

**Alternative Employment Strategies for
Hard-to-Employ TANF Recipients**
**Final Results from a Test of Transitional Jobs and
Preemployment Services in Philadelphia**

OPRE Report 2011-19

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Alternative Employment Strategies for Hard-to-Employ TANF Recipients: Final Results from a Test of Transitional Jobs and Preemployment Services in Philadelphia

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Overview

As welfare caseloads have declined over the past decade, policymakers and administrators have focused increasingly on long-term and hard-to-employ recipients who have not made a stable transition from welfare to work. Many of these recipients face serious barriers to employment, such as physical and mental health problems, substance abuse, and limited work and educational backgrounds.

This report presents final results from an evaluation of two different welfare-to-work strategies for hard-to-employ recipients of Temporary Assistance for Needy Families (TANF) in Philadelphia. The study is part of the Enhanced Services for the Hard-to-Employ Demonstration and Evaluation Project, which is testing innovative employment strategies for groups facing serious obstacles to finding and keeping a steady job. The project is sponsored by the Administration for Children and Families and the Office of the Assistant Secretary for Planning and Evaluation in the U.S. Department of Health and Human Services (HHS), with additional funding from the U.S. Department of Labor. It is being conducted by MDRC, a nonprofit, nonpartisan research organization, along with the Urban Institute and other partners.

The first approach being tested is a transitional jobs model that was operated by the Transitional Work Corporation (TWC). TWC quickly placed recipients who were referred by the welfare agency into temporary, subsidized jobs; provided work-related supports; and then, building on this work experience, helped participants look for permanent jobs. The second model, called “Success Through Employment Preparation” (STEP), aimed to assess and address participants’ barriers to employment — such as health problems or inadequate skills — before they went to work.

The evaluation uses a rigorous design in which nearly 2,000 long-term and potential long-term welfare (TANF) recipients were assigned at random either to TWC or STEP or to a control group that did not participate in either program. The research team followed all three groups for four years, using surveys and administrative data. Results show that:

- **Early in the follow-up period, the TWC program group members had significantly higher employment rates than the control group members, but the difference faded, and the groups had similar outcomes beyond the first year.** The TWC group also received significantly less welfare assistance in the first year and a half of follow-up, but these impacts also did not last.
- **Recipients who were assigned to the STEP program did not work or earn more, or receive less welfare, than the control group.** The results may have been affected by the fact that many people who were assigned to STEP did not participate in the program for long periods.

The results suggest some fairly clear patterns. The TWC program substantially increased employment in the short term, but this and other studies suggest that, in order to sustain impacts, short-term transitional jobs programs need to help more people obtain and retain permanent jobs. The STEP program did not increase employment, adding to a growing body of evidence suggesting that it can be difficult to engage welfare recipients in extensive preemployment services long enough to significantly improve their employability.

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The Authors

Executive Summary

This report presents final, four-year results from a rigorous evaluation of two different employment strategies for hard-to-employ public assistance recipients in Philadelphia. An earlier report discussed findings after one and a half years of follow-up.¹ The study is part of the Enhanced Services for the Hard-to-Employ Demonstration and Evaluation Project, which is testing innovative employment strategies for various groups facing serious obstacles to steady work. The Hard-to-Employ project is sponsored by the Administration for Children and Families and the Office of the Assistant Secretary for Planning and Evaluation in the U.S. Department of Health and Human Services (HHS), with additional funding from the U.S. Department of Labor. It is being conducted under contract to HHS by MDRC, a nonprofit, nonpartisan research organization, along with the Urban Institute and other partners.

The Policy Context: Welfare Reform and the Hard-to-Employ

While many welfare recipients receive grants for only a short period, a substantial proportion of the caseload is composed of hard-to-employ recipients who remain on Temporary Assistance for Needy Families (TANF) for longer periods.² Many of these recipients face significant barriers to employment, such as physical and mental health problems, substance abuse, and limited employment and educational backgrounds.

Welfare recipients typically must participate in work or training activities in order to receive assistance, but, until the 1990s, recipients facing serious barriers to work were often exempt from those requirements. During that decade, partly as a result of the 1996 federal welfare reform law, many states began to extend work requirements to a broader share of the TANF population. Welfare time limits increased the need to offer these recipients effective services to assist them in the transition from welfare to work. The Deficit Reduction Act of 2005, which reauthorized TANF, put additional pressure on states to increase the number of TANF recipients participating in work activities.

When studies assessed whether broadly targeted programs were effective for the most disadvantaged recipients, they typically found that the programs succeeded in raising earnings for the most disadvantaged but that these earnings were still considerably lower than the earnings of other groups. A series of current studies, including this project, is beginning to

¹Dan Bloom, Sarah Rich, Cindy Redcross, Erin Jacobs, Jennifer Yahner (Urban Institute), and Nancy Pindus (Urban Institute), *Alternative Welfare-to-Work Strategies for the Hard-to-Employ: Testing Transitional Jobs and Pre-Employment Services in Philadelphia* (New York: MDRC, 2009).

²In this report, “welfare” is used interchangeably with “TANF.”

build a knowledge base about special models that target recipients facing serious barriers to employment.

Two Employment Strategies for Hard-to-Employ TANF Recipients

The two service models examined in this study reflect different approaches to increasing the employment and earnings of hard-to-employ welfare recipients. The first approach is a *transitional jobs model*, which provides temporary employment that is subsidized by the program for up to six months, combined with education and work-readiness activities, job search assistance, and job retention services. This model is based on the theory that recipients can best prepare for work by working and that transitional jobs can allow program staff to identify and address problems that could affect an individual's ability to find and retain regular employment. The second approach focuses on assessing and treating participants' barriers to employment up front, before they go to work. This *preemployment services model* is based on the premise that recipients will be better able to obtain and hold jobs if their employment barriers are addressed before they start working.

The transitional jobs model was operated by the Transitional Work Corporation (TWC). Founded in 1998, TWC served more than 1,500 participants per year during the study period (2004-2006). TWC's program began with a two-week orientation focusing on job-readiness skills. After the orientation, participants were placed in a transitional job, usually with a government or nonprofit agency. They were officially employed by TWC, which paid them the minimum wage for up to six months, while office-based TWC staff and on-site work partners provided guidance and support. Recipients were required to work 25 hours per week and to participate in 10 hours of professional development activities at TWC. These activities included job search and job-readiness instruction, preparation for the General Educational Development (GED) exam, and other classes. In addition, participants worked with TWC staff to find permanent jobs. TWC also provided job retention services and bonus payments for six to nine months after participants obtained a permanent job.

The program focusing on preemployment services was called "Success Through Employment Preparation" (STEP) and was run by JEVS Human Services (previously, Jewish Employment and Vocational Service), a nonprofit social service agency. Unlike TWC, STEP was developed specifically for this study and served only study participants. In the STEP program, outreach staff first conducted home visits to address issues that might keep individuals from participating. Once participants enrolled, the program began with an extensive assessment period to identify their barriers to employment. Specialized staff analyzed the results of the assessments and then met with the participant and the case manager to design an individualized treatment plan. Treatment included services such as life skills classes, GED preparation, support groups, and counseling by behavioral health specialists, as well as ongoing case management.

Participants who had severe employment barriers were referred to outside organizations for further assessment and treatment. Eventually, participants worked with job developers to find jobs. The timing of the employment search depended on a participant's motivation level and barriers to employment, but usually it did not begin before the participant had completed the assessments and the team had designed a treatment plan.

The Research Design and Characteristics of Study Participants

This evaluation uses a random assignment design to determine whether the TWC and STEP program models are effective strategies for increasing employment and earnings and reducing welfare receipt. Outcomes for recipients assigned to the two programs are being compared with outcomes for recipients in a control group, who did not participate in TWC or STEP but could enroll in other employment activities provided through the welfare agency or in the community. Because individuals were assigned to the three groups through a random process, there should be no systematic differences in the groups' measured or unmeasured characteristics at the time that they entered the study. Therefore, any significant differences measured later can be attributed to the effects of the different services provided. These differences are considered to be "impacts" of the program.

The study targeted TANF recipients who had received cash assistance for at least 12 months since 1997 (when Pennsylvania's TANF program began) or who did not have a high school diploma or GED certificate and who were not currently employed or participating in work activities. Recipients who met the study's criteria were randomly assigned at four Philadelphia TANF offices into one of the two program groups or the control group. Recipients who were placed in one of the program groups were referred by TANF agency staff to the appropriate program — TWC or STEP — and were required to participate. Control group members were encouraged, but not required, to participate in work or education activities (other than TWC and STEP). Random assignment ran from October 2004 to May 2006, and a total of 1,942 people entered the study. The study is tracking all three groups using surveys of study participants and administrative data, including welfare department records and unemployment insurance (UI) quarterly earnings records. Four years of follow-up data, through Quarter 1, 2010, are now available for all study participants.

At study entry, sample members were 29 years old, on average, and most were single mothers. Just over 80 percent are black, non-Hispanic, and about 14 percent are Hispanic. Many of the sample members had considerable barriers to employment, including low education levels, limited employment history, and responsibilities caring for young children. About 92 percent of the sample had been employed previously, but two-thirds had worked a year or less in the past three years. On average, sample members had received 40 months of TANF benefits since 1997.

Receipt of Employment Services by the Control Group

Findings from surveys that were administered about 18 months and about 42 months after sample members entered the study, along with welfare agency tracking data, were used to measure sample members' participation in work-related activities. Follow-up data for the control group, which describe the experiences of people who did not have access to the two special programs, are discussed first.

- **A large proportion of the control group participated in welfare-to-work activities.**

The study design called for the control group to be exempted from work participation requirements. Nevertheless, data from both the survey and the welfare agency records show that a large proportion of control group members participated in employment or education activities. For example, welfare agency data show that, in the first six quarters of follow-up, about 60 percent of the control group enrolled in a welfare-to-work activity while receiving TANF; similarly, in the 18-month survey, about 71 percent of the control group reported participating in job search, education or training, or unpaid work since entering the study.

Studies often find that many welfare recipients enroll in employment or education activities even when they are not required to do so. However, the rates of participation in this study are particularly high, raising the question of whether some control group members were required to enter such activities despite the study's design and the special procedures put in place by the TANF agency to insulate the control group from participation mandates. There is no way to know for sure how many control group members volunteered for activities on their own, how many were encouraged to do so by staff, and how many were required to participate. However, it is clear from welfare agency tracking data that very few control group members participated in either TWC or STEP, indicating that this key aspect of the design was administered correctly. Taken together, these findings suggest that this evaluation is testing the effects of TWC and STEP in comparison with a control group condition that is closer to business as usual for the welfare agency than to a purely voluntary control group.

Results for the Transitional Jobs Model

- **Sixty-two percent of those who were randomly assigned to the TWC group actually enrolled in the program by completing the two-week orientation; half of the full TWC group worked in a TWC transitional job.**

As noted above, individuals entered the study at TANF offices and then, depending on the random assignment results, were referred to the appropriate program. Whenever random assignment occurs "upstream" from the point of program participation, it can be expected that

not everyone will participate in the program that is being tested. Overall, about 11 percent of those who were assigned to the TWC group were never referred to the program by welfare staff (possibly because staff decided that these individuals should be exempt from work requirements); 27 percent were referred to the program but either never showed up or did not complete the two-week orientation; and 12 percent completed orientation but never worked in a transitional job. The remaining 51 percent who entered a transitional job worked for about 30 days over about 7.5 weeks, on average. To preserve the integrity of the random assignment design, everyone who was assigned to the TWC group — including those who did not participate in the program — is included in the analysis of impacts.

Data from the surveys and welfare agency records show that although some members of the TWC group did not participate in TWC’s program and many members of the control group did participate in work activities (discussed above), the TWC group was still substantially more likely than the control group to participate in job search (76 percent, compared with 55 percent, after 18 months) and, not surprisingly, to participate in transitional jobs (65 percent, compared with 23 percent, over four years).³ There was no difference between the TWC and control groups in participation in education or training activities.

- **TWC substantially increased employment in both transitional and unsubsidized (or regular) jobs early in the follow-up period, but the impacts faded, and there were few differences between groups beyond Year 1.**⁴

Figure ES.1 summarizes TWC’s impacts on employment over time. The graph lines show the percentages of the TWC and control groups who worked in each quarter of the four-year follow-up period. The top panel of the figure shows rates of employment that include both transitional and unsubsidized jobs (that is, non-TWC jobs that were covered by unemployment insurance [UI]).⁵ The bottom panel shows employment in UI-covered jobs only. Quarters in which the difference between groups is statistically significant (that is, likely that the program has a real effect on employment) are labeled with asterisks.

The top panel of Figure ES.1 shows that the employment rate for the control group rose gradually over time but remained well below 50 percent, confirming that the study targeted a

³These measures of transitional jobs include both TWC transitional jobs and transitional jobs run by other organizations associated with the welfare agency. Therefore, these participation rates are higher than those for TWC transitional jobs alone.

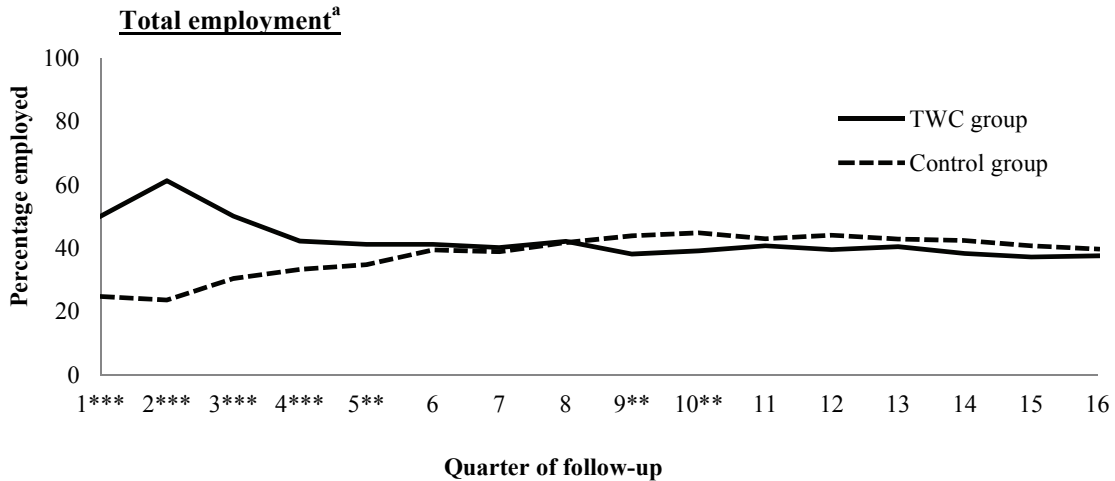
⁴In this study, the term “unsubsidized jobs” is used to refer to jobs that are recorded in the UI earnings data. It is possible that some of these jobs were, in fact, subsidized with public funds (some could have been transitional jobs with organizations other than TWC), but there is no way to distinguish these jobs using the available data.

⁵TWC’s transitional jobs are not included in the UI records.

The Enhanced Services for the Hard-to-Employ Demonstration

Figure ES.1

Quarterly Employment: Transitional Work Corporation



SOURCES: MDRC calculations from employment and earnings data from the National Directory of New Hires and employment and training participation (ETP) records from the Pennsylvania Department of Public Welfare (DPW).

NOTES: A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; and * = 10 percent. Results in this table are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

TWC = Transitional Work Corporation.

^aTotal employment includes both DPW transitional jobs and unsubsidized employment.

^b"Unsubsidized employment" refers to jobs eligible for unemployment insurance receipt.

relatively hard-to-employ population. Indeed, the control group worked in only 6 of the 16 quarters in the follow-up period, on average. (See Table ES.1.) TWC substantially increased total employment early in the follow-up period, but these impacts faded, and there were few significant differences between groups after Quarter 5. Unexpectedly, in Quarters 9 and 10, the control group was significantly more likely to be employed than the TWC group. It is not clear what led to these differences. However, they are short lived and do not change the general pattern of impacts; after Year 1, the employment rates for the two groups were largely the same.

The bottom panel of Figure ES.1 includes only unsubsidized employment, with transitional jobs removed. The graph shows that TWC's early impacts on employment were not driven entirely by employment in the transitional jobs. TWC increased unsubsidized employment early in the follow-up period, with the largest impact occurring in Quarter 2, when the TWC group was about 9 percentage points more likely than the control group to be employed in such a job. As with total employment, however, the impact on unsubsidized employment faded after Quarter 5.

As Table ES.1 shows, over the four-year follow-up period, the TWC group worked seven-tenths of a quarter more, on average, than the control group. This impact was driven by the transitional jobs, as there was no difference in the total number of quarters worked in an unsubsidized job. There was not a significant impact on earnings. While early findings from this study suggested that the impacts of TWC on employment were larger for the most disadvantaged sample members (those with little or no recent work history and long-term welfare receipt),⁶ the four-year findings (not shown in the table) suggest that this difference was not consistent over time; overall, the TWC impacts followed a similar pattern for the highly disadvantaged and the less disadvantaged subgroups.

- **TWC reduced cash assistance receipt early in the follow-up period, but the impacts did not last beyond the middle of the second year, and there was not a significant impact on cash assistance over the four-year follow-up period as a whole.**

Welfare-to-work programs that increase employment often generate decreases in cash assistance (TANF) receipt and payments. Indeed, in line with the positive impacts on employment, TWC reduced receipt of cash assistance early in the follow-up period. However, these impacts, like the employment impacts, faded; as shown in Table ES.1, there were no significant, four-year impacts on receipt of cash assistance. The TWC and control groups both received TANF in about 30 of the 48 months in the follow-up period, for a total of about \$12,500, on average.

⁶Bloom et al. (2009).

The Enhanced Services for the Hard-to-Employ Demonstration

Table ES.1

**Selected Impacts on Employment, Earnings, Public Assistance, and Income:
Transitional Work Corporation
Philadelphia Final Report**

Outcome (Years 1-4)	TWC Group	Control Group	Impact	P-Value
<u>Employment and earnings</u>				
Ever employed ^a (%)	90.1	82.6	7.5 ***	0.000
In a transitional job ^b	64.8	23.1	41.7 ***	0.000
In an unsubsidized job ^c	82.9	79.8	3.1	0.161
Number of quarters employed	6.8	6.1	0.7 ***	0.007
In a transitional job	1.5	0.5	1.0 ***	0.000
In an unsubsidized job	5.8	5.8	0.0	0.998
Earnings from unsubsidized employment ^d (\$)	16,934	17,173	-239	0.850
<u>Public assistance receipt and measured income</u>				
Number of months received TANF	29.4	29.6	-0.2	0.753
Total TANF (\$)	12,419	12,863	-444	0.251
Number of months received food stamps	40.5	41.0	-0.5	0.434
Total food stamps (\$)	17,597	17,570	28	0.942
Total measured income ^e (\$)	46,826	48,155	-1,329	0.304
Sample size (total = 1,217)	731	486		

SOURCES: MDRC calculations from public assistance records from the Pennsylvania Department of Public Welfare (DPW) and employment and earnings data from the National Directory of New Hires.

NOTES: A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; and * = 10 percent. Results in this table are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

Dollar values include zeroes for sample members who were not employed.

Rounding may cause slight discrepancies in sums and differences.

TWC = Transitional Work Corporation.

TANF = Temporary Assistance for Needy Families.

^aTotal employment includes both DPW transitional jobs and unsubsidized employment.

^b"Transitional employment" refers to all transitional jobs recognized by DPW.

^c"Unsubsidized employment" refers to jobs eligible for unemployment insurance receipt.

^dTWC group members also earned \$487, on average, from TWC transitional employment. Data on earnings from transitional employment are not available for the control group.

^eMeasured income includes earnings from jobs covered by unemployment insurance, TANF payments, and food stamps. The covariates included in the regression model used to calculate employment-related impacts, including total income, differed from those included in the regression model used to calculate public assistance impacts. As a result, the income from employment, TANF, and food stamps measures do not add up exactly to the total income measure.

Poverty rates remained quite high through the end of the follow-up period for both the TWC group and the control group. Combining income from employment and public assistance, sample members in both groups had an income of about \$48,000, on average, over the four-year follow-up period (Table ES.1). Data from the 42-month survey indicate that about 86 percent of the sample had a total household income that was below the federal poverty level.⁷

Results for the Preemployment Services Model

The STEP program faced some implementation challenges. It seems likely that some of those challenges occurred because the program was new and encountered typical start-up issues, while others may have been related to features of the program model. The program offered an array of services, including assessments of barriers to employment and participation, life skills classes, basic education classes, counseling services, and job-readiness activities; however, the program lacked a clear structure, and staff said that they struggled to assign sample members to enough activities to fill 30 hours per week.

- **Although 77 percent of the STEP group participated in the program, the average number of hours of participation was fairly low.**

Program staff were aggressive about contacting those who were assigned to the STEP group, usually making home visits to introduce the program and begin to identify barriers to participation and employment. Ultimately, almost 80 percent of the STEP group enrolled in the program. However, despite the encouragement of staff, sample members did not participate in the program for many hours; on average, those who enrolled attended a total of 68 hours of activities at the program site (plus, in some cases, other activities in the community). This translates into two to three weeks of full-time participation.

Despite the relatively low levels of intensive participation in the program, data from the 18-month survey show that the STEP group was more likely than the control group to participate in job search activities (78 percent, compared with 55 percent). There was no statistically significant difference between groups in the percentage who enrolled in education or training.

- **The STEP program did not have significant impacts on employment, earnings, or welfare receipt.**

As shown in Table ES.2, employment and earnings outcomes for the STEP group were almost identical to those for the control group. Likewise, there was not a significant impact on welfare receipt or payment amounts over the follow-up period.

⁷This is an estimate of poverty based on available data, and it is not an official poverty measure.

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Table ES.2

**Impacts on Employment, Earnings, and Public Assistance:
Success Through Employment Preparation**

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Outcome (Years 1-4)	STEP Group	Control Group	Impact	P-Value
<u>Employment and earnings</u>				
Ever employed ^a (%)	81.3	79.8	1.5	0.499
Number of quarters employed	5.8	5.8	0.0	0.979
Total earnings (\$)	15,647	17,173	-1,526	0.228
<u>TANF measures</u>				
Received TANF (%)	99.3	99.8	-0.5	0.232
Number of months received TANF	29.9	29.6	0.3	0.732
Total TANF (\$)	13,019	12,863	156	0.688
<u>Food stamp measures</u>				
Received food stamps (%)	99.9	99.8	0.1	0.751
Number of months received food stamps	40.6	41.0	-0.4	0.545
Total food stamps (\$)	17,515	17,570	-54	0.888
Sample size (total = 1,211)	725	486		

SOURCES: MDRC calculations from public assistance records from the Pennsylvania Department of Public Welfare and employment and earnings data from the National Directory of New Hires.

NOTES: A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent. Results in this table are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

Dollar values include zeroes for sample members who were not employed.

Rounding may cause slight discrepancies in sums and differences.

STEP = Success Through Employment Preparation.

TANF = Temporary Assistance for Needy Families.

^a"Employment" refers to jobs eligible for unemployment insurance receipt.

Conclusions and Implications

The findings for TWC are consistent with those of other random assignment evaluations of transitional jobs programs, which have shown that while basic, short-term transitional jobs programs succeed in providing short-term income and employment to very disadvantaged populations, they generally do not lead to long-term impacts on unsubsidized employment.

Given this evidence, policymakers and researchers may need to consider testing more enhanced versions of the transitional jobs model. For example, future tests could include such enhancements as extending the period of the transitional job, including vocational training as a core program component, or focusing more on the transition to regular employment by, for example, subsidizing jobs in the private sector or offering stronger financial incentives to participants. The U.S. Department of Labor (DOL) and the U.S. Department of Health and Human Services (HHS) have recently initiated and are working collaboratively on new demonstration projects that will build on the lessons from the existing body of evidence on transitional jobs.

The impact findings from the STEP program indicate that its up-front assessments and intensive case management did not lead to significant impacts on employment and earnings or public assistance receipt during the follow-up period. It is possible that the lack of impacts could have resulted from STEP's start-up issues and other difficulties with implementation, and, therefore, it is possible that the preemployment services model could be more effective if implemented differently. However, other evaluations of similar programs are consistent with these findings, suggesting that it is difficult to affect employment outcomes using this model.

It is clear that the population targeted by these programs was very disadvantaged. Combining earnings and public assistance benefits, sample members' total income over the four-year study period was about \$47,000, or about \$12,000 per year, on average. At the end of the study, 86 percent of sample members were estimated to be below the federal poverty level, and about 50 percent were still receiving TANF. Based on these outcomes, it is apparent that more effective services are needed, and should be tested, for this population.

Chapter 1

Introduction

This report presents the final results for the Philadelphia site in the Enhanced Services for the Hard-to-Employ Demonstration and Evaluation Project. The Hard-to-Employ project is sponsored by the Administration for Children and Families (ACF) and the Office of the Assistant Secretary for Planning and Evaluation in the U.S. Department of Health and Human Services (HHS), with additional funding from the U.S. Department of Labor. In addition to the study described in this report, the project is evaluating three diverse strategies designed to improve employment and other outcomes for parents and their children in the Early Head Start program, ex-prisoners, and mothers experiencing depression and their children who are on Medicaid. The Hard-to-Employ project is being conducted by MDRC, under contract to HHS, along with the Urban Institute and other partners.

In Philadelphia, the project tested two service models that took different approaches to increasing the employment and earnings of hard-to-employ welfare recipients.¹ The first approach was a *transitional jobs model*, which provided subsidized employment for up to six months, combined with education and work-readiness activities, job search assistance, and job retention services. The second approach was a *preemployment services model* that provided intensive case management and focused on assessing participants' barriers to employment and providing services to help them overcome these barriers up front, or before they looked for work. Both models grew out of programs that were already operating in Philadelphia and that administrators felt showed promise in assisting more disadvantaged recipients to make the transition from welfare to permanent work. The transitional jobs program was operated by the Transitional Work Corporation (TWC), and the preemployment services model (called "Success Through Employment Preparation," or STEP) was operated by JEVS Human Services.²

The evaluation compares two groups of recipients who were required to participate in either TWC or STEP with a control group that did not participate in either program.³ The study targeted welfare recipients who had received cash assistance for at least one year or who did not have a high school diploma or a General Educational Development (GED) certificate. It assesses whether the programs improved recipients' employment, earnings, income, welfare

¹In this report, "welfare recipients" are recipients of Temporary Assistance for Needy Families (TANF).

²During the study period, the organization was known as "Jewish Employment and Vocational Service."

³In the preceding report from the Hard-to-Employ project (Bloom et al., 2007), this group is referred to as the "Voluntary Services group." For simplicity, the present report uses the term "control group."

receipt, and other outcomes, compared with recipients in the control group. This report presents results for the study's entire four-year follow-up period.⁴

This chapter provides information on the study site, the research design, the research sample intake process, the data sources used, and the characteristics of the study participants.

Background and Policy Relevance of the Philadelphia Hard-to-Employ Site

While many recipients of Temporary Assistance for Needy Families (TANF) receive welfare grants for only a short period, a substantial proportion of the caseload is composed of hard-to-employ recipients who remain on TANF for longer periods. Many of these recipients face significant barriers to employment, such as physical health problems, mental health conditions, substance abuse, and limited employment and educational backgrounds.⁵

Although recipients who have serious barriers to employment may not make up a larger proportion of the welfare caseload today than in the past, they are of more concern to policymakers and administrators. Until the 1990s, such recipients were often exempt from requirements to participate in employment-related activities. During that decade, partly as a result of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, many states began to extend work requirements to a broader share of the TANF population.⁶ Welfare time limits and economic fluctuations also increased the need to offer these recipients effective services to assist them in the transition from welfare to work. The Deficit Reduction Act of 2005, which reauthorized the TANF program, further strengthened the participation mandate.

Over the past 30 years, many studies have provided insight into which programs are most effective in assisting recipients to move from welfare to work. An analysis of the results from 20 welfare-to-work programs geared for the general welfare population concluded that the programs generally increased earnings about as much for the more disadvantaged groups (defined as long-term welfare recipients with no high school diploma and no recent work history) as for the less disadvantaged groups. However, the more disadvantaged groups earned consider-

⁴A previous report presents results for the first 18 months of the follow-up period; see Bloom et al. (2009).

⁵For example, one study synthesized results from a survey that was administered to welfare recipients in five states and Washington, DC, in 2002. It found that 40 percent of recipients lacked a high school diploma or GED certificate; 21 percent had a physical health limitation; 30 percent met the diagnostic criteria for major depression or were experiencing severe psychological stress; and 29 percent had a child with health problems (Hauan and Douglas, 2004).

⁶Bloom and Butler (2007).

ably less than the others.⁷ This outcome suggests that it may be necessary to target resources and develop specific programs to meet the needs of the most disadvantaged TANF recipients.

In recent years, a few rigorous studies have begun to examine such specialized programs. The evaluation of New York City's Personal Roads to Individual Development and Employment (PRIDE) program, which was part of the ACF-funded Employment Retention and Advancement (ERA) project, tested a model designed for welfare recipients who have work-limiting health conditions. The program — which combined tailored unpaid work experience, basic education, and job placement assistance — generated significant increases in employment and reductions in welfare payments. However, most of the recipients who were subject to PRIDE were still on welfare and were not working two years after entering the study.⁸ Another ERA site, in Minnesota, tested a program that provided intensive case management and other services to recipients who had failed to find jobs through the state's regular welfare-to-work program. That program produced few significant impacts on employment outcomes.⁹ A third study tested a home visiting and life skills education program for hard-to-employ welfare recipients in rural Nebraska. That program, which used master's-level staff with very small caseloads, produced statistically significant increases (that is, increases that are unlikely to be a result of chance) in employment and earnings, particularly for the most disadvantaged recipients.¹⁰

Finally, two studies have tested programs for welfare recipients with substance abuse problems. A study conducted in New Jersey found that a case management program for female recipients increased participation in substance abuse treatment, decreased drug use, and increased employment.¹¹ Another study, part of ERA, tested a larger-scale substance abuse case management model in New York City; the impacts were generally smaller than in the New Jersey study.¹²

Many experts consider the transitional jobs model to be a promising approach for long-term welfare recipients. The roots of this approach can be traced back to at least the 1970s, when the National Supported Work Demonstration tested a subsidized employment model for four target groups, including long-term welfare recipients. The program's impacts were largest for the welfare target group, and they were particularly large for the most disadvantaged participants within the research sample (very long-term recipients and those without a high school diploma).¹³

⁷Michalopoulos and Schwartz (2000).

⁸Bloom, Miller, and Azurdia (2007).

⁹LeBlanc, Miller, Martinson, and Azurdia (2007).

¹⁰Meckstroth, Burwick, Moore (2008).

¹¹National Center on Addiction and Substance Abuse (2009).

¹²Martinez, Azurdia, Bloom, and Miller (2009).

¹³Board of Directors, Manpower Demonstration Research Corporation (1980).

As the welfare system evolved to strengthen the participation mandate and provide only temporary cash assistance, the subsidized employment model evolved as well. Facing time-limited welfare and an emphasis on meeting participation rates through employment-related services, program designers shortened the period of subsidized employment and increased the focus on the transition to permanent work. The modified model became known as “transitional jobs.” Policymakers and practitioners have recently turned to this restructured model as a promising approach to assist hard-to-employ TANF recipients, ex-prisoners, and others.¹⁴ As discussed in Box 1.1, another site in the Hard-to-Employ project is testing a transitional jobs model for ex-prisoners.¹⁵ The transitional jobs model places participants almost immediately into subsidized work, on the assumption that barriers to employment will surface and be resolved through the working process.

An alternative model often used with hard-to-employ TANF recipients is an intensive case management model, focusing on assessing and treating barriers to employment up front, or before recipients look for jobs. Under this model, exemplified by the STEP program in this study, staff typically develop individualized service plans based on the assessment results, provide services to address employment barriers, and then help clients look for jobs. The Minnesota ERA site, described above, tested a version of this approach. Two other studies of Minnesota-based programs — the Integrated Services Project and the Intensive Integrated Intervention — have examined other versions of this general approach, though neither study included an impact analysis.¹⁶

The Philadelphia Context

Philadelphia is the nation’s sixth-largest city, with about 1.5 million residents. The city’s population has been shrinking for decades, and its poverty rate, currently about 25 percent, is substantially above the state and national figures.¹⁷ The unemployment rate in the city was declining during the early part of the study period — from 7.3 percent in 2004 to 6.0 percent in 2007 — and then rose rapidly when the national economy weakened, reaching 9.8 percent in 2009.¹⁸ The city’s unemployment rate was above the national average throughout the study period.

Pennsylvania has a state-administered TANF program, so the staff who operate the program in Philadelphia County (coterminous with the City of Philadelphia) are employed by

¹⁴For more information on the transitional jobs model, see www.transitionaljobs.net. For a review of research on transitional jobs and other subsidized employment models, see Bloom (2010).

¹⁵Redcross et al., (2009).

¹⁶Pavetti and Kauff (2006); Martinson, Ratcliffe, Harbison, and Parnes (2007).

¹⁷City of Philadelphia, Office of the Controller (2010).

¹⁸Bureau of Labor Statistics Web site: <http://data.bls.gov>. Under “Unemployment,” see “Local Area Unemployment Statistics.” These figures are annual averages.

Box 1.1

Two Studies of Transitional Job Programs

Two of the four sites in the Hard-to-Employ project are testing transitional job models: the Philadelphia site discussed in this report and the New York City site, which is testing a program operated by the Center for Employment Opportunities (CEO). Because readers may want to compare the results for the two sites, it is useful to note some key differences between the two studies.

Program Characteristic	Transitional Work Corporation (TWC)	Center for Employment Opportunities (CEO)*
<u>Service group</u>	Mostly female TANF recipients in Philadelphia	Mostly male ex-prisoners in New York City
<u>Program design</u>		
Primary service provided	Temporary paid jobs	Temporary paid jobs
Model	Scattered-site model	Work crew model
Payment schedule	Biweekly	Daily
<u>Research design</u>		
Goals	1. Increase employment (direct goal) 2. Reduce welfare receipt (indirect goal)	1. Increase employment (direct goal) 2. Reduce recidivism (indirect goal)
Point of study entry and random assignment	At time of referral to the program [†]	At time participant went to CEO seeking services

NOTES: *Redcross et al. (2009).

[†]The percentage of people who actually received services and worked in a transitional job is substantially lower in the TWC study than in the CEO study, because people who are referred to a program do not necessarily participate, even if required.

the Pennsylvania Department of Public Welfare (DPW). The county's TANF caseload fluctuated between about 35,000 and 45,000 families during the study period.¹⁹

Pennsylvania's TANF policies are typical of those in many other states. The state's monthly TANF grant level — about \$421 for a family of three — is about average nationally.²⁰

¹⁹Bureau of Program Evaluation, Division of Statistical Analysis (2006).

There is a 60-month time limit on benefit receipt, but families can receive Extended TANF benefits beyond the 60-month point if they comply with work participation requirements. Penalties for noncompliance with work requirements are moderate by national standards: during the first 24 months on assistance, a family's welfare grant is reduced in response to noncompliance; "full-family sanctions" that cancel a family's entire grant can be imposed after the 24-month point.

The study occurred during a period of flux in the state and local welfare systems. In 2004, DPW issued the Sanction Prevention policy, which stated that "sanctions should be used only as a last resort." For some time after, sanctions were rarely used to enforce work requirements. In 2005, DPW revised the policy somewhat, and a second memo, issued in late 2005 (about a year after study enrollment began), instructed caseworkers to follow up with recipients who were not enrolled in work activities, and it acknowledged that sanctions might increase. Around the same time, DPW began to restructure the TANF program in Philadelphia, creating a series of neighborhood-based Employment, Advancement, and Retention Network (EARN) centers to provide assessment and case management services to TANF recipients. The centers, operated by private contractors, took over some functions that had previously been assigned to DPW staff in welfare offices.²¹

The Research Design

The study includes three main components: an *implementation and process study* that examines how the TWC and STEP programs operated, an *impact analysis* that assesses whether the programs were effective in promoting employment and reducing welfare receipt, and a *cost analysis*. The preceding report from this study includes detailed information from the implementation and cost studies.²² That information is summarized in Chapter 2.

The impact analysis uses a random assignment design. That is, outcomes for recipients who were assigned to the two programs are being compared with outcomes for recipients in a control group, who did not participate in either of the programs. People were assigned to the three groups using a lottery-like process.

The study targeted TANF recipients in four welfare offices who had received cash assistance for at least 12 months since 1997 or who did not have a high school diploma or a GED

²⁰Seith, Rich, and Richburg-Hayes (2007).

²¹For a more detailed description of the changes in Philadelphia's TANF program, see Seith, Rich, and Richburg-Hayes (2007).

²²Bloom et al. (2009).

certificate.²³ The study did not include “U” cases (usually two-parent cases),²⁴ recipients who were exempt from work requirements or had good cause not to participate, and recipients who were currently employed.

Figure 1.1 illustrates the intake process for the research sample, which occurred in the local welfare offices. Intake workers screened TANF applicants to determine whether they met the study criteria and, if so, sent them to a research aide stationed in the DPW office.²⁵ Similarly, Career Development Unit workers, who were responsible for assigning recipients to employment and training activities, screened ongoing TANF recipients who were not participating in a work activity and sent potential study participants to the research aide.²⁶ Most recipients who were sent to the research aides entered the study, but recipients who showed that they already had specific education- or employment-related plans that would be disrupted by the study were able to opt out of participating. Those who entered the study signed a data release form. The aide also collected their baseline information, including age, gender, race/ethnicity, education and employment history, family and living circumstances, and number of months of TANF receipt. (Data on TANF receipt were obtained from the state data system, which tracks months accumulated toward the TANF time limit.) Study participants received a \$10 gift card to compensate for the time they spent providing this information. The aide then randomly assigned recipients to one of the two program groups or to the control group via a Web-based system or the telephone. Approximately three of every eight sample members were assigned to the TWC group; three of eight were assigned to the STEP group; and two of eight were assigned to the control group.

Recipients who were placed in one of the program groups were referred by DPW staff to the appropriate program — TWC or STEP — and were required to participate. Control group recipients were given a list of community resources, and staff were instructed to encourage — but not require — them to participate in work activities; that is, control group members were supposed to be considered exempt from work requirements. Several mechanisms were put in place to identify the control group members and remind agency staff that these clients were not required to participate in work activities. For example, a special code was entered into the welfare data system, and the clients’ case files were labeled. Despite these measures, it was

²³Originally, study enrollment occurred in the Delancy, North, and Vine welfare offices. Later, after one of the offices closed, enrollment was shifted to the Elmwood office. DPW began tracking months of TANF receipt in 1997, when the state implemented TANF.

²⁴“U” is a designation for the “unemployed parent” category, which establishes certain criteria for qualifying as an unemployed parent when determining eligibility for TANF.

²⁵The research aides were MDRC employees. Three of the four research aides who were initially hired were former Pennsylvania TANF recipients.

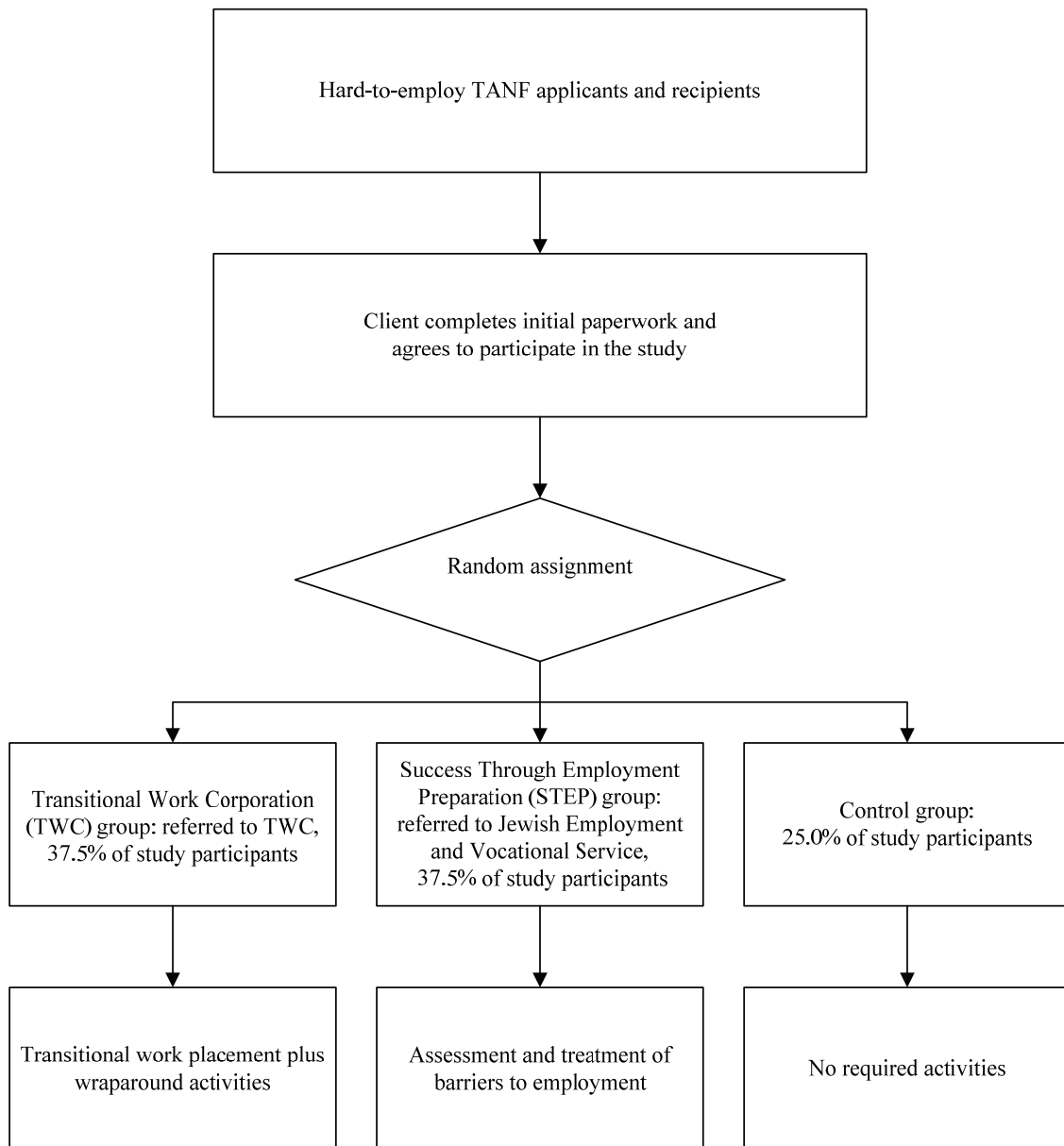
²⁶Initially, the study included only incoming TANF applicants (both new applicants and reapplicants). However, sample buildup occurred more slowly than predicted, so MDRC and DPW decided early on to expand the eligibility criteria to include ongoing TANF recipients who were not participating in any employment-related activities.

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Figure 1.1

Basic Design for the Philadelphia Hard-to-Employ Demonstration

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NOTE: TANF = Temporary Assistance for Needy Families.

difficult to ensure that the procedures were followed by all of the many staff who interacted with clients throughout Philadelphia's large, complex TANF program. (All sample members started in the offices where random assignment was conducted, but they could have moved to other offices during the study period.) The task of maintaining the control group's exempt status became even more difficult when welfare-to-work services in the city were restructured, as described above. As discussed in Chapter 3, in the end it was difficult to determine how many control group members volunteered for work activities on their own, how many were "encouraged" to do so by agency staff, and how many were erroneously required to do so.

Because of the random assignment design, any significant differences in outcomes that emerge between each of the program groups and the control group can be attributed to the services provided by TWC and STEP. In other words, the control group provides a counterfactual against which the programs can be compared.

Random assignment started in October 2004 and ended in May 2006, resulting in a total of 1,942 study participants.

Data Sources

The data sources for the analyses presented in this report are described below.

- **Baseline data.** MDRC's research aides briefly interviewed each participant at the time of random assignment to collect baseline demographic data.
- **Program data.** MDRC analyzed program participation data from TWC's and STEP's management information systems. MDRC also analyzed data from TWC's payroll database, which includes data about earnings from transitional jobs. In addition, the research team visited the two program sites in May 2005 and summer 2006, and they interviewed staff and managers to gain an understanding of the structure of the programs and the activities in which recipients were participating. Research staff also interviewed employees at the DPW offices in order to clarify the intake process and the participation-monitoring procedures. Finally, members of the research team visited several TWC transitional job sites to observe participants on the job.²⁷
- **Administrative records.** MDRC analyzed data from the National Directory of New Hires (NDNH), showing sample members' quarterly earnings in jobs

²⁷This research was conducted for the Hard-to-Employ project by Demetra Nightingale, then at the Johns Hopkins Institute for Policy Studies, and by John Trutko of Capital Research Corporation.

covered by unemployment insurance (UI).²⁸ MDRC also analyzed data on TANF and food stamp receipt and on participation in work activities, using data from DPW. All these sources provided data for all study participants for at least four years after study entry.

- **Survey data.** Two surveys were administered to obtain information about sample members' participation in program services and about their employment, income, and other outcomes. The first survey, administered about 18 months after random assignment, targeted 938 sample members in all three research groups.²⁹ A total of 738 interviews were completed, for a response rate of 79 percent. The second survey, administered about 42 months after random assignment, targeted 972 sample members in only the TWC and control groups. (The STEP group was not included in the survey because earlier analysis showed that the STEP program was not producing impacts on employment or other key outcomes.)³⁰ A total of 773 interviews were completed, for a response rate of 80 percent.

Characteristics of the Research Sample

Table 1.1 shows the baseline characteristics of all the sample members, by research group. Most of these data are drawn from the baseline interview that was conducted with each study participant just prior to random assignment. The characteristics across the three groups are very similar, which is expected because of the random assignment design. (There are no statistically significant differences across groups in any of the characteristics shown in the table.) In addition, the data indicate that the programs reached a hard-to-employ population, as intended.

The average age of the sample members was about 29 years at study entry. The large majority of sample members were single mothers (gender is not shown in the table). Just over 80 percent are black, non-Hispanic, and about 14 percent are Hispanic. Approximately two-

²⁸The NDNH data show more than just UI-covered jobs; for example, they also include federal government employees.

²⁹Sample members were selected from those who were randomly assigned between January 2005 and mid-February 2006. Because, by the research design, fewer sample members were assigned to the control group, all control group members who were randomly assigned during that period were selected (N = 312). MDRC then randomly selected an equal number of TWC group members and an equal number of STEP group members. The characteristics of the fielded survey sample (that is, those sample members who were targeted for interviews) are in line with the characteristics of the full sample.

³⁰See Appendix A for detailed information about the 42-month survey, including how the research sample members were selected.

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Table 1.1

Baseline Characteristics, by Research Group: Full Sample

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Characteristic	TWC Group	STEP Group	Control Group	Total
Average age (years)	29.5	29.3	29.2	29.4
Race/ethnicity (%)				
Black, non-Hispanic	78.8	84.2	81.5	81.5
Hispanic ^a	17.1	11.8	13.5	14.2
White, non-Hispanic	2.6	2.9	3.3	2.9
Other	1.5	1.1	1.7	1.4
Highest degree (%)				
High school diploma	29.0	32.1	27.2	29.7
GED certificate	8.3	6.7	6.6	7.3
Postsecondary	7.6	7.9	5.9	7.3
None of the above	55.1	53.3	60.3	55.7
Marital status (%)				
Unmarried, not living with a partner	91.3	89.5	90.2	90.3
Married, living with spouse	1.7	1.5	2.9	1.9
Married, separated	5.8	6.0	4.4	5.5
Unmarried, living with a partner	1.2	3.0	2.5	2.2
Number of children under 18 years (%)				
None	4.0	2.6	3.3	3.3
1	33.4	31.7	28.4	31.5
2	28.5	30.5	32.1	30.1
3	18.2	18.5	20.8	18.9
4 or more	16.0	16.7	15.4	16.1
Average number of children under 18 years	2.2	2.2	2.3	2.2
Any children under 6 years (%)	63.6	65.2	66.0	64.8
Limited English (%)	5.3	4.4	5.0	4.9
Living in public housing (%)	28.6	33.5	32.1	31.3
Housing status (%)				
In a house or apartment that you rent	60.1	62.6	63.5	61.9
In a house or apartment that you own	6.1	6.1	5.6	6.0
Live with friends or relatives	30.0	27.6	27.1	28.4
Other	3.9	3.7	3.8	3.8
Total TANF receipt ^b (%)				
Never received TANF	6.7	5.5	5.3	5.9
Less than 1 year	9.2	10.5	8.0	9.4
1 year or more but less than 2 years	16.6	14.6	15.4	15.6
2 years or more but less than 5 years	43.5	44.7	45.1	44.3
5 years or more	24.1	24.7	26.1	24.8

(continued)

Table 1.1 (continued)

Characteristic	TWC Group	STEP Group	Control Group	Total
Average months of TANF receipt ^b	39.3	39.8	40.2	39.7
Ever employed (%)	91.7	92.6	90.3	91.7
Time since last employment (%)				
6 months or less	37.6	38.8	41.6	39.0
7-12 months	14.8	13.5	13.8	14.1
13-24 months	16.3	18.8	14.4	16.7
More than 24 months	21.2	20.1	18.5	20.1
Missing	10.1	8.8	11.7	10.0
Average months since last employment	18.0	18.3	15.9	17.6
Ever worked 6 or more months for one employer (%)	70.0	70.1	66.7	69.2
Months employed in past 3 years (%)				
Did not work	19.7	19.3	20.0	19.6
Less than 6 months	24.1	19.3	22.0	21.8
7 to 12 months	24.6	24.1	21.2	23.6
13 to 24 months	15.7	20.1	20.8	18.6
More than 24 months	14.5	16.0	13.8	14.9
Study eligibility status (%)				
No high school diploma or GED certificate	12.3	11.2	10.1	11.3
More than 12 months of TANF ^b	42.7	42.8	38.3	41.6
No high school diploma or GED certificate and more than 12 months of TANF	41.5	41.2	48.4	43.1
Unknown ^c	3.6	4.8	3.3	4.0
Sample size	731	725	486	1,942

SOURCE: Philadelphia Baseline Data Sheet.

NOTES: In order to assess differences in characteristics across research groups, chi-square tests were used for categorical variables, and analysis of variance was used for continuous variables. A two-tailed t-test was applied to differences between outcomes for the program and control groups. There are no statistically significant differences between the research groups on any measures in this table.

TWC = Transitional Work Corporation.

STEP = Success Through Employment Preparation.

TANF = Temporary Assistance for Needy Families.

GED = General Educational Development.

^aSample member is coded as Hispanic if she/he answered "yes" to Hispanic ethnicity.

^bTANF receipt data are from the Pennsylvania Department of Public Welfare and include receipt from 1997 until the beginning of random assignment.

^cSome sample members in this category had less than 12 months of TANF receipt but did not answer the baseline question about whether they had a high school diploma or GED certificate. Others had less than 12 months of TANF receipt and indicated in the baseline interview that they had a high school diploma or GED certificate. In both situations, the research aides may have assumed that these people had no high school diploma or GED certificate, based on data recorded in the welfare database.

thirds of the sample members had a child under 6 years of age, and the average number of children under 18 years was 2.2.

Approximately 92 percent of the study participants reported that they had worked in the past, but about two-thirds had worked a year or less in the past three years. Many faced considerable barriers to employment, including low education levels and limited employment history. Over half (56 percent) did not have a high school diploma or a GED certificate.

According to data from DPW, about 70 percent of the sample members had received TANF for more than two years before random assignment, and the average number of months of TANF receipt was about 40. Federal law stipulates that federal funding cannot be used toward recipients' TANF grants after they have received 60 months of assistance, except under certain circumstances. Many participants in the study were nearing this limit, and over one-fourth were already receiving Extended TANF — Pennsylvania's state-funded assistance for recipients who have received TANF for more than 60 months.

Finally, Table 1.1 shows how sample members met the study's eligibility criteria, which required that sample members have at least 12 months of prior TANF receipt or that they lack a high school diploma or GED certificate. Nearly 85 percent of the sample had received TANF for at least one year. An additional 11 percent had not received one year of benefits but had no high school diploma or GED certificate. More than 40 percent of the sample met both criteria.

The Organization of This Report

This report focuses mainly on the transitional jobs program, TWC. As noted above, the STEP group was not included in the 42-month follow-up survey, so the analysis of STEP's effects beyond the 18-month point is based entirely on administrative records.

Chapter 2 briefly summarizes the 18-month report's description of the TWC program and its implementation, and then Chapter 3 describes the key differences in the employment services received by the TWC and control groups. Chapters 4 and 5 examine the TWC program's impacts on employment, public assistance, income, and other outcomes. Chapter 6 briefly updates results for the STEP program. Chapter 7 summarizes the analysis and offers some concluding thoughts.

Chapter 2

Implementation of the Transitional Jobs Program

This chapter describes the implementation of the Hard-to-Employ project's study in Philadelphia of the transitional jobs program, which was operated by the Transitional Work Corporation (TWC). It summarizes a more detailed discussion of program implementation that appears in the 18-month report.¹ (Chapter 6 summarizes results for the study's second approach, the preemployment services model, called "Success Through Employment Preparation," or STEP.)

Summary of the Findings

TWC was a mature program when the study in Philadelphia began, and it was implemented largely as intended. However, a substantial proportion of those who were randomly assigned to the TWC group did not participate in the program's core activities. (The research design and the characteristics of the three research groups are described in Chapter 1.) Specifically, less than two-thirds of those who were assigned to the TWC group completed the program's two-week orientation and formally enrolled in the program; the others either failed to report to TWC, reported to TWC but did not complete orientation, or were never referred by the public benefits office to TWC. About half of the TWC group (or about 80 percent of those who completed orientation) worked in a transitional job. Among those who worked in a transitional job, the average amount of time worked was about 30 days.

TWC also expected recipients to participate in professional development activities to supplement the transitional jobs; however, only a portion of those who worked in a transitional job participated substantially in those activities.

Finally, TWC devoted considerable attention to helping participants move from transitional jobs to regular, unsubsidized jobs, providing fairly robust job development services. According to program records, about one-third of the full TWC group (one-half of those who worked in a transitional job) were placed in an unsubsidized job or reported finding one.

The Transitional Work Corporation and Its Model

The Transitional Work Corporation was formed in 1998 in a joint effort by the Commonwealth of Pennsylvania, the City of Philadelphia, the Pew Charitable Trusts, and Public/Private Ventures. It was founded to provide transitional jobs to recipients of Temporary Assistance for

¹Bloom et al. (2009), Chapter 2.

Needy Families (TANF) in Philadelphia who had received benefits for at least 24 months and who were required to participate in work-related activities. It has since expanded its services to other groups and, during the study period, served over 1,500 people a year.² It is one of the nation's largest and most prominent providers of transitional jobs to welfare recipients.

Overview of the TWC Model³

During the study period (2004-2006), the TWC model began with a two-week orientation, consisting of intensive job-readiness activities. After orientation, participants were placed in a transitional job, usually with a government or nonprofit agency. They were employed by TWC during this period and were paid the minimum wage for up to six months (\$5.15 per hour from the start of the study through December 2006, then \$6.25 per hour from January through June 2007, and then \$7.15 per hour starting in July 2007). In addition to providing case management through office-based staff, TWC identified on-site work partners to provide additional guidance and act as on-the-job mentors during the transitional work period. Recipients were required to work 25 hours per week and to participate in 10 hours of professional development activities at TWC. These activities included job search and job-readiness instruction, as well as preparation for the General Educational Development (GED) exam and other classes. During and, if necessary, after the transitional job period, TWC staff helped participants to find permanent, unsubsidized jobs. TWC also provided job retention services to participants for six to nine months after their placement in a permanent job, and it offered bonuses of up to \$800 to recipients who retained their full-time jobs during the six months following the start date of permanent employment.

TWC staff were organized into teams of 10 to 12, overseen by a team director. Each team was primarily made up of three types of career advisers, who worked with participants during one of the three phases of their trajectory at TWC (orientation, transitional work, and unsubsidized work), and "sales reps," who were in charge of helping participants find unsubsidized work. Participants were assigned to work with one adviser during each stage of the program, and they were assigned a primary sales rep.

²Only a portion of the clients whom TWC served during the study period are part of the evaluation, but all of the TANF recipients whom the program served during this time received the same set of services.

³The data included in this section reflect TWC's operations throughout most of the study period. However, TWC underwent some significant changes near the end of the study period. Facing pressures to decrease costs and to increase participation, particularly in unsubsidized employment, TWC reduced its staff and made programmatic changes that emphasized rapid entry into unsubsidized work. Because these changes did not take place until near the end of the study period, the program descriptions below refer to the program as it was implemented during most of the study period, unless otherwise noted.

Figure 2.1 gives an overview of the TWC program flow and indicates participation rates in each stage for 100 typical sample members. Table 2.1 shows more detail about TWC program group members' participation. Each stage of the program is discussed briefly below.

Intake, Orientation, and Enrollment

Almost 90 percent of all sample members who were randomly assigned to the TWC group were referred to TWC through the Pennsylvania Department of Public Welfare's (DPW's) client referral system (not shown in Table 2.1). Those who were not referred were likely granted "good cause" not to participate in work-related activities (for example, because of a health problem), or they indicated that they were already participating in another educational or work-related activity.⁴

Throughout most of the study period, clients had to complete the two-week orientation in order to enroll in the program and move into transitional work.⁵ The orientation included job-readiness activities, such as workshops on "soft skills" that are required in the workplace (for example, punctuality, attendance, steady work, cooperation with coworkers, and taking direction from supervisors); a small number of assessments, including the Test of Adult Basic Education (TABE) and an interest assessment to help match clients with an appropriate transitional work site; time to work on clients' résumés; and interviews at transitional work sites. In order to complete the orientation process, clients had to attend regularly and cooperate with program staff. TWC paid clients a \$25 stipend for each day that they attended orientation, meaning that they could earn up to \$250 if they attended all 10 days of orientation.

As shown in Table 2.1 and Figure 2.1, 62 percent of the TWC group enrolled in the program. The proportion who never enrolled at TWC included, in addition to those who were not referred from DPW, those who were referred but never reported to the program (20 percent of the total sample), as well as those who showed up but did not complete the full orientation (7 percent of the total sample). Clients who did not show up on the first day were automatically terminated from the program. Clients could also be terminated if they did not attend activities for five consecutive days or if they demonstrated behavioral problems or refused to cooperate. Staff would work with participants to keep them from being terminated, but they varied in their level of tolerance for lack of attendance and behavioral issues. TWC generally did not reach out to clients who failed to show up at the program.

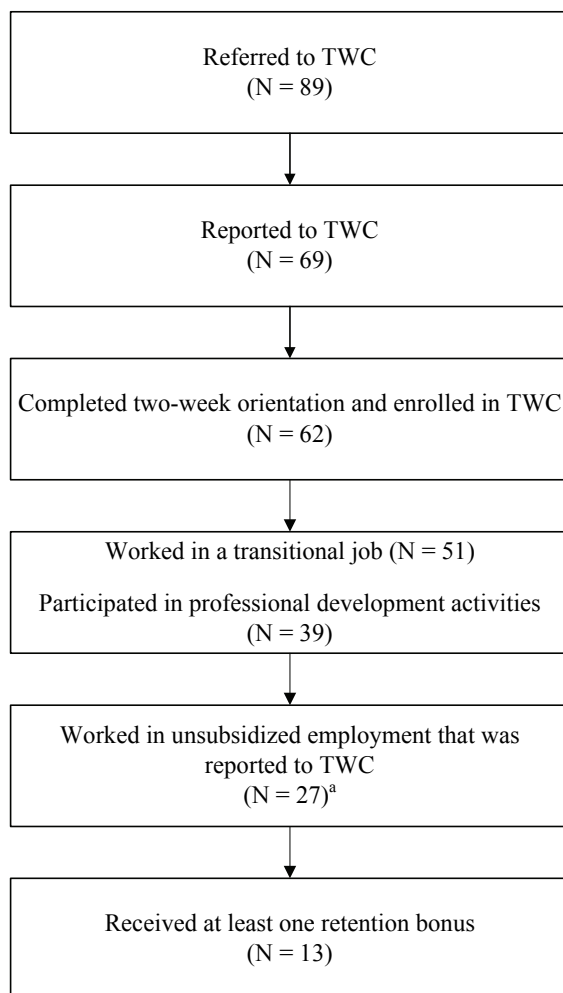
⁴The enrollment process was designed to identify these issues before random assignment took place, so, in theory, all clients should have been referred to TWC; in some cases, however, these issues may have surfaced after the client entered the study.

⁵Near the end of the study period, TWC instead began enrolling participants on the first day of orientation. Clients still went through the same two-week orientation process unless they found unsubsidized employment, in which case they could leave orientation to begin work.

The Enhanced Services for the Hard-to-Employ Demonstration

Figure 2.1

Program Flow and Participation Among 100 Typical Sample Members:
Transitional Work Corporation
Philadelphia Final Report



SOURCES: MDRC calculations from TWC's ANEMONE database and TWC payroll records.

NOTES: TWC = Transitional Work Corporation.

^aSome participants in the TWC group worked in unsubsidized employment but did not work in a transitional job. Of the total sample, 32 percent worked in unsubsidized employment that was reported to TWC; 5 percent of the sample worked in unsubsidized employment but did not work in a transitional job.

The Enhanced Services for the Hard-to-Employ Demonstration

Table 2.1

**Enrollment and Participation in Program Activities and Unsubsidized Employment:
Transitional Work Corporation
Philadelphia Final Report**

Outcome	TWC Group
<u>Among the full sample</u>	
Enrolled in TWC (%)	62.2
Never enrolled in TWC (%)	37.8
Never referred to TWC	10.9
Referred but did not report to TWC	20.0
Reported to TWC but did not enroll	7.1
Worked in a transitional job (%)	50.6
Earnings from transitional employment (\$)	487
Average number of days worked in transitional employment ^a	15.0
Participated in professional development activities (%)	39.3
Average number of hours of professional development	23.3
Ever placed in or reported unsubsidized employment (%)	32.1
Among those in unsubsidized employment, those that ever received retention bonus (%)	46.8
<u>Among those who worked in transitional employment^b</u>	
Earnings from transitional employment (\$)	962
Average number of days worked in transitional employment ^a	29.7
Participated in professional development activities (%)	77.0
Average number of hours of professional development	46.0
Placed in or reported unsubsidized employment (%)	52.4
Sample size	731

SOURCES: MDRC calculations from TWC's ANEMONE database and TWC payroll records.

NOTES: This table reflects participation and employment through March 2007 and includes follow-up ranging from 5 to 11 quarters.

TWC = Transitional Work Corporation.

^aThe calculation for the average number of days worked assumes a 6.25-hour workday, based on TWC's 25-hour weekly transitional work requirement spread over four days per week.

^bThe sample size among those who were placed in transitional employment is 370.

Transitional Employment

Participants began to interview for transitional jobs during the orientation period, and either the orientation career adviser or the transitional career adviser — who worked with clients during their time in transitional work — or both together would make the placements into transitional work.

TWC's transitional job sites were generally at government or nonprofit agencies. Sales reps were in charge of identifying work sites and on-site work partners, who were trained by TWC to provide guidance and act as on-the-job mentors to their clients. As of 2007, TWC had relationships with nearly 200 transitional work sites.⁶ Most sites offered entry-level work in service sector positions; the type of work assigned varied but could include, for example, clerical work or child care. The work assignments generally emphasized enhancing clients' soft skills. Some jobs offered opportunities for clients to build hard skills, such as word-processing or receptionist skills, though often the work was quite basic and did not offer such opportunities. Because many participants had little or no work experience, however, adding work to their résumés and securing job references could represent benefits in themselves.

The career advisers said that they attempted to match participants, based on their skills and interests, with the most appropriate transitional work site. To assign work sites, they used the assessments from the orientation period, as well as what they learned in meetings with the orientation facilitators and the client, during which they would ask clients what they wanted to do and would discuss the types of available work sites.

Just over 50 percent of the full TWC group — 80 percent of those who enrolled — worked in a transitional job (Table 2.1).⁷ This drop-off is somewhat surprising; it is unclear why one-fifth of those who enrolled did not work in a transitional job, though it may be because some participants entered directly into unsubsidized work.

Once participants were placed at a work site, the transitional career advisers monitored their attendance, helped ensure that they were not terminated for lack of attendance or behavioral issues, and helped them find unsubsidized (that is, regular) work. Participants were also supervised daily by work site sponsor personnel at the work site. The amount of time that participants spent with their supervisors varied considerably. In addition, the work sites were

⁶This information is based on field research that was conducted for the Hard-to-Employ project by Demetra Nightingale, then at the Johns Hopkins Institute for Policy Studies, and John Trutko of Capital Research Corporation.

⁷The 50 percent figure is derived from TWC payroll records. Data from the Department of Public Welfare indicate that about 58 percent of the TWC group worked in a transitional job at TWC in the first year of follow-up. It may be that the DPW data include some people who were slated to begin a transitional job but did not show up. It may also be that the TWC payroll data are incomplete.

meant to offer participants an opportunity to work side by side with regular employees, although the study found that only some work sites offered interaction with other employees or with the general public.⁸

As shown in Table 2.1, among the full sample, the average number of days worked in a transitional job was 15; among those who ever worked in a transitional job, the average was 30 days.⁹ This suggests that those who worked in a transitional job worked for a substantial period — about eight weeks, given that clients worked four days per week, on average. Average earnings from transitional employment among the full sample were \$487; among those who worked in a transitional job, average earnings were \$962.¹⁰

TWC's benchmark for the proportion of clients who were successfully exited from transitional work because they took unsubsidized jobs was 50 percent of the total number of exits; each transitional career adviser strove to meet this rate. On the whole, among the members of the research sample, TWC met this goal: about half the exits from transitional employment were for negative reasons (for example, because the participant did not attend or failed to cooperate), and about half the exits were for positive reasons (generally because the participant found unsubsidized employment).

Although most clients ended transitional employment before reaching their six-month maximum — either because they found unsubsidized work or because they were terminated for nonattendance — a small number of clients did complete six months of transitional work. Transitional career advisers said that they could opt at that point to send the client back to the public benefits office, which they did when clients were not attending or were not complying with the program in other ways, but that they more often would continue to work with them. At that point, clients could begin doing unpaid community service work.

Professional Development Activities

TWC clients were also expected to participate in professional development activities for 10 hours per week during their time in transitional employment. These activities could include job search and job-readiness instruction as well as preparation for earning a GED certificate and other classes, such as clerical skills, computer training, and customer service training. These activities were led by professional development facilitators. These facilitators said that clients

⁸Field research by Nightingale and Trutko, as noted above.

⁹The calculation for the average number of days worked assumes a 6.25-hour workday, based on TWC's 25-hour weekly transitional work requirement spread over four days per week. The follow-up period includes five to eleven quarters following random assignment. Days worked may not have been consecutive.

¹⁰The follow-up period for the earnings data includes six quarters following random assignment for 88 percent of the sample and five quarters of follow-up for the remainder of the sample.

without a high school diploma were generally encouraged to attend GED courses, while the clerical skills classes were the most popular among clients.

However, attendance was less regular at professional development activities than in transitional work; among the full sample, 39 percent participated in any professional development activities. (Of those who worked in a transitional job, 77 percent participated in any professional development activities.) The average number of hours of participation among the full sample was 23; among those who ever worked in a transitional job, it was 46. Staff said that they followed up with clients who were not attending but that the low attendance may have reflected TWC's lack of an immediate penalty for failure to attend professional development activities.

The staff cuts that came later in the study period had particular effects on the professional development staff; by the summer 2006 site visit, there were only two permanent professional development facilitators and two temporary facilitators. (See "Overview of the TWC Model" above.)

Placement in Unsubsidized Employment

Sales reps worked to place clients in unsubsidized jobs. TWC participants generally began meeting with sales reps early in the transitional job period, but they did not work with them intensively until the career advisers thought that they were "job-ready." The determination that a client was job-ready was left largely to the discretion of the transitional career adviser; staff did not describe companywide principles guiding this determination. Later in the study period, clients began working with sales reps intensively earlier in the program's trajectory, and staff indicated that they had less discretion in making the case that clients were not job-ready. Some staff said at these later dates that they felt pressure to move clients into permanent work more quickly than they thought was appropriate.

Sales reps reported that their role encompassed developing job leads and working with clients to make appropriate placements. They were able to access a large shared job bank and maintained personal relationships with employers. In order to identify new employers, sales reps had "field days" during which they went out to meet with employers, and they searched newspapers and made cold calls. In the 2006 site visit, when the minimum wage was \$5.15 per hour, sales reps generally said that they aimed to identify jobs that paid at least \$7 per hour, although one sales rep said that he aimed for \$8 to \$10 per hour.

Sales reps divided their interactions with clients between individual meetings and twice-weekly "job fairs," in which all sales reps and clients in attendance came together to discuss job leads. At the one-on-one meetings, sales reps helped clients prepare for jobs by conducting mock interviews and discussing workplace and job interview etiquette, in addition

to discussing the types of jobs in which clients might be interested and the types of jobs that were available. They had an incentive to match clients well with job leads, because if clients accepted jobs and did not retain them, they came back to the sales rep; second placements for a given client were not counted toward a sales rep's benchmark (which varied from three to fifteen placements per month, depending on the sales rep's level). When clients were sent to follow up on job leads and were not offered positions, the sales reps sometimes called employers with whom they had relationships to ask why that individual had not gotten the job, and then they worked with the client on those areas. Sales reps said that they also encouraged clients to look for work independently. (The sales rep could receive credit for a job placement even if a client found the job on his or her own, as long as the client presented a letter of hire from the employer and other paperwork.)

According to data from TWC's management information system (MIS), 32 percent of the full TWC group were ever placed in or reported having unsubsidized employment; among those who worked in a transitional job, over half (52.4 percent) were ever placed in unsubsidized employment. (These data include only job placements that TWC made or that clients reported to TWC; as Chapter 4 indicates, a larger proportion of the sample actually worked during the follow-up period.) Among those in the MIS who worked in a transitional job and showed unsubsidized employment, most worked full time in jobs that paid above the minimum wage with fringe benefits.

Retention Services and Incentives

After recipients began unsubsidized work, TWC provided job retention services — including case management and monetary bonuses — for six to nine months. During this period, each client worked with a retention career adviser, who continued to assist with any employment barriers that arose. TWC required that retention career advisers meet with clients weekly. During their meetings, retention career advisers said they generally discussed any barriers that had arisen in the client's personal life or on the job and that they worked with clients to address those barriers. Retention career advisers also made work site visits to check in with clients and discuss their connection to support services and any job retention issues.

In addition, TWC offered bonuses of up to \$800 for clients who retained their full-time jobs during the six months following their permanent employment start date; clients could receive \$100 every 30 days for the first five months of employment and an additional \$300 after they had worked for six months. The retention career advisers said that the bonuses were a key motivator in keeping clients engaged in work. Among the full sample, about 15 percent of participants received a retention bonus; among those who worked in an unsubsidized job and were recorded as such in TWC's database, almost half received a retention bonus. (This may indicate that many clients worked for less than one month, but it is also possible that some

clients simply did not claim the bonus or that the data on retention bonuses are incomplete.) The average total amount of retention bonuses received per participant who worked in unsubsidized employment was \$472.

If a client quit or lost a job, the retention career adviser and the sales rep worked to help find another job. TWC's goal was to reattach clients to work within five days, but the retention career advisers reported that this goal was not realistic and that it more often took at least two to three weeks. Sometimes, clients who lost their permanent employment were placed back into transitional work, if they had not exhausted their six months.

Chapter 3

TWC and Control Group Participation in Employment- and Education-Related Activities

Participation in work-related activities and, to a lesser extent, education-related activities was a key treatment component of the Transitional Work Corporation (TWC) program in the Philadelphia site of the Hard-to-Employ project. TWC offered transitional jobs and professional development activities, including job search and, as needed, education and training classes. These program components are described in Chapter 2 of this report and in the 18-month report.¹

This chapter presents the impacts of TWC on participation in employment- and education-related activities. Impacts on participation in transitional jobs are discussed first. Outcomes for TWC group members are compared with outcomes for control group members, and they are described in terms of increases and reductions. (For example, a finding that TWC increased participation in job search means that the members of the TWC group were more likely to participate in job search than were the members of the control group.) The difference between the two research groups on measures of participation represents the *impact* of the TWC program on these outcomes. (Box 3.1 explains how to read the impact tables in this report.)

The analysis used three data sources, including data from two surveys² collected at 18 months and at 42 months after study entry² and administrative data from the Pennsylvania Department of Public Welfare (DPW). The survey data allow an analysis of self-reported participation in job search and education and training activities for both research groups. In both the 18-month and the 42-month survey, respondents were asked whether they participated in specific types of activities, like job search and basic education. However, they were not asked to name specific programs or to indicate when activities occurred during the follow-up period. For more information about the survey, see Appendix A.

The administrative data that were provided by DPW include more information about participation in activities over time. Using these data, it is possible to estimate the proportion of sample members who participated in DPW-sponsored employment and training activities,

¹Bloom et al. (2009).

²The samples included in the 18-month and 42-month surveys were different, because the 42-month survey was fielded to a larger percentage of the TWC and control group samples. The 18-month survey was fielded to 313 TWC group members and 312 control group members, while the 42-month survey was fielded to 486 members of each of the two research groups. For information about the 42-month survey, see Appendix A. For more information about the 18-month survey, see Bloom et al. (2009), Appendix A.

Box 3.1

How to Read the Estimated Impact Tables in This Report

Most tables in this report use a similar format, illustrated below. The table shows several participation outcomes for the Transitional Work Corporation (TWC) group and the control group. For example, it shows that about 85 (84.8) percent of the TWC group and about 71 (70.5) percent of the control group participated in any employment- or education-related activity.

The *Impact* column shows the differences between the two research groups' participation rates—that is, the TWC program's estimated *impact* on participation. For example, the TWC program's estimated impact on participating in job search activities can be calculated by subtracting 54.8 percent (control group) from 76.1 percent (TWC group), yielding 21.3 percentage points.

Differences marked with asterisks are *statistically significant*, meaning that it is quite unlikely that the differences arose by chance. The number of asterisks indicates whether the estimated impact is statistically significant at the 10 percent (one asterisk), 5 percent (two asterisks), or 1 percent (three asterisks) level; the lower the level, the less likely that the impact is due to chance. For example, as shown below, the TWC program had a statistically significant impact of 14.3 percentage points at the 1 percent level on participating in any employment- or education-related activity, meaning that there was less than a 1 percent probability that the difference occurred by chance. The p-value shows the exact level of significance. In this report, only those differences that are significant are considered *impacts*.

Impact estimates are regression-adjusted using background characteristics of the sample members, including age, race/ethnicity, educational attainment, prior employment, prior welfare receipt, number of children, and other relevant characteristics.

Impacts on Participation in Job Search, Education, Training, and Other Activities

Outcome	TWC Group	Control Group	Impact		P-Value
Participated in any activity	84.8	70.5	14.3	***	0.000
Participated in job search activity	76.1	54.8	21.3	***	0.000
Group job search/job club	72.9	48.1	24.8	***	0.000
Individual job search	47.2	34.2	13.0	***	0.004
Participated in education/training activity	33.9	38.1	-4.2		0.347
Participated in unpaid work	26.9	18.3	8.6	**	0.016
Sample size (total = 496)	246	250			

SOURCE: MDRC calculations from responses to the 18-month survey.

NOTES: TWC = Transitional Work Corporation.

A two-tailed t-test was applied to differences between outcomes for the program and control groups. Significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; and * = 10 percent. The significance level indicates the probability that the difference between research groups for a particular variable is a result of chance.

including those at TWC, in each of the 16 quarters following random assignment. These data include only activities that occurred in programs linked with DPW, and they measure only participation for those sample members who were receiving Temporary Assistance for Needy Families (TANF) cash benefits during that quarter.

Impacts on Self-Reported Participation in Employment- and Education-Related Activities

Table 3.1 shows TWC's impacts on participation in employment- and education-related activities, measured at 18 months and at 42 months after random assignment. Not surprisingly, the impacts on these activities took place early in the follow-up period, when TWC group members were most likely to be actively involved with the TWC program.³

- **In the 18 months after random assignment, TWC increased participation in job search activities but did not increase participation in education and training activities. Late in the follow-up period, there were no impacts on participation in these activities.**

As was expected, given TWC's focus on work, the program's impacts on participation were concentrated on employment-related activities, including job search and unpaid work. Among TWC group respondents, 73 percent reported participating in a group job search or job club activity, compared with 48 percent of control group respondents. TWC also increased participation in individual job search — defined as an activity in which clients searched for work under the supervision of a staff person — by 13 percentage points. Overall, in the 18 months after random assignment, TWC increased participation in any job search activity by 21 percentage points.⁴

The bottom panel of Table 3.1 shows that the impacts on participation in job search activities did not continue late into the follow-up period. This was expected, since TWC group members were not expected to be involved with TWC three to four years after random assignment and since participation in TWC was not expected to lead to participation in other programs late in the follow-up period. By the 42-month follow-up survey, about one-third of the members of both groups had recently participated in group job search.

³Since the surveys did not ask specifically about programs, the activities reported by TWC group members include those that took place at TWC as well as activities that may have taken place as part of another program or service.

⁴TWC's job search impacts are somewhat smaller than those of similar employment-focused programs that produced employment impacts. For example, the impacts of similar programs in the evaluation of the Minnesota Family Investment Program (MFIP) and the National Evaluation of Welfare-to-Work Strategies (NEWS) study were about 30 percentage points (Miller et al., 2000; Freedman et al., 2000).

The Enhanced Services for the Hard-to-Employ Demonstration

Table 3.1

Impacts on Participation in Job Search, Education, Training, and Other Activities:
Transitional Work Corporation

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Outcome (%)	TWC Group	Control Group	Impact	P-Value ^a
<u>Participation measured at 18 months</u>				
Ever participated in any employment- or education-related activity	84.8	70.5	14.3 ***	0.000
Participated in job search activity	76.1	54.8	21.3 ***	0.000
Group job search/job club	72.9	48.1	24.8 ***	0.000
Individual job search	47.2	34.2	13.0 ***	0.004
Participated in education/training activity	33.9	38.1	-4.2	0.347
Adult Basic Education/GED classes	19.5	18.2	1.3	0.716
English as a Second Language (ESL) classes	1.4	1.2	0.2	0.851
College courses	7.4	10.5	-3.1	0.261
Vocational training	12.4	15.6	-3.2	0.308
Participated in unpaid work	26.9	18.3	8.6 **	0.016
<u>Participation measured at 42 months</u>				
Participated in any job search or education-related activity in the 12 months before survey	49.5	44.0	5.5	0.126
Participated in group job search/job club	37.8	32.7	5.1	0.139
Participated in education/training activity	27.3	25.4	1.9	0.552
Adult Basic Education/GED classes	17.6	14.0	3.5	0.163
English as a Second Language (ESL) classes	1.2	1.1	0.0	0.953
College courses	4.7	4.6	0.1	0.924
Vocational training	7.4	9.4	-2.0	0.325
Earned a degree or certificate since random assignment	25.7	24.2	1.5	0.628
Earned a vocational or trade certificate	20.3	19.1	1.2	0.679
Earned a GED certificate	4.5	4.3	0.3	0.849
Earned a high school diploma	2.5	3.2	-0.6	0.605
Earned a post-secondary degree	0.0	0.3	-0.3	0.203
18-month survey sample size (total = 496)	246	250		
42-month survey sample size (total = 773)	382	391		

(continued)

Table 3.1 (continued)

SOURCES: MDRC calculations from responses to the 18-month and 42-month surveys.

NOTES: A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; and * = 10 percent. Results in this table are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

Rounding may cause slight discrepancies in sums and differences.

TWC = Transitional Work Corporation.

GED = General Educational Development.

^aStandard errors are presented in this report for all impacts with a p-value of 0.000. Following are the standard errors for all TWC impacts with a p-value of 0.000 (presented in the order in which they appear in the table). Participation measured at 18 months: 0.036, 0.041, and 0.043.

Impacts on participation in education or training activities may have been expected early in the follow-up period, because the TWC program provided professional development activities that included General Educational Development (GED) preparation classes and vocational training classes. Participation in these classes could have led to impacts on educational or vocational credentials measured by the 42-month survey. However, time spent in the TWC transitional job may also have left less time for TWC group members, compared with their control group counterparts, to participate in education and training activities.

In the end, there were no TWC impacts on education and training activities measured at either 18 or 42 months. In both groups, about one-third of sample members had participated in an education or training activity in the 18 months after random assignment, and about one-quarter did so in the year before the 42-month survey. Not surprisingly, given these results, TWC group members were no more likely than control group members to earn a degree or certificate in the time between random assignment and the second survey; about 25 percent of the members of both groups did so. The credentials earned were mostly vocational or trade certificates.⁵

Impacts on DPW-Approved Employment and Training Activities

This section presents findings from an analysis of participation data provided by the Pennsylvania Department of Public Welfare (DPW). The data show participation in welfare-to-work activities that qualify under the TANF Employment and Training (ETP) participation require-

⁵The survey asked respondents whether they had any type of trade license or training certification and, if so, when this was received. Measures shown in the table include only those licenses or certifications that were received after random assignment. These licenses or certifications varied in type. They included, in order of prevalence, certified nurse assistant (CNA) certification, medical assistant or other medical certification, medical office management and billing specialist, business office skills (basic computer operations, Word/Excel programs), food handling/culinary certification, CPR/first aid, and other certifications.

ment.⁶ These data record monthly participation in DPW-sponsored programs that provided such employment-related services as transitional jobs, job search and job-readiness activities, and education and training services as well as other services, including those to address drug and alcohol, mental health, and domestic violence issues. The data also measure participation in transitional jobs; this information is used in the analysis of employment impacts presented in Chapter 4.

- **As expected, the TWC group was more likely than the control group to participate in welfare-to-work activities early in the follow-up period, and these differences faded by Year 2 of the follow-up period.**

Figure 3.1 shows quarterly rates of participation in DPW-approved welfare-to-work activities. These rates include zeroes for those who were not on TANF and, therefore, could not participate in these activities. As the figure shows, the TWC group, compared with the control group, was more likely to participate in welfare-to-work activities in Quarters 1 through 5. This is not surprising, given that the TWC group was mandated to participate in these activities, while the control group was not. The largest impact occurred in Quarter 2, when 62 percent of TWC group members, compared with 28 percent of control group members, participated in a welfare-to-work activity. After that quarter, the impacts faded as the TWC group left the TWC program, and there was no significant difference between groups after Quarter 5.

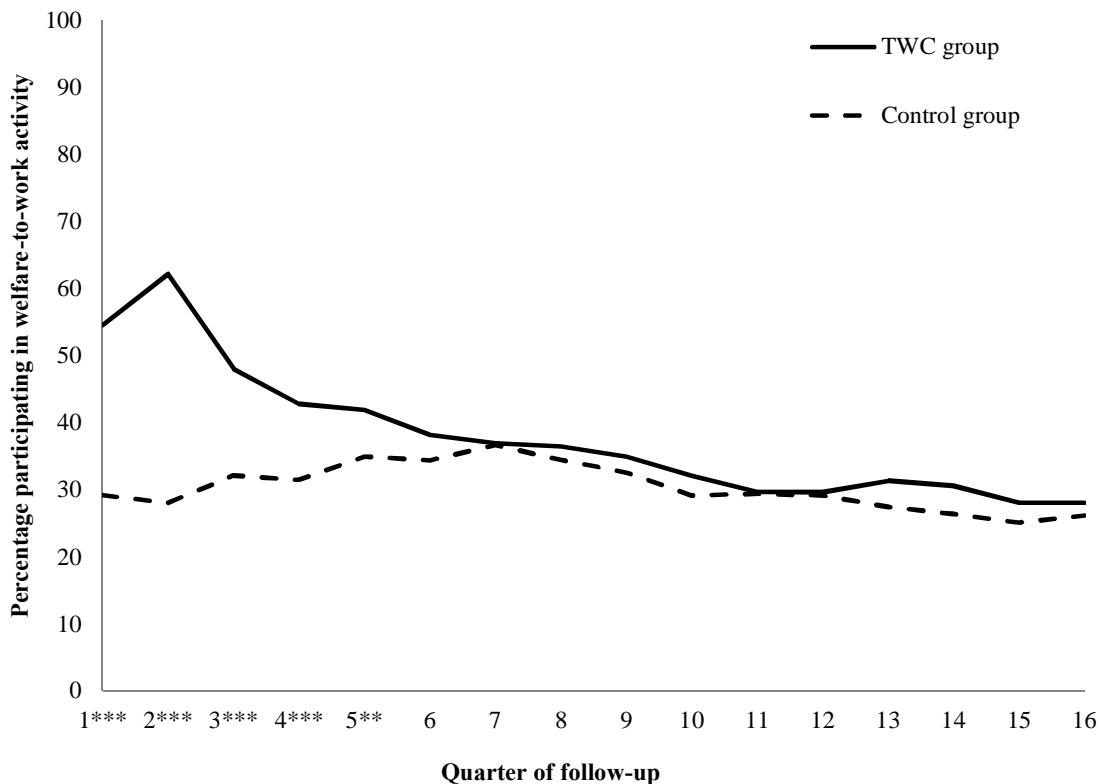
Overall, the survey data and the DPW data show a similar pattern of results, with the impacts on service receipt occurring early in the follow-up period and with no differences later. However, the sizes of the impacts measured by the DPW data are somewhat larger than those measured by the survey data; for example, the six-quarter impact on participation in employment and training activities as measured by the DPW data is 24.5 percent (not shown), while the comparable impact measured using the 18-month survey is 14.3 percent. This difference may have arisen because the DPW data measure only activities that were linked to DPW; therefore, they may underestimate the total amount of participation. This may be particularly true for control group members, as they were not mandated to participate in activities linked to DPW and, therefore, may have been more likely to participate in activities elsewhere than TWC group members. Non-DPW activities would be measured by the survey but not by the DPW data. This may have resulted in the control group's participation rate being lower relative to the TWC group's when measured by the DPW data rather than by the survey data.

⁶Title 55, Pennsylvania Code, Section 165.31 (b) and (c).

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Figure 3.1

Quarterly Welfare-to-Work Participation:
Transitional Work Corporation
Philadelphia Final Report



SOURCE: MDRC calculations from employment and training (ETP) participation records from the Pennsylvania Department of Public Welfare.

NOTES: A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; and * = 10 percent. Results in this figure are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

TWC = Transitional Work Corporation.

The data used in these calculations measure participation only for those sample members who were receiving Temporary Assistance for Needy Families (TANF) cash benefits during that quarter. The calculations include zeroes for those not receiving TANF.

Control Group Participation

By study design (see Chapter 1), control group members were exempt from TANF mandates to participate in employment and training activities, although they were encouraged to do so. Several procedures were put in place — including a study participant “flag” in the DPW database and color-coded case files — to maintain random assignment status and prevent control group members from being mandated to participate.

Given the design and these procedures, the levels of control group participation indicated by both the survey and the administrative data are higher than may have been expected, suggesting that some control group members may have been required to participate. Among control group survey respondents, 71 percent indicated that they had participated in at least one employment- or education-related activity in the 18 months after random assignment. Similarly, the DPW data show that 63 percent of the control group participated in a welfare-to-work activity in the first six quarters (not shown in Figure 3.1). In addition, among those on TANF, the proportion of control group members who participated increased over time, suggesting that the procedures that were meant to keep control group members from being mandated to participate may have become less effective over time.

It is difficult to know whether the control group participation rates are higher than would be normal for a “voluntary” control group in this context, in which welfare department expectations for TANF recipients to participate in employment and training activities were generally high. While there have been some studies with a similar design and these show lower control group participation rates, they took place in the 1990s, when expectations for participation by welfare recipients were generally low.⁷ In the current study, it is not possible to know from available data the extent to which individual caseworkers encouraged or required TANF recipients to participate. It may be that a high percentage of control group members voluntarily participated in welfare-to-work activities.

⁷In the evaluation of the Minnesota Family Investment Program (MFIP) and the National Evaluation of Welfare-to-Work Strategies (NEWWS) study, control group participation rates were lower. In the MFIP evaluation, 61 percent of the control group participated in any employment or training activity (Miller et al., 2000); in NEWWS, control group participation ranged from 19 percent to 42 percent (Freedman et al., 2000).

Chapter 4

TWC Impacts on Employment Earnings

This chapter presents the impacts of the Transitional Work Corporation (TWC) program on employment and earnings among TWC participants in the Philadelphia site of the Hard-to-Employ project. The analysis includes three categories of employment: *transitional employment*, which includes employment in a transitional job; *unsubsidized employment* (or regular employment), which includes employment covered by the unemployment insurance system; and *total employment*, which combines transitional and unsubsidized employment.

The analyses presented in this chapter use unemployment insurance (UI) earnings data from the National Directory of New Hires (NDNH) database and transitional jobs participation data from the Pennsylvania Department of Public Welfare (DPW). Estimates of unsubsidized employment and earnings are calculated using NDNH data, which allow for estimates of the proportion of sample members who were employed in UI-covered jobs and average earnings from those jobs in each quarter. TWC's transitional jobs are not included in the UI data from NDNH.¹

Estimates of transitional employment are calculated using participation data from DPW. These data indicate whether, in a given quarter, an individual participated in a DPW-approved transitional job, including both those at TWC and those at other DPW-approved providers.² The DPW data measure participation only of sample members who were receiving Temporary Assistance for Needy Families (TANF) cash benefits during that quarter; those who were not on TANF are included in the analysis, and it is assumed that they were not participating in a transitional job. Because the DPW data do not include information about earnings, no data are available for impacts on transitional earnings.³ Estimates of total employment are calculated using a combination of NDNH data and DPW data on participation in transitional jobs. This chapter also presents impacts on employment and job characteristics, based on the 42-month survey. (For more information about the survey, see Appendix A.)

¹For the purposes of this analysis, employment and earnings that appear in the NDNH data are assumed to be from unsubsidized jobs, though it is possible that some transitional employment (provided by organizations other than TWC) may also be included. Therefore, some jobs may be included in the estimates of both transitional jobs and unsubsidized jobs.

²Some sample members may have participated in transitional jobs that were not associated with DPW.

³The TWC group's earnings from TWC transitional jobs are shown in Chapter 2, Table 2.1.

Full-Sample Impacts on Employment and Earnings

Figure 4.1 shows quarterly rates of transitional employment, unsubsidized employment, and total employment, each shown in a separate graph. (For exact numbers and quarterly earnings impacts, see additional impact tables presented in Appendix B.) Each of the three graphs shows employment rates for the TWC group and for the control group over the 16-quarter follow-up period. Asterisks next to the quarter number on the graphs' horizontal axes indicate differences that are statistically significant. (Box 3.1 in Chapter 3 explains how the significance of impacts is measured in this report.)

- **TWC increased both transitional and unsubsidized employment in the early part of the follow-up period, but the impacts faded, and there were few differences between groups after Quarter 5.**

As shown in the top graph in Figure 4.1, the TWC group was substantially more likely than the control group to work in transitional employment in the first five quarters after random assignment. These impacts are large; for example, there was a 42 percentage point impact on transitional employment in Quarter 2. These impacts show that TWC increased participation in the key service component being tested: transitional employment. As expected, the impacts on transitional employment occurred early in the follow-up period, when TWC group members were participating in TWC transitional jobs, and there were no differences between groups after Quarter 5. Very few individuals in either group worked in a transitional job in the remaining quarters of the follow-up period.

TWC also increased rates of unsubsidized employment. As the middle graph in Figure 4.1 shows, TWC increased unsubsidized employment early in the follow-up period, with the largest impact occurring in Quarter 2, when the TWC group was about 9 percentage points more likely than the control group to be employed in an unsubsidized job. These impacts did not last; after Quarter 5, there were few differences between research groups.

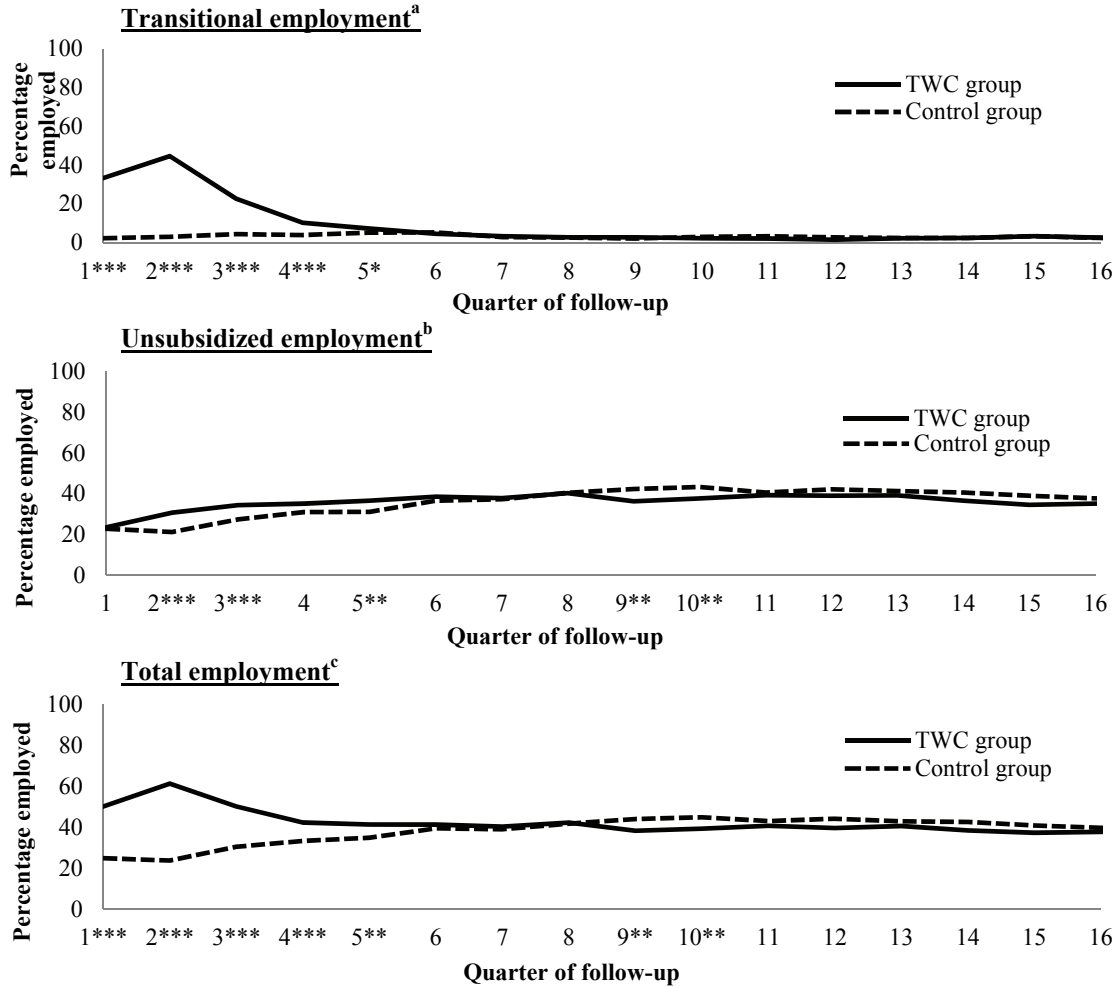
The bottom graph in Figure 4.1 shows quarterly rates of total employment, which includes both transitional and unsubsidized jobs, thus combining the two types of employment shown in the top two graphs in the figure.⁴ Overall, TWC substantially increased total employment early in the follow-up period. A comparison of all three employment graphs shows that the impacts on total employment were driven mostly by impacts on transitional employment. Over time, as participants moved out of the transitional jobs, the rate of employment decreased for the TWC group. In addition, the control group “caught up” over time, as is common in

⁴Some sample members were employed in both transitional and unsubsidized employment in the same quarter. Therefore, total employment rates are not a sum of transitional and unsubsidized employment rates.

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Figure 4.1

Quarterly Transitional, Unsubsidized, and Total Employment:
Transitional Work Corporation
Philadelphia Final Report



SOURCES: MDRC calculations from employment and earnings data from the National Directory of New Hires and employment and training participation data from the Pennsylvania Department of Public Welfare (DPW).

NOTES: A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; and * = 10 percent. Results are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

TWC = Transitional Work Corporation.

^a"Transitional employment" refers to all transitional jobs recognized by DPW.

^b"Unsubsidized employment" refers to jobs eligible for unemployment insurance receipt.

^cTotal employment includes both DPW transitional jobs and unsubsidized employment.

evaluations of employment programs. After Quarter 5, there were few significant differences in employment between the TWC and control groups.

Although there were few differences between groups late in the follow-up period, the unsubsidized and total employment graphs show that, in Quarters 9 and 10, the control group was significantly more likely than the TWC group to be employed in an unsubsidized job. It is not clear what led to these differences. They do not appear to result from TWC group members' returning to TWC transitional jobs, in lieu of unsubsidized jobs, late in the follow-up period, as the differences also appear in the total employment graph, which includes transitional employment. Another hypothesis is that TWC group members, because they were less likely to receive TANF early in the follow-up period, were slower to reach the 60-month federal lifetime time limit on TANF receipt.⁵ As a result, some TWC group members may have been more likely than their control group counterparts to apply for or stay on TANF late in the follow-up period, and they may have been less likely to seek employment. (The impact results on TANF receipt are presented in Chapter 5.) However, the time limit was not strictly enforced in Pennsylvania, where TANF recipients were moved onto state-funded, Extended TANF after 60 months.⁶ In addition, it does not appear that sample individuals were forced off the TANF rolls at 60 months.⁷ In the end, it is not clear what led to the differences in employment rates in Quarters 9 and 10.

- **Over the four-year follow-up period as a whole, TWC increased transitional and total employment but did not increase unsubsidized employment or earnings.**

Table 4.1 shows four-year impacts on employment and earnings. As the top panel shows, there were overall, four-year impacts on transitional employment. Compared with control group members, TWC group members were 42 percentage points more likely to be employed in a transitional job and spent one more quarter, on average, working in a transitional job.⁸

The second panel in Table 4.1 shows impacts on unsubsidized employment and earnings. Despite increases in unsubsidized employment early in the follow-up period (Figure 4.1), over the four-year period as a whole, there were no significant differences in measures of unsubsidized employment or earnings. About 80 percent of sample members in both groups

⁵Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996.

⁶Wood and Wheeler (2006); Seith, Rich, and Richburg-Hayes (2007).

⁷An analysis of the TANF data (not shown) suggests that while control group members do appear to have reached 60 months of TANF receipt sooner than TWC group members, individuals in neither group appear to have left TANF in large numbers at 60 months. Indeed, of those who reached 60 months of lifetime TANF receipt during Year 3 of the study, 69 percent were still receiving TANF in Year 4 of the study.

⁸Counts of quarters worked include zeroes for those who did not work a transitional job.

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Table 4.1

**Impacts on Employment and Earnings: Transitional Work Corporation
Philadelphia Final Report**

Outcome (Years 1-4)	TWC Group	Control Group	Impact	P-Value ^a
<u>Transitional employment</u>				
Ever employed in a transitional job ^b (%)	64.8	23.1	41.7 ***	0.000
Number of quarters employed in a transitional job ^c	1.5	0.5	1.0 ***	0.000
<u>Unsubsidized employment^d</u>				
Ever employed in an unsubsidized job (%)	82.9	79.8	3.1	0.161
Number of quarters employed in an unsubsidized job	5.8	5.8	0.0	0.998
Total earnings from unsubsidized employment (\$)	16,934	17,173	-239	0.850
<u>Total employment</u>				
Ever employed ^e (%)	90.1	82.6	7.5 ***	0.000
Number of quarters employed	6.8	6.1	0.7 ***	0.007
Sample size (total = 1,217)	731	486		

SOURCES: MDRC calculations from public assistance records from the Pennsylvania Department of Public Welfare and employment and earnings data from the National Directory of New Hires.

NOTES: A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; and * = 10 percent. Results in this table are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

Dollar values include zeroes for sample members who were not employed.

Rounding may cause slight discrepancies in sums and differences.

TWC = Transitional Work Corporation.

^aStandard errors are presented in this report for all impacts with a p-value of 0.000. Following are the standard errors for all TWC impacts with a p-value of 0.000 (presented in the order in which they appear in the table): 2.538, 0.075, and 1.983.

^b"Transitional employment" refers to all transitional jobs recognized by DPW.

^cTWC group members also earned \$487, on average, from TWC transitional employment. Data on earnings from transitional employment are not available for the control group.

^d"Unsubsidized employment" refers to jobs eligible for unemployment insurance receipt.

^e"Total employment" includes both DPW transitional jobs and unsubsidized employment.

were employed in an unsubsidized job, and they were employed in that type of work in 6 of the 16 quarters. Sample members in both groups earned very little during the follow-up period. In four years, they averaged about \$17,000 in earnings from unsubsidized employment.⁹ Among those who were ever employed during this period (about 80 percent), the average amount earned over the four-year period was about \$21,000 (not shown in the table).

Finally, the bottom panel of Table 4.1 shows four-year impacts on total employment (combining employment from both transitional and unsubsidized jobs). Overall, TWC group members were significantly more likely to be employed at some point over the four years: 90 percent, compared with 83 percent of the control group. They were employed for one additional quarter, on average.

Subgroup Impacts on Employment and Earnings

It is possible that TWC could have been more successful or less successful for certain subgroups of the sample. For example, transitional employment models are thought to work best for those who cannot find employment on their own and need extra help preparing for regular jobs. Subgroup analyses were run to test whether the impacts of TWC differed by level of disadvantage, by educational attainment, or by time entering the study. The results for these analyses are shown in Appendix D.

Although the criteria for the study were designed to focus on the hard-to-employ, baseline demographic data indicate that some sample members were more disadvantaged than others. The research team examined the program's effects for a group thought to be more highly disadvantaged — those with little or no recent work history and long-term welfare receipt — compared with those who were relatively less disadvantaged.¹⁰ As discussed in the 18-month report, after six quarters of follow-up, employment impacts were larger among the highly disadvantaged subgroup than among the less disadvantaged subgroup. For example, TWC increased unsubsidized employment by 19 percentage points among the highly disadvantaged subgroup, compared with no impact among the less disadvantaged subgroup.¹¹

After four years of follow-up, there is no longer such a strong pattern of differences in impacts, though impacts are still slightly stronger among the highly disadvantaged subgroup than among the less disadvantaged subgroup (Appendix Table D.1). The impact on total

⁹TWC group members also earned \$487, on average, from TWC transitional employment (Chapter 2, Table 2.1). Data on earnings from transitional employment are not available for the control group.

¹⁰The highly disadvantaged subgroup comprised sample members who, at the time of random assignment, had received at least two years of TANF in their lifetime and had worked one year or less in the past three years.

¹¹Bloom et al. (2009).

employment among the highly disadvantaged subgroup was 12 percentage points, compared with only 4 percentage points among the less disadvantaged subgroup. However, there was no longer a statistically significant difference between subgroup impacts on unsubsidized employment. Quarterly measures (not shown), suggest that the impact among the highly disadvantaged subgroup was reduced over four years as more control group members in that subgroup “caught up” with the TWC group by working at some point during the follow-up.

Effects were also examined by educational attainment, comparing the impacts for those with a high school diploma or General Educational Development (GED) certificate at baseline with those who did not have either credential. There was not a consistent pattern of differences in cumulative impacts by educational attainment (Appendix Table D.2).

Finally, impacts were compared by cohort; those randomly assigned into the study from October 2004 through June 2005 were compared with those randomly assigned from July 2005 through May 2006. It was hypothesized that the budget cuts and reduced staffing experienced by TWC late in the program period, coupled with a shift to stricter welfare-to-work participation by the TANF agency, could have led to smaller impacts for the later cohort than for the earlier cohort. In addition to these differences, with the additional follow-up, the cohorts also differ in the extent to which the deep recession that began midway through 2008 — with the highest unemployment rates beginning in January 2009 — occurred during their follow-up period.¹² The follow-up period for the early cohort ended in March 2009, so those in that group experienced, at most, one quarter of high unemployment rates during their follow-up period. However, for those in the late cohort, between two and five quarters at the end of their follow-up period occurred during a period with high unemployment rates. While economic conditions are expected to affect the *levels* of employment and earnings for both groups, it is not clear whether these would equally affect both groups (that is, the *differences* between groups in levels of employment).

Appendix Table D.3 shows the results of the subgroup analysis, by random assignment cohort. As the top panel of the table shows, there were positive, four-year impacts on employment — particularly, unsubsidized employment — for the late cohort. TWC group members in that subgroup were 9 percentage points more likely to have worked in an unsubsidized job and 12 percentage points more likely to have ever been employed, compared with their control group counterparts. For the early cohort, however, there were no significant, four-year impacts

¹²The unemployment rate in Philadelphia averaged from about 6 percent to about 7 percent from October 2004 (the first month of the follow-up period) until July 2008, when it began to climb. By March 2010 (the last month of the study follow-up period), the unemployment rate was 11 percent. The period with the highest unemployment rates, ranging from 9 percent to 11 percent, occurred between January 2009 and March 2010 (Bureau of Labor Statistics Web site: <http://data.bls.gov>; under “Unemployment,” see “Local Area Unemployment Statistics”).

on employment. Despite these differences between cohorts, an examination of the impacts on employment over time does not show a pattern of subgroup differences in quarterly impacts (not shown in the table). Taking this into account, the overall, four-year differences in impacts are not strong evidence that the program's impacts were larger for the late cohort.

Full-Sample Impacts on Self-Reported Employment and Job Characteristics

- **There was no consistent pattern of significant impacts on self-reported employment or job characteristics measured 42 months after random assignment.**

Table 4.2 shows impacts on employment and job characteristics, calculated using data from the 42-month survey. The top panel shows rates of self-reported employment, both in the time since random assignment and at the time of the survey; there were no significant impacts on these measures. About 80 percent of both groups reported ever working since random assignment. This number closely matches the percentage who worked in unsubsidized jobs according to UI records.¹³ About 34 percent of both the TWC and the control group were working at the time of the survey; this is also fairly consistent with data from the administrative records.

The remainder of Table 4.2 shows impacts on the characteristics of the current or most recent job. While the earlier, 18-month survey data show significant increases in hours worked, full-time employment, and benefits,¹⁴ there was not a consistent pattern of significant impacts on job characteristics after 42 months. There were no significant differences between the TWC and control groups in job type, hours worked per week, or receipt of benefits. While the TWC group was more likely than the control group to earn less than \$6 per hour and less likely to earn more than \$10 per hour, there was no difference between the groups in earnings per week.

Employment Patterns, by TWC Enrollment Status

Chapter 2 shows that many people who were randomly assigned to TWC never actually enrolled in the program. As noted, individuals entered the study at TANF offices and then, depending on the results of random assignment, were referred to the appropriate program. Whenever random assignment occurs “upstream” from the point of program participation, it can

¹³Analysis of the 18-month follow-up survey showed that TWC group members did not reliably report participation in a transitional job as “employment” (Bloom et al., 2009). Therefore, self-reported employment may be expected to match more closely with administrative measures of unsubsidized employment than with total employment.

¹⁴Bloom et al. (2009).

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Table 4.2

Impacts on Job Characteristics: Transitional Work Corporation

Philadelphia Final Report

Outcome	TWC Group	Control Group	Impact	P-Value
Ever worked for pay since random assignment (%)	79.8	80.8	-1.0	0.728
Working for pay at time of survey (%)	34.4	34.1	0.3	0.931
<u>Characteristics of current/most recent job</u>				
Job type (%)				
Full-time, permanent position	48.6	48.4	0.2	0.953
Part-time, permanent position	15.1	19.5	-4.3	0.124
Seasonal or temporary position, or odd jobs	15.8	12.8	3.0	0.250
Average hours worked per week	26.8	26.9	-0.1	0.964
Earnings per week (\$)	241	254	-13	0.333
Hourly wage (%)				
Less than \$6 per hour	6.1	3.5	2.7 *	0.092
\$6.00 - \$7.99	21.6	19.3	2.3	0.451
\$8.00 - \$9.99	28.9	28.2	0.7	0.846
\$10.00 or more	22.8	29.3	-6.5 **	0.043
<i>Average hourly wage, among those ever employed (\$)</i>	<i>9.01</i>	<i>9.42</i>	<i>-0.41</i>	
Receiving any benefits (%)	41.0	39.1	1.9	0.595
Sick days with full pay	28.6	30.3	-1.6	0.617
Paid vacation	31.7	31.7	0.0	0.993
Receiving or offered health care coverage	31.6	33.6	-2.0	0.557
Paid holidays	35.3	34.2	1.1	0.742
Dental coverage	29.1	30.6	-1.6	0.636
Retirement account	25.3	26.2	-0.9	0.776
Sample size (total = 773)	382	391		

SOURCE: MDRC calculations from responses to the 42-month survey.

NOTES: A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; and * = 10 percent. Results in this table are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

Rounding may cause slight discrepancies in sums and differences.

Dollar values include zeroes for sample members who were never employed, unless otherwise noted.

TWC = Transitional Work Corporation.

All outcomes shown in italics are calculated among those who worked since random assignment and are therefore considered nonexperimental and are not tested for statistical significance.

be expected that not everyone will participate in the program that is being tested. In order to maintain the random assignment design, all individuals in the TWC group — including those who never enrolled in TWC — are included in the analysis; therefore, the results represent the impacts of access, or the intent to treat.

It is possible that the TWC group members who never enrolled in the TWC program are diluting the program's impact results. However, additional analysis (not shown in a table) shows that the quarterly employment rates for the TWC group members who participated in the program were only slightly higher than the employment rates for the full TWC group; the difference ranged from 2 to 5 percentage points per quarter. This difference may be because of selection bias — that is, those who participated could have also been more likely than nonparticipants to work in regular jobs, even in the absence of the TWC program. Even if this were not true, these are small differences, suggesting that if all members of the TWC group had participated, the impacts may have been larger, but the general pattern of impacts would likely have been similar; that is, employment impacts would have faded in the long run.

Chapter 5

TWC Impacts on Public Assistance, Income, and Poverty

This chapter presents the four-year impacts of the Transitional Work Corporation (TWC) program on public assistance receipt, income, and poverty in the Philadelphia site of the Hard-to-Employ project. The analysis uses administrative data from the Pennsylvania Department of Public Welfare (DPW) to compare Temporary Assistance for Needy Families (TANF) and food stamp outcomes for the TWC group with those outcomes for the control group.¹ The chapter presents these findings first for the full sample and then by subgroup. In addition, data from a survey conducted at about 42 months after random assignment are used to examine impacts on income, poverty, and other outcomes.

Full-Sample Impacts on Public Assistance

TWC may affect public assistance receipt through at least two mechanisms. First, the program's impacts on employment and earnings early in the study's follow-up period may lead to reduced or terminated public assistance benefits as sample members qualify for smaller grants or no longer qualify for public assistance. Since the employment impacts occurred only early in the follow-up period, the reductions in public assistance would be expected to occur only during this period. Second, the enforcement of mandates to participate in the program could lead to an increase in the sanctioning of those who did not participate, which would result in a reduction or termination of benefits. This also would be expected to have an effect in the early part of the follow-up period, when sample members were expected to be participating in TWC. However, additional analysis shows little evidence that this occurred.²

Figure 5.1 shows quarterly rates of receipt of TANF cash assistance over the 16-quarter follow-up period.³ As expected, given the study's eligibility criteria, more than 98 percent of both the TWC group and the control group received TANF in the quarter of random assignment.⁴ For both groups, the proportion receiving TANF steadily decreased over the follow-up period; still, at the end of the four-year follow-up period, about half the sample members were receiving TANF.

¹The federal Food Stamp Program was renamed the "Supplemental Nutrition Assistance Program" (SNAP) by the Farm Bill of 2008 (Public Law No. 110-246). In this report, SNAP payments are referred to as "food stamps."

²Bloom et al. (2009), Appendix D.

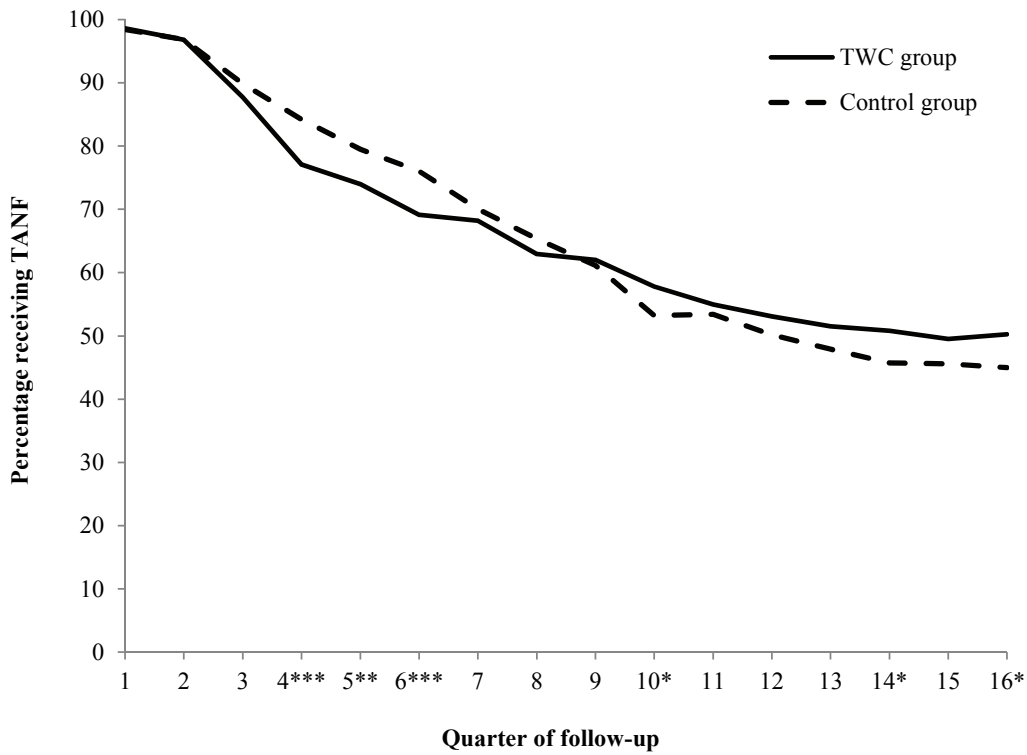
³For exact numbers and quarterly impacts on TANF amounts and food stamp outcomes, see Appendix C.

⁴As discussed in Chapter 1, the sample includes those who, at the time of random assignment, were either receiving or applying for TANF and were very likely to receive it.

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Figure 5.1

Quarterly TANF Receipt: Transitional Work Corporation
Philadelphia Final Report



SOURCE: MDRC calculations from public assistance records from the Pennsylvania Department of Public Welfare.

NOTES: A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; and * = 10 percent. Results in this table are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

TWC = Transitional Work Corporation.

TANF = Temporary Assistance for Needy Families.

- **TWC decreased TANF receipt early in the follow-up period, but the impacts did not last beyond Quarter 6.**

Although TANF receipt rates for both research groups declined over time, the proportion of TWC group members receiving TANF initially declined more rapidly, leading to significantly lower rates of receipt for TWC group members in Quarters 4 through 6, compared with control group members (Figure 5.1). The largest impact was in Quarter 4, when 77 percent of TWC group members received TANF, compared with 84 percent among the control group. However, these impacts faded by the second half of Year 2.

Later in the follow-up period, the two graph lines cross, and there are some quarters in which the TWC group was significantly more likely to receive TANF than the control group. As discussed in Chapter 4, it is possible that because TWC group members were less likely than the control group to receive TANF early in the follow-up period, they may have been slower to reach the federal 60-month lifetime time limit on TANF receipt. As a result, some TWC group members may have been more likely than their control group counterparts to apply for or stay on TANF late in the follow-up period. However, this time limit was not strongly enforced in Pennsylvania, where TANF recipients simply moved into “Extended TANF” once they reached 60 months.⁵ Further, additional analyses of the TANF data suggest that sample members were not forced off TANF after 60 months.⁶ Whatever the reason, the differences in TANF receipt that appear in some quarters in Years 3 and 4 are inconsistent and are only marginally significant.

- **There were no significant impacts on TANF or food stamp measures for the four-year follow-up period as a whole.**

Table 5.1 shows four-year impacts on TANF and food stamp receipt and payment amounts. The top panel of the table shows that, despite early impacts, TWC did not affect overall measures of TANF receipt, including the number of months and the total amount of TANF received. Sample members in both groups received TANF for just under 30 months and received about \$12,500 in TANF payments, on average, over the four-year period.⁷ The second panel of the table shows impacts on similar measures of food stamps; again, there are no significant impacts overall, with sample members receiving food stamps in 41 of the 48 months, for a total of about \$17,600, on average.

⁵Wood and Wheeler (2006); Seith, Rich, and Richburg-Hayes (2007).

⁶An analysis of the TANF data (not shown) suggests that while control group members do appear to have reached 60 months of TANF receipt more quickly than TWC group members, individuals in neither group appear to have left TANF in large numbers at 60 months. Indeed, of those who reached 60 months of lifetime TANF receipt during Year 3, 69 percent were still receiving TANF in Year 4.

⁷Dollar amounts include zeroes for those who did not receive TANF.

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Table 5.1

**Impacts on Public Assistance Receipt: Transitional Work Corporation
Philadelphia Final Report**

Outcome (Years 1-4)	TWC Group	Control Group	Impact	P-Value
<u>TANF measures</u>				
Received TANF (%)	99.4	99.8	-0.4	0.360
Number of months received TANF	29.4	29.6	-0.2	0.753
Amount of TANF received (\$)	12,419	12,863	-444	0.251
<u>Food stamp measures</u>				
Received food stamps (%)	99.6	99.8	-0.3	0.400
Number of months received food stamps	40.5	41.0	-0.5	0.434
Amount of food stamps received (\$)	17,597	17,570	28	0.942
<u>Income (\$)</u>				
Total measured income ^a	46,826	48,155	-1,329	0.304
Sample size (total = 1,217)	731	486		

SOURCES: MDRC calculations from public assistance records from the Pennsylvania Department of Public Welfare and employment and earnings data from the National Directory of New Hires.

NOTES: A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; and * = 10 percent. Results in this table are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

Dollar values include zeroes for sample members who had no income, were not employed, or were not receiving public assistance.

Rounding may cause slight discrepancies in sums and differences.

TWC = Transitional Work Corporation.

TANF = Temporary Assistance for Needy Families.

^aMeasured income includes earnings from jobs covered by unemployment insurance, TANF payments, and food stamps. TWC group members also earned \$487, on average, from TWC transitional employment. Data on earnings from transitional employment are not available for the control group. The covariates included in the regression model used to calculate employment-related impacts, including total income, differed from those included in the regression model used to calculate public assistance impacts. As a result, the income from employment, TANF, and food stamp measures do not add up exactly to the total income measure.

The last row in Table 5.1 shows the four-year, total measured income for each of the groups. This measure includes earnings from unsubsidized employment and income from TANF and food stamps. As with the separate measures of each of these components, there was not a significant impact on total income. Sample members averaged about \$47,000 in income over the follow-up period.⁸

Subgroup Impacts on Public Assistance

It is possible that TWC's impacts could have been larger for certain subgroups in the research sample. For example, transitional job programs like TWC may have the largest effect for those participants with the shortest work histories. Although all sample members in this study were disadvantaged, some were more disadvantaged than others. A subgroup analysis compared TWC impacts for the highly disadvantaged — defined as sample members who, at the time of random assignment, had received at least two years of TANF in their lifetime and had worked one year or less in the past three years — with the relatively less disadvantaged. This comparison shows no significant differences in impacts on public assistance (Appendix Table D.1). This was expected since, as discussed in Chapter 4, though there were somewhat stronger impacts on employment for the highly disadvantaged subgroup, there were no differences in impacts on earnings from employment. TANF receipt is expected to decrease only when earnings are increased, since, as a result, TANF eligibility status may change.

A second subgroup analysis compared impacts for those with a high school diploma or a General Educational Development (GED) certificate at baseline with those who had neither credential. As with the results for employment and earnings impacts, discussed in Chapter 4, there was not a pattern of significant differences in impacts by educational attainment (Appendix Table D.2).

Finally, the research team conducted a subgroup analysis comparing TWC impacts among an early cohort, randomly assigned before July 2005, with the impacts among sample members who were randomly assigned later, or the late cohort. As discussed in Chapter 4, the two cohorts experienced a number of differences in conditions that could affect impacts: TWC experienced budget cuts late in the program period; DPW policies regarding welfare-to-work activity participation became stricter over time; and, finally, economic conditions changed in 2008 and 2009 as the economy entered a deep recession. Year 4 of the follow-up period for the late cohort occurred in a context of substantially higher rates of unemployment than were experienced by the early cohort, whose follow-up period ended largely before unemployment

⁸TWC group members also earned \$487, on average, from TWC transitional employment (Chapter 2, Table 2.1). Data on earnings from transitional employment are not available for the control group.

rates began to climb.⁹ Therefore, this recession could have led to differences in subgroup impacts late in the follow-up period. As discussed above, some impacts on employment did differ by cohort, but not in a consistent way. As shown in Appendix Table D.3, the public assistance impacts do not differ by cohort.

Full-Sample Impacts on Income, Poverty, and Other Outcomes

Table 5.2 shows impacts on income and poverty outcomes measured by the 42-month survey. Not surprisingly, given the lack of impacts on employment and public assistance late in the follow-up period, there were no significant differences in sources of income in the month before the survey. Survey measures of income sources generally match administrative data for Quarter 15,¹⁰ with about 45 percent reporting receiving TANF and just less than 90 percent reporting receiving food stamps. Both groups averaged less than \$900 per month in individual income and about \$1,150 per month in household income at the time of the 42-month survey. Three and a half years after the beginning of the study, a high percentage of sample members were still very low-income; about 86 percent of the sample were below the federal poverty level.¹¹

The 42-month survey measured several other outcomes — including impacts on health, child care, and housing — that TWC could have affected directly, through program services, or indirectly, through impacts on employment, earnings, and public assistance. However, results reported in the 18-month report show that while TWC group members were more likely than control group members to receive help with various issues, including financial and transportation issues, they were no more likely to receive help with health, child care, or housing issues, suggesting that direct impacts on these outcomes were unlikely; further, the impacts on employment and earnings did not last late into the follow-up period.¹² Given all these findings, it is not surprising that TWC did not have impacts on most health, child care, and housing outcomes. Despite the lack of impacts, the means of these outcomes may be of interest for descriptive purposes. They are shown in Table 5.3.

As the top panel of Table 5.3 shows, close to 90 percent of both groups had health insurance coverage, which was mostly provided by public health insurance (82 percent of sample

⁹According to data from the Bureau of Labor Statistics, the unemployment rate in the Philadelphia metropolitan area remained steadily around 6 percent to 7 percent from October 2004 (the first month of the follow-up period) until July 2008, when the unemployment rate began to climb. By March 2010 (the last month of the follow-up period), the unemployment rate was 11 percent. The period with the highest unemployment rates, ranging from 9 percent to 11 percent, occurred from January 2009 through March 2010 (Bureau of Labor Statistics, n.d.).

¹⁰The mean survey administration month was Month 44.

¹¹This is an estimate of poverty based on available data, and it is not an official poverty measure.

¹²Bloom et al. (2009).

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Table 5.2

**Impacts on Household Income and Poverty Status: Transitional Work Corporation
Philadelphia Final Report**

Outcome	TWC Group	Control Group	Impact	P-Value
<u>Individual and household income</u>				
Household income source ^a (%)				
Respondent's own earnings	34.6	33.3	1.2	0.724
Earnings from other members	14.5	13.5	1.0	0.702
Child support	13.5	17.2	-3.7	0.158
Public assistance	90.9	87.7	3.2	0.167
TANF	47.4	43.3	4.1	0.253
Food stamps	88.8	84.9	4.0	0.112
SSI or disability income	22.4	24.1	-1.7	0.578
Total individual income in prior month (\$)	861	894	-34	0.402
Total household income in prior month (\$)	1,151	1,139	12	0.834
Percentage of household income that is respondent's (%)	80.7	82.6	-2.0	0.482
<u>Poverty status</u> ^b				
Below federal poverty level (%)	85.5	87.2	-1.8	0.484
Sample size (total = 773)	382	391		

SOURCE: MDRC calculations from responses to the 42-month survey.

NOTES: A two-tailed t-test was applied to differences between outcomes for the program and control groups. There are no significant differences between the research groups for any measure in this table. Results in this table are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

Dollar values include zeroes for sample members who had no income, were not employed, or were not receiving child support or public assistance.

Rounding may cause slight discrepancies in sums and differences.

TWC = Transitional Work Corporation.

TANF = Temporary Assistance for Needy Families.

SSI = Supplemental Security Income.

^aMeasures of household income sources, other than respondent's own earnings, include income received by all members of the household, not necessarily the study sample member.

^bThis is an estimate of poverty based on available data; it is not an official poverty measure.

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Table 5.3

Impacts on Outcomes Related to Health, Child Care, and Housing:
Transitional Work Corporation
Philadelphia Final Report

Outcome	TWC Group	Control Group	Impact	P-Value
<u>Health insurance coverage (%)</u>				
Respondent has health insurance coverage ^a	87.7	88.1	-0.5	0.839
Publicly funded	81.8	82.3	-0.5	0.871
Privately funded	5.8	5.9	0.0	0.983
All dependent children have health insurance coverage	95.3	96.6	-1.2	0.392
<u>Health</u>				
Would rate overall health as: (%)				
Excellent	16.5	18.7	-2.2	0.428
Very good	19.8	19.3	0.5	0.853
Good	35.5	34.1	1.4	0.698
Fair	24.2	23.2	1.0	0.758
Poor	4.1	4.7	-0.6	0.676
Has a health problem that limits ability to work (%)	13.1	15.2	-2.1	0.408
Psychological Distress Scale ^b	6.6	5.2	1.4 ***	0.002
Experienced serious psychological distress in the past month ^c (%)	18.7	12.9	5.8 **	0.029
<u>Child care</u>				
Had a child under 12 years in child care in the past month (%)	23.4	26.5	-3.2	0.287
Amount spent on child care in past month (\$)	18	22	-4	0.487
<u>Housing type (%)</u>				
Living in public housing	15.9	16.2	-0.3	0.908
Living in private, government subsidized housing	14.9	15.9	-1.0	0.693
Living in private, unsubsidized housing	59.7	60.9	-1.2	0.717
Owns home	7.5	5.2	2.3	0.203
<u>Household composition</u>				
Number in household	3.9	4.1	-0.2 *	0.093
Living with spouse or partner (%)	17.4	18.3	-0.9	0.751
Sample size (total = 773)	382	391		

(continued)

Table 5.3 (continued)

SOURCE: MDRC calculations from responses to the 42-month survey.

NOTES: A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; and * = 10 percent. Results in this table are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

Rounding may cause slight discrepancies in sums and differences.

TWC = Transitional Work Corporation.

^aSome respondents have both public and private health insurance coverage.

^bBased on the K6 scale, which includes six questions about how often respondents experienced symptoms of psychological distress during the past 30 days. The response codes (0-4) of the six items for each person are summed to create a scale with a range of 0 to 24.

^cA value of 13 or more for this scale is used here to define serious psychological distress (www.hcp.med.harvard.edu/ncs/k6_scales.php).

members), and nearly all of sample members' dependent children were covered. About 72 percent of sample members rated their health as excellent, very good, or good, though about 15 percent indicated that they had a health problem that limits their ability to work.

Consistent with the findings from the 18-month survey, discussed in the 2009 report, TWC group members reported more psychological distress than control group members, though, for both groups, average psychological distress scores have declined since the 18-month survey. As before, it is not clear why TWC group members would have a higher level of psychological distress. The earlier report offers three possible explanations: increased stress due to the welfare-to-work participation requirements experienced by the TWC group (control group members were exempt); increased awareness of psychological issues due to program participation; and a control group that, by chance, had lower than average levels of distress.¹³ Given that program participation and welfare-to-work requirements were no longer different for the two groups at the time of the 42-month survey, the third explanation seems most likely. However, this cannot be directly tested, because psychological distress was not measured at baseline.

The bottom three panels of Table 5.3 show outcomes on child care, housing type, and household composition. Although TWC group members were more likely to have a child in child care at the 18-month follow-up, there was no difference between groups at 42 months; about one-quarter of both groups had a child in child care. Despite the high rate of poverty among this sample, only about 30 percent were in public or government-subsidized housing. Finally, about 18 percent of respondents were living with a spouse or partner — an increase from about 10 percent that was measured at 18 months.

¹³The 18-month survey found that the Success Through Employment Preparation (STEP) group was also more distressed than the control group. Results for the STEP group are reported in Chapter 6.

Chapter 6

Results for the Preemployment Services Program

This chapter describes the results for the Philadelphia Hard-to-Employ project's second approach to serving hard-to-employ welfare recipients, the preemployment services model, called "Success Through Employment Preparation" (STEP). This program was operated by JEVs Human Services (previously, the Jewish Employment and Vocational Service), a nonprofit social service agency, founded in 1941, that provides a broad range of education, training, health, and rehabilitation programs in the Philadelphia area.

The chapter first briefly describes the STEP model and its implementation.¹ Then it presents the impacts of the STEP program on participation, employment and earnings, and public assistance outcomes.

About STEP

The STEP program was developed specifically for the Hard-to-Employ evaluation and served only study participants. It stopped operating in June 2007. STEP was derived from the earlier Maximizing Participation Project (MPP), a voluntary program for recipients of Temporary Assistance for Needy Families (TANF) who are exempt from participating in work-related programs because they have a physical or mental disability or because they face multiple barriers to employment.² MPP provides intensive case management and support to assess and treat drug and alcohol, behavioral health, and vocational barriers. JEVs, one of the contracted providers for the MPP program, designed STEP based on MPP but tailored the model for recipients who are not exempt from the participation requirement. STEP provided intensive services to help participants address barriers to employment and then to help them find jobs.

In the STEP program, outreach staff first visited clients in their homes and tried to assist with any barriers that might keep them from coming into the program office. Once the recipients were enrolled, the program began with an extensive assessment period to identify their barriers to employment. Specialized staff analyzed the results of the assessments and then met with each participant and her or his primary case manager to design a treatment plan. Treatment could include life skills classes, preparation for a General Educational Development (GED) certificate, English as a Second Language (ESL) classes, support groups, professional development sessions

¹STEP's implementation is discussed in more detail in the 18-month report on this study (Bloom et al., 2009).

²The Maximizing Participation Project becomes mandatory for these recipients if they are receiving TANF after they have reached the 60-month lifetime time limit.

and counseling with behavioral health specialists, as well as ongoing case management meetings. If participants' barriers could not be addressed in-house, STEP staff referred them to outside organizations for further assessment and treatment. Generally, after participating in life skills courses, participants worked with job coaches and job developers to find permanent employment. The timing of the employment search process depended on participants' individual motivation levels and barriers to employment, but usually it did not begin before they had at least completed the assessments and the team had designed treatment plans. To avoid overlap with the Transitional Work Corporation (TWC) model (the transitional jobs model discussed in Chapters 2 through 5), the STEP program did not provide transitional employment.

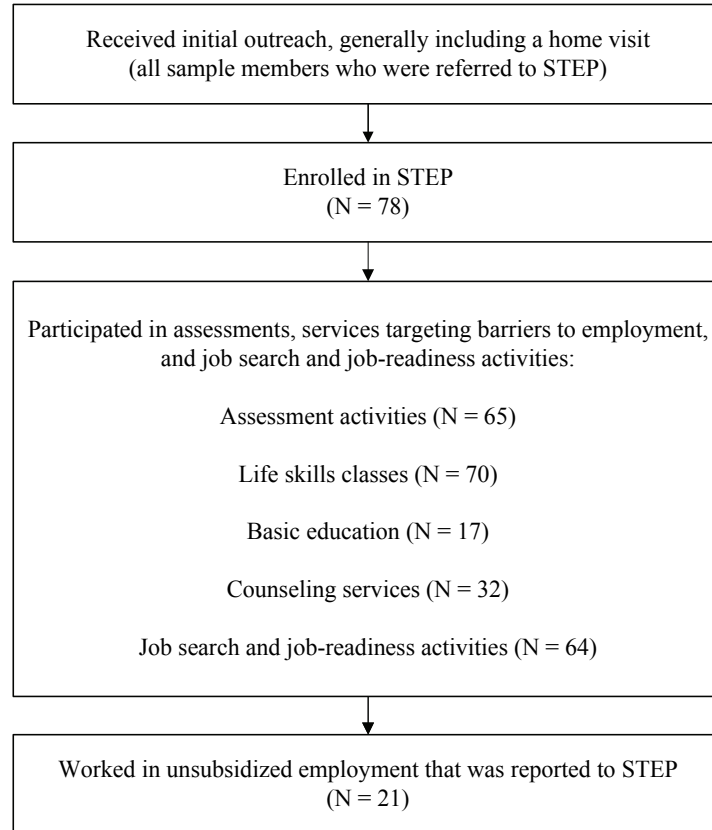
STEP's program staff were organized into small teams in charge of case management as well as groups of clinical support specialists and employment services staff. Each case management team consisted of a case coordinator, who served as the participant's primary case manager, and his or her assistants. The clinical support specialists included behavioral health specialists, assessment counselors, and instructors. The employment services staff included job coaches, who worked with participants on job preparation activities, and job developers, who were in charge of helping participants find employment and retain jobs. In total, at its peak, STEP employed more than 20 full-time case coordinators, three full-time job developers, three job coaches, and two vocational rehabilitation specialists, who reviewed participant assessments in order to develop a specialized plan for each participant's job-readiness activities.

The STEP program faced some implementation challenges. Some of those challenges seem likely to have occurred because the program was new and encountered typical start-up issues, while others may have been related to features of the program model. STEP offered an array of services, including barrier assessments, life skills classes, basic education classes, counseling services, and job-readiness activities; however, the program lacked a clear structure, and staff said that they struggled to assign sample members to enough activities to meet the 30 hours per week of participation that were required under the rules of the Pennsylvania Department of Public Welfare (DPW).

As shown in Figure 6.1 and Table 6.1, a high proportion of sample members in the STEP group participated in activities at some point during their time in the program, but the average number of hours of participation per sample member was relatively low. The program was intended to begin with assessments to indicate the barriers that each participant faced, the results of which would then be used to devise appropriate service trajectories. However, implementation data suggest that it took some participants a long time to complete the assessments, both because they failed to report to the program consistently and because the team that was designated to analyze the results of the assessments was small and unable to keep pace with the number of incoming clients. In the end, the data suggest that many clients participated in other activities at STEP without completing barrier assessments.

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Figure 6.1
Program Flow and Participation Among 100 Typical Sample Members:
Success Through Employment Preparation
Philadelphia Final Report



SOURCE: MDRC calculations from STEP's Efforts to Outcomes database.

NOTES: While STEP recorded off-site participation in activities, these data reflect only participation in services at STEP.

STEP = Success Through Employment Preparation.

While STEP's individualized service model may have benefited some participants who needed intensive services to help them overcome barriers to employment, the lack of structure created a challenge to maintaining their engagement in the program.

The Enhanced Services for the Hard-to-Employ Demonstration

Table 6.1

**Enrollment and Participation in Program Activities and Unsubsidized Employment:
Success Through Employment Preparation
Philadelphia Final Report**

Outcome	STEP Group
<u>Among the full sample</u>	
Enrolled in STEP (%)	77.7
Participated in any STEP activity (%)	77.4
Average number of hours participated at program site	52.5
Participated in (%)	
Assessment activities	64.6
Job-readiness activities	64.4
Life skills classes	70.3
ABE, GED, or ESL	17.2
Counseling services	32.4
Average number of hours participated on-site	
Assessment activities	4.1
Job-readiness activities	15.1
Life skills classes	17.8
ABE, GED, or ESL	5.5
Counseling services	2.0
Ever placed in or reported unsubsidized employment (%)	20.7
<u>Among those who enrolled in STEP^a</u>	
Participated in any STEP activity (%)	99.6
Average number of hours participated at program site	67.6
Participated in (%)	
Assessment activities	83.1
Job-readiness activities	82.9
Life skills classes	90.6
ABE, GED, or ESL	22.2
Counseling services	41.7
Average number of hours participated on-site	
Assessment activities	5.3
Job-readiness activities	19.5
Life skills classes	22.9
ABE, GED, or ESL	7.1
Counseling services	2.6
Sample size	725

(continued)

Table 6.1 (continued)

SOURCE: MDRC calculations from STEP's Efforts to Outcomes database.

NOTES: This table reflects participation and employment through June 2007 and includes follow-up ranging from 14 to 33 months.

STEP = Success Through Employment Preparation.

ABE = Adult Basic Education.

GED = General Educational Development.

ESL = English as a Second Language.

^aThe sample size among those who enrolled in STEP is 563.

STEP Group and Control Group Participation in Employment- and Education-Related Activities

- **STEP group members were more likely than control group members to report participation in job search activities but not in education and training activities or in unpaid work.**

Table 6.2 compares participation and service receipt outcomes for the STEP and control groups, as reported in the 18-month survey.³ STEP group members were significantly more likely to participate in any education- or work-related activity than were control group members: 85 percent of STEP and 71 percent of control group respondents reported such participation. As the survey did not ask about specific programs, these activities may include both those that occurred at STEP and those that occurred with other programs or service providers.

Like TWC's impacts on participation, STEP's impacts were driven by job search activities. Among STEP group respondents, 78 percent participated in either group or individual job search activities, compared with 55 percent of control group respondents. This finding corresponds with the participation findings from the implementation study discussed above; according to data from the program's management information system, about three-fourths of the STEP group enrolled in the program, and, of those, over 80 percent (64 percent of the total STEP group) participated in job-readiness activities, which included job search. Again like TWC's impacts, these impacts are somewhat smaller than those of similar employment-focused programs that had employment impacts.

STEP had no impacts on education or training activities; about 40 percent of both STEP group respondents and control group respondents participated in any education or training

³Because the early results for the STEP program showed little impact on employment, earnings, public assistance, or other outcomes, the STEP group was not included in the fielded sample for the 42-month survey. For more information on the 18-month survey, see Bloom et al. (2009), Appendix A.

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Table 6.2

**Impacts on Participation in Job Search, Education, Training, and Other Activities:
Success Through Employment Preparation**

Philadelphia Final Report

Outcome (%)	STEP Group	Control Group	Impact	P-Value ^a
<u>Participation measured at 18 months</u>				
Ever participated in any employment- or education-related activity	84.7	70.5	14.2 ***	0.000
Participated in job search activity	77.6	54.8	22.7 ***	0.000
Group job search/job club	71.7	48.1	23.6 ***	0.000
Individual job search	44.4	34.2	10.2 **	0.025
Participated in education/training activity	41.1	38.1	3.0	0.502
Adult Basic Education/GED classes	22.9	18.2	4.7	0.180
English as a Second Language (ESL) classes	1.1	1.2	-0.1	0.926
College courses	11.8	10.5	1.4	0.618
Vocational training	10.9	15.6	-4.7	0.134
Participated in unpaid work	14.4	18.3	-3.9	0.267
Sample size (total = 492)	242	250		

SOURCE: MDRC calculations from responses to the 18-month survey.

NOTES: A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; and * = 10 percent. Results in this table are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

Rounding may cause slight discrepancies in sums and differences.

STEP = Success Through Employment Preparation.

GED = General Education Development.

^aStandard errors are presented in this report for all impacts with a p-value of 0.000. Following are the standard errors for all TWC impacts with a p-value of 0.000 (presented in the order in which they appear in the table). Participation measured at 18 months: 0.036, 0.041, and 0.043.

activity. This is surprising, given that STEP provided GED, ESL, Adult Basic Education (ABE), and computer classes if participants faced educational or vocational barriers to employment. This result suggests that STEP group members who participated in education or training activities at STEP would have participated in such activities elsewhere if the program had not given them the opportunity to do so.

Impacts on Employment and Earnings

The STEP program was designed to identify and resolve significant barriers to employment before helping clients find a job. It was expected that STEP may not affect employment outcomes until later in the follow-up period, though many sample members participated in job search activities, as discussed above.

- **STEP had no significant effect on employment or earnings during the follow-up period.**

The top panel of Table 6.3 presents four-year impacts on employment and earnings for the STEP program, based on quarterly wage data from the National Directory of New Hires (NDNH) database. The first row of the table shows the proportions of the STEP group and the control group who were employed in jobs covered by unemployment insurance (UI).⁴ The STEP group was no more likely to be employed than the control group. In the four years following random assignment, about 80 percent of both groups worked for at least one day in a UI-covered job. The second row of Table 6.3 shows total earnings over the four-year follow-up period, by research group. STEP did not have a statistically significant impact on earnings. STEP group members earned about \$16,000, and control group members earned about \$17,000; these amounts are not significantly different.

Impacts on Cash Assistance and Food Stamp Receipt

As just described, STEP had no impacts on employment or earnings, and, as a result, the program would not be expected to reduce receipt of public assistance (TANF and food stamps). The results presented below are consistent with this expectation.

- **STEP had no impacts on receipt of TANF or food stamps or on the size of payments, compared with those impacts for the control group.**

Patterns of TANF and food stamp receipt for STEP group members do not differ from the patterns for the control group. Nearly all members of both groups were receiving TANF and food stamps in the quarter of random assignment. (See Appendix C for quarterly measures of TANF receipt.) Over time, these proportions decreased at a similar rate for the two groups, such that, by Quarter 16, less than 50 percent were receiving TANF, and about 83 percent were receiving food stamps. Similarly, TANF receipt amounts declined for both groups, from an

⁴The control group for STEP is the same as the control group for TWC. Therefore, the means for the control group that are presented in the STEP impact tables are identical to the means that are presented in the TWC impact tables presented in Chapters 2 through 5.

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Table 6.3

**Impacts on Employment, Earnings, and Public Assistance:
Success Through Employment Preparation**

Philadelphia Final Report

Outcome (Years 1-4)	STEP Group	Control Group	Impact	P-Value
<u>Employment and earnings</u>				
Ever employed ^a (%)	81.3	79.8	1.5	0.499
Number of quarters employed	5.8	5.8	0.0	0.979
Total earnings (\$)	15,647	17,173	-1,526	0.228
<u>TANF measures</u>				
Received TANF (%)	99.3	99.8	-0.5	0.232
Number of months received TANF	29.9	29.6	0.3	0.732
Total TANF (\$)	13,019	12,863	156	0.688
<u>Food stamp measures</u>				
Received food stamps (%)	99.9	99.8	0.1	0.751
Number of months received food stamps	40.6	41.0	-0.4	0.545
Total food stamps (\$)	17,515	17,569.5	-54	0.888
<u>Income (\$)</u>				
Total measured income ^b	45,940	48,155	-2,214 *	0.087
Sample size (total = 1,211)	725	486		

SOURCES: MDRC calculations from public assistance records from the Pennsylvania Department of Public Welfare and from employment and earnings data from the National Directory of New Hires.

NOTES: A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; and * = 10 percent. Results in this table are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

Dollar values include zeroes for sample members who were not employed.

Rounding may cause slight discrepancies in sums and differences.

STEP = Success Through Employment Preparation.

TANF = Temporary Assistance for Needy Families.

^a"Employment" refers to jobs eligible for unemployment insurance receipt.

^bMeasured income includes earnings from jobs covered by unemployment insurance, TANF payments, and food stamps. The covariates included in the regression model used to calculate employment-related impacts, including total income, differed from those included in the regression model used to calculate public assistance impacts. As a result, the income from employment, TANF, and food stamps measures do not add up exactly to the total income measure.

average of over \$1,100 in the first quarter to about \$574 for the STEP group and \$527 for the control group in Quarter 16; these amounts are not significantly different.

The bottom panel of Table 6.3 shows summary measures for the four-year follow-up period. For the period as a whole, STEP had no significant impacts on summary measures of TANF or food stamp outcomes. Both the STEP group and the control group received TANF for 30 months and received \$13,000 in payments, on average. In addition, members of both groups averaged 41 months of food stamp receipt and a total of about \$17,500 in food stamps, on average. The bottom panel of Table 6.3 does show a marginally significant difference between the two groups in total income, which includes earnings from employment and income from public assistance, including TANF and food stamps. However, this is a relatively small difference of about \$2,000 over four years, and there are no significant differences in any of the outcomes that were combined to create this measure.

Chapter 7

Summary and Conclusions

Many welfare recipients face significant barriers to employment, such as physical health problems, mental health conditions, substance abuse, and limited employment and educational backgrounds. Using a rigorous, random assignment research design, the Enhanced Services for the Hard-to-Employ Demonstration and Evaluation Project tested two distinct program models that were designed to help long-term, hard-to-employ welfare recipients address these barriers and obtain employment.

The first approach was a *transitional jobs model*, which provided subsidized employment for up to six months, combined with education and work-readiness activities, job search assistance, and job retention services. The second approach was a *preemployment services model*, which provided intensive case management that focused on assessing participants' barriers to employment and providing services to help them overcome these barriers up front, or before they looked for work. The transitional jobs program was operated by the Transitional Work Corporation (TWC), and the preemployment services model (called "Success Through Employment Preparation," or STEP) was operated by JEVS Human Services.¹ Both programs were run in Philadelphia.

The evaluation compares two groups of recipients who were required to participate in either TWC or STEP with a control group that did not participate in either program. The study targeted welfare recipients who had received cash assistance for at least one year or who did not have a high school diploma or a General Educational Development (GED) certificate. It assesses whether the programs improved recipients' employment, earnings, income, welfare receipt, and other outcomes, compared with recipients in the control group. This chapter reviews the findings for the study's entire four-year follow-up period and discusses the policy implications of these findings.

The Transitional Jobs Program

TWC was a mature program when the study began, and the model was implemented largely as intended. However, a substantial proportion of those who were randomly assigned to the TWC group did not participate in the program's core activities. Specifically, less than two-thirds of those who were assigned to the TWC group completed the program's two-week orientation and

¹During the study period (2004-2006), the organization was known as the Jewish Employment and Vocational Service.

formally enrolled in the program, and about half of the TWC group (or about 80 percent of those who completed orientation) worked in a transitional job. In addition, only a portion of those who worked in a transitional job participated in professional development activities — like job search and job-readiness instruction — that were intended as a supplement to the transitional jobs. Survey data (measured at 18 months) show that TWC group members were 14 percentage points more likely to participate in employment- and education-related activities than were control group members. TWC also helped to place participants in unsubsidized employment, and about one-third of the TWC group reported to TWC that they worked in such a job. A cost analysis, presented in detail in the 18-month report, concluded that the cost of providing TWC services was about \$3,500 per TWC group member, including \$700 in direct payments to participants.²

The impact analysis shows that TWC substantially increased employment early in the follow-up period, and although most of this increase was due to participation in the transitional jobs, TWC also increased employment in unsubsidized, or “regular,” jobs. These impacts appeared in the first five quarters, when TWC group members were most likely to be participating in the program. However, the impacts faded as TWC group members left the transitional jobs and, in some cases, left their unsubsidized jobs, while the employment rate for the control group increased. The TWC group and the control group had similar rates of employment from Quarter 6 to the end of the four-year follow-up period.

Early in the follow-up period, TWC also reduced receipt of Temporary Assistance for Needy Families (TANF) and the payment amounts. These findings are consistent with the employment impacts, since increased earnings may lead to reduced or terminated public assistance benefits as sample members qualify for smaller grants or no longer qualify for public assistance. As with the employment results, the impacts on TANF faded, and there were few differences between groups after Quarter 6.

It is possible that TWC’s impacts on employment — and, by extension, its impacts on public assistance — could have been larger if all TWC group members participated in the program. As discussed above, the rate of participation in transitional jobs was lower than expected. However, additional analysis shows that the quarterly employment rates for the TWC group members who participated in the program were only slightly higher than the employment rates for the full TWC group. This suggests that while the impacts may have been larger had all TWC group members participated, it is likely that the impacts would still not have lasted in the long run.

²Bloom et al. (2009), Chapter 6.

In addition to TWC, there are two other recent, random assignment evaluations of similar transitional jobs programs, though these both serve a different population: individuals, mostly men, who have served time in prison. The Center for Employment Opportunities (CEO) is another site in the Hard-to-Employ project, and the evaluation is testing transitional jobs for former prisoners in New York, while the Transitional Jobs Reentry Demonstration (TJRD) is running a similar test of programs in four sites in the Midwest. Both evaluations have found short-term impacts on employment, driven entirely by the transitional jobs, that faded in the second year of follow-up. Neither program produced an increase in unsubsidized employment, even in the short term (though CEO did reduce criminal recidivism). These findings are consistent with those of a number of other studies; positive, long-term employment impacts from transitional jobs programs have generally been limited to programs serving women, though even among those programs, strong, long-term employment impacts have been uncommon.³

Taken as a whole, the findings from random assignment evaluations of transitional jobs programs have shown that while basic transitional jobs programs succeed in providing short-term income and employment to very disadvantaged populations, they generally do not lead to long-term impacts on employment. Given this evidence, policymakers and researchers may need to consider testing more enhanced versions of the transitional jobs model. Future tests could include such enhancements as extending the period of the transitional job, including vocational training as a core program component, or focusing more on the transition to regular employment by offering stronger financial incentives for participants or by subsidizing jobs in the private sector. The U.S. Department of Labor (DOL) and the U.S. Department of Health and Human Services (HHS) have recently initiated new demonstration projects that will build on the lessons from the existing body of evidence on transitional jobs.

The Preemployment Services Program

The Success Through Employment Preparation (STEP) program faced some implementation challenges, some of which may have occurred because the program was new and encountered typical start-up issues, while others may have been related to the features of the program model. STEP offered an array of services, including barrier assessments, life skills classes, counseling services, and job-readiness activities; however, the program lacked a clear structure and, in many cases, did not provide enough activities to meet sample members' 30-hour-per-week participation requirement under the rules of the Pennsylvania Department of Public Welfare (DPW). While a high percentage of STEP group members enrolled in STEP and participated in program activities, the average number of hours of participation was low. In addition, it took some participants a long time to complete the up-front assessments that were intended to identify

³Bloom (2010).

participants' barriers to employment. Still, many clients participated in other activities before they completed the assessments. A cost analysis, presented in detail in the 18-month report, concluded that the cost of providing STEP services was about \$6,600 per STEP group member.⁴

The impact findings from the STEP program indicate that its up-front assessments and intensive case management did not lead to significant differences in employment and earnings or in public assistance receipt during the follow-up period. It is possible that the lack of impacts could have resulted from STEP's start-up issues and other difficulties with implementation, and, therefore, it is possible that the preemployment services model could be more effective if implemented differently. However, the findings of other evaluations of similar programs are consistent with these findings and suggest that it is difficult to affect employment outcomes using this model.⁵ It is also possible that the implementation problems experienced by STEP are inherent to the model design and that other organizations would have similar difficulties running such a program. Given this evidence, the preemployment services model does not appear to be an effective strategy for increasing employment among long-term welfare recipients.

Conclusion

It is clear that the population targeted by these programs was very disadvantaged. Combining earnings and public assistance benefits, sample members' total income over the four-year study period was about \$47,000, or about \$12,000 per year. At the end of the study, 86 percent of the sample were estimated to be below the federal poverty level, and about 50 percent were still receiving TANF. Based on these outcomes, it is apparent that more effective services are needed, and should be tested, for this population.

⁴Bloom et al. (2009), Chapter 6.

⁵LeBlanc, Miller, Martinson, and Azurdia (2007).

Appendix A

**Response Bias Analysis:
42-Month Survey in Philadelphia**

Appendix A assesses the reliability of the impact results captured by the 42-month survey in the Philadelphia site of the Hard-to-Employ project. The 42-month survey was fielded only to members of the Transitional Work Corporation (TWC) group and the control group. The appendix also examines whether the impacts for the survey respondents can be generalized to the impacts for the research sample. It first describes how the survey sample was selected. It then discusses the response rates for the TWC group and the control group, compares the two research groups among the survey respondents, and examines differences between survey respondents and survey nonrespondents. Finally, the appendix compares the impacts on employment and public assistance across survey samples and the research sample, as calculated using administrative records.

This appendix concludes, with some caution, that the 42-month survey is reliable and that the results for the survey respondent sample can be generalized to the research sample. There are some significant differences between respondents and nonrespondents. However, there are no significant differences in administrative impact estimates between the research sample, the fielded sample, and the respondent sample, and there are no systematic research group differences in baseline characteristics among the respondents. These results suggest that it is unlikely that the differences between respondents and nonrespondents affect the impact estimates. (Appendix Figure A.1 summarizes the research samples used in the Philadelphia site of the Hard-to-Employ project.)

Survey Sample Selection

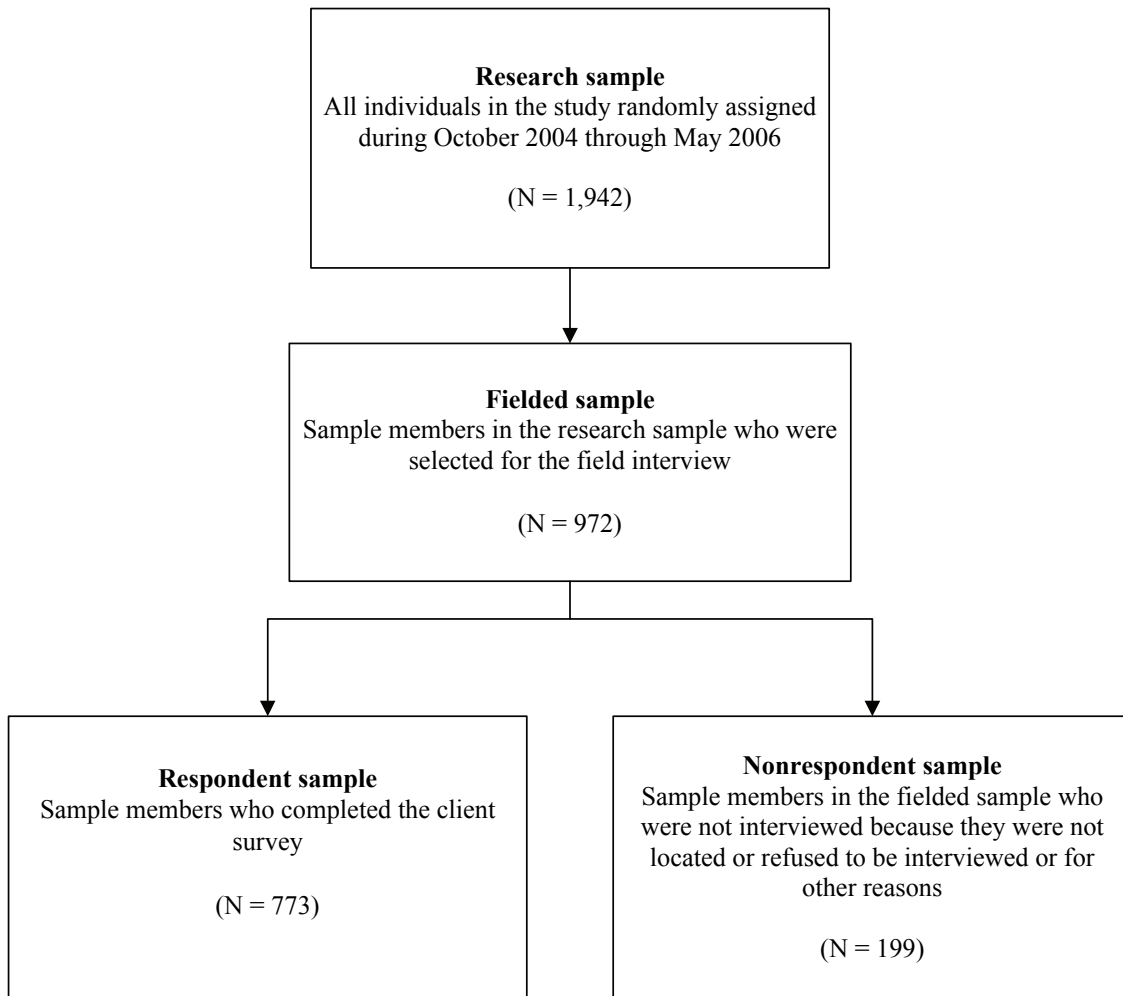
As noted in Chapter 1 of this report, the *research sample* includes 1,942 sample members who were randomly assigned from October 2004 to May 2006. From the research sample, the *fielded sample* was selected in the following manner. First, all the control group members were included in the fielded sample (N = 486). Then, the following individuals were selected from the TWC group: the 313 TWC group members who were in the fielded sample for the 18-month survey plus 173 TWC sample members who were randomly selected from among those randomly assigned in the periods not included in the original fielded sample.¹ No individuals from the preemployment services model (called “Success Through Employment Preparation,” or STEP) are included in the 42-month fielded sample. In all, 972 individuals — 80 percent of the research sample for the control and TWC groups — were selected to be interviewed. This sample is referred to as the “fielded sample.”

¹The original fielded sample for the 18-month survey included a randomly selected group of individuals who had been randomly assigned between January 1, 2005, and February 15, 2006. Therefore, the additional 173 TWC sample members included in the 42-month fielded sample were randomly drawn from those randomly assigned before January 1, 2006, or after February 15, 2006. For a detailed description of the 18-month survey, see Bloom et al. (2009), Appendix A.

The Enhanced Services for the Hard-to-Employ Demonstration

Appendix Figure A.1

Key Research Samples Used in the Philadelphia Hard-to-Employ Evaluation



Survey Response Rates

Fielded sample members who were interviewed for the 42-month survey are referred to as “survey respondents,” or the *respondent sample*, while fielded sample members who were not interviewed are known as “nonrespondents,” or the *nonrespondent sample*. A total of 773 sample members, or 79.5 percent of the fielded sample, completed the survey; 79 percent (N = 382) of the TWC fielded sample and 80 percent (N = 391) of the control group fielded sample completed it. These response rates are not significantly different across the research groups.

Of the nonrespondent sample, 84 percent (167 out of 199) could not be located for the interview.² Whenever the response rate is lower than 100 percent, nonresponse bias may occur. That is, differences may exist between the respondent sample and the larger, fielded sample, owing to differences between sample members who completed the survey and those who did not. Furthermore, the estimates may be biased if the background characteristics differ between research groups.

Comparison of Research Groups in the Respondent Sample

Random assignment designs minimize potential bias. There is the possibility, however, that the characteristics of each research group differed due to the selective nature of the survey response process. If this is true, the reliability of impact estimates for the respondent sample may be affected.

Appendix Table A.1 shows the baseline characteristics of the survey respondents, by research group. In general, differences between the two groups are relatively small and are not statistically significant. Only one statistically significant difference, measured by chi-square tests, was found between research groups; the groups differed on employment history during the three years prior to random assignment. A test of the joint significance of all baseline variables was conducted by running a regression predicting TWC group status versus control group status among survey respondents. In both cases, there is no significant difference between groups in baseline characteristics as a whole.

²Other members of the fielded sample were not included in the respondent sample because they were located but did not complete the interview, refused, moved far away, could not complete the interview because of a language barrier, were incapacitated, were institutionalized, or were deceased.

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Appendix Table A.1

Selected Baseline Characteristics of Survey Respondents, by Research Group

Philadelphia Final Report

Characteristic	TWC Group	Control Group	Total
Average age (years)	29.7	29.1	29.4
Race/ethnicity (%)			
Black, non-Hispanic	80.3	84.2	82.3
Hispanic ^a	15.0	11.4	13.2
White, non-Hispanic	2.9	3.1	3.0
Other	1.8	1.3	1.6
Has high school diploma or GED certificate (%)	44.4	39.9	42.1
Average number of children under 18	2.2	2.3	2.3
Has children under 6 years (%)	64.4	66.0	65.2
Speaks limited English (%)	3.4	3.4	3.4
Lives in public housing (%)	28.7	32.0	30.4
TANF receipt (%)			
Never received TANF	6.0	5.6	5.8
Less than 1 year	9.2	7.4	8.3
1-2 years	16.2	15.6	15.9
2-5 years	42.1	44.8	43.5
5 years or more	26.4	26.6	26.5
Ever employed (%)	91.4	91.3	91.3
Time since last employment (%)			
6 months or less	36.1	44.0	40.1
7-12 months	14.7	14.8	14.7
13-24 months	17.0	12.3	14.6
More than 24 months	22.3	18.2	20.2
Missing	9.9	10.7	10.3
Ever worked 6 or more months for one employer (%)	71.7	67.0	69.3
Months employed in past 3 years (%)			**
Did not work	20.4	18.4	19.4
Less than 6 months	23.8	24.0	23.9
7-12 months	26.7	19.9	23.3
13-24 months	14.4	21.7	18.1
More than 24 months	13.6	13.8	13.7
Sample size	382	391	773

(continued)

Appendix Table A.1 (continued)

SOURCE: Philadelphia Baseline Data Sheet.

NOTES: In order to assess differences in characteristics across research groups, chi-square tests were used for categorical variables, and analysis of variance was used for continuous variables. A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; and * = 10 percent.

TWC = Transitional Work Corporation.

GED = General Educational Development.

TANF = Temporary Assistance for Needy Families.

^aSample member is coded as Hispanic if she/he answered "yes" to Hispanic ethnicity.

Comparison of Respondents and Nonrespondents in the Survey Sample

This section examines whether there are any systematic differences between those who responded to the survey and those who did not. Appendix Table A.2 shows selected baseline characteristics of respondents and nonrespondents. The results show some differences between the two groups. For example, respondents are more likely to be black and less likely to be Hispanic, less likely to speak limited English, and more likely to have ever worked six months or more for the same employer.

A test of the joint significance of all baseline variables was conducted by running a regression predicting survey response that included all baseline variables in the model. The results show that the baseline coefficients as a group are significantly different from zero, indicating that there are systematic differences between survey respondents and nonrespondents. Still, as shown in the following section, analysis of administrative outcomes by respondent group suggests that these differences are not related to impact results.

Comparison of the Respondent Sample with the Fielded Sample and the Research Sample

This section discusses whether the survey respondents' impacts can be generalized to the fielded sample and the research sample. Consistency of impact findings among the samples is considered to be the best result, suggesting that impacts on measures calculated from survey responses can be generalized to the research sample. Survey results may be considered unreliable because of response bias when impacts for survey respondents that are calculated using administrative data differ in size and direction from results for all other samples. An unlucky sample draw, or "sampling bias," may be inferred when impacts for the respondent sample resemble results for the fielded sample, but findings for both samples vary from those for the research sample, from which the samples were drawn.

The Enhanced Services for the Hard-to-Employ Demonstration

Appendix Table A.2

Selected Baseline Characteristics of Survey Respondents and Nonrespondents

Philadelphia Final Report

Characteristic	Respondent Group	Non- Respondent Group	Total
Average age (years)	29.4	28.9	29.3
Race/ethnicity (%)			***
Black, non-Hispanic	82.3	69.7	79.8
Hispanic ^a	13.2	22.6	15.1
White, non-Hispanic	3.0	4.6	3.3
Other	1.6	3.1	1.9
Has high school diploma or GED certificate (%)	42.1	39.8	41.6
Average number of children under 18	2.3	2.2	2.2
Has children under 6 years (%)	65.2	64.3	65.0
Speaks limited English (%)	3.4	11.2	5.0 ***
Lives in public housing (%)	30.4	29.3	30.2
TANF receipt (%)			
Never received TANF	5.8	8.5	6.4
Less than 1 year	8.3	9.0	8.4
1-2 years	15.9	14.1	15.5
2-5 years	43.5	43.7	43.5
5 years or more	26.5	24.6	26.1
Ever employed (%)	91.3	87.9	90.6
Time since last employment (%)			
6 months or less	40.1	35.7	39.2
7-12 months	14.7	10.6	13.9
13-24 months	14.6	18.1	15.3
More than 24 months	20.2	21.6	20.5
Missing	10.3	14.1	11.1
Ever worked 6 or more months for one employer (%)	69.3	63.3	68.1 *
Months employed in past 3 years (%)			
Did not work	19.4	24.6	20.5
Less than 6 months	23.9	19.1	22.9
7-12 months	23.3	24.6	23.6
13-24 months	18.1	16.6	17.8
More than 24 months	13.7	12.1	13.4
Sample size	773	199	972

(continued)

Appendix Table A.2 (continued)

SOURCE: Philadelphia Baseline Data Sheet.

NOTES: In order to assess differences in characteristics across research groups, chi-square tests were used for categorical variables, and analysis of variance was used for continuous variables. A two-tailed t-test was applied to differences between outcomes for the respondent and nonrespondent groups. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; and * = 10 percent.

GED = General Educational Development.

TANF = Temporary Assistance for Needy Families.

^aSample member is coded as Hispanic if she/he answered "yes" to Hispanic ethnicity.

Appendix Table A.3 shows the adjusted means and impacts on employment and public assistance outcomes for the research sample, the fielded sample, and the respondent sample. This comparison is useful in assessing whether the patterns of impacts change when using different samples. The table shows that employment impacts differ very little by sample. Among the research, fielded, and respondent samples, there is a significant TWC impact of 6.7 to 7.5 percentage points on employment in the follow-up period. In addition, for all three samples, there is not a significant impact on unsubsidized earnings. A separate analysis (not shown), finds that there are no significant differences in employment impacts between survey respondents and all others in the research sample.

The impacts on public assistance do not differ substantially by sample. There are no statistically significant impacts on receipt of Temporary Assistance for Needy Families (TANF) or payment amounts for any of the samples in the four-year follow-up period. A separate analysis (not shown), shows that there are no significant differences in these public assistance impacts between survey respondents and all others in the research sample.

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Appendix Table A.3

Four-Year Impacts on Employment, Earnings, and TANF Receipt for the Research, Fielded, and Respondent Samples: Transitional Work Corporation

Philadelphia Final Report

Outcome (%) (Years 1-4)	TWC Group	Control Group	Impact	P-Value ^a
Total employment (%)				
Research sample	90.1	82.6	7.5 ***	0.000
Fielded sample	89.6	82.2	7.4 ***	0.001
Respondent sample	89.9	83.2	6.7 ***	0.006
Unsubsidized earnings (\$)				
Research sample	16,934	17,173	-239	0.850
Fielded sample	16,024	16,573	-548	0.699
Respondent sample	16,232	16,581	-349	0.826
Number of months received TANF				
Research sample	29.4	29.6	-0.2	0.830
Fielded sample	29.9	29.8	0.1	0.864
Respondent sample	31.3	30.6	0.7	0.476
Amount of TANF received (\$)				
Research sample	12,450	12,845	-395	0.308
Fielded sample	12,636	13,024	-388	0.378
Respondent sample	13,282	13,460	-178	0.727

SOURCES: MDRC calculations from public assistance records from the Pennsylvania Department of Public Welfare and employment and earnings data from the National Directory of New Hires.

NOTES: A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; and * = 10 percent. Results in this table are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

Rounding may cause slight discrepancies in sums and differences.

Sample sizes: research sample = 1,942; fielded sample = 972; respondent sample = 773.

TWC = Transitional Work Corporation.

TANF = Temporary Assistance for Needy Families.

^aStandard errors are presented in this report for all impacts with a p-value of 0.000. Following are the standard errors for all TWC impacts with a p-value of 0.000 (presented in the order in which they appear in the table): 1.983.

Appendix B

Additional Impacts on Employment

The Enhanced Services for the Hard-to-Employ Demonstration

Appendix Table B.1

Impacts on Employment and Earnings: Transitional Work Corporation

Philadelphia Final Report

Outcome	TWC Group	Control Group	Impact	P-Value ^a
Employment (%)				
Transitional employment ^b				
Quarter 1 (quarter of random assignment)	33.4	2.4	31.0 ***	0.000
Quarter 2	44.6	3.0	41.6 ***	0.000
Quarter 3	22.7	4.4	18.3 ***	0.000
Quarter 4	10.3	4.1	6.3 ***	0.000
Quarter 5	7.3	5.2	2.1 *	0.088
Quarter 6	4.6	5.4	-0.7	0.523
Quarter 7	3.3	2.9	0.4	0.695
Quarter 8	2.8	2.7	0.2	0.844
Quarter 9	2.7	2.2	0.5	0.564
Quarter 10	2.4	3.1	-0.8	0.398
Quarter 11	2.2	3.4	-1.1	0.201
Quarter 12	1.5	2.8	-1.3	0.135
Quarter 13	2.3	2.5	-0.2	0.795
Quarter 14	2.5	2.5	0.0	0.974
Quarter 15	3.4	3.4	-0.1	0.960
Quarter 16	2.7	2.5	0.2	0.855
Unsubsidized employment ^c				
Quarter 1 (quarter of random assignment)	23.5	22.9	0.7	0.773
Quarter 2	30.7	21.3	9.4 ***	0.000
Quarter 3	34.5	27.4	7.1 ***	0.007
Quarter 4	35.2	31.0	4.2	0.114
Quarter 5	36.6	31.1	5.4 **	0.045
Quarter 6	38.6	36.6	2.0	0.468
Quarter 7	37.8	37.3	0.5	0.856
Quarter 8	40.3	40.5	-0.2	0.945
Quarter 9	36.3	42.4	-6.0 **	0.033
Quarter 10	37.8	43.3	-5.5 **	0.048
Quarter 11	39.4	40.6	-1.2	0.672
Quarter 12	39.0	42.3	-3.2	0.246
Quarter 13	39.2	41.4	-2.2	0.441
Quarter 14	36.7	40.6	-4.0	0.158
Quarter 15	34.6	39.1	-4.4	0.109
Quarter 16	35.2	37.7	-2.6	0.351

(continued)

Appendix Table B.1 (continued)

Outcome	TWC Group	Control Group	Impact	P-Value ^a
Total employment^d				
Quarter 1 (quarter of random assignment)	50.2	24.8	25.3 ***	0.000
Quarter 2	61.3	23.7	37.6 ***	0.000
Quarter 3	50.2	30.5	19.6 ***	0.000
Quarter 4	42.3	33.4	8.9 ***	0.001
Quarter 5	41.3	34.9	6.4 **	0.023
Quarter 6	41.3	39.5	1.8	0.516
Quarter 7	40.3	39.0	1.3	0.651
Quarter 8	42.3	41.8	0.4	0.876
Quarter 9	38.3	44.0	-5.7 **	0.044
Quarter 10	39.3	44.9	-5.7 **	0.044
Quarter 11	40.8	43.0	-2.3	0.426
Quarter 12	39.7	44.2	-4.6	0.106
Quarter 13	40.6	42.9	-2.4	0.408
Quarter 14	38.4	42.5	-4.1	0.149
Quarter 15	37.3	40.8	-3.5	0.206
Quarter 16	37.7	39.8	-2.1	0.447
<u>Earnings (\$)</u>				
Earnings from unsubsidized employment				
Quarter 1 (quarter of random assignment)	348	302	46	0.517
Quarter 2	482	492	-10	0.893
Quarter 3	749	647	102	0.231
Quarter 4	912	801	110	0.241
Quarter 5	954	811	143	0.155
Quarter 6	1,023	913	110	0.296
Quarter 7	1,047	986	61	0.583
Quarter 8	1,113	1,181	-68	0.553
Quarter 9	1,153	1,209	-56	0.632
Quarter 10	1,224	1,339	-115	0.362
Quarter 11	1,334	1,382	-48	0.714
Quarter 12	1,423	1,397	26	0.846
Quarter 13	1,330	1,389	-59	0.656
Quarter 14	1,288	1,408	-120	0.363
Quarter 15	1,287	1,431	-144	0.286
Quarter 16	1,267	1,484	-217	0.114
Sample size (total = 1,217)	731	486		

(continued)

Appendix Table B.1 (continued)

SOURCES: MDRC calculations from public assistance records from the Pennsylvania Department of Public Welfare and employment and earnings data from the National Directory of New Hires.

NOTES: A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; and * = 10 percent. Results in this table are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

Dollar values include zeroes for sample members who were not employed.

Rounding may cause slight discrepancies in sums and differences.

TWC = Transitional Work Corporation.

^aStandard errors are presented in this report for all impacts with a p-value of 0.000. Following are the standard errors for all TWC impacts with a p-value of 0.000 (presented in the order in which they appear in the table): 1.794, 1.888, 1.649, 1.308, 2.490, 2.518, 2.605, and 2.717.

^b"Transitional employment" refers to all transitional jobs recognized by DPW.

^c"Unsubsidized employment" refers to jobs eligible for unemployment insurance receipt.

^dTotal employment includes both DPW transitional jobs and unsubsidized employment.

The Enhanced Services for the Hard-to-Employ Demonstration
Appendix Table B.2
Impacts on Employment and Earnings: Success Through Employment Preparation
Philadelphia Final Report

Outcome	STEP Group	Control Group	Impact	P-Value
<u>Employment (%)^a</u>				
Quarter 1 (quarter of random assignment)	22.1	22.9	-0.8	0.720
Quarter 2	22.2	21.3	1.0	0.703
Quarter 3	30.4	27.4	3.0	0.249
Quarter 4	33.0	31.0	2.0	0.459
Quarter 5	33.1	31.1	2.0	0.464
Quarter 6	37.2	36.6	0.6	0.825
Quarter 7	36.8	37.3	-0.5	0.847
Quarter 8	40.6	40.5	0.1	0.967
Quarter 9	40.8	42.4	-1.6	0.571
Quarter 10	39.9	43.3	-3.5	0.215
Quarter 11	41.9	40.6	1.4	0.629
Quarter 12	42.1	42.3	-0.1	0.963
Quarter 13	41.6	41.4	0.2	0.931
Quarter 14	38.3	40.6	-2.3	0.410
Quarter 15	38.3	39.1	-0.7	0.799
Quarter 16	37.7	37.7	0.0	0.988
<u>Earnings (\$)</u>				
Quarter 1 (quarter of random assignment)	268	302	-34	0.628
Quarter 2	380	492	-112	0.123
Quarter 3	610	647	-37	0.661
Quarter 4	736	801	-65	0.490
Quarter 5	802	811	-9	0.928
Quarter 6	948	913	35	0.740
Quarter 7	1,006	986	20	0.860
Quarter 8	1,055	1,181	-126	0.271
Quarter 9	1,083	1,209	-126	0.283
Quarter 10	1,180	1,339	-159	0.209
Quarter 11	1,265	1,382	-117	0.372
Quarter 12	1,321	1,397	-76	0.574
Quarter 13	1,262	1,389	-127	0.340
Quarter 14	1,177	1,408	-231 *	0.080
Quarter 15	1,262	1,431	-169	0.211
Quarter 16	1,293	1,484	-191	0.165
Sample size (total = 1,211)	725	486		

(continued)

Appendix Table B.2 (continued)

SOURCE: MDRC calculations from employment and earnings data from the National Directory of New Hires.

NOTES: A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; and * = 10 percent. Results in this table are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

Dollar values include zeroes for sample members who were not employed.

Rounding may cause slight discrepancies in sums and differences.

STEP = Success Through Employment Preparation.

^a"Employment" refers to jobs eligible for unemployment insurance receipt.

Appendix C

Additional Impacts on Public Assistance

The Enhanced Services for the Hard-to-Employ Demonstration

Appendix Table C.1

Impacts on Quarterly Public Assistance Receipt: Transitional Work Corporation

Philadelphia Final Report

Outcome	TWC Group	Control Group	Impact	P-Value ^a
TANF receipt (%)				
Quarter 1 (quarter of random assignment)	98.6	98.4	0.2	0.764
Quarter 2	96.8	96.8	0.0	0.987
Quarter 3	87.7	89.9	-2.2	0.233
Quarter 4	77.1	84.2	-7.1 ***	0.001
Quarter 5	74.0	79.5	-5.5 **	0.019
Quarter 6	69.1	76.0	-6.9 ***	0.005
Quarter 7	68.2	70.1	-1.9	0.461
Quarter 8	62.9	65.4	-2.4	0.357
Quarter 9	62.0	61.1	0.9	0.744
Quarter 10	57.8	53.2	4.6 *	0.092
Quarter 11	55.0	53.4	1.6	0.555
Quarter 12	53.1	50.1	2.9	0.285
Quarter 13	51.5	47.9	3.6	0.191
Quarter 14	50.8	45.7	5.1 *	0.067
Quarter 15	49.5	45.6	3.9	0.159
Quarter 16	50.3	45.0	5.3 *	0.057
Average amount of TANF (\$)				
Quarter 1 (quarter of random assignment)	1,129	1,111	18	0.378
Quarter 2	1,150	1,231	-81 ***	0.001
Quarter 3	957	1,131	-174 ***	0.000
Quarter 4	903	1,035	-133 ***	0.000
Quarter 5	864	983	-120 ***	0.001
Quarter 6	827	916	-89 **	0.017
Quarter 7	807	841	-34	0.357
Quarter 8	759	782	-23	0.547
Quarter 9	707	727	-20	0.603
Quarter 10	688	653	36	0.347
Quarter 11	646	646	1	0.989
Quarter 12	626	614	12	0.748
Quarter 13	601	574	27	0.474
Quarter 14	597	555	42	0.265
Quarter 15	574	538	36	0.342
Quarter 16	583	527	57	0.130

(continued)

Appendix Table C.1 (continued)

Outcome	TWC Group	Control Group	Impact	P-Value ^a
<u>Food stamp receipt (%)</u>				
Quarter 1 (quarter of random assignment)	99.1	98.6	0.5	0.362
Quarter 2	98.0	98.5	-0.5	0.497
Quarter 3	96.2	97.0	-0.8	0.460
Quarter 4	92.5	95.4	-2.9 **	0.044
Quarter 5	91.0	94.6	-3.6 **	0.022
Quarter 6	88.4	90.5	-2.1	0.228
Quarter 7	88.3	89.1	-0.9	0.625
Quarter 8	86.1	87.7	-1.6	0.402
Quarter 9	85.6	87.4	-1.8	0.357
Quarter 10	84.6	85.8	-1.2	0.569
Quarter 11	83.2	85.2	-2.0	0.344
Quarter 12	83.2	83.9	-0.7	0.742
Quarter 13	82.6	82.1	0.6	0.795
Quarter 14	83.2	82.3	0.9	0.677
Quarter 15	83.3	83.2	0.1	0.955
Quarter 16	82.9	82.4	0.6	0.796
<u>Average amount of food stamps (\$)</u>				
Quarter 1 (quarter of random assignment)	1,114	1,111	3	0.841
Quarter 2	1,164	1,165	-1	0.960
Quarter 3	1,132	1,159	-27	0.224
Quarter 4	1,093	1,138	-45 *	0.084
Quarter 5	1,074	1,096	-23	0.410
Quarter 6	1,054	1,063	-9	0.760
Quarter 7	1,067	1,067	0	0.997
Quarter 8	1,058	1,041	17	0.594
Quarter 9	1,049	1,050	0	0.988
Quarter 10	1,054	1,042	13	0.714
Quarter 11	1,052	1,041	10	0.775
Quarter 12	1,066	1,048	18	0.628
Quarter 13	1,094	1,075	19	0.621
Quarter 14	1,139	1,113	26	0.519
Quarter 15	1,158	1,159	-1	0.990
Quarter 16	1,230	1,201	28	0.524
Sample size (total = 1,217)	731	486		

SOURCE: MDRC calculations from public assistance records from the Pennsylvania Department of Public Welfare.

NOTES: A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; and * = 10 percent. Results in this table are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

Dollar values include zeroes for sample members who were not receiving TANF or food stamps.

Rounding may cause slight discrepancies in sums and differences.

TWC = Transitional Work Corporation; TANF = Temporary Assistance for Needy Families.

^aStandard errors are presented in this report for all impacts with a p-value of 0.000. Following are the standard errors for all TWC impacts with a p-value of 0.000 (presented in the order in which they appear in the table): 32.294 and 34.278.

The Enhanced Services for the Hard-to-Employ Demonstration

Appendix Table C.2

Impacts on Quarterly Public Assistance Receipt:
Success Through Employment Preparation

Philadelphia Final Report

Outcome	STEP Group	Control Group	Impact	P-Value
TANF receipt (%)				
Quarter 1 (quarter of random assignment)	98.6	98.4	0.2	0.779
Quarter 2	96.9	96.8	0.1	0.934
Quarter 3	89.5	89.9	-0.4	0.841
Quarter 4	82.5	84.2	-1.7	0.450
Quarter 5	78.7	79.5	-0.8	0.738
Quarter 6	73.3	76.0	-2.7	0.272
Quarter 7	69.4	70.1	-0.7	0.782
Quarter 8	64.7	65.4	-0.6	0.811
Quarter 9	61.2	61.1	0.1	0.977
Quarter 10	56.1	53.2	2.9	0.292
Quarter 11	54.7	53.4	1.3	0.631
Quarter 12	53.2	50.1	3.0	0.269
Quarter 13	51.4	47.9	3.5	0.200
Quarter 14	50.5	45.7	4.8 *	0.087
Quarter 15	49.5	45.6	3.9	0.163
Quarter 16	48.3	45.0	3.3	0.233
Average amount of TANF (\$)				
Quarter 1 (quarter of random assignment)	1,134	1,111	22	0.271
Quarter 2	1,267	1,231	37	0.140
Quarter 3	1,148	1,131	17	0.602
Quarter 4	1,028	1,035	-7	0.833
Quarter 5	962	983	-21	0.554
Quarter 6	888	916	-28	0.454
Quarter 7	845	841	4	0.907
Quarter 8	774	782	-8	0.841
Quarter 9	718	727	-9	0.807
Quarter 10	663	653	10	0.792
Quarter 11	654	646	8	0.838
Quarter 12	626	614	12	0.750
Quarter 13	593	574	19	0.614
Quarter 14	575	555	21	0.587
Quarter 15	570	538	32	0.398
Quarter 16	574	527	47	0.211

(continued)

Appendix Table C.2 (continued)

Outcome	STEP Group	Control Group	Impact	P-Value
<u>Food stamp receipt (%)</u>				
Quarter 1 (quarter of random assignment)	99.0	98.6	0.4	0.494
Quarter 2	98.9	98.5	0.4	0.575
Quarter 3	96.3	97.0	-0.6	0.551
Quarter 4	92.8	95.4	-2.6 *	0.069
Quarter 5	91.2	94.6	-3.3 **	0.032
Quarter 6	90.0	90.5	-0.5	0.766
Quarter 7	89.1	89.1	-0.1	0.965
Quarter 8	87.4	87.7	-0.3	0.892
Quarter 9	85.2	87.4	-2.1	0.279
Quarter 10	83.6	85.8	-2.2	0.284
Quarter 11	82.4	85.2	-2.8	0.186
Quarter 12	82.5	83.9	-1.4	0.518
Quarter 13	82.0	82.1	-0.1	0.962
Quarter 14	82.5	82.3	0.2	0.928
Quarter 15	83.4	83.2	0.2	0.922
Quarter 16	83.1	82.4	0.8	0.724
<u>Average amount of food stamps (\$)</u>				
Quarter 1 (quarter of random assignment)	1,115	1,111	4	0.774
Quarter 2	1,185	1,165	20	0.308
Quarter 3	1,157	1,159	-2	0.932
Quarter 4	1,122	1,138	-16	0.547
Quarter 5	1,090	1,096	-7	0.805
Quarter 6	1,062	1,063	-1	0.977
Quarter 7	1,066	1,067	-1	0.963
Quarter 8	1,061	1,041	20	0.542
Quarter 9	1,050	1,050	0	0.990
Quarter 10	1,011	1,042	-31	0.372
Quarter 11	1,017	1,041	-24	0.497
Quarter 12	1,042	1,048	-6	0.868
Quarter 13	1,058	1,075	-16	0.669
Quarter 14	1,117	1,113	4	0.923
Quarter 15	1,166	1,159	7	0.865
Quarter 16	1,197	1,201	-5	0.917
Sample size (total = 1,211)	725	486		

SOURCE: MDRC calculations from public assistance records from the Pennsylvania Department of Public Welfare.

NOTES: A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; and * = 10 percent. Results in this table are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

Dollar values include zeroes for sample members who were not receiving TANF or food stamps.

Rounding may cause slight discrepancies in sums and differences.

STEP = Success Through Employment Preparation.

TANF = Temporary Assistance for Needy Families.

Appendix D

Subgroup Impacts

Appendix Table D.1
Impacts on Employment and Public Assistance Receipt, by Level of Disadvantage: Transitional Work Corporation
Philadelphia Final Report

Outcome (Years 1-4)	Highly Disadvantaged			Less Disadvantaged			Difference Between Subgroup Impacts	
	TWC Group	Control Group	Impact	P-Value ^a	TWC Group	Control Group		Impact
<u>Employment and earnings</u>								
Ever employed ^b (%)	88.2	76.1	12.2 ***	0.000	92.1	87.9	4.2 *	0.081 †
Ever employed in a transitional job ^c	66.0	28.6	37.4 ***	0.000	64.2	18.2	46.0 ***	0.000 †
Ever employed in an unsubsidized job ^d	78.8	71.6	7.2 *	0.051	86.6	86.3	0.3	0.899
Total number of quarters employed	6.0	5.0	1.0 **	0.014	7.6	6.9	0.7 *	0.064
Quarters employed in a transitional job	1.6	0.7	0.9 ***	0.000	1.4	0.4	1.0 ***	0.000
Quarters employed in an unsubsidized job	4.9	4.6	0.3	0.447	6.6	6.7	-0.1	0.857
Earnings from unsubsidized employment (\$)	12,749	12,139	611	0.704	20,954	21,059	-105	0.957
<u>Public assistance</u>								
Received TANF (%)	100.0	100.0	0.0	0.659	99.0	99.6	-0.6	0.432
Number of months received TANF	32.0	33.6	-1.6	0.164	27.0	26.1	1.0	0.378
Total TANF (\$)	14,149	14,731	-582	0.335	10,952	11,206	-254	0.634
Received food stamps (%)	99.8	99.9	0.0	0.912	99.4	99.6	-0.2	0.672
Number of months received food stamps	43.0	42.4	0.6	0.409	38.5	39.5	-1.1	0.255
Total food stamps (\$)	19,436	18,810	625	0.262	16,069	16,398	-330	0.550
Sample size (total = 1,196)	327	218			394	257		

(continued)

Appendix Table D.1 (continued)

SOURCES: MDRC calculations from public assistance records from the Pennsylvania Department of Public Welfare (DPW) and from employment and earnings data from the National Directory of New Hires.

NOTES: A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent. Results in this table are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

The H-statistic was used to test for statistically significant differences in impact estimates across different subgroups. Statistical significance levels are indicated as follows: ††† = 1 percent; †† = 5 percent; † = 10 percent.

Rounding may cause slight discrepancies in sums and differences.

Dollar values include zeroes for sample members who were not employed or were not receiving public assistance.

TWC = Transitional Work Corporation.

TANF = Temporary Assistance for Needy Families.

^aStandard errors are presented in this report for all impacts with a p-value of 0.000. Following are the standard errors for all TWC impacts with a p-value of 0.000 (presented in the order in which they appear in the table and beginning with the "Highly Disadvantaged" subgroup): 3.361, 3.928, 0.123, 3.428, and 0.097.

^bTotal employment includes both DPW transitional jobs and unsubsidized employment.

^c"Transitional employment" refers to all transitional jobs recognized by DPW.

^d"Unsubsidized employment" refers to jobs eligible for unemployment insurance receipt.

The Enhanced Services for the Hard-to-Employ Demonstration

Appendix Table D.2

Impacts on Employment and Public Assistance Receipt, by Educational Attainment: Transitional Work Corporation
Philadelphia Final Report

Outcome (Years 1-4)	High School Diploma / GED			No High School Diploma / No GED			Difference Between Subgroup Impacts
	TWC Group	Control Group	Impact	P-Value ^a	TWC Group	Control Group	
<u>Employment and earnings outcomes</u>							
Ever employed ^b (%)	93.7	88.4	5.2 *	0.055	88.1	79.0	9.1 ***
Ever employed in a transitional job ^c	66.0	18.3	47.6 ***	0.000	64.3	26.4	37.9 ***
Ever employed in an unsubsidized job ^d	86.2	86.9	-0.7	0.831	80.6	75.5	5.2
Total number of quarters employed	7.9	7.0	1.0 **	0.025	6.0	5.4	0.6
Quarters employed in a transitional job	1.5	0.5	1.0 ***	0.000	1.4	0.5	0.9 ***
Quarters employed in an unsubsidized job	6.9	6.6	0.3	0.514	5.0	5.1	-0.1
Earnings from unsubsidized employment (\$)	22,942	22,015	927	0.693	12,646	13,031	-385
<u>Public assistance</u>							
Received TANF (%)	99.4	99.5	-0.1	0.926	99.5	99.9	-0.3
Number of months received TANF	26.9	26.4	0.5	0.664	30.9	32.2	-1.3
Total TANF (\$)	10,680	11,322	-642	0.281	13,649	14,150	-500
Received food stamps (%)	100.0	100.0	0.0	N/A	99.2	99.6	-0.4
Number of months received food stamps	39.6	40.6	-1.0	0.332	41.1	41.4	-0.4
Total food stamps (\$)	16,172	16,377	-205	0.727	18,636	18,598	39
Sample size (total = 1,184)	320	187			393	284	

(continued)

Appendix Table D.2 (continued)

SOURCES: MDRC calculations from public assistance records from the Pennsylvania Department of Public Welfare (DPW) and from employment and earnings data from the National Directory of New Hires.

NOTES: A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent. Results in this table are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

The H-statistic was used to test for statistically significant differences in impact estimates across different subgroups. Statistical significance levels are indicated as follows: ††† = 1 percent; †† = 5 percent; † = 10 percent.

Rounding may cause slight discrepancies in sums and differences.

Dollar values include zeroes for sample members who were not employed or were not receiving public assistance.

TWC = Transitional Work Corporation.

TANF = Temporary Assistance for Needy Families.

GED = General Educational Development.

^aStandard errors are presented in this report for all impacts with a p-value of 0.000. Following are the standard errors for all TWC impacts with a p-value of 0.000 (presented in the order in which they appear in the table and beginning with the "High School Diploma / GED" subgroup): 3.888, 0.135, 3.497, and 0.089.

^bTotal employment includes both DPW transitional jobs and unsubsidized employment.

^c"Transitional employment" refers to all transitional jobs recognized by DPW.

^d"Unsubsidized employment" refers to jobs eligible for unemployment insurance receipt.

The Enhanced Services for the Hard-to-Employ Demonstration

Appendix Table D.3

Impacts on Employment and Public Assistance Receipt, by Random Assignment Cohort:
Transitional Work Corporation

Philadelphia Final Report

Outcome (Years 1-4)	Early Cohort ^a			Late Cohort ^b			Difference Between Subgroup Impacts	
	TWC Group	Control Group	Impact	P-Value ^a	TWC Group	Control Group		Impact
Employment and earnings								
Ever employed ^b (%)	89.0	85.0	4.0	0.160	91.6	79.6	12.0 ***	0.000 ††
Ever employed in a transitional job ^c	62.7	28.2	34.5 ***	0.000	66.8	17.3	49.4 ***	0.000 †††
Ever employed in an unsubsidized job ^d	80.5	83.0	-2.4	0.434	85.6	76.2	9.4 ***	0.003 †††
Total number of quarters employed	6.6	5.9	0.6 *	0.075	7.1	6.3	0.8 **	0.039
Quarters employed in a transitional job	1.5	0.6	0.9 ***	0.000	1.4	0.4	1.0 ***	0.000
Quarters employed in an unsubsidized job	5.5	5.6	-0.1	0.740	6.1	5.9	0.1	0.706
Earnings from unsubsidized employment (\$)	14,738	15,885	-1,146	0.481	19,287	18,529	758	0.704
Public assistance								
Received TANF (%)	99.4	100.0	-0.6	0.137	99.4	99.6	-0.2	0.810
Number of months received TANF	30.9	30.3	0.6	0.573	28.1	28.8	-0.7	0.552
Total TANF (\$)	13,321	13,491	-170	0.760	11,637	12,100	-463	0.410
Received food stamps (%)	99.2	99.5	-0.3	0.564	100.0	100.0	0.0	0.915
Number of months received food stamps	41.1	40.5	0.6	0.510	40.2	41.4	-1.2	0.160
Total food stamps (\$)	17,878	17,432	446	0.410	17,473	17,634	-161	0.777
Sample size (total = 1,217)	379	254			352	232		

(continued)

Appendix Table D.3 (continued)

SOURCES: MDRC calculations from public assistance records from the Pennsylvania Department of Public Welfare (DPW) and from employment and earnings data from the National Directory of New Hires.

NOTES: A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent. Results in this table are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

The H-statistic was used to test for statistically significant differences in impact estimates across different subgroups. Statistical significance levels are indicated as follows: ††† = 1 percent; †† = 5 percent; † = 10 percent.

Rounding may cause slight discrepancies in sums and differences.

Dollar values include zeroes for sample members who were not employed or were not receiving public assistance.

TWC = Transitional Work Corporation.

TANF = Temporary Assistance for Needy Families.

"Early cohort" refers to all those assigned prior to July 2005.

"Late cohort" refers to all those assigned during or after July 2005.

^aStandard errors are presented in this report for all impacts with a p-value of 0.000. Following are the standard errors for all TWC impacts with a p-value of 0.000 (presented in the order in which they appear in the table and beginning with the "Early Cohort" subgroup): 3.644, 0.106, 2.859, 3.571, and 0.110.

^bTotal employment includes both DPW transitional jobs and unsubsidized employment.

^c"Transitional employment" refers to all transitional jobs recognized by DPW.

^d"Unsubsidized employment" refers to jobs eligible for unemployment insurance receipt.

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MDRC is a nonprofit, nonpartisan social and education policy research organization dedicated to learning what works to improve the well-being of low-income people. Through its research and the active communication of its findings, MDRC seeks to enhance the effectiveness of social and education policies and programs.

Founded in 1974 and located in New York City and Oakland, California, MDRC is best known for mounting rigorous, large-scale, real-world tests of new and existing policies and programs. Its projects are a mix of demonstrations (field tests of promising new program approaches) and evaluations of ongoing government and community initiatives. MDRC's staff bring an unusual combination of research and organizational experience to their work, providing expertise on the latest in qualitative and quantitative methods and on program design, development, implementation, and management. MDRC seeks to learn not just whether a program is effective but also how and why the program's effects occur. In addition, it tries to place each project's findings in the broader context of related research — in order to build knowledge about what works across the social and education policy fields. MDRC's findings, lessons, and best practices are proactively shared with a broad audience in the policy and practitioner community as well as with the general public and the media.

Over the years, MDRC has brought its unique approach to an ever-growing range of policy areas and target populations. Once known primarily for evaluations of state welfare-to-work programs, today MDRC is also studying public school reforms, employment programs for ex-offenders and people with disabilities, and programs to help low-income students succeed in college. MDRC's projects are organized into five areas:

- Promoting Family Well-Being and Children's Development
- Improving Public Education
- Raising Academic Achievement and Persistence in College
- Supporting Low-Wage Workers and Communities
- Overcoming Barriers to Employment

Working in almost every state, all of the nation's largest cities, and Canada and the United Kingdom, MDRC conducts its projects in partnership with national, state, and local governments, public school systems, community organizations, and numerous private philanthropies.

