

**Center for Working
Families Cost Profile:
MET Center**

From Insight to Impact
– worldwide

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Introduction

Organizations that are considering adopting the Center for Working Families (CWF) model want to understand the costs they are likely to incur in implementing the approach. In order to provide this information to potential new sites, the Annie E. Casey Foundation asked Abt Associates to document the costs of three types of CWF interventions—a CWF based at a community college, a CWF based at a neighborhood-focused, community-based organization, and a CWF based at a one-stop comprehensive program center serving a broad geographic area. Each of the sites selected to represent these intervention types is also included in the CWF evaluation. This report focuses on a one-stop comprehensive program model and documenting the costs that the Metropolitan Education and Training Center in St. Louis (MET Center) incurred during the first two years of CWF operation (July 2006 through June 2008).

The report seeks to answer three specific research questions:

- What are the total and per-participant costs of the CWF service approach?
- How are costs funded – through cash expenditures or in-kind donations of time and resources from other organizations?
- Do costs increase or decrease each year as a program evolves?

To answer these questions, the report first describes the CWF program that has been implemented at the MET Center since July 2006 and then presents a discussion of program costs. The cost discussion summarizes the program's total costs, its costs per year, and its costs by type of service delivered. It also presents findings related to the average cost per participant, which was \$1,925 over FY 2006 and FY 2007,¹ to deliver CWF services at the MET Center. Note that this period includes the MET Center's early stages of development, so this report reflects costs associated with a still-evolving program. Later cost assessments will provide a fuller picture of the ongoing costs of operating a mature CWF program.

Cost data and information on program design were collected in the first quarter of 2009 from MET Center staff.

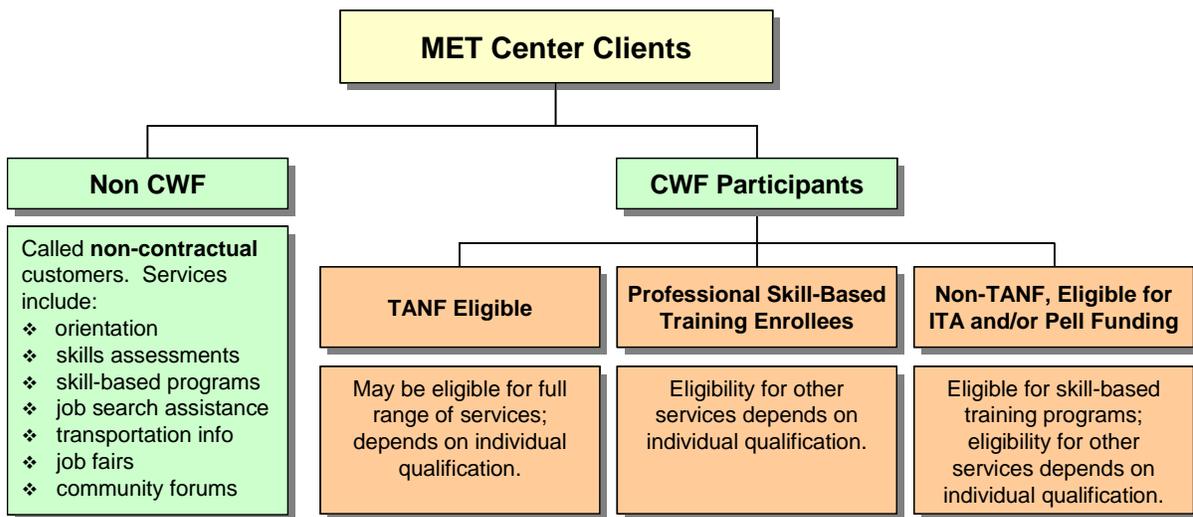
MET Center Profile

The Metropolitan Education and Training (MET) Center is located in Wellston, which abuts the city of St. Louis and is conveniently located near a public transit station. The MET Center is a strategic partnership of public, private, and community-based organizations. These organizations collaborate to provide a regional one-stop service and training center to serve the residents of St. Louis and the surrounding areas. Partners currently include St. Louis Community College, the Workforce Investment Board of St. Louis City and County, St. Louis County government, Better Family Life

¹ The MET Center's fiscal year runs from July 1 to June 30 of the following year. Fiscal year 2006 is July 1, 2006 through June 30, 2007.

(BFL), Inc., East-West Gateway Regional Jobs Initiative, Manufacturing Training Alliance, Special School District, and Construction Prep Center.

The MET Center was organized as a non-profit in 2005. It offers multiple career development services including career counseling, assessment, work readiness seminars, Adult Basic Education and GED training, job placement assistance, financial services, and homeownership counseling. Additionally the Center offers a wide range of professional skill-based training programs including those focusing on life science, computer hardware, manufacturing CAD-CAM, business office administration, construction, diesel technology, and licensed practical nurse training.



Note: ITAs, or Individual Training Accounts, were established by the Workforce Investment Act of 1998. Through the account, recipients are provided with vouchers that can be used to obtain training.

Although individuals or families may enroll in the CWF program through any one of the MET Center’s services, 80 percent of participants are currently TANF (Temporary Assistance for Needy Families) recipients. The MET Center serves about half of the TANF clients in the St. Louis area.

The MET Center is by far the largest of the three CWF sites being analyzed. Note that not all those who enroll in the CWF program actually receive services; this report focuses on the 3,840 participants who both enrolled *and* received services.²

As shown in the exhibit above, the MET Center serves other clients as well as those who participate in the CWF program. In fact, only about half of the MET Center’s clients participate in the CWF program. To be considered a CWF client, participants must have had at least one pre-assessment service. Pre-assessment services are provided during orientation, and include aptitude testing and the Test of Adult Basic Education (TABE). Clients who are not considered to participate in the CWF, called non-contractual customers, receive services including orientation, skills assessments, skill-

² Note that for the purposes of this analysis, an assessment is not considered to be a service.

based programs, job search assistance, and transportation information. In addition, they can attend job fairs and community forums held at the MET Center.

Potential participants originate contact with the MET Center in one of two ways, depending on whether or not they are eligible for TANF. Those not eligible for TANF who are interested in the MET Center’s programs may attend an orientation session to learn about the services offered (held twice a week), after which the client and the MET Center staff determine which programs they are eligible for. To get the full range of CWF services, they must qualify for Individual Training Account (ITA)³ funding. People who are eligible for TANF are contacted by the MET Center, which receives contact and demographic information as well as the type of benefits for which they are eligible from the Missouri Toolbox.⁴ MET Center staff members verify the information and conduct further assessments to determine whether additional services are needed. Depending on the participant’s needs, an assessment and Individual Employment Plan are developed. All TANF recipients automatically receive income and work supports (as eligible) and employment and education services.

The MET Center offers income and work supports and financial education and asset-building services through its other in-house programs, and through its partners: BFL and government agencies. The services provided to both TANF and non-TANF participants of CWF fall into one of three areas: employment/education, financial/asset-building, and income/work supports. The CWF program is intended to provide participants with a “bundle” of services, or services in at least two of these areas, with the idea that participants receiving a combination of types of services will have more success in making progress toward economic self-sufficiency than people who receive only one type of service.

The following section describes, in more detail, the services offered in each of the core service areas and the number of participants who have accessed them.

Employment and Education Services

All of the MET Center’s CWF clients who receive TANF enter Project RESPECT (Reaching Employment Seeking People through Education Counseling and Training). Depending on the clients’ needs, some enter the MET Center’s Job Readiness Training (JRT) program. The program runs for three weeks, six hours each day (90 hours total), and includes about 15 hours of financial education, described below. Non-TANF clients do not enroll in Project RESPECT. From JRT, TANF clients may either go to job placement and retention services, or enroll in a hard skills training program.

³ Individual Training Accounts were established by the Workforce Investment Act of 1998. Through the account, recipients are provided with vouchers that can be used to obtain training.

⁴ The Missouri Toolbox is an interactive, web-based system created to input and track information on clients of the Missouri Workforce Development System.

Exhibit 1: Total Number of Participants Served, July 2006–June 2008

CWF Core Service Areas	Number of Participants Served*
Employment/education	2,112
Financial/asset-building	1,447
Income/work supports	3,840
Total	3,840

*For each content area, the number of participants equals the number of unique individuals receiving a particular service; there is duplication between categories. For the total, the number of participants equals the number of unique individuals receiving at least one service in a given year; there is duplication between years.

Assistance with job placement for all participants is provided in the MET Center's the Career Center, a resource center for job seekers. TANF clients receive individual job placement and/or retention counseling from BFL case managers monthly for up to two years.

Non-TANF CWF participants at the MET Center enroll in professional skill-based training programs; if they qualify for Individual Training Account and/or Pell funding they receive other services as well. Some job readiness training is incorporated in the curriculum of the MET Center's occupational skills training programs, which is the primary way non-TANF CWF recipients receive job readiness training. As noted above, these training programs include those focusing on life science, computer hardware, manufacturing CAD-CAM, business office administration, construction, diesel technology, and licensed practical nurse training.

Of the MET Center's 3,840 CWF participants, 2,112 (55 percent, Exhibit 1) received employment/education services in at least one of the two years. There was a sizeable increase from FY 2006 to FY 2007 in the share of participants receiving employment/education services, from about 50 percent to about 75 percent of all participants (Exhibit 2). About 75 percent of these participants were TANF recipients.

Financial Education and Asset-Building Services

Financial education is incorporated into Project RESPECT's JRT curriculum, covering 15 hours total, so all of the MET Center's TANF recipients who enroll in JRT receive classroom financial education. Topics covered include banking, the importance of a good credit history, wise use of credit cards, savings, consumer rights, and developing a budget. CWF participants who receive TANF are also offered one-on-one financial counseling. Overall, about 65 percent of those receiving financial education and asset-building services were TANF participants.

The financial education and asset-building services offered to CWF participants who are not eligible for TANF receive them primarily from the MET Center's partnership with Better Family Life (BFL). Unlike CWF participants who receive TANF, non-TANF CWF participants do not automatically receive financial education services; rather, these participants access them on their own initiative. BFL offers a financial education and coaching program called BASE (Building Assets Strategies through Education). BASE covers debt reduction counseling, credit counseling, financial education, EITC tax preparation, and individualized financial coaching. Some of the topics addressed include: budgeting, cash management, banking, saving, use of credit, investing, and homeownership.

BFL is also a HUD-certified housing counseling agency. It provides homeownership and foreclosure prevention counseling (the latter in partnership with NeighborWorks America). The duration of the homeownership counseling program varies by participant. For clients who are ready to purchase a home, the program takes approximately 90 days to complete. For CWF participants who are TANF recipients, the process may take up to two to three years. Homeownership counseling includes eight hours of group counseling sessions that cover homebuyer and financial education. The program also includes a series of individual counseling sessions. The topics covered in an individual counseling session could include financial counseling, credit counseling, mortgage qualification, assistance with the mortgage application process, finding a home, evaluating the property, mortgage closing, and post-ownership issues.

BFL also operates an IDA program to help clients build assets, providing a match of up to 2:1 of participant's savings up to \$1,500. TANF clients typically use the IDA to purchase a car; other clients use the funds for homeownership.

The MET Center has implemented its financial/asset-building services in phases, allowing the share of participants receiving assistance to increase gradually over time. In the first phase, in 2007, the MET Center hired two full-time staff to facilitate financial workshops and conduct one-on-one financial session with participants in the Job Readiness Training classes. In phase two, the MET Center added homeownership counseling through its partnership with BFL. In the third phase, implemented beginning in December 2008, the MET Center sent 12 staff to financial coaching training conducted by Central New Mexico Community College in Atlanta, Georgia, sponsored by the Annie E. Casey Foundation. These staff members have begun to train case managers and placement and retention staff and offer one-on-one financial coaching to participants who do not attend job readiness training classes. The MET Center expects the share of clients receiving financial/asset-building services to increase by roughly 20 percent over the next year.⁵ Because financial coaching was not fully implemented at the MET Center during the period covered by this report, the cost picture presented here is incomplete. Future cost assessments of the MET Center will present a profile of a more mature program with a full array of services.

Thirty-eight percent of all CWF participants (1,447 participants, Exhibit 1) have accessed financial or asset-building assistance since the CWF began in 2006. However, the share of all participants accessing financial or asset-building services increased significantly from FY 2006 to FY 2007, from about 23 percent to 46 percent of all participants (Exhibit 2). Of those who received financial or asset-building services, virtually all attended a financial literacy class. About 45 percent of these participants also received one-on-one financial coaching.

Income and Work Supports Services

Income and work supports services are also offered primarily through the MET Center's partnership with BFL. BFL uses the State's Missouri Toolbox system as a case-management tracking tool to screen participants for public benefits. BFL currently tracks how many clients are screened for benefits. All CWF participants receive benefits screening to determine eligibility for public benefits.

Among other benefits, BFL provides its clients assistance with getting transportation; work-related expenses such as car repair, purchase of work uniforms, and background checks; and child-care assistance. The types of assistance needed are determined in individual meetings (when the Individual Employment Plan is being developed with participants).

	2006	2007
Employment/education	874	1,773
Financial/asset-building	410	1,060
Income/work supports	1,797	2,231
Total	1,797	2,231

*For each content area, the number of participants equals the number of unique individuals receiving a particular service; there is duplication between categories. For the total, the number of participants equals the number of unique individuals receiving at least one service in a given year; there is duplication between years.

⁵ Telephone conversation with Carolyn Seward, MET Center Director, April 16, 2009.

In addition, BFL launched its first Volunteer Income Tax Assistance site in February 2008 to provide free tax preparation and eligibility determination for the child and tax credit refunds (e.g., EITC) to MET Center clients.

Since inception, all participants (3,840 participants, Exhibit 1) have received the MET Center's benefits screening.

MET Center Costs

MET Center staff worked with Abt staff to estimate the cost of all CWF services provided to participants since program implementation (the two-year period from July 1, 2006 through June 30, 2008). The cost calculations include actual operational expenditures including cash expenditures and contributions of in-kind services and resources. One-time start-up costs were excluded.⁶

Annual cost data were reported in the following five categories:

- Enrollment—recruitment, application, and assessment
- Employment/education training and development—all group and one-on-one education-oriented, employment activities provided to enhance a participant's employability
- Financial/asset-building training—all group and one-on-one asset and financial activities provided to enhance a participant's financial well-being
- Income/work supports—all stipends, subsidies, and coaching activities provided to help gain income or work supports
- Overhead—administrative, MIS, project development costs, etc.

⁶ One-time start-up costs were excluded because the focus of the analysis is on the costs of ongoing operations of a CWF program. In addition, the MET Center's cost assessment is intended for use as a comparison with other sites, where the relevant start-up costs differ so widely as to reduce the value of the comparison. Start-up costs may be reflected in operations to the extent that sites' expenses per participant tend to decrease over time because of economies of scale as well as increased skill in running the program. At the MET Center, the start-up costs were small, because of the extensive employment/education and income/work supports services already being offered.

Summary of Total Costs

The total operating costs for the CWF program at the MET Center over the first two years was \$7,835,108 or an annual average cost of \$3,917,554. This represents about 60 percent of the MET Center's total budget. Exhibit 3 documents the total costs by type – in-kind and cash, and by core service area. About 6 percent of the cost was covered by in-kind contributions; the remainder of the costs of CWF program operation was paid for with cash. Most of the in-kind contributions helped to cover overhead expenses; some employer partners also provided training to CWF participants.

Exhibit 4 illustrates that the three core service areas have different levels of cost burden. By far the largest category of expense was employment and education training services, which accounted for about 51 percent of all expenses, over \$4 million. Financial/asset building services and income/work supports services were relatively small expenditures in comparison. Each of these categories of service cost about one-tenth the cost of providing employment and education training services, or around \$400,000 each.

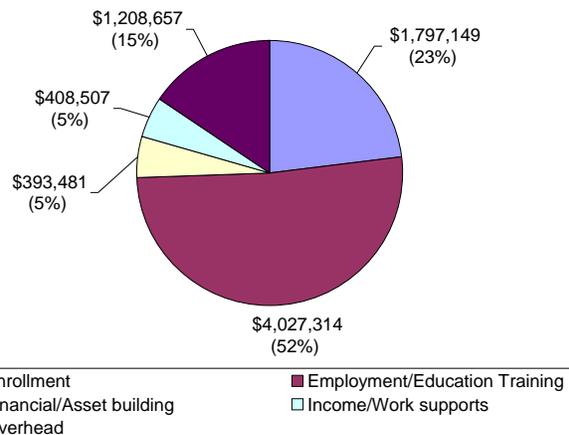
As described in more detail below, one reason for the relatively low financial/asset-building expense is that the service is being gradually introduced at the MET Center. A limited number of participants received this service in FY 2006, more in FY 2007, and MET Center Director Carolyn Seward expects the number to continue to increase in FY 2008 and beyond. In addition, some efficiencies may be achieved in financial/asset-building services, by bundling this service with the job readiness training program for TANF recipients.

According to Seward, one of the MET Center's goals in offering the CWF program was to be able to integrate services and leverage funding. This allows intake and assessment specialists, case managers, life coaches, job developers and placement and retention staff to provide additional supportive services at no additional cost. This helps to minimize duplication of services across the workforce program while providing financial education to clients.

Exhibit 3: Cost of CWF Services, Years 1-2 combined

	In-kind	Cash	Total
Enrollment	\$ –	\$1,797,149	\$1,797,149
Employment/education training	\$70,000	\$3,957,314	\$4,027,314
Financial/asset-building	\$ –	\$393,481	\$393,481
Income/work supports	\$ –	\$408,507	\$408,507
Overhead	\$361,720	\$846,937	\$1,208,657
Total	\$431,720	\$7,403,388	\$7,835,108

Exhibit 4: Percentage Breakdown of CWF Costs by Service Area



Expenses for income/work supports are relatively low (\$408,507), despite monthly telephone follow-up with CWF participants who receive TANF. This is because the monthly follow-up is primarily a form of employment/education support, and, therefore, counted as part of that expense, but income and work support issues are also covered as they arise, such as obstacles to getting child care. The employment/education expenses, in contrast, reflect the high level of intensity of the training involved. Enrollment expenses accounted for about 23 percent of total expenses, at almost \$1.8 million. Overhead was about 15 percent of total expenses, at \$1,208,657.

The MET Center’s funding for CWF comes primarily from three community-based organizations: Better Family Life, Construction Prep Center, and Manufacturing Training Alliance. Another significant source of funding is educational institutions. Other sources of revenue include private or corporate foundations, local or regional government, and the MET Center’s partners. Exhibit 5 shows that sources of funding were stable over the first two years of CWF program operation at the MET Center. As shown in Exhibit 6, community-based organizations contributed roughly 63 percent of the MET Center’s total CWF budget; educational institutions contributed 24 percent, and the MET Center’s partners made up another 9 percent. Private or corporate foundations and local or regional government each made up about 2 percent of the MET Center’s budget.

Exhibit 5. Funding Source, by Year

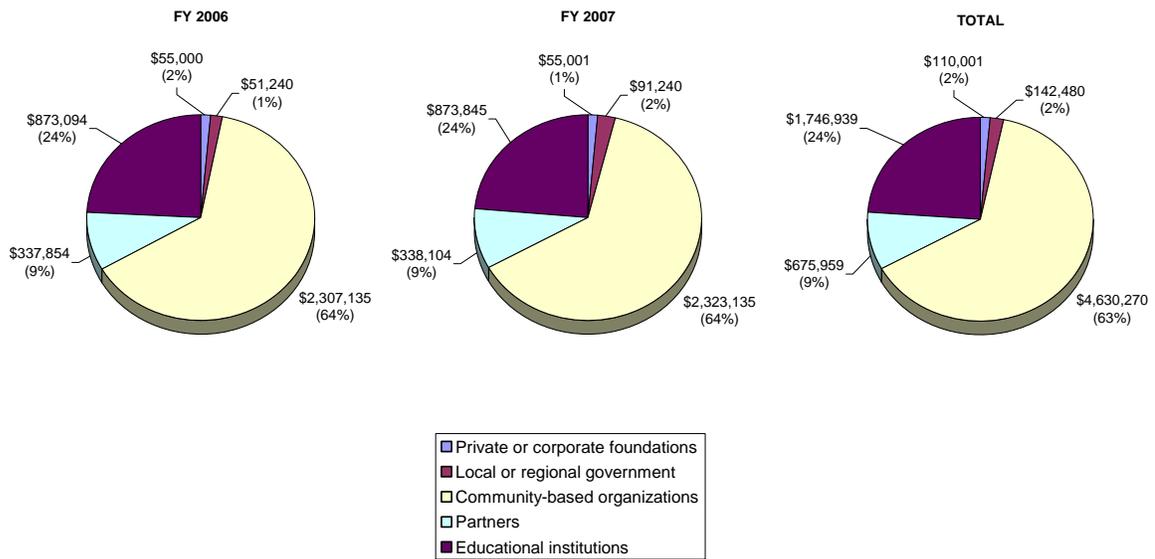
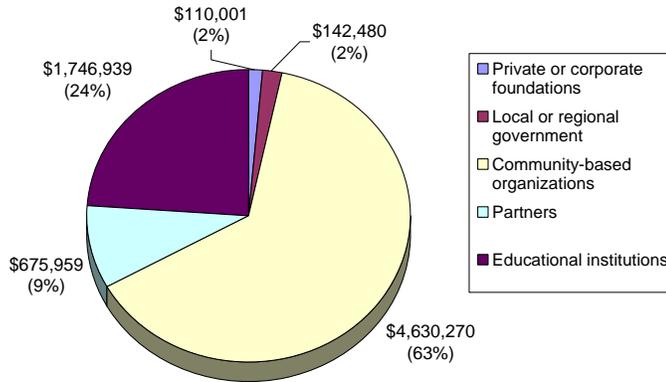


Exhibit 6. Funding Source, Overall



Evolution of Services

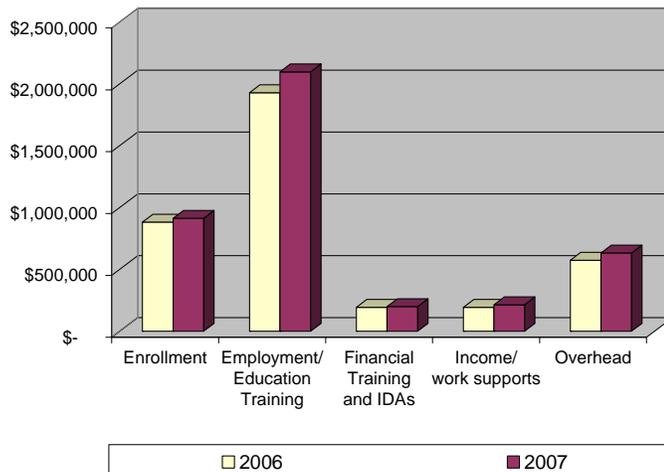
Overall, program costs increased moderately from FY 2006 to FY 2007 (See Exhibit 7 and 8). Between FY 2006 and FY 2007, costs increased by about 6 percent, largely the result of moderate increases in costs for employment/education training services, income/work supports services, and overhead. Exhibit 9 shows a breakdown of CWF costs by dollar value, year, and area.

Exhibit 7: Costs of CWF Service Areas

	2006	2007	Total
Total	\$ 3,587,963	\$ 3,815,425	\$ 7,835,108

In general, MET Center staff report that program costs did not rise substantially with implementation of the CWF program, and that costs in FY 2005 were similar to those in FY 2006 and FY 2007. Financial/asset-building services were the primary addition to the MET Center’s offerings when it implemented its CWF program. The MET Center’s role as a one-stop comprehensive program center, with its well-developed employment/education training services and income/work

Exhibit 8: Annual Allocation of Costs



supports services already in place, appears to have made implementation of the CWF program possible without major additional expense.

Exhibit 9: Breakdown of CWF Costs

	2006		2007		Total		Total
	In-Kind	Actual	In-Kind	Actual	In-Kind	Actual	
Enrollment	\$ -	\$883,120	\$ -	\$914,029	\$ -	\$1,797,149	\$1,797,149
Employment/ Education Training	\$35,000	\$1,894,783	\$35,000	\$2,062,531	\$70,000	\$3,957,314	\$4,027,314
Financial Training and IDAs	\$ -	\$194,180	\$ -	\$199,301	\$ -	\$393,481	\$393,481
Income/work supports	\$ -	\$194,180	\$ -	\$214,327	\$ -	\$408,507	\$408,507
Overhead	\$153,360	\$421,700	\$208,360	\$425,237	\$361,720	\$846,937	\$1,208,657
Total	\$188,360	\$3,587,963	\$243,360	\$3,815,425	\$431,720	\$7,403,388	\$7,835,108

Costs per Participant

Exhibit 10 shows both annual costs per participant (costs of serving one participant for one year) and “lifetime cost” per participant, or costs of serving one participant over two years. Annual costs per participant averaged about \$1,925 over FY 2006 and FY 2007; however, costs were higher in FY 2006 (at \$2,101, with 1,797 participants receiving services) than in FY 2007 (at \$1,749, with 2,321 participants receiving services). This lower cost per participant likely reflects the efficiencies achieved by serving a larger number of participants in FY 2007. The number of participants in FY 2007 increased about 30 percent over FY 2006. In comparison, the lifetime cost per participant for the MET Center was about \$2,040 (Exhibit 10).

Exhibit 10: CWF Cost per Participant—Annual Average vs. Total

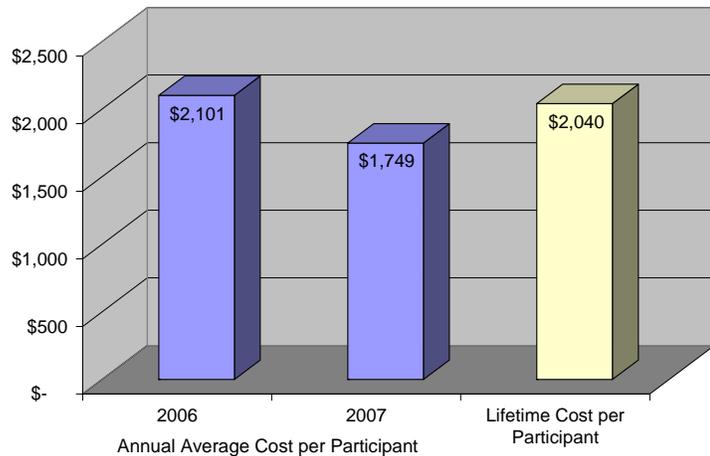


Exhibit 11 illustrates the average cost per participant for each of the three core areas. In each cost-per-participant calculation we included all participants who received a particular service. This allowed us to estimate the per-participant costs for delivering a particular type of core service (i.e., financial/asset-building, income and work supports).

The cost per participant for income and work supports was the lowest, at \$106. As noted above, this is in part because some income and work supports services are captured in the expenses for employment and education services. Financial/asset-building services were also modest, at an average of \$272 per participant. Employment/education, in contrast, were \$1,907 on average per participant, reflecting a high intensity of soft skills and technical training received by many of the MET Center's CWF participants. Roughly 60 percent of the MET Center's employment and education services budget was for occupational skills training (61 percent in 2007 and 62 percent in 2008).

Exhibit 11: Total Cost of the Core CWF Service Areas and Number of Participants Served

CWF Core Service Areas	Total Cost	Number of Participants Served*	Cost per Participant
Employment/education	\$4,027,314	2,112	\$1,907
Financial/asset-building	\$393,481	1,447	\$272
Income/work supports	\$408,507	3,840	\$106

*For each content area, the number of participants equals the number of unique individuals receiving a particular service; there is duplication between categories. For the total, the number of participants equals the number of unique individuals receiving at least one service in a given year; there is duplication between years. Because there is duplication, the costs per participant cannot be summed across the three core areas.

Exhibit 12: Annual Cost per Participant Served

	2006			2007		
	Total Cost	Participants Receiving Services *	Cost per Participant	Total Cost	Participants Receiving Services *	Cost per Participant
Total	\$3,776,323	1,797	\$2,101	\$4,058,785	2,321	\$1,749

*For each content area, the number of participants equals the number of unique individuals receiving a particular service; there is duplication between categories. For the total, the number of participants equals the number of unique individuals receiving at least one service in a given year; there is duplication between years.

By definition, the cost per participant calculation is affected by incurred costs and the number of participants that chose to access particular services over a given period of time. Exhibit 12 shows how costs have evolved over the two years of operation. Program costs increased by 6 percent between FY 2006 and FY 2007, but the number of participants receiving services increased at a much higher rate. Because of this, the cost per participant declined by 17 percent.

Conclusion

The MET Center's role as a one-stop center serving a large geographic area, with intensive employment/education training services already in place as well as income/work supports probably made implementation of the CWF program relatively smooth, and without major additional expense. The MET Center's sizeable increase in the number of participants receiving services resulted in efficiencies that reduced the cost of serving each participant in FY 2007 compared with FY 2006. The total cost of providing the CWF services was \$7,835,108, 63 percent of which was provided by local community-based organizations, and the lifetime cost-per-participant was \$2,040. Of the three CWF programs studied, the analysis of the MET Center is the most preliminary because of their relatively recent implementation date. Future cost assessments will provide a more complete cost picture of the organization.

Cost assessments of CWF programs based in a community college and in a neighborhood-focused, community-based organization are available on the CWF social site. The cost assessments for each site will be updated annually.

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