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Report to the Chairman, Committee on the Budget, House of Representatives

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WELFARE REFORM

Transportation's Role in Moving From Welfare to Work

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Resources, Community, and
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The Honorable John R. Kasich
Chairman, Committee on the Budget
House of Representatives

Dear Mr. Chairman:

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P. L. 104-193, Aug. 22, 1996) replaced the existing entitlement program for poor families with a program that includes work requirements and time limits on assistance. Welfare reform specialists contend that transportation is an important element in moving people from welfare to work because three-fourths of welfare recipients live in either central cities or rural areas, while two-thirds of new jobs are located in the suburbs. This geographic mismatch is compounded by the low rate of car ownership among welfare recipients. To address the apparent need for transportation services for welfare recipients, the Department of Transportation (DOT) proposed to establish a $600 million Access to Jobs program to be administered by the Federal Transit Administration (FTA). Furthermore, surface transportation reauthorization bills passed by the House and Senate would establish similar programs. In addition, although smaller than DOT's proposed program, the Department of Housing and Urban Development provided funds toward a $17 million Bridges to Work project to support transportation and other services to help low-income people get to jobs.

Concerned about the need, scope, and size of DOT's proposed Access to Jobs program, you asked us to (1) determine if current studies and research demonstrate the importance of transportation services in implementing welfare reform, (2) assess the preliminary results of FTA's current welfare-to-work programs and the Department of Housing and Urban Development's (HUD) Bridges to Work program, and (3) determine how an Access to Jobs program would support welfare reform.

Results in Brief

Transportation and welfare studies show that without adequate transportation, welfare recipients face significant barriers in trying to move from welfare to work. These challenges are particularly acute for urban mothers receiving welfare who do not own cars and must make multiple trips each day to accommodate child care and other domestic responsibilities and for the rural poor who generally drive long distances

in poorly maintained cars. Existing public transportation systems cannot always bridge the gap between where the poor live and where jobs are located. These existing systems were originally established to transport inner city residents to city locations and bring suburban residents to central-city work locations. However, the majority of the entry-level jobs that welfare recipients and the poor would be likely to fill are located in suburbs that have limited or no accessibility through existing public transportation systems. Furthermore, many entry-level jobs require shift work in the evenings or on weekends, when public transit services are either unavailable or limited.

The Federal Transit Administration has funded welfare-to-work demonstration projects, planning grants, and regional seminars, while the Department of Housing and Urban Development's Bridges to Work research program is in the early stages of placing inner-city participants in suburban jobs. Although these programs began recently and have limited funding, they have identified programmatic and demographic factors that state and local officials should consider when they select the best transportation strategies for their welfare-to-work programs. These factors include collaboration among transportation providers and employment and human services organizations, analyses of local labor markets to help design transportation strategies that link employees to specific jobs, and flexible transportation strategies that may not always rely on existing mass transit systems.

If authorized, an Access to Jobs program would bring additional resources and attention to the transportation element of welfare reform. However, limited information about the program's objectives or expected outcomes makes it difficult to evaluate how the program would improve mobility for low-income workers or support national welfare-to-work goals. The new program also may require the Federal Transit Administration—an agency accustomed to funding mass transit systems—and local transit agencies to undergo a cultural change whereby they are willing to accept nontraditional approaches for addressing welfare to work barriers. These nontraditional approaches include working with local employment and social service agencies to develop a collaborative network for placing welfare recipients in jobs and considering a mix of transportation approaches that do not always rely on existing mass transit systems as the preferred method for transporting welfare recipients to jobs. In addition, the agency must ensure that the millions of dollars it contributes to welfare reform support rather than duplicate the transportation funds provided through other federal and state agencies. While the Federal

Transit Administration has begun to consider some of these important issues, addressing all of them before the program is established would help ensure that the transportation funds provided for an Access to Jobs program would be used efficiently and effectively in support of national welfare goals.

Background

DOT's proposal to reauthorize surface transportation included a 6-year, $600 million Access to Jobs program to support new transportation services for low-income people seeking jobs. The funding levels and other program details of such an initiative may change as the Congress completes final action in 1998 to reauthorize surface transportation programs. The House and Senate reauthorization proposals would authorize appropriations of $900 million over 6 years for similar programs to be administered by DOT. The Senate proposal would also authorize appropriations of an additional $600 million (bringing the total to $1.5 billion) over the same period for a reverse commute program that the Department could use to support its welfare-to-work initiatives.[1] While these programs have not been established, several federal departments currently provide states and localities with federal funds to support transportation welfare reform initiatives.

The Department of Health and Human Services (HHS) administers the Temporary Assistance for Needy Families (TANF) program—a $16.5 billion program of annual block grants to the states that replaced Aid to Families With Dependent Children (AFDC). The states may use TANF funds to provide transportation assistance to people on or moving off of public assistance. However, the states generally may not use TANF funds to provide assistance to a family for more than 60 months and must require parents to work within 24 months of receiving assistance.

The Balanced Budget Act of 1997 established a 2-year, $3 billion Welfare-to-Work program administered by the Department of Labor (DOL). Among other things, this grant program provides funding for job placement, on-the-job training, and support services (including transportation) for those who are the most difficult to move from welfare to work. The states receive about 75 percent of the funds on the basis of a formula, while local governments, private industry councils, and private,

[1]As defined in the Senate proposal, a reverse commute project means a project related to the development of transportation services designed to transport residents of urban areas, urbanized areas, and areas other than urbanized areas to suburban employment opportunities.

community-based organizations receive most of the remaining 25 percent on a competitive basis.[2]

Although not specifically designed to address welfare-to-work issues, HUD's $17 million Bridges to Work program provides funds to support transportation, job placement, and counseling services for a small number of low-income people living in the central cities of Baltimore, Chicago, Denver, Milwaukee, and St. Louis. HUD provided an $8 million grant for the program in fiscal year 1996, while the Ford, Rockefeller, and MacArthur Foundations provided $6 million and local public and private organizations contributed the remaining $3 million. The demonstration program began in late 1996 and will be completed in 2000.

Transportation Is an Important Element of Welfare Reform

Access to transportation is generally recognized by social service and transportation professionals as a prerequisite for work and for welfare reform. According to the Census Bureau, in 1992, welfare recipients were disproportionately concentrated in inner cities—almost half of all people who received AFDC or state assistance lived in central cities, compared with 30 percent of the U.S. population. However, as cited in the 1998 report entitled Welfare Reform and Access to Jobs in Boston (the 1998 Boston study), national trends since 1970 show that most new jobs have been created in the suburbs rather than in the inner cities.[3] In addition, this study indicated that about 70 percent of the jobs in manufacturing, retailing, and wholesaling—sectors employing large numbers of entry-level workers—were located in the suburbs.

Many of these newly created entry-level suburban jobs should attract people moving from welfare to work since many welfare recipients lack both higher education and training. However, most welfare recipients seeking employment live in central cities that are located away from these suburban jobs. Thus, the less-educated, urban poor need either a car or public transportation to reach new suburban employment centers. However, both modes of transportation have posed challenges to welfare recipients.

[2]Some of the funds are set aside for special purposes, including Indian tribes and program evaluation.

[3]Welfare Reform and Access to Jobs in Boston, Bureau of Transportation Statistics BTS98-A-02 (Washington, D.C.: Jan. 1998).

Welfare Recipients Have Limited Access to Cars and Reliable Public Transit

The 1998 Boston study and a 1995 GAO study found that the lack of transportation is one of the major barriers that prevent welfare recipients from obtaining employment.[4] A significant factor limiting welfare recipients' job prospects has been their lack of an automobile. According to a 1997 HHS study, less than 6 percent of welfare families reported having a car in 1995 and the average reported value of the car was $620. According to DOT's Bureau of Transportation Statistics (BTS), these figures are probably low because previous welfare eligibility rules limiting the value of assets may have led some recipients to conceal car ownership. Under AFDC, families that received assistance were not allowed to accumulate more than $1,000 in resources such as bank accounts and real estate. This limit excluded the value of certain assets, including vehicles up to $1,500 in value.[5] However, a 1997 study of welfare mothers found that car ownership ranged from 20 to 40 percent.[6]

Without a car, welfare recipients must rely on existing public transportation systems to move them from their inner-city homes to suburban jobs. However, recent studies show important gaps between existing transit system routes and the location of entry-level jobs. For example, the 1998 study of Boston's welfare recipients found that while 98 percent of them lived within one-quarter mile of a bus route or transit station, just 32 percent of potential employers (those companies located in high-growth areas for entry-level employment) were within one-quarter mile of public transit. The study noted that it was presumed that welfare recipients living in or near a central city with a well-developed transit system could rely on public transit to get to jobs. However, the study found that Boston's transit system was inadequate because (1) many high-growth areas for entry-level employment were in the outer suburbs, beyond existing transit service; (2) some areas were served by commuter rail, which was expensive and in most cases did not provide direct access to employment sites; and (3) when transit was available, the trips took too long or required several transfers, or transit schedules and hours did not match work schedules, such as those for weekend or evening work.

[4]Welfare to Work: Most AFDC Training Programs Not Emphasizing Job Placement (GAO/HEHS-95-113, May 19, 1995).

[5]Most states have raised their vehicle asset limits under TANF. As of Oct. 1997, 47 states had increased their vehicle asset limits from the $1,500 allowed under AFDC, with 22 states allowing at least one vehicle of any value.

[6]K. Edin and L. Lein, Making Ends Meet: How Single Mothers Survive Welfare and Low-Wage Work, (Russell Sage Foundation, 1997).

Similar findings were reported in a July 1997 study of the Cleveland-Akron metropolitan area.[7] The study found that since inner-city welfare recipients did not own cars, they had to rely on public transit systems to get to suburban jobs. The study found that welfare recipients traveled by bus at times outside the normal rush-hour schedule and often had significant walks from bus stops to their final employment destinations. The study concluded that these transportation barriers would be difficult to overcome using traditional mass transit since the locations of over one-half of the job openings were served by transit authorities other than the one serving inner-city Cleveland residents. The study further indicated that even within areas where employers were concentrated, such as in industrial parks, employers' locations were still too dispersed to be well served by mass transit systems.

Urban Welfare Mothers and Rural Residents Have Special Transportation Needs

According to BTS, transportation for welfare mothers is particularly challenging because they do not own cars and must make more trips each day to accommodate their child care and domestic responsibilities. According to 1997 Census and Urban Institute information, most adult welfare recipients were single mothers, about half of these mothers had children under school age, and more than three-fourths had a high school diploma or less education. To reach the entry-level jobs located in the suburbs without access to a car they would have to make a series of public transit trips to drop children off at child care or schools, go to work, pick their children up, and shop for groceries. According to BTS, traditional transit service is unlikely to meet the needs of many welfare mothers, given their need to take complex trips.

For those who do not live in a city, transportation to jobs is also important. In 1995, the National Transit Resource Center, a federally funded technical assistance resource, found that about 60 million rural Americans were underserved or unserved by public transportation.[8] Forty-one percent of rural Americans lived in counties that lacked any public transportation services, and an additional 25 percent of rural residents lived in areas with below-average public transit service. According to the Community Transportation Association of America—a nationwide network of public and private transportation providers, local human services agencies, state and federal officials, transit associations,

[7] C. Coulton, et al, Housing, Transportation and Access to Suburban Jobs by Welfare Recipients in the Cleveland Area. Cleveland, OH, Center for Urban Poverty and Social Change, Case Western Reserve University, 1997.

[8] Atlas of Public Transportation in Rural America, National Transit Resource Center, 1995.

and individuals—the rural poor have less access to public transportation than their urban counterparts and must travel greater distances to commute to work, obtain essential services, and make needed purchases. In addition, members of low-income rural groups generally own cars that are not maintained as well as they need to be for long-distance commutes.

FTA's and HUD's Programs Support Welfare Reform

Both DOT and HUD have implemented initiatives to support transportation strategies for moving welfare recipients off federal assistance and into full-time employment. Primarily through FTA's demonstration programs and seminars and HUD's Bridges to Work program, these agencies have provided limited funding for programs that support transportation research and demonstration programs aimed at helping the poor move from welfare to work. While the number of welfare recipients moved into jobs has been low, the programs have identified programmatic and demographic factors that local transportation and welfare officials should consider to ensure that the most effective transportation strategies are employed to support welfare reform.

FTA Is Using Several Strategies to Support Welfare Reform

According to an FTA official, the agency is supporting welfare-to-work initiatives by funding demonstration projects, working with state and local partners to encourage the development of collaborative transportation plans, providing states and localities with technical assistance, and developing a program that would increase the financial resources available for welfare initiatives. Of the estimated $5 million that FTA has provided for welfare initiatives in 1993 through 1998, the agency's largest effort has been its JOBLINKS demonstration program. JOBLINKS, a $3.5 million demonstration program administered by the Community Transportation Association of America, began in 1995 to fund projects designed to help people obtain jobs or attend employment training and to evaluate which types of transportation services are the most effective in helping welfare recipients get to jobs.

As of March 1998, JOBLINKS had funded 16 projects located in urban and rural areas of 12 states.[9] Ten projects are completed and six are ongoing. While the projects' objectives are to help people obtain jobs or attend

[9]Phase I of the program was completed in fiscal year 1996 and covered 10 projects; another 6 projects are currently under way in Phase II. Phase I sites were Fresno, CA; Portland, OR; Glendale/Azalea, OR; Pine Bluff, AR; Blytheville, AR; Louisville, KY; seven counties in Southeast KY; Cabarrus County, NC; Sault Ste. Marie, MI; and Detroit, MI. Phase II sites are Kansas City, KS; Anne Arundel County, MD; North Delta, MS; Zuni Pueblo and McKinley County, NM; Rochester, NY; and Wayne and Cabell Counties, WV.

employment training, the projects' results have differed. For example, a JOBLINKS project in Louisville, Kentucky, was designed to increase by 25 percent the number of inner-city residents hired at an industrial park. The JOBLINKS project established an express bus from the inner city to the industrial park, thereby reducing a 2-hour commute for inner-city residents to 45 minutes. Although an April 1997 evaluation of the project did not indicate if the project had met the 25-percent new-hire goal, it stated that 10 percent of the businesses in the industrial park were able to hire inner-city employees as a result of the express service. Another JOBLINKS project—in Fresno, California—was established to provide transportation services to employment training centers and thereby reduce dropout rates and increase the number of individuals who found jobs. The April 1997 evaluation of the project found that of the 269 participants in a job training program, 20 had completed the program and 3 had found jobs.

FTA has also helped state and local transportation agencies develop plans for addressing the transportation needs of their welfare recipients. In 1997, FTA and the Federal Highway Administration provided the National Governors' Association (NGA) with $330,000 to develop plans that identify the issues, costs, and benefits associated with bringing together the transportation components of various social service programs. In January 1997, NGA solicited grant applications and 24 states and one territory applied for grants.[10] All 25 applicants received grants and are participating in the demonstration project; final plans are expected by September 1998.

FTA has also sponsored regional seminars that focus on the transportation issues involved in welfare reform and the actions that states and local agencies need to take to address these issues. The seminars are intended to encourage the states to develop transportation strategies to support their welfare reform programs and to facilitate transportation and human services agencies working together to develop plans that link transportation, jobs, and support services. In addition, FTA helps fund the National Transit Resource Center, which provides technical assistance to communities.[11] For example, the Resource Center developed an Internet site that provides up-to-date information on federal programs, transportation projects, and best practices.

[10]The 24 states and one territory are Alaska, Arkansas, Connecticut, Delaware, Illinois, Indiana, Iowa, Kentucky, Maryland, Michigan, Minnesota, Mississippi, Missouri, Nebraska, New Jersey, North Carolina, Ohio, South Carolina, Tennessee, Texas, the U.S. Virgin Islands, Virginia, Washington, Wisconsin, and Wyoming.

[11]The National Transit Resource Center is operated by the Community Transportation Association of America with support from FTA and HHS.

HUD's Bridges to Work Project Is in Early Stages of Implementation

HUD's Bridges to Work program is a 4-year research demonstration program that began in late 1996 with $17 million in public and private funding. This program is intended to link low-income, job-ready, inner-city residents with suburban jobs by providing them with job placement, transportation, and support services (such as counseling). The program was conceived by Public/Private Ventures, a nonprofit research and program development organization located in Philadelphia. Under the program, a total of about 3,000 participants in five cities—Baltimore, Chicago, Denver, Milwaukee, and St. Louis—will receive employment, transportation, and support services.

According to HUD, it became involved in welfare reform because a large portion of its clients are low-income or disadvantaged persons who rely upon welfare benefits. Several HUD programs, according to Bridges to Work program documents, are intended to address the geographic mismatch between where the jobless live and where employment centers operate. Bridges to Work researchers identified three solutions to this mismatch: (1) disperse urban residents by moving them closer to suburban jobs, (2) develop more jobs in the urban community, or (3) bridge the geographic gap by providing urban residents with the mobility to reach suburban jobs. HUD's Bridges to Work program is intended to address the third solution. It was designed to determine whether the geographic separation of jobs and low-income persons could be overcome by the coordinated provision of job, transportation, and support services.

The program's goal is to place 3,000 low-income people in jobs during the 4 years of the program. Through March 1998, the Bridges to Work program had placed 429 low-income, urban residents in suburban jobs. According to the project's sponsors, the number of placements has been low in part because the program accepts only job-ready applicants—a criterion that limits the number of eligible participants when unemployment rates are low and job-ready people are already employed. A Bridges to Work participant must meet the following criteria: He/she must be at least 18, have a family income of 80 percent or less of the median family income for the metropolitan area (e.g., $29,350 for a family of one in Milwaukee), live in the designated urban area, and be able to work in the designated suburban area. In addition, no more than one-third of the participants can be former AFDC recipients.[12] The pilot phase of the program found jobs paying between $6.00 and $7.99 per hour for over 70 percent of the first

[12]The project's sponsors designed the demonstration program to cover many low-income people, not just people covered by any one assistance program. Accordingly, no more than one-third of participants could come from any one antipoverty program such as HUD's housing, the former AFDC, or DOL training programs.

239 placements and one-way commutes of between 31 and 60 minutes each day for over 76 percent of these placements.

Bridges to Work officials have found that the five demonstration sites have encountered two key challenges. First, each site needed to establish a collaborative network consisting of transportation, employment, and social services agencies working together with employers to ensure the successful placement of applicants. Baltimore's network, for example, includes the state transportation agency, the area's Metropolitan Planning Organization, employment service providers, the city's employment office, a community-based organization, the Private Industry Council, and the Baltimore-Washington International Business Partnership. Second, recruiting job-ready participants has been difficult. During the current healthy economy, many potential job-ready individuals can find their own jobs closer to home because jobs are plentiful and unemployment is low. The Bridges to Work project's co-director noted that, in some instances, the sites did not identify an adequate pool of job-ready individuals and therefore needed to change their recruiting and marketing strategies to better locate potential participants for the program.

Projects Identify Important Themes for Designing and Implementing Transportation Programs Supporting Welfare Reform

FTA's JOBLINKS program, HUD's Bridges to Work program, individual cities' projects, and past research have reported common strategies for designing and implementing a transportation program that supports welfare to work. Preliminary results show that the following factors appear to support a program's success: (1) collaboration among transportation, employment, and other human services organizations; (2) an understanding of local job markets; and (3) flexible transportation systems.

According to the 1997 JOBLINKS evaluation report and Bridges to Work project managers, welfare-to-work programs must establish a collaborative network among transportation, employment, and other human services organizations to ensure a successful program. Officials noted that for welfare recipients and the poor to move from welfare to work, they need employers' support, transportation services, and human services organizations' support to find child care and resolve workplace conflicts. A Bridges to Work director in St. Louis noted that the area's metropolitan planning organization was motivated to participate in the program because prior welfare-to-work attempts focused on transportation alone, rather than providing participants with the job placement and counseling services needed to find and retain jobs. In

addition, the JOBLINKS program concluded in a 1997 evaluation of its 10 projects that coordination among transportation providers, human services agencies, and employers was an important element of successful welfare-to-work programs. Studies conducted in the late 1960s to early 1970s support this experience. For example, in the late 1960s, the Los Angeles Transportation-Employment Project found that improved public transportation alone was not sufficient to increase employment opportunities; other factors, such as the shortage of suitable jobs, obsolete skills, or inadequate education, also had to be addressed.

According to the 1997 JOBLINKS evaluation report and Bridges to Work officials, analyses of the local labor and job markets are essential before local welfare-to-work sponsors select transportation strategies to serve their projects' participants. According to officials, these market analyses should first identify which employers are willing to participate in the program and if their locations provide program participants with reasonable commutes. Next, each employer's needs, such as shift times and the willingness to offer "living wages," must be evaluated. For example, a Chicago official said that requiring participants to commute 2 hours each way is not reasonable, particularly for a low-wage job. Milwaukee's Bridges to Work officials developed a bus schedule to meet the 12-hour shift times of a large employer participating in the program.

JOBLINKS' and Bridges to Work's preliminary experiences also show that flexible transportation systems are needed to address employers' locations and shift times. As explained earlier, many studies, including BTS' study of Boston, showed that lower-income residents could not rely on mass transit to go from the inner city to suburban employment in a timely manner. Mass transit systems ran infrequently to the suburbs, or at night, and often did not stop close to employers. The Denver Bridges to Work site illustrates the importance of a flexible transportation strategy. Denver originally extended the hours of service and added stops to its existing bus system to address a variety of shift times. However, Denver officials soon found that the bus system could not address all the employers' and employees' needs and added vanpools and shuttles.

Questions Remain About the Access to Jobs Program

Under DOT's Access to Jobs proposal, as well as the proposals passed by the House of Representatives and the United States Senate, DOT's financial support of welfare-to-work initiatives would increase substantially. The attention given to the transportation component of welfare reform would increase dramatically as well. However, the Access to Jobs program, as

currently defined by DOT, does not contain key information about the program's objectives and expected outcomes or explain how the results from JOBLINKS and other federal welfare-to-work programs will be reflected in the program's operation. Accordingly, it is difficult to evaluate how funds provided for an Access to Jobs program would effectively support national welfare reform goals. Details may not be available until after a program is authorized and DOT begins implementation.

DOT's proposal and related documents generally indicate what the Access to Jobs program is to accomplish. The program would provide grants to the states, local governments, and private, nonprofit organizations to help finance transportation services for low-income people seeking jobs and job-related services. The program would provide localities with flexibility in determining the transportation services and providers most appropriate for their areas. Among other things, grant recipients could use the funds to pay for the capital and operating costs of transportation services for the poor, promote employer-provided transportation, or integrate transportation and welfare planning activities.[13] However, the lack of specific information on the program's purpose, objectives, performance criteria, and evaluation approach makes it difficult to assess how the program would improve mobility for low-income workers and contribute to overall welfare reform objectives.

The Government Performance and Results Act of 1993 (Results Act), enacted to improve the effectiveness of and accountability for federal programs, requires agencies to identify annual performance goals and measures for their program activities. DOT's fiscal year 1999 performance plan under the Results Act showcases the Access to Jobs program under DOT's goals to improve mobility, but the plan does not define performance goals for measuring the program's success. In contrast, the plan establishes benchmarks for other mobility goals, such as the average age of bus and rail vehicles or the percentage of facilities and vehicles that meet the requirements of the Americans With Disabilities Act. Since an Access to Jobs program is intended to move people to jobs, rather than build and sustain public transportation systems, evaluation criteria that correspond to this goal would be needed.

In addition, DOT's Access to Jobs Program, as currently defined, does not fully describe how lessons learned through the JOBLINKS and Bridges to

[13]The Access to Jobs programs that would be established under the House and Senate reauthorization proposals would authorize grants for some of the same purposes.

Work programs would be incorporated into an Access to Jobs program.[14] For example, although the proposal would require DOT to consider grant applicants' coordination of transportation and human resource services planning, the proposal would not specifically require grant recipients to carry out such coordination. However, the proposal would allow other federal transportation-eligible funds to be used to meet the program's matching requirement. According to DOT officials, this provision will help promote coordination between transportation and social service funding. In addition, the proposed program does not specify that grant recipients evaluate the local job and labor markets before selecting the optimal transportation services to provide welfare recipients. Bridges to Work officials expressed concern that FTA would provide Access to Jobs grants primarily to local transportation agencies that may be unwilling to support nontraditional transportation services. For example, in Denver, traditional mass transit systems did not provide sufficient flexibility to transport Bridges to Work participants to their jobs. Accordingly, program officials had to add private van pools and shuttle services to take participants from public transit stops to their new jobs. FTA's challenge in efficiently managing the Access to Jobs program would be to go beyond its customary mass transit community and work with different local groups (employment, community services) to support non-mass-transit solutions to welfare-to-work mobility problems.

Finally, under its proposal, DOT would be required to coordinate its Access to Jobs program with other federal agencies' efforts. This requirement is particularly important to ensure that FTA's welfare reform funds are working with, rather than duplicating, those of other federal agencies. HHS and DOL have significant levels of funding that the states and localities can use for transportation services in their welfare-to-work programs. In addition, smaller programs, such as HUD's Bridges to Work program, have been used to transport welfare recipients to jobs. For example, in Chicago, a local organization has received $1.6 million through the Bridges to Work program; another local organization has applied for a $5.4 million DOL grant to assist welfare recipients in paying for their transportation to work; and these and other local organizations would probably be eligible for grants under the proposed Access to Jobs program. It is therefore important that DOT's new program ensure that grant recipients are effectively applying and coordinating their federal welfare-to-work grants to successfully move people from welfare to work.

[14]In the report accompanying H.R. 2400, the Building Efficient Surface Transportation and Equity Act of 1998, the House Committee on Transportation and Infrastructure urged DOT to consider the experience of several other successful programs.

Conclusions

Welfare and transportation experts agree that current welfare recipients need many supporting services, such as transportation, job counseling, and child care, to successfully make the transition from welfare to work. An Access to Jobs program would authorize significant funding ($900 million) to support the transportation element of welfare reform. However, the program's success will depend in part on how FTA defines the program's specific objectives, performance criteria, and measurable goals and the extent to which the program balances two national needs: the need to provide a supportive framework for helping welfare recipients and the need to oversee federal dollars so that the program does not duplicate other federal and state welfare programs. In addition, a successful Access to Jobs program should build on lessons learned from existing welfare-to-work programs. These lessons learned focus on the need to coordinate transportation strategies with other local job placement and social services, the importance of assessing the local labor and employer markets, and the inclusion of many transportation strategies (not just existing mass transit systems) in implementing welfare reform.

Recommendations

If the Congress authorizes an Access to Jobs program, we recommend that the Secretary of Transportation (1) establish specific objectives, performance criteria, and measurable goals for the program when the Department prepares its Fiscal Year 2000 Performance Plan; (2) require that grant recipients coordinate transportation strategies with local job placement and other social service agencies; and (3) work with other federal agencies, such as the departments of Health and Human Services, Labor, and Housing and Urban Development, to coordinate welfare-to-work activities and to ensure that program funds complement and do not duplicate other welfare-to-work funds available for transportation services.

Scope and Methodology

To obtain information about the need for transportation in welfare reform, we interviewed FTA, HUD, Community Transportation Association of America, Public/Private Ventures, and National Governors' Association officials. These officials also provided insights into identifying transportation strategies that programs like FTA's JOBLINKS, HUD's Bridges to Work demonstration project, and the NGA's Transportation Coordination Demonstration project have used to help low-income people secure jobs. In addition, we interviewed program staff at each of the five Bridges to Work demonstration sites and visited one of the sites—the suburban office of Chicago's Bridges to Work program. We examined the Bridges to Work

program's documentation, preliminary reports, brochures on individual programs, and other descriptive materials. We also reviewed the results of two studies that FTA's Coordinator for Welfare-to-Work activities identified as significant studies on transportation and welfare reform—BTS' January 1998 report entitled Welfare Reform and Access to Jobs in Boston and the July 1997 report entitled Housing, Transportation, and Access to Suburban Jobs by Welfare Recipients in the Cleveland Area. To obtain information on the DOL's grant applications, we spoke with transportation officials in Chicago and Los Angeles. Finally, we reviewed legislative proposals and spoke to transportation and federal officials to obtain information about FTA's proposed Access to Jobs program.

We performed our review from December 1997 through May 1998 in accordance with generally accepted government auditing standards.

Agency Comments

We provided a draft of this report to DOT and HUD for review and comment. We met with DOT officials from the Office of the Secretary and the Federal Transit Administration's Coordinator for Welfare-to-Work activities to discuss the Department's comments on the draft report. DOT agreed with our recommendations and stated that it has begun to take actions to implement our recommendations related to coordinating with local and federal agencies providing welfare-to-work services. First, DOT provided a May 4, 1998, memorandum signed by the Secretaries of Transportation, Health and Human Services, and Labor that encourages coordination among transportation, workforce development, and social service providers. Second, DOT provided examples of how it has begun to encourage collaboration among state and local transit and social service providers and how provisions in the Access to Jobs proposal would foster collaboration further. We have included information in the report on DOT's collaboration efforts and the provisions of the Access to Jobs proposal that will foster collaboration.

Finally, DOT disagreed with our assessment that an Access to Jobs program will require the Federal Transit Administration to undergo a cultural change—a change whereby the agency may have to accept nontraditional transportation solutions to address barriers to welfare-to-work programs. DOT noted that innovative or nontraditional transportation strategies do not exclusively offer the best strategies for helping welfare recipients; traditional mass transit systems may also provide welfare recipients with the means to reach employment centers. In addition, DOT stated that as a result of its collaborative efforts on welfare reform with local and other

federal agencies, it believes that it has been a cultural change leader. First, we agree that states and localities should not routinely exclude traditional bus and rail transit systems as one approach to helping welfare recipients get to jobs. Nonetheless, the DOT and HUD studies cited in this report consistently emphasized the limitations of existing mass transit systems as the transportation solution to welfare-to-work barriers. These systems do not adequately serve job-rich suburban markets that inner-city welfare recipients must reach to find employment. Second, we acknowledge the initial work that the Federal Transit Administration has undertaken to prepare state and local transportation officials for their new welfare-to-work responsibilities and included examples of this effort in this report. However, the Access to Jobs program would represent a significant federal commitment. Accordingly, a change in the traditional mass transit culture at the Federal Transit Administration will still be needed to ensure that Access to Jobs funds address innovative and nontraditional transportation solutions to welfare-to-work problems. DOT had additional technical comments that we incorporated throughout the report, where appropriate.

In its comments, HUD stated that we should expand our recommendations to the Secretary of Transportation to include HUD's suggested changes to the Access to Jobs program. (See app. I.) These suggested changes would allow Access to Jobs grant recipients to (1) use program funds for planning and coordination purposes and (2) apply "soft expenditures" (such as the value of staff reassigned to the program) to fund their required local match. In addition, HUD suggested that it be included among the federal agencies with which DOT must coordinate program implementation. HUD's first two suggestions may be important for the Congress to consider as it completes programmatic and funding decisions for the Access to Jobs program through its reauthorization of surface transportation programs. However, we have not included these as recommendations in our report because they address policy issues that were not part of our review's scope. We agree with HUD's last suggested change and have modified our recommendations to include HUD as one of the federal agencies that DOT should work with when it begins implementing the Access to Jobs program. HUD also had minor technical comments that we incorporated throughout the report, where appropriate.

We will send copies of this report to interested congressional committees, the Secretary of Transportation, the Secretary of Housing and Urban

Development, and the Administrator of the Federal Transit Administration. We will also make copies available to others on request.

If you have any questions about this report, please call me at (202) 512-2834. Major contributors to this report were Ruthann Balciunas, Joseph Christoff, Catherine Colwell, Gail Marnik, and Phyllis F. Scheinberg.

Sincerely yours,

John H. Anderson, Jr.
Director, Transportation Issues

Contents

Letter 1

Appendix I Comments From the Department of Housing and Urban Development 20

Abbreviations

AFDC	Aid to Families With Dependent Children
BTS	Bureau of Transportation Statistics
DOL	Department of Labor
DOT	Department of Transportation
FTA	Federal Transit Administration
HUD	Department of Housing and Urban Development
HHS	Department of Health and Human Services
NGA	National Governors' Association
TANF	Temporary Assistance for Needy Families

Comments From the Department of Housing and Urban Development

Note: Page numbers in HUD's comments refer to our draft report. GAO's response to HUD's comments is on p. 16 of our report.

U. S. Department of Housing and Urban Development
Washington, D.C. 20410-6000

OFFICE OF THE ASSISTANT SECRETARY
FOR POLICY DEVELOPMENT AND RESEARCH

May 14, 1998

Mr. John Anderson
Director for Surface
Transportation Issues
U.S. General Accounting Office
441 G Street, NW, Suite 2T23
Washington, DC 20548

Dear Mr. Anderson:

Thank you for sharing the draft report "Welfare Reform: Transportation's Role in Moving from Welfare to Work." We appreciate GAO including the HUD Bridges to Work (BtW) research and demonstration project as one of the "informing" studies on this important topic. We expect to learn much more from the BtW project over the next few years.

We recommend three expansions of GAO's recommendations. First, we would allow grantees some flexibility to use a small amount (15-20 percent) of the Access to Jobs moneys for planning and coordination, and for otherwise unavailable support services. Second, we would relax the terms of the matching contributions to include up to 50 percent in the form of soft service matches. Third, we recommend that HUD be included among the Federal agencies with which the Department of Transportation (DOT) coordinates the program implementation.

We have a few editorial suggestions that are listed in the enclosed comments. If you have any questions, please call James Hoben at (202) 708-3700, Extension 5705.

Again, we appreciate the chance to review your draft report.

Sincerely,

Paul A. Leonard
Deputy Assistant Secretary for
Policy Development

Enclosure

HUD Comments on Draft GAO Report: Welfare Reform -- Transportation's Role in Moving From Welfare to Work, May 1998 - RCED-98-161

We recommend two additions to the recommendations and have some minor editorial comments.

A. Recommendations:

1. Increased grant flexibility. .Pages 17 and 19. Based upon the early Bridges to Work demonstration findings, and to insure successful grantee implementation of GAO's second recommendation that Congress require grantees and to coordinate transportation strategies with local job placement and other social services, we suggest that GAO include a recommendation that an Access to Jobs program should allow grantees some flexibility to fund complementary non-transportation activities. Specifically, we recommend that grantees be allowed to use small amounts of funds for: 1) planning (opportunity and needs analyses) and services coordination, and 2) support services that are otherwise unavailable or can be leverage by small expenditures. Such flexibility will also allow some grantees to use the new transportation services as an employment opportunity for some welfare to work clients.

2. Accept soft matches. Flexibility should also include an allowance that DOT may accept up to one half of the required grant match in soft expenditures. The allowable soft match is recommended because in most communities there is shortage of funds for the necessary planning, and supportive services. Many employment and social service organizations do not have unobligated funds, but many may be able to redirect existing staff.

3. Add HUD as Federal coordination partner. Pages 18 and 19. While HUD is not administering transportation or welfare reform funds, as are HHS or DOL, HUD represents a significant portion of the target low-income and disadvantaged populations. HUD clients in public housing, with Section 8 rental assistance, or who are in homeless recovery programs are very low-income. Large numbers of the households receive welfare. In addition, HUD has developed some experience in linking low-income persons with work under programs such as BtW, Jobs Plus, Project Self-Sufficiency, Youthbuild, and HOPE VI. Regarding grantee design of collaborative service strategies, Public Housing Authorities and their resident councils should be included.

B. Minor Editorial Comments:

1. Draft letter to Congressman Kasich:

a. Page 1, para. 1 -- drop the last sentence on HUD's BtW demonstration. It suggests, incorrectly, that the BtW effort is equivalent to the proposed major programs, which it isn't.

b. Page 2, last para. -- replace "have resulted in a modest number" with "provided some insights and resulted in program participants obtaining employment." The word "modest" is problematic -- compared to what? The BtW project, as a research and demonstration effort, is attempting to place only as mnay persons as required to conduct reliable research.

2. Report:

a. Page 4 and 5, Background. Add a sentence that states "while TANF and Welfare to Work funds may be used for consumer transportation costs, moneys are not available to fund revisions to existing transit services (public or private) or the development and provision of new transportation. Also, the para. on page 5 on the BtW research and demonstration should be moved to page where the FTA and HUD research and demonstrations are discussed. If it is not moved, text should be added to distinguish the BtW ,DOT JOBLINKS, and other research from the large operational HHS or DOL programs. There is a vast difference in purposes and magnitudes.

b. Page 9 -- change title from "FTA'S AND HUD'S PROGRAMS SUPPORT WELFARE REFORM" to FTA AND HUD DEMONSTRATION PROGRAMS PROVIDE GUIDANCE"

c. Page 11, 1st sentence -- revise the sentence to remove the implication that the Fresno JOBLINKS project was a failure. Other factors, rather that the transportation were probably the cause of the poor record of completed training and job placements.

d. Page 12 -- BtW minor edits:

1. Add a sentence that BtW was designed to determine whether the spatial separation of jobs and low-income un- or under-employed persons could be overcome by the coordinated provision of job, transportation, and support services. Make such a determination, BtW is a designed social science experiment that uses random assignment to create separate treatment and control populations that are followed for four years.

2. Line 3 -- insert ", job ready," just before "inner-city residents..."

3. Para. 2, 1st sentence -- Revise to read, " HUD is involved in welfare reform since a large portion of its clients are low-income or disadvantaged, who rely upon welfare benefits.

e. Page 13 -- minor edits:

1. Line 2 -- check number. $29,350 might be for a family of four.

2. Para. 2, 1st and 2nd sentences -- substitute "Bridges to Work officials have learned two lessons. First, it is hard to create and implement collaborative service networks consisting of....."

f. Page 18, line 8 -- delete ", local authorities have" and insert after "Chicago" "Suburban Job Link received $1.6 million..."

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