The Illinois
Department of
Public Aid

Community
Group
Participation and
Housing
Supplementation
Demonstration

*Final Report*
*Executive Summary*

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EXECUTIVE SUMMARY

This is the final report of a five-year evaluation of the Illinois Community Group Participation and Housing Supplementation Demonstration. The objective of this evaluation is to identify, describe, and assess the effects of providing employment and training (E&T) services through a community-based organization (CBO).

We first describe the origins and operations of the demonstration, which began on July 1, 1989. We then present and interpret the findings of the impact analysis and the cost-benefit analysis, based on data that extend through the end of the demonstration on June 30, 1994.

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). As one segment of its welfare reform demonstration, IDPA contracted with a CBO to deliver education, employment, and training services to AFDC clients. This portion of the Illinois welfare reform effort was named the Community Group Participation and Housing Supplementation Demonstration.

Since the mid-1980s, IDPA’s main E&T program for recipients of public assistance has been Project Chance (PC). 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 was unsuccessful, and subsequent service components to which an individual might be assigned. These services included 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 might be provided with other support services such as job search allowances, transportation and child care payments, payments for fees, books, supplies, and certain initial employment expenses. In 1990 PC became—and still remains—the Illinois Job Opportunities and Basic Skills (JOBS) program under the terms of the Family Support Act of 1988.
PC is administered by a division of IDPA in Springfield; program services are delivered by 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 welfare offices, and each specialist is assigned a caseload of an IDPA-determined number of cases. For the Community Group Participation Demonstration, the relevant regional office was the PC-Region II office, located on Chicago’s west side.

The Community Group Participation Demonstration was designed to evaluate an alternative means of delivering the education and E&T services provided in PC. Rather than delivering these services through IDPA’s own institutional structure, a CBO would be the delivery agent. A primary rationale for choosing such an organization to deliver these services is the premise that CBOs can reach out to and involve specific population groups (in this case, public assistance recipients) that are otherwise unlikely to enroll in educational and training programs. Such organizations are often integral components of potential participants’ communities and are often staffed by strongly committed, highly motivated individuals whose backgrounds are similar to the demographic characteristics of the clients themselves. Potential clients may feel more comfortable with these organizations and their employees and may be more willing to enroll for program services. It is also thought that, although the CBO may lack programmatic sophistication found in larger centralized systems, closer rapport between clients and staff may compensate for any operating deficiencies. Bethel New Life, Inc. (BNL), the CBO under contract to IDPA, is located in West Garfield Park, a particularly distressed Chicago neighborhood.

All demonstration participants lived—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 served 1,000 AFDC recipients who volunteered for the demonstration. Volunteers were randomly assigned to two groups. Half of these volunteers received education, training, and employment services at the Bethel Self-Sufficiency Program (BSSP), which was operated under the aegis of BNL. The other half constituted a "control group" that received PC services at the Region II-PC office. All participants who remained in the West Garfield ZIP code continued to receive AFDC, food stamp, and Medicaid services from IDPA’s local (District 215) office.
BSSP was to provide education and ET services that were similar in character to those available through PC. An added dimension of the Community Group Participation Demonstration, however, was a housing supplementation project in which up to 50 employed BSSP participants were to become owners of newly-constructed homes. The expected client contribution to the downpayment for a home was 750 hours of labor on the house—"sweat equity." The demonstration budget included some IDPA funds to support this homeownership option. The potential for homeownership was expected to serve as an incentive to BSSP clients for initial and ongoing participation.

Implementation of the Demonstration

BSSP’s original design envisioned a program in which a full complement of dedicated and talented staff worked closely with each other and with staff from other BNL divisions to offer intensive, personalized E&T assistance to program participants. BSSP’s operations looked quite different in reality, coming closest to this ideal during the fall of 1991, when the program was fully staffed and offered a broad range of services to clients. Until that point, BSSP had been understaffed and had focused primarily on providing intake and orientation services to new participants. In January 1992 BSSP lost its effective and dynamic director, who was promoted to head another BNL division. Plagued by funding problems, BSSP never regained its former momentum.

In general, the quality of BSSP’s services was lower than anticipated at the outset of the demonstration. The program’s chronic understaffing reduced the number of in-house services available to clients. High staff turnover, both within BSSP and its parent organization BNL, interfered with the continuity of the program’s case management services. Difficulties with the implementation of the housing supplementation program led to a smaller than expected number of housing program participants. In light of these program challenges, the level of success actually achieved by BSSP is a testimonial to the hard work and dedication of BSSP team members.

Over the course of the demonstration, PC’s operations also seemed to be almost constantly changing, primarily in response to state and federal fiscal pressures. Buffeted by annual funding crises, PC’s policies and procedures rarely reached a steady state for more than a few months at a time; although the sequence and content of PC’s core E&T services remained...
fairly consistent throughout the demonstration, clients’ access to program components and supportive services fluctuated widely. During the final years of the demonstration, the number of PC case workers declined. In addition, workers were expected both to manage their PC caseloads and provide administrative support to other IDPA E&T programs, such as the Opportunities Program operated through local community colleges.

PC’s operations were also weaker than anticipated at the beginning of the demonstration. Faced by repeated financial crises, the PC program was unable to provide its clients a stable and predictable service environment, which is considered one of the hallmarks of a government-run E&T program. As a result, control group participants received inconsistent service. Clients were not always guaranteed a program slot in the E&T activity of their choice, or even in any E&T activity. Even when program intake was open, PC staff tended not to outreach to inactive clients, preferring to devote their time to new, more motivated clients. This allowed some PC clients, particularly the unmotivated ones, to "fall through the cracks" and drop out of the program.

**Client Characteristics and Program Participation**

Our analysis of the characteristics of the demonstration’s participants revealed that the AFDC recipients participating the BSSP demonstration closely matched the AFDC profile found in West Garfield Park. The demonstration sample was comprised almost entirely (99 percent) of African-American women. On average, the sample members were in their 20s or 30s with one or two children; more than two-thirds of the women had never married. The women’s labor force attachment was relatively weak—one-third reported no previous employment experience, and almost half had not finished high school. Few differences were found between the treatment and control groups, indicating that the demonstration’s random assignment process had been a success.

After the AFDC recipients entered the demonstration, their subsequent program activities were tracked by program staff. Although there were some initial accounting irregularities that were eventually corrected in BSSP’s recordkeeping system, the best available measure remains the programs’ indication of the start of a client’s participation in a program activity. The data from the demonstration indicate that:
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- Rates of E&T assignment were noticeably higher for clients in BSSP—81 percent of BSSP clients were assigned to at least one E&T activity sometime during the observation period, as compared with 59 percent of PC clients.

- More BSSP clients (53 percent) were assigned to literacy, adult basic education, and high school-level programs. Only 23 percent of PC clients had such assignments. Rates of assignment to other activities—post-secondary education, vocational training, and job readiness and job search programs—were about the same for treatment and control groups. Disparities in assignments to basic education account for most of the difference in overall assignment rates.

BSSP’s higher program participation rates and greater emphasis on basic skills reveal that this CBO responded to the needs of clients in a way that contrasted sharply from the state’s approach. The differing service strategies adopted by the two organizations represent an important finding of this demonstration. BSSP was allowed discretion in its choice of a service strategy, within the relatively broad limits of the JOBS program. The way in which this discretion was exercised—that is, BSSP’s emphasis on basic education activities—reflects the different response of this CBO to its clients’ needs, versus the response of the state agency in serving a comparable group of clients.

Impacts on Earnings and Welfare Receipt

The evaluation found virtually no significant differences between treatment and control groups with regard to earnings or welfare receipt. This does not mean that BSSP failed to produce positive results for its clients. The program may well have brought major improvements to the lives of those in the treatment group. The absence of significant impacts simply means that the effect of BSSP on members of the treatment group was similar to the effect that PC had on clients in the control group, as observed during the five years of the demonstration. One cannot draw any inferences about the absolute effect of either BSSP or PC services, because the experiment did not include a group receiving no services at all.

The only estimated impacts that showed statistical significance were for the quarterly employment rate, the percentage of clients with any quarterly earnings. Based on all available follow-up data, the average quarterly employment rate was 22 percent for BSSP clients and 26 percent for PC clients. There was no significant difference, however, between the average quarterly amounts earned by BSSP clients ($527) and PC clients ($566).
BSSP also had no significant impact on the rate or amount of welfare receipt. The average rate of AFDC receipt was 72 percent for BSSP and 71 percent for PC; the average monthly AFDC payment was $258 for BSSP and $253 for PC. Neither difference was statistically significant. The two client groups also showed virtually identical patterns with respect to the average monthly rate of food stamp receipt (both 75 percent), the average monthly value of food stamps (both $206), and the average monthly rate of Medicaid eligibility (both 76 percent). Neither BSSP clients nor PC clients were significantly more likely to experience short spells off AFDC, followed by quick returns.

We also found no significant difference in the average quarterly income amount, defined to include earnings, AFDC, and food stamps. Average quarterly income was $1,916 for BSSP clients and $1,942 for PC clients. We also conducted separate analysis of outcomes by time-of-entry cohorts—i.e., by participant subgroups identified according to the timing of their enrollment in the demonstration. This analysis revealed no systematic patterns in earnings and welfare receipt that might underlie the general lack of significant impacts in income.

**Cost-Benefit Analysis**

The cost-benefit analysis considered the financial effects from the perspective of three groups: state and federal governments, private contributors (relevant only to BSSP), and the program participants themselves. Here we summarize the results for each group, computed in terms of dollars per participant-month. The BSSP-PC differences are also expressed below in proportional terms, as a percentage of the corresponding PC value.

For state and federal governments, net costs per participant-month were on average $18 higher for BSSP than for PC ($620 versus $602, respectively), a proportional difference of 3 percent. The cost differential was very similar in proportional terms when computed separately for the state government (4 percent) and for the federal government (3 percent). For BSSP only, some costs were also incurred by private contributors, in the form of foundation grants to support BSSP operating costs and participant incentive payments. These amounts totaled $22 per participant-month. If one combines the costs incurred both by state and federal governments and by private contributors, BSSP expenses were thus $40 higher than PC. In proportional terms, BSSP costs were 7 percent higher than PC costs.
In sum, BSSP was shown to incur costs somewhat higher than PC, attributable in large part to foundation funds raised by BNL to support the demonstration. The differential in state and federal government costs, should be interpreted cautiously, however. The cost figures for BSSP and PC were not derived from work measurement techniques or any other direct estimates of staff and non-staff resource requirements. Instead, the cost calculations were largely driven by participation patterns, given the flat-rate reimbursement of administrative costs per active participant-month.

For the program participants, net benefits were computed by adding net (after-tax) earnings and transfer payments. By this calculation, BSSP clients did not fare as well as PC clients, by $9 per participant-month ($715 versus $724, respectively). This amounted to a proportional difference of only 1 percent. Thus on the benefit side, the estimated effects on BSSP participants were marginally negative, but were so slight as to be regarded as negligible. This finding is consistent with the earlier-mentioned absence of significant impacts on earnings and welfare receipt.

In closing, the findings from the cost-benefit analysis parallel the results from the impact analyses. In general, the differences in costs between BSSP and PC were relatively minor and lacked statistical significance. Although the demonstration’s costs to the state and federal governments were found to be higher for BSSP than for PC, such findings are based on imprecise cost measures. Reimbursement amounts serve as weak proxies for the true resource costs of either service delivery system. On the benefit side of the cost-benefit equation, BSSP and PC were essentially equivalent in their ability to help clients achieve greater earnings and less dependence on welfare. From this analysis, it is reasonable to conclude that neither program had a substantial cost-benefit advantage over the other.

Conclusion

This demonstration is most appropriately viewed as a case study, rather than a generalizable test of the capabilities of CBOs to deliver E&T services. In this instance, one CBO—BNL—was given the opportunity to see whether it could successfully design and operate an E&T program what would help community residents gain economic self-sufficiency through employment. BSSP (as a program) and BNL (as a parent organization) exhibited both the weaknesses and the strengths that are commonly ascribed to CBOs. The program’s primary
strength was its staff’s deep, faith-based commitment to the improvement of clients’ lives, evident in the program’s focus on a strong motivational orientation program, a week in duration, followed by an intensive, comprehensive assessment of the client’s barriers to financial self-sufficiency. Its greatest weakness was an organizational instability, evidenced by poor accounting practices, weak management information systems, outdated equipment, inadequate facilities, frequent staff turnover, and interruptions in funding. Senior staff were highly committed, but management attention all too often shifted to newer initiatives, leaving ongoing programs (such as BSSP) to fend for themselves under the guidance of less capable junior staff. Program staff established close rapport with clients, but the sustained effort necessary for effective case management was lacking. The findings, although strictly not generalizable, reflect circumstances that are symptomatic of CBOs elsewhere.

This demonstration was thus a test of one particular CBO that exhibited characteristics typical of, if not strictly representative of, other such organizations. BNL probably has greater management capabilities than most community- or neighborhood-based organizations. If significantly positive impacts had been estimated, one might have asked whether this simply reflected BNL’s better-than-average organizational strengths, rather than an inherent advantage in delivering services through CBOs. To the extent that no significant impacts emerged, one should perhaps question the capabilities of CBOs to run programs even as effectively as public agencies—let alone more effectively. It is a noteworthy result, however, that a newly-created community-based program such as BSSP could achieve client outcomes comparable to its established public agency counterpart supported by a stronger administrative infrastructure.

Are CBOs better-suited than public agencies to provide E&T services to AFDC recipients in specific localities? We have no evidence to support this proposition. This conclusion reflects the experience of one particular CBO (BNL) versus one particular public agency (IDPA), delivering one particular set of E&T services (those authorized by the JOBS program) to one particular local community (West Garfield Park) during one particular time period (1989-1994). This result cannot—and should not—be interpreted as generalizable to other contexts.

Is there an emerging role that CBOs can play in providing E&T services to welfare recipients, as program responsibilities shift from the federal government to the states? A common theme in the welfare reform debate is the option of returning to the states substantial
responsibilities for serving the present AFDC population. The role that CBOs might play in such a decentralized welfare system seems unclear. Historically, CBOs have become more active when the federal government exercises stronger policy control and when E&T services are more specifically targeted on the hardest to employ. The counter-direction of current federal policy developments—greater state control and a removal of requirements to serve particular targeted groups—appears to portend a somewhat diminished and even more specialized role for CBOs as providers of E&T.

The evidence presented here suggests that the internal features of CBOs—features that often create tension and instability—make it difficult for these organizations to translate their presumed advantages into more effective services to community residents. At the same time, the evidence indicates that a CBO’s internal weaknesses do not necessarily make it less effective than a public agency. BSSP showed its ability to achieve results equivalent to those of an established publicly-operated program. This offers some promise for other innovative social service strategies that would play on the traditional strengths of CBOs, and would thus be appropriately implemented through CBOs. These local organizations seem as well equipped as public agencies to deliver E&T services to low-income residents.