sites in September and October.

Region II-PC staff were heavily involved in the startup and early operation of the *Opportunities* program. PC staff were designated as *Opportunities* liaisons and out-stationed in community college offices. They were also responsible for training community college staff on PC policies and procedures and for opening and maintaining *Opportunities* case records on PC’s computer system. All of these activities detracted from PC staff’s abilities to serve their own clients.

Between July and December 1992, regional PC staff were instructed to fill their slots as quickly as possible in order to meet federal JOBS participation requirements. In Region II, worker caseloads climbed to over 100 cases. After intake restrictions were imposed in January 1993, staff again focused on maintaining their current caseloads, rather than replacing empty slots with new clients.

In January 1993, PC intake was limited for all but the following groups: AFDC-U recipients engaged in employment activities; AFDC recipients with initial employment expenses; and *Opportunities* participants. When IDPA was ordered to provide childcare assistance to JOBS participants, Region II staff called in their wait-listed clients for enrollment in a non-JOBS employment and training program. Less than 10 percent of the individuals on the waiting list opted for such services.

Region II operations were significantly disrupted when its staff moved to office space in Region I in late August 1993. No phone service was available for approximately six weeks. Then, Region II’s phone lines were scrambled with the phones of another program. The new space was also more cramped for staff and less convenient for clients. Client services seemed to suffer in the new location.

**CLIENT PARTICIPATION**

With regard to participation in (symbolized by assignment to) E&T activities, data from the first 42 months of the community group participation demonstration indicate that:

Under the demonstration, rates of E&T assignment are noticeably higher for clients in BSSP—72 percent of BSSP clients were assigned to at least one E&T activity sometime during the 42-month observation period, as compared with 58 percent of PC clients. However, assignment rates for BSSP clients have fallen during the course of the demonstration so that differences between BSSP and PC-Region II are narrowing. Some of the early differences in BSSP-PC assignment rates can be attributed to inaccurate recordkeeping at BSSP. These problems were corrected in subsequent years.
With regard to types of assignments, 48 percent of BSSP clients, but only 22 percent of PC clients, were assigned to literacy and other basic education programs. (Throughout this report, the term "basic education" refers to education below the post-secondary level.) BSSP and PC-Region II assignment rates to GED programs, to vocational training, and to job readiness and job search programs are similar over the life of the demonstration. BSSP/PC-Region II differences in assignment rates to basic education account for most of the disparity in overall assignment rates.

Average per client monthly reimbursements for the costs of program administration are higher for BSSP clients ($19) than for PC clients ($9). This difference is a significant one; however, the BSSP-PC divergence shows some decrease over time.

Average per client monthly reimbursements for childcare costs are also higher for BSSP clients ($10) than for PC clients ($3). On the other hand, average per client monthly reimbursements for transportation costs and other costs are higher for PC clients ($10) than for BSSP clients ($8).

While the differences in assignment rates and reimbursable costs cannot be explained by more or different quantitative analyses, some of the information from the process evaluation can illuminate a discussion of BSSP/PC-Region II disparities.

A primary external influence is the very limited array of services provided by PC during most of the demonstration’s years of operation. As described in each of three demonstration reports, the 1990 mandatory-voluntary oscillations caused confusion and consternation within regional PC operations, which led to a general decline in services provided to PC clients. Also, state-mandated cost-containment measures, implemented during 1991 and early 1993, further exacerbated service provision in that many PC clients were simply placed on waiting lists for services. Although control group members were theoretically exempt from PC cost-containment measures, conflicting signals from IDPA administrators to PC frontline workers about whether or not to provide special treatment to control group members further complicated this issue. Finally, threats to the existence of PC lowered caseworker morale and productivity.

It must be emphasized here that potential weaknesses in these data should temper confidence in findings on participation. The data come from two different reporting systems for which relative accuracy is unknown. Furthermore, rates of assignment to activities probably do not reflect the intensity of education and training or the rate of completion of E&T programs—qualities that are likely to be more important for the long-term self-sufficiency of clients.

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IMPACTS OF EMPLOYMENT, EARNINGS, AND AFDC RECEIPT

Findings at this point in the evaluation indicate no significant differences between treatment and control groups with regard to employment, earnings, or benefit receipt. This lack of difference does not mean that neither BSSP nor PC-Region II generated positive results for their respective clients. Both agencies may well be bringing major improvements to the lives of their clients. The lack of measured impact simply means that the two administrative approaches have had about the same amount of effect during their four years of operation.

Interpretation of findings in this chapter is particularly challenging because the demonstration is not comparing outcomes for one group with services with outcomes for another group without services. Rather, this evaluation is studying alternative mechanisms for the delivery of E&T services to both treatment (BSSP) and control (PC-Region II) groups. Because of the lack of a randomly selected non-service group, it is impossible to measure the impact of these services on the employment and earnings of clients in either group. What can be said, after four years of operation, is that the relative impact of the demonstration on both groups remains about the same.

Nevertheless, at the present time, BSSP and PC appear to have had similar impacts on earnings and employment. During the 42 months of data used in this analysis, average quarterly earnings for PC clients ($539) exceeded average quarterly earnings for BSSP clients ($533) by $6—a statistically insignificant difference. Over the same period, average quarterly employment rates for PC clients (25 percent) exceeded average quarterly employment rates for BSSP clients (22 percent) by only 3 percentage points.

BSSP and PC also had similar impacts on welfare dependence. Average rates of AFDC receipt were 73 percent for BSSP and 72 percent for PC-Region II. Average rates of receipt of food stamps and Medicaid were virtually the same for the two groups. Relative impacts on average AFDC payments were also statistically insignificant; BSSP clients averaged $259 per month while PC-Region II participants averaged $257 in monthly AFDC benefits. Neither BSSP clients nor PC clients were significantly more likely to reduce welfare dependence through short spells off welfare, followed by quick returns.

Several facets of the history of program implementation may help to explain these insignificant relative impacts. For the first two years of the demonstration, BSSP was creating itself. Now, BSSP is short-staffed and short of funds and might be said to be struggling to

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survive. While IDPA operated PC for several years before the demonstration began, state fiscal problems and their effects on PC services and funding along with threats to PC as a programmatic entity have confused and demoralized regional caseworkers.

It is worth noting again that the ultimate effect of education and training on self-sufficiency may take more years to appear. In fact, these effects may not be quantifiable until some years after the five-year demonstration has ended. For now, the conclusion is that BSSP and PC-Region II have had similar impacts on the self-sufficiency of AFDC recipients in West Garfield Park.

COSTS AND BENEFITS

In summarizing the results of this cost-benefit analysis, effects on federal and state governments are discussed, then, participant circumstances are explored.

Both federal and state governments incur relatively larger operating costs under BSSP, make relatively larger transfer payments under BSSP, and receive relatively less tax revenue under BSSP. Net expenses per participant per month are on average $3.20 higher for the federal government and $.91 higher for the state government at BSSP than at PC-Region II. This difference is less than 2 percent (federal) and about 4 percent (state) of average monthly net expenses per participant under PC.

Results of the cost-benefit analysis indicate that BSSP clients are relatively worse off than are PC clients; that is, the circumstances for PC-Region II clients seem marginally better than for BSSP clients. The difference per participant per month is only $7.62—about 1 percent of the average sum of net earnings and transfers for PC participants.

It should be noted again that BNL has also had private funds to spend on BSSP. An audit of Bethel finances revealed that the private contributions came from several sources and amounted to approximately $70,000 in FY 1989, $104,000 in FY 1990, $141,000 in FY 1991, $104,000 in FY 1992, and $44,000 in FY 1993. Given the uncertainty over the use of such private donations for BSSP operations, we have separately itemized these monies in the cost analysis, allowing the reader to either include or exclude them. If these costs are not included in the analysis, the cost differences between BSSP and PC are small.

In fact, the overall differences in costs, benefits, and transfers between BSSP and PC are relatively minor. Most of these differences arise from insignificant relative impact estimates.
Because anticipated gains from participating in E&T programs—higher earnings and reduced dependency on public assistance—are unlikely to occur immediately, large differences in benefits and transfers would be surprising.