

Chapter 22

Blending Multiple Funding Streams into County Welfare-to-Work Programs

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In August 1996, the president signed a comprehensive federal welfare reform bill, the Personal Responsibility and Work Opportunity Reconciliation Act, which consolidated the Aid to Families with Dependent Children (AFDC), Emergency Assistance, and Job Opportunities and Basic Skills (JOBS) programs into a single block grant for Temporary Assistance to Needy Families (TANF). The primary focus of the 1996 act was to (1) provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives; (2) end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage; (3) prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numeric goals toward this end; and (4) encourage the formation and maintenance of two-parent families.

In response to the federal legislation, states developed their own legislation (CalWORKs) that would adhere to the new federal guidelines while instituting welfare-to-work (WtW) programs within separate counties or statewide. Welfare agencies across the nation relied heavily on their welfare-to-work departments (formerly known as employment and training programs) to propel welfare recipients into economic self-sufficiency (Greenberg and Appenzeller, 1998). By funding welfare in block grants to states, the law provides increased flexibility to states and counties to design their own welfare-to-work programs. This flexibility enables agencies to utilize multiple forms of funding to maximize client eligibility and service outcomes.

Despite the new flexibility, blending funding streams can be complicated to manage due to different service eligibility criteria and methods of accountability. This is a case study of how Sonoma County Human Services Department blended state and federal funding to implement welfare-to-work programs that addressed an array of client needs. The case focuses on

the multiple funding streams used to maximize client participation and service outcomes.

LITERATURE REVIEW HIGHLIGHTS

Although literature on utilization of multiple funding for welfare-to-work programs is scarce at best, it is important to focus briefly on the management of multiple funding sources within an environment of resource dependency. While it is well known that nonprofit social service agencies seek multiple resources to accomplish specific goals, it is not always clear which political and economic forces will shape their organizational actions. External forces include the volume and nature of service demand, professional and institutional models of action, structure of available resource streams, and the actions of other similar organizations. Internal forces include agency mission and formal organizational structure (Gronbjerg, 1993). In essence, they are resource dependent.

Using a resource-dependency model for understanding organizational behavior (Gronbjerg, 1993), Gronbjerg argues that funding structures provide the critical context within which nonprofit decision making takes place. Key nonprofit funding sources, such as governmental grants, differ according to their predictability and how easily they can be controlled. Funding sources introduce uncertainty into organizational decision making. They differ in the range and nature of management tasks they require, the effort organizations must devote to these tasks, and the extent to which these tasks can be routinized (Gronbjerg, 1993, p. 32).

A major aspect of obtaining and working with government funding is data collection and cost analysis related to the number of participants, costs per participant, and program costs. The following data items are critical to the cost analysis of ongoing welfare-to-work programs (Greenberg and Appenzeller, 1998) in relationship to the time the participant spends in each program component:

1. Allowances paid to program participants (e.g., day care, clothing)
2. Vendor payments made on behalf of program participants (e.g., day care)
3. Subsidies paid to employers who hire program participants
4. Salary and fringe benefits of each staff member
5. Special purchases (e.g., forms, computers, furniture) for program use
6. Office overhead

Utilizing multiple funding is complex and challenging, as each funding source has different policies and requirements. These include the types of activities that are fundable, the level of funding available, service program requirements, deadlines and grant award dates, reporting requirements, and payment procedures. However, maintaining multiple funding sources can be advantageous to an agency by providing flexibility to meet the demands of a diverse community. The trade-off for blending multiple funding sources involves compliance with continuous monitoring and adjusting, complex client eligibility and/or program guidelines, separate financial accounting, and differing enrollment criteria and monitoring strategies. The organizational structure of Sonoma County Human Services Department made it simpler to blend funding streams because CalWORKs, Job Training Partnership Act (JTPA), and welfare-to-work funds are all monitored within the department, rather than being located in separate agencies. The following sections outline the three main legislative sources and funding streams used by Sonoma County to support programs with broad-based client eligibility and service delivery. The three pieces of federal legislation include the TANF welfare system, JTPA job-training programs, and welfare-to-work labor programs.

CALWORKS/TANF

In 1997, the passage of AB 1542, the California Work Opportunity and Responsibility to Kids Act (CalWORKs), provided a framework for the distribution of TANF funds in California. Statewide CalWORKs rules went into effect on January 1, 1998, requiring counties to phase current recipients into CalWORKs by January 1, 1999. The major changes that came with the new CalWORKs legislation included time limits on benefits, workforce participation requirements, and funding for support services that enhance an individual's ability to participate in welfare-to-work programs. One billion dollars in federal funds are available through the year 2003 as a performance bonus to reward states for moving TANF recipients into jobs.

JOB TRAINING PARTNERSHIP ACT

The federal Job Training Partnership Act authorizes and funds a number of employment and training programs in California. JTPA's primary purpose is to establish programs to provide job-training services for economically disadvantaged adults and youths, dislocated workers, and others who face significant employment barriers. JTPA is divided into four programs

designed to serve a specific purpose or group. These programs help prepare individuals in California for participation in the state's workforce, increase their employment and earnings potential, improve their educational and occupational skills, and reduce their dependency on welfare.

In California, the state employment development department (EDD) administers the program and distributes funds among California's fifty-two service delivery areas (SDAs), which are comprised of units of local government and private industry councils (PIC). The PICs consist of representatives from private business, community-based organizations, organized labor, private-sector business, local government, and local educational institutions (California Employment Development Department, 2000).

WELFARE-TO-WORK

The federal welfare-to-work program was authorized in 1998 to complement the major welfare reform provisions set forth in the 1996 Temporary Assistance to Needy Families program. This new funding source complements TANF in that it is designed specifically for work-related activities for those who are least employable and face numerous barriers to employment. Services utilizing WtW funds may also be used to serve noncustodial fathers of children who receive TANF.

Unlike TANF, which is managed by the U.S. Department of Health and Human Services (DHHS), the WtW program is administered by the U.S. Department of Labor (DOL). It is intended to assist states in meeting their welfare reform objectives by providing resources to propel the least employable into sustained, long-term, unsubsidized employment. Some uses of WtW funds include but are not limited to the following (U.S. Department of Labor, 1997):

- Wage subsidies
- On-the-job training
- Job readiness
- Job-placement services
- Postemployment education and services
- Job vouchers for job readiness, placement, or postemployment services, community service, or work experience
- Job-retention services
- Other support services

Seventy-five percent of WtW funds are allocated to states based on a formula that takes into account the number of poor individuals and adult recipi-

ents of assistance under TANF in each state. States are required to pass along 85 percent of the money to local private industry councils, which oversee and guide job-training programs in geographical jurisdictions called service delivery areas. A state is allowed to retain 15 percent of the money for welfare-to-work projects of its choice. States must provide \$1 of nonfederal funding match for every \$2 of federal funding provided under the formula (U.S. Department of Labor, 1999).

BLENDING THREE FUNDING STREAMS

Blending these three funding sources (CalWORKs, JTPA, and WtW) allowed Sonoma County to work within federal guidelines to develop programs that increased the number of participants as well as their success in gaining and maintaining employment. If a willing participant did not meet eligibility criteria for one funding source, then the county would enroll that person using other funding sources. The following are three examples of county-developed programs that blend multiple funding streams to maximize client participation and service outcomes: youth programs, homeless services, and the Sonoma Caregivers Program.

Youth Programs

Sonoma County funded a total of five youth programs in program year 1999, including Circuit Rider Productions (Summer Youth Conservation Corps [SYCC]), Petaluma People Services Center (PPSC), Social Advocates for Youth (SAY), Sonoma County Association for Youth Development (SCAYD), and West County Community Services (WCCS).

Contracts were awarded to nonprofit agencies based on grant proposals selected by the Sonoma County Human Services Department (HSD) in keeping with community needs. Funds were blended for these youth programs in response to cuts in allocations from the previous year. Sonoma County used multiple funds in an effort to maintain their commitment to the community in serving eligible youth participants. Some funds were kept in-house by the county to offset administrative costs, with the balance being distributed through cost-reimbursement contracts for services provided by community-based organizations.

The funding for these programs was blended in the form of 60 percent JTPA and 40 percent CalWORKs. This funding split was based on the goal that 40 percent of the program participants would be members of families receiving TANF. The county prescribed the parameters of participant eligibility, and applicants were referred to the contract agency for selection and

enrollment. In keeping with CalWORKs funding restrictions for this county-developed program, 40 percent of youth participants in the programs were required to be TANF eligible. In 1999, all TANF youths were exempt from CalWORKs work requirements.

For these youth programs, JTPA had a funding requirement as well. Thirty percent of total funds received must be spent in addressing the needs of out-of-school youths aged fourteen to twenty-one, who do not meet the criteria of an in-school youth (defined as a youth who has not yet attained a high school diploma and is attending school full-time). Out-of-school youths can therefore be youths that have attained a high school diploma or GED or youths that for any number of reasons are not attending school full-time.

Homeless Services

Homeless Services of Sonoma County is another example of blended funding. It involves contracts with nonprofit agencies related to subsidies. One contract with the California Human Development Corporation (CHDC) provides the homeless with wage subsidies. Another contract with the Sonoma County Community Development Commission (CDC) provides the homeless with housing subsidies. Between the two contracts, Sonoma County annually spends approximately \$2 million for homeless services. Under the terms of both contracts, the agencies agree to provide services to any and all county-referred clients, and both are required to coordinate services with the other. Although performance goals are outlined in each of the contracts with the community-based organizations, they are not a requirement of the funding sources.

The following client services are described in the CHDC contract with the county:

- Case management
- Paid work experience
- Temporary unsubsidized employment
- Job-retention work maturity workshops
- Life skills training
- Workshops
- Coordination and facilitation of support services for housing
- Transportation
- Health and human resources
- Individual short-term vocational skills training
- Unsubsidized job placement and retention
- Van transportation service

The county maintains the final word on all services and participant statuses under the contract (California Human Development Corporation, 1999). The CDHC is required to submit a monthly performance report (MPR) as well as a monthly cost report (MCR) for homeless services. Participants of this program are required to develop a community service/work experience training agreement outlining their plan to meet the CalWORKs and WtW work requirements.

Sonoma County's contract with the CDC is similar to CDHC. In the contract, the CDC administers rent subsidies on behalf of county-referred clients, and they are required to submit monthly MPRs and MCRs to the human services department. The responsibilities of the CDC include, but are not limited to, processing applications, providing housing-search support, arranging leases and inspections, and providing program staff supervision. Ongoing training between the CDHC, CDC, and human services staffs occurs as necessary. Human services trains homeless services staff on policies and procedures of the SonomaWORKS/WtW program, and homeless services trains human services staff on services, policies, and procedures of their programs.

Multiple funding of homeless services in Sonoma County makes it possible to reach the most unemployable populations. The welfare-to-work funds target persons with multiple barriers to employment. Its eligibility requirements make it possible to include noncustodial parents of children receiving TANF. The CalWORKs funds provide the cash assistance that welfare-to-work cannot, in addition to support services such as child care and transportation.

Although WtW opens up eligibility for noncustodial parents, it has a rather significant limitation. Eligibility criteria for welfare-to-work funds dictate that 70 percent of funds be utilized for one group of clients, while no more than 30 percent may be used for another. The problem in Sonoma County was that the numbers of clients who fit specifically into the 30 percent eligibility category far outnumbered the limit the county could enroll. As a result, the county used additional unspent CalWORKs money to offset the costs of the additional participants.

Blended funding also has other challenges. Enrollment and monitoring of participants must be done continuously due to separate eligibility requirements and the importance of keeping separate financial accounts. Because the programs rely on state funds, new funding guidelines may require changes in program designs. Monitoring clients, determining eligibility, and adjusting programs to meet funding requirements is an ongoing administrative challenge, involving extensive paperwork and constant change.

Sonoma Caregivers Program

The Sonoma Caregivers Program grew out of the combined efforts in 1997 of staff collaboration inside Sonoma County's human services department, namely the program development manager and county in-home support services (IHSS) staff. There was a need for service providers in IHSS, and this need matched the job-development objectives of SonomaWORKS. It was determined that recruiting welfare recipients as IHSS workers, along with ongoing training and opportunities to advance within the in-home health care system, would create a win-win partnership for both programs. The county would place people in jobs and the IHSS program would have a larger staff and more flexibility. Program participants would learn job skills and have the opportunity to continue their education and receive their license as certified nursing assistants (CNAs) or home health aides (HHAs).

Recruitment was done in two main ways. First, an informational flyer was included in the mailing of the monthly income report forms encouraging interested persons to contact IHSS for job applications. Second, information was shared with potential CalWORKs participants at the mandatory orientation sessions. Those who were interested in the program were asked to fill out a questionnaire that SonomaWORKS and IHSS staff could use to assess a person's suitability for the position. If deemed suitable by SonomaWORKS staff, the application was forwarded to the screening committee. Once they had received an appropriate number of applications, IHSS and SonomaWORKS staff screened applications to select those for formal interviews. The final step came when potential participants met with employers (usually disabled persons or homebound elderly), who had the final say in selecting a person to provide attendant care.

The process continued until there were about twenty suitable participants, enough for a training group. Sonoma Caregivers training included a ten-week program designed to educate participants about the basic skills necessary for IHSS work along with the rights and responsibilities of both worker and client. Participants worked as part-time IHSS workers during the ten-week program and met for four training hours each week to cover topics such as preventive care, effects of aging, communication skills, and nutrition.

With the satisfactory completion of caregivers training, participants were given the option of progressing to the next level—the CNA training. If participants demonstrated satisfactory progress in that area, they were then given the option to participate in the HHA training process. Incentive for the CNA and HHA programs was high; wages and employability increased as participants received higher levels of skill training.

Although generally successful, the Sonoma Caregivers Program encountered several challenges. First, recruitment was difficult due to the relatively low unemployment rate in Sonoma County, and the IHSS minimum wage was lower than other entry-level wages. Second, IHSS is often physically and emotionally taxing, and many people do not want to work that hard for minimum wage.

This training program required multiple funding streams that included CalWORKs (ten-week caregivers training), JTPA (CNA and HHA training), and in-kind services from the existing IHSS program (a nurse for six hours for the ten-week period and a provider coordinator for thirty hours during the ten-week period). Because the funds were blended, the program was free to provide job training, job skills, and support services to men and women, parents and nonparents. In-kind services by IHSS enabled services to be provided that would not normally be covered under typical welfare-to-work regulations.

LESSONS LEARNED

The lessons learned about blended funding are drawn from all three case examples. The following lessons reflect a mixture of issues regarding eligibility, monitoring, training, and continuity of service:

1. It is sometimes necessary to take the risk of using alternate methods of funding client services, especially when the state-allocated funding formula does not always fit the description or needs of clients. For example, although CalWORKs/TANF funds cannot be used to provide services to noncustodial fathers of TANF-eligible children, these persons could meet eligibility requirements for WtW funding, provided that other criteria are met. Counties who see a number of unemployed fathers may do well to utilize this funding.
2. Given the constraints of underspending or overspending allocated program funds, it is necessary to closely monitor client eligibility. For example, CalWORKs has ongoing monthly eligibility monitoring while JTPA continues to fund anyone who was eligible at the onset of services. Therefore, when CalWORKs clients are no longer eligible for benefits, they can be enrolled in JTPA when space is available and eligibility criteria are met.
3. In order to help staff from different programs understand the differences in client eligibility and needs, cross training between welfare-to-work staff and contract agencies is very important. To prevent misunderstandings and potential stereotyping of clients, it is imperative

- that both groups fully understand the goals and objectives of each other's programs in order to maximize program and client successes as well as monitor the extent to which personal values may be clouding professional judgments.
4. It is an ongoing challenge for management to convey to staff the importance of administrative tasks for maintaining the continuous flow of funding. Constant documentation, monitoring, and adjusting are crucial to maintaining state and federal funding. Reasons for providing certain information need to be made clear to all involved.
 5. Ongoing service integration is needed where staff from programs assisting parents work in cooperation with systems assisting their children. Case managers for both groups need to communicate on a regular basis.

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