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Status of Awards and Selected States' Use of Welfare-to-Work Grants

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The Honorable William F. Goodling
Chairman, Committee on Education
and the Workforce
House of Representatives

The Honorable Howard P. (Buck) McKeon
Chairman, Subcommittee on Postsecondary
Education, Training and Life-Long Learning
Committee on Education and the
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House of Representatives

Federal and state welfare reform initiatives focus on moving welfare recipients to work and economic self-sufficiency. To foster this goal, the Congress authorized welfare-to work grants in the Balanced Budget Act of 1997 (P.L. 105-33). These grants were intended to help hard-to-employ persons receiving aid under the block grant program of Temporary Assistance for Needy Families (TANF), to obtain employment. The welfare-to-work grants total $3 billion—$1.5 billion to be awarded by the Department of Labor each year in fiscal years 1998 and 1999. About 75 percent of the funds are for formula grants to states, and nearly 25 percent are for competitive grants to local organizations for innovative approaches in moving welfare recipients into permanent work. To receive a formula grant, states must pledge one dollar of state matching funds for every two dollars of federal welfare-to-work funds. States must also submit a plan describing how the formula funds will be used and ensure that the plan was developed in consultation with appropriate state and local agencies, including those responsible for TANF funds. States, in turn, must pass most of the formula funds to substate areas that plan for and administer the funds. Governors may retain a small portion, 15 percent, of the states' formula funding for special welfare-to-work projects.

As requested, we are providing information about (1) welfare-to-work formula and competitive grants awarded to, or declined by, states for fiscal year 1998; (2) how selected grantees are planning to use these funds; and (3) how selected grantees plan to meet welfare-to-work requirements to better integrate the states' workforce development services with other human services for welfare recipients. Because the grants were mostly awarded in the second half of fiscal year 1998, in discussions with your offices we agreed that it is too early to report on how welfare-to-work funding was actually spent or to collect outcome data about the impact of the funds on finding jobs for hard-to-employ welfare recipients.

In performing this work, we met with Labor officials who administer the welfare-to-work grants and obtained information on the formula and competitive grants Labor awarded for welfare-to-work funds available for fiscal year 1998. We also interviewed state and local officials in six states—Arizona, California, Massachusetts, Michigan, New York, and Wisconsin—to obtain information on their plans for the welfare-to-work grant funding. (See app. I for a full discussion of our scope and methodology.)

Results in Brief

Labor awarded formula grants to 44 states plus the District of Columbia, Guam, Puerto Rico, and the Virgin Islands with welfare-to-work funding available for fiscal year 1998, and, as of November 20, 1998, it had awarded competitive grants to 126 organizations with combined welfare-to-work funding available for fiscal years 1998 and 1999. Six states—Idaho, Mississippi, Ohio, South Dakota, Utah, and Wyoming—did not participate in the welfare-to-work formula grant program. These states, which would have received a total of about $71 million, chose not to participate for various reasons, including concerns about their ability to provide state matching funds. Arizona was the only state that applied for formula grant funds but did not pledge sufficient matching funds to receive its maximum federal allocation. The competitive grant funds Labor awarded represented all welfare-to-work funds available for fiscal year 1998 and about a third of the fiscal year 1999 funds. Most states had at least one local service organization that received competitive grant funds.

Three of the six states we reviewed—Massachusetts, Michigan, and Wisconsin—outlined very specific uses for formula funds, while plans for the other three states—Arizona, California, and New York—indicated that the use of these funds would be determined by the local service delivery areas. Michigan's and Wisconsin's plans emphasized assistance to unemployed noncustodial parents—these parents, mostly fathers, often have child support payments in arrears and dependents who are receiving welfare cash assistance. Massachusetts focused on serving TANF recipients who are reaching their time limits on cash assistance. In contrast, California's plan did not emphasize a specific welfare-to-work service strategy because state officials believed that no one service strategy could be applied effectively throughout the state. Similarly, Arizona and New York allowed local service delivery areas to decide on strategies for using formula grant funds. One example is an area in New York that plans to hire staff to be available 24 hours a day to assist the hardest-to-employ TANF participants in finding and keeping jobs. Plans for the competitive grants focused more narrowly on a specific population and activity. For example, in Milwaukee, a competitive grant will be used to provide legal assistance to long-term welfare recipients and noncustodial parents.

State and local officials in the six states we reviewed noted that a stronger partnership was developing between the workforce development agencies and other human service agencies assisting welfare recipients, in part because of their joint involvement in the welfare-to-work planning process. For example, Massachusetts developed a welfare-to-work steering committee that had representatives from state and local employment and training entities as well as the state's TANF agency. By planning and working together, this group shares information that will minimize duplication of effort in service delivery. Additionally, as local welfare-to-work plans were developed, local partnerships were formed, such as a community task force in Arizona with representation from 64 state and local agencies in the service delivery area that were involved with moving individuals from welfare to work. The welfare-to-work competitive grantees also coordinated their plans with state and local officials. For example, the competitive grant in Merced, California, has a coalition of partners including representatives from the employment and training community, the local human services agency, and the housing authority.

Background

The Personal Responsibility and Work Opportunity Reconciliation Act (P.L. 104-193), enacted in August 1996, overhauled the nation's welfare system. Although some states were already implementing changes to their welfare programs before this legislation, the act abolished the federal Aid to Families With Dependent Children program and established TANF block grants, which imposed stronger work requirements for welfare recipients than its predecessor program. TANF provides benefits for a time-limited period and focuses on quickly putting individuals to work. The TANF block grants available to states totaled about $16.6 billion in fiscal year 1998—ranging from about $21.8 million in Wyoming to over $3.7 billion in California. To receive their TANF grants, states must maintain funding for needy families at specified levels tied to their historical expenditures on welfare programs.

The Balanced Budget Act of 1997 authorized $3 billion for welfare-to-work grants to state (the 50 states, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands) and local communities to move welfare recipients into jobs—$1.5 billion is available to be awarded by Labor each year in fiscal years 1998 and 1999. A small amount of the total grant money was set aside for special purposes: 1 percent for Native American tribes ($15 million for each year), 0.8 percent for evaluation ($12 million for each year), and $100 million in fiscal year 1999 for performance bonuses to states that successfully move welfare recipients into employment.[1] After these set-asides, Labor allocated 75 percent (about $1.1 billion for fiscal year 1998) of the welfare-to-work funds to states on the basis of a formula that equally considers the shares of individuals with incomes below the poverty level and adult recipients of TANF assistance residing in the state. States must pledge one dollar of nonfederal funding to match every two dollars of federal funding provided under the formula; up to half of the match may consist of third-party in-kind contributions. The state welfare-to-work matching funds are in addition to the state funds that must be expended as required under TANF block grants.[2]

Funds not allocated by formula, which are nearly 25 percent of the welfare-to-work funds (over $368 million for fiscal year 1998), were available for Labor to award competitively to local organizations. These organizations—local governments, Private Industry Councils,[3] and private organizations that apply in conjunction with a Private Industry Council or local government—submit applications to Labor describing how they plan to use welfare-to-work funds. In addition to giving special consideration to cities with large concentrations of poverty and to rural areas, Labor

[1]Labor, in consultation with the Department of Health and Human Services, the National Governors' Association, and the American Public Human Services Association, is responsible for developing a formula for determining performance bonuses.

[2]Matching funds, like the federal formula funds, must be spent on eligible individuals and allowable activities under the authorizing legislation. However, while states must pass most of the formula funds to substate areas that plan for and administer the funds, states have more discretion regarding the expenditure of state matching funds.

[3]Private Industry Councils were established in 1982 under the Job Training Partnership Act (JTPA). JTPA, administered by Labor, provides job training and placement services to economically disadvantaged adults and youth. The membership of Private Industry Councils reflects stakeholder populations in the local community, including service providers, community-based organizations, government agencies, organized labor, and private businesses; the majority of the membership must be in the private sector. The Workforce Investment Act of 1998 replaced JTPA, and effective July 1, 2000, Private Industry Councils will be replaced by local Workforce Investment Boards. While there is a transition period between the two programs, states will continue to use the Private Industry Councils in place; some states have already renamed their Councils as Workforce Investment Boards; other states, such as Massachusetts, renamed these Councils as Regional Employment Boards.

reviews applications and awards competitive grants using the following criteria:

- the relative need for assistance in the area proposed to be served;
- the extent to which the project proposes innovative strategies for moving welfare recipients into lasting work;
- the quality of the proposed outcomes of the project;
- the degree to which the project is coordinated with other services; and
- the demonstrated ability of the grant applicant.

To receive its allocation of welfare-to-work formula funds, a state was required to submit a plan for the use and administration of the grant funds to Labor. The Secretary of Labor then determined whether the plan met the statutory requirements, including assurances that the plan was developed with coordination from appropriate entities in substate areas and that welfare-to-work programs and funds would be coordinated with programs funded through the TANF block grants.[4] Using an allocation formula developed by the state, 85 percent of the state's federal formula funds were to be passed to local Private Industry Councils. The Private Industry Councils have policy-making responsibility in these service delivery areas and administer the welfare-to-work programs at the local level unless the Secretary of Labor approves a governor's request to use an alternative administering agency. The remaining 15 percent of the state's formula allotment may be spent on welfare-to-work projects of the state's choice, which is described in this report as the governor's discretionary fund.

States establish their own formula for allocating formula funds to Private Industry Councils for local service delivery areas but must give a minimum weight of 50 percent to the number of people in the area in excess of 7.5 percent of the population whose income is below the poverty level. States may also consider the local area's proportion of the state's long-term welfare population or the state's unemployed population. Additionally, if the amount to be allocated by formula to a local service delivery area is less than $100,000, that money may be held by the state and added to the 15 percent governor's discretionary funds.

Labor was required to obligate the fiscal year 1998 formula grant funds by September 30, 1998; however, funds for the competitive grants were multiyear, and Labor could obligate those funds into fiscal year 1999. Both

[4]Welfare-to-work activities must be coordinated with those provided through TANF. Hard-to-employ welfare recipients constitute a significant portion of the TANF-eligible population.

formula and competitive grants must be spent within 3 years of the grant award. Under the Balanced Budget Act, the welfare-to-work grants were initially legislated as multiyear allocations that could be awarded any time in fiscal years 1998 and 1999, but this law was amended to require that Labor award formula funds available for fiscal year 1998 by September 30, 1998. If at the end of any fiscal year states have not applied for or have applied for less than the maximum amount available for formula funds, the funds are to be transferred to the General Fund of the U.S. Treasury. Competitive grant funds, however, remain multiyear funds, and there is no requirement to obligate funds for fiscal year 1998 within the fiscal year.

Grantees have flexibility in designing welfare-to-work strategies geared to the needs of their own local populations and labor markets. Overall, welfare-to-work program services help individuals get and keep unsubsidized employment. Allowable activities include job readiness and placement services financed through vouchers or contracts; community service or work experience; job creation through public sector or private sector employment wage subsidies; and on-the-job training, postemployment services financed through vouchers or contracts, and job retention and support services.

Both formula and competitive grant funds are to be used for certain TANF families—recipients on long-term welfare assistance, TANF recipients with characteristics of long-term welfare dependence, and/or their noncustodial counterparts. These people are considered hard to employ and may have low educational attainment or poor work histories. The law requires that at least 70 percent of the funds be spent on the hardest to serve long-term welfare recipients with two of three specified barriers to successful employment. Up to 30 percent of the grant funds may be spent on individuals with characteristics of long-term welfare recipients; these characteristics could include dropping out of school, teenage pregnancy, or poor work history. Under either the 70- or 30-percent category, noncustodial parents with dependents receiving TANF assistance may qualify for welfare-to-work activities. (See table 1 for a summary of eligibility requirements for welfare-to-work services.)

Table 1: Eligibility Requirements for Welfare-to-Work Services

Requirement	Eligible population
At least 70 percent of welfare-to-work funds must be spent on the hardest-to-employ individuals:	Those who have two of the three barriers to employment: — lack a high school diploma or general equivalency degree and have low reading or math skills; — require substance abuse treatment for employment; and — have a poor work history (that is, have worked no more than 3 consecutive months in the past 12 calendar months), and those who are — long-term TANF recipients who have received cash assistance for at least 30 months or are within 12 months of losing TANF eligibility because of federal or state time limits; or — individuals who would otherwise be long-term TANF recipients but have exceeded time limits on cash assistance; or — noncustodial parents of minors whose custodial parent is a long-term TANF recipient or minors who are long-term TANF recipients under “child only” cases.
No more than 30 percent of welfare-to-work funds may be spent for the benefit of the following individuals:	Those who exhibit characteristics of long-term welfare dependence, such as having dropped out of school, having a teenage pregnancy, or having a poor work history, and those who — are TANF recipients, or — would otherwise be TANF recipients but have exceeded their time limits on cash assistance, or — are noncustodial counterparts of TANF recipients.

Labor Awarded Welfare-to-Work Grants to Most States and Many Local Organizations

Labor awarded about $1 billion in formula grants for fiscal year 1998 to all but six states. The six states that chose not to participate in the formula grant program would have received about $71 million. Labor also awarded a total of almost $500 million in competitive grants using all of the approximately $368 million in competitive grant funds available for fiscal year 1998 and about a third of the competitive grant funds available for fiscal year 1999.

Most States Received Formula Grants, but Six States Declined to Participate

Most states applied for and received their full allocation of formula grant funds. (See app. II for the amount of formula funds awarded, by state, for fiscal year 1998.) Of the states that applied for formula grant funding, Arizona was the only state that did not pledge sufficient matching funds to receive its maximum federal allocation.[5] Of the states that declined to participate in the welfare-to-work program, four states did not submit a welfare-to-work plan to Labor and the remaining states informed Labor

[5]Because of an administrative error, West Virginia did not match $500 of the welfare-to-work grant funds for which the state was entitled. Guam and the Virgin Islands were waived from the first $200,000 of the required match and could then request a waiver for the remaining match requirement. Guam did request a waiver from the full amount of match; however, the Virgin Islands provided its remaining match, about $77,000. Formula grant funding not awarded by Labor was returned to the U.S. Treasury. In total, Labor returned almost $80 million, or 7 percent, of the formula funds available for fiscal year 1998. These funds were the unallocated formula funds for which states had either not applied or applied for less than the maximum available under the formula.

that they would not participate in the formula grant program. These six states chose not to participate for various reasons, including concerns about their ability to provide state matching funds.

Arizona needed about $9 million in matching funds to obtain its full allocation of about $17 million in federal welfare-to-work funds; however, the state legislature was not willing to provide this amount in matching funds. Instead, the state assured a match of $4.5 million and obtained a formula grant for $9 million in fiscal year 1998. Initially, Arizona asked the local service delivery areas to determine whether they could raise the required matching funds; however, the local areas, while they wanted the welfare-to-work funding, did not believe they could raise the matching funds locally.

Of the six states that declined to participate in the welfare-to-work formula program, four states—Idaho, Mississippi, South Dakota, and Wyoming—neither informed Labor they would not be participating in welfare-to-work, nor submitted a welfare-to-work plan to Labor; the remaining states—Ohio and Utah—informed Labor that they would not participate. Ohio initially applied for its welfare-to-work allocation, but the governor later decided the grant was too complex and burdensome, especially the match requirement. Since Ohio had excess, unobligated TANF funds, state officials believed the TANF funds should be used to move welfare recipients to work—especially because there were no matching requirements and the eligibility requirements were less restrictive. Utah sent a letter declining its allocation, listing two reasons for its decision—that the state believed the formula funding was too restrictive regarding participant eligibility and that it believed the welfare-to-work grants were too prescriptive and did not allow the state enough flexibility. A state official in Utah also said that, at the time the letter was sent, officials believed TANF funds were sufficient to serve the TANF population's needs; furthermore, the funds required a state match, which did not seem feasible at the time.

The states that did not apply for welfare-to-work funds had various reasons for not participating. For example, an official in Idaho noted that the state's TANF caseload had dropped precipitously, consequently the state had adequate TANF funds to meet the employment and training needs of the remaining welfare recipients. The official also estimated that no more than about 350 of the state's welfare recipients were eligible for welfare-to-work services—and perhaps as few as 100. A state official in Mississippi said that a significant amount of TANF funds had been budgeted for job skills development and job search. Additionally, the state had set aside 30 percent of enrollments in JTPA for welfare recipients and was having difficulty filling these slots. Consequently, in addition to concerns about the state's ability to provide matching funds, the state decided against applying for welfare-to-work funds. The six states may still apply for fiscal year 1999 funds and have until March 1999 to do so.

Labor Awarded 126 Competitive Grants to Local Organizations

As of November 20, 1998, Labor had awarded a total of 126 competitive grants. On May 27, 1998, Labor announced the first round of competitive grants, which resulted in awards of about $200 million—approximately half of the fiscal year 1998 welfare-to-work competitive grant funds—to 51 local organizations.[6] On November 20, 1998, Labor awarded the second round of competitive grants to 75 local organizations; these grants totaled about $273 million and represented combined competitive grant funds from the remainder of fiscal year 1998 funds and a portion of the fiscal year 1999 funds. (See apps. III and IV for a list of the first and second rounds of competitive grants awarded, by state.) Most states had at least one local service organization that received competitive grant funds. (See table 2 for the distribution of welfare-to-work competitive grants awarded by Labor.)

[6]Following Labor's initial announcement of competitive awards to 49 entities, the award to the Oakland Private Industry Council was restructured into separate grants to the Oakland Private Industry Council and the City of Oakland, and an award to Goodwill Industries was restructured into separate awards to Goodwill Industries of Middle Georgia and Goodwill Industries of San Antonio, resulting in awards to 51 entities. A Labor official noted that similar changes may occur for the awards made during the second round of competitive awards and explained that Labor was negotiating the final figures for these competitive grants with the grant recipients; consequently, she referred to the second round of competitive grant awards as "proposed" awards.

Table 2: Number of Competitive Grants Awarded, by State, as of November 20, 1998

	Number of grant awards			Number of grant awards	
State or territory	Round I	Round II	State or territory	Round I	Round II
Alabama	1	1	Montana		1
Alaska		1	Nebraska		
Arizona	1	1	Nevada		
Arkansas	1		New Hampshire		1
California	11	8	New Jersey	2	2
Colorado	1	2	New Mexico	1	1
Connecticut	1	2	New York	2	4
Delaware			North Carolina	1	2
District of Columbia	1	1	North Dakota		
Florida	2	3	Ohio	1	2
Georgia	2	2	Oklahoma		1
Guam			Oregon		
Hawaii		1	Pennsylvania	2	1
Idaho			Puerto Rico		1
Illinois	3	2	Rhode Island		1
Indiana	2	1	South Carolina		
Iowa		1	South Dakota		1
Kansas		1	Tennessee		2
Kentucky	1	1	Texas	2	3
Louisiana		1	Utah		1
Maine		1	Vermont	1	1
Maryland		2	Virginia	2	2
Massachusetts	1	2	Virgin Islands		
Michigan	2		Washington		2
Minnesota		2	West Virginia		1
Mississippi		1	Wisconsin	1	
Missouri		2	Wyoming		

Note: Additional competitive grants were awarded to grant recipients serving sites in multiple states (see apps. III and IV).

Source: GAO analysis of Department of Labor data.

Some States and Many Local Communities Proposed Specific Initiatives for Their Welfare-to-Work Grant Funds

Three states that we reviewed targeted a specific population for formula grant funds, while the other three states defined their welfare-to-work focus more broadly and did not emphasize a specific service strategy or targeted population. In the six states, local communities targeted populations and designed their welfare-to-work activities consistent with their state's plan. Competitive grants focused more narrowly on a specific population and activity.

Three States Set Specific Focus for Formula Grants, While Others Allowed Wider Local Discretion

Three of the six states we reviewed—Massachusetts, Michigan, and Wisconsin—specified populations to be served with formula grant funds, such as assistance to unemployed noncustodial parents or TANF recipients who are reaching their time limits on cash assistance. Plans for the other three states—Arizona, California, and New York—stated that the use of welfare-to-work funds would be determined by the local service delivery areas. (See apps. V through X for a brief description of the formula grant plans in each of the six states.) In the six states, the local plans we reviewed proposed a range of welfare-to-work activities for eligible participants.

Three states planned a specific statewide focus for formula grant funds. For example, Michigan's plan emphasized serving unemployed noncustodial parents who have child support payments in arrears and whose dependents are receiving TANF assistance. The goal was to increase payments by these noncustodial parents for child support. Not participating in the welfare-to-work program has serious consequences—incarceration—unless there is good cause for nonparticipation. Michigan required local service delivery areas to devote 50 percent of their welfare-to-work grant funds to assist noncustodial parents. Wisconsin's plan also emphasized serving noncustodial parents, and because its TANF caseload is low, the state also proposed to assist individuals receiving only TANF child care subsidies. Massachusetts planned on serving TANF recipients who are reaching their 24-month limit for receiving cash assistance—about 7,000 were expected to lose cash assistance benefits on December 1, 1998.

In contrast, three states defined their formula grant focus more broadly and did not emphasize a specific service strategy. California's state plan noted that—given the diversity of the state's local service delivery areas—no one service strategy could be effectively applied statewide. Arizona's plan outlined the state's support to local service delivery areas in their efforts to target welfare-to-work services to hard-to-serve TANF recipients, noncustodial parents, and other eligible individuals. New York's plan provided a general welfare-to-work focus on improving the connection to work, although the state plan placed some emphasis on serving individuals with disabilities; many of these individuals have experienced long-term welfare dependency and had been exempt from work requirements under Aid to Families With Dependent Children but are no longer exempt under the state's TANF program.

The local plans we reviewed proposed a range of activities for their formula grant allocations. Because welfare-to-work programs are administered locally,[7] state officials in the six states we reviewed said local entities have the ability to design welfare-to-work activities and target populations within the parameters of the state plan. For example, the New York state plan did not define, beyond the federal welfare-to-work eligibility requirements, the population to be served with formula funds, and state officials said that different local plans emphasized different activities, such as mentoring, case management, training to upgrade employment, literacy, and career ladder development. The officials also noted that local service delivery areas considered the services funded by TANF and proposed to focus formula grant funds on areas where services were lacking.

In states with a focus on serving a targeted population with formula grant funds, local service delivery areas focused on these objectives in their welfare-to-work plans. For example, in Massachusetts, local service delivery areas, following the state's direction, will provide services to TANF recipients facing time limits on cash assistance. Likewise, a service delivery area in Michigan will identify its welfare-to-work participants through the Family Independence Agency, which is the TANF agency, and the Friend of the Court, which refers noncustodial parents. However, focusing on the needs of its own local population, this service delivery area also plans to serve several other populations whose characteristics are associated with or predictive of long-term welfare dependency, such as rural isolation, substance abuse, homelessness, being a single parent, or being an offender.

For states leaving more discretion to local service delivery areas in planning their strategies for the use of formula grant funds, some local

[7]Welfare-to-work programs are administered by the Private Industry Councils, unless the governor requests a waiver that is approved by the Secretary of Labor. In the six states we reviewed, New York had requested a waiver that covered just 2 of its 33 local service delivery areas; for these 2 areas, the welfare-to-work program was administered by the human services agencies.

areas designed their welfare-to-work activities to complement existing employment delivery systems. For example, in the San Diego, California, service delivery area, about 3,000 long-term welfare recipients will receive a package of services, for about 18 to 24 months, designed to meet their needs, which will include at least 16 hours a week of work activities and up to 16 hours a week of support services. These services are provided by competitively procured contractors, and each contract includes an incentive program to move participants into work expeditiously. Some local plans emphasized new approaches for moving welfare recipients to work. For example, local officials in Phoenix, Arizona, plan to use formula grant funds to develop new relationships with large businesses that will receive consulting services in exchange for hiring welfare recipients; the welfare-to-work participants will receive job readiness training as well as mentoring and job coaching after they are hired to improve their chances of job retention.

Local officials we interviewed said service delivery areas planned to use formula grant funds particularly to provide postemployment services. For example, in New York's Oneida-Herkimer-Madison service delivery area, the welfare-to-work program is based on using employment retention specialists who will provide 24-hour support service to participants. A third of the area's formula funds will be spent on the 6-person employment retention staff; smaller amounts of the formula funds were allocated for services such as transportation and child care because the program hopes to use existing programs and resources for these services. Even with its focus on job retention services, the local service delivery area will maintain a menu of services so that it can provide all services to clients as needed.

The welfare-to-work program for a local area in Massachusetts represents another example of providing postemployment services with formula grant funds. This welfare-to-work program planned to provide support after job placement for up to 6 months rather than the 30 to 60 days that other employment and training programs generally provide participants. At the time of our review, this program had placed about 10 of the 70 current participants in jobs, and these employed participants were receiving services such as mentoring and case management. A program official noted that, until a participant finds a job, the local career center provides most services; however, once the participant finds a job, the career center's role diminishes, and participants primarily are served through the welfare-to-work program since it can provide postemployment services. The local area is still developing community resource teams to help TANF recipients manage their lives. The official explained that, once placed in jobs, welfare-to-work participants might fail to report to work if they are sick or if they cannot obtain child care. Ideally, the community resource teams would help individuals find resources to assist them with these situations without losing their jobs.

The proposed use of the governor's discretionary portion of state formula funds (up to 15 percent of the formula funds) generally followed the states' welfare-to-work initiatives. States that targeted populations for welfare-to-work activities used discretionary funds for those individuals. For example, Michigan distributed its discretionary funds (about $6 million) to the local areas in order to provide more funding to serve noncustodial parents. In Wisconsin, the discretionary funds (about $2 million) will be used for a variety of purposes; however, the largest portion of the discretionary funds (about $1.1 million) will be allocated to the state's Department of Corrections to provide employment assistance to noncustodial parents in correctional institutions, on parole, or on probation. In Massachusetts, which emphasized assistance to TANF recipients facing time limits on cash assistance, the state planned to allocate over half of its about $3 million in discretionary funding to the Department of Transitional Assistance to supplement its program of assessment and structured employment assistance. Massachusetts also planned to subsidize five local areas that were allocated the lowest amount of formula funds. The state used these funds to provide a minimum of $400,000 to each area because state officials believed that local areas needed this level of funding to have an effective welfare-to-work program.

For states that had a broader focus for their formula funds, plans for the governor's discretionary funds were analogous with those for local areas given wider discretion for the use of these funds. In California, the state distributed the governor's discretionary funds (about $29 million) primarily through a competitive process—special consideration was given to a broad array of programs that addressed needs in rural areas; leveraged other resources; and demonstrated an innovative, coordinated approach to services. Of New York's discretionary funds (over $14 million), the state planned to use about 70 percent to support varied services—also on a competitive basis—to move individuals into employment and provide postemployment services to help working participants continue to work and increase earnings. Finally, Arizona combined its discretionary funds (about $1.4 million) with allocations made to the local service delivery areas but did not emphasize service to a specific population as did Michigan.

Welfare-to-Work Competitive Grants Focused on Specific Populations and Activities

The plans for competitive grants we reviewed in the six states focused on specific populations and activities. The competitive grantees proposed a variety of different activities and targeted different populations under this program for innovative approaches. Some of the welfare-to-work competitive grants will be used to complement programs funded by local formula allocations, and others will function separately from the local formula grant but rely on the same systems as the formula grantees to verify welfare-to-work eligibility.

Several competitive grants will complement formula grant programs. For example, Phoenix planned to use its formula funds to assist participants in gaining employment with large businesses, while its competitive grant will be used to link participants with small businesses. The same approach will be used for both programs. Using both formula and competitive grant funds, EARN, an acronym for Employment and Respect Now, will assess and screen participants for drug use, then enroll them in a 5-week job readiness program that includes some computer-based training. For the competitive grant, these participants will be placed in employment among 900 small businesses that receive tax credits for employing them. Throughout the participant's work experience, EARN staff and volunteers will provide mentoring, job coaching, and other services for job retention. Similarly, Detroit's competitive grant will be used to complement its basic program of assisting all individuals in obtaining employment by providing more intense services for the hardest-to-employ population. Transportation to work sites is often a critical problem for welfare-to-work participants, and a portion of the competitive grant will be used to fund a demonstration project called Easy Ride that will purchase several alternative fuel vehicles and employ a person to coordinate transportation schedules for welfare-to-work participants. Additionally, the competitive grant in Detroit will provide more intense job readiness training such as substance abuse counseling and classes for English-as-a-Second-Language.

The Metropolitan Area Planning Commission in Boston also planned to use its competitive grant funds to complement the area's formula grant programs by developing a transportation program to help individuals get to work. An "Access to Jobs" study found specific gaps in transportation services that hampered individuals from obtaining employment. The study found that people either had no available public transportation, had to make multiple trips to get from their residence to their work site, or simply did not know how to make the trip. The Commission will work to connect city residents to suburban jobs, and suburban residents to jobs in other suburbs or the city. The program will assist people served by the formula grant programs and will provide (1) information about transportation modes, schedules, and day care sites near transportation; (2) direct assistance, such as subsidies for public transportation; and (3) an emergency fund for unanticipated transportation needs, allocated on a case-by-case basis. For example, if someone is not served by public transportation but has a car in need of repairs, the fund could be used to keep this individual's car in running order.

Other competitive grants will function separately from the local formula grant but rely on the same systems to verify welfare-to-work eligibility as the formula grantees—the welfare offices or the court system. For example, Oakland, California, will use its competitive grant to expand its pilot program to train and place Head Start parents in jobs. The program staff hope to identify participants who are noncustodial parents or who have substance abuse problems, but, similar to the welfare-to-work eligibility determination for the local formula grant, the staff will also submit a list of interested Head Start parents to the county welfare agency to verify TANF status. The Private Industry Council of Milwaukee County will provide legal assistance to long-term welfare clients and noncustodial parents whose legal problems—combined with poor academic and work skills—are barriers to employment. For its competitive grant, the Private Industry Council plans to serve 200 long-term TANF recipients (primarily women) and 450 noncustodial parents (primarily men) identified by the welfare agency or the court system—this is the same way that the Private Industry Council will determine welfare-to-work eligibility for participants served by the local formula grant. The competitive grant will be used to provide legal advocacy and case management to participants, track individuals who drop out of the program and try to reintegrate them, and develop a process that will place a randomly selected group of noncustodial parents in unsubsidized or subsidized employment. This process will require that placement firms pay for the subsidized employment, thus providing the firms with incentives for finding jobs for their clients.

In New York City, the Consortium for Worker Education will use its competitive grant to train and assist women to provide child care from their homes as satellites for private sector child care centers. The

Consortium planned to build on its concept of both putting welfare recipients to work by providing child care in their homes and creating needed child care slots for workers in New York City. Recruitment for the program will be managed by two vendors who will advertise, hold presentations at community centers, and obtain referrals from the city welfare department. Once recruited, participants will be assessed and interviewed. For those selected for the program, their welfare-to-work eligibility will be determined by the city's TANF agency, which is also the administrative entity for the city's local formula grant. Those deemed eligible must then have their homes inspected for compliance with city building and health codes. Once accepted, the Consortium will enroll participants in a 2-week job readiness program followed by a 16-week Work Experience Program. Participants will spend 60 percent of their work experience working in a day care center and 40 percent in classroom training. When individuals have successfully completed their work experience, they will be hired by the parent company, Satellite Child Care, Inc. The provider's home will then be opened as a satellite child care center, and the provider will receive a $4,000 kit containing various equipment, including a computer package that has software for children and distance learning capabilities so the provider can receive continued instruction. The providers will receive on-going supervision and home visits from the parent company.

Stronger Partnerships Are Developing Between the Workforce Development and Human Service Agencies

State and local officials in the six states we reviewed noted that a stronger partnership was developing between the workforce development agencies and other human service agencies assisting welfare recipients. They attributed this stronger relationship, at least in part, to their joint involvement in the welfare-to-work planning process. At the state level, each of the six states we reviewed had developed a partnership steering committee, task force, or work group to develop the states' plans for formula grant funds and had identified ways to promote integration between the workforce development and human service agencies for welfare recipients at the local level. Furthermore, recipients of competitive grant funds also coordinated their plans with state and local officials.

The six states we reviewed had developed mechanisms to coordinate welfare-to-work activities with services to the hard-to-employ population. For example, in Massachusetts, an intergovernmental state steering committee prepared the state plan for formula grant funds and continues to respond to technical questions raised by local service delivery areas regarding implementation of welfare-to-work programs. The welfare-to-work stakeholders included representatives from the Department of Labor and Workforce Development; the Corporation for Business, Work and Learning; the Executive Office of Health and Human Services; the Department of Transitional Assistance, which is the state TANF agency; the Regional Employment Board Association; the Service Delivery Area Association; the Career Center Office; and the Division of Employment and Training. By planning and working together, this group shares information in order to minimize duplication of effort between state agencies and with the local service delivery areas.

In California, planning for formula grant funds and coordination between the California Employment Development Department and the state's Department of Social Services began as soon as the welfare-to-work program was introduced by Labor. Both departments are within California's Health and Welfare Agency, and, even before welfare-to-work legislation, these departments had formed a coordination committee—CalWORKS—to discuss issues regarding the state's effort to move welfare recipients into employment. At the state level, California has an interdepartmental work group that includes representatives of agencies responsible for education, transportation, housing, community services, mental health, and job services. In all, the work group includes 15 state departments responsible for 20 different programs. The state had also implemented one-stop career centers and had adopted a policy that would make the county welfare departments part of the one-stop system. The state further emphasized collaboration by holding five public hearings on the draft state plan to elicit comments from local service delivery areas and by posting its plan on the Internet to obtain public comment.

The formula grant plans for the six states we reviewed required coordination between the workforce development and welfare agencies at the local level. For example, California required that local plans for formula funds also be approved by the county welfare department. In New York, state officials developed guidelines for local formula grant proposals that required the Private Industry Councils and area social services districts to develop a written welfare-to-work operational agreement to detail respective roles, responsibilities, and procedures within the service delivery area.

At the local level, partnerships were formed to coordinate welfare-to-work activities provided by the local workforce development agencies with other human services for welfare recipients. For example, a community task force in Flagstaff, Arizona, was formed with representation from 64 state and local agencies in the service delivery area that were involved with moving individuals from welfare to work. Together, these stakeholders developed a matrix, listing each organization and the services offered to welfare recipients, to leverage resources and minimize duplication of effort. In Michigan, an official representing a local service delivery area noted that because the TANF population is the hardest to employ, she relies heavily on the expertise of the Michigan Rehabilitation Services for assistance regarding participants with more serious impediments to employment, such as substance abuse or mental illness. Additionally, because local service providers in Michigan focus on noncustodial parents, collaborative efforts with the court system are vital for identifying this population; the Family Independence Agency, which is the TANF agency, is also an important welfare-to-work partner in identifying TANF-eligible recipients. According to officials in Wisconsin, implementation of formula grant programs at the local level is a joint project between the local workforce development agency and the local TANF offices. This coordination allows the welfare-to-work funds to be used to expand on services provided by TANF funds, thus avoiding duplication of effort in service delivery.

For the welfare-to-work competitive grants we reviewed, competitive grantees also coordinated their plans with state and local officials. For example, the competitive grant awarded in Merced, California, is planned for use in assisting welfare-to-work participants in becoming self-employed, and a strong aspect of this program is its collaboration with various partners. The program, which primarily targets noncustodial parents and public housing residents, has a coalition of partners including the Merced County Community Action Agency, Employment Development Department of Merced County, Merced County Private Industry Council/Private Industry Training Department, Merced County Human Services Agency, Housing Authority of the County of Merced, and chambers of commerce throughout the county. In several states we reviewed, the competitive grants were awarded to the same or similar entities that received a formula grant; consequently, the competitive grant linked significantly with the welfare-to-work program established under the formula grant. In these cases, the competitive grant funds were generally used to provide the more intensive services needed to help welfare recipients get and keep jobs.

Agency Comments

We provided a draft of this report to the Department of Labor for comment. Labor provided technical comments, which we incorporated in the report where appropriate.

We are sending copies of this report to the Secretary of Labor and other interested parties. Copies also will be made available to others upon request.

If you have any questions about this report, please contact me at (202) 512-7014. Major contributors to this report include Sigurd R. Nilsen, Betty S. Clark, and Carolyn D. Hall.

Carlotta Joyner

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Director, Education and
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Abbreviations

EARN	Employment and Respect Now
JTPA	Job Training Partnership Act
TANF	Temporary Assistance for Needy Families

Scope and Methodology

To address the request, we reviewed the legislation authorizing welfare-to-work grants and the implementing regulations. We met with Labor officials who administer the grants and obtained information on the formula grants Labor awarded for welfare-to-work funds available for fiscal year 1998. We also obtained information about the competitive grants Labor awarded on May 27, 1998, and November 20, 1998, with welfare-to-work funds available for fiscal years 1998 and 1999.

We interviewed state and local officials in six states—Arizona, California, Massachusetts, Michigan, New York, and Wisconsin—to obtain information on their plans for the welfare-to-work grant funding. We selected four of these states to take advantage of site visits made and information collected for a concurrent GAO study on states' experiences in providing employment and training assistance to TANF clients.[8] For this report, we conducted field visits in states that were early implementers of welfare reform and of workforce development program consolidation. Additionally, we included two other states—California and New York—in our study because they have the largest welfare caseloads. For each of the six states, we reviewed the state welfare-to-work plan, interviewed program officials for at least two selected local service delivery areas receiving allocations of the states' formula grant funds, and interviewed one grantee that was awarded competitive grant funds. We also telephoned officials in the states that declined or did not apply for welfare-to-work grants to obtain information on the reasons for these decisions.

We performed our work from May 1998 to December 1998 in accordance with generally accepted government auditing standards.

[8]Welfare Reform: States' Experiences in Providing Employment Assistance to TANF Clients (GAO/HEHS-99-22, forthcoming).

Welfare-to-Work Formula Grants Awarded for Fiscal Year 1998

Dollars in thousands

State or territory	Federal welfare-to-work funds awarded	Percentage of total 1998 federal welfare-to-work funds awarded[a]	State match[b]	1998 federal welfare-to-work funds declined
Alabama	$13,978	1.36	$6,989	N/A
Alaska	2,927	0.29	1,463	N/A
Arizona	9,000[c]	0.88	4,500	$8,418
Arkansas	8,490	0.83	4,245	N/A
California	190,417	18.56	95,209	N/A
Colorado	9,879	0.96	4,939	N/A
Connecticut	12,006	1.17	6,003	N/A
Delaware	2,762	0.27	1,381	N/A
District of Columbia	4,646	0.45	2,323	N/A
Florida	50,757	4.95	25,378	N/A
Georgia	28,409	2.77	14,205	N/A
Guam	585	0.06	0[d]	N/A
Hawaii	5,086	0.50	2,543	N/A
Idaho	N/A	N/A	N/A	2,794
Illinois	48,663	4.74	24,331	N/A
Indiana	14,552	1.42	7,276	N/A
Iowa	8,332	0.81	4,166	N/A
Kansas	6,668	0.65	3,334	N/A
Kentucky	17,723	1.73	8,861	N/A
Louisiana	23,707	2.31	11,854	N/A
Maine	5,156	0.5	2,578	N/A
Maryland	14,941	1.46	7,470	N/A
Massachusetts	20,692	2.02	10,346	N/A
Michigan	42,226	4.12	21,113	N/A
Minnesota	14,503	1.41	7,252	N/A
Mississippi	N/A	N/A	N/A	12,991
Missouri	19,767	1.93	9,884	N/A
Montana	3,194	0.31	1,597	N/A
Nebraska	4,022	0.39	2,011	N/A
Nevada	3,384	0.33	1,692	N/A
New Hampshire	2,762	0.27	1,381	N/A
New Jersey	23,257	2.27	11,629	N/A
New Mexico	9,716	0.95	4,858	N/A
New York	96,886	9.45	48,443	N/A
North Carolina	25,332	2.47	12,666	N/A

(continued)

Dollars in thousands

State or territory	Federal welfare-to-work funds awarded	Percentage of total 1998 federal welfare-to-work funds awarded[a]	State match[b]	1998 federal welfare-to-work funds declined
North Dakota	2,762	0.27	1,381	N/A
Ohio	N/A	N/A	N/A	44,608
Oklahoma	11,742	1.14	5,871	N/A
Oregon	8,637	0.84	4,318	N/A
Pennsylvania	44,296	4.32	22,148	N/A
Puerto Rico	34,566	3.37	17,283	N/A
Rhode Island	4,420	0.43	2,210	N/A
South Carolina	12,006	1.17	6,003	N/A
South Dakota	N/A	N/A	N/A	2,762
Tennessee	21,644	2.11	10,822	N/A
Texas	76,059	7.41	38,029	N/A
Utah	N/A	N/A	N/A	4,628
Vermont	2,762	0.27	1,381	N/A
Virginia	16,549	1.61	8,274	N/A
Virgin Islands	554	.05	77[d]	N/A
Washington	22,675	2.21	11,337	N/A
West Virginia	9,805[e]	0.96	4,903	1[c]
Wisconsin	12,886	1.26	6,443	N/A
Wyoming	N/A	N/A	N/A	2,762
Total[f]	**$1,025,788**	**100.00**	**$512,401**	**$78,962**
Percentage of federal allocation[g]	**93%**	**N/A**	**N/A**	**7%**

(Table notes on next page)

Note: N/A = not applicable.

[a]The percentage of federal funds awarded is based on each state's percentage of the $1,025,787,658 in formula grant funds awarded by Labor.

[b]Each state match amount was calculated as one-half of the actual dollar award, rather than the rounded amount shown as awarded, which was rounded to the nearest thousand.

[c]In order to receive the $17.4 million in federal formula funding available for Arizona, the state was required to assure state matching funds of $8.7 million. Since the state assured a $4.5 million match, it was awarded $9 million for fiscal year 1998.

[d]Labor waived the first $200,000 in matching funds for Guam and the Virgin Islands. Additionally, Guam requested and was granted a waiver for the balance of its matching funds. The Virgin Islands, however, assured a match of about $77,000.

[e]According to a Labor official, West Virginia's federal formula grant was $500 less than the state's allotted amount as a result of a typographical error in its application. The state decided not to apply for the additional funding, which, rounded to the nearest thousand dollars, is presented as 1.

[f]Totals may not add because of rounding.

[g]This amount is based on the full, available amount of fiscal year 1998 federal formula funding, $1,104,750,000. According to a Labor official, $78,962,342 of this amount was not awarded and was returned to the U.S. Treasury by Labor.

Source: GAO analysis of Department of Labor data.

Welfare-to-Work Competitive Grants Awarded May 27, 1998

State or territory	Grantee	Location	Award amount
Alabama	United Way of Central Alabama	Birmingham	$4,997,966
Arizona	City of Phoenix Human Services Department, Employment and Training Division	Phoenix	5,000,000
Arkansas	The City of Little Rock	Little Rock	5,000,000
California	CHARO Alliance WtW	Los Angeles	3,999,650
California	Los Angeles Private Industry Council	Los Angeles	3,000,000
California	Private Industry Council of San Francisco, Inc.	San Francisco	4,189,231
California	The Cambodian Family	Santa Ana	1,216,167
California	Housing Authority of the City of Los Angeles	Los Angeles	5,000,000
California	Community Rehabilitation Industries	Long Beach	3,669,874
California	Merced Self-Employment and Job Opportunity Coalition	Merced	1,879,120
California	Oakland Private Industry Council	Oakland	3,000,000
California	City of Oakland, Office of Aging	Oakland	2,000,000
California	Richmond Private Industry Council	Richmond	3,087,347
California	Riverside County Economic Development Agency	Riverside	4,450,000
Colorado	Rocky Mountain Service/Jobs for Progress, Inc.	Denver	1,460,864
Connecticut	The WorkPlace, Inc.	Bridgeport	5,000,000
District of Columbia	Consortium of Family Employment Service Providers	Washington, D.C.	1,965,601
Florida	Florida Developmental Disabilities Council	Tallahassee	1,660,396
Florida	Pinellas Workforce Development Board	Clearwater	1,500,000
Georgia	Mayor's Office of Citizens Employment and Training, Atlanta	Atlanta	5,000,000
Georgia	Goodwill Industries of Middle Georgia	Macon	5,300,000

(continued)

State or territory	Grantee	Location	Award amount
Illinois	Bethel New Life	Chicago	2,739,506
Illinois	DePaul University	Chicago	5,000,000
Illinois	City of Chicago, the Chicago Workforce Board	Chicago	3,000,000
Indiana	Indianapolis Private Industry Council	Indianapolis	5,000,000
Indiana	River Valley Resources, Inc.	Madison	5,000,000
Kentucky	Louisville and Jefferson County Private Industry Council	Louisville	4,999,898
Massachusetts	Metropolitan Area Planning Council	Boston	4,082,065
Michigan	City of Detroit Employment and Training Department	Detroit	4,860,633
Michigan	City of Kalamazoo - Metro Transit System	Kalamazoo	375,000
New Jersey	County of Union	Elizabeth	5,000,000
New Jersey	Hudson County	Secaucus	4,914,297
New Mexico	Catholic Social Services of Albuquerque, Inc.	Albuquerque	1,343,133
New York	Non-Profit Assistance Corporation	New York	4,871,904
New York	Consortium for Worker Education	New York	4,966,000
North Carolina	Ladder to Success	Whiteville	2,638,601
Ohio	The Corporation for Ohio Appalachian Development	Athens	5,000,000
Pennsylvania	Private Industry Council of Philadelphia, Inc.	Philadelphia	4,351,247
Pennsylvania	Resources for Human Development, Inc.	Philadelphia	1,866,460
Texas	Houston Works	Houston	5,000,000
Texas	Goodwill Industries of San Antonio	San Antonio	5,000,000
Vermont	Northern Community Investment Corporation	St. Johnsbury	3,132,518
Virginia	Hampton University Career Advancement Resiliency	Hampton	4,898,000
Virginia	Total Action Against Poverty, Inc.	Roanoke	2,736,272
Wisconsin	Private Industry Council of Milwaukee County	Milwaukee	4,262,054
Multisite	IAM CARES	AK, MO, OH, and OR	5,000,000

(continued)

State or territory	Grantee	Location	Award amount
Multisite	The NOAH Group, L.L.C	PA, VA, and WA	7,800,000
Multisite	YouthBuild USA	CA, DC, GA, MN, MO, ND, OH, WA, and WV	5,500,000
Multisite	CET-Welfare-to-Work National Project	CA, FL, IL, MD, NC, NV, NY, TX, and VA	4,003,294
Multisite	The Institute for Responsible Fatherhood and Family Revitalization	CA, DC, NY, OH, TN, and WI	4,427,318
Multisite	National Association of Private Industry Councils	AL, AZ, CA, CT, IL, MD, MN, OR, and TN	4,912,658
Total	**51 grants awarded**		**$199,057,074**

Source: Department of Labor.

Welfare-to-Work Competitive Grants Awarded November 20, 1998

State or territory	Grantee	Location	Award amount
Alabama	Stillman College	Tuscaloosa	$3,723,620
Alaska	Nine Star Enterprises, Inc.	Anchorage	1,279,499
Arizona	Pima County Community Services	Tuscon	3,180,776
California	City of Long Beach Department of Community Development	Long Beach	5,000,000
California	Goodwill Industries of Southern California	Los Angeles	4,098,265
California	Beyond Shelter	Los Angeles	1,199,700
California	African American Unity Center	Los Angeles	1,357,885
California	Catholic Charities of Los Angeles	Los Angeles	3,037,423
California	Jobs for Homeless Consortium	Oakland	1,365,336
California	San Diego Workforce Partnership, Inc.	San Diego	5,000,000
California	County of Tulare Private Industry Council, Inc.	Visalia	3,824,201
Colorado	United Cerebral Palsy of Colorado	Denver	1,321,825
Colorado	City and County of Denver	Denver	3,598,915
Connecticut	Community Action Agency of New Haven, Inc.	New Haven	2,923,000
Connecticut	The Access Agency, Inc.	Willimantic	1,000,750
District of Columbia	Washington Alliance	Washington, D.C.	5,000,000
Florida	Goodwill Industries of North Florida, Inc.	Jacksonville	5,000,000
Florida	Miami-Dade County	Miami	4,470,000
Florida	Latin Chamber of Commerce of USA	Miami	2,100,000
Georgia	DeKalb Economic Opportunity Authority, Inc.	Decatur	2,224,375
Georgia	City of Savannah	Savannah	4,067,000
Hawaii	Hawaii County Economic Opportunity Council	Hilo	4,200,000
Illinois	Chicago Housing Authority	Chicago	5,000,000
Illinois	Community and Economic Development Association of Cook County, Inc.	Chicago	5,000,000
Indiana	City of Gary, Department of Health and Human Services	Gary	5,000,000

(continued)

State or territory	Grantee	Location	Award amount
Iowa	Labor Institute for Workforce Development	Des Moines	2,118,235
Kansas	City of Topeka	Topeka	1,999,917
Kentucky	Community Action Council	Lexington	2,833,736
Louisiana	City of New Orleans	New Orleans	5,000,000
Maine	Workforce Development Centers	Augusta	3,212,516
Maryland	The Baltimore City Office of Employment Development	Baltimore	3,330,199
Maryland	Prince Georges Private Industry Council	Landover	4,976,254
Massachusetts	Boston Technology Venture Center, Inc.	Boston	1,139,388
Massachusetts	Action for Boston Community Development Inc.	Boston	2,785,430
Minnesota	City of Minneapolis	Minneapolis	1,860,000
Minnesota	Rise Incorporated	Spring Lake Park	3,099,779
Mississippi	Hinds County	Jackson	3,294,191
Missouri	Advent Enterprises, Inc.	Columbia	3,435,301
Missouri	Full Employment Council, Inc.	Kansas City	4,420,558
Montana	S & K Holding Company, Inc.	Polson	2,542,700
New Hampshire	Southwestern Community Services, Inc.	Keene	1,000,000
New Jersey	Mercer County Office of Training and Employment	Trenton	4,219,582
New Jersey	County of Essex	Newark	4,900,000
New Mexico	Santa Fe SER/Jobs for Progress, Inc.	Santa Fe	5,000,000
New York	New York City Partnership and Chamber of Commerce	New York	5,000,000
New York	City of New York Human Resources Administration	New York	2,934,705
New York	Wildcat Service Corporation	New York	2,007,017
New York	Buffalo and Erie Private Industry Council	Buffalo	4,917,903
North Carolina	UDI Community Development Corporation	Durham	3,728,134
North Carolina	Bennett College	Greensboro	5,000,000
Ohio	Private Industry Council of Columbus and Franklin County, Inc.	Columbus	4,997,630

(continued)

State or territory	Grantee	Location	Award amount
Ohio	Columbus Urban League	Columbus	3,149,984
Oklahoma	Eastern Workforce Development Board, Inc.	Muskogee	2,848,115
Pennsylvania	District 1199C Training and Upgrading Fund of the National Union of Hospital and Healthcare Employers	Philadelphia	4,449,928
Puerto Rico	Centro de Capacitacion y Asesoramiento	Caguas	5,000,000
Rhode Island	Providence/Cranston Private Industry Council	Providence	3,859,284
South Dakota	Oglala Lakota College	Kyle	2,293,326
Tennessee	Tennessee Urban League Affiliates	Chattanooga	5,000,000
Tennessee	Nashville/Davidson County Private Industry Council	Nashville	4,016,694
Texas	Dallas County Local Workforce Development Board	Dallas	5,000,000
Texas	Tarrant County Workforce Development Board	Fort Worth	3,254,864
Texas	County of Webb	Laredo	1,000,000
Utah	Five County Association of Governments	St. George	3,000,000
Vermont	Central Vermont Community Action Council	Barre	3,120,140
Virginia	Alexandria Redevelopment and Housing Authority	Arlington	1,090,000
Virginia	Richmond Private Industry Council	Richmond	4,993,775
Washington	Washington State Labor Council (AFL-CIO)	Seattle	4,619,684
Washington	Seattle-King County Private Industry Council	Seattle	5,000,000
West Virginia	Human Resources Development Foundation	Morgantown	4,934,876
Multisite	Johns Hopkins University	AZ, CA, CT, FL, IA, IL, MD, ME, OR, and RI	4,996,535
Multisite	The America Works Partnership	AK, CA, FL, IN, and NJ	7,872,505
Multisite	The Enterprise Foundation	CO, DC, MD, MO, OR, and TX	8,000,000
Multisite	International Association of Jewish Vocational Services	MA, MN, NJ, and PA	4,204,777

(continued)

State or territory	Grantee	Location	Award amount
Multisite	Hispanic Association of Colleges and Universities	AZ, CA, and TX	4,321,269
Multisite	Marriott International Community Employment and Training Programs	CA, CO, FL, GA, IL, KY, LA, MD, MI, MO, NC, NV, OH, PA, TX, and VA	3,536,250
Total	**75 grants awarded**		**$273,287,751**

Note: These awards were announced by Labor on November 20, 1998; however, a Labor official noted that the amounts listed are proposed award amounts.

Source: Department of Labor.

Arizona's Welfare-to-Work Formula Grant Program for Fiscal Year 1998

In Arizona, the Department of Economic Security is the welfare-to-work federal grant recipient and state administering entity. Arizona submitted its welfare-to-work plan on August 5, 1998. On August 20, 1998, Labor awarded fiscal year 1998 formula grant funds to the state totaling $9,000,000. Although Arizona was eligible for about $17,418,000 in federal welfare-to-work funds, the state did not identify matching funds sufficient to receive its maximum federal allocation. Instead, Arizona assured $4,500,000 in state matching funds over the 3-year grant period. According to a state official, the state match appropriated by the state legislature was $1.5 million for 1998; state officials anticipate the legislature will appropriate the remaining $3 million in 1999.

Arizona required its 16 Private Industry Councils[9] to amend their JTPA plans with descriptions of how formula grant funds would be expended and to submit these amended plans for state review and approval, rather than submitting formal welfare-to-work plans. According to a state official, local plans were reviewed in November 1998, and the Private Industry Councils planned to implement their welfare-to-work formula grant programs between November 1998 and January 1999.

Activities and Target Populations

The Arizona state plan outlined the full range of federally allowable welfare-to-work activities and targeting strategies from which the local service delivery areas may specify the target population and mix of services most appropriate for their local needs. According to the state plan, service delivery areas will determine the target group(s) to be served, and potential welfare-to-work clients may be directly referred to the service delivery areas by the state welfare recipient employment and training program, the Division of Child Support Enforcement, or the superior court through court order. A local official said that since the approval of the state plan, the Arizona Department of Economic Security has urged service delivery areas to recruit participants through direct referrals from the state welfare service system's employment and training program, rather than design their own recruiting programs.

The Arizona state plan provided local areas with guidance on the provision of local activities and services. Specifically, the plan outlined four categories of job readiness, each of which includes a specific mix of services based on the participant's characteristics: Not Ready, Almost Ready, Ready, and Post Placement. However, local service delivery areas

[9]Private Industry Councils are the local grant recipients under the Job Training Partnership Act (JTPA) and are responsible for administering the assistance in a local service delivery area. JTPA requires that each local area have a plan detailing its proposed use of funds.

may determine the target population and mix of services most appropriate for their area's needs.

Substate Formula Allocations

Arizona allocated all of the $9,000,000 federal formula grant to the local service delivery areas using the following formula: 50-percent weight was given to the number of people under poverty in excess of 7.5 percent of the service delivery area population, and 50-percent weight was given to the number of welfare recipients in the service delivery area having received assistance for at least 30 months. Three of the service delivery areas—Apache, Graham, and Greenlee Counties—received no federal funds because their formula allocations of the $9 million federal grant fell below the required minimum of $100,000; however, as shown in table V.1, Arizona allocated state matching funds to each of these service delivery areas. Arizona planned to use 15 percent of the state match for state welfare-to-work administration, and the balance of the state match was allocated to the service delivery areas using the same formula applied to the federal funds. Local service delivery areas must limit welfare-to-work administrative costs to 15 percent of their formula grant award.

Although Arizona assured $4.5 million in matching funds for the full $9 million federal welfare-to-work award, the state legislature appropriated $1.5 million of the match during 1998. Arizona has an official state document, referenced in the federal grant agreement, that controls the disbursement of funds according to the amount of state match provided. According to a state official, until additional matching funds are appropriated, service delivery areas are only entitled to their allocations of the $3 million in federal funds that have been matched with $1.5 million in state funds. Allocations based on the current and full state match are included in table V.1.

Table V.1: Arizona's Substate Welfare-to-Work Formula Grant Allocations

	Federal formula fund allocation[a]		Match allocation		Total funds available for welfare-to-work	
Service delivery area	Initial allocation based on $1.5 million match	Total potential allocation based on $4.5 million match	Initial allocation based on $1.5 million match	Total potential allocation based on $4.5 million match	Initial allocation based on $1.5 million match	Total potential allocation based on $4.5 million match
Apache County	$0	$0	$16,238	$48,714	$16,238	$48,714
Cochise County	145,200	435,600	58,934	176,801	204,134	612,401
Coconino County	39,750	119,250	16,134	48,402	55,884	167,652
Gila/Pinal Consortium	167,400	502,200	67,944	203,833	235,344	706,033
Graham County	0	0	35,639	106,917	35,639	106,917
Greenlee County	0	0	5,483	16,449	5,483	16,449
Maricopa County	389,250	1,167,750	157,989	473,966	547,239	1,641,716
Mohave/La Paz Consortium	80,550	241,650	32,694	98,081	113,244	339,731
Navajo County	45,300	135,900	18,386	55,159	63,686	191,059
Navajo Nation	416,700	1,250,100	169,130	507,391	585,830	1,757,491
City of Phoenix	679,800	2,039,400	275,917	827,752	955,717	2,867,152
Pima County	541,500	1,624,500	219,784	659,352	761,284	2,283,852
Santa Cruz County	50,700	152,100	20,578	61,734	71,278	213,834
Yavapai County	47,550	142,650	19,300	57,899	66,850	200,549
Yuma County	132,900	398,700	53,941	161,824	186,841	560,524
Tribal Service Delivery Area	263,400	790,200	106,909	320,726	370,309	1,110,926
Total	**$3,000,000**	**$9,000,000**	**$1,275,000**	**$3,825,000**	**$4,275,000**	**$12,825,000**

[a]The federal formula fund allocation numbers include both the substate formula funds and the governor's discretionary funds, which are 85 percent and 15 percent of the total federal welfare-to-work award, respectively.

Source: Arizona Department of Economic Security.

Governor's Discretionary Funds

Arizona allocated 100 percent of the federal formula grant funds to the local service delivery areas. The state retained none of the allowable 15 percent governor's discretionary funds ($1,350,000) at the state level.

Performance Goals

Of the participants enrolled in welfare-to-work programs, the state planned to place 56 percent of participants in unsubsidized jobs; of those placed, the goal is that 56 percent will still be working after 6 months and have a 1-percent increase in earnings over this time.

California's Welfare-to-Work Formula Grant Program for Fiscal Year 1998

In California, the Employment Development Department is the welfare-to-work federal grant recipient and state administering entity. California submitted its welfare-to-work plan to Labor on June 30, 1998. On July 20, 1998, Labor awarded fiscal year 1998 formula grant funds to the state totaling $190,417,247. The state assured $95,208,624 in state matching funds over the 3-year grant period. According to a state official, the state match was appropriated by the legislature, and $10 million was budgeted for 1998. This state match was appropriated to the California Department of Social Services, to be allocated among the state's county welfare departments for welfare-to-work activities. The welfare departments, in collaboration with service delivery areas, locally elected officials, and other local stakeholders, will determine how to use the state matching funds to meet the welfare-to-work needs of their communities.

California's 52 local service delivery areas were required to submit welfare-to-work plans for state review and approval. California believed it was important for local areas to exhibit a sense of program direction before receiving welfare-to-work funding and wanted to ensure that workforce development agencies had coordinated their proposed welfare-to-work activities with the state's 58 county welfare departments. The state legislature passed a law allowing the local areas to prepare joint plans; consequently, there are a total of 41 local plans. For example, the eight local service delivery areas in Los Angeles County prepared one plan for the entire county. According to a state official, as of September 30, 1998, 22 individuals were enrolled in welfare-to-work formula grant programs statewide.

Activities and Target Populations

In California, the local service delivery areas are responsible for developing welfare-to-work programs to meet their communities' demographic and workforce needs. California's state plan noted that given the diversity of the state's local service delivery areas, no one service strategy could be effectively applied statewide. A state official explained that urban areas with many employment opportunities may choose to focus heavily on work experiences in the private sector. On the other hand, rural areas, with fewer employers, may rely heavily on community service work experiences in their welfare-to-work programs.

Substate Formula Allocations

California allocated 85 percent, or $161,854,660, of the federal formula grant to the local service delivery areas using the following formula: 55-percent weight was given to the number of people with incomes below the poverty level in excess of 7.5 percent of the service delivery area population; 15-percent weight was given to the number of unemployed people in the service delivery area; and 30-percent weight was given to the number of adults receiving welfare for at least 30 months in the service delivery area. This formula was developed to ensure that all local areas would receive the $100,000 federally required minimum allocation. California limited local service delivery areas to an administrative cost cap of 13 percent.

Table VI.1: California's Substate Welfare-to-Work Formula Grant Allocations

Service delivery area	Federal formula fund allocation	Service delivery area	Federal formula fund allocation
Alameda	$1,520,686	Orange	$3,710,069
Anaheim	1,189,382	Richmond	659,692
Butte	1,264,767	Riverside	5,854,845
Carson/Lomita/Torrance	525,315	Sacramento	6,387,277
Contra Costa	1,114,932	San Benito	182,595
Foothill	1,248,269	San Bernardino City	2,143,859
Fresno	7,454,107	San Bernardino County	6,968,031
Golden Sierra	812,364	San Diego	11,837,010
Humboldt	698,513	San Francisco	2,367,832
Imperial	1,600,430	San Joaquin	3,455,691
Kern/Inyo/Mono	4,567,951	San Luis Obispo	628,217
Kings	756,657	San Mateo	524,928
Long Beach	3,792,464	Santa Ana	2,357,717
Los Angeles City	32,080,060	Santa Barbara	1,315,774
Los Angeles County	22,153,146	Santa Clara	2,774,645
Madera	759,106	Santa Cruz	872,717
Marin	185,201	Southeast Los Angeles County	1,414,751
Mendocino	465,475	Shasta	924,260
Merced	1,888,102	Solano	986,910
Monterey	1,629,955	Sonoma	940,612
Mother Lode	443,480	South Bay	2,136,470
Napa	209,898	Stanislaus	2,659,779
Northern Rural Training and Employment Consortium	1,179,503	Tulare	3,603,117
North Central Counties	1,620,726	Ventura	1,818,111
North Santa Clara Valley Job Training Consortium	340,448	Verdugo	2,080,540
Oakland	3,013,624	Yolo	734,648
Total[a]			**$161,854,660**

Note: This table does not include state matching funds because the state match was appropriated to the California Department of Social Services to be allocated among the state's county welfare departments for welfare-to-work activities.

[a]Total does not add because of rounding.

Source: California State Welfare-to-Work Formula Grant Plan.

Governor's Discretionary Funds

The governor's welfare-to-work discretionary funds, 15 percent of the formula funds, totaled $28,562,587. With $23 million of these funds, as shown in table VI.2, the state funded 24 projects throughout the state that were selected on a competitive basis. The state required that the proposed use of these discretionary funds be coordinated with local workforce preparation and welfare reform partners, and applicants were encouraged to develop linkages with businesses, economic development practitioners, and supportive service agencies. Consequently, the grantees will use the funds in conjunction with other local resources to support a mix of the federally allowable welfare-to-work employment activities and services as determined by the local community.

Table VI.2: Projects Awarded Governor's Welfare-to-Work Discretionary Funds Through Competition in California

Awardee	Location	Award amount
Asian American Drug Abuse Program, Inc.	Los Angeles	$785,280
Amador-Tuolumne Community Action Agency	Jackson	660,118
Chrysalis	Los Angeles	1,095,436
Community Career Development, Inc.	Los Angeles	1,570,560
Contra Costa County Social Service Department	Martinez	784,031
El Dorado County Department of Social Services	Placerville	942,415
Fresno County Economic Opportunities Commission	Fresno	1,583,158
Goodwill Industries of Southern California	Los Angeles	1,005,168
Housing Authority of San Bernardino County	San Bernardino	942,336
Human Resources Agency of Santa Cruz County	Santa Cruz	785,280
Joint Efforts, Inc.	San Pedro	785,280
Kern County	Bakersfield	785,280
Labor's Community Services Agency	San Diego	488,904
Learning Center of Tehama County	Red Bluff	1,089,600
Mendocino County Social Services Department	Ukiah	728,650
North Santa Clara Valley Job Training Consortium	Sunnyvale	866,244
Pacific Asian Consortium in Employment	Los Angeles	785,280
Rubicon Programs, Inc.	Richmond	664,893
Sacramento County Department of Human Assistance	Sacramento	808,917
San Diego Housing Commission	San Diego	1,439,057
San Joaquin County Private Industry Council	Stockton	1,091,121
South Bay Center for Counseling	El Segundo	783,709
Vietnamese Community of Orange County	Santa Ana	954,129
Youth Employment Partnership, Inc.	Oakland	1,575,154
Total		**$23,000,000**

Source: California Employment Development Department.

An additional $1.5 million of the governor's discretionary funds was awarded through a competitive process to six regional collaboratives to promote and encourage education and leadership through a cooperative process. The six award recipients included Humboldt County, Ventura County, San Joaquin County, East Bay Works, Los Angeles County Collaborative, and the Inland Empire. The remaining $4,062,587 in governor's welfare-to-work discretionary funds will be used by the state for welfare-to-work administration.

Performance Goals

Recognizing that local performance goals may differ somewhat from those in the state plan, California set three performance goals for the welfare-to-work program as benchmarks to assist the state in providing technical assistance to local areas. California's initial formula grant program performance goals for the first year include (1) a placement rate, (2) a follow-up employment rate, and (3) a follow-up increase in earnings goal. In 1997, California had an average caseload of about 830,000, some of whom will be provided assistance under welfare-to-work. The state goals for welfare-to-work are to place a minimum of 45 percent of welfare-to-work program participants in unsubsidized employment; of those placed, a minimum of 70 percent should be employed 6 months after placement, and their average weekly wage at a 6-month follow-up should increase by 10 percent over the average weekly wage at placement. The state required that local plans describe local performance goals for placements, job retention, and increased earnings.

Massachusetts' Welfare-to-Work Formula Grant Program for Fiscal Year 1998

In Massachusetts, the Department of Labor and Workforce Development is the welfare-to-work federal grant recipient and its quasi-public subentity, the Corporation for Business, Work and Learning, is the state welfare-to-work administering entity. Massachusetts submitted its welfare-to-work plan on January 7, 1998. On February 25, 1998, Labor awarded fiscal year 1998 formula grant funds to the state totaling $20,692,295. The state assured $10,346,148 in state matching funds over the 3-year grant period, specifically assuring $5 million for 1998. According to a state official, this match is from funds previously appropriated by the state legislature for adult basic education and child care programs; the matching funds will be used to serve welfare-to-work-eligible participants through these programs.

In Massachusetts, each of the 16 Regional Employment Boards[10] was required to submit a "preplan" proposing local welfare-to-work strategies, and these plans were incorporated into the state welfare-to-work plan. Once Labor awarded the formula grant, the state required the Regional Employment Boards to submit final plans containing additional details such as local performance goals. According to a state official, the state had approved all of the local plans by April 1998 and, as of September 30, 1998, 434 individuals were enrolled in welfare-to-work formula grant programs statewide out of the target population of 7,000 likely to lose cash benefits by December 1, 1998.

Activities and Target Populations

The state planned to use welfare-to-work funds to target and assist welfare recipients facing the most significant barriers to employment. The state's welfare-to-work program focused on serving welfare recipients nearing the state-imposed 24-month deadline for cash assistance. A state official said that about 7,000 welfare recipients in Massachusetts were expected to lose cash assistance benefits as of December 1, 1998. Within the state focus, the local service delivery areas may further specify the target population and choose the mix of services most appropriate for their area's needs.

The state plans to spend at least 70 percent of formula funds on the hardest-to-employ long-term welfare recipients as required by law and up to 30 percent of the grant funds on individuals with characteristics of long-term welfare recipients. According to a state official, Massachusetts' welfare-to-work program staff are finding it easier to initially enroll all

[10]In Massachusetts, the Regional Employment Boards are the Private Industry Councils. The difference is that the Regional Employment Boards are given responsibility for overseeing the assistance provided by a number of programs, in addition to JTPA, that the Private Industry Councils oversee.

participants under the 30-percent expenditure category (long-term welfare recipient). In order to enroll participants under the 70-percent expenditure category (those determined to be the hardest to employ), additional testing is necessary to verify eligibility characteristics. Although state and local officials are confident that there are enough people with the necessary characteristics to satisfy the 70-percent requirement, they note that the additional assessment needed for their eligibility determination is expensive and time consuming.

Substate Formula Allocations

Massachusetts allocated 85 percent of the federal formula grant, or $17,588,452, to the local service delivery areas using the following formula: 50-percent weight was given to the number of people with incomes below the poverty level in excess of 7.5 percent of the service delivery area population; 10-percent weight was given to the number of unemployed people in the service delivery area; and 40-percent weight was given to the number of long-term welfare recipients in the service delivery area having received assistance for at least 30 months. By the substate formula, all of the areas received more than the required $100,000 minimum; however, the state decided to allot a minimum of $400,000 to each local area. Consequently, as shown in table VII.1, $524,808 of the governor's welfare-to-work discretionary funds were used to increase the allocations for five local service delivery areas to this level. According to a state official, the Regional Employment Boards may use no more than 12.23 percent of their grants for welfare-to-work administrative purposes.

Table VII.1: Massachusetts' Substate Welfare-to-Work Formula Grant Allocations

Service delivery area	Federal formula fund allocation	Governor's fund allocation	Total federal funding
Berkshire County	$280,805	$119,195	$400,000
Boston	5,927,502	N/A	5,927,502
Bristol County	566,464	N/A	566,464
Brockton	498,272	N/A	498,272
Cape Cod and Islands	193,764	206,236	400,000
Franklin/Hampshire	640,600	N/A	640,600
Hampden County	2,997,136	N/A	2,997,136
Lower Merrimack Valley	1,253,900	N/A	1,253,900
Metro-North	821,102	N/A	821,102
Metropolitan South West	373,313	26,687	400,000
New Bedford	1,005,099	N/A	1,005,099
Northern Middlesex	634,865	N/A	634,865
Northern Worcester	263,537	136,463	400,000
South Coastal	363,773	36,227	400,000
Southern Essex	671,190	N/A	671,190
Southern Worcester	1,097,130	N/A	1,097,130
Total	**$17,588,452**	**$524,808**	**$18,113,260**

Notes: This table does not include state matching funds because the state match is from funds previously appropriated by the state legislature for state adult basic education and child care programs; the matching funds will be used to serve welfare-to-work-eligible participants through these programs. However, the table does include governor's discretionary funds that were allocated to five local service delivery areas to raise their allocations up to the $400,000 state-imposed minimum funding level for welfare-to-work programs.

N/A = not applicable.

Source: Massachusetts Department of Labor and Workforce Development.

Governor's Discretionary Funds

The governor's welfare-to-work discretionary funds, 15 percent of the formula funds, totaled $3,103,843. The state planned to use these funds for the following purposes: $524,808 to subsidize the five service delivery areas allocated the lowest amount of welfare-to-work formula funding; $165,000 to the Corporation for Business, Work and Learning to provide an information system technology upgrade capable of handling interagency welfare-to-work data; $718,562 for state welfare-to-work administration; and $1,695,473 for the Department of Transitional Assistance to supplement its program of assessment and structured employment assistance.

Performance Goals

Although specific, numeric performance goals were not included in the state plan, the state proposed to serve 3,979 welfare-to-work participants and will measure placement in private sector employment, placement in any employment, the duration of placement, and increases in earnings. The state required each local service delivery area to specify performance goals based on these measurements.

Michigan's Welfare-to-Work Formula Grant Program for Fiscal Year 1998

In Michigan, the Michigan Jobs Commission is the welfare-to-work federal grant recipient and state administering entity. Michigan submitted its welfare-to-work plan on December 11, 1997. On January 29, 1998, Labor awarded fiscal year 1998 formula grant funds to the state totaling $42,226,331. The state assured $21,113,166 in matching funds over the 3-year grant period. According to a state official, this match was appropriated by the state legislature, and $10 million was appropriated through September 30, 1998.

Michigan required its 25 local service delivery areas to submit two local plans for state review and approval: one for the federal formula grant funds and another for state matching funds appropriated by the state legislature. According to a state official, all of the local plans were approved by September 4, 1998, and, as of September 30, 1998, about 340 individuals were enrolled in welfare-to-work formula grant programs statewide.

Activities and Target Populations

The state planned to use welfare-to-work funds primarily to serve noncustodial parents. On July 1, 1998, Michigan instituted a statewide noncustodial parent program and, depending on their eligibility, these parents may be served with welfare-to-work funds. To increase child support payments, Michigan's state plan emphasized serving unemployed noncustodial parents who have child support payments in arrears and whose dependents are receiving TANF assistance; the failure of noncustodial parents to participate in the welfare-to-work program without good cause could lead to their incarceration. Local service delivery areas must devote 50 percent of their welfare-to-work grant funds to assist this population. Michigan distributed its governor's discretionary formula funds to the local areas, providing them with more funding to meet their noncustodial parent expenditure goal. Furthermore, the courts will identify and refer eligible participants to welfare-to-work programs. Within this state focus on noncustodial parents, the local service delivery areas designed their own strategies for the use of welfare-to-work funds, including services to the hardest-to-employ TANF clients referred to welfare-to-work programs by the state welfare agency. For all welfare-to-work participants, the state plan emphasized vigorous case management during the first 90 days of employment to ensure employment retention.

Substate Allocations

Michigan allocated all of the $42,226,331 federal formula grant to the local service delivery areas using the following formula: 50-percent weight was given to the number of people with incomes below the poverty level in excess of 7.5 percent of the service delivery area population, and 50-percent weight was given to the number of welfare recipients in the service delivery area who had received assistance for at least 30 months.

Along with the federal formula funds, Michigan obligated $19,212,981 in state matching funds to the local service delivery areas, for a total of $61,439,312, using the same formula applied to the federal funds. Although two local service delivery areas were allocated less than $100,000 by formula, as shown in table VIII.1, the state provided them with their formula allocations of both federal and state welfare-to-work funds. Michigan planned to use 9 percent ($1,900,185) of the state matching funds for welfare-to-work administration; service delivery areas may spend up to 15 percent of their allocations on welfare-to-work administration.

Table VIII.1: Michigan's Substate Welfare-to-Work Formula Grant Allocations

Service delivery area	Federal formula fund allocation[a]	Match allocation	Total welfare-to-work funds allocated
Region 7B	$796,073	$362,214	$1,158,287
Calhoun ISD	882,675	401,617	1,284,292
Saginaw/Midland/Bay	2,340,684	1,065,012	3,405,696
Berrien/Cass/Van Buren	1,376,057	626,106	2,002,163
The Job Force	456,446	207,683	664,129
City of Detroit	16,073,065	7,313,244	23,386,309
Eastern U.P.	189,105	86,043	275,148
Career Alliance	3,475,444	1,581,327	5,056,771
CAPC	727,984	331,232	1,059,216
Thumb Area	522,321	237,656	759,977
Kalamazoo/St. Joseph	870,407	396,035	1,266,442
West Central	648,456	295,048	943,504
Lansing Tri-County	1,091,952	496,838	1,588,790
Macomb/St. Clair	890,831	405,328	1,296,159
Muskegon/Oceana	1,063,814	484,035	1,547,849
Northeast	477,161	217,108	694,269
Northwest	571,142	259,870	831,012
Oakland County	1,218,317	554,335	1,772,652
Western U.P.	337,368	153,503	490,871
Livingston	23,681	10,775	34,456
Washtenaw	418,295	190,324	608,619
SEMCA	5,498,733	2,501,923	8,000,656
Ottowa	42,987	19,559	62,546
ACSET/Allegan	1,362,353	619,870	1,982,223
South Central	870,980	396,296	1,267,276
Total	**$42,226,331**	**$19,212,981**	**$61,439,312**

[a]The federal formula fund allocation numbers include both the substate formula funds and the governor's discretionary funds, which are 85 percent and 15 percent of the total federal welfare-to-work award, respectively.

Source: Michigan Jobs Commission.

Governor's Discretionary Funds

Michigan allocated 100 percent of the federal formula grant funds to the local service delivery areas. The state retained none of the allowable 15 percent governor's discretionary funds ($6,333,950) at the state level.

Performance Goals

Performance goals were not included in the state plan, but Michigan planned to measure duration of placement into unsubsidized employment, increased child support collection, and earnings, measured after 90 days of employment and other times throughout the year.

New York's Welfare-to-Work Formula Grant Program for Fiscal Year 1998

In New York, the Department of Labor is the welfare-to-work federal grant recipient and state administering entity. New York submitted its welfare-to-work plan on June 29, 1998. On September 11, 1998, Labor awarded fiscal year 1998 formula grant funds to the state totaling $96,886,094. The state assured $48,443,047 in state matching funds over the 3-year grant period. According to a state official, the state provided half of the state match through a legislative appropriation and required local service delivery areas to provide the remaining half of the state match through in-kind or cash contributions.

New York requested that an alternate agency be designated to administer the welfare-to-work program in 2 of its 33 service delivery areas. The Secretary of Labor granted waivers for these two areas, and the welfare-to-work program is administered by the human services agencies for New York City and the Syracuse/Onondaga area. The state required these two human services agencies and the remaining 31 Private Industry Councils to submit plans proposing local welfare-to-work strategies and incorporated these plans in the New York State welfare-to-work plan. As of September 30, 1998, a state official said that most of the local areas were designing their welfare-to-work eligibility determination processes in conjunction with the local social services departments, but none of the local areas had reported enrollments of welfare-to-work participants in the formula grant program.

Activities and Target Populations

New York's state plan for formula funds proposed a general focus on improving the connection to work, providing postemployment assistance, and serving the needs and requirements of employers. The state plan emphasized serving individuals with disabilities, many of whom have experienced long-term welfare dependency but are no longer exempt from work requirements. Within these state initiatives, the local service delivery areas may further specify the target population and choose the mix of services most appropriate for their area needs.

Substate Formula Allocations

New York allocated 85 percent, or $82,353,180, of the federal formula grant to the local service delivery areas using the following formula: 50-percent weight was given to the number of people with incomes below the poverty level in excess of 7.5 percent of the service delivery area population, 25-percent weight was given to the number of long-term welfare recipients in the service delivery area having received assistance for at least 30 months, and 25-percent weight was given to the number of unemployed people in the service delivery area. By using this formula, as shown in table IX.1, all of the service delivery areas in New York qualified for more than $100,000 in formula funds. Local areas can use up to 15 percent of their funding for administrative costs.

Table IX.1: New York's Substate Welfare-to-Work Formula Grant Allocations

Service delivery area	Federal formula fund allocation	State match allocation	Local in-kind or cash match	Total funds available for welfare-to-work
Oyster Bay	$406,989	$101,747	$101,747	$610,483
Hempstead/Long Beach	697,284	174,321	174,321	1,045,926
Suffolk County	1,501,134	375,284	375,284	2,251,702
New York City	58,483,523[a]	14,620,881	14,620,881	87,725,285
Yonkers City	694,484	173,621	173,621	1,041,726
Westchester County Balance	787,626	196,907	196,907	1,181,440
Rockland County	364,907	91,227	91,227	547,361
Dutchess/Putnam	315,083	78,771	78,771	472,625
Orange County	698,684	174,671	174,671	1,048,026
Ulster County	331,636	82,909	82,909	497,454
Sullivan County	246,071[a]	61,518	61,518	369,107
Albany/Rensselaer/Schenectady	1,270,215	317,554	317,554	1,905,323
Columbia/Greene	257,107	64,277	64,277	385,661
Fulton/Montgomery/Schoharie	426,013	106,503	106,503	639,019
Saratoga/Warren/Washington	455,907	113,977	113,977	683,861
Clinton/Essex/Franklin/Hamilton	618,555	154,639	154,639	927,833
Jefferson/Lewis	493,460	123,365	123,365	740,190
St. Lawrence County	512,484	128,121	128,121	768,726
Herkimer/Madison/Oneida	1,051,568	262,892	262,892	1,577,352
Broome/Tioga/Tompkins	842,144	210,536	210,536	1,263,216
Chenango/Delaware/Otsego	457,801	114,450	114,450	686,701
Cayuga/Cortland	384,836	96,209	96,209	577,254
Syracuse/Onondaga	1,238,839	309,710	309,710	1,858,259
Oswego County	391,178	97,795	97,795	586,768
Chemung/Schuyler/Steuben	674,720	168,680	168,680	1,012,080
Ontario/Seneca/Wayne/Yates	480,778	120,195	120,195	721,168
Rochester City	1,926,488	481,622	481,622	2,889,732
Monroe County Balance	420,825	105,206	105,206	631,237
Genesee/Livingston/Orleans/Wyoming	438,531	109,633	109,633	657,797
Niagara County	680,567	170,142	170,142	1,020,851
Buffalo/Erie/Cheektowaga/Tonawanda	3,676,328	919,082	919,082	5,514,492

(continued)

Service delivery area	Federal formula fund allocation	State match allocation	Local in-kind or cash match	Total funds available for welfare-to-work
Allegany/Cattaraugus	557,202	139,301	139,301	835,804
Chautauqua County	570,213	142,553	142,553	855,319
Total[b]	**$82,353,180**	**$20,588,299**	**$20,588,299**	**$123,529,778**

Note: The state provided half of the matching funds through a legislative appropriation and required local service delivery areas to provide the remaining half of the matching funds through in-kind or cash contributions.

[a]Through the federal formula fund allocation to substate areas, New York City received $58,483,523 and Sullivan County received $246,071. However, these two service delivery areas applied for and received additional federal welfare-to-work funding through the governor's discretionary funds, amounting to $2,168,000 for New York City and $61,000 for Sullivan County. These amounts are not included here.

[b]Numbers may not add because of rounding.

Source: New York State Department of Labor.

Governor's Discretionary Funds

New York planned to use the governor's discretionary funds, 15 percent of the formula funds or $14,532,914, for several purposes, awarding grants to a variety of organizations—some to supplement allocations to service delivery areas, others to independent organizations. The largest amount of funding, $8.5 million, was allocated to a multiagency effort called the New York Works Employment Retention and Advancement program for innovative projects to serve "work-limited" individuals, such as people with mental illness, substance abusers, and people with disabilities. Through this program, the state will fund, on a competitive selection basis, as many projects as possible, with awards ranging from a $50,000 minimum to an $850,000 maximum. These projects will provide specific services to move clients into employment and provide postemployment services to help working participants keep their jobs and increase their earnings.

New York also planned to use $2,229,000 of the governor's funds for grants to two local service delivery areas. Although all of the local service delivery areas in the state had the opportunity to obtain additional welfare-to-work moneys from the governor's discretionary funds, only two applied. New York City and Sullivan County, the service delivery areas with the highest and lowest formula grants, received $2,168,000 and $61,000, respectively. New York's client information campaign received $3,271,000 of the funds for projects designed to help clients make informed employment choices while transitioning off welfare. These projects include an update of the state's resource guide, a faith-based initiative, a CD-ROM, teleconferences, and an agreement with the state's Department of Transportation print shop for printed materials. Finally, about $500,000 was designated for the Office of Alcohol and Substance Abuse Services to provide services for welfare-to-work-eligible substance abusers.

Performance Goals

The state planned to place 38 percent of the those who receive assistance through the welfare-to-work grant program in unsubsidized jobs; furthermore, the state planned that of those placed, 46 percent are to continue to be employed after 6 months and to have an increase in earnings of $214 over this time period.

Wisconsin's Welfare-to-Work Formula Grant Program for Fiscal Year 1998

In Wisconsin, the Department of Workforce Development is the welfare-to-work federal grant recipient and state administering entity. Wisconsin submitted its welfare-to-work plan on April 13, 1998. On June 15, 1998, Labor awarded fiscal year 1998 formula grant funds to the state totaling $12,885,951.[11] Collectively, the state and local service delivery areas assured $6,442,976 in state matching funds over the 3-year grant period. According to a state official, local service delivery areas were required to match their federal allocations, and recipients of the governor's discretionary funds matched their allocations.

Wisconsin required its 11 local administrative entities to submit local welfare-to-work plans for state review and approval.[12] One local service delivery area chose not to submit a plan.[13] According to a state official, as of September 30, 1998, no welfare-to-work participants had been enrolled statewide in formula grant programs.

Activities and Target Populations

Wisconsin planned to target noncustodial parents with its formula grant funds and, because its TANF caseload is low, the state also proposed to assist individuals receiving TANF child care subsidies rather than cash assistance. A state official explained that for working families, child care subsidies are considered TANF payments, making recipients eligible for welfare-to-work as long-term TANF recipients. Within the state's focus, the local service delivery areas may further specify the target population and choose the mix of services most appropriate for their area's needs.

Substate Formula Allocations

Wisconsin allocated local service delivery area funding from 85 percent, or $10,953,058, of the federal grant using the following formula: 50-percent weight was given to the number of people with incomes below the poverty level in excess of 7.5 percent of the service delivery area population, and

[11]On April 20, 1998, Wisconsin submitted a written request to Labor for $12,711,210 in federal welfare-to-work funds. This amount reflected a reduction from the state's federal formula allotment to account for $174,741 in welfare-to-work funds declined by one of the local service delivery areas. On June 1, 1998, the state sent Labor a letter transmitting its signed grant agreement requesting the full $12,885,951. Although the service delivery area still declined to accept the funds, the state requested that the full amount be awarded to the state so that it could allocate maximum funding to all local jurisdictions. Wisconsin obligated all its formula funds except for the $174,741, which the state plans to return to Labor.

[12]Wisconsin is encouraging its Private Industry Councils to expand their focus and convert to Workforce Development Boards. Thus, depending on the area, the local administrative entity for the welfare-to-work program may be either a Private Industry Council or a Workforce Development Board.

[13]Prior to July 1, 1998, Marathon County, North Central, and Central were separate service delivery areas but were then combined into a single Workforce Development Area called North Central. Before the restructuring, the Central portion declined to participate in the welfare-to-work program.

50-percent weight was given to the number of long-term welfare recipients in the service delivery area having received assistance for at least 30 months. Since one service delivery area could not obtain matching funds for its allocation of $174,741 and chose not to participate in the welfare-to-work program, Wisconsin deducted this amount from the total substate funds available and allocated $10,778,317 of the federal funds among the remaining delivery areas, as shown in table X.1. Two local service delivery areas, Waukesha-Ozaukee-Washington and Marathon County, qualified for less than the $100,000 federally required minimum; consequently, their allocations reverted to the governor's discretionary funds before being issued to the two local areas. Local service delivery areas may use up to 15 percent of their welfare-to-work funds for administrative costs.

Table X.1: Wisconsin's Substate Welfare-to-Work Formula Grant Allocations

Service delivery area	Federal formula allocation	Local match allocation	Total funds available for welfare-to-work
Southeastern	$527,326	$263,663	$790,989
Fox Valley (Northern Lake Winnebago and Winne-Fond-Lake)	136,811	68,406	205,217
Marathon County[a]	76,644	38,322	114,966
South Central (Dane County and South Central)	287,479	143,740	431,219
Northwest	441,405	220,703	662,108
Central[a]	0	0	0
West Central	486,902	243,451	730,353
Waukesha-Ozaukee-Washington	64,216	32,108	96,324
North Central[a]	155,832	77,916	233,748
Bay Area (Northeastern and Lake Michigan)	364,646	182,323	546,969
Southwest (Southwest and Rock County)	337,801	168,901	506,702
Western	473,712	236,856	710,568
Milwaukee	7,425,543	3,712,772	11,138,315
Total[b]	**$10,778,317**	**$5,389,159**	**$16,167,476**

Note: This table does not show state matching funds because local service delivery areas in Wisconsin were required to match their federal allocations.

[a]Since the Central portion of the new North Central service delivery area declined to participate in the welfare-to-work program, North Central's other two portions—Marathon County and North Central—were funded as separate entities under welfare-to-work. Therefore, although the state technically has only 11 service delivery areas, 13 service delivery areas are listed in this table, including North Central's three subsections.

[b]Totals may not add because of rounding.

Source: Wisconsin Department of Workforce Development.

Governor's Discretionary Funds

The governor's discretionary welfare-to-work funds, 15 percent of the formula fund allocation, totaled $1,932,893 and are planned to be used for a variety of purposes, many independent of the service delivery areas. For example, $1,092,959 was awarded to the state's Department of Corrections to provide employment assistance to noncustodial parents in correctional institutions, on parole, or on probation; $180,000 to the state's Bureau of Apprenticeship Standards for an apprenticeship program; $90,000 to the

United Migrant Opportunity Services for projects serving migrants and seasonal farmworkers in rural areas; $180,000 to be allocated among 8 projects serving Southeast Asian immigrants; $100,000 to the state's Division of Economic Support to modify its data support system; $100,000 to the Division of Workforce Excellence for welfare-to-work administration; and $189,934 to the Division of Economic Support to hire research analysts. Additionally, the allocations for the two local service delivery areas that received under $100,000 were temporarily added to the governor's discretionary funds and were reallocated to the two local areas.

Performance Goals

A state official said that Wisconsin did not include specific, numeric performance goals in its state plan, but the service delivery areas have local goals that are similar to their JTPA performance measures. Wisconsin had approximately 30,000 TANF recipients in 1997, some of whom will receive assistance from welfare-to-work. Of those who receive assistance from welfare-to-work, the goal is for a significant percentage to obtain unsubsidized employment, ranging from 40 percent in Milwaukee to 80 percent in other areas of the state; of those placed in unsubsidized employment, duration goals range from 40 percent of participants remaining employed after 3 months in Milwaukee to 70 percent remaining employed after 12 months in areas with lower unemployment; and for wage increases, the goal is that participants will experience a countable increase in earnings, such as the goal of a 40-percent wage increase over previous wage levels in Milwaukee, with starting wages as high as $7.75 an hour.

Related GAO Products

Welfare Reform: Implementing DOT's Access to Jobs Program (GAO/RCED-99-36, Dec. 8, 1998).

Welfare Reform: Early Fiscal Effects of the TANF Block Grant (GAO/AIMD-98-137, Aug. 18, 1998).

Welfare Reform: States Are Restructuring Programs to Reduce Welfare Dependence (GAO/HEHS-98-109, June 18, 1998).

Welfare Reform: Transportation's Role in Moving From Welfare to Work (GAO/RCED-98-161, May 29, 1998).

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