

Complex not simple: The vocational education and training pathway from welfare to work— Support document

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1 Literature Review

1.1 Background – *Welfare-to-Work* policy and programs

Welfare-to-work policy is part of a broader process that is sometimes described as ‘welfare reform’. It is driven by a perceived need to reduce dependency on income support payments by shifting those considered able, or potentially able, to work into paid employment. Welfare reform has been a central policy goal for a group of nations that spend less on average on income support and tend to have the greatest restrictions on eligibility, compared with many European countries. The nations concerned are Australia, Canada, the USA, Great Britain and New Zealand, and their commitment to reducing ‘welfare dependency’ has been pursued by both liberal and conservative governments (Saunders 2001, p.1). Australia, Great Britain and the USA have tended to follow each other’s lead in relation to welfare reform (Daly & Smith 2002, p.2).

Welfare-to-work programs require a fundamental shift in the traditional relationship between benefit systems and the labour market, and between the vocational education and training sector and the welfare sector. The shift can be viewed as a move from passive benefit receipt to more active engagement with paid work, with the ultimate goal of promoting self sufficiency among more disadvantaged groups. It can also be seen as removing entitlement to benefit payment, and removing a welfare safety net, with conditional and/or temporary assistance replacing both (Finn 1999).

... setting welfare in opposition to work, making paid employment the litmus test of the contract between citizen and state, could well serve to reinforce the myth of the undeserving poor and, hence, exacerbate social exclusion. (Walker 1999, pp.550-551).

The entrance of large numbers of former welfare recipients into the workforce challenges traditional assumptions about the relationships between education and work (Fisher & Martin 1999, p.179).

In Australia, *Welfare-to-Work* policy was implemented with the 2005-2006 Budget, building on the earlier welfare reform initiative known as *Australians Working Together* (2003) – a key concept of which was that of ‘mutual obligation’ between government and welfare recipients. In practice, this means that income security recipients are expected to pursue pathways that lead to paid employment – for example, work experience, training or community work. Parents of children over the age of six receiving *Parenting Payment*, long term unemployed people, mature age people on *Newstart Allowance* and people receiving *Disability Support Pension* are the groups targeted by this policy which took effect from July 1st 2006.

The transition from welfare to work occurs through a range of incentives and disincentives, a range of services and measures. These include increased employment services, increased child care places, an expanded Language, Literacy and Numeracy Program, increased Job Network funding, increased places in disability open employment services, increased vocational rehabilitation places for those new to the system, and additional education and training places. Changes in income tests for most allowances that allow people to keep more of their employment-related earnings are designed to provide a financial incentive to seek paid work.

The underlying goal to increase self-reliance was also reflected in the Australian Government’s *Stronger Families and Community Strategy*, which was the responsibility of the Department of Family

and Community Services. Implemented in 2000, this policy initiative was based on research evidence highlighting the importance of early intervention. Its programs included early childhood initiatives designed to develop individual skills that have a lifelong impact. Building strong individuals and families was seen as critical to creating stronger and self sufficient communities, and thereby reducing reliance on government support programs (Williams 2000, p.16).

Also driven by the goal of reducing welfare dependency, welfare reform in Great Britain has been a key component of the Blair Government's policy agenda. Much of the 1997 welfare to work budget was committed to financing the 'New Deal' which guaranteed a range of employment-oriented services and supports. There has also been a strong emphasis placed on *creating local partnerships* as part of the 'third way' strategy. This involves investment that is tied to targets, with outcomes measured against national standards while allowing freedom at the local level to manage and innovate in order to reduce social exclusion (Finn 1999, p.141).

The welfare reform process in the USA has had a longer timeframe than that in Australia, with initiatives evident in the mid 1980s. However, two pieces of legislation in 1996 and 1997 have sharpened the focus of this process. The *Personal Responsibility and Work Opportunity Reconciliation Act* (PRWORA) of 1996 ended government commitment to welfare as an entitlement, replacing it with a temporary and time limited (to a maximum of 60 months) safety net. The PRWORA Act had the primary policy objective of reducing welfare dependency by increasing participation in paid employment (Gray & Stanton 2002, p.1). In 1997, Congress implemented the *Welfare-to-Work Grants* Program under the auspice of the *Balanced Budget Act 1997*. This targeted high poverty communities, least employable people, most disadvantaged welfare recipients and non custodial parents needing to make the transition to work (Nightingale 2001, p.ix).

Through the *Temporary Assistance for Needy Families* (TANF) initiative, states in the USA were given broad authority to develop their own approaches to helping low income parents move into employment. However, the underpinning legislation discourages welfare recipients from participating in education and training programs by limiting full time education and training to 12 months and capping it at no more than 30% of TANF participants. The emphasis is on linking people to paid work rather than assisting them with additional training or education (Daly & Smith 2002, p.9) and has resulted in substantial debate about a 'work first' or 'education first' approach to reducing welfare dependency. Given the limitations placed on the education and training pathway to employment, the 'education first' approach has been less common in welfare-to-work programs in the USA (Dyke *et al*: 2005: 4). However, a substantial body of research has found that skills and credentials matter for success in the labour market, and that the most successful welfare-to-work programs involve a package of services and education and training (Martinson & Strawn 2003, p.1).

By 2007, the number of jobless people in Australia targeted by the *Welfare-to-Work* policy included approximately:

- ✧ 38,000 new applicants for income support who have disabilities and are assessed as able to work part-time;
- ✧ 285,000 parents whose youngest child is six years or older;
- ✧ 50,000 *Newstart* or *Youth Allowance* recipients who have been on these payments for two years;
- ✧ 110,000 mature age people who are unemployed (ACOSS 2006, pp. 3-4).

The *Welfare-to-Work* initiative provided for an additional 12,300 vocational education and training places over three years for its four target groups, which is significantly short of potential demand (ACOSS 2006, p.10).

People in these four target groups usually have very low levels of formal education. Twenty five per cent of the Australian workforce has Year 10 or less educational attainment compared with –

- ✧ 63% for people with a disability
- ✧ 72% for unemployed *Parenting Payment* recipients

- ✧ 43% for mature age *Newstart Allowance* recipients
- ✧ 64% for very long term unemployed *Newstart Allowance* recipients (ACOSS 2006, pp.3-4).

These relatively low levels of formal education mean that people from the four *Welfare-to-Work* targets are severely disadvantaged in the paid employment market. Citing Department of Employment and Workplace Relations research on the employment outcomes of highly disadvantaged income support recipients receiving *Customised Assistance*, ACOSS (2006, p.5) notes that most of those who obtained employment within twelve months of receiving *Job Network* support remained in low paid part time and casual jobs. By contrast, former *Job Network* clients who had post school qualifications were about 50% more likely to obtain full time employment within three months than those with Year 10 or less schooling.

Although the Australian income support system acknowledges that training is a pathway to employment, the emphasis of *Welfare-to-Work* policy is on moving unemployed people into work as soon as possible. It does not acknowledge that training leading to a recognised credential needs to be distinguished from short term training, and that quality employment needs to be distinguished from low paid, insecure employment. The difference is between training that increases skills and provides a work-relevant qualification leading to long term employment versus short term training that neither increases skill levels nor provides a credential and leads to poor quality employment and a return to unemployment.

Unfortunately, there are a number of disincentives that can be identified for the *Welfare-to-Work* target groups to participate in the type of training that will improve their skills and employability. Prior to changes made in 2006, single parents and people with a disability receiving income support could study full time or part time without any reduction in their payments. They also received a Pensioner Education Supplement of \$31 per week to assist with education-related costs (such as, books, fees and transport). Many of those in these two groups will now receive *Newstart Allowance* instead of pensions and will have to transfer to the *Austudy* payment if they undertake full time study for more than twelve months. This means a loss of \$93 per week if they had been receiving *Rent Assistance* while on the *Newstart* payment. Single parents who transfer from *Newstart* to *Austudy* lose \$5 per week plus their Jobs Employment and Training (JET) Child Care Assistance payment which is usually worth some \$25 per week. In addition, JET Child Care subsidies cease when the parent studies full time for more than twelve months. Those who had been receiving a pensioner concession card while on *Newstart* lose this benefit once they transfer to *Austudy* payment (ACOSS, 2006: 8-9).

Apart from these financial disincentives to participate in full time or long term training, activity requirements that involve time-consuming job search and/or the acceptance of job offers for up to the required number of hours per week (regardless of time spent in education and training) act to further discourage further education and training. These new activity requirements locate job search as a higher priority over education and training (ACOSS, 2006: 9). Disincentives also affect *Job Network* providers because funds available to them are insufficient to support more than short term training, and payments made for completion of part time education and training are contingent upon the job seeker also obtaining at least part time employment. Analysing Department of Employment and Workplace Relations data, ACOSS reports that *Job Network* providers' use of Job Seeker Accounts for training is low and declining, with funding being directed to job search training and courses involving an average of three days (2006: 10).

1.1.1 Project purpose and defining research questions

From policy to delivery level, it is not known how 'ready' the Australian vocational education and training system is to assist the transition from welfare to work, beyond existing knowledge from access and equity focused research. It is important that research explores the capacity of the vocational education and training system to provide for a group of learners who, for the most

part, will require an inclusive and individualised learning experience that takes into account specific barriers they face in accessing vocational education and training programs.

With funding from the *National VET Research and Evaluation Research Program*, the National Centre for Vocational Education Research (NCVER) commissioned this project in order to research how vocational education and training can best assist the transition from welfare to work. The following research questions have been defined to guide the project.

1. What are the issues faced by the *Welfare to Work* target group, especially parents, older people and those with a disability, in making a successful transition into employment?
2. What do we know about what makes training effective for these groups?
3. What is the existing state of training provision for people in receipt of welfare in Australia? Are there any examples of where this is working well?
4. What are the relevant findings from international research regarding welfare to work education and training programs?
5. What do VET providers require to ensure they deliver the most effective training possible for these specific groups of people? Are some providers better placed than others to respond to these needs?
6. How can VET programs be designed to dovetail well with non-VET programs to give a complete 'package' of assistance to the affected groups?

This review of available research is the first part of the project process and directly addresses Research Question 4. The research selected for review focuses on the role of training and vocational education, or includes findings relevant to this issue. The review draws heavily on research from the USA, where major longitudinal studies have been undertaken, and to a lesser extent on research focused on the United Kingdom experience. There are few studies available on Australia's welfare-to-work outcomes, with the most significant research having been undertaken by the Social Policy Research Centre drawing on client data made available by the Department of Family and Community Services and Indigenous Affairs (FaCSIA).

Lessons for researchers are drawn out and highlighted in boxes. These lessons have been used to design the survey and structured interview components of our study.

1.2 The existing evidence base – lessons for researchers

There has been a considerable amount of research examining the effectiveness of education and training as part of welfare-to-work programs, (particularly from the USA and Great Britain who have established experience with these initiatives). Across the literature as a whole, findings are mixed - in part due to research design, and the varying reliability arising from the way in which individual participation in welfare-to-work programs is recorded. For example, there have been conflicting research findings about the relative effectiveness of intensive vocational training and 'work first' strategies that link welfare recipients quickly to employment. Barnow and Gubits (2002) found that longer term, intensive training was more effective than short term, work-first strategies while a review of twenty welfare-to-work programs (Bloom and Michalopoulos 2001) concluded that a combination of work-first and training approaches had been most effective.

Discrepancies in findings about the effectiveness of welfare-to-work programs are often due to deficiencies in research design (Duke *et al* 2005, p.1). For example, many studies treat welfare-to-work programs as if they are homogeneous when typically they are comprised of different sub-programs such as, literacy and numeracy, basic education, job preparation and job search assistance, and vocational training. Welfare-to-Work programs also target quite different groups of people. Training programs can range from a few days to three years or more. The length of training and the relevance of that training to work-related skill requirements will affect the quality of employment outcomes achieved.

Research Lesson1: It is important for research design to distinguish between the different types of labour market preparation, and the intensity of their intervention.

Studies such as that of Dyke and his colleagues (2005) that take such issues into account point to the importance of longitudinal research and identify positive employment outcomes resulting from participation in intensive vocational education (as opposed to short term job readiness and search assistance) from the second year onwards. Their longitudinal research also highlights the importance of clearly identifying and analysing different forms of vocational preparation in order to quantify impact on employment outcomes. There is considerable diversity in the length of training interventions applied as part of welfare-to-work programs, with some involving twelve weeks while others involve more than a year and lead to the attainment of a recognised credential.

... we need better measures of welfare-to-work and training program activities, as well as a better understanding of what we are measuring (Dyke et al 2005, p.5).

Unfortunately, few studies beyond a three year timeframe have been undertaken. When longitudinal research design has been applied the conclusions reached about program impact differ from those that apply short term analysis (Dyke et al 2005, p.4). The impact can be incremental and research needs to be able to capture this. For example, eight year follow up studies (Jacobsen et al 1994, 2004) have found that earnings will be lower for the first two years following intensive classroom intervention but that subsequent earnings increase (*see also Section 1.3.3*). There is a clear difference in outcome for participants between a transition to short term and/or poor quality employment that sees a recycling back to welfare, and a transition to longer term and sustainable employment (*see also Section 1.4*).

Research Lesson 2: It is important that research measuring the impact and effectiveness of welfare-to-work programs has a longitudinal timeframe, preferably of more than three years.

The most comprehensive Australian research has been undertaken by the Social Policy Research Centre (Saunders 2005). This has involved longitudinal analysis of administrative data from the Department of Family and Community Services and Indigenous Affairs (FaCSIA¹), Canberra *Customer Participation Survey* and the *General Customer Survey*, and investigated the impact of economic and social participation on benefit status among recipients of Newstart Allowance, Parenting Parent Single and Parenting Payment Partnered.

In addition, the Social Policy Research Centre has analysed findings from the *Determinants and Impact of Participation Survey* to identify the factors that had led to a sustained exit into paid work. The latter study involved some 660 telephone interviews, supplemented by FaCSIA administrative data. One of its key findings was that the activities most linked to labour market success were education and training, job search and paid work. It was also evident that there was no single welfare to work transition pathway, making it important for researchers to identify the independent and interactive impact of factors known to assist that transition. One of those interactive factors can be expected to relate to VET system capacity to provide learning opportunities that address the needs of welfare to work participants.

*In order to understand the impact of welfare to work initiatives, information is required not only on the structure of programs, but also about how they affect and interact with the motivations of those who receive income support. There is a need to understand not only **whether** programs work but also **how** they work, and **what else is needed** to make them work more effectively (Saunders 2005, p.2).*

¹ Known as Family and Community Services (FaCS) at the time of the study in question.

Research Lesson 3: It is important that researchers identify the independent and interactive impact of factors known to assist the transition from welfare to work.

1.3 The importance of skill development in moving from welfare to work

Driven largely by the combined impact of international competition and new technologies, there has been a substantial shift in the Australian labour force towards employment in occupations and industries requiring high levels of skill. While job opportunities have increased in some low-skill jobs in particular industries (for example, retail) the overall trend has been for such jobs to decline. Employment forecasts for 2016 show a shift towards high-skill occupations (Shah & Burke, 2006: 1). The Productivity Commission estimated that in 2000, more than half of all jobs required post-secondary qualifications, compared with less than 40% of jobs twenty years earlier (ACOSS 2007; Productivity Commission 2002). The Australian Industry Group has estimated that 86% of occupations now need a post school qualification (ACOSS 2007, p.3; Ai Group 2006). ACOSS describes a –

“...growing divide between higher-skilled full time employment and lower-skilled part time or casual work (ACOSS 2007, p.3).

Employment forecasts for 2016 show a shift towards high-skill occupations and an increase in the proportion of people in paid employment with a post-secondary qualification (Shah & Burke 2006, p.15). This involves 71.2% of the paid labour force – 58.4% with VET and 41.6% with higher education qualifications. Additional people will need to be trained during the next decade to increase the proportion of paid workers with such qualifications to 71.2% of the workforce. Most qualifications will be needed at the VET level, through new entrants to the workforce and by upgrading the skills of existing workers (Shah & Burke 2006, pp.27–28).

The demand for skilled workers is not expected to be easily met through current supply. A shortfall of 240,000 people with VET qualifications is projected in the ten years from 2006 to 2016, but not at every qualification level. Shortfalls are expected at the advanced diploma, diploma and certificate III levels, with surpluses expected at other levels. This will require adjusting both the quantity and distribution of supply, which is seen to require an average increase of 1.9% per annum in VET completions while maintaining the higher education sector's supply at a constant rate (Shah & Burke 2006, p.44).

Research undertaken by the Queensland Department of Education and Training using ABS Census Population and Housing 2001 data has identified a significant skills-jobs mismatch, particularly in jobs requiring a VET qualification. This analysis identifies that 62.3% of employment requires a VET pathway while 29.9% of the working age population in Australia holds VET qualifications. By comparison, 24% of jobs require university qualifications and these are held by 20% of people aged 15 to 64 years. Of concern too is that 50% of the population lack formal qualifications yet only 13.7% of jobs require no qualifications (research cited by Ai Group 2006).

The Australian Government's Department of Employment and Workplace Relations estimates that by 2010 there will be a shortfall of 195,000 workers due to population ageing (DEWR 2005). This will exacerbate existing skill shortages and presents an opportunity for under-employed and unemployed Australians to obtain meaningful employment, *provided* that they are enabled to develop the skills needed for this type of work. Consequently, the provision of a training and education pathway to employment can play a role in improving individual Australians' skills and employability while meeting the need to develop a skilled workforce for the future.

There is a pronounced trend in the literature that identifies vocational education and training as a critical factor in obtaining paid employment (*see Section 3.1*). Furthermore, there is a direct relationship between the level and nature of skills involved and the quality and sustainability of that employment (*see Section 3.3*), which in turn affects earnings over the long term (*see Section 3.2*). While other factors act to reinforce the impact of education and training, removing skills development from the equation also removes the effectiveness of other interventions (such as, personal support and linkages to employers). A key message is that a cluster of interventions, all mutually reinforcing, are required to achieve the outcome of moving welfare recipients into employment, and this is explored in *Section 4*.

It is also important to distinguish between –

- a) different types and levels of education and training. This includes basic education, remedial education, literacy and numeracy development, English as a Second Language (ESL), vocational preparatory programs, job readiness programs, work experience, vocational education and training of various levels.
- b) credentialed and non credentialed learning programs, and those that are designed to provide credit transfer that leads to a recognised qualification.

There is also significant evidence in the literature that training which is linked to local employment need also builds a strong bridge to paid employment (*see Section 3.4*).

Research Lesson 4: It is important that researchers examining the role of education and training in facilitating the transition from welfare to work distinguish between the different types and levels of education and training involved, and between credentialed and non credentialed programs.

1.3.1 Skill development and employment

Unless the appropriate education and training are provided to upgrade the skills of unemployed persons, breaking the cycle of welfare dependency will be impossible.... In order to emancipate recipients from welfare dependency, there must be a commitment and willingness to invest in the education and training necessary to develop the skills needed for employment (Zargari 1997, p. 90).

Today's knowledge economy means that skills are critical and rewarded in the labour market (Broucker 2005, p.53). A recurrent theme in the literature is that educational qualifications associated with vocational skills are the most important determinants of employment and earnings for welfare to work participants and other low wage earners. However, welfare to work programs (especially those in the USA) are criticised by a number of researchers (for example, Martinson & Strawn 2003; O'Lawrence 2004; Trutko *et al* 1999) because they ignore this and instead focus on linking participants to work through job search assistance.

In the long term, skill development (through post secondary education and vocational training) can lead to higher earnings and successful transition to the labour market (Dyke *et al*, 2005; Martinson & Strawn 2003, p.1, p.11; O'Lawrence 2004, p.7). The Urban Institute's analysis of research and evaluation evidence found that without further education and training, many former welfare recipients remain trapped in low skill, low wage jobs (Trutko *et al* 1999, p.ii).

Data from 25 OECD countries' national labour surveys show that in all countries, except Greece, Italy, Portugal and Spain, young adults with low levels of education have a significantly lower employment rate. A clear pattern is evident - the higher the educational attainment, the higher the likelihood of being employed (Broucker 2005, p.44). Young adults with low educational credentials hold less stable jobs, jobs of limited duration and more often in part-time employment

(Broucker 2005, p.62). Comparative data for each country studied show that in Australia, young adults aged 20 to 24 without upper secondary education have a 59.3% employment rate, those with upper secondary and post secondary non tertiary education have a 85.4% employment rate, while those with tertiary education have a 90.3% employment rate (Broucker 2005, p.91).

People with low skill and qualification levels are more likely than other recipients to remain unemployed and on welfare, or to return to welfare after finding and then losing work (Martinson & Strawn 2003, p.5). The skills sought by employers are not those held by most parents reliant on income security and the low skill levels of most welfare recipients constitutes their main barrier to successful employment (Martinson & Strawn 2003, pp.5-6).

It appears likely that if marginal individuals can be placed in vocational and technical training, or post-secondary education, rather than other kinds of training activities, they will experience greater benefits. (Dyke *et al* 2005, p.27).

O'Lawrence cites the findings of the US Department of Health and Human Services and the US Department of Education (2000) that former welfare recipients who were successful in sustaining employment were twice as likely to have a technical or a two year degree. Their study of welfare reform programs found that the most successful used a mixture of education, training and work rather than simply encouraging recipients to accept the first available employment (O'Lawrence 2004, p.7).

Many programs are getting people off welfare but not out of poverty. To get people out of poverty takes more time, constant training, and consistent motivation to overcome recipients' personal problems that often include physical and mental disabilities, drug abuse, and early pregnancy and parenting responsibilities (2004, p.7).

Lack of training and education for welfare recipients is identified by many researchers as a key cause of their inability to find sustainable employment (Committee for Economic Development 2000; O'Lawrence 2004; Martinson & Strawn 2003; Dyke *et al* 2005; Zargari 1997).

Welfare recipients with inadequate education, training, or work experience find it difficult to ... establish a life independent of public assistance. They struggle to land jobs and remain employed. They are frustrated when their limited productivity brings them only modest wages. The working poor face similar difficulties. Only by enhancing the qualifications they offer employers are low-skill workers likely to leave poverty and dependency permanently.

.... our success in achieving the goals of welfare reform will ultimately depend upon the development of adequate human capital for those who lack it, especially the young (Committee for Economic Development 2000, p.44).

1.3.2 The role of basic education and literacy and numeracy learning

Basic education has been the most common activity in USA welfare-to-work programs mainly because of the low skill levels of most welfare recipients, but evaluations show that earnings have been limited for those participants who received only basic education. However, when programs were designed to link basic education programs to further education, there has been an increase in the number of welfare recipients achieving an education credential, albeit at high school diploma level at best (Martinson & Strawn 2003, pp.15-16).

An overview of evaluation evidence on the effectiveness of employment programs for welfare recipients participating in fourteen welfare-to-work programs found that integrating basic education with vocational training was more effective than providing education alone (Plimpton & Nightingale 1999, p.74).

Basic education has little or no direct effect on employment or earnings when it is not followed by post secondary education and/or further training (Trutko *et al* 1999, p.29). However, it has an important role to play in welfare-to-work initiatives, as do literacy and numeracy programs.

As with many other researchers, those at The Urban Institute identify a positive correlation between lifetime earnings and educational attainment and between low literacy levels and poverty. Adults with the lowest literacy levels are found to be ten times more likely to be poor than those with the highest levels (Trutko *et al* 1999, p.28).

Analysis of welfare-to-work program data in the USA has found that between one third and one half of welfare recipients have the lowest literacy levels, and one-third have the second lowest levels. This compares with the wider population where an average of 48 percent perform in the lowest two levels. Other research has identified that employed welfare recipients with higher literacy levels earn higher wages and work more weeks than their less literate counterparts (Fisher & Martin 1999, pp.180-181).

Interventions involving literacy, numeracy and basic education are most effective when they build bridges to higher education levels and to work, integrating learning and work rather than simply referring welfare participants from one to the other (Trutko *et al* 1999, p.31). This finding illustrates that welfare-to-work should be conceptualised as a continuum rather than discrete spheres of activity. More broadly, vocational preparation programs that link to 'mainstream' VET programs also provide the bridges needed for a smooth transition along that continuum.

TAFESA has undertaken an internal review of its Vocational Preparation and Equity program (February 2007) which involved a telephone survey of 239 students who had completed their studies in courses offered during 2005. Findings identified a range of positive learning and employment outcomes.

- ✧ 63% of students had obtained employment – of these, 39% were working full-time, 34% part-time and 27% on a casual basis.
- ✧ 59% of students undertook further study. Of those who undertook further study at TAFESA, 24% had enrolled in a Certificate III program and 21% in a Certificate IV.
- ✧ Nearly 75% regarded their TAFESA course as being very effective in preparing them for further study or work.
- ✧ More than 90% believe that their TAFESA course has assisted them in non-study aspects of their lives.

Research Lesson 5: Basic education, literacy and numeracy and other preparatory programs have a critical role to play in assisting the transition from welfare to work, but need to be provided as a step towards gaining additional qualifications and to obtaining work, rather than as an isolated intervention. Therefore, researchers need to identify whether this intervention occurred and how it linked to further education and training, and to employment.

1.3.3 Skill development and earnings

Evaluation has also found that welfare recipients assisted with education and training found higher paying jobs and remained in employment over the longer term compared to those assigned to control groups and not receiving this assistance (Bloom: 1997 cited in Martinson & Strawn 2003, p.15). Key findings from available evidence show that more comprehensive training programs offering services like supported, paid work experience and vocational training have larger and longer lasting impacts. This includes impact on earnings which have been found to last for five years or longer as a result of more comprehensive programs (Plimpton & Nightingale 1999, p.50).

While many welfare recipients in the USA have found jobs under welfare-to-work programs, their earnings are usually low and grow marginally over time, mainly because their low skill levels and lack of credentials make it difficult for them to attain more than a low wage job (Martinson & Strawn 2003, p.5). This issue is discussed further in *Section 3.3*. Research also has found that parents receiving welfare, when they can obtain work, tend to experience high rates of job loss and little wage growth. Any growth in earnings is often the result of working more hours rather than receiving increased hourly pay rates. Longitudinal data confirm that median earnings for them remain very low, and even if earnings increase in the first instance in the move from welfare to work, they tend to plateau after five years (Martinson & Strawn 2003, p.7).

Research Lesson 6: In assessing the impact of welfare-to-work programs on employment earnings, it is important to differentiate between individual participants' earnings growth that is due to them working more hours than previously, as opposed to receiving higher rates of hourly pay.

Research Lesson 7: In assessing the impact of welfare-to-work programs on employment earnings, it is important to measure both short term and long term impact.

Research by Dyke and others (2005) studied the impact of the US Government's *Temporary Assistance for Needy Families* (TANF) program as it applied in the states of Missouri and North Carolina. Administrative data were analysed together with earnings data collected by both states in relation to their unemployment insurance program. This provided a reasonable summary of employment and income patterns on a quarterly time unit basis. Program recipients were followed up for 16 quarters and analysis was based on several determinants including individual characteristics, prior labour market experience and welfare receipt, as well as measures of the local labour market for each quarter.

The Missouri and North Carolina locations provided interesting comparative data because North Carolina has promoted a work-first approach while Missouri has placed more emphasis on long term training. Program inputs were separated by the researchers into basic education (which included English as a Second Language training, and adult literacy programs), job readiness and job search preparation, and vocational and post secondary education. Three of their key findings were that -

- o Participation in intensive training programs leads to a larger increase in earnings in the long term, compared with involvement in short term training.
- o Intensive vocational training provides larger benefits to workers than job search or job readiness training.
- o Work experience and basic education involve modest initial costs but few ultimate benefits (Dyke *et al* 2005, pp.25-28).

These findings, and those about leading welfare recipients into sustainable, quality employment need to be borne in mind when the success of welfare reform is measured only by the number of people leaving welfare. The US Government's assessment of impact (and that of some evaluators) has often taken this path. For example, the decline in the number of welfare recipients and the reduction of welfare caseload across states of between 30% and 40% needs to be further analysed. A number of researchers have done so. For example, Finn's conclusion about the early impact of welfare reform in the USA takes into account the fact that many of those getting work are receiving wages that are not above basic income levels (Finn 1999, pp.140-141).

Research Lesson 8: In assessing the impact of welfare-to-work programs on employment earnings, it is important to measure income levels against an agreed poverty benchmark, and to assess whether any increase in income is based on additional hours worked as opposed to obtaining a higher hourly rate of pay.

Several studies analysing the impact of welfare reform on single mothers draw similar conclusions. One study found that the incomes of women leaving welfare were only slightly above those earned when they were receiving welfare payments. A significant proportion of the women studied faced major employment difficulties due to poor skills, poor health and other problems, and needed additional interventions, including job training and skills enhancement (Moffitt 2002, p.6). An analysis of the impact of welfare reform on single mothers in Michigan found that after six years of welfare reform, about half of working mothers had jobs that did not pay enough to keep a family of three out of poverty, despite having accumulated an average of 54 months of work experience. More than one-third had no job (Danziger & Johnson 2004, p.6).

... job search-focused programs achieve their results by helping people work more, rather than by helping them prepare for better jobs or helping them keep jobs longer. Consequently, the impact of these programs tends to be largest in the first year or two and then diminish over times, as many program members lose the jobs they find initially and do not earn more while employed (Martinson & Strawn 2003, p.14).

1.4 Moving from welfare to quality employment

Researchers are often critical of welfare reform that emphasises quick job placement rather than building pathways to ‘quality’ paid work – that is, work which provides opportunities for job training and advancement, includes paid leave, provides or leads to better pay, (in the USA provides health insurance) and has a long term, sustainable impact (Martinson & Strawn 2003; Danziger & Johnson 2004). Simply providing job placement or even basic education without addressing skill requirements has been found to be more likely to lead to poor quality jobs and, therefore, to not be sustainable in its impact. The most successful programs are found to combine job placement and job search with education and training (Gueron & Hamilton 2002, p.6). Therefore, to achieve sustainable employment, appropriate education and training is critical.

The Committee for Economic Development (CED) is an independent, non profit, research and policy organisation involving some 250 business leaders and educators across the USA. Their analysis of welfare reform in the USA found that only about two-thirds of jobs found through welfare-to-work were full-time and some 75 per cent of these jobs lasted less than one year. Only about 23 per cent brought employer based health insurance and few offered appropriate opportunities for training or advancement. About 30% of people leaving welfare were found to subsequently return (Committee for Economic Development 2000, pp.5-8). The CED believes that the only ‘sustainable basis’ for employment success lies in the development of skills.

In our market-oriented society, stable jobs and good incomes are built primarily on a foundation of human capital – the ability, knowledge, and effort on which a worker’s productivity is based.... Equity and efficiency both demand that our society expand opportunities to acquire marketable qualifications (Committee for Economic Development 2000, p.9).

Research undertaken by the University of Michigan’s School of Public Policy (Johnson *et al* 2003) demonstrated the extent to which a lack of employment stability, job skills, and occupation-specific experience impeded welfare recipients’ abilities to gain ‘good jobs’ or to transition into them from ‘bad jobs’. It analysed two data sets – a panel study of single mothers who received cash welfare in 1997 and a telephone survey of a random sample of employers. The Women’s Employment Survey examined the quality of jobs held, the skill content of recent work experience and job stability and mobility.

Key findings included the influence of a lack of employment stability, job skills, and occupation-specific experience in impeding welfare recipients’ transition from bad to good jobs and entry

into good jobs. Extensive work experience alone was insufficient to lead to quality jobs because poor quality jobs provided few opportunities for on-the-job training and hence to acquire the skills needed to transition to good jobs (Johnson *et al* 2003, p.13).

*The results indicate that post-secondary schooling and years of work experience are positively and significantly associated with transitioning from a bad job to a good job In particular, having some post-secondary schooling (relative to being a high school dropout) is estimated to increase the probability of transitioning into a good job by 40 per cent, and an additional year of work experience is estimated to increase the probability by 3.4 per cent (Johnson *et al*, 2003, pp.19-20).*

People employed in jobs requiring literacy and/or computer skills, and involving the supervision of co-workers, have been found to be significantly more likely to transition from a 'bad' to a 'good' job. Having appropriate work place behaviours has also been found to significantly affect the capacity to making this transition, and having problems with such behaviour has been found to decrease the probability of transitioning to a good job by 24% (Johnson *et al* 2003, p.20).

Research Lesson 9: In measuring the impact and effectiveness of welfare-to-work programs it is important to distinguish between good and poor quality jobs and the sustainability of employment involved.

1.4.1 Linking training to local employment need

Local economic demand conditions have been found to be significant in obtaining employment and in moving from a poor quality to a quality employment situation. Researchers have identified that training programs are more effective if they are linked to jobs in demand in the local economy, and if they are designed to reflect the needs of local employers (Gueron & Hamilton 2002; Campbell *et al* 1999; Trutko *et al* 1999). The probability of transitioning to a good job is estimated to decrease by some 10% with each additional percentage point increase in the local unemployment rate (Johnson *et al* 2003, p.20).

Most labour market adjustments occur at the local level and policy therefore needs to be focused at this level, being flexible and drawing on local labour market intelligence and knowledge in its design (Campbell *et al* 1999). The importance of local level input into welfare-to-work programs is critical because variations in local labour market conditions require tailored and localised responses. This requires partnerships and effective communication between local employers and local education and training providers.

Hogan (1999) explored how government and not for profit organisations can effectively engage the private sector in employing welfare recipients, based on lessons learned from the extensive participation of US businesses in welfare to work programs. She found that positive hiring experiences have motivated increasing numbers of employers to engage welfare recipients, illustrating that they can be productive workers if given the appropriate supports and training. Providing training was a key success factor, especially if the training was designed around the needs of the individual and the company.

The importance of education and training that is tailored to employer need is also evident in The Urban Institute's analysis of research and evaluation findings. Traditional stand-alone education and training emerged as less effective in the long term (Trutko *et al* 1999, p.22) partly because of its lack of specific relevance to the immediate employment situation and partly because it requires study outside of work hours, which is difficult for many parents.

Wherever possible, workplace-based training programs should be developed to simultaneously address the time constraints working parents have and ensure that the content of the instruction is appropriate to the employer and work expectations. Working closely with employers will not only improve possibilities for

enhanced skill development ... but also help pave the way to identifying an expanded range of job openings, increase chances of job retention, and leveraging of private sector training dollars (Trutko et al 1999, p.iv).

Research Lesson 10: Post employment training and education is most effective if developed in collaboration with employers, according to their workplace requirements and to local labour market need.

1.4.2 Education and training for Indigenous welfare recipients

The impact of welfare reform on Indigenous welfare recipients has not been a focus for most of the available research. However, a comprehensive overview by Daly and Smith (2002) from the Australian National University's Centre for Aboriginal Economic Policy Research provides an extremely useful analysis of findings pertaining to North American and Australian Indigenous people. This research illustrates the importance of not generalising findings about the role of education and skills development across the target groups of welfare reform. It also highlights the significance of tailoring learning and training to local conditions, and also has particular relevance to people living in rural and remote locations, and those living in disadvantaged areas.

Reviewing the American research literature, they found that 'education first' was important for Native Americans, especially where levels of education were low. This finding has significance for Australian Indigenous people whose education levels are lower than those of Native American people. At the same time, it has been found to be important to individualise education, training or employment assistance and to obtain an effective balance between these three interventions (Daly & Smith 2002, p.18).

The 'work or education first' debate can distract from another research finding and this pertains to the viability of local employment conditions. For both North American and Australian Indigenous people, strong cultural and kinship ties to particular locations make it difficult for individuals to leave in order to obtain paid work. At the same time, there is a strong trend for those locations to have high levels of unemployment due to reduced opportunities for paid work. Consequently, economic development and employment growth need to be seen as critical components of welfare reform (Daly & Smith 2002, p.19). The availability of local employment opportunity critically affects the impact of educational and training interventions, and this lesson applies to all welfare recipients, but most particularly to Indigenous groups.

Economic development and employment growth at the local level are the lynchpins for welfare reform and for securing better economic outcomes for individual recipients and their families....

... Perhaps the most critical issue for welfare reform for Indigenous Australians, as in America, is the fundamental failure to create jobs and sustainable economic development in the communities and regions in which indigenous people reside (Daly & Smith 2002, pp.19-20).

In addition, welfare reform that targets Indigenous people needs to address the range of barriers, beyond education and training, that block the pathway to sustainable employment. This includes significant health problems, difficulties with transport and with managing work-related expenses. It is also critical to take into account family structures that include extended kinship networks, so that while an individualised approach is needed, this does not necessarily mean a focus on the individual. Instead, the more appropriate focus can be at family and even community level.

In Indigenous Australia, it is not simply individuals who are welfare dependent, but large extended families, their linked households and whole communities – and this dependence is inter-generational.

The great challenge for welfare reform for Indigenous populations ... is ... to enhance the viability of community economies. Effective welfare policy and program reform for indigenous populations needs to adopt a 'whole of community' approach based upon the actual economic circumstances and capacities of

individuals and their extended families, and on the realities of community economies (Daly & Smith 2002, p.25).

Research Lesson 11: Training and education for Indigenous welfare recipients is most effective if it addresses the range of barriers to sustainable employment and has a three-level focus encompassing individual, family and community need.

1.5 Good practice in *Welfare to Work* programs

Employment services for welfare recipients in the USA have been evaluated extensively using random-assignment/experimental methodology. These have found that the most successful² welfare-to-work programs involve a mixed model of education and training as well as other services (for example, English as a Second Language). The Manpower Development Research Corporation (MDRC) has reviewed nearly two decades of research using random assignment methods and concludes that neither ‘work-first’ nor education and training alone will reduce reliance on income support by enhancing employment and earnings. Instead, a combination of both constitutes the most effective approach (MDRC 2005).

A range of social support services are also required including the use of case managers, services to assist those with chemical dependencies, provision of counselling and mental health services (Fisher & Martin 1999, p.182). Case management plays the vital role of coordinating different services and supports around individual need, and this requires working across sectors, particularly the welfare, education and training sectors, as well as linking to local employers. Access to a range of such services, in combination with education, training and linkage to employment is critical (Gueron & Hamilton 2002, p.7).

The approaches should include training that fosters career advancement, integrates basic education and skills training, and engages local employers. Welfare recipients should also have access to support services that will increase program retention. (Gueron & Hamilton 2002, p.7).

Research Lesson 12: Effective welfare to work transition requires horizontal integration across programs and sectors, particularly the welfare, education, training and employment sectors. The key strategy for this is case management, wherein a range of services and supports are coordinated around individual need.

Individual case management and coordination across different programs and sectors have also been identified as essential for Indigenous people. Daly and Smith (2002, p.25) describe a useful model that could be applied in Australia to achieve this outcome. The USA has implemented the *Indian Employment, Training and Related Services Demonstration Act 1992* – known as *Public Law 477*. This allows Tribes to combine Federal funding for different employment, training, education and welfare services into a single plan of delivery with a single reporting system. *Public Law 477* thus enables tailoring to local circumstances and a ‘whole of community’ approach to welfare reform.

The Committee for Economic Development’s recommended direction for welfare-to-work services involves providing a range of services that include employment counselling, job placement, training and personal support around a one stop shop model providing a range of services through a single point of contact (Committee for Economic Development 2000, p.10). This again requires a case management model.

² Defined as increased employment + increased earnings, and reduced welfare reliance, sustained over time (Martinson & Strawn, 2003: 11).

The Urban Institute proposes the development of models that creatively combine work with skill development and social support, and recognise the challenges faced by many welfare-to-work participants in balancing skill development, employment and family life. For example, structuring job hours to work for four days and study on the fifth, and combining on and off the job learning through traineeships. Flexible work arrangements are the key to creative combinations (Trutko *et al* 1999, p.iv).

Good practice models identified by the independent US body – Committee for Economic Development (CED) include Missouri's LINC (*Local Investment Commission*) program and Wisconsin's *Wisconsin Works*.

- ⇒ *LINC* is a public-private partnership managing school-linked services in inner city communities that applied its collaborative approach to welfare-to-work funding from 1995 onwards. It developed five one-stop-shops that bring together agencies providing social security support, job placement, training, and assistance with health care, child care, transport and housing.

- ⇒ *Wisconsin Works* eliminated traditional cash welfare benefits in favour of four employment alternatives – unsubsidised employment in the regular job market (but with state based supports such as subsidised child care, health insurance); trial jobs that last for six months and pay employers a subsidy; community service jobs which the state pays public or non profit agencies to create; and transitions for those with limited employability, with work being defined to include activities like drug rehabilitation and education or training. All four alternatives include a range of social and welfare payments and supports, and are flexibly delivered, enabling participants to move in and out of training according to the requirements of their paid work.

In summarising the evidence for those programs that offer vocational training, a good practice model involves the following features –

- o An individualised training plan.
- o Intensive assessment of individual need.
- o Vocational training (off the job).
- o On the job training.
- o Flexible delivery of training.
- o Basic or remedial education (where these are needed).
- o Strong ties with local employers and training in specified job skills that reflect demand in the local labour market.
- o Aggressively marketing trainees to these employers.
- o Extensive support services, including on site child care (Plimpton & Nightingale 1999, p.75).
- o Creative combinations of work, study and social support, using a one-stop-shop model (Trutko *et al* 1999).
- o In addition, hours of participation in employment preparation need to be structured to enable a work-family-study balance (Martinson & Strawn 2003, p.2).

The programs with the largest and most-lasting impacts have provided comprehensive support services in conjunction with intensive employment activities, including paid work experience and integrated education and occupational training. Other promising features of welfare employment programs are ties with employers and integrated case management (Plimpton & Nightingale 1999, p.94).

1.5.1 Good practice in vocational education and training

The quality of the vocational training and education provided has also been found to critically affect learning and employment outcomes. A key conclusion from evaluations in the USA is that the quality of basic education and training programs is critical to their effectiveness, as is maintaining a strong connection to employment.

Quality is related to the delivery of education and training using innovative learning strategies to engage low skilled learners (for example, flexible delivery, computerised instruction) and employing specially trained staff who are able to offer additional and intensive instruction (Martinson & Strawn 2003, p.21). Teaching styles can critically affect the impact of vocational education and training because it determines how well welfare-to-work participants engage with learning systems. Welfare reform provides a challenge to providers of education and training to develop innovative responses to the needs of people leaving welfare and pursuing pathways to employment (Grubb *et al* 1999, p.31).

An analysis of practice in community colleges across 20 states of the USA identified five criteria of good practice –

- 1 understanding of the local labour market expressed through a targeting of those jobs with strong employment growth, opportunities for self-advancement and relatively high earnings.
- 2 An integrated program of academic (including remedial where needed) education, occupational skills, and work based learning. This program is delivered flexibly and pays attention to teaching styles that fit the needs of its students.
- 3 Provision of support services, appropriate to individual student need. These include retention programs, placement services and case management.
- 4 Provision of pathways to further education opportunities that enable students to continue their education when they are able to do so.
- 5 Collection of appropriate information about outcomes which is used to improve quality (Grubb *et al* 1999, p.35).

Research Lesson 13: The quality of vocational education and training provided to welfare to work participants is critical to achieving sustainable employment. This is based on appropriate teaching styles that engage learners, an integrated learning program that addresses the needs of each individual, linkages to further education and training as required, use of flexible delivery and the provision of individualised support services.

A related study (Melendez *et al* 2003) of 251 cases drawn from 1,648 community colleges across the USA found that 80% of colleges had implemented programs targeting welfare recipients. These ranged from short term training linked to degree programs, on the job internships with employers, job readiness and other 'soft' skill courses. The colleges were found to have become key players in the Welfare to Work program and had needed to develop new programs and structures in order to do so.

Most of these new programs had a significant component of continuing education or non-credit courses (for example, English as a Second Language) but many of these non credit courses did not include credit transfer to more advanced and credentialed programs (Melendez *et al* 2003, p.207). The authors emphasised the importance of bridging and preparatory programs providing credit into accredited programs –

*Short term vocational training programs that are designed to feed participants into certificate and degree programs should create, by definition, an opportunity for advancement. Providing the opportunity for academic and career advancement is perhaps the greatest advantage of community colleges over other employment training institutions, such as ... employer based training (Melendez *et al* 2003, p.207).*

Researchers have also found that most programs were not entirely new but redesigned to meet the needs of welfare-to-work students, for example, by shortening the time required for completion in degree programs, or by reducing the amount of course work. Some colleges had created new programs that positioned them as ‘regional labour market intermediaries’ or primary providers of vocational training for adults and early school leavers (Melendez *et al* 2003, p.213). In drawing their conclusions, the following observations are made –

*The community colleges that offer effective job training have developed an internal infrastructure of social and academic support services and external partnerships with government and community groups that have enabled them to respond rapidly and effectively to the welfare to work initiative. Other common elements in program design include individualised case management, provision of child care and other social services, on the job internships, job readiness and soft skill courses, remedial courses in basic academic skills, and short term vocational training (Melendez *et al* 2003, p.221).*

It is too early to develop a profile of Australian welfare-to-work participants who are undertaking vocational education and training. However, USA data are relevant and these highlight the importance of social services and tailored training delivery (*see box*).

Profile of Welfare to Work participants in US Community Colleges.

National survey research found that –

- o Just over 6% of students at community colleges were also welfare recipients, but with a higher proportion at Hispanic colleges (10%) and a lower proportion at Black colleges (4%).
- o Most welfare-to-work students at community colleges attended full time.
- o More than half of welfare-to-work students were in certificate or non degree programs.
- o New programs designed for welfare-to-work students emphasised work readiness (96% of colleges offered such programs), and a high proportion included internships (77.4%) and work experience. Preparatory programs were offered by 90.4% of colleges and 84.9% offered short term training programs.
- o Most colleges offered programs for students with literacy and numeracy needs, and for those who had not completed secondary school. (80.9% of welfare-to-work students have literacy or numeracy difficulties and 70.4% have not completed high school.)
- o About 1/3 of colleges had programs in place for students with substance abuse and nearly half offered programs for students with poor work histories. (29.4% of welfare-to-work students have substance abuse problems and 50% have a poor work history.)
- o Only 46% of colleges offered case management services to students but a large proportion did offer a wide range of support programs for welfare-to-work students. About 75% offered counselling; 48% offered child care (but 60.5% of welfare-to-work students have young children)

(Melendez *et al*, 2003: 210-212).

1.5.2 The importance of partnerships

A number of researchers have identified the need for closer linkages between vocational and technical education providers and the welfare system (Zargari 1997, p.93; Finn 1999, p.130). Traditionally, the two have operated in parallel with clearly delineated boundaries between them. The different target group definitions and different service providers all supported by diverse funding streams promote fragmentation rather than coordination in the delivery of welfare and employment programs. A lack of coordination and coherence has reduced the effectiveness of policies and programs, and several researchers have found that the impact of welfare to work initiatives has been more contingent on local labour market conditions than it has on program design or agency capacity (Finn 1999, p.130 - citing MRDC 1997). The viability of welfare-to-work programs will be tested if and when they are required to operate without the support of strong economic conditions.

A key challenge is to draw together the various local agencies to work to a common agenda. The OECD Local Economic and Employment Development Program has identified three ways in which this outcome is being approached by member countries:

- 1 geographical targeting that concentrates policy support in one area while also correcting market failures and encouraging private sector investment;
- 2 devolution of responsibilities to regional and local authorities;
- 3 creation of local partnerships to implement national policy. This third approach is viewed as the most effective and there is a trend across member countries to apply this strategic to welfare to work initiatives. (Finn 1999, pp.130-131, citing OECD 1998, *Local management for more effective employment policies*, OECD, Paris).

In drawing together the available evidence from the USA, the UK and the Netherlands, Finn has these conclusions –

... the best results from welfare-to-work strategies can be secured if policy makers maintain a flexible mix of programmes which can be adjusted to suit local and regional circumstances, particular client

groups and the various stages of the economic cycle. It seems that the art of delivering an effective strategy, of creating new bridges between welfare and work, is to build in flexibility In this context local partnerships and interagency collaboration seem to offer the best way of delivering the types of flexible provisions that will be necessary over the longer term (Finn 1999, p.165).

Most companies with successful retention of people employed from welfare to work programs had strong partnerships with a service provider or government agency specialising in working with disadvantaged groups (Hogan 1999). Campbell *et al* (1999) have reviewed the available literature on *partnerships* and distil key lessons from this accumulated knowledge base. One of their conclusions is that local partnerships represent a critical determinant of successful welfare to work programs.

Research Lesson 14: Effective integration of welfare, employment, training and education programs relies on the development of effective partnerships across these sectors, particularly at the local level.

1.5.3 Indicators of successful Welfare-to-Work programs

In synthesising the research evidence (MDRC 2005; Committee for Economic Development 2000; Fisher & Martin 1999; Gueron & Hamilton 2002; Trutko *et al* 1999; Plimpton & Nightingale 1999; Martinson & Strawn 2003), a good practice model can be identified as having the following features:

- o An individualised training plan based on intensive assessment of need and structured to promote work-family-study balance.
- o Intensive assessment of individual need prior to commencing training, followed by close monitoring of individual progress and adjustment as needed.
- o An integrated program of academic (including remedial where needed) education, occupational skills, and work based learning.
- o Extensive support services, including on site child care and case management of individual students.
- o Case management plays the vital role of coordinating different services and supports around individual need, and this requires working across sectors, particularly the welfare, education and training sectors, as well as linking to local employers.
- o Employment of staff who are trained to work with disadvantaged students.
- o Flexible delivery of training and tailoring services and hours of participation according to individual need.
- o Strong ties with local employers and training in specified job skills that reflect demand in the local labour market and aggressive marketing of trainees to these employers.
- o Creative combinations of work, study and social support, using a one-stop-shop model.
- o Targeting quality jobs rather than the first available job.
- o In addition, hours of participation in employment preparation need to be structured to enable a work-family-study balance.

1.6 Conclusions

The research literature has identified a clear role for vocational education and training in welfare reform. However, this role does not operate in isolation and is most effective when it is part of an integrated package of services and supports. Integration is both horizontal – operating across the education, training, welfare and employment sectors – and vertical – with built in links and bridges from one component to another. Such integration is an outcome of strategic design as well as the fostering of effective working relationships and partnerships.

The important role for vocational education and training providers raises the issue of their capacity to respond to the needs of learners who are likely to have multiple and complex needs, a capacity that is expected of the welfare sector but less so of the VET sector. That capacity requires specific resourcing and expertise, neither of which can be assumed.

There are a number of lessons that have emerged from the literature review that are pertinent to the design of further research, and which have underpinned the design of this project's survey of welfare-to-work participants and interviews with VET and other key stakeholders. They are:

1. It is important for research design to distinguish between the different types of labour market preparation, and the intensity of their intervention.
2. It is important that research measuring the impact and effectiveness of welfare-to-work programs has a longitudinal timeframe, preferably of more than three years.
3. It is important that researchers identify the independent and interactive impact of factors known to assist the transition from welfare to work.
4. It is important that researchers examining the role of education and training in facilitating the transition from welfare to work distinguish between the different types and levels of education and training involved, and between credentialed and non credentialed programs.
5. Basic education, literacy and numeracy programs have a role to play in assisting the transition from welfare to work, but need to be provided as a step towards gaining additional qualifications and to obtaining work, rather than as an isolated intervention. Therefore, researchers need to identify whether this intervention occurred and how it linked to further education and training, and to employment.
6. In assessing the impact of welfare-to-work programs on employment earnings, it is important to differentiate between individual participants' earnings growth that is due to them working more hours than previously, as opposed to receiving higher rates of hourly pay.
7. In assessing the impact of welfare-to-work programs on employment earnings, it is important to measure both short term and long term impact.
8. In assessing the impact of welfare-to-work programs on employment earnings, it is important to measure income levels against an agreed poverty benchmark, and to assess whether any increase in income is based on additional hours worked as opposed to obtaining a higher hourly rate of pay.
9. In measuring the impact and effectiveness of welfare-to-work programs it is important to distinguish between good and poor quality jobs and the sustainability of employment involved.
10. Post employment training and education is most effective if developed in collaboration with employers, according to their workplace requirements and to local labour market need.
11. Training and education for Indigenous welfare recipients is most effective if it addresses the range of barriers to sustainable employment and has a three-level focus encompassing individual, family and community need.
12. Effective welfare to work transition requires horizontal integration across programs and sectors, particularly the welfare, education, training and employment sectors. The key strategy for this is case management, wherein a range of services and supports are coordinated around individual need.
13. The quality of vocational education and training provided to welfare to work participants is critical to achieving sustainable employment. This is based on appropriate teaching style that engages learners, an integrated learning program that

addresses the needs of each individual, linkages to further education and training as required, use of flexible delivery and the provision of individualised support services.

14. Effective integration of welfare, employment, training and education programs relies on the development of effective partnerships across these sectors, particularly at the local level.

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2 Survey Report

2.1 Research purpose

In order to explore the role that VET can play in assisting the transition from welfare to work, NCVER commissioned this research study in 2006, using the following research questions to guide the project.

1. *What are the issues faced by the Welfare to Work target group, especially parents, older people and those with a disability, in making a successful transition into employment?*
2. *What do we know about what makes training effective for these groups?*
3. *What is the existing state of training provision for people in receipt of welfare in Australia? Are there any examples of where this is working well?*
4. *What are the relevant findings from international research regarding welfare to work education and training programs?*
5. *What do VET providers require to ensure they deliver the most effective training possible for these specific groups of people? Are some providers better placed than others to respond to these needs?*
6. *How can VET programs be designed to dovetail well with non-VET programs to give a complete 'package' of assistance to the affected groups?*

This survey report has been prepared to accompany the main report for the project. The survey addresses Research Questions 1, 2 and 6.

2.2 Survey sample derivation

Information was collected from a sample of 130 TAFESA students who were current or recent recipients of *Centrelink* payments, using a telephone (CATI-based) survey. Information was sought from interviewees about their expectations from participating in a VET program, the challenges they faced in pursuing a training pathway from welfare to employment, their satisfaction with their VET studies and how useful these have been, and suggested improvements to facilitate the VET pathway from welfare to work). Respondents to the survey were invited to take part at a later date in a focus group.

As expected when the project was designed, identifying TAFE students who have also been, or are currently, in receipt of *Centrelink* benefits was the most challenging component of the project methodology because of lack of access to this information. From interviews with senior information analysts in the South Australian Department of Further Education Employment Science and Technology (DFEEST) we learned that details of enrolled students are provided to *Centrelink* quarterly, and data-matched to *Centrelink* data to derive a database of TAFE students receiving *Centrelink* benefits. Unfortunately, there is no agreement for this information to be returned to DFEEST. We also contacted information analysts in *Centrelink* and sought permission to access this database for the purpose of the project. This permission has not been provided due to the absence of a Memorandum of Understanding between DFEEST and *Centrelink*.

This left the option of obtaining a sample through a combination of 'cold calling' and 'snowballing', sharpened by focusing on postcodes near to TAFESA campuses, knowing that

this would involve significant time input for a relatively small yield. Fortunately, our subsequent discussions with TAFESA representatives found a high level of enthusiasm for the project and a willingness to assist in identifying our sample.

Consequently, the sample was obtained by TAFESA administrative staff contacting students from courses of study known to have significant numbers of current or recent *Centrelink* beneficiaries. These courses belong to the preparatory program known as Vocational Preparation and Equity (VPE)³. Students who agreed to be interviewed provided their contact details to the research team, using a process that obtained ethics approval from the University of Adelaide Human Research Ethics Committee.

The Australian Institute for Social Research is indebted to the critical support provided to this project by TAFESA Education Managers, teaching, student support and administrative staff, as well as DFEST policy staff. In particular we acknowledge the input of Mr Barry Savaa and Mr Peter Begg, Mr Peter Doolette, Ms Chris Harrison, Ms Wing-Le Wing-Yin Chan Lee and Ms Jenny Lauritsen.

In summary, the survey sample needed to meet two criteria for inclusion in this study:

- ✧ being a current or recent (end 2006) preparatory VET student and
- ✧ being a current or recent recipient of a *Centrelink* payment.

The process used to derive the sample involved making a significant number of phone calls in order to identify students receiving *Centrelink* payments, and from those, to obtain a sample of people who were agreeable to being interviewed. A total of 1,872 calls were made to reach 418 students who met the dual criteria of being a *Centrelink* beneficiary and being a TAFESA Vocational Preparation and Equity (VPE) student. Of those 418 students, 168 (40.2%) agreed to be interviewed. A total of 130 students were interviewed.

It is recognised that the survey sample has not been based on a representative process because of client privacy issues and the subsequent lack of access to an appropriate database. This was anticipated when the project was first designed.

The interview process was commenced in the week beginning February 5th 2007 and was completed on March 23rd 2007.

2.3 Survey sample profile

All of the students interviewed were studying, or had recently completed (end 2006) a course from the Vocational Preparation and Equity (VPE) program at TAFESA, most notably an IVEC (Introductory Vocational Education Certificate) course. This encompasses the following courses –

- o Certificate I in Introductory Vocational Education (IVEC)
- o Certificate II in Introductory Vocational Education (IVEC)
- o Women's Education
- o English as a Second Language (ESL)
- o Learn to Earn
- o Education and Training for the Deaf

³ The VPE Program is designed to build a pathway to employment, training and further education for students with complex needs, and is undertaken by applicants for Certificate I or II courses who do not meet minimum entry requirements. It allows students to gain foundation learning in a supported environment. The VPE Program has a number of components. This includes IVEC I (Introductory Vocational Education Certificate) targets disengaged young people and people with a disability and provides training in life skills and job seeking skills that assist in employment preparation. IVEC 2 targets those who have left school many years ago and assists with literacy, numeracy, reading and writing skills. Other components of the VPE Program are the Women's Education Program, Learn to Earn, English as a Second Language, Education and Training for the Deaf and Auslan.

- o AUSLAN.

The sample sought met two criteria – studying at TAFESA in a preparatory program and being in receipt of *Centrelink* payments. Either criterion could represent current or recent experience.

2.3.1 Type of *Centrelink* benefit

As *Table 1* indicates, the majority of the sample were receiving *Centrelink* benefits (90%) and the remaining 10% have previously received these payments. 77.6% of the sample were receiving benefits related to the *Welfare-to-Work* target group.

Table 1: Type of *Centrelink* payment received by sample

	n	%
Parenting Payment	41	31.5
Disability Support Pension	32	24.6
Newstart Allowance	27	20.7
Youth Allowance	8	6.2
Austudy	6	4.6
Age Pension – Education Supplement	2	1.5
Disability Support Pension – Education Supplement	1	0.8
Carer Allowance	1	0.8
Former <i>Centrelink</i> recipient	13	10.0
Total	130	100.0

2.3.2 Educational qualification prior to TAFE

Most of the sample (56.2%) held prior educational qualifications involving Year 11 or less. A further 22.3% had completed Year 12 and 20.7% had a post secondary qualification – see *Table 2*.

Table 2: Educational qualification prior to current TAFESA studies

	n	%
Completed Primary School	4	3.1
Completed up to Year 10	20	15.4
Completed Year 10 or Year 11	49	37.7
Completed Year 12	29	22.3
Other vocational training (eg Diploma, Certificate)	22	16.9
University (degree or higher)	5	3.8
Insufficient information provided	1	0.8
Total	130	100.0

2.3.3 Workforce involvement

As *Table 3* indicates, nearly 44% of the sample had no workforce involvement, nearly 38% had some form of paid employment (mainly part-time or casual) and 18.5% were involved in volunteer work. Given the challenges that they face in balancing study, work, family and other life roles and responsibilities (*see Tables 9 and 14*), it is admirable that so many found time to work as volunteers. It is surprising that none identified as being involved in 'home duties'. This could be because the question was asked in the context of their workforce involvement and they chose to list paid or volunteer work only.

Table 3: Workforce involvement

	n	%
Full-time paid work	6	4.6
Part-time paid work	26	20.0
Casual paid work	17	13.1
Volunteer work	24	18.5
Home duties	-	-
None	57	43.8
Total	130	100.0

A variety of occupations were identified by those involved in paid employment, the majority of which can be categorised as unskilled to semi-skilled, with a small number involved in more skilled work. These included:

- o Cleaning
- o Delivery work
- o Production and process work
- o Tyre fitting
- o Taxi driving
- o Retail and sales
- o Administration/clerical
- o Hairdressing
- o Call Centre work.

Those who work as volunteers also identified a range of roles, with the following trends evident:

- o School-related
- o Sports coaching in the local community
- o Various roles for major non profit groups, such as, Red Cross, Cancer Council, Salvation Army.

2.3.4 Age

The majority of the sample were adults with 75.4% aged between 21 and 50 years and a further 11.6% being over 51 years of age.

Table 4: Age

	n	%
16 – 20 years	17	13.1
21 – 30 years	30	23.1
31 – 40 years	41	31.5
41 – 50 years	27	20.8
51 – 60 years	14	10.8
61 – 70 years	1	0.8
Total	130	100.0

2.3.5 Gender

As *Table 5* indicates, the majority of the sample (73.1%) were women.

Table 5: Gender

	n	%
Male	35	26.9
Female	95	73.1
Total	130	100.0

2.3.6 Main language spoken at home

The main language spoken at home is a reliable indicator of cultural background and 10% of the sample came from non English speaking backgrounds, with some belonging to recent immigrant communities, for example Rwandan and Sudanese. This is slightly under-representative of the Non English Speaking Background population in South Australia.

Table 6: Main language spoken at home

	n	%
English	117	90.0
Arabic	2	1.5
Polish	2	1.5
Spanish	2	1.5
Croatian	1	0.8
Dinka ⁴	1	0.8
Persian/Farsi	1	0.8
Russian	1	0.8
'Rwandan language' ⁵	1	0.8
Serbian	1	0.8
Vietnamese	1	0.8
Total	130	100.0

2.3.7 Aboriginal or Torres Strait Islander background

There were four people who identified as Aboriginal or Torres Strait Islander (3.1%) which is over-representative of the South Australian Indigenous population.

Table 7: Sample identifying as Aboriginal or Torres Strait Islander

	n	%
Yes	4	3.1
No	126	96.9
Total	130	100.0

2.3.8 Self-rated health

Those interviewed were asked to rate their health using a five-point rating scale, where '1' means 'Extremely Poor' and '5' means 'Extremely Good'. As *Table 8* indicates, 58.4% have rated their health positively, 33.8% have given a neutral rating and the remaining 7.7% have provided a negative rating.

Figures for South Australia taken from the *ABS National Health Survey 2004-2005* showed that 57.1% described their health as very good to excellent and 14% rated their health as poor. Our sample was similar in its positive self-rating and less inclined to provide a negative rating.

⁴ Dinka is the name of an ethnic group from the Sudan and their language

⁵ Rwandan language encompasses 3 dialects/languages – Swahili, French, Kinyarwanda

Table 8: Self-rated health

Health rating	n	%
1 – Extremely poor	1	0.8
2 – Fairly poor	9	6.9
3 – Neither poor nor good	44	33.8
4 – Fairly good	32	24.6
5 – Extremely good	44	33.8
Total	130	100.0

2.3.9 Caregiving responsibilities

Balancing study and work is a challenge which is exacerbated by caring for children or other family members on a regular basis. As *Table 9* indicates, about half of the sample had regular caregiving responsibilities, in most instances involving children. For these students, access to affordable child care and the timing of TAFESA courses to complement school hours will be critically important to facilitating their participation. However, as *Table 12* indicates *less than 5 per cent* of the sample were receiving assistance with child care and most (77.7%) were receiving no additional assistance. Furthermore, almost one-third of the sample were living with their children, with the associated responsibilities of sole parenting (*see Table 10*).

Table 9: Regular caregiving responsibilities

	n	%
Children or step children	58	44.6
Elderly relative	4	3.1
Family member with a disability	4	3.1
Other (two boarders)	1	0.8
None	67	51.5
Total	130	100.0

2.3.10 Household structure

A minority of the sample were living in a traditional ‘nuclear family’ household (13.1%) while 30.8% were living with their children and 18.5% were living alone. It is likely that this meant minimum personal support for them in their studies and limited disposable income.

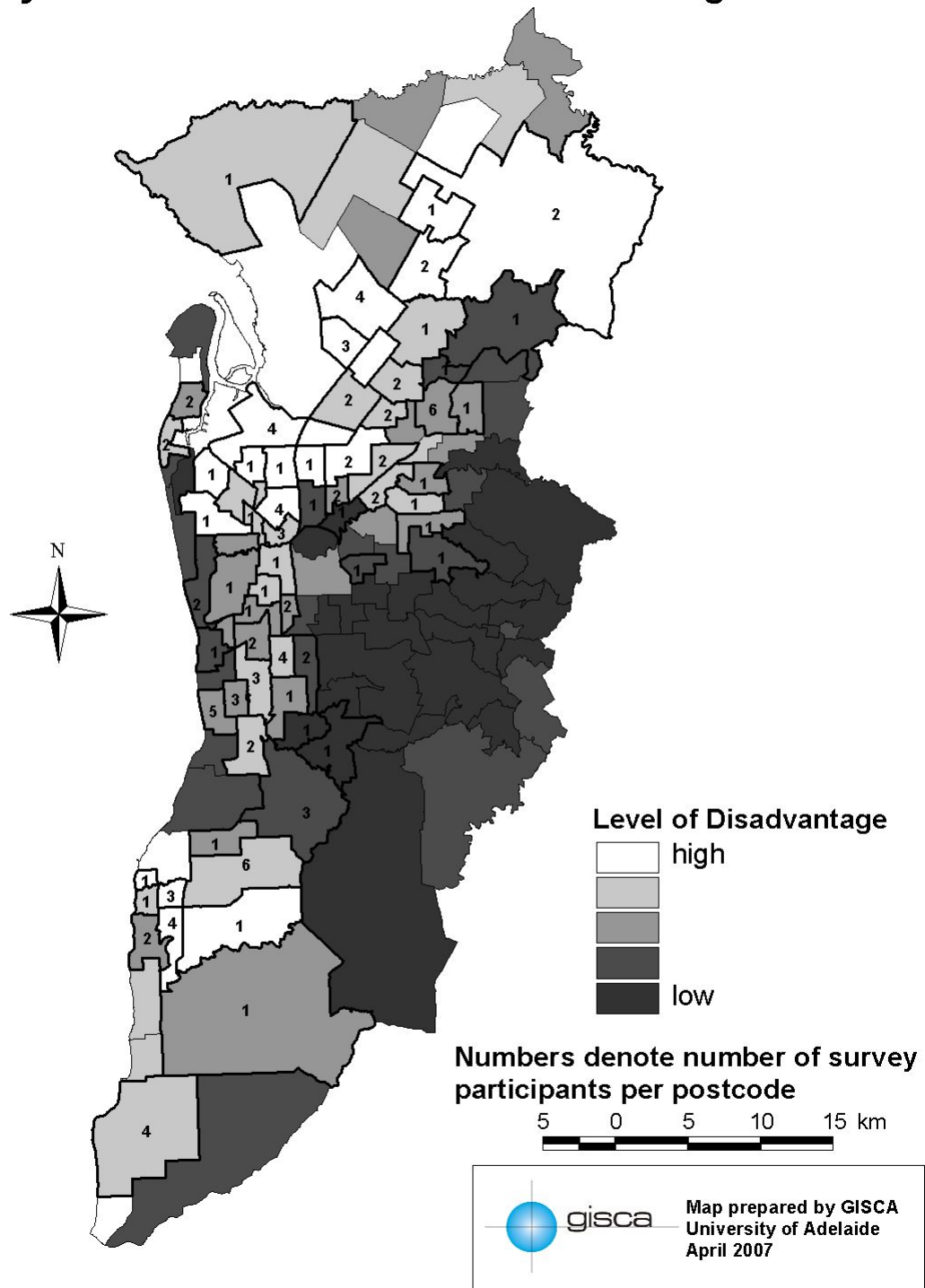
Table 10: Household structure

	n	%
Live with children	40	30.8
Live alone	24	18.5
Live with parents	24	18.5
Live with partner and children	17	13.1
Live with friends	10	7.7
Live with partner	6	4.6
Live with relatives	5	3.8
Live with grandmother	1	0.8
Live with children and 2 boarders	1	0.8
Live with one child and my parents	1	0.8
Live alone but with support from an accommodation service for people with mental illness	1	0.8
Total	130	100.0

2.3.11 Residential location

Analysis of residential post code against the ABS 2001 'SEIFA Index of Disadvantage' showed that almost all of the sample were living in locations of high to moderately high socioeconomic disadvantage.

Residential Postcodes of the Survey Sample by ABS 2001 SEIFA Index of Disadvantage



2.4 The vocational education experience: expectations, barriers and enablers to study

2.4.1 Source of referral to course of study

Nearly 64% of the sample have undertaken their TAFESA course because they chose to do so, indicating a high level of commitment to their studies. Formal service providers, including *Centrelink*, employment agencies, the Commonwealth Rehabilitation Service and counsellors or teachers have also played a key role, highlighting the importance of working relationships between TAFESA and other agencies outside of the VET sector. Informally, families and friends have also been an important source of linkage.

Table 11: Source of referral to current course of study

	n	%
Self – own choice to undertake course	83	63.8
<i>Centrelink</i>	13	10.0
Family member/friend	13	10.0
Human services professional (eg social worker)	12	9.2
Commonwealth Rehabilitation Service (CRS)	3	2.3
Employment service	3	2.3
Other (eg advertisement)	3	2.3
Employer	-	-
Total	130	100.0

2.4.2 Other assistance being received

Many of the students participating in TAFESA's preparatory programs (known collectively as IVEC – Introductory Vocational Education Certificate) have complex needs and will require different forms of support and assistance to complete their studies and to build other forms of capacity, such as, self-confidence. However, as *Table 12* indicates, very few were receiving this support and nearly **78%** of the sample stated that they receive no additional assistance. Twelve people identified that *Centrelink* was providing a supplementary Education Allowance to their existing benefit, and six people (4.6%) were receiving assistance with the costs of child care.

While none of the sample members identified that they had received counselling or case management support, interviews with TAFESA Student Services and IVEC staff for this study revealed a significant additional workload being placed on them because of the *Welfare to Work* initiative and more broadly, because of the complexity of need of most of their IVEC students. It is likely that this support was not regarded by students as 'additional' assistance to the mainstream provision of learning and skill development.

Table 12: Other forms of assistance being received while studying

Form of assistance	n	%
No additional form of assistance	101	77.7
Education Allowance/Supplement from <i>Centrelink</i>	12	9.2
Child care allowance	6	4.6
Transport assistance	4	3.1
(Unspecified) assistance from a non government human services agency	2	1.5
Case management (ie to coordinate a range of supports)	-	-
Counselling	-	-
Job preparation	-	-
Non assignable	5	3.8
Total	130	100.0

2.4.3 Expectations and reasons for doing the course

As *Table 13* indicates, the most frequently cited reason for undertaking the TAFESA IVEC course was to obtain a job (50%), followed by developing skills – which would also lead to a job (30.8%) and to obtain a qualification – which also increases employability (23.1%). A further 6.2% were hoping to get a better job. The main sources of motivation were thus focused on improving access to paid employment, with intrinsic learning and the development of ‘soft skills’ being less apparent. (Please note that more than one response was possible for this question.)

Table 13: Reasons for doing the course

Reason/Expectation	n	%
To get a job	65	50.0
To develop skills	40	30.8
To obtain a qualification	30	23.1
To get a better job	8	6.2
To learn interesting things	6	4.6
Other – to gain increased self confidence	6	4.6
Other – to improve English skills	3	2.3
To meet new people/socialise	2	1.5
No specific expectations	2	1.5

Of those wishing to get a job, the most frequently cited occupations were (in order of frequency)

-
- o Community services worker (aged care, child care, youth work)
- o Administrative/clerical worker
- o Computer/IT related
- o Hospitality worker
- o Retail worker

- o Tradesperson
- o Interpreter
- o Police person
- o Army
- o Librarian
- o Firefighter.

Two older sample members who had been employed in occupations requiring physical exertion were seeking work that was more sedentary. Some sample members described the type of work sought as ‘anything’, some hoped to start their own business, and only three were undecided.

2.4.4 Barriers and challenges to participating in the TAFESA course

As *Table 14* indicates, nearly 31% of the sample did not identify any impediments to their participation in their TAFESA IVEC program. Of the remaining 90 students, the most difficult challenge faced was that of meeting competing study-family-work- responsibilities, and achieving some sort of work-life balance (29.2%). This was particularly the case for those with children, and was intensified when timetabling of classes required parents to be on campus after 2.45 – 3.00 pm. Poor health was a significant issue for a further 16% of the sample.

Being able to study in the face of learning or concentration difficulties and not being used to study was an issue for 10.8%, the costs associated with study present barriers for a further 10%, and getting to and from their TAFESA campus was difficult for 9.2% because of the time involved and transport costs. This exacerbated the challenges faced by those with children, and was particularly irritating for students who have had their course re-located (this was an issue that also arose in our focus group discussions.)

Getting into the city - I was doing it at Panorama. Also the cost of going into the city. More time to try to get the children to school.

The cost to do the course. Not really getting enough money from Centrelink to help with payments.

The actual times of the course - if these are in the afternoons - I have to call on someone to help take care of the children

For students whose first language was not English, there could be a combining of some of these barriers, requiring additional time and concentration, and if the person was a recent arrival, a range of settlement related issues.

English is my second language. It takes a lot of concentration.

External students identified the lack of ongoing face to face interaction with teaching staff as a challenge.

... as it is a remote course - it is not as easy as being able to ask a lecturer on the spot.

Table 14: Barriers to participating in the course

	n	%
There are no barriers	40	30.8
Competing work-life-family responsibilities (especially child care and child rearing)	38	29.2
Poor health	21	16.2
Not being used to study/learning difficulties/ concentration difficulties	14	10.8
Costs associated with study	13	10.0
Getting to and from the course – time, costs	12	9.2
The way the course is taught ⁶	2	1.5
Teaching staff do not understand my needs	2	1.5
Course content is too difficult	-	-
Fitting in with other students	-	-
Other – poor English skills; poor communication skills due to disability	5	3.8
Other – timetabling, especially for people with school children	3	2.3
Other – child care	3	2.3
Other – being an external student	2	1.5

2.4.5 Changes that would improve participation in the TAFESA course

As *Table 15* indicates, nearly 70% of the sample saw no need for improvements, indicating a high level of satisfaction which was also evident when rating their satisfaction with their TAFESA course of study). This may reflect bias in the sample who were selected from people currently or recently enrolled and who were willing to be interviewed.

The remaining 30% suggested a range of improvements that relate to accessibility of the course (availability on more TAFESA campuses, provision of study-related assistance that reduces the costs associated with participation, more flexibility in timetabling), enhanced induction and orientation to the program, and provision of personal support (especially for students with a disability). Of course these changes all bring cost implications and at this stage, there is no provision by the Commonwealth Government of additional funding that would assist the VET sector to provide more than classroom teaching for students who wish to move from ‘welfare to work’ via the VET pathway.

⁶ One Women’s Education student felt that the course ‘portrayed men in a negative light’ and the other student found difficulty with the course timetable. Hence neither comment referred to the teaching style or approach.

Table 15: Changes that would improve participation in the course

	n	%
No improvements needed	90	69.2
Better induction/orientation/preparation	5	3.8
Provision of personal support – especially for students with a disability, and in acknowledgement of the range of levels of ability present in some class groups	4	3.1
Other – greater timetabling flexibility/choice	2	1.5
Other – reducing costs by providing text books, equipment, travel assistance	4	3.1
Other- increasing length of time to complete course for those with learning difficulties, disability	2	1.5
Other- having class groups with less variation in ability	2	1.5
Other- providing the course on more TAFESA campuses	2	1.5
A different teaching approach – specifically, enabling students whose first language is not English to have at least one year of grammar.	1	0.8
Other/Not Stated	19	14.6
Total	130	100.0

These are the some of the students' suggested improvements -

Have the text books provided for - included in the fees. Even second hand books.

Have the course available in more TAFE places

Have the tools to carry out the stuff I do - ie a computer would help.

Longer child care help to be able to do the requirements of the course.

More flexibility with class times.

Need better time frame with disability.

The cost of travelling to and from each week because I have to attend several different classes. I took minimal hours but that was still spread out over two days - so that was four transport trips. I did not qualify for transport allowance.

Some of these suggested improvements were reinforced in the focus groups conducted for this study, particularly those relating to timetabling and their impact on parents with school age or younger children.

2.4.6 Satisfaction with the TAFESA preparatory program

Using a rating from '1' to '5' where '1' means 'not at all' and '5' means 'very satisfied', the sample provided a rating of their satisfaction with their course of study. Their ratings are extremely positive, with **88.5%** providing a rating of '4' or '5' – see Table 16.

Table 16: Degree of satisfaction with TAFESA preparatory program

Rating	n	%
1 – Not at all satisfied	-	-
2 – Fairly dissatisfied	1	0.8
3 – Neither satisfied nor dissatisfied	14	10.8
4 – Fairly satisfied	47	36.2
5 – Very satisfied	68	52.3
Total	130	100.0

The comments below also illustrate the positive impact of the program, and again this finding was reinforced by focus group participants, some of whom have related extremely difficult life stories but emphasise how their TAFESA preparatory studies have provided a turning point.

It has given me a lot of confidence. It has turned my life around. I was in gaol.

I have finished the course. At the time I hoped to be learning something new - applying myself. Now I can say I actually learnt how strong I am - a greater appreciation for my family/ culture/ what was given to me by the family.

The TAFE course got me into studying. Have finished that. I am at Uni!

Gave me confidence. Also helped me decide on another career.