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## **Welfare Reform Through Tailor-Made Training**

These days most politicians – regardless of stripe – appear to agree on one thing. ‘Welfare is bad; work is good.’

This widely-accepted mantra has spawned an elaborate search for magic-bullet solutions to welfare reform. In Ontario, the ‘answer’ to the quest has taken the form of workfare – requiring able-bodied recipients to work for their welfare benefits. It also is known as the ‘sing-for-your-supper’ approach [Ontario Network 1995].

Ontario forged ahead down this path despite less-than-stellar results from other jurisdictions – largely American states and cities – that have tried workfare. The lessons from below the border have not found the approach to be generally effective.

Workfare may or may not reduce welfare rolls but does little or nothing to teach mar-

ketable skills. Welfare workers who ideally should spend their time providing counselling and other positive supports become welfare police who basically monitor the activities of their clients. Existing workers may be bumped from their positions to make room for fully-subsidized workfare ‘employees.’ In some cases, laid-off employees end up back in the same positions – this time as indentured welfare recipients [Torjman 1997].

Perhaps workfare’s greatest weakness is that it is a simplistic, one-size-fits-all panacea that fails to take into account the complexities of poverty and the wide-ranging reasons for reliance on welfare. The more effective and constructive response recognizes that a combination of approaches is required. Complex problems require multifaceted solutions. The focus may be upon individual welfare recipients, job retention and creation, and/or the barriers to workforce participation.

Individual workers are helped through interventions such as assessment, counselling, job search, and education or skills training. Job creation includes assistance with self-employment and small business development – i.e., financial start-up and technical support such as business plan development, incorporation, bookkeeping and marketing. Barriers that prevent workforce participation can be reduced through such measures as ensuring high-quality, affordable child care; offsetting work- and health-related costs; accommodating persons with disabilities; recognizing foreign credentials; and easing transportation problems [Torjman 1998].

### *the principles of tailor-made training*

This paper describes an approach to welfare reform which deals primarily with the first stream of interventions – i.e., building individual skills. The approach is being employed in selected areas of Canada and the US. There is no commonly-accepted term to describe this method, best characterized as customized or tailor-made training. While the specifics vary, the general story goes like this.

A designated community organization identifies job opportunities in various sectors of the local economy and in specific workplaces. The program also assesses the skills, knowledge and abilities of individuals who have the interest and aptitude to meet these requirements. Participants in these programs tend overwhelmingly to be welfare recipients although the approach need not be limited to this population.

The designated organization then provides very short-term, intensive training that prepares individuals for the targeted jobs. It helps match the trained individuals with the appropriate job opportunities. In some cases, the designated organization does not actually deliver the

training but may partner with a company or an educational institute, such as a local community college, to teach the requisite skills.

The identified partner companies use the designated organization as their ‘hiring window’ in that the individuals have been pre-screened for their suitability to the work and trained specifically to fill the job requirements. While there is no guarantee that the trainees actually will be hired by the firm, it is clearly in the interest of business to employ people with job-ready skills.

Tailor-made training differs from traditional training which tends to take place over a longer period. Traditional training can be problematic in terms of cost and other requirements, such as finding affordable child care for the duration of the training program.

Because the courses typically offered by community colleges or private institutes take (at least) several months, many unemployed workers cannot go without a source of income for so long. Ironically, they remain on welfare because they cannot afford to leave. Even those eligible for a student loan may be daunted by the prospect of carrying a large debt load with no job security at the end of the day.

Traditional training often provides general instruction but must be supplemented by job-specific training. The tailor-made approach, by contrast, designs the training right from square one to meet the precise job requirements. It renders obsolete the hundreds-of-hairdressers-in-rural-Canada training approach so prevalent in the past.

### *current models*

In Canada, one of the most advanced models of tailor-made training has been devel-

oped by the Winnipeg-based Opportunities for Employment. It is a nonprofit organization created in 1996 by the Mennonite Central Committee, Mennonite Economic Development Associates and Eden Health Care Services.

Opportunities for Employment operates under an agreement with the Manitoba government. The organization receives payment from the province when job seekers actually have found work and remain employed full time for a minimum of six months. Full-time work is defined as 30 hours or more per week. (The total can be reached by adding up the hours from several different jobs – a patchwork arrangement made possible by a labour market that increasingly has been generating part-time, term, casual and contractual work.)

Clearly, Opportunities for Employment – or any organization carrying out the job identification and training function – must be creative and entrepreneurial in order to sustain its operations. But the minimum six-month requirement is a safeguard to help ensure appropriate placements. The goal of the program involves far more than making placements at any cost, whether or not these are a good match. Successful placements are selective placements.

From the perspective of participants, the program has a number of phases. It begins with a group orientation to explain the overall approach and the specific components of the program. Applicants then are assessed to determine readiness for the program as well as areas of interest, expertise, knowledge and skills. Almost all referrals are accepted.

The next step is a job readiness component that focusses upon preparedness for work. It includes discussions of self-concept, attitudes towards work (e.g., punctuality, reliability), preparation of personal résumés and the inter-

view process. Participants subsequently are directed to job-specific training courses. These courses typically are very short, ranging from three days to a maximum six weeks. They are geared to designated jobs identified by ‘partner companies’ in the community.

The job vacancies are sought out by ‘job developers’ within Opportunities for Employment who make extensive contacts with local employers. The role of the job developers is to meet selected employers, explore the range of employment possibilities at those workplaces and identify the program participants most appropriate to fill the positions. Job developers also help participants seek positions on their own.

But the job developers do more than simply provide information about job vacancies; developers effectively act as job brokers who make the link between the opportunities and the people. Employment brokering combines training, job counselling and support services (such as referral to child care or transportation options) to help connect workers and employers. If a placement does not work out, the job developers explore other opportunities with the participant.

To date, the employers for which training programs have been developed include furniture and building component manufacturers, hotels, insurance firms, call centres, food services, and food producers and manufacturers. Training in computer software is offered to help participants fill administrative positions in a wide range of firms.

Some of the training takes place at the workplace itself or on other premises to help prospective employees become acquainted with precisely the equipment they will use if hired. A power tools training course, for example, is taught at a special workshop.

By the end of its first year of operation, Opportunities for Employment had helped 130 welfare recipients find full-time, long-term employment, thereby exceeding by 20 percent its placement target for year one. By the second year of operation, close to 375 welfare recipients had been matched to full-time jobs – surpassing the initial goal of 250 placements in two years. Nearly 70 percent of all recruits placed in full-time jobs are still employed.

Finally, Opportunities for Employment provides ongoing support to help new recruits stay in their jobs. This form of post-employment follow-up has been found to be an important component of successful welfare-to-work models.

In fact, there is growing awareness of the need to provide follow-up services once welfare recipients have found employment. A number of programs are adding services to help participants retain jobs, find new work if they become unemployed and advance in their career paths. Some job retention services can be delivered up-front by teaching the basic skills for job readiness; other services, such as personal and career counselling, are made available on an ongoing basis. The US-based Post-Employment Services Demonstration (PESD) project, which created separate post-employment case managers, found that early and regular contact with participants was critical to job retention [Battle 1998].

Clearly, the government pay-off from the Opportunities for Employment approach is significant. Welfare caseloads and costs are lower than they otherwise would be; income and payroll tax revenues go up. But a more important outcome is the self-esteem of participants who acquire an independent source of income and make significant contributions to their respective workplaces.

The Learning Enrichment Foundation in Toronto is another example of an organization that is developing a tailor-made approach to training. It provides an integrated package that includes job search, training, assistance with job placement and work-related supports, such as child care.

The Foundation offers training in the areas of language, industrial work, child care and technical skills. Language training includes business English, family literacy, and basic and advanced computer literacy. Industrial training concentrates on the construction and maintenance fields. Child care includes short courses in home day care provision, child development and first aid. Technical training teaches skills in basic computer programs with work-based application, such as accounting.

### *roots of the model*

The roots of tailor-made training can be traced to the US. Since the 1960s, the US has tested numerous welfare ‘reforms.’ While a range of programs has been developed over the past 40 years, experimentation has accelerated in response to a recent federal law.

In 1995, the US government decided to block-grant its welfare contribution to the states – much like Canada did when it dismantled the cost-shared Canada Assistance Plan and converted it to the block-funded Canada Health and Social Transfer. Washington passed the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 which replaced the former Assistance for Families with Dependent Children program (AFDC) with Temporary Assistance for Needy Families – a title which speaks volumes as to how the Act intends to reduce welfare caseloads. By 2002, 50 percent of a state’s wel-

fare caseload must be involved in work activities for 20 or more hours a week. Failure to meet this target means that a state faces possible funding reductions.

There is no question that the intent of the current and earlier welfare reforms is to reduce caseloads. Fortunately, many welfare-to-work programs have gone beyond narrow workfare to include important positive components such as job search assistance, education and training, child care and other support services, and post-employment follow-up.

Winnipeg's Opportunities for Employment is modelled after a US program entitled America Works – a private, for-profit organization operating in New York City, Albany, Indianapolis and Baltimore. The staff develop contacts with employers and match prospective employees with these jobs.

A similar but nonprofit organization in Cleveland, Ohio, trains and places recipients with an estimated 650 employers in full-time jobs, many of which include health benefits. Cleveland Works offers four weeks of job-readiness training and basic education, followed by another four weeks of career assessment and occupational training for specific jobs. It sends only job-ready workers to prospective employers and typically declines to fill positions if suitable candidates are unavailable [Cleveland Works Inc. 1997: 6].

In Tulsa, Oklahoma, a nonprofit organization called IndEx Inc. combines on-site training with work experience in local industrial plants. On a given day, participants spend four hours in the classroom and four hours on the shop floor performing light manufacturing work. Training consists of a 30-day program that teaches basic skills and some educational upgrading, and a 60-day program specializing in elec-

tronics and telecommunications. The program has been found to be particularly effective for welfare recipients who have limited schooling and work skills [Buck 1997: 5,11].

The roots of tailor-made training also can be found in projects outside of workfare. When the Philadelphia Convention Center began development in the 1980s, for example, the authority responsible for the project created a \$10 million, ten-year Education and Training Fund financed by bonds and hotel bed tax revenues. The Fund was set up to support short-term, specialized training in the hospitality industry to ensure sufficient numbers of skilled workers for the 4,500 permanent jobs that the Convention Center was slated to create [Center for Neighbourhood Technology 1993: 14].

The Marriott Corporation is an example of a private company involved in tailor-made training. It runs a private training and job placement program in several US cities. The job placement component includes a toll-free 24-hour employee support line staffed by social workers. The Marriott Hotel in Winnipeg is a partner in the Opportunities for Employment project.

## *potential problems*

### *i. US roots*

Any social program that has its roots in the US tends to be viewed by many Canadians with suspicion, if not hostility. Profit and government savings typically are seen as the major driving forces behind south-of-the-border social 'reforms.' Despite its American parentage, Opportunities for Employment appears to have several defining features that make it more compatible with a Canadian approach: It is a nonprofit organization spearheaded by three nonprofit groups from the faith community. The

program materials set out clear operating principles, including respect for the integrity of all participants.

### *ii. narrow focus*

Another concern with tailor-made training is the fact that it may be overly narrow in focus. A training program that is so highly geared-to-market can make recipients vulnerable to the fortunes of a particular firm or sector.

The counter-argument, of course, is that there are no guarantees these days of long-term employment for any worker in any sector of our turbulent economy. The labour market has become increasingly volatile for all workers. At least a stint of paid work – even if it is short-term – contributes to building an employment track record.

### *iii. who should pay?*

This approach also can be criticized on the grounds that the public effectively is picking up the tab for the specialized training for which private firms should be paying. Tailor-made training collectivizes or transfers to the public purse an area (job-specific training) that benefits employers and so should be financed by them.

Here again, the flip-side argument is important. The public is paying to support adults and children on welfare. When the options are weighed, it makes more common sense to spend these dollars on an approach that provides some marketable skills and real opportunities for employment.

But this concern also reflects a broader trend in the so-called ‘post-industrial’ labour market. One of the features that distinguishes

the post-industrial labour market from the industrial era is the fact that employer-employee relationships have changed dramatically – especially with respect to investment in ‘human capital’ or the knowledge and skills of individuals [Betcherman et al 1998].

The shift appears to have downloaded the responsibility onto individuals to ensure that they invest in themselves. Another major dimension of the post-industrial labour market is the pressure for more flexibility in the delivery of training [Betcherman et al 1998: 5].

Tailor-made training responds to both dimensions of the new labour market. It is an example of self-investment using a highly flexible delivery method. As such, it has broader application than simply helping welfare recipients find work. Tailor-made training can be used to upgrade employee skills on an ongoing basis. It is one way of giving life to lifelong learning – which, in the new labour market, really means lots of short learning all the time.

### *iv. no new jobs*

It also could be argued that tailor-made training does not create any new employment; it simply accommodates existing job vacancies. This critique is valid – but again the same ‘weakness’ could apply to any training or skills development program that essentially tries to link prospective workers to the existing labour market. The latter can be classified as *linking strategies* whose primary purpose is to encourage participation in the mainstream economy.

Linking strategies are distinct from *parallel strategies* which seek to create parallel economic and social structures outside of the economic and social mainstream [Nares et al 1998]. Both linking and parallel strategies are

required for any effective poverty reduction strategy [Torjman 1988].

And while skill development is only one component of a broad strategy, it is increasingly important in a knowledge-based economy. “Skill is the key asset for participating in a post-industrial labour market, and we can only expect this to increase in future” [Betcherman et al 1998: 26].

#### *v. coercion-free?*

Tailor-made training differs from workfare in that it is not a compulsory model. But there still appears to be an implicit coercive element in that participants who refuse to participate could receive reduced benefits (or get cut off welfare after a certain period, as in the US).

In Quebec, for example, the welfare caseload is categorized on the basis of ‘participating’ or ‘nonparticipating.’ Recipients who participate in designated training programs typically get more money than those classified as ‘nonparticipating.’ The government argues that this differentiated scale is not intended to punish nonparticipants. Rather, the difference is to help offset the additional costs of training or education – e.g., child care, clothing or transportation.

#### *vi. off welfare; still poor*

Welfare caseload reduction does not equal poverty reduction. Recipients who move off welfare into work often find that they are no better off – indeed, may be worse off – than when they received income assistance.

Some of the jobs for which tailor-made training takes place are paid minimum wage. Opportunities for Employment sees these jobs as stepping stones to better employment. The program is based on the premise that it is easier for people to go from low-paying work into higher-paying work than it is to move to a good job from no job at all.

One can debate this premise. But the arguments would touch only the tip of the iceberg of a more profound problem. The labour market is creating more low-wage, low-skill employment than ever before. Tailor-made training – or any training for that matter – cannot resolve what is fast becoming the bane of the post-industrial world: lots of dead-end, poorly-paying jobs. This problem raises larger policy issues – e.g., what is an adequate ‘living wage’? It also reinforces the crucial redistributive role of the state which uses income programs and a progressive income tax system to reduce the glaring (and growing) inequality in market incomes.

#### *no panacea*

Tailor-made training is not the single magic bullet that some governments appear to be seeking. It is only one piece – albeit central – in a larger puzzle of welfare reform.

But tailor-made training can be seen as a metaphor for resolving the welfare ‘problem.’ The idea behind this approach is to customize the solution both to the interests and abilities of individuals as well as to the requirements of prospective employers. Effective welfare reform seeks to individualize its responses.

Perhaps most promising is that this positive route to welfare reform provides a model

for lifelong learning for all workers and employers. The continual upgrading of skills is essential in a world of rapidly-changing information and technology. Tailor-made training may be a tailor-made model for the new economy.

*Sherri Torjman*

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