



Michigan Family Impact Seminars

Preparing Michigan's Communities and Families for the New Economy



Briefing Report No. 2006-1

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Briefing Report No. 2006-1**

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Summary

Laura Bates

Preparing Michigan's Communities and Families For the New Economy

When the Legislative/Executive Advisory Committee for the Michigan Family Impact Seminar selected "job creation" as the most important and timely topic for the 2006 seminars, our task was to identify the family perspective on job development. We found that this was not an easy task because, although a good job is certainly a family issue, economists and family researchers do not often work together. After much discussion with many experts, we decided to focus on two ends of the job development spectrum – preparing Michigan's communities to attract the high-paying, high-tech jobs of the future, and preparing some of Michigan's most vulnerable families for successful entry into the workforce. In this brief, three experts discuss various aspects of the jobs issue in a Michigan family context.

In *Michigan's Economy, Michigan's Families: Overcoming the 2001 Recession*, Dr. James Oehmke discusses the current state of Michigan's economy. He indicates that recovery from the recession of 2001 has been characterized by slow job growth nationally and has been particularly hard in Michigan, where recovery generally lags behind the nation by six months to 2 years. In the late 1990s Michigan had one of the lowest unemployment rates in the country but by 2001 almost every part of the state had an unemployment rate above the national average. The most notable loss of jobs has been in the manufacturing sector, which contains many higher paying jobs.

However, several factors lend some hope to the Michigan outlook, including:

- ♦ a reduced unemployment rate
- ♦ wage increases that have outpaced inflation
- ♦ increased numbers of new business establishments
- ♦ robust growth in health care.

Health care employment is an important part of economic growth in Michigan and has increased steadily. Average hourly wages in the area are \$16.50 with higher wages for jobs requiring higher skill levels. Health care wages continue to grow, and the demand for health care services is likely to grow with the aging of the population.

A Human Development Approach to Welfare Reform Phase II: Giving Families Choice summarizes a presentation by Toby Herr of her organization's unique approach to helping families on welfare move toward economic and family stability. Ms. Herr and her staff from Project Match, a welfare-to-work agency in Chicago, have learned some important lessons about how welfare recipients move toward economic self-sufficiency in their 20 years of research and practice.

Although a good job is certainly a family issue, economists and family researchers do not often work together.

Recovery from the recession of 2001 has been characterized by slow job growth nationally and has been particularly hard in Michigan.

Health care employment is an important part of economic growth in Michigan and has increased steadily.

Lesson 1: Most welfare recipients will need multiple jobs before making a permanent attachment to the workforce.

Lesson 2: The “barriers to employment” approach to helping people prepare to go to work needs to be rethought.

Lesson 3: Individual motivation trumps mandates.

The **human development approach** of Project Match differs from traditional workforce preparation by addressing psychosocial issues as well as education and work preparation. The approach:

- ♦ Helps participants build personal competencies valued in the workplace but also useful in other life roles
- ♦ Promotes active decision-making by recipients
- ♦ Individualizes work preparation activities to each person’s level of competence

The **Incremental Ladder to Economic Independence** (see Figure 1, page 16 of the full report) incorporates a broad range of activities in work requirements, providing activities that are manageable, productive and meaningful to every welfare recipient.

The **Pathways Case Management System** was developed by Project Match to help agencies operating mandatory programs implement this human development approach. The Pathways “toolkit” includes:

- ♦ **A monthly activity diary** in which participants develop an individualized self-sufficiency plan that is reviewed and modified regularly
- ♦ **Monthly group meetings** in which staff and recipients review accomplishments and revise plans if necessary
- ♦ **A computerized tracking system** that captures information and generates a cumulative record of each person’s plans and progress
- ♦ **Case reviews and debriefings** to help staff review cases and plan follow up activities.

A recent study has documented several accomplishments of this management system, which allows case managers to have regular contact with all clients. The group meetings and peer-to-peer dialogue offer information and recognition to recipients, and the diary helps recipients and staff recognize and include small steps toward self-sufficiency. However, individualized case planning does require a highly skilled staff, and monitoring program participation is more complicated when a broad range of activities are included. Finally, if staff and administrators are to embrace the concept of individualized planning, performance evaluation must be broadened beyond strictly “countable” work activities.

Policy Recommendations for Welfare-to-Work

1. **Include in the state plan a wide range of allowable activities to the extent possible within the new federal regulations.**

2. **Train staff to support the development of recipient competencies and active decision-making**
3. **Consider policies to promote more active (rather than passive) case closures.** It is psychologically healthy for recipients to make an active decision to leave welfare rather than leave passively through sanctions. Also, an active closure allows the worker to inform them of other services for which they are still eligible.

Following Ms. Herr's presentation, the briefing report includes the article, *Michigan's Approach to Welfare-to-Work*, which summarizes the current situation in Michigan in regard to welfare-to-work programs and the approaches to workforce preparation that are currently being piloted around the state.

In *Michigan's Place in the Knowledge Economy*, Dr. Rex LaMore looks at job creation from the local community perspective. Dr. LaMore presents his research on the current readiness of Michigan's counties and metropolitan areas to attract the new jobs of the Knowledge Economy and discusses what the State can do to promote community readiness.

The Knowledge Economy:

- ♦ Applies new methods or technologies to the production and distribution of goods and services
- ♦ Is characterized by "H3" jobs: high growth, high wage, high skilled

A national study by the Progressive Policy Institute that compared Michigan's Knowledge Economy readiness to the entire nation placed the state in the middle of the pack, ranking 23 of 50 states. In the Midwest, Michigan lags behind Minnesota and Illinois, the Midwest leaders.

Dr. Lamore's study ranked Michigan's communities on a number of indicators of the Knowledge Economy that fall into 5 categories:

- ♦ Knowledge jobs
- ♦ Innovation
- ♦ Digital Economy
- ♦ Globalization
- ♦ Dynamism/Creative Community Capacity

A number of Michigan's counties scored in the top five on one or more indicators (see Table of Rankings for all indicators, page 27, of the full brief). This is a snapshot in time and may not represent current reality in all areas. Overall, the leading counties were Oakland, Washtenaw, Ingham, Kent and Ottawa. However, no county is in the top five on all indicators, so no area can afford to "rest on its laurels." One pattern is worth noting: the Detroit metropolitan area is Michigan's critical link to the global economy, as Oakland and Wayne Counties account for nearly half of the 3450 exporting firms in the state.

The State can support the development of Michigan's Knowledge Economy by implementing policies that support local development.

Suggested State Policy Alternatives:

- ♦ **Provide for educational opportunities across the life span of the workforce.** If we don't get smarter, we will get poorer!
- ♦ **Map the State's information infrastructure.** The information infrastructure represents the waterways and roads of the 21st Century. Maps are needed to make development go more quickly.
- ♦ **Ensure that all citizens have equal access to the global communications network.** This includes access to computers and to adult-oriented training on global communications.
- ♦ **Encourage local communities to engage in Knowledge Economy planning.** By requiring communities to develop a Knowledge Economy plan as a condition for funding, the State can encourage communities to assess their capacity and set priorities for the future.

Finally, the report briefly reviews Michigan's 21st Century Jobs Fund, a new initiative to encourage the development of New Economy jobs in Michigan.

Please note that the full briefing report can be found at <http://www.fce.msu.edu/FIS>



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Michigan's Economy, Michigan's Families: Overcoming the 2001 Recession

James F. Oehmke, MSU Professor of Agricultural Economics

The Recession of 2001

The nation's economy is struggling to recover from the 2001 recession, a process that has been slower than other economic recoveries since World War II. Jobs nationwide declined through 2003, and personal income growth from 2001-2003 was the slowest since the Great Depression. In the six previous recessions, job growth after the end of the recession picked up at a rapid pace. However, for this recession, national job growth continued to lag well after the official end of the recession [1, 2].

In Michigan the effects have been particularly dramatic. At the peak of the 1990s economic expansion, Michigan's county unemployment rates were mostly better than the national average, as was the unemployment rate for the state as a whole. During the recession of 2001 Michigan's unemployment picture became dismal, with almost all parts of the state having unemployment rates above the national average. By December of 2005 only a few rural counties had seen some modest improvement, and the most populous counties had made little progress, if any. Only Washtenaw County had recovered to the pre-2001 levels of unemployment [2].

The most notable loss of jobs in Michigan has been in the manufacturing sector, which contains many of the higher paying jobs in Michigan. The decline in this sector continues although it is beginning to level off [2]. Because the national recovery has been slow in terms of job growth, it is not surprising that Michigan's unemployment rate is still so poor. Typically, Michigan's recovery from recession lags the national economy by six months to two years.

Personal income growth from 2001-2003 was the slowest since the Great Depression.

The most notable loss of jobs in Michigan has been in the manufacturing sector, which contains many of the higher paying jobs in Michigan.

Some Rays of Sunshine

A few factors lend some hope to the Michigan economic forecast:

- ◆ Job creation at the national level has picked up in the past few months
- ◆ Michigan is ranked 9th among the states and District of Columbia for improvement in the unemployment rate – from 7.5% in 2004 to 6.7% in Dec, 2005. This change is because of job creation. However, since December, 2005 there has been some regression in the Michigan jobs picture [2].
- ◆ Michigan wage increases have outpaced inflation, even with the loss of well-paying manufacturing jobs (see Figure 1) [1].
- ◆ The number of new business establishments in Michigan grew in 2003-04 for the first time in several years. This reversal is a positive sign because new establishments create new jobs [2].
- ◆ Nationally and in Michigan, health care employment is robust [2].

Health care wages in Michigan continued to grow, from average annual earnings of somewhat less than \$34,000 in 2001 to more than \$37,000 in 2004.

Growth in Health Care Employment

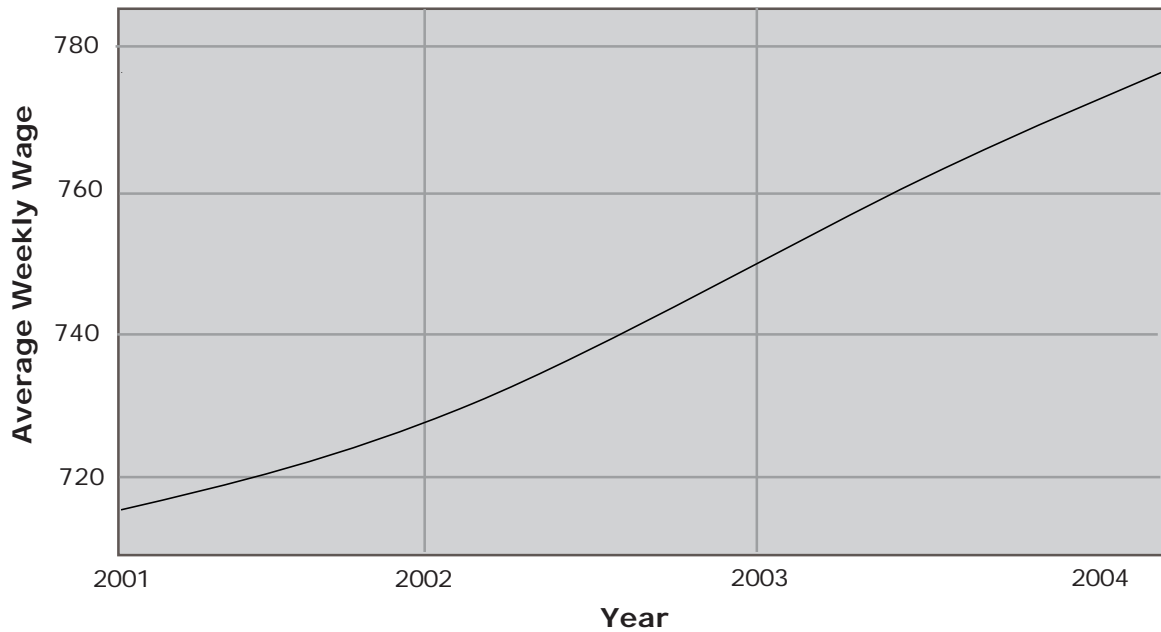
Health care employment is an important part of economic growth in the Michigan economy. Since 1991 health care employment in Michigan has increased steadily with only a slight pause in the late 1990s (see Figure 2). Health care jobs have an average wage of \$16.50 per hour, but health care wages vary quite a lot. Jobs requiring a higher level of skill and more stressful jobs command higher wages [1,2]. Here is a sample of average annual earnings in different types of health care jobs:

◆ Nursing and Long Term Care	\$22, 698
◆ Home health care	\$25, 570
◆ Hospitals	\$39, 768
◆ Medical laboratories	\$49, 184

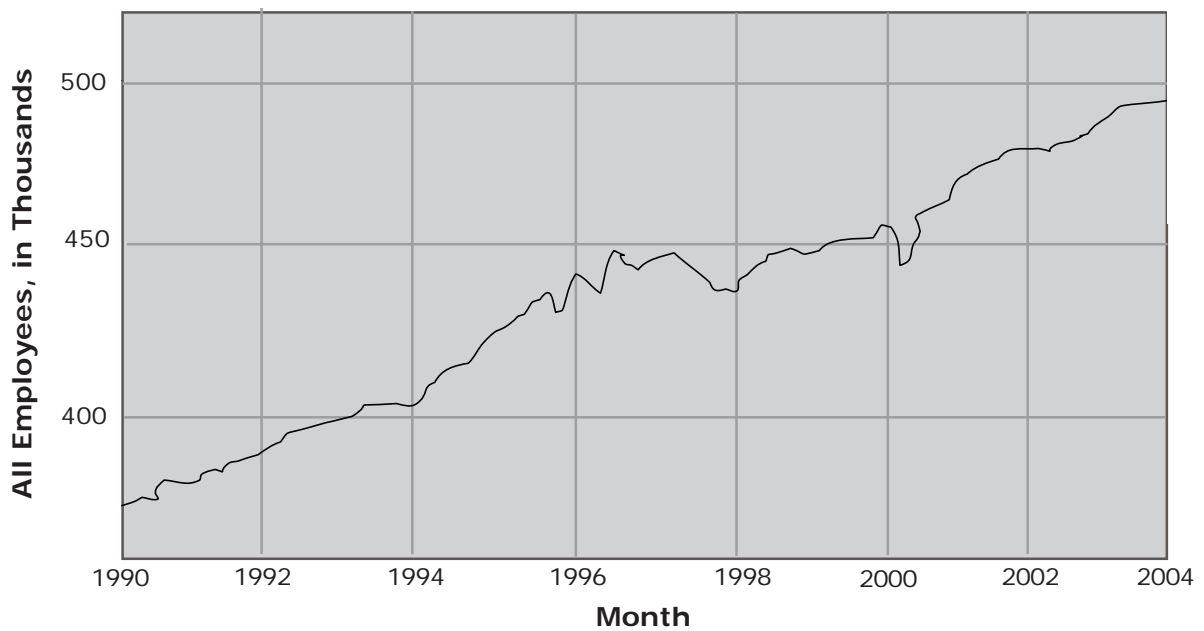
Nurses may make more than the wages shown here, depending on what they do and the education and skill required. Within job types, and across health care jobs, wages rise with greater skills requirements.

Another positive factor is that health care wages in Michigan continued to grow, from average annual earnings of somewhat less than \$34,000 in 2001 to more than \$37,000 in 2004 [1]. This increase is particularly significant in the midst of an overall economic recession and was faster than the rate of inflation.

**Figure 1.
Michigan Wage Increases
have Outpaced Inflation**



**Figure 2.
Nationally, and in Michigan,
Health Care Employment is Robust**



In Michigan, health care wages average about \$16.50/hour

Source: Bureau of Labor Statistics

The demand for health care services and employment will continue to grow.

Finally, we think that the demand for health care services and employment will continue to grow for several reasons. First, increases in obesity in the population will most likely result in a greater need for health care down the road. Second the population of Michigan is aging and as people age they consume more health care. Many retirees are "aging in place" – that is, staying in Michigan after retiring. Retiring "boomers" from Chicago may spread up the shores of Lake Michigan into Wisconsin and Western Michigan. There is anecdotal evidence that people from Canada are coming to Michigan for health care to avoid long waits for some health care services in Canada.

In conclusion, although Michigan's economy continues to struggle, evidence suggests that there are some higher paying jobs available, particularly in health care. In general, wages for these jobs depend on the skill sets required.



Toby Herr is the founder and executive director of [Project Match](#), a Chicago-based program that combines direct employment services, program development, and research in the fields of welfare-to-work and workforce development. It began providing employment services in 1985. She is currently a senior research associate and member of the board of trustees at the Erikson Institute in Chicago. In the mid-1990s, Ms. Herr added a program development component to translate Project Match's lessons into products for government, non-profit, and for-profit agencies. These included the Pathways Case Management System for welfare agencies and the Pathways to Rewards for mixed-income housing developments. Ms. Herr and her colleagues have also developed a "toolkit" for community-based agencies to operate an employment program that provides long-term assistance to participants. Project Match conducts ongoing research on the process by which people achieve economic and family stability. Ms. Herr received her M.Ed. from the Erikson Institute, a graduate school and research center for advanced study in child development.

A Human Development Approach to Welfare Reform Phase II: Giving Families Choice

Toby Herr, Executive Director - Project Match

Summary of Presentation by Laura Bates and Betty Tableman

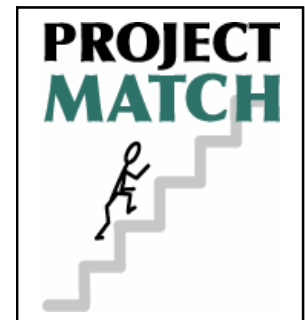
Introduction

The Welfare Reform Act of 1996 brought about some unanticipated results. As Jason DeParle commented in his case history of welfare families [1], both liberals and conservatives were more wrong than right about the consequences of these changes. Liberals underestimated the ability of welfare recipients to engage in work, and conservatives overestimated the degree to which work would improve people's lives.

Why were policymakers wrong about how people would behave? At Project Match we believe it is because policy is overly focused on economic incentives as shapers of decision making, giving little attention to psychological factors. It is our experience from research and practice that many psychosocial factors influence a welfare recipient's decision to participate in and be successful at meeting work requirements – factors such as self-confidence, determination, the ability to cope with uncertainty and face unfamiliar situations. People not only need to have the skills to succeed in new situations, they also have to believe that they can do so.

Lessons Learned from Project Match

In our 20 years of experience in welfare-to-work and workforce development, Project Match has learned several lessons that are relevant to moving families in the welfare system toward economic and family stability. Project Match is a Chicago-based organization that has been providing transition-to-work services to poor families since 1985.



Many psychosocial factors influence a welfare recipient's decision to participate in and be successful at meeting work requirements.

The human development approach developed in our community-based program has been adapted for agencies operating mandatory programs through the Pathways Case Management System, which has been implemented in counties throughout the country.

These are some of the lessons learned from our experience.

Lesson 1: Most welfare recipients will need multiple jobs before making a permanent attachment to the workforce.

In our community-based program we have followed a small sample of clients who have stayed in the program for at least 5 years. Within this group, we have identified subgroups that follow four distinct pathways [2].

- ♦ **Steady Worker/Advancement Pathway (36%).** This group makes fairly steady progress through employment, and for some, education as well. Most start with entry-level jobs and over time gradually increase their hours, months worked, and wages. At the end of five years, on average, they are working full time and no longer receive TANF.
- ♦ **Job Cyler to Steady Worker Pathway (14%).** People in this group make many false starts initially, quitting jobs and/or education classes frequently. Repeated changes make it difficult to increase wages. These workers gradually improve in their ability to keep a job until at the end of five years they are working steadily, although still receiving a reduced TANF grant.
- ♦ **Intermittent Worker/Welfare Cyler Pathway (27%).** Workers in this group are good workers when on the job but setbacks in their personal lives result in quitting jobs or training programs. An unstable work history makes it difficult for workers in this group to make improvements in their income and they continue to be dependent on TANF whenever they quit or lose another job.
- ♦ **Low/No Work Pathway (23%).** Workers in this final group never make an attachment to the workforce, although they continue to participate in the program. Over a five-year period they worked either not at all or only for short time periods and continued to be dependent on full TANF grants.

Our experience led us to conclude that welfare-to-work is not an event about getting a job, but is, instead, a long and difficult process of personal growth and development.

Our experience led us to conclude that welfare-to-work is not an event about getting a job, but is, instead, a long and difficult process of personal growth and development. Project Match's results mirror other studies of persons who have left welfare in Illinois, [3] indicating that half or less of former welfare recipients end up working full time.

Lesson 2: The "barriers to employment" approach to helping people prepare to go to work needs to be rethought.

The barriers approach is based on the premise that many welfare recipients have personal or family circumstances that will make it very difficult for them to obtain or retain employment. These barriers include factors such as medical or mental health problems, drug and alcohol abuse, low basic skills, or children with special needs. The goal is to address barriers first before moving people into the workforce. It is Project Match's belief that this approach does not work for several reasons.

- ♦ **The premise that the barriers to employment are what prevents welfare recipients from working is not supported by data.** Table 1 below compares the recent work experience for women receiving and not receiving welfare. As you can see, in both categories, fewer persons with barriers than without are employed full time. However, *non-recipients* with barriers are far more likely to be working than are *recipients* with the same barriers. Therefore one could conclude that it is not the barriers in and of themselves, but rather something about the people who end up on welfare that keeps them from working steadily.

**Table 1.
Comparison of Recent Work Experience for Women
Receiving and Not Receiving Welfare**

	Percent of Workers Employed Full-Year			
	Current Welfare Recipients		Non-Recipients	
	With Barrier	Without Barrier	With Barrier	Without Barrier
Presence of Any Barriers to Employment				
• Serious barriers excluding low skills	6.81	24.51	69.27	78.18
• Serious barriers including extremely low basic skills	10.99	26.75	67.35	79.26
• Moderate or serious barriers excluding very low skills	17.37	22.56	74.38	78.61
• Moderate or serious barriers including very low or extremely low skills	17.56	31.06	73.50	80.66

Source: Krista Olson and LaDonna Pavett, "Personal and Family Challenges to the Successful Transition from Welfare to Work." The Urban Institute, May 17, 1996, p. 33, table 8.

- ♦ **Assessment of barriers focuses on the negative with people just entering the program.** The process of assessing barriers to employment occurs during the recipient's entrance into the program and necessarily focuses on a negative set of questions. Thus it can set a negative tone by focusing on the recipient's problems and deficits.
- ♦ **Many barriers take a long time to identify.** The barriers approach is based on identifying problems up front so that services can be offered to eliminate or alleviate the circumstances. However, many barriers are not revealed initially but only over time in the context of a trusting relationship between a recipient and worker.

Project Match believes that a more constructive approach is “employment with barriers” that helps people learn to balance their many life roles.

It is psychologically healthy to make active decisions about life choices rather than passively letting things happen to you.

The Human Development Approach: Focuses on helping recipients build personal competencies that are valued in the workplace & in life roles.

Promotes active decision making.

Individualizes work preparation activities to level of competence.

- ♦ **To work steadily, one needs to learn to live with life’s problems rather than “get over” them.** Many barriers to work cannot be “fixed” and even if some are removed, others may take their place. To be a successful worker, one needs to learn to balance work with other personal and family problems.

If the focus of programs isn’t on helping people develop the ability to balance work and personal/family problems, they are likely to quit work whenever problems arise. Project Match believes that a more constructive approach is “employment with barriers” that helps people learn to balance their many life roles.

Lesson 3: Individual Motivation Trumps Mandates.

Studies of those who left welfare including our own data indicate that when work requirements are instituted, many TANF recipients will accept sanctions or leave without a job [3, 4]. Many of these families leave without the skills to sustain employment or adapt to life crises and may end up back on welfare or in some other social service system.

Our own study of the Pathways Case Management System implementation in Oswego, NY [4] found that over a two-year period 34.9% of TANF cases were closed for noncompliance with program requirements: 24.3% for noncompliance with Pathways monthly meeting eligibility requirements, and 10.6% for other eligibility requirements. Because they left without communicating with caseworkers, their post-TANF employment status is not known.

We learned from this experience that “upping the ante” through stricter requirements creates a decision point for many TANF recipients. At this decision point agencies should work hard to make sure leaving TANF is an active rather than a passive decision for two reasons:

- ♦ Passive leavers do not have opportunity to learn about other services and benefits that they are still eligible for, such as Medicaid or food stamps.
- ♦ It is psychologically healthy to make active decisions about life choices rather than passively letting things happen to you.

How Does the Human Development Approach Differ from Traditional Workforce Preparation?

For those who choose to participate in work requirements, Project Match believes a system that addresses psychosocial issues as well as work preparation and education is more likely to be successful because:

- ♦ It focuses on helping recipients systematically build personal competencies that are valued in the workplace as well as in other life roles.
- ♦ It promotes active decision making by recipients.
- ♦ It individualizes work preparation activities to each person’s level of competence through the Incremental Ladder to Economic Independence.

The Incremental Ladder to Economic Independence (Figure 1) is the centerpiece of the human development approach. It incorporates a broad range of activities in the work requirements, providing experiences that are manageable, productive and meaningful for every welfare recipient. These activities are designed to serve as incremental, measurable stepping-stones to economic and family stability. The five columns represent the breadth of activities that can serve a work-prep function. The lower rungs include activities with children – such as taking children to appointments or volunteering for a school or Head Start activity – and self-improvement activities – attending family counseling, taking an exercise class or attending treatment for substance abuse.

These activities build base skills (time management, social skills) that are necessary to get and hold a job. The middle rungs include regular volunteer community service and education/training programs. The highest rungs include subsidized and unsubsidized part-time and full-time employment. We have found that most participants engage in activities at all levels of the ladder at some time in their preparation.

Besides taking into account the varying levels of skills and competencies among welfare recipients, the different levels and types of activities represent the many different roles that recipients must learn to balance: worker, parent, partner, community member. In Project Match's experience, the ability to balance these competing roles is a characteristic that often distinguishes successful from less successful participants.

The Pathways Case Management System

The goal of the system is to help all types of welfare recipients... move onto and along their own unique routes toward economic and family stability.

The Pathways Case Management System was developed by Project Match for state and local agencies operating mandatory programs. The goal of the system is to help all types of welfare recipients – not just those deemed employable – move onto and along their own unique routes toward economic and family stability [5].

The Pathways system changes the interaction between casework or employment workers and their clients. In the traditional system, the worker plays the role of "expert" — the person with the knowledge who can help the recipient make the "right" decision. In the Pathways system, the worker's primary role is to be a facilitator, resource person and monitor of activities but not a decision maker. The worker's job is to be sure that the recipient knows all of the options available to him or her and the consequences of each, so that he or she can make more informed choices.

The system provides welfare agencies with a set of tools and protocols for ensuring monthly contact between caseworkers and recipients, developing and monitoring individualized monthly plans, and promoting a teamwork approach among agency staff and partners.

The Pathways "toolkit" includes:

- ♦ **Monthly activity diary.** The diary consists of a menu of activities – some countable toward the federal work requirement and some not — and a self-sufficiency plan for each participant. It includes space for up to four activities that the participant agrees to do that month. The menu has standard work prep activities in addition to activities at all levels of the incremental ladder to economic success.

- ♦ **Monthly group meeting.** The centerpiece of the Pathways system is the monthly meeting of 10-15 recipients facilitated by a team of 3 welfare caseworkers/employment workers. Each participant has 15 minutes to review his or her prior month's plan and to negotiate a new plan for the coming month, based on accomplishments of the prior month. The facilitator as well as other participants can offer advice and support. This method assures that caseworkers have regular contact with everyone and no one slips through the cracks. Some agencies have chosen to sanction people who do not attend the monthly group meeting, by imposing strict consequences (e.g., closing the case) thus forcing them to make hard choices about participation.
- ♦ **Computerized tracking system.** The tracking system captures information from the activity diaries and group meetings and generates a cumulative record of each person's monthly plans, successes and setbacks. The record can be used by participants as documentation of their progress and by caseworkers for monthly case reviews.
- ♦ **Case reviews and debriefings.** Regular staff meetings before and after group meetings provide an opportunity for facilitation teams to prepare for group meetings, review progress in previous meetings and plan follow-up activities. These meetings are intended to generate new ideas for helping recipients set and meet their goals and to encourage cross-agency collaboration.

A recent study of implementation of the Pathways System in three counties found considerable progress but also some challenges [5].

Accomplishments

- ♦ The group case management meetings make it administratively feasible to see all cash assistance clients every month. This was true even though group meetings take far more time than originally anticipated.
- ♦ The groups provide a forum in which recipients can share successes and challenges and receive information on a broader range of employment resources than they would receive from agency staff alone. The peer-to-peer dialogue offers important information and recognition to participants and allows caseworkers to learn far more about their clients lives than they would from individual contacts.
- ♦ The broad range of activities in the diary encourages recipients and staff to recognize and include small steps toward self-sufficiency in monthly plans.
- ♦ Co-facilitation between welfare and employment workers encourages collaboration.

Lessons Learned

As states are required to engage a higher proportion of their caseload in work and work-related activities, the Pathways experience offers some important insights into what may be required to engage all TANF recipients in some type of productive activity.

- ♦ **Effective individualized case planning requires a highly skilled staff.** Effective case planning requires staff who can 1) help recipients identify their strengths and weaknesses; 2) develop plans that set goals and break them down into identifiable steps; 3) monitor and encourage progress. Good staff training is a must.
- ♦ **TANF program administrators and line staff are unlikely to embrace the concept of individualized planning if performance is tied to a narrowly defined set of work-related activities.** A strong program emphasis on “countable” activities will not lead staff to see the value of developing more individualized plans.
- ♦ **Monitoring program participation and outcomes is more complicated when a broad range of activities is acceptable.** Because the system focuses on individuals making progress through a series of small steps over an extended period of time, traditional measures of program performance, such as employment placements and job retention, will not capture all aspects of individual or program success. Alternative indicators need to be identified.

The Incremental Ladder to Economic Independence:

- **Starts where people are**
- **Makes sure there is an appropriate first and subsequent step for everyone**
- **Celebrates big and small successes**

Conclusion

Project Match’s program design work in the fields of welfare-to-work and workforce development reflects our growing understanding of how individuals change and how their growth is linked to increases in economic and family stability among poor families. With these understandings in mind we developed the Incremental Ladder to Economic Independence, the conceptual underpinning of our model. The ladder reflects our core beliefs: start where people are, make sure there is an appropriate first and subsequent step for everyone, and celebrate big and small successes. There are three ways in which the ladder provides a first step and pathway to success for everyone:

1. Gradually increasing time commitments;
2. Gradually increasing demands – from simple to more difficult challenges;
3. Broadening what counts in work preparation.

Policy Recommendations

Based on our experience of research and practice, we can make the following policy recommendations:

1. **Write into the state plan a wide range of allowable activities to the extent possible within federal regulations.** Allowable activities should be those that 1) promote skills and personal competencies that are valued in the workplace and 2) can be monitored on a regular basis. Skills such as punctuality or working well with supervisors are valued in the workplace but can easily be practiced first in more familiar settings, such as the neighborhood school, clinic or Head Start program.
2. **Train staff to better support the development of recipient competencies and active decision-making.** Consider use of the Pathways model, if not universally then within one office or county. As the Pathways implementation study noted, successful implementation of a work participation program for many types of welfare recipients requires highly-skilled staff.
3. **Consider policies to promote more active case closures.** Active decision making is better for psychological well-being and is in itself a personal development competency. If recipients actively close their cases for whatever reason, rather than passively drifting away or through sanctions, caseworkers can inform families of benefits still available to them and assure that they are aware of the consequences of the decisions they make. Follow up with those who leave passively through noncompliance to find out why they left (e.g. found employment, became eligible for SSI, etc). Those who leave without work or other means of support are likely to return or become recipients of other services at some point.

For more information and to download research reports about Project Match visit our Website: www.pmatch.org.

Michigan's Approach to Welfare to Work

Gianelle E. Rivera, Sean Sullivan, and Rosalind Kirk

What is the Welfare Program in Michigan?

Welfare reform at a national level was introduced in 1996 by the *Personal Responsibility and Work Opportunity Reconciliation Act* (PRWORA). The broad aims already matched those that had been in place in Michigan since 1992 when reform was introduced at the state level. Goals were to move those dependent on public assistance into the workforce, establish limits for most benefits, and end "entitlement" programs that guaranteed cash assistance to all eligible adults and children [1].

The Family Independence Program (FIP) is the state's cash assistance program for low-income families with children. It is administered by the Department of Human Services through its local offices in each county in the state. The goal of the Program is to help maintain and strengthen family life for children and parents, or other caretakers with whom they are living, and to help the family achieve the maximum possible self-support and personal independence. Currently, the program serves around 212,000 individual recipients [2]. Eligibility for FIP acts as a gateway to access other programs such as Medicaid.

Who is Eligible for Cash Assistance?

Recipients must meet a number of eligibility requirements, including an assessment of assets, income and criminal justice status, etc. In addition, there are a number of work requirements. More flexibility exists than before welfare reform for states to define what counts as a 'work-related activity'. Work requirements can be deferred in specific situations such as age, being the mother of an infant under three months.

Appropriate employment-related activities are determined by assessing the client's job readiness. The assessment analyzes the client's educational level, skills, work history, vocational interests, barriers to employment, and child care and other supportive services needs. An Individual Service Strategy Plan (ISSP) is then developed from this assessment to help move the participant into any type of unsubsidized employment that he/she is capable of handling as quickly as possible, and to increase the responsibility and amount of work the participant is to handle over time [1].

What is the Welfare-to-Work Program in Michigan?

Michigan's employment and training program is called *Work First*. It is administered by local Michigan Works! Agencies (MWAs) under agreement with the Michigan Department of Labor and Economic Growth (DLEG). After an orientation, clients who are not deferred from immediate participation are assigned to job search or job search in combination with other activities. If a recipient does not comply with work requirements, then Michigan applies full-family sanctions for one month or until they are compliant, depending on whichever is longer [2].

How Many Recipients are in Welfare-to-Work Programs?

There are currently 74,488 adult residents in Michigan in receipt of welfare support [2]. This means there are over 200,000 welfare recipients when children and other dependents, such as grandparents, are included [3].

About 30% of FIP cases are children only, while the rest, 30,010 or 59%, are working full time or involved with a Work First or other training/employment contractor. However, welfare-to-work requirements create the expectation that this should be higher - around 54,160 adults [2].

There are over 200,000 welfare recipients in Michigan when children and other dependents, such as grandparents, are included.

Partners in the Administration of Welfare-to-Work

Departmental responsibilities for the welfare-to-work population (to provide all services and establish plans for TANF) are spread across the [Department of Human Services](#) (DHS), DLEG, and MWAs. The lead agency for working with clients, who are either exempt or deferred, is the DHS [2].

Current Legislation in Michigan

While no new legislation has yet been introduced during the current legislative session regarding a lifetime limit, a 48-month time limit was written into the House-passed budget for the Department of Human Services. It was not included, however, in the final version of the Department budget.

On the horizon, the federal government is planning to place more restrictions on access to federal welfare funding. States will be required to put 50% of all eligible welfare recipients into work programs by October of 2007. This would be a substantial increase and would be necessary to maintain Michigan's current level of funding [3].

Issues Facing Welfare-to-Work in Michigan

- ♦ **There is limited scope for the interpretation of 'work-related activities' that maintain eligibility for welfare.** This depends on the definition adopted by state law of an 'allowable activity' which leaves little local flexibility. Since Michigan has always been a "welfare to work" state, it has primarily focused on attaining and retaining employment without allowing for much scope beyond actual "work" [1].
- ♦ **Meeting participation rates are extra challenging when Michigan's unemployment level is already a full 2% over the national average [1].**
- ♦ **Meeting participation requirements will be more difficult because changes in federal funding for TANF from October 2007 will require Michigan to double the number of recipients placed in work or work-related activities and /or increase the number of hours worked each day.** Failure to double the number of welfare recipients who are currently in work related activities will result in a decrease in federal funding yet those who are not already in work-related activities are the most difficult to place for a variety of reasons [3].

Current Developments in Welfare-to-Work Throughout the State

Currently Michigan has a number of pilot programs in welfare to work that are outlined in Table 1.

Table 1.
Pilot Welfare-to-Work Programs in Michigan[5]

Program	Partners	Program Description	Eligibility/Target Population
Distance Learning	Various state and local departments and private sector companies	The course is designed to overcome some of the primary barriers to adult learning such as traditional classroom environments, lack of childcare, lack of transport, etc. Participants have access to distance learning from their homes, local libraries, and one-stop centers, in order to prepare for and take the GED exam.	TANF recipients in the last trimester of pregnancy through their baby's first birthday [3].
FIP Work Participation Project	DHS, DCH & DLEGs	Coordinate and help plan services to FIP applicants and recipients who are claiming a disability beyond 90 days. Help recipients become self-sufficient. Disability claims will be evaluated to determine at what level, if any, the client is capable of working or participating in employment-related activities [3].	FIP applicants and recipients who are claiming a disability beyond 90 days.
Growing to Work Service Centers in Huron, Lapeer, Sanilac, & Tuscola Counties	Thumb Area Michigan Works & DHS	Growing-to-work helps people determine how employable they are and seeks to rank and address the problem areas they have. http://www.thumbworks.org/programs.asp .	Welfare recipients resident in the thumb area.
Moving Men & Women to Economic Independence in Michigan City of Detroit, Highland Park, and Hamtramck	Goodwill Industries, various local public and non-profit Detroit agencies.	Designed to assist individuals who are chronically unemployed due to multiple barriers. It is a variation of current Work First Program.	Target population: adults living in the urban center of Detroit who have multiple barriers to employment, are chronically unemployed, and living in poverty. Specifically targeted groups include people exiting the criminal justice system, people receiving public assistance, and young, minority men.
Jobs, Education, & Training (JET) There are four pilot sites which began in April 2006 and are aiming for full implementation by July, 2006 [5].	Departments of Human Services and Labor and Economic Growth, and the Workforce Action Network (WAN).	Based on a re-evaluation of the Work First Program. To provide clients with various jobs, education, and training services that will help them gain economic self-sufficiency and attain the skills needed to take part in Michigan's workforce. http://www.mchigan.gov/documents/DLEG-JET_Program_158370_7.ppt . Pilots are in the following sites: Kent, County, Oakland County - Madison District, Sanilac County, & Wayne County - Glendale/Trumbull District.	Welfare recipients in the 4 pilot counties.



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Michigan's Place in the Knowledge Economy

Rex L. LaMore, Ph.D., Director, MSU Community and Economic Development Program; Ken Corey, Ph.D., Faron Supanich-Goldner, John Melcher, and Mark Wilson, Ph.D.

What has Changed?

We all know that the global economy is changing and that Michigan's economy is undergoing a particularly painful transition. While trying to address the short-term consequences of this economic dislocation, Michigan must also look ahead and begin planning for a better tomorrow. Understanding where we currently stand in the knowledge-based economy is the first step in developing strategies to compete in this new arena.

In the new economy, knowledge and information drive economic growth, competition is increasingly intense, and occupations and industries shift rapidly in response to changing conditions. In this environment, traditional techniques and tools for economic development are no longer adequate.

In the new economy, knowledge and information drive economic growth

What is the Knowledge Economy?

There are many definitions of this phenomenon. In our work we used two defining characteristics:

- It applies new methods or new technologies to the production and distribution of goods and services
- It is characterized by "H3" jobs: high growth, high wage, and high skill

Although manufacturing is clearly knowledge based, it is not typically considered part of the knowledge economy principally because in Michigan and the U.S, manufacturing jobs are declining as a proportion of total employment (i.e., it is not high growth).

Knowledge occupations, for example, often include jobs involved with:

- Computers and mathematics
- Life, physical, and social sciences
- Education, training, and libraries
- Management
- Architecture and engineering

Wages in these job sectors are considerably higher than in other occupations. In Michigan the average wage in Knowledge Economy jobs is \$61,158 compared to \$33, 141 in all other occupations. Michigan also lags in growth in knowledge economy jobs; the Michigan growth rate is 13.1% compared to 21% in the nation as a whole [1].

How does Michigan Compare with Other States?

Based on an analysis by the Progressive Policy Institute, Michigan is in the middle of the pack, ranking 23rd of 50 states.

Based on an analysis by the Progressive Policy Institute, Michigan is in the middle of the pack, ranking 23rd of 50 states. Midwest leaders are Minnesota and Illinois, with Michigan, Ohio, Indiana, and Wisconsin lagging behind [2].

What is the Knowledge Economy Capacity of Michigan's Local Communities?

The research that my colleagues and I conducted ranked Michigan's counties on 16 indicators of the Knowledge Economy and metropolitan areas on 14 indicators. These rankings are just a snapshot in time and do not represent progress that communities may be making. The analysis is intended to help planners develop timely strategic actions to increase capacity over time.

The county indicators fall into five categories:

- **Knowledge Jobs** – Knowledge jobs are the drivers of the global knowledge economy. The indicators track the proportions of the workforce in information technology and computer jobs or in managerial and professional occupations, and the general knowledge level of the workforce.
- **Innovation** – These indicators attempt to measure the capacity of communities to transform new ideas into firms and jobs. They include the proportion of the workforce who are engineers or engaged in certain high tech and biotech businesses, the presence of venture capital firms, and patent activity.
- **Digital Economy** – The Knowledge Economy relies on a rapid global communications network. For Michigan we measured this category using the number of residents who use the Internet frequently, the percent of local governments who have Websites, and projected cable modem access. **Michigan lacks information about the capacity of the digital economy, which is a matter of concern.**

Table 1.
Michigan County Rankings on
Knowledge Economy Indicators
(Each category indicates only top 5 counties)

County	Overall	Knowledge Jobs	Innovation	Digital Economy	Globalization	Dynamism
Oakland	x	x	x		x	
Washtenaw	x	x	x		x	
Ingham	x	x	x			
Kent	x			x	x	
Ottawa	x			x		
Kalamazoo		x				
Leelanau		x				
Midland			x			
Houghton			x			
Bay				x		
Eaton						
Calhoun						
Wayne					x	
Macomb					x	
Clare						x
Lake						x
Crawford						x
Barrie						x
Benzie						x
Allegan				x		
Muskegon				x		

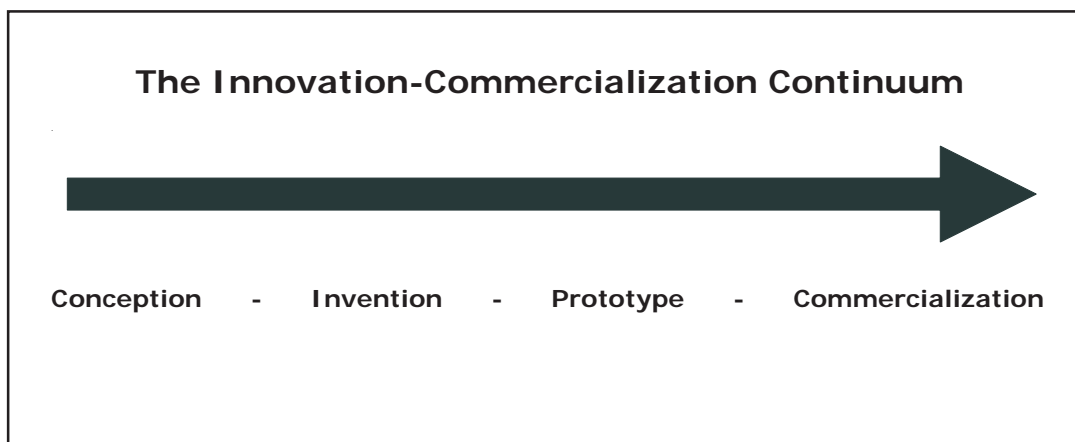
- **Globalization** – The ability to export to foreign markets is a requirement for economic growth. Indicators in this area included the number of firms with foreign parents and the number of firms engaged in production export.
- **Dynamism/Creative Community Capacity** – The ability to adapt quickly to a changing environment is often evidenced by “churn” in the workforce as new jobs replace old jobs in the economy. This factor includes indicators of change in the percent of the workforce in various sectors of the economy. While some change involves loss of jobs, it is a characteristic of the knowledge economy. This category in future analyses may also measure our individual and community “inventive” capacity [3].

Who are the Leaders in Michigan’s Knowledge Economy?

In our research we assessed the capacity of each county [4] and eight metropolitan areas [5] for each of the Knowledge Economy Indicators. For complete descriptions of each, consult our full reports available on our Website at www.cedp.msu.edu.

Table 1 shows the top five ranking counties overall and in each category. As you can see, no one county ranks at the top in every category, and so no county can afford to “rest on its laurels.” One pattern is worth noting. The Detroit metropolitan area is our critical link to the global economy, as Oakland and Wayne Counties account for nearly half of the 3450 exporting firms in Michigan. Think of it as our “front door” to the world. Metropolitan areas also tend to be above the state average in the proportion of the workforce in information technology jobs and numbers of professional engineers.

Figure 1.
Innovation-Commercialization Continuum



What can Counties do to Increase their Knowledge Economy Capacity?

The capacity of communities to support and nurture creativity and to bring these innovations to the marketplace may determine our state's future economic success. The inventive process in the production of goods and services generally moves along a continuum from conception through invention to prototype to commercialization (see Figure 1). Elements of this process seem to occur most frequently in specific locations. Conception and innovation tend to concentrate in areas where there are networks and institutions that support and bring together inventive and creative people, such as universities and research laboratories. The development of prototypes, while still requiring connection to the creative center, can move further from that environment. Commercialization – that is, the routine production of a service or product – can potentially go global. It is in the commercialization process that communities throughout Michigan can potentially benefit from strategic investment in the Knowledge Economy.

It is in the commercialization process that communities throughout Michigan can potentially benefit from strategic investment in the Knowledge Economy.

How can State Policymakers Support the Development of Michigan's Knowledge Economy Capacity?

Although much of the development of our Knowledge Economy Capacity will occur at the local level, there are policy options that states can implement to support local efforts. Michigan recently funded a 21st Century Jobs Fund to promote entrepreneurship of this type.

As an independent validation of this knowledge economy analysis, we recently compared the Rank by County to the number of proposals submitted to the 21st Century Jobs Fund. The top 5 counties to submit were Washtenaw, (141), Ingham (88), Wayne (69), Oakland (54), Kalamazoo (33). All of these counties were identified in our ranking as being Leaders in the Knowledge Economy Index.

Policy Alternatives

Here are some additional thoughts about state policies that can promote local capacity-building.

- **Provide for educational opportunities across the life span of the workforce.** In the Knowledge Economy, an educated citizenry is critical to success. If the state does not get “smarter” it will get poorer. In Michigan communities facing severe short-term hardships, there is a growing income and well-being gap between those in the knowledge economy and those left behind. To reduce economic disparities and prepare Michigan's workers for the new economy, Michigan should provide equal access to quality early childhood and K-12 education, career development, higher education and retraining programs.

If the state does not get “smarter” it will get poorer.

The information infrastructure represents the waterways and roads of the 21st Century Knowledge Economy.

- **Map the state's Information Infrastructure.** The information infrastructure represents the waterways and roads of the 21st Century Knowledge Economy. Without maps created by the early explorers, our state would have been settled more slowly and this is the same situation we face today. Michigan should conduct a statewide assessment of the information infrastructure and make this information available to potential entrepreneurs and local economic developers.
- **Ensure that all citizens have equal access to the global communications network.** The state can provide support to local communities to offer non-formal adult education programs on the global communications network and make access more readily available to all.
- **Encourage local communities to engage in Knowledge Economy Planning.** Michigan could become the first state in the nation to require, as a condition for funding, that communities develop a local Knowledge Economy Plan. This plan would assess their current capacity in the knowledge economy indicators we have discussed and identify their short- and long-term priorities for improving local capacity.

For copies of the research reports on the Knowledge Economy in Michigan, visit our website at: www.cedp.msu.edu.

What Michigan is Doing to Promote Knowledge Economy Jobs: The 21st Century Jobs Fund

Sean Sullivan and Laura Bates

The economy of Michigan is going through a difficult transformation. Manufacturing, once the backbone of our economy is declining. The 21st Century Jobs Fund is an initiative authorized by the legislature in 2005 and administered by the Michigan Economic Development Corporation to spark new investment in Michigan. The work of the Fund will focus on creating new high tech jobs primarily in four sectors:

- ♦ life science
- ♦ alternative energy
- ♦ advanced automotive manufacturing
- ♦ homeland security and defense

How Much was Invested?

The legislature has appropriated \$394 million to the 21st Century Jobs Fund for fiscal year 2005-06, of which \$107.96 million has already been appropriated for specific allocations or administration, leaving \$286.04 million for lending and grants.

Who May Receive a Grant?

Funding will be considered for the following activities in one of the desired high tech sectors:

- ♦ Commercialization
- ♦ Applied research
- ♦ Basic research
- ♦ Commercialization support services

For profit companies, nonprofit corporations, institutions of higher education, and nonprofit research institutes are eligible to apply for different activities. As the process is fairly simple there are many applicants for the available grant and loan money. Grants are awarded in a highly competitive environment where the state can select potentially successful grantees after a panel of experts in each field has reviewed and approved the proposal [1].

In the 2006 funding round, 505 proposals were submitted, with the greatest number in the areas of applied research and commercialization [2]. The first set of proposals are currently under review.

To find out more information visit The Michigan Economic Development Corporation at <http://www.michigan.org/medc>.

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- No. 2005-2 *Early Childhood Education and Care as an Economic Development Strategy for Michigan*

Briefing reports are available at <http://www.fce.msu.edu/FLS>

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What Michigan is Doing to Promote Knowledge Economy Jobs

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Michigan House of Representatives Districts

