

The background of the cover features a group of diverse human silhouettes in various shades of orange and red, walking in different directions. The silhouettes are semi-transparent, allowing the text to be overlaid. The overall aesthetic is modern and inclusive.

IMPLEMENTATION AND EARLY IMPACTS OF THE MINNESOTA SUBSIDIZED AND TRANSITIONAL EMPLOYMENT DEMONSTRATION

OPRE Report 2019-68

June 2019

Implementation and Early Impacts of the Minnesota Subsidized and Transitional Employment Demonstration

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**Authors: Mary Farrell and Riley Webster
(MEF Associates)**

Submitted to:

Girley Wright, Project Officer
Office of Planning, Research, and Evaluation
Administration for Children and Families
U.S. Department of Health and Human Services

Project Director: Dan Bloom
MDRC
200 Vesey Street
New York, NY 10281

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Overview

Introduction

Recipients of Temporary Assistance for Needy Families (TANF) often face barriers such as limited education and work experience, health issues including substance abuse problems, and other obstacles that stand in the way of finding employment. In an effort to help these individuals gain work experience, boost their earnings, and eventually find permanent employment, some states, including Minnesota, have launched programs that use public funds to temporarily subsidize individuals' wages, known as subsidized employment programs.

Minnesota's TANF program, called the Minnesota Family Investment Program (MFIP), provides a full range of employment services to families receiving MFIP benefits, including job-readiness workshops and job search assistance. However, in 2014, despite Minnesota's strong labor market, some MFIP recipients were unable to find employment. The state funded the Minnesota Subsidized and Transitional Employment Demonstration (MSTED) to improve the employment outcomes of MFIP recipients who were unable to find employment after receiving MFIP services for six months or more. MSTED placed participants into two different types of subsidized employment based on their job readiness: Participants who were less job ready were placed in temporary paid work experience in the nonprofit and public sectors, and participants who were more job ready were placed in subsidized jobs in the private sector designed to roll over into unsubsidized permanent positions.

This report presents implementation findings and interim impacts (after one year) from a random assignment evaluation of MSTED in which individuals were randomly assigned to a program group that had access to MSTED services or to a control group that did not have access to MSTED services but could receive other welfare-to-work services. This study is part of a larger demonstration funded by the Administration for Children and Families in the U.S. Department of Health and Human Services, called the Subsidized and Transitional Employment Demonstration (STED), which is testing various subsidized employment strategies in several locations across the country.

Primary Research Questions

- How did MSTED operate and whom did it serve?
- How did MSTED affect participants' receipt of services, employment-related outcomes, income, and personal well-being relative to what could have happened to study sample members in the absence of the program?
- Does the program appear to be more effective for specific participant subgroups?
- What is the cost of MSTED?

Purpose

The primary goal of the implementation study is to describe how three contracted employment service providers operated MSTED from November 2014 through December 2016 across three Minnesota counties by documenting the intended model, how the providers implemented the model across the three counties, how participants experienced the program, and the extent to which the services received by the program group differed from those received by the control group. The impact study addresses the question of whether MSTED improves outcomes for MFIP recipients in three key areas of interest: employment and earnings, receipt of public assistance, and overall well-being.

Key Findings and Highlights

- About one-third (34 percent) of all MSTED program group members worked in a paid work experience position or subsidized job in the year following enrollment in the program.
- MSTED staff members experienced difficulties finding participants subsidized jobs with private employers, and midway through the program they began placing participants in paid work experience as a way for participants to earn income, stay engaged, and obtain work skills. Overall, 20 percent of program group members worked in a subsidized job with a private employer, while 19 percent worked in paid work experience. (About 5 percent of program group members worked in both types of jobs.)
- In the first year after random assignment, program group members were more likely than control group members to have been employed. The impact on employment was modest but continued after the subsidies ended. Program group members also had somewhat higher earnings, though the difference between groups is not statistically significant.

Methods

The implementation of MSTED was assessed using several different data sources, including staff and participant interviews conducted during site visits, case reviews, participation data from the Minnesota Department of Human Services' management information system, and wage subsidy data.

The research team evaluated the early impacts of MSTED using a random assignment research design. A total of 799 adults enrolled in the MSTED study between November 2014 and June 2016. Half (403) were randomly assigned to the program group and offered MSTED services, and the other half (396) were randomly assigned to the control group and not offered these services. As a result of the random assignment process, these two groups were comparable on both measured and unmeasured characteristics at the time of study enrollment. The research team followed the program and control group members for 12 months using surveys and government records to measure outcomes in the following three areas: employment and earnings, receipt of public assistance, and overall well-being. If differences emerge between the program groups and the control group over time, and these differences are statistically significant, then the differences can be attributed with some confidence to the subsidized employment approaches.

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The Authors

Executive Summary

Recipients of Temporary Assistance for Needy Families (TANF) often face barriers such as limited education and work experience, health issues including substance abuse problems, and other obstacles that stand in the way of finding employment. In an effort to help these individuals gain work experience, boost their earnings, and eventually find permanent employment, some states, including Minnesota, have launched programs that use public funds to temporarily subsidize individuals' wages, known as subsidized employment programs.

Minnesota's TANF program, called the Minnesota Family Investment Program (MFIP), provides a full range of employment services to families receiving MFIP benefits, including job-readiness workshops and job search assistance. However, in 2014, despite Minnesota's strong labor market, some MFIP recipients were unable to find employment. The state funded the Minnesota Subsidized and Transitional Employment Demonstration (MSTED) to improve the employment outcomes of MFIP recipients who were unable to find employment after receiving MFIP services for six months or more. MSTED intended to place participants into subsidized employment — either in temporary paid work experience in the nonprofit or public sectors, or in subsidized jobs in the private sector designed to roll over into permanent unsubsidized positions.

This report presents implementation findings and interim impacts (after one year) from a random assignment evaluation of MSTED. This study is part of a larger demonstration funded by the Administration for Children and Families (ACF) in the U.S. Department of Health and Human Services, called the Subsidized and Transitional Employment Demonstration (STED), which is testing various subsidized employment strategies in several locations across the country. MDRC, a nonprofit, nonpartisan research organization, is leading the project under contract to ACF along with its partner, MEF Associates.

Background

Most adults who are eligible for MFIP cash assistance are required to participate in services designed to help them find employment and become self-sufficient. They are first referred to the county's Diversionary Work Program, which is a four-month program designed to help adults find work right away rather than enroll in MFIP. If they are unable to find employment during those four months, they are referred to one of the contracted MFIP employment service providers — primarily nonprofit organizations — for case management, employment services, and support services intended to help recipients find and keep jobs.

MFIP employment services include job-readiness classes, independent job search, education and training activities, community service, and unpaid work experience. In the past, the MFIP program also operated “supported work” programs, which provided job opportunities that allowed participants to get paid wages for work and that were subsidized by MFIP. For example, in 2007, the state provided funding to counties for supported work and, in 2009 and 2010, the

state received additional funding from the TANF Emergency Fund, which allowed the state to extend these efforts through 2011.¹

Subsidized employment targeting individuals who face barriers to employment in the regular labor market provide work experience that might help them make the transition to unsubsidized work. However, prior efforts to use subsidized employment to improve the long-term employment outcomes of hard-to-employ populations have had mixed results. Dan Bloom outlines the history of subsidized and transitional employment tests, finding a long legacy of programs seeking to use subsidized employment to ease individuals' transition into the unsubsidized labor market.² While there are some examples of programs that resulted in long-term gains in employment and earnings, most recent studies suggest that subsidized employment can generate impacts on employment and earnings during the subsidy period, but that the effects recede quickly following the conclusion of the subsidy.³

In 2010, the U.S. Department of Health and Human Services (HHS) and Department of Labor (DOL) made substantial investments to advance the field's understanding of subsidized employment. Through STED, HHS is funding studies of eight subsidized employment interventions. These studies explore how subsidized employment strategies can meet the needs of TANF recipients and other low-income adults and young people. DOL funded the Enhanced Transitional Jobs Demonstration (ETJD), which served noncustodial parents (parents who do not have custody of at least one of their children) and individuals who had recently been released from prison.⁴

MSTED

In 2014, the state legislature allocated \$4.3 million to the Minnesota Department of Human Services (DHS) to fund a subsidized employment program for MFIP recipients. DHS developed a specific model that it thought held the most promise for increasing the number of adults who left MFIP for sustained employment. It selected three counties — Dakota County, Hennepin County

¹The TANF Emergency Fund was established under the American Recovery and Reinvestment Act (ARRA) of 2009 and reimbursed states for 80 percent of the cost of increased spending in the following three areas: basic assistance, nonrecurrent short-term benefits, and subsidized employment for low-income parents and youth.

²Dan Bloom, *Transitional Jobs: Background, Program Models, and Evaluation Evidence* (New York: MDRC, 2010).

³Effects on other outcomes, however, can occur. A study of one program targeting TANF recipients in Philadelphia, which did not find longer-term positive impacts on employment, did find sustained impacts on measures of TANF receipt, with program group members less likely than control group members to have been receiving cash assistance 18 months after they enrolled in the program. See Dan Bloom, Sarah Rich, Cindy Redcross, Erin Jacobs, Jennifer Yahner, and Nancy Pindus. *Alternative Welfare-to-Work Strategies for the Hard-to-Employ: Testing Transitional Jobs and Pre-Employment Services in Philadelphia* (New York: MDRC, 2009).

⁴For a summary of other subsidized employment tests being funded by HHS and DOL, see Dan Bloom, *Testing the Next Generation of Subsidized Employment Programs: An Introduction to the Subsidized and Transitional Employment Demonstration and the Enhanced Transitional Jobs Demonstration*. OPRE Report 2015-58 (Washington, DC: Office of Planning, Research and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services, 2015).

(which includes the city of Minneapolis), and Ramsey County (which includes the city of St. Paul) — that agreed to implement the DHS model and participate in a rigorous evaluation.

Each of the three counties contracted with one or two nonprofit organizations in the community to operate MSTED. Dakota County contracted with HIRED, Hennepin County contracted with Avivo and Goodwill-Easter Seals, and Ramsey County contracted with Goodwill-Easter Seals and HIRED.

The MSTED model included two subsidized employment options:

- Participants who were less job ready and needed to improve their workplace skills were placed in **paid work experience** at a public agency or nonprofit organization. Participants earned fully subsidized wages of \$9.00 an hour for up to 24 hours a week, for up to eight weeks.
- Participants who were more job ready were placed in **subsidized jobs** with a private employer, where they could earn subsidized wages up to \$15 an hour for up to 40 hours per week.⁵ Wages were 100 percent subsidized for the first eight weeks, and the subsidy was reduced to 50 percent for an additional eight weeks.

The short-term goal of the program was to give MFIP recipients' work experience and increase their earnings and the ultimate goal was to move them into unsubsidized employment. As initially designed, most participants would move directly into subsidized jobs, and paid work experience would be reserved for a smaller portion of participants who were not yet ready to work with private employers and needed to improve their workplace skills. For those who were not deemed ready for subsidized jobs, they could start in paid work experience and after eight weeks move into a subsidized job, for a total of 24 weeks.

MSTED was designed to serve MFIP participants who had demonstrated challenges in securing employment but whose challenges were not so overwhelming that they could not reasonably be expected to work. Individuals could be referred to the program if they had been on MFIP for at least six months and earned \$1,200 or less during that period.

For the first year, DHS restricted eligibility to recipients who met these criteria, but MSTED failed to receive the number of referrals from MFIP providers they had expected, in part due to the improved economy and subsequent reduction in the MFIP caseload. Feedback from participating counties and MSTED providers suggested that individuals remaining on MFIP who were unable to find employment in the improved economic climate could benefit from MSTED even if they did not meet the original criteria with regard to their time on MFIP or recent earnings. As a result, DHS opened eligibility up to all MFIP recipients whom MFIP case managers, referred to as “employment counselors,” believed could benefit from the program.

⁵Employment could be in the nonprofit or for-profit sectors, though it was expected that most employment would be in the for-profit sector.

The MSTED Evaluation

The research team is evaluating MSTED using a random assignment research design in which MFIP employment counselors referred interested recipients on their caseloads to an MSTED orientation, usually at the MSTED site. At the orientation, interested recipients who provided informed consent to participate in the study were randomly assigned to one of two groups, a program group or a control group. A total of 799 adults enrolled into the MSTED study between November 2014 and June 2016. Half (403) were randomly assigned to the program group and offered MSTED services, and the other half (396) were randomly assigned to the control group and not offered these services, although they were expected to participate in MFIP employment services. As a result of the random assignment process, these two groups were comparable on both measured and unmeasured characteristics at the time of study enrollment.

The research team followed the program and control group members for 12 months using surveys and government records to measure outcomes in the following three areas: employment and earnings, receipt of public assistance, and overall well-being. If differences emerge between the program groups and the control group over time, and these differences are statistically significant, then the differences can be attributed with some confidence to the subsidized employment approaches. Such differences are referred to as “impact estimates.”

The evaluation set out to answer the following questions:

- How did MSTED operate and whom did it serve?
- How did MSTED affect participants’ receipt of services, employment-related outcomes, income, and personal well-being relative to what could have happened to study sample members in the absence of the program?
- Does the program appear to be more effective for specific participant sub-groups?
- What is the cost of MSTED?

To answer these questions, the evaluation includes an implementation study, an impact study, and a cost study. The primary goal of the implementation study is to describe the design of MSTED and how it operates. As noted above, the impact study addresses the question of whether MSTED improves key outcomes of interest. The cost study estimates the cost of the program. This report focuses on the results of the implementation study and early findings from the impact study (based on one year of follow-up data). Final results from the impact study (based on 30 months of follow-up data) and the cost study will be included in a future report, expected in 2020.

Key Implementation Findings

The implementation of MSTED was assessed using several different data sources, including staff interviews, participant interviews, case reviews, participation data from DHS’s management information system, and wage subsidy data. The implementation study found some variation in

terms of how the three MSTED providers implemented the program, but also identified some common challenges.

- **MSTED encountered challenges recruiting and enrolling participants.**

The MFIP caseload declined over time due to an improved economy resulting in fewer participants whom MFIP employment counselors could refer to the program. Additionally, some MFIP counselors expressed doubts about the benefits and effectiveness of MSTED relative to the employment services their MFIP programs offered. The referral and random assignment process deterred some from making referrals. As a result, MSTED staff, referred to as “job developers,” who were responsible for helping MSTED participants find subsidized employment, had to devote more time than anticipated marketing their programs to MFIP staff and recipients. The job developers attended MFIP staff meetings to discuss the program, developed brochures and other marketing materials, and conducted MSTED orientations at the MFIP offices. These activities increased referrals, but also took time that job developers could have used helping participants find subsidized employment.

- **MSTED providers struggled with the trade-off between wanting to teach participants the skills they would need to prepare for subsidized employment and placing participants in subsidized positions quickly before they became disengaged and left the program.**

The three MSTED providers addressed this trade-off differently. HIRED offered a two-week workshop that it required all participants to attend (unless they had recently attended a HIRED workshop as part of their MFIP requirements). In this workshop, MSTED program group members produced resumes and cover letters, practiced interviewing for jobs, and learned how to conduct a job search. Goodwill also operated an MSTED job-readiness workshop that took place two days a week for six weeks, though did not require participants to attend it, and Avivo offered workshops periodically on specific topics such as how to interview for jobs, but also did not require attendance. Instead, job developers at these two providers tended to work more one-on-one with participants to learn what jobs they were interested in and help them prepare for interviews.

- **MSTED job developers experienced difficulties finding participants subsidized jobs with private employers and, as a result, began placing more participants in paid work experience.**

In developing the model that would be tested, DHS had assumed that most participants would move into subsidized jobs with private employers, which was considered preferable to paid work experience because the former could lead to unsubsidized employment with the same employer. Participants could earn subsidized wages up to \$15 an hour from their subsidized jobs, while the limit for paid work experience was \$9 an hour. However, private sector employers generally proceed with caution in making hiring decisions, even if a job candidate comes with a subsidy, and it took time to find good matches between employers and participants. Instead of reserving paid work experience for a few who were the least job ready, the MSTED providers

began using paid work experience as a stopgap measure that allowed participants to earn income, stay engaged, and obtain work skills while MSTED continued to work with them to find subsidized jobs in the private sector. This worked especially well for Goodwill, because it operated several retail stores in the metropolitan area where they could place participants in paid work experience.

- **Only about one-third (34 percent) of all MSTED program group members worked in a paid work experience position or subsidized job in the year following MSTED enrollment.**

Goodwill placed more program group members in paid work experience or subsidized jobs (45 percent) than the other providers. (Avivo placed 25 percent and HIRED placed 30 percent program group members.) The higher placement rate was due, in part, to Goodwill's higher placement rate in paid work experience; though, it also placed almost the same percentage in subsidized jobs as HIRED, which had the highest placement rate for subsidized jobs.

It is helpful to compare these percentages with those achieved by other subsidized employment programs. Among the ETJD programs, the proportion of program group members who worked in subsidized employment ranged from just under 40 percent to 100 percent.⁶ The site with the lowest rate (Fort Worth, Texas) had a program model with a subsidized jobs track similar to that of MSTED, focusing on private sector employment and paying 100 percent of the wages for the first eight weeks and 50 percent for the following eight weeks. Another STED site that served TANF recipients in Los Angeles operated a paid work experience program that placed 79 percent of its participants in jobs with public agencies or nonprofit organizations, and an on-the-job training program, more similar to the subsidized jobs track, that placed 42 percent of its participants in private sector positions.⁷ The STEP Forward program in San Francisco, which targeted low-income families, placed just 25 percent of participants in subsidized private sector jobs.⁸ MSTED's 34 percent placement rate is not substantially lower than programs that focused on finding private sector employment, though lower than programs that operated a model more similar to paid work experience.

⁶Cindy Redcross, Bret Barden, and Dan Bloom, *The Enhanced Transitional Jobs Demonstration: Implementation and Early Impacts of the Next Generation of Subsidized Employment Programs* (Washington, DC: U.S. Department of Labor, Employment and Training Administration, 2016).

⁷Asaph Glosser, Bret Barden, Sonya Williams, and Chloe Anderson, *Testing Two Subsidized Employment Approaches for Recipients of Temporary Assistance for Needy Families: Implementation and Early Impacts of the Los Angeles County Transitional Subsidized Employment Program* (Washington, DC: Office of Planning, Research, and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services, 2016).

⁸Johanna Walter, David Navarro, Chloe Anderson, and Ada Tso, *Testing Rapid Connections to Subsidized Private Sector Jobs for Low-Income Individuals in San Francisco: Implementation and Early Impacts of the STEP Forward Program* (Washington, DC: Office of Planning, Research and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services, 2017).

Early Impacts of MSTED

The impact study relies on data from the following two key sources: employment and earnings data from the National Directory of New Hires and 12-month survey data. For this report, the research team has access to follow-up data for just over one year after random assignment to assess differences between program and control group members.⁹

- **Despite a high percentage of control group members who received employment services from MFIP, MSTED increased the receipt of these services.**

All individuals in the study (including control group members) were expected to participate in work activities as a condition of receiving MFIP benefits, and it was not surprising that a high percentage of control group members, 78 percent, reported receiving help with finding or keeping a job. However, 88 percent of the program group reported receiving these services, resulting in an impact of 10 percentage points. Program group members were less likely to attend postsecondary education programs than control group members, perhaps because some control group members elected to pursue education to fulfill their MFIP participation requirements.

- **In the first year after random assignment, program group members were more likely than control group members to have been employed.**

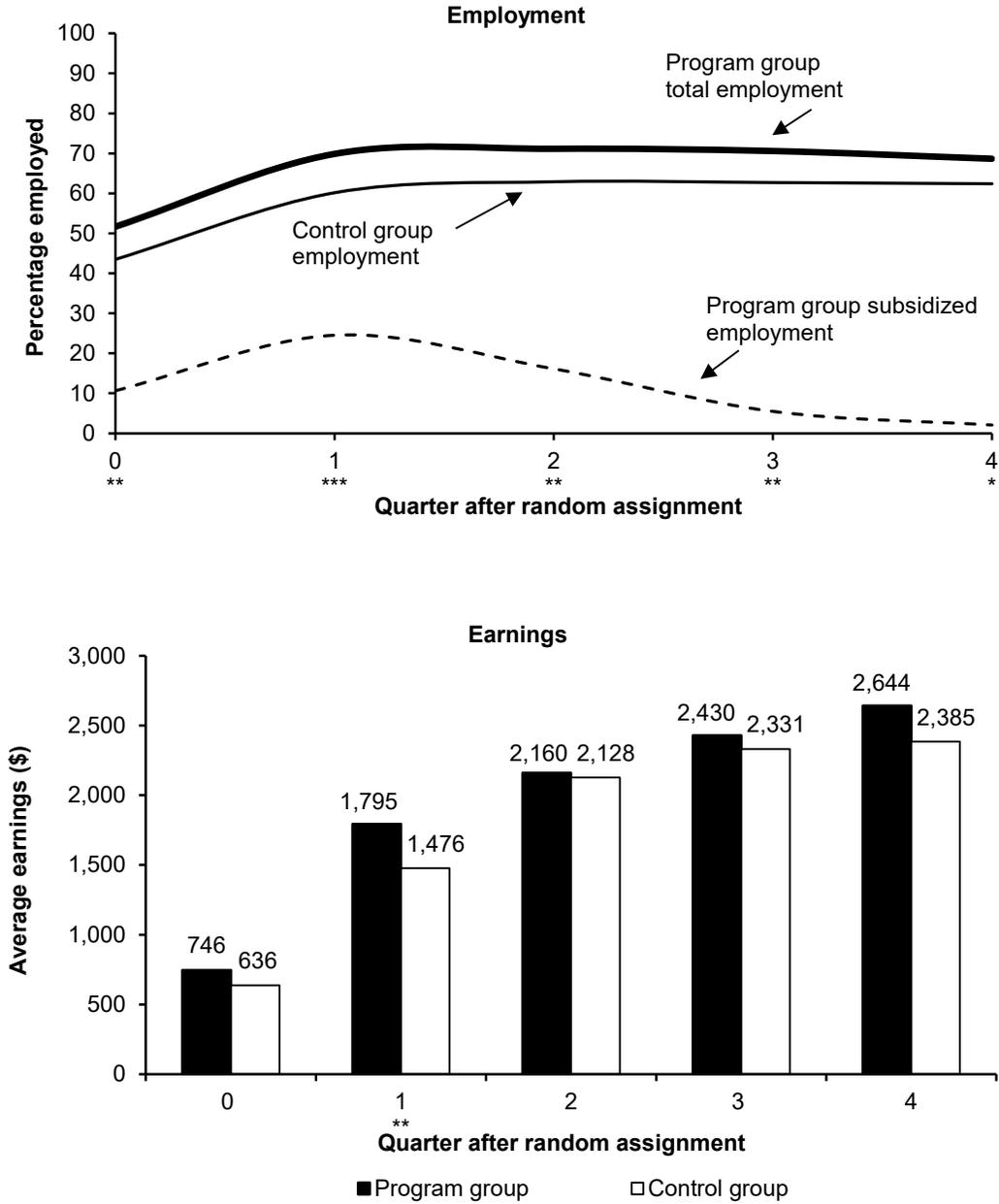
About 80 percent of the control group worked in the year following random assignment, according to administrative records, compared with 87 percent of the program group, resulting in an impact of 7 percentage points. While program group members also had somewhat higher earnings, the difference between groups is not statistically significant. As Figure ES.1 shows, the impact on employment (the difference between the program group and control group lines) was similar across the four quarters. If the impact equaled the increase in subsidized employment (as represented by the dotted line), the difference between the two groups would be larger in the first two quarters and then decrease by the third quarter when few program group members were participating in subsidized employment. Since the lines did not converge at the end of the follow-up period, the figure indicates that MSTED increased unsubsidized employment for some program group members. This pattern differs somewhat from patterns found in other studies in which the differences in employment were concentrated in the first two quarters when participation in subsidized employment was the greatest.

- **The impact on employment was modest but continued after the subsidies ended.**

To assess whether the impact was sustained when few program group members were participating in MSTED, the research team examined the employment in the first quarter of the

⁹Unless otherwise indicated, all impacts discussed in this report are statistically significant, with p-values less than 0.10 — meaning that there is less than a 10 percent chance that the observed impacts were not a result of the program.

Figure ES.1
Employment and Earnings Over Time



(continued)

Figure ES.1 (continued)

SOURCES: MDRC calculations based on quarterly wage data from the National Directory of New Hires and payment records from program providers.

NOTES: Results in this table are regression-adjusted, controlling for pre-random assignment characteristics.

Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent.

Employment rates and earnings include both subsidized jobs and all other jobs reported to the National Directory of New Hires.

second year. During this quarter, just 2 percent of program group members were employed in a paid work experience or subsidized job. The analysis found that MSTED had an impact of 6 percentage points during this quarter, suggesting the impact was not due to members' participation in subsidized employment at the time. The research team will continue to track employment outcomes for the study's participants for 30 months to determine whether the program has an impact on employment after the first quarter of the second year.

- **Program and control group members received MFIP and Supplemental Nutrition Assistance Program (SNAP) benefits at similar rates and reported similar levels of well-being.**

According to administrative data, almost all of the study participants received MFIP and SNAP benefits in the quarter of random assignment. Just over half of both groups left MFIP at some point during Year 1, and just over 20 percent of both groups left SNAP. Given there are no statistically significant differences in earnings, it is not surprising that MSTED did not decrease receipt of MFIP and SNAP benefits. Analyses of other measures of financial and personal well-being from the 12-month survey did not find any differences between the program and control group members.

Next Steps

The MSTED evaluation is part of a larger effort to investigate the effects of subsidized employment programs for a variety of populations. As has been the case in many recent, similar tests, this study found short-term employment impacts in the period during which subsidies were available. However, the impacts were modest. Also, unlike other studies, the impacts did not diminish substantially over time; MSTED had an impact in the last quarters, even though few participants were in subsidized employment. More follow-up is required to determine whether these modest impacts will hold up after one year. The final report will present the effects of this subsidized approach at 30 months after random assignment.

Chapter 1

Introduction

Recipients of Temporary Assistance for Needy Families (TANF) who are unable to find employment often face barriers such as limited education and work experience and health issues including substance abuse problems. In an effort to help these individuals gain work experience, boost their earnings, and eventually find permanent employment, some states have launched programs that use public funds to temporarily subsidize individual's wages, referred to as subsidized employment.

The Minnesota Subsidized and Transitional Employment Demonstration (MSTED) was designed to improve employment outcomes for recipients of benefits through Minnesota's TANF program, known as the Minnesota Family Investment Program (MFIP). To this end, MSTED provided subsidized employment opportunities to MFIP recipients who had been unable to secure employment in the competitive labor market. MSTED provided two types of subsidized employment: paid work experience, in which MSTED placed less job-ready participants in temporary jobs in the public or nonprofit sector, and subsidized jobs, in which MSTED placed more job-ready participants in private sector jobs intended to turn into permanent positions.¹ Operated by three employment service providers across three counties, MSTED included supports such as job-readiness training and case management in addition to wage subsidies.

This report examines how MSTED was implemented in three Minnesota counties and presents early impacts of the program, including impacts on participants' receipt of services, employment and earnings, receipt of public assistance, and overall well-being. Longer-term impacts will be described in a future report.

Background and Policy Context

Results from previous evaluations of efforts to use subsidized employment to improve the long-term employment outcomes of populations who traditionally struggle to secure employment in the competitive labor market have been mixed.² While some programs have succeeded in achieving long-term gains in employment and earnings, most recent studies suggest that subsidized and transitional employment programs can be successful at increasing participants earnings and labor market outcomes while they receive the subsidy, but impacts quickly dissipate after the subsidy ends.

Subsidized employment received renewed attention at the national level during the 2007-2009 recession. The American Recovery and Reinvestment Act established the TANF

¹The terms used in this report differ slightly from those used by program staff, who referred to subsidized jobs as "subsidized wages" and paid work experience as "structured paid work experience."

²Bloom (2010).

Emergency Fund, which provided funding that states could use for subsidized employment for low-income parents and youth. States created jobs for about 280,000 people across the United States. Forty states put at least some people to work before the funding expired in late 2010, and 14 states and the District of Columbia each placed at least 5,000 people in subsidized jobs.³

Most of the TANF Emergency Fund programs broadly targeted unemployed workers, and eligibility for them was not limited to populations with barriers to securing employment in the competitive labor market. Notably, about half the placements nationwide under the TANF Emergency Fund were summer jobs for young people. Many of the programs also did not emphasize helping participants make the transition to unsubsidized jobs, instead emphasizing “rapid job placement to alleviate unemployment.”⁴ Similar to past efforts to provide unemployed populations with the chance to earn income during an economic downturn, the TANF Emergency Fund served many people who had steady work histories and the programmatic models assumed that these people would return to regular jobs once the labor market improved.

Minnesota’s own experience with subsidized employment began in 2007, when the state legislature dedicated nearly \$5.5 million in funding for counties to operate subsidized employment programs, known as “supported work programs,” targeting MFIP recipients.⁵ The state gave counties substantial flexibility in determining the parameters of their supported work programs, which resulted in a variety of subsidized employment models implemented across the state. The additional funding provided by the TANF Emergency Fund allowed Minnesota to extend these efforts until 2011, when dedicated funding to the counties ended.

In 2010, the U.S. Department of Health and Human Services (HHS) and the U.S. Department of Labor (DOL) made substantial investments to further advance the field’s understanding of subsidized employment. Through the Subsidized and Transitional Employment Demonstration (STED), HHS is funding studies of eight subsidized employment interventions, including MSTED. These studies assess whether and how subsidized employment and transitional jobs strategies can meet the needs of TANF recipients and other low-income young people and adults. Box 1.1 outlines the seven other STED studies.⁶

The STED Project in Minnesota

In 2014, the Minnesota legislature allocated \$4.3 million to the Minnesota Department of Human Services (DHS) to fund a subsidized employment program for long-term MFIP recipients.⁷

³Farrell, Elkin, Broadus, and Bloom (2011).

⁴Farrell, Elkin, Broadus, and Bloom (2011).

⁵Minnesota Session Laws (2007).

⁶Concurrently, DOL funded the operation of seven programs and a study of them that used a range of approaches to assess the effect of subsidized and transitional employment on the outcomes of formerly incarcerated individuals and noncustodial parents (parents who do not have custody of at least one of their children).

⁷Minnesota Session Laws (2013).

Box 1.1

Other Programs in the STED Evaluation

Bridges to Pathways (Chicago, IL). The Chicago Department of Family and Support Services designed this program, which tries to curb youth violence. It targets 16- to 24-year-olds who are leaving incarceration (some from the juvenile justice system, some from the adult system), and includes the following three components: (1) a temporary subsidized job, (2) online high school classes, and (3) an intervention similar to cognitive behavioral therapy. The program seeks to engage participants full time for three to four months.

GoodTransitions (Atlanta, GA). Operated by Goodwill of North Georgia, Inc., this program targets noncustodial parents (parents who do not have custody of at least one of their children) and uses a staged model that starts with subsidized, temporary jobs in Goodwill stores and progresses to subsidized placements in the community, as participants demonstrate that they can function with reduced supervision. Participants are also offered opportunities for short-term vocational training. Good Transitions is in a concurrent evaluation funded by the U.S. Department of Labor.

Transitional Subsidized Employment: On-the-Job Training (Los Angeles, CA). Administered by the Los Angeles County Department of Public Social Services and operated by the South Bay Workforce Investment Board (WIB), the program places TANF recipients in positions in the private sector. Participants' wages are subsidized up to minimum wage for the first two months; for the remainder of the placement, employers receive a subsidy roughly equal to 50 percent of minimum wage. All participants receive case management and assistance searching for unsubsidized jobs through the WIB's Worksource Centers, along with support services through the TANF program.

Jobs Now STEP Forward (San Francisco, CA). Administered by the San Francisco Human Services Agency, the program focuses on the following six target populations: adults who have exhausted their TANF benefits, adults who have used up their unemployment insurance benefits, adults receiving food stamp benefits, California General Assistance recipients, adults with dependent children whose household incomes are at or below 200 percent of the federal poverty line, and former participants of JobsNOW (the Human Service Agency's original subsidized employment program).

Young Adult Internship Program (New York, NY). The Young Adult Internship Program, a program operated by the New York City Department of Youth and Community Development, provides 12-week paid internships to young people ages 18 to 24 who are disconnected from school and work. It serves about 1,300 people a year.

TransitionsSF (City and County of San Francisco, CA): The San Francisco Office of Economic and Workforce Development operates this program in partnership with the following three other agencies: the San Francisco Department of Child Support Services, the San Francisco Human Services Agency, and Goodwill Industries. The program targets noncustodial parents and uses a three-tiered model that places participants into temporary, subsidized jobs based on

(continued)

Box 1.1 (continued)

their level of job readiness. Individuals with the least job experience and education are placed in positions in private nonprofit organizations, those with moderate levels of experience work as trainees in city agencies, and those with the most experience are placed in jobs in the private, for-profit sector. The model includes modest financial incentives for reaching participation milestones, as well as child support-related incentives such as reinstatement of driver's licenses, fast-track assistance, modifications of child support orders, and debt forgiveness. TransitionsSF is also in the concurrent evaluation funded by the U.S. Department of Labor.

Paycheck Plus (Atlanta, GA). Building on the 2013 launch of Paycheck Plus in New York City, MDRC is working with United Way of Greater Atlanta and other partners to conduct a pilot program that simulates an expanded Earned Income Tax Credit (EITC) for low-income single workers without dependent children. Currently, the federal EITC, which supplements the earnings of families by as much as \$6,000 a year, is the largest and most successful antipoverty program in the United States. However, the federal EITC for single tax filers is capped at a maximum annual payment of only about \$500. Paycheck Plus is testing an earnings supplement of up to \$2,000 a year, offered each year after participants file taxes in 2017, 2018, and 2019, with those earning between \$6,667 and \$18,000 receiving the maximum payments (in a combination of federal EITC and Paycheck Plus payments).

HHS's STED project provided funding for MDRC and MEF Associates to conduct a rigorous evaluation of Minnesota's new program. Previously, the state gave counties substantial flexibility in determining the parameters of their subsidized employment program. However, with the 2014 funding and support from HHS's STED project, the state decided to be purposeful in testing a specific model that it thought held the most promise in increasing the number of adults who left MFIP for sustained employment. Rather than allocate the funding to all counties, DHS decided to request proposals from counties and fund a small number of them. As a condition of receiving the award, the selected counties had to agree to participate in the evaluation and implement the model developed by DHS. DHS's model included the following two subsidized employment options for program participants:

- Participants who were less job ready and needed to improve their workplace skills were placed in **paid work experience** positions at a public agency or nonprofit organization. Participants earned fully subsidized wages of \$9.00 an hour for up to 24 hours a week, for up to eight weeks.
- Participants who were more job ready were placed in **subsidized jobs** with a private employer, where they could earn subsidized wages of up to \$15 an hour for up to 40 hours per week. Wages were 100 percent subsidized for the first eight weeks, and the subsidy was reduced to 50 percent for an additional eight weeks.

MSTED was designed to build off previous research on subsidized and transitional employment by using two different employment tracks. Paid work experience at nonprofits and

public sector employers were supposed to be reserved for the least job ready, as a means for them to gain necessary work experience. Subsidized jobs in the private sector were meant for individuals who were more job ready but whom private employers may not hire without the subsidy incentive, with the expectation that employers would keep on participants who performed well in unsubsidized, permanent positions. Participants could start in one track and move to the other, as long as the total subsidy period did not exceed six months.

This interim report describes initial findings from MSTED as implemented in Hennepin, Ramsey, and Dakota Counties,⁸ describing the design, implementation, and the impacts of the subsidized employment program after 12 months.⁹ A final report for the STED project will describe impacts after 30 months.

The Evaluation Design

The evaluation of MSTED set out to examine the following questions:

- How did MSTED operate and whom did it serve?
- How did MSTED affect participants' receipt of services, employment-related outcomes, income, and personal well-being relative to what could have happened to study sample members in the absence of the program?
- Does the program appear to be more effective for specific participant subgroups?
- What is the cost of MSTED?

The evaluation involves an implementation study, an impact study, and a cost study to help answer these questions.¹⁰ The impact study uses a randomized controlled trial design whereby individuals eligible for and interested in the program were randomly assigned to a program group that had access to MSTED services, or to a control group that did not. This process is designed to create two groups that are comparable at the start of the study in both their measurable and unmeasurable characteristics. One can therefore be confident that any statistically significant differences in the groups' outcomes that emerge over time can be attributed to the

⁸The state also provided funding to White Earth Nation, a tribe in northwestern Minnesota that administers the state TANF program for tribal members. Although White Earth Nation did not participate in the random assignment evaluation, it was part of a separate descriptive study that explored subsidized employment programs operating in Native American settings. See Glosser and Ellis (2018).

⁹Most impacts presented in this report are within one year of random assignment. However, employment and earnings in the first quarter of Year 2 are also included because they show a time when the majority of program group members were no longer receiving subsidized wages, and thus provide some evidence of what their outcomes might be after subsidized employment. However, even in the first quarter of Year 2, around 2 percent of program group members were still in subsidized employment.

¹⁰The results from the cost study will be included in the final report.

program rather than to preexisting differences between the groups.¹¹ This report examines the impact of having access to MSTED services regardless of which employment track participants followed and does not estimate impacts for each of the two subsidized employment tracks separately. Throughout this report, “subsidized employment” refers to participation in either of the two tracks.

The Implementation Study

The implementation study describes how three contracted employment service providers in three Minnesota counties operated MSTED from November 2014 through December 2016 by documenting the intended model, how the model was implemented across the three counties, how participants experienced the program, and the extent to which the services received by the program group differed from those received by the control group. The purpose of the implementation study is to document the intervention as delivered by the three providers in order to help explain the impact findings and describe promising practices as well as challenges in implementing the program. The implementation study uses several data sources:

- **Staff interviews.** The research team conducted two visits to each MSTED provider and one visit to a sample of MFIP programs to interview MFIP and MSTED staff members. Monthly calls with MSTED staff also provided the research team with updates on the program.
- **Employer interviews.** During one visit, the research team interviewed employers to gauge their engagement with the program and discuss the performance of participants placed at their organizations and companies.
- **Participant interviews.** During site visits to employers, the research team interviewed participants working on the job to get their perspective on their subsidized employment placements and program services.
- **Case reviews.** The research team reviewed the cases of participants during one of the site visits to ascertain the participants’ placements, the speed at which they were placed, and their interaction with the program.
- **Participation data.** The research team collected data on each program group member’s participation in program activities and subsidized employment through the WorkForce One case management information system, which is used by MFIP providers to track participation in required activities. Chapter 2 provides further detail.

¹¹A p-value is the probability for obtaining a difference at least as large as the calculated difference between groups in a situation where there is no real difference between groups. The threshold for statistical significance is a p-value below 0.10. For example, a p-value of 0.10 indicates that there is a 10 percent chance of observing an impact at least as large as the one observed when there is no real difference between groups.

- **Wage subsidy invoices.** The research team collected data from invoices that listed participants' hours worked, wages, subsidized employment track, and employer.

The Impact Study

The report also presents evidence of MSTED's impacts after one year. This evaluation considers MSTED's effectiveness in the following three domains: labor market outcomes, receipt of public assistance, and overall well-being.

The research team measures the program's impact on labor market by using quarterly employment rates and quarterly earnings, as reported in the federal Office of Child Support Enforcement's National Directory of New Hires. As long as program participation rates are sufficiently high and the program targets people who would not otherwise be working, program group members are expected to have higher employment and earnings during the program period as the program offers participants a period of paid employment. The goal of MSTED is to improve individual's long-term labor market outcomes through work experience and other forms of support. However, this report's one-year follow-up period overlaps with a period during which participants were working in paid work experience or subsidized jobs. It is thus too early to answer questions about long-term impacts after participants leave the program.

Sample members with higher employment and earnings during the program period are also expected to receive MFIP and Supplemental Nutrition Assistance Program (SNAP) benefits at lower levels. The research team measures the program's impact on the receipt of benefits by examining the payment records of program and control group members. Responses to a 12-month survey help measure sample members' overall well-being, including whether program group members were less likely to experience a financial shortfall, less likely to not have enough food in the past month, or less likely to experience serious psychological distress in the past month.

The impact study uses the following data sources:

- **Baseline data.** The research team received data on sample members' demographic characteristics, work histories, and other characteristics from Workforce One and MAXIS, the Minnesota Department of Health and Human Services data systems. Sample members also responded to a baseline information questionnaire.
- **Participation data.** The research team received data on program and control group members' participation in MFIP services and MSTED subsidized employment from the Workforce One data system and payroll records.
- **Employment and earnings records.** Maintained by the federal Office of Child Support Enforcement, the National Directory of New Hires contains quarterly earnings data collected by state workforce agencies on jobs covered by unemployment insurance and federal employment — that is, the vast

majority of formal employment. The research team calculated total earnings using these records combined with payment records from MSTED providers.

- **MFIP and SNAP payment records.** The research used data from the state’s data systems to measure how many people received MFIP and SNAP payments, the number of months sample members received payments, and the amount of payments.
- **Follow-up survey data.** The research team attempted to contact each sample member for an interview at approximately 12 months after the individual’s date of random assignment. Out of 799 sample members, 532 (67 percent) completed the survey (259 program group members and 273 control group members). The 12-month survey includes questions about participation in services outside of MSTED, such as education- or training-related activities, as well as additional topics not covered in administrative records mentioned above.

Analytic Methods

The study’s random assignment design ensures that there are no systematic differences between the program group and the control group at the time of random assignment. As a result, any statistically significant differences in the groups’ outcomes are likely due to the effects of MSTED. The crucial difference between the program and control groups is access to subsidized employment services. That is, individuals in the program group have access to MSTED services and subsidized employment, MFIP employment services, and possibly other similar services available in the community, while control group members have access to only MFIP employment services and those other services in the community, but not MSTED services and subsidized employment. The estimate of the average impact of access is referred to as the “intent-to-treat” impact estimate. It measures the impact of having the *opportunity* to participate in the intervention (that is, the experience of the full program group, whether or not they *actually* participated), not the average impact on program group members who actually *do* participate in the intervention. As noted earlier, because this report includes one year of follow-up data, it does not draw any firm conclusions about the long-term impacts of MSTED. Impacts after 30 months will be presented in a final report.

Structure of this Report

The remainder of the report presents findings from the implementation study and early findings from the impact study. Chapter 2 explains the intended program model and the characteristics of the sample. Chapter 3 describes MSTED’s implementation. Chapter 4 presents interim impact findings and provides some conclusions and next steps.

Chapter 2

MSTED Intended Program Model, Referral Process, and Sample Characteristics

In 2014, the Minnesota State Legislature allocated just over \$2 million each year in state fiscal years 2015 and 2016 to fund a subsidized employment program for long-term recipients of Minnesota Family Investment Program (MFIP) benefits. In the past, the Minnesota Department of Human Services (DHS) operated programs that subsidized wages. With this new funding, DHS decided to test whether a program model it had designed — the Minnesota Subsidized and Transitional Employment Demonstration (MSTED) — is effective in helping MFIP recipients ultimately obtain unsubsidized employment. MSTED is intended to serve MFIP recipients who, despite participating in the employment services provided through the MFIP program as a condition of receiving cash benefits, were unable to secure employment in the competitive labor market. DHS conducted an open competition to select counties to operate MSTED and initially selected Ramsey County, which includes St. Paul, and Dakota County, a suburban county south of the city, both of which began operating their programs in November 2014.¹ Hennepin County, which includes Minneapolis and was selected by DHS later, began operating their program in June 2015.

MSTED's Intended Program Model

In developing the model to be implemented by the counties, DHS reviewed approaches implemented in other states and solicited feedback from MDRC and MEF Associates, county officials, and employment service providers that had implemented subsidized employment programs in the past. DHS decided on a model that involved two subsidized employment options: paid work experience and subsidized jobs.

The primary goal of the program was to move participants into unsubsidized employment, though the two tracks offered different ways to do so. In the intended model, participants who were less job ready, or those with limited work experience who needed to learn basic workplace skills, were to be placed in paid work experience positions at public agencies or nonprofit organizations. Participants would earn fully subsidized wages of \$9.00 an hour, which MSTED providers would pay directly to them for up to 24 hours a week, for up to eight weeks. The paid work experience placements were intended to be temporary, as employment with the public agency or nonprofit was expected to conclude at the end of the subsidy. The paid work experience placements were supposed to give participants an opportunity to learn basic work skills and develop work experience they could put on their resumes to make them more attractive to future employers, which in theory would help them find unsubsidized employment.

¹Scott County teamed with Dakota County and submitted a joint proposal, but in the end, did not refer any participants to MSTED, due in part to its small MFIP caseload.

Participants who were more job ready and did not need a significant amount of time to improve their workplace skills were to be placed in subsidized jobs with a private employer. MSTED subsidized wages up to \$15 an hour, for up to 40 hours per week. Wages were 100 percent subsidized for the first eight weeks and the subsidy was reduced to 50 percent for an additional eight weeks. During the first phase when wages were 100 percent subsidized, one MSTED provider required that the employer put the participant on the employer's payroll, while the other two were flexible and accommodated employers' preferences. However, during the second phase, when the employer paid 50 percent of wages, all three providers required employers to place the participants on their payroll and MSTED reimbursed the employer for the remaining 50 percent.

This approach of first subsidizing 100 percent of participants' wages and then reducing the subsidy by 50 percent and requiring employers to hire participants and place them on their payroll was designed to allow participants to "roll over" easily from a subsidized to an unsubsidized job with the same employer. If employers did not want to keep participants on after the subsidy ended, they would have to formally let them go. In addition, while none of the MSTED providers could require that the employer agree to keep the participant on after the subsidy ended, they all stated that they expected the employer to do so.

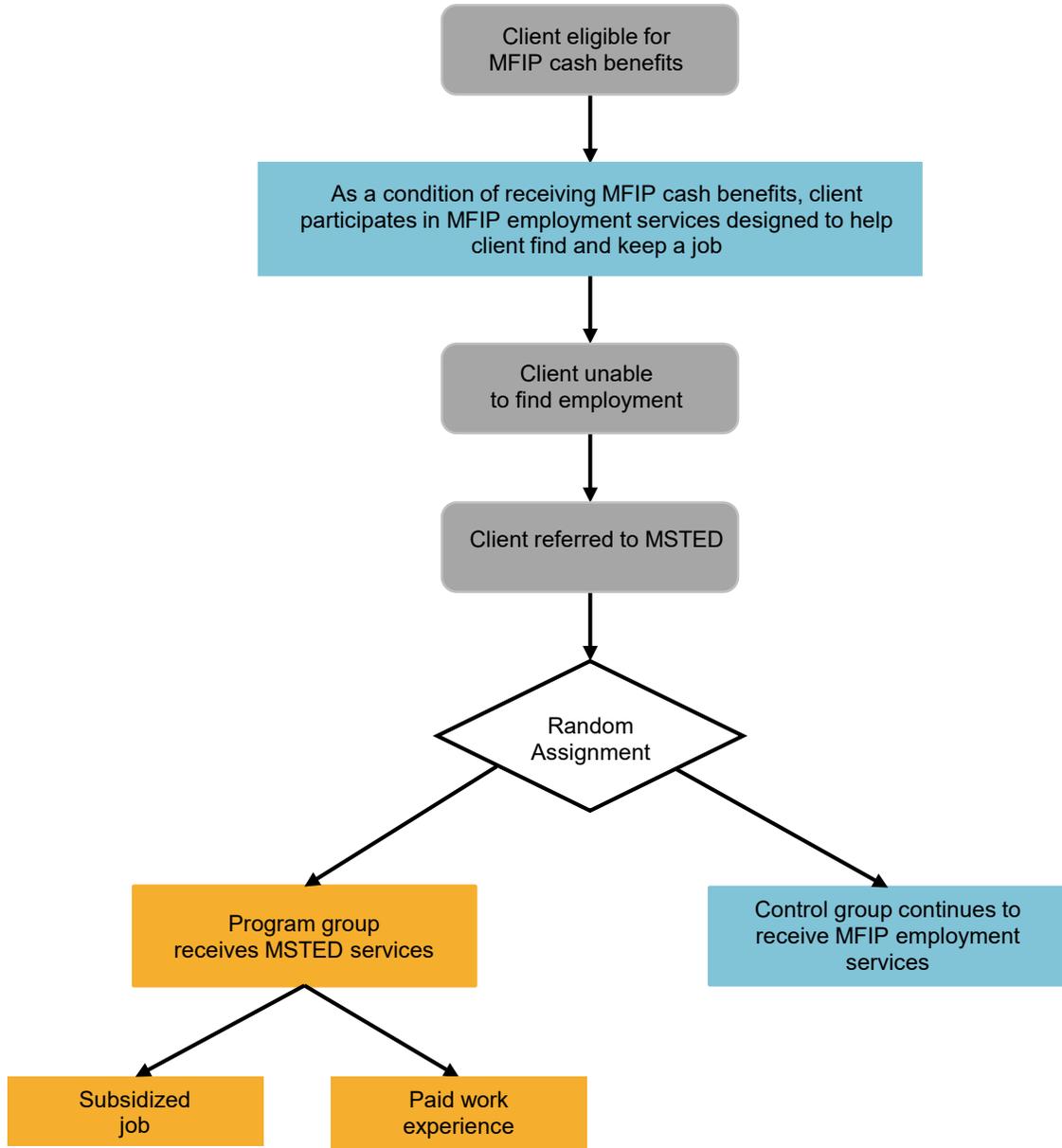
Participants in MSTED would work with job developers who would assess their job readiness; provide any needed job-readiness support, including connecting them to workshops and one-on-one training; and help them find subsidized employment in either a paid work experience position or in a subsidized job. Although the program model intended for the paid work experience to be reserved for the least job ready and subsidized jobs for the more job-ready, the model did not explicitly define criteria for determining which participants should be placed in which track. However, DHS expected most participants to be placed in subsidized jobs, which were designed to lead to permanent, unsubsidized employment with the same employer. Participants could start in one track and move to the other as long as the total subsidy period did not exceed six months. Some participants might try to find unsubsidized employment after the paid work experience ended, while others could spend 8 weeks in paid work experience before being placed in a subsidized job for up to 16 weeks, always with the goal of moving participants into unsubsidized employment with the private employer.²

MSTED Referral, Random Assignment, and Enrollment

Figure 2.1 shows the intended program referral and random assignment processes. MFIP recipients who were unable to find employment after participating in MFIP employment services were to be randomly assigned to either the program group, which received MSTED services, or the control group, which continued to participate in MFIP employment services.

²It was also possible for someone to be placed first in a subsidized job, and later in paid work experience to gain additional work experience, though this was not expected to occur often.

Figure 2.1
Overview of MSTED Referral and Random Assignment Process



Each of the three counties selected to operate MSTED entered into contracts with one or two providers to deliver MSTED services. Dakota County contracted with HIRED, Hennepin County contracted with Avivo and Goodwill-Easter Seals Minnesota (referred to as Goodwill), and Ramsey County contracted with Goodwill and HIRED. All three providers (Avivo, HIRED, and Goodwill) were also MFIP employment services providers and thus had experience running

programs serving MFIP recipients. In all counties, however, MSTED was separate from the providers' MFIP programs.

As described earlier, DHS sought to refer to MSTED MFIP recipients who had demonstrated difficulty securing employment but whose challenges were not so overwhelming that they could not reasonably be expected to work. To target this population, DHS used the following criteria:

- Individuals had to receive MFIP benefits for at least six months.
- Individuals had to earn \$1,200 or less in the last six months.
- Individuals could not be minors who were parents.
- Individuals could not be parents between 18 and 24 years of age who were pursuing a full-time education plan.
- Individuals could not be exempt from the MFIP work activity requirements (for instance, because of a disability), except for qualifying newly arrived immigrants.

Individuals receiving MFIP benefits for six months should have been offered a variety of services (described in Box 2.1) designed to help them find and maintain a job in the competitive labor market. These services include assistance from employment counselors who meet with MFIP recipients regularly to monitor their participation in required activities, help them develop employment plans, and ensure they have the support services they need.

For the first year MSTED operated, DHS distributed monthly lists of MFIP recipients who met the MSTED eligibility criteria to the counties, who in turn distributed them to MFIP providers. Employment counselors at these providers were expected to review the list every month and refer interested recipients on their caseload to an MSTED provider. In Dakota County, only one MSTED provider was available to participants, while in Hennepin and Ramsey Counties, participants could choose between two providers.

MSTED did not receive as many referrals as expected, in part due to the improved economy and subsequent reduction in the number of MFIP recipients. Over the course of the enrollment and service delivery period, the unemployment rate in the Minneapolis-St. Paul metropolitan area dropped from 4.5 percent in June 2014 to 3.7 percent in June 2016.³ Feedback from participating counties and MSTED providers suggest that MFIP recipients who were unable to find employment in the improved economic climate could benefit from MSTED even if they did not meet the original criteria regarding the length time they were receiving MFIP benefits or recent earnings.

³Bureau of Labor Statistics (2014, 2016).

Box 2.1

MFIP Services and Policies

Low-income residents of Minnesota who meet program asset limits and have children under age 19 or are pregnant are considered eligible for MFIP cash benefits for 60 months. Once determined eligible, families are assigned to one of three tracks and are required to participate in certain activities, described below, as a condition of receiving benefits. (Families with children under the age of 1 year are exempt from participating in these tracks.)

Diversionsary Work Program (DWP). Most families are assigned to DWP for the first four months after becoming eligible. This program is designed to help adults find work right away, rather than enroll in MFIP. Adults work with employment counselors and receive job search assistance, help identifying family issues that may prevent or delay the adults from getting a job and developing strategies to overcome them, as well as training. During this four-month period, rent and other bills are paid directly from the family's monthly benefit (for instance, to the landlord or utility company). Money left over can be used by families to pay for personal needs.

MFIP Employment Services. If adults are unable to find work during DWP, they and their families are most often assigned to MFIP employment services, a track for adults who are expected to meet the federal work activity requirements while receiving cash benefits. Adults work with employment counselors to create an employment plan that details the number of hours they must participate in required work activities. Single-parent families with a child under 6 years of age are expected to participate in required work activities for 21 hours a week, single-parent families with older children are expected to participate for 31 hours a week, and two-parent families are expected to participate 55 hours a week. These required work activities include the following:

- Structured job-readiness classes
- Independent job search
- Community service
- Uncompensated work experience
- Postsecondary education or training
- English as a Second Language training
- Adult Basic Education
- High school completion or General Educational Development classes

MFIP Family Stabilization Services (FSS). The FSS track is reserved for new refugees, victims of family violence, and families in which a member has a serious disability. Participants receive assistance identifying services, supports, education, training, or accommodations needed to address these barriers. FSS participants may participate in the activities listed above, but may also fulfill their requirements by receiving treatment for a disability or other activities that are appropriate for their circumstances. FSS is a solely state-funded program and FSS participants are not included in calculations of the federal work participation rate.

If participants do not engage in and attend required activities, they can face reductions to their cash benefits.

As a result, in mid-2015, the state changed the eligibility criteria, allowing anyone receiving MFIP benefits who was unemployed, not pursuing an approved full-time education plan, and not exempt from work activity requirements to qualify for MSTED. DHS stopped sending lists to the counties and instructed the counties and MFIP providers to refer any MFIP recipients that met the revised eligibility criteria and who they believed would benefit from the program to MSTED.

Random assignment and enrollment occurred at the MSTED providers. Individuals referred to MSTED attended an orientation in which MSTED staff provided more information about the program and explained the study. For those who agreed to participate, staff obtained their informed consent, collected baseline information, and randomly assigned them to either the program group or the control group. Participants who were assigned to the program group were offered the opportunity to enroll in MSTED services. While they would remain enrolled in MFIP, their participation in MSTED would count toward their required work activity hours. MFIP employment counselors would continue to monitor program group members' participation and assist with support services such as child care and transportation. Those assigned to the control group would receive a \$100 gift card and would continue to access employment services through their MFIP provider.

Sample intake took place from November 2014 to June 2016, during which time a total of 1,250 MFIP recipients were referred to MSTED providers. Of these, 799 participants showed up for the orientation and were randomly assigned (403 to the program group and 396 to the control group). Ramsey County had the largest number of people who were referred to MSTED, followed by Hennepin County, which began its program later, and finally Dakota County, whose MFIP caseload was much smaller. In Ramsey and Hennepin Counties, Avivo, Goodwill, and HIRED were all MFIP and MSTED providers; therefore, MFIP employment counselors in these organizations could refer individuals to the program their organizations ran. MSTED at each of these providers was a separate program that employed different job developers and was sometimes housed at a different location.

As noted above, all three counties struggled to meet sample build-up targets. Initially, the lists that DHS generated limited the types of individuals whom MFIP providers could refer, which in turn limited the number of referred individuals. The random assignment process may have further reduced the number of referrals, since staff members making the referrals knew that half of the individuals they referred would not get into the program. (The gift card offered to individuals assigned to the control group was designed to reduce any reluctance staff members may have had to refer sample members to MSTED.) Some MFIP providers made few or no referrals to MSTED as they believed their staff members who were already working with eligible candidates were better positioned to help them find jobs.

After DHS eliminated the criteria that candidates must be receiving MFIP benefits for at least six months, Dakota County adapted its referral and enrollment process. MSTED staff attended MFIP orientations and enrolled participants soon after enrollment in MFIP. Avivo in Hennepin County later adopted this process to boost enrollment.

Baseline Characteristics

The study sample includes 799 individuals who were randomly assigned between November 2014 and June 2016. Table 2.1 shows that, among study sample members, the vast majority were female (81 percent), separated or never married (84 percent), and non-white (84 percent).

Table 2.1

Characteristics of MSTED Sample at Random Assignment, by Provider

Outcome	All	HIRED	Goodwill	Avivo
Age in years (average)	30.6	28.9	32.0	31.6
Age (%)				
18-24 years old	30.5	36.1	26.9	25.3
25-34 years old	40.9	42.7	37.7	42.1
35-44 years old	19.1	14.0	22.3	24.2
45-59 years old	9.4	7.2	13.1	8.4
Female (%)	81.3	88.0	73.8	79.4
Marital status (%)				
Married	11.3	5.2	17.7	13.8
Divorced	3.9	5.4	3.5	1.6
Separated	10.0	6.6	12.7	12.7
Never married	73.9	82.8	64.2	70.9
Widowed	0.9	0.0	1.9	1.1
Two-parent family receiving MFIP (%)	16.1	13.5	19.2	16.5
Race/ethnicity (%)				
Hispanic/Latino	6.6	8.9	5.0	4.7
White, non-Hispanic	15.8	26.1	8.5	6.8
Black, non-Hispanic	65.3	49.6	75.4	80.5
Other, non-multiracial, non-Hispanic	4.5	5.7	4.6	2.1
Multiracial, non-Hispanic	7.8	9.7	6.5	5.8
Limited English (%)	10.0	1.4	16.5	16.8
Language spoken at home (%)				
Somali	13.1	3.7	20.0	21.1
Other African language	3.0	1.4	5.4	2.6
Spanish	3.8	4.9	3.1	2.6
Other	7.0	9.2	4.2	6.8
No other language spoken at home	73.1	80.8	67.3	66.8

(continued)

Table 2.1 (continued)

Outcome	All	HIRED	Goodwill	Avivo
U.S. citizen (%)	86.8	95.7	80.0	79.9
Has high school degree or equivalent credential (%)	73.1	81.6	66.1	67.0
Ever attended postsecondary education or training (%)	55.7	62.6	45.0	57.5
Highest degree or certificate attained ^a (%)				
No degree or certificate	24.8	30.9	15.4	26.3
Certification of attendance/completion	11.8	12.0	11.5	11.6
Occupational certification	8.1	7.7	8.5	8.4
Associate's degree or higher	7.0	8.3	6.9	4.7
Has a disability (%)	7.7	9.9	5.2	7.0
Cares for someone with a disability (%)	11.0	11.0	12.0	9.7
Age of youngest child in years (average)	3.8	4.0	3.7	3.7
Number of months received MFIP benefit ^b	30.1	28.7	31.3	30.9
Number of months received DWP benefit ^b	2.4	2.6	2.1	2.6
Number of months received MFIP and DWP benefit ^b	32.5	31.3	33.4	33.5
Receiving family stabilization services (%)	13.1	13.2	12.3	14.2
Homeless (%)	4.1	4.3	4.2	3.7
Ever employed (%)	92.9	96.0	89.0	92.6
Worked for same employer more than 6 months (%)	80.4	84.2	74.9	80.6
Ever arrested (%)	39.0	38.1	40.0	39.5
Ever convicted of a crime ^c (%)	35.2	37.8	34.9	31.0
Misdemeanor	27.1	30.2	25.1	24.2
Felony	11.8	11.4	13.5	10.2
Sample size	799	349	260	190

SOURCES: MDRC calculations based on baseline survey data and the Minnesota Department of Human Services MAXIS and Workforce One databases.

NOTES: MFIP = the Minnesota Family Investment Program, the local version of TANF; DWP = Minnesota's Diversionary Work Benefit program, which provides 4 months of income assistance and employment services for MFIP applicants.

^aThis distribution does not sum to the proportion who attended postsecondary school due to missing data: 21 respondents indicated that they attended postsecondary school, but did not specify the highest degree attained.

^bThese measures show the number of months participants were receiving the benefit from January 2007 to the month of random assignment.

^cCategory percentages may sum to more than the total number of participants convicted of a crime because respondents could report more than one type of crime.

Nearly all sample members had been employed at some point in the past (93 percent), and 80 percent had worked for the same employer for more than six months. In addition, most (73 percent) had a high school degree or equivalency credential.

While these statistics show that sample members had worked in the past and had some education, a portion of the sample had significant barriers. Specifically, 8 percent had a disability and 13 percent were in Family Stabilization Services, an MFIP track reserved for new refugees, victims of family violence, and families in which a member has a serious disability. (See Box 2.1 for more details). Over one-third (35 percent) of sample members had been convicted of a crime, which could affect their ability to find employment.

The study sample's baseline characteristics varied by provider, reflecting in part differences in the populations that providers in each county served. Appendix Table A.1 presents sample characteristics by county. For example, Hennepin County had a larger share of sample members who spoke Somali or another African language, who belonged to two-parent families, and who had lower levels of educational attainment, while Dakota County had a larger share of sample members who had attained the highest levels of education and who were white or Hispanic and a lower share of sample members who were black.

Chapter 3

Implementation of MSTED

This chapter provides an assessment of MSTED's implementation, based on interviews with staff members at MSTED and Minnesota Family Investment Program (MFIP) providers, interviews with participants, a review of cases, and wage subsidy data. While the MSTED providers successfully implemented the key program components, they faced challenges recruiting individuals to the program and placing them into paid work experience or subsidized jobs. A substantial number of program group members did not participate in either track of subsidized employment, but they may have benefited from the job-readiness and job search support that MSTED staff provided. There was some variation in how the three providers delivered MSTED.

Challenges Recruiting Participants for MSTED

All three counties struggled to meet sample build-up targets. They relied on referrals from MFIP employment counselors, and the number of referred participants was lower than expected.

- **As a result of low referral numbers, MSTED staff had to spend considerable time marketing their program to MFIP providers.**

Because of overall declining MFIP caseloads and a reluctance among some employment counselors to make referrals, MSTED job developers had to devote more time than anticipated to marketing their programs to MFIP staff and recipients. They attended MFIP staff meetings to discuss the program, developed brochures and other marketing materials, and conducted MSTED orientations at the MFIP offices. This increased referrals, but also took time away from job developers who could have been otherwise assisting participants.

Delivery of MSTED Employment Services

Shortly after individuals were randomly assigned to the MSTED program group, they met with an MSTED job developer, who worked with them to help them find a subsidized employment placement and monitor their progress throughout their stay in the program.

- **MSTED providers struggled with the trade-off between wanting to teach participants the skills they would need to prepare for subsidized employment and placing participants in subsidized positions quickly before they became disengaged and left the program.**

The three MSTED providers — Goodwill, Avivo, and HIRED — addressed this trade-off differently. HIRED required all of its MSTED participants in Dakota and Ramsey Counties to attend a two-week job-readiness workshop. While staff members recognized that some participants had received similar services from their MFIP provider before enrolling in MSTED, they reported that they needed this time to get to know the participants and to make sure they were

“job ready.” They made exceptions if the participants had attended the two-week workshop that HIRED conducts for its MFIP recipients. During this two-week period, the workshop facilitators helped them practice job interviewing, produce resumes and cover letters, conduct a job search, and network. They led visits to job fairs where participants could practice their skills.

The other two providers also operated workshops, though they did not require attendance. Goodwill operated an MSTED job-readiness workshop that took place two days a week for six weeks. Many participants had already attended these types of workshops in the past and were eager to start their job search, so staff worked with them individually, incorporating the workshop materials into one-on-one meetings. While Avivo periodically offered individual workshops on topics such as conducting a job search and interviewing skills, attendance was optional and few people participated. Avivo job developers worked one-on-one with participants from the start.

- **MSTED providers differed in how they identified employment opportunities for their participants.**

Job developers at all three providers started by learning what types of jobs the participants were interested in and then generated job leads. In addition, HIRED required that all participants identify three jobs leads on their own during the required two-week workshop. After the participants identified job leads, the MSTED job developers reached out to the companies to describe the subsidy and inquire about their interest. While the job developers were also looking for job leads, they taught participants how to find jobs, not just how to interview for them, an important component of the services they offered.

The other two providers tended to rely less on participants identifying leads. Goodwill expected job developers to make at least five face-to-face contacts with new employers a week; staff also had access to hundreds of employers in the organization’s database. One job developer noted that once he found out what the participants were interested in, he reached out to employer contacts he had and tried to arrange an interview for the participant. The job developers regularly met to discuss their participants’ job goals and exchange information on job leads. Avivo job developers held employer events regularly, inviting employers to come in and interview their participants. One MSTED job developer noted that he regularly attended job fairs to meet employers, averaging about five to eight a month, saying that these events got the “most bang for your buck.” Sometimes, he brought participants with him to the events. Similar to job developers at the other two providers, Avivo job developers spent time cultivating relationships with new employers who were interested in participating in MSTED.

- **MSTED job developers determined which track to place participants in — paid work experience or subsidized jobs — though they tried to place most participants in subsidized jobs.**

The subsidized jobs track was considered to be the preferred track for participants because the job placements were expected to roll over into unsubsidized employment with the same employer. In the first eight weeks of this track, some employers brought the participants onto their own payroll, essentially hiring them as employees, and MSTED reimbursed the employer for 100

percent of the wages; by the second phase of the program, all employers were required to hire the participants and MSTED reimbursed the employer for 50 percent of the wages. Thus, job developers looked for employers who were willing to hire the participants, if not immediately, then after eight weeks.¹

MSTED job developers reserved the paid work experience track for participants who could not find subsidized jobs. Goodwill operates a number of retail stores in the St. Paul-Minneapolis metropolitan area and could place participants in a variety of positions, including retail, material handling, processing, forklift operations, and machinery. Avivo and HIRED enlisted nonprofits in the area for the paid work experience positions. Avivo was able to create some clerical positions in its organization.

Once a participant was placed in a subsidized job, the job developer checked in with the employer periodically to learn how the person was doing. It was up to job developers to decide how often they called employers, though they were supposed to update this information at least once a month and enter monthly case notes in the Minnesota's management information system to keep MFIP employment counselors informed of their participants' progress.

Challenges Finding Subsidized Job Placements

The counties generated reports that showed the number of placements in paid work experience and subsidized jobs each month. It became clear early on that job developers were struggling to find placements for the participants on their caseload.

- **Helping participants find subsidized jobs with private employers proved to be challenging for all three providers.**

In the initial months of the program, the philosophy was that most participants should be placed in subsidized jobs with private employers, and paid work experience should be reserved for those with few job-readiness skills. The MSTED job developers used different selling points to encourage employers to hire their participants: Some pointed out the payroll savings, while others emphasized the opportunity for employers to assess the participants' performance during the initial months when the program reimbursed wages. Other selling points job developers mentioned included the added benefit of staff screening their caseloads and sending only clients who were a good fit for the job and, for some employers, the opportunity to better serve the community.

Finding jobs with private employers was challenging for the job developers. Also, after finding employers who were willing to participate, it took time to match them with appropriate individuals with the required skill set. Participants had to interview for the positions and

¹Goodwill required that all employers hire the participants during the first phase, while Avivo and HIRED did not.

employers were selective, knowing that they would be expected to retain the participants after the subsidy ended.

Some larger businesses, such as large manufacturing firms and hospitals, were interested in hiring participants, but did not request a subsidy as they did not need the resources. MSTED staff were more successful with smaller businesses, especially new franchises, that could use the subsidy to help their businesses grow. Some businesses were interested because they were “socially aware” and interested in the mission of helping people acquire the skills they needed to get ahead.

- **Job developers reported that many of the participants referred to them had barriers that made it difficult to find jobs, even with the subsidy.**

About four months after the MSTED program began in Ramsey and Dakota Counties and two months after the program began in Hennepin County, the research team reviewed the cases assigned to job developers to better understand where participants were in the process and, for program group members not yet placed in jobs, the reasons they had not yet been placed. At that time, only about one-fifth of program group members were in paid work experience or subsidized jobs, though a similar number had found unsubsidized employment, sometimes with the help of MSTED, and nearly one-fourth were participating in MSTED and making progress. Still, about 40 percent of the participants were not participating in the program. The case notes documented some of the reasons for the lack of participation, which included participants’ lack of interest (for example, not wanting to participate in the early job-readiness activities), health issues, lack of secure housing, issues with the criminal justice system, pregnancies, and problems getting subsidized child care. The job developers continued to keep in touch with participants who were planning on returning as soon as they were able.

All three MSTED providers had operated subsidized employment programs previously. However, they reported that it was more challenging to find employment than in past years when they operated these types of programs. The strong economy meant that many MFIP recipients could find jobs on their own and those who were referred to them had more barriers to employment than clients served in the earlier programs.

- **Given the difficulty job developers experienced placing participants in subsidized jobs, and keeping participants engaged in the program, the providers began to place more participants in paid work experience.**

Because it took time to find subsidized jobs with private employers, some participants became disengaged during the longer-than-expected job search phase and left the program. To stem the departures, Goodwill and Avivo began placing more participants in paid work experience first. The job developers could continue to work with participants to find them either a subsidized or an unsubsidized job. As noted above, Goodwill had retail stores where they could place participants in paid work experience, while Avivo found placements in nonprofits in the community. HIRED placed fewer participants in paid work experience; staff members noted that

many of their participants were not interested in these jobs because they paid less than the subsidized jobs.

- **Somali-speaking MFIP recipients made up a significant share of the Hennepin County MFIP caseload; MSTED providers needed job developers who spoke Somali and could help them find employment.**

Among all adults receiving MFIP in Hennepin County, about 18 percent were Somali.² The Somali MFIP recipients were likely refugees or asylees.³ MFIP provider staff thought this population would benefit from MSTED, though they required more assistance given their limited English-language skills and cultural barriers. Avivo and Goodwill hired job developers who spoke Somali to work with this population. These MSTED job developers reached out to employers who they believed had jobs that did not require English. These jobs, some of which were unsubsidized, included housekeeping positions in hotels, backroom positions at thrift shops, and national delivery services. In some instances, the job developers were able to secure positions for multiple participants at a time. These developers worked more intensively to secure these placements, helping the participants complete applications, sometimes attending the interviews with the participants to act as translators, and even attending the job orientations to translate and explain the job responsibilities to the participants.

Subsidized Employment Placements

The research team collected records on the subsidized wages paid to program group members in paid work experience and subsidized jobs.

- **Only about one-third of all MSTED program group members worked in paid work experience or subsidized jobs in the year following MSTED enrollment; some members moved directly to unsubsidized employment.**

As Table 3.1 shows, about one-third of the program group participated in paid work experience or subsidized jobs: 20 percent of program group members worked in a subsidized job with a private employer, while 19 percent worked in paid work experience. (About 5 percent of program group members participated in both tracks.) Analysis of data supplied by MSTED providers showed that about 38 percent of participants found unsubsidized employment, sometimes with the help of the MSTED job developers (not shown in table).

²Minnesota Department of Human Services (2018).

³Refugees are individuals granted “refugee” status by the U.S. Department of Homeland Security because they are unable to live in their home country because of persecution or a well-founded fear of persecution on account of their race, religion, nationality, membership in a particular social group, or political opinion. Asylees are individuals who enter the United States or arrive at a port of entry without refugee status but who are found after arrival to meet the definition of a refugee. Refugees and asylees are eligible for Temporary Assistance for Needy Families if they meet the state’s income, asset, and household eligibility criteria.

Table 3.1
One-Year Participation in MSTED Subsidized Jobs
Among Program Group Members, by Provider

Measure	Full Program	Provider		
	Group	Hired	Goodwill	Avivo
Participated in MSTED subsidized employment ^a (%)	33.7	30.3	44.7	25.0
Worked in paid work experience	18.9	13.7	27.3	16.7
Worked in 100% subsidy phase of subsidized job	19.6	22.9	20.5	12.5
Worked in 50% subsidy phase of subsidized job	8.2	6.3	12.9	5.2
Total subsidy amount (\$)	671	616	803	589
Among those who participated in MSTED subsidized employment				
<i>Number of days from random assignment to first paycheck</i>	93.6	107.0	85.3	84.7
<i>Number of weeks worked</i>	9.9	9.2	10.3	10.7
<i>Total subsidy amount (\$)</i>	1,987	2,033	1,796	2,354
<u>Measures by type of MSTED subsidized employment</u>				
Among those who participated in paid work experience				
<i>Number of weeks worked</i>	7.4	6.9	7.9	7.1
<i>Total subsidy amount (\$)</i>	977	1,062	885	1,058
Among those who participated in the 100% subsidy phase of subsidized job				
<i>Number of weeks worked</i>	7.0	6.5	7.3	8.3
<i>Total subsidy amount (\$)</i>	1,945	1,705	2,031	2,553
Among those who participated in the 50% subsidy phase of subsidized job				
<i>Number of weeks worked</i>	6.9	5.5	7.3	8.6
<i>Total subsidy amount (\$)</i>	1,282	1,282	1,133	1,789
Sample size	403	175	132	96

SOURCE: MDRC calculations using payment records from program providers.

NOTES: Italics indicate that the measure is calculated among those who participated in the corresponding activity.

^aParticipation rates in the different types of MSTED subsidized jobs may sum to more than the overall rate because some program group members participated in more than one type of job.

It is helpful to compare these results with those achieved by other subsidized employment programs. Among the ETJD programs, the proportion of program group members who worked in subsidized employment ranged from just under 40 percent to 100 percent.⁴ The site with the lowest rate (Fort Worth, Texas) had a program model similar to the MSTED subsidized job track, focusing on private sector employment and paying 100 percent of the wages for the first eight weeks and 50 percent for the following eight weeks. Another STED site that served recipients of

⁴Redcross, Barden, and Bloom (2016).

Temporary Assistance for Needy Families in Los Angeles operated a paid work experience program that placed 79 percent of its participants in jobs with public agencies or nonprofit organizations, and an on-the-job training program, more similar to the subsidized jobs track, that placed 42 percent of its participants in private sector positions.⁵ The STEP Forward program in San Francisco, which targeted low-income families, placed just 25 percent of participants in subsidized private sector jobs.⁶ MSTED's 34 percent placement rate is not substantially lower than programs that focused on finding private sector employment, though lower than programs that operated a model more similar to paid work experience.

The average wage subsidy per program group member was \$671, which includes \$0 for the two-thirds of program group members who did not work in subsidized employment. It also includes the 50 percent of wages that program group members who moved into the second phase of their subsidized job earned and that the program reimbursed (not the total amount in wages they received).

- **It took program group members who worked in either paid work experience or subsidized jobs about three months to find those positions.**

As discussed above, participants spent some time working with the job developer and attending job-readiness workshops before moving into one of the two subsidized employment tracks. As Table 3.1 shows, participants who found paid work experience or subsidized jobs received their first paycheck about 94 days, on average, after enrollment in MSTED. Participants in the program run by HIRED took a little more time than those in the programs run by the other two providers (107 days compared with about 85 days). Among the one-third of participants who worked in paid work experience or subsidized jobs, the subsidy amount averaged \$1,987.

The next set of measures presented in Table 3.1 show the number of weeks worked and the total subsidy amount received by participants in each type of placement (paid work experience, subsidized job with 100 percent subsidized, and subsidized job with 50 percent subsidized wages). Participants who worked in paid work experience on average spent nearly the full eight weeks in the placement and received about \$977 in wages from MSTED. Participants who worked in a subsidized job on average spent around seven weeks in the 100 percent subsidy phase of the program. Participants in this first phase received \$1,945 in subsidized wages, which was paid by either the MSTED provider or the employer (with MSTED reimbursing the employer for the wages). When participants moved on to the second phase, the employers were responsible for paying participants their full wages, and MSTED reimbursed them for 50 percent of those wages. Forty-two percent of participants who started in the first phase continued on to the second phase. Among those participants, most stayed on for seven weeks and received \$1,282 in subsidized wages (with employers paying them another \$1,282).

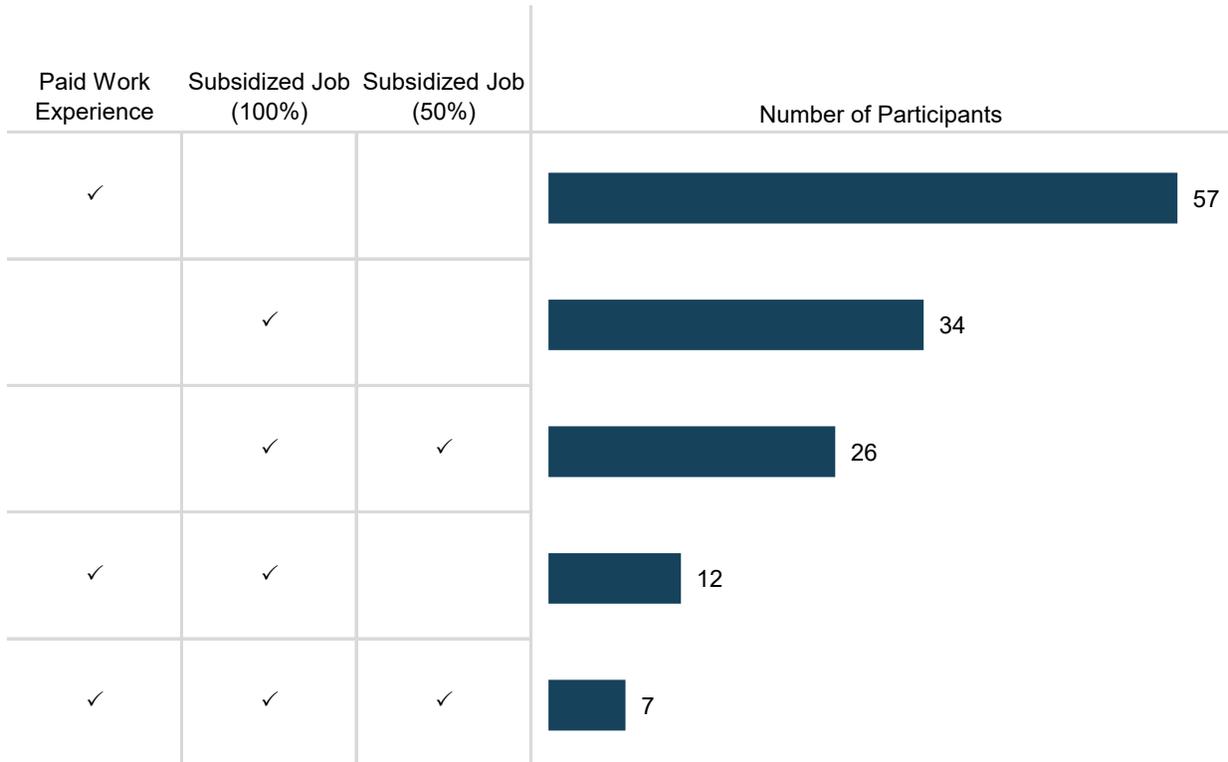
⁵Glosser, Barden, Williams, and Anderson (2016).

⁶Walter, Navarro, Anderson, and Tso (2017).

Figure 3.1 shows the various paths that program group members who were in paid work experience or subsidized jobs took. In theory, a participant could spend eight weeks in paid work experience, eight weeks in a subsidized job with 100 percent subsidized wages, and then eight weeks in a subsidized job with 50 percent subsidized wages. However, this scenario was not the expectation and rarely occurred — only 7 members in the program group (1.7 percent) experienced all types of placements and 19 members (4.7 percent) received both paid work experience and a subsidized job. Another 57 members (14 percent) were placed in paid work experience and did not proceed to a subsidized job, and 60 members (15 percent) worked in a subsidized job and not in paid work experience. Of the 60 who worked in a subsidized job, 34 (about 57 percent) did not proceed to the second phase of the job where the employer paid half the wages and was required to place the participant on their payroll.

Figure 3.1

Subsidized Employment Experiences of Program Group Members



SOURCE: MDRC calculations using payment records from program providers.

NOTE: Sample includes 136 program group members who participated in MSTED subsidized employment.

- **The MSTED providers had different placement rates in the two subsidized employment tracks.**

As Table 3.1 shows, Goodwill placed more program group members in paid work experience or subsidized jobs (45 percent, compared with HIRED's placement rate of 30 percent and Avivo's placement rate of 25 percent). This higher percentage was partly the result of Goodwill's greater proportion of placements in paid work experience (27 percent of its program group members, compared with 14 percent of HIRED's and 17 percent of Avivo's program group members). HIRED, due in part to its emphasis on finding subsidized jobs in the private sector, relied less on paid work experience and placed more of its program group members in subsidized jobs (23 percent of its program group members, compared with 21 percent of Goodwill's and 13 percent of Avivo's program group members). Goodwill's program group members were more likely to move into the second phase of the subsidized jobs than the other providers.

Summary of Implementation Findings

Overall, the rate at which MSTED placed participants in subsidized employment was lower than rates found in most other studies of subsidized employment programs. This might be explained in part by the strong economy, in which participants could find unsubsidized jobs on their own or with MSTED staff's help, and the employer did not request a subsidy. Indeed, according to data provided by the MSTED providers, about 38 percent of the participants they served found unsubsidized employment while involved with MSTED. During a review of cases, several larger employers were identified who were interested in hiring the participants, but did not need the subsidy.

The three providers implemented the program according to the model designed by the Minnesota Department of Human Services. However, they tailored it based on different philosophies and resources available to them. Goodwill determined early on that people wanted to work, even if in a temporary job at their stores, and it had a long history of using their stores to provide good work experience opportunities. As a result, many more were assigned to paid work experience. On the other end of the spectrum, HIRED believed it was important to teach participants how to find employment and learn skills needed for work in the private sector. They required all participants attend the HIRED two-week workshop and find at least three job leads on their own. They moved more participants into subsidized jobs with private employers than the other two providers. Avivo was more focused on finding employment for their program group members, subsidized or unsubsidized. They used paid work experience for those with more barriers, often creating jobs in their offices.

Finally, both MSTED providers in Hennepin County had to adapt their programs to serve Somali-speaking refugees, who spoke little English and had less work experience in the United States. Both organizations hired Somali-speaking job developers who reached out to employers willing to hire non-English speaking workers and provided the refugees with more support, including translation assistance, in their search for employment.

Chapter 4

MSTED's First-Year Impacts on Program Participation, Service Receipt, Public Benefits Receipt, Employment and Earnings, and Well-Being

The short-term goal of MSTED was to help recipients of Minnesota Family Investment Program (MFIP) benefits who were unable to find employment on their own or through MFIP services, gain work experience and increase their earnings. The ultimate goal was to help them find permanent unsubsidized employment. MSTED job developers offered employers subsidies to encourage them to hire program participants and matched participants with either paid work experience positions or subsidized jobs, depending on their level of work experience. One year of follow-up data are available to assess the program's effects on employment and earnings, as well as its effects on receipt of public assistance and overall well-being. The analysis period includes the time when program group members were working in subsidized employment; thus, the early impacts presented in this report were a direct result of these placements. A later report will describe the program's impacts on unsubsidized employment and earnings over a longer follow-up period.

MSTED offered two tracks to move participants into employment. Participants who had work experience and were considered to be job ready were placed in subsidized jobs with private sector employers. As an incentive to hire these individuals, the program offered potential private employers (primarily for-profit companies) wage subsidies. The subsidy reduced the employers' risks, giving them an opportunity to try out an employee before hiring them. Participants who were less job ready were placed in paid work experience positions in public agencies or nonprofit organizations that helped them develop their job-readiness skills.

To assess MSTED's impacts on employment and earnings and its impacts in other areas, this study compares the outcomes of sample group members who were eligible to participate in the program (program group members) with the outcomes of sample members who were not eligible to participate in the program (control group members). While control group members could not participate in MSTED subsidized employment services, they continued to receive other services through their MFIP providers. By comparing the two study group members, it is possible to assess the extent to which program group members received different types or amounts of services. These differences, in turn, provide the context needed to understand any differences between the two groups' outcomes.

Impacts on Participation and Service Receipt

MFIP requires recipients to participate in mandatory work activities unless they have an exemption. As a result, program and control group participation levels in activities other than subsidized employment were expected to be fairly high for both program and controls groups, and differences in participation between the two groups (or "impacts" on participation) were expected to

be small. Table 4.1 shows impacts on participation and service receipt for the program and control groups, based on a survey of sample members the research team administered roughly 12 months after random assignment.

- **Even though 78 percent of control group members reported receiving help with finding or keeping a job, MSTED had an impact on the receipt of employment services.**

The relatively high level of participation among control group members is not surprising as all sample members expressed interest in MSTED employment services and those who were randomly assigned to the control group returned to their MFIP provider where they continued to receive employment services. However, MSTED job developers began meeting with program group members immediately after random assignment (sometimes, on the same day they were randomly assigned) to begin helping them find work. As a result, MSTED produced an impact of 10 percentage points on the receipt of any employment support and an impact of 12 percentage points on the receipt of job search assistance.

Appendix Table A.2 presents impact findings from an analysis of data from Minnesota's management information system (MIS), in which MFIP and MSTED staff members record study sample members' participation in job search activities. Using this data, the research team estimated that MSTED had a similarly sized impact on receipt on job search assistance (12 percentage points). Program group members were also more likely than control group members to report in the survey that they received help paying for job-related transportation costs, resulting in an impact of about 9 percentage points.

- **Overall, there is not a statistically significant difference in participation in education and training activities, as measured by the survey. However, program group members were less likely to attend postsecondary education programs than control group members.**

There could be a number of reasons for the negative impact on participation in postsecondary education. Program group members were more likely to be employed (explained in more detail in the next section) and therefore may have had less available time to pursue postsecondary education. Program group members may have felt that they did not need education and training, while more control group members may have elected to pursue postsecondary education to fulfill their MFIP work activities requirements and increase their future employment prospects. STED in Los Angeles also targeted recipients of Temporary Assistance for Needy Families (TANF), and the study of the program similarly found that control group members participated in postsecondary education at higher rates than program group members.

- **Program group members were more likely than their control group counterparts to report receiving mentoring from staff member.**

Study sample members could have received this support from MSTED, MFIP, or other providers, such as a workforce center or child support program. The higher percentage of program

Table 4.1
Impacts on Participation and Service Receipt After One Year

Outcome (%)	Program Group	Control Group	Difference (Impact)	90 Percent Confidence Interval
<u>Employment support</u>				
Received help related to finding or keeping a job	88.4	77.9	10.4 ***	[5.0, 15.9]
Job-search, job-readiness, and career-planning activities ^a	84.0	72.2	11.8 ***	[5.8, 17.8]
Unpaid work experience	11.4	7.5	3.9	[-0.3, 8.2]
Paying for job-related transportation or equipment costs	56.1	46.7	9.4 **	[2.2, 16.6]
<u>Education and training</u>				
Participated in education and training	35.4	33.8	1.6	[-5.1, 8.4]
ESL, ABE, or high school diploma or equivalency classes	11.4	7.8	3.6	[0.0, 7.2]
Postsecondary education leading to a degree	9.2	16.6	-7.5 **	[-12.3, -2.6]
Vocational training	20.9	16.5	4.3	[-1.2, 9.9]
Received high school diploma or equivalency certificate	1.0	1.6	-0.6	[-2.2, 1.0]
Earned professional license or certification	14.1	14.9	-0.9	[-5.9, 4.2]
<u>Other support and services</u>				
Received help making child care arrangements	49.5	44.1	5.5	[-1.7, 12.6]
Received help paying for child care	47.8	47.5	0.3	[-6.9, 7.5]
Received help with obtaining or changing child support payment	18.9	17.0	1.9	[-3.7, 7.5]
Received advice or support from a staff member at an agency or organization	56.9	49.9	7.0	[-0.2, 14.2]
Received mentoring from a staff member at an agency or organization	51.2	42.6	8.5 *	[1.3, 15.8]
Received mental health assistance	24.7	27.1	-2.5	[-8.8, 3.8]
Sample size	259	273		

SOURCE: MDRC calculations based on responses to the 12-month survey.

NOTES: ESL = English as a second language; ABE = adult basic education.

Results in this table are regression-adjusted, controlling for pre-random assignment characteristics.

Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent.

^aThis measure includes help with job searches, job referrals, developing a résumé, filling out job applications, preparing for job interviews, job-readiness training, and planning for future career or educational goals.

group members reporting to have received mentorship may reflect the relationship they developed with their job developer. Program group members were also more likely to receive advice or support from a staff member, though the difference is not statistically significant.

- **Based on the state’s MIS data, a higher percentage of program group members participated in paid work experience and in part-time and full-time employment than control group members.**

When MSTED staff members placed participants in paid work experience, they recorded their participation as paid work experience and when they placed participants in a subsidized job, they recorded their participation as part-time or full-time employment, depending on how many hours they in a week they worked. As Appendix A.2 shows, the impact on paid work experience was about 18 percentage points, and the impact on part-time and full-time employment was 10 and 8 percentage points, respectively.

Impacts on Employment and Earnings

Table 4.2 shows the employment and earnings outcomes for program and control group members in the first year after random assignment. The research team derived the measures in the top panel, labeled “administrative outcomes,” from quarterly wage data from the National Directory of New Hires and MSTED subsidy payment records. The bottom panel (“self-reported outcomes”) shows measures derived from a survey administered approximately 12 months after random assignment.

- **In the first year after random assignment, program group members were more likely to have ever been employed and worked more quarters than control group members.**

About 80 percent of the control group worked in the year following random assignment, according to administrative records. Despite the control group’s very high employment rate, a higher percentage of program group members were employed (87 percent), resulting in an impact of about 7 percentage points. The difference in employment reflects program group members’ participation in paid work experience and subsidized jobs during this period; 33 percent of program group members participated in subsidized employment. Program group members also worked, on average, in slightly more quarters than control group members and were more likely to have worked in all four quarters of the year.

While program group members were more likely to have been employed, the difference in average earnings between the program group and control group is not statistically significant in the first year. Other programs evaluated as part of ETJD and STED that had an impact on employment also had an impact on earnings.¹ The impact on employment may not have been large enough to increase earnings significantly.

¹One program in ETJD did not have an impact on employment or earnings.

Table 4.2
Impacts on Employment and Earnings After One Year

Outcome	Program Group	Control Group	Difference (Impact)	90 Percent Confidence Interval
<u>Administrative outcomes^a</u>				
Employment ^b (%)	86.9	80.2	6.8 ***	[2.7, 10.9]
Participated in MSTED subsidized employment	32.7	--		
Number of quarters employed	2.6	2.3	0.3 ***	[0.2, 0.5]
Employed in all quarters (%)	36.1	29.3	6.8 **	[1.8, 11.9]
Total earnings (\$)	7,131	6,572	560	[-188, 1308]
Amount of earnings subsidized	650	--		
Total earnings (%)				
More than \$6,000	46.3	42.2	4.1	[-1.3, 9.6]
More than \$10,000	25.5	27.4	-1.8	[-6.7, 3.1]
More than \$14,000	15.0	16.3	-1.3	[-5.3, 2.7]
Employment in the first quarter of Year 2 (%)	68.6	62.4	6.2 *	[0.8, 11.7]
Participated in MSTED subsidized employment	2.1	--		
<hr/>				
Sample size	403	395		
<hr/>				
<u>Self-reported outcomes</u>				
Ever employed in Year 1 (%)	70.4	64.8	5.6	[-3.1, 14.3]
Currently employed (%)	55.6	47.4	8.2 *	[1.0, 15.5]
Hours worked per week in current job (%)				
More than 20 hours	46.3	38.7	7.5 *	[0.4, 14.7]
More than 34 hours	29.2	26.9	2.4	[-4.2, 9.0]
Hourly wage in current job (%)				
More than \$10	54.1	44.3	9.8 **	[2.5, 17.2]
More than \$12	50.9	42.3	8.6 *	[1.3, 15.9]
More than \$15	38.6	31.9	6.7	[-0.3, 13.7]

(continued)

Table 4.2 (continued)

Outcome	Program Group	Control Group	Difference (Impact)	90 Percent Confidence Interval
Type of employment (%)				
Not currently employed	44.7	53.4	-8.8 **	[-16.1, -1.5]
Permanent	42.6	36.0	6.6	[-0.4, 13.7]
Temporary, including day labor and odd jobs	11.2	10.6	0.5	[-4.0, 5.1]
Other	1.6	0.0	1.6 **	[0.3, 2.9]
Currently in subsidized employment (%)	1.2	0.8	0.5	[-1.0, 1.9]
<i>Among those currently employed^c</i>				
<i>Hours worked per week</i>	32.9	33.5	-0.6	
<i>Hourly wage (\$)</i>	12.2	13.2	-1.0	
Sample size	259	273		

SOURCES: MDRC calculations based on quarterly wage data from the National Directory of New Hires, payment records from program providers, and responses to the 12-month survey.

NOTES: Results in this table are regression-adjusted, controlling for pre-random assignment characteristics.

Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent.

Italicized measure indicates a measure calculated among a subgroup of participants.

^aOne sample member is missing a social security number and therefore could not be matched to employment data.

^bEmployment rates and earnings include both subsidized jobs and all other jobs reported to the National Directory of New Hires.

^cThese measures are calculated among those employed at the time of the survey; they are therefore considered nonexperimental and are not tested for statistical significance.

- **The impact on employment was modest but continued after the subsidies ended.**

To assess whether the impact on employment was sustained, the research team examined employment in the first quarter of the second year. During this quarter, just 2 percent of program group members were employed in paid work experience or subsidized jobs. The analysis found that MSTED had an impact of 6 percentage points during this quarter, suggesting the impact was not due to their placement in subsidized employment at the time. The research team will continue to track employment outcomes for the study’s participants for 30 months to determine whether the program has an impact on employment after the first year.

- **Survey results are inconclusive about whether MSTED increased the number of hours worked or hourly wages.**

As the self-reported outcomes in Table 4.2 show, program group members were more likely to be working more than 20 hours a week and earned higher wages in their current jobs than control group members. However, some of these gains were likely due to the impact on

current employment. Among members of the two study groups who were currently employed, there was no large difference between the groups in the hours worked per week or the hourly wage.²

- **Impacts on employment were relatively steady across the four quarters.**

As shown in Figure 4.1, the employment rate among program group members was higher in each quarter of follow-up. The trend depicted in this figure differs from those in other studies, in which the employment rate among program group members peaked in the early quarters, when they were in subsidized employment, and later converged with the employment rate among control group members, after the subsidized employment ended. The increase in subsidized employment for the MSTED program group in the first two quarters (represented by the dotted line) did not equal the impact on the total employment rate. This implies that some program group members who were placed in paid work experience or subsidized jobs would likely have found unsubsidized employment without the program. Interestingly, while few program group members were in subsidized employment by Quarter 3, the program group and control group lines did not converge; in fact, the difference in employment rates between the two groups was about the same as in the earlier quarters, meaning MSTED was able to increase unsubsidized employment in the later quarters. The difference in earnings is statistically significant only in the first quarter after random assignment.

Impacts on Employment for Key Subgroups

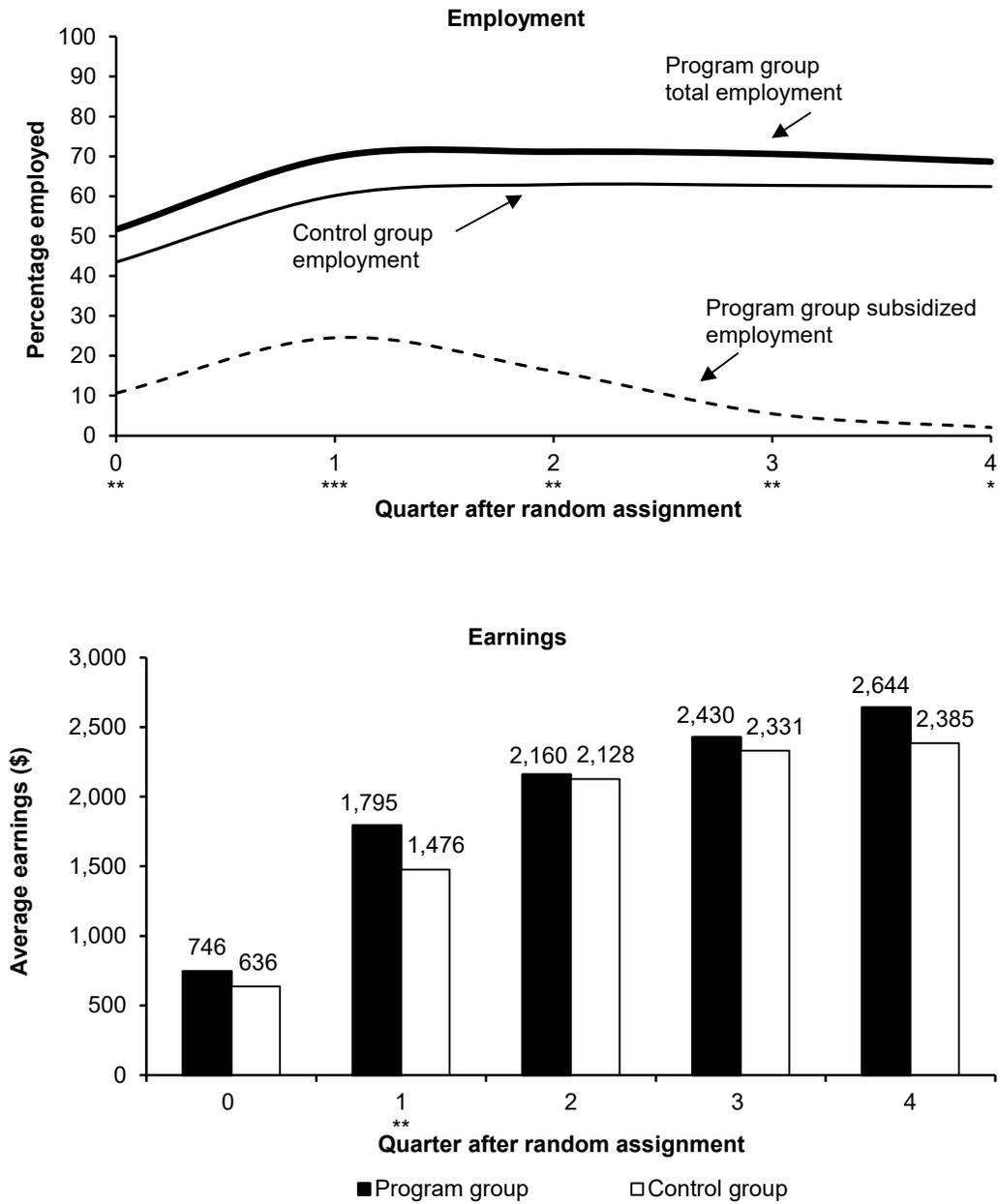
The research team tested differences in impacts on employment outcomes across the two subgroups: one defined by sample members' recent work experience at baseline, and the other by their MSTED provider. The research team also conducted an analysis for sample members who spoke Somali or other African languages, though the sample size was too small for the impacts to be meaningful.

- **Impacts on employment outcomes do not differ by the level of sample members' prior work experience.**

The research team examined the impact of MSTED on employment based on sample members' recent work experience before enrolling in the study. (See Appendix Table A.3.) Recent work experience can be an indicator of an individual's ability to find and retain employment in the competitive labor market. Indeed, as shown in Appendix Table A.3, 90 percent of the control group members who had worked in the two quarters before random assignment were employed in the following year, whereas only about 67 percent of the members who had not worked in the two previous quarters were employed in the following year.

²The research team calculated these measures among members of the study sample who were employed and are considered to be nonexperimental; the differences were not tested for statistical significance.

Figure 4.1
Employment and Earnings Over Time



SOURCES: MDRC calculations based on quarterly wage data from the National Directory of New Hires and payment records from program providers.

NOTES: Results in this table are regression-adjusted, controlling for pre-random assignment characteristics.

Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent.

Employment rates and earnings include both subsidized jobs and all other jobs reported to the National Directory of New Hires.

For the subgroup of sample members with less recent work experience, MSTED's impact on employment rates was 9 percentage points, while for the subgroup of sample members with more work experience, the impact was 6 percentage points. However, the difference in impacts between the two subgroups is not statistically significant, possibly due to the small sample size.

- **The program operated by Goodwill, which may have served more disadvantaged participants, generated a larger impact on employment compared with the other two MSTED providers. The Goodwill program's impact on earnings and other employment outcomes are not statistically significant.**

As mentioned earlier in this report, Goodwill placed more of its program group members in paid work experience or subsidized jobs. As shown in Appendix Table A.4, control group members who had been referred to Goodwill were also employed at lower rates than those who had been referred to the other two providers. This may reflect decisions made by MFIP providers to refer individuals who had more barriers to employment to Goodwill, given its reputation in the community for serving individuals with disabilities and other barriers. Combined, the higher employment rate among Goodwill's program group members and lower employment rate among its control group members, produced a larger impact than the other two MSTED providers. It is not clear whether the larger impact is due to Goodwill's programmatic approach or the characteristics of the sample served. Goodwill's program also increased the number of quarters in which participants were employed and overall employment in the first quarter of Year 2 (presumably, after subsidized employment ended), though the difference in impacts across the three MSTED providers for these other employment outcomes is not statistically significant.

- **Among sample members who spoke Somali or another African language, program group members were more likely to be employed during the follow-up period than control group members, which suggests subsidized employment may be a promising strategy for serving refugees. However, the sample size is too small to allow for definitive conclusions.**

Individuals who spoke these languages are likely to be refugees or asylees. While all refugees and asylees are eligible for employment services once they arrive in the United States, research on which programs or strategies are most effective at helping this population obtain employment has been limited. The research team's initial analysis, shown in Appendix Table A.5, found that MSTED produced an impact on employment of about 15 percentage points. While this impact was substantially larger than the impact for non-African program group members, the difference in impact is not statistically significant, likely because of the small number of Africans in the study sample. MSTED had no impacts on earnings for either group.

As discussed in Chapter 3, MSTED providers hired job developers who spoke Somali and were able to provide tailored assistance to these participants. This assistance, along with access to subsidized employment, may have helped increase employment among Somali participants. However, the analysis should be considered exploratory, and an experimental evaluation

with larger sample sizes is needed to assess the effectiveness of subsidized employment for this population.

Impacts on MFIP and SNAP Receipt

Table 4.3 shows outcomes related to participants' receipt of MFIP and Supplemental Nutrition Assistance Program (SNAP) benefits during the year following random assignment. If MSTED increased program group members' earnings (which would include earnings from paid work experience and subsidized jobs), one might expect to see a decrease in their receipt of MFIP and SNAP benefits, which are determined based on income level. Both MFIP and SNAP programs disregard a portion of earned income before determining benefit levels, and the portion that MFIP disregards is fairly generous, meaning MSTED would have to increase earnings substantially to see a reduction in receipt of MFIP benefits.³

Table 4.3
Impacts on MFIP and SNAP Receipt After One Year

Outcome	Program Group	Control Group	Difference (Impact)	90 Percent Confidence Interval
Ever received a MFIP payment (%)	96.5	96.3	0.2	[-1.9, 2.4]
Number of months receiving MFIP payments	7.3	7.6	-0.3	[-0.7, 0.1]
Amount of MFIP payments ^a (\$)	3,365	3,517	-152	[-376, 72]
Left MFIP during Year 1 ^b (%)	56.0	52.9	3.1	[-2.7, 8.9]
Ever received a SNAP payment (%)	99.8	100.0	-0.2	[-0.6, 0.2]
Number of months receiving SNAP payments	9.6	9.8	-0.1	[-0.4, 0.1]
Amount of SNAP payments ^a (\$)	4,600	4,679	-78	[-320, 164]
Left SNAP during Year 1 ^b (%)	23.8	20.2	3.7	[-1.2, 8.5]
Sample size	403	396		

SOURCE: MDRC calculations using data from the Minnesota Department of Human Services MAXIS database.

NOTES: MFIP = Minnesota Family Investment Program, the local version of Temporary Assistance for Needy Families (TANF); SNAP = Supplemental Nutrition Assistance Program, formerly known as food stamps.

Results in this table are regression-adjusted, controlling for pre-random assignment characteristics.

Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent.

^aThis measure includes payments in the quarter of random assignment and the first three quarters after random assignment.

^bParticipants are considered to have left if they did not receive a payment for at least two consecutive months during the year.

³The MFIP policy disregards the first \$65 of earned income each month per wage earner plus half of the remaining earned income of the household receiving assistance. To determine SNAP benefits, 20 percent of the household's gross earned income is treated as a work expense deduction.

- **In the year following random assignment, there were no differences in the rates at which program group members and control group members received MFIP or SNAP benefits.**

As expected, almost all members of the study sample were receiving MFIP cash benefits at random assignment. Both study groups had received between seven and eight months of MFIP payments and just over half of both groups left MFIP at some point during the first year of follow-up. Program group members received a smaller amount from MFIP on average than control group members in the year following random assignment, but the difference is not statistically significant.

Similarly, almost all study sample members received SNAP benefits during the one-year follow-up period. Both program group and control group members received similar amounts of benefits for about 10 months during this period.

Impacts on Economic and Personal Well-Being

Given that MSTED had an impact on employment but not on earnings, the question remains whether these gains in employment without an increase in income had any effect, positive or negative, on well-being. There was a particular interest in understanding whether participants reported an improvement in well-being during the time when program group members were working in subsidized employment. Therefore, the research team administered an earlier survey to participants around four months after random assignment, on average, at which time program group members were expected to be working in subsidized jobs or paid work experience or to have recently completed their subsidized employment. The 12-month survey also included several questions that focused on financial and personal well-being.

- **The survey did not reveal any impacts on measures of personal well-being four months after random assignment.**

As shown in Appendix Table A.6, around four months after random assignment, 59 percent of program group members and 55 percent of control group members reported being financially better off than they had been a year before; the difference is not statistically significant. There were no statistically significant differences between the program group and control group in measures of well-being related to food security, happiness, and social support.

- **MSTED did not have a significant impact on any measures of personal well-being 12 months after random assignment.**

Table 4.4 shows that 50 percent of program group members and 56 percent of control group members experienced a financial shortfall during which they were unable to pay their rent, were evicted, had utility or phone service disconnected, or could not fill a prescription; the difference is not statistically significant. MSTED did not have an impact on other measures of well-being.

Table 4.4

Impacts on Economic and Personal Well-Being After One Year

Outcome (%)	Program Group	Control Group	Difference (Impact)	90 Percent Confidence Interval
Experienced a financial shortfall in the past 12 months	50.4	56.3	-5.8	[-13.1, 1.4]
Could not pay rent or mortgage	34.4	38.9	-4.5	[-11.5, 2.5]
Evicted from home or apartment	6.6	7.1	-0.5	[-4.3, 3.2]
Utility or phone service disconnected	30.6	31.1	-0.5	[-7.3, 6.3]
Could not afford prescription medicine	18.8	17.3	1.5	[-4.2, 7.1]
Received subsidized child care in the past month	19.3	20.1	-0.8	[-6.5, 4.9]
Received food stamps in the past month	75.8	74.6	1.3	[-5.1, 7.6]
Did not have enough food in the past month	21.6	19.4	2.3	[-3.6, 8.2]
Living in emergency or temporary housing in the past month	5.6	5.8	-0.1	[-3.5, 3.3]
Currently in good, very good, or excellent health	80.6	76.4	4.2	[-1.7, 10.1]
Had health insurance coverage in the past month	86.4	83.1	3.3	[-2.0, 8.6]
Health insurance coverage was through employer	5.5	4.5	1.0	[-2.3, 4.2]
Currently happy				
Very happy	28.0	23.5	4.5	[-1.9, 10.9]
Pretty happy	58.6	58.5	0.1	[-7.1, 7.4]
Not too happy	13.4	18.0	-4.6	[-9.9, 0.7]
Experienced serious psychological distress in the past month ^a	10.6	13.3	-2.7	[-7.5, 2.1]
Sample size	259	273		

SOURCE: MDRC calculations based on responses to the 12-month survey.

NOTES: Results in this table are regression-adjusted, controlling for pre-random assignment characteristics.

Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent.

^aA score of 13 or higher on the Kessler-6 (K-6) scale is used here to define serious psychological distress. The K-6 assesses how often during the past month a respondent felt nervous, restless or fidgety, hopeless, or worthless; so sad that nothing could cheer up the respondent; or that everything was an effort. As a result of minor differences between the scale used to administer the K-6 in the 12-month survey and the standard K-6 scale, the percentages presented in this table may slightly underestimate the incidence of serious psychological distress in this sample.

Summary of Impact Findings

MSTED increased employment, though the impact was modest. This finding is notable given that control group members were receiving other employment services during a strong economy and were finding employment at high rates. The pattern of impacts differs from those observed in evaluations of other subsidized employment programs. In other programs studied to date, the impacts are larger in the first two quarters and then begin to converge in the latter half of the year when fewer program group members were still in subsidized employment.⁴ Instead, MSTED's impacts were relatively steady during the follow-up period and continued through the first quarter of the second year. Two inferences can be drawn from this finding. First, some program group members who were placed in subsidized employment would have obtained unsubsidized employment without MSTED services, since, during the initial months after random assignment, the overall increase in the total employment rate was less than the subsidized employment rate. Second, MSTED helped some participants who would not have been employed otherwise move into unsubsidized employment, since the increase in employment persisted after the subsidized employment period ended.

The evaluation of MSTED is part of an effort to investigate the effects of subsidized employment programs for a variety of populations, including TANF recipients. Short-term employment impacts were observed during the study period. More follow-up is required to determine whether in fact the impacts on employment will be sustained over a longer period of time. The final report in 2020 will present the effects of this subsidized employment program 30 months after random assignment.

⁴See for example, Redcross, Barden, and Bloom (2016) and Glosser, Barden, Williams, and Anderson (2016).

Appendix A

Supplementary Tables

Appendix Table A.1

Characteristics of MSTED Sample at Random Assignment, by County

Outcome	Ramsey	Hennepin	Dakota
Age in years (average)	30.4	31.2	29.8
Age (%)			
18-24 years old	35.4	27.5	26.2
25-34 years old	37.2	40.4	49.4
35-44 years old	14.7	24.5	18.3
45-59 years old	12.6	7.6	6.1
Female (%)	82.9	75.4	89.0
Marital status (%)			
Married	9.3	16.3	6.1
Divorced	5.1	1.3	6.1
Separated	9.0	12.3	7.9
Never married	75.7	68.8	79.9
Widowed	0.9	1.3	0.0
Two-parent family receiving MFIP (%)	15.0	18.3	14.0
Race/ethnicity (%)			
Hispanic/Latino	5.1	5.0	12.8
White, non-Hispanic	12.3	5.6	41.5
Black, non-Hispanic	68.2	79.1	34.1
Other, non-multiracial, non-Hispanic	6.3	3.3	3.0
Multiracial, non-Hispanic	8.1	7.0	8.5
Limited English (%)	8.1	17.2	0.6
Language spoken at home (%)			
Somali	8.7	23.2	3.7
Other African language	4.5	2.3	1.2
Spanish	3.6	3.0	5.5
Other	9.6	5.6	4.3
No other language spoken at home	73.6	65.9	85.4
U.S. citizen (%)	89.7	77.7	97.6
Has high school degree or equivalent credential (%)	72.6	65.5	88.1
Ever attended postsecondary education or training (%)	56.8	49.1	65.4

(continued)

Appendix Table A.1 (continued)

Outcome	Ramsey	Hennepin	Dakota
Highest degree or certificate attained ^a (%)			
No degree or certificate	23.1	22.2	32.9
Certification of attendance/completion	13.5	9.9	11.6
Occupational certification	9.3	7.9	6.1
Associate's degree or higher	9.0	4.0	8.5
Has a disability (%)	7.3	6.4	10.8
Cares for someone with a disability (%)	12.4	9.7	10.6
Lives with minor child (own or other) (%)	88.3	81.6	92.0
Lives with own minor child (%)	87.1	80.6	89.5
Age of youngest child in years (average)	3.8	3.8	4.0
Age of youngest child (%)			
Less than 1 year old	19.2	18.2	15.2
Between 1 and 4 years old	43.8	41.1	42.7
Between 5 and 12 years old	30.0	36.1	33.5
Between 13 and 18 years old	6.9	4.6	8.5
Number of months received MFIP benefit ^b	33.2	31.0	22.3
Number of months received DWP benefit ^b	2.3	2.2	3.0
Number of months received MFIP and DWP benefit ^b	35.5	33.2	25.3
Receiving Family Stabilization Services (%)	13.2	12.9	13.4
Homeless (%)	4.2	3.6	4.9
Ever employed (%)	91.9	91.2	98.1
Worked for same employer more than 6 months (%)	78.1	78.1	89.0
Months employed in last 3 years (%)			
Did not work	14.7	12.9	4.9
Less than 6 months	18.3	14.6	11.0
6-12 months	14.1	17.5	12.8
13-24 months	20.1	19.5	27.4
More than 24 months	24.9	24.2	40.2
Declined to answer	7.8	11.3	3.7

(continued)

Appendix Table A.1 (continued)

Outcome	Ramsey	Hennepin	Dakota
Ever arrested (%)	39.6	38.7	38.4
Ever convicted of a crime ^c (%)	35.0	31.9	41.9
Misdemeanor	25.2	25.0	35.0
Felony	12.3	9.9	14.4
Sample size	333	302	164

SOURCES: MDRC calculations based on baseline survey data and the Minnesota Department of Human Services MAXIS and Workforce One databases.

NOTES: MFIP = the Minnesota Family Investment Program, the local version of TANF; DWP = Minnesota's Diversionary Work Program, which provides 4 months of income assistance and employment services for MFIP applicants.

^aThis distribution does not sum to the proportion who attended postsecondary school due to missing data: 21 respondents indicated that they attended postsecondary school, but did not specify the highest degree attained.

^bThese measure shows the number of months participants were receiving the benefit from January 2007 to the month of random assignment.

^cCategory percentages may sum to more than the total number of participants convicted of a crime because respondents could report more than one type or crime.

Appendix Table A.2
One-Year Participation in MFIP Employment-Related Activities

Activity	Program Group	Control Group	Difference	90 Percent Confidence Interval
Assessment (%)	70.1	70.4	-0.3	[-5.4, 4.8]
Job search (%)	99.4	87.5	11.9 ***	[9.1, 14.7]
Education (%)	16.4	17.4	-1.0	[-4.5, 2.6]
Training (%)	12.1	13.5	-1.4	[-5.3, 2.5]
Work experience (%)	27.5	10.7	16.8 ***	[12.2, 21.4]
Paid work experience	19.3	0.9	18.4 ***	[15.0, 21.8]
Uncompensated work experience	10.5	10.5	0.0	[-3.5, 3.6]
Employment (%)				
Part-time	47.8	38.2	9.7 ***	[3.9, 15.4]
Full-time	39.8	31.5	8.2 **	[2.6, 13.8]
Social services (%)	17.8	23.5	-5.7 **	[-10.4, -1.1]
Other services ^a (%)	38.6	38.5	0.1	[-5.1, 5.4]
Noncompliant/referred for sanction (%)	39.5	45.7	-6.1 *	[-11.8, -0.4]
Exempt from participation ^a (%)	7.3	9.9	-2.6	[-5.9, 0.7]
Received work-related support payments ^b (%)	82.9	76.0	7.0 **	[2.3, 11.7]
Average amount received among recipients ^c (\$)	358	356	2	
Sample size	403	396		

SOURCE: MDRC calculations using data from the Minnesota Department of Human Services Workforce One database.

NOTES: Results in this table are regression-adjusted, controlling for pre-random assignment characteristics.

Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent.

^aSome sample members were not required to participate in MFIP activity at some point during the 12-month period.

^bThis measure includes payments for transportation, clothing, training, and incentive payments for achieving training and employment goals.

^cThis measure is calculated among those who received any payments; it is therefore considered nonexperimental and is not tested for statistical significance.

Appendix Table A.3

Impacts on Employment and Earnings After One Year, by Employment Status at Random Assignment

Outcome	Program Group	Control Group	Difference (Impact)	90 Percent Confidence Interval	Difference Between Subgroup Impacts ^a
<u>Did not work in the two quarters before random assignment^b</u>					
Employment ^c (%)	75.5	66.5	9.0 *	[0.9, 17.0]	
Participated in MSTED subsidized employment	33.3	--			
Number of quarters employed	2.0	1.6	0.4 **	[0.1, 0.6]	
Total earnings (\$)	4,864	4,708	156	[-941, 1,253]	
Employment in the first quarter of Year 2	59.6	52.4	7.2	[-1.7, 16.0]	
Participated in MSTED subsidized employment in the first quarter of Year 2	2.5	--			
Sample size	182	165			
<u>Worked in the two quarters before random assignment^b</u>					
Employment ^c (%)	96.0	90.4	5.7 **	[1.6, 9.7]	
Participated in MSTED subsidized employment	32.3	--			
Number of quarters employed	3.1	2.8	0.4 ***	[0.2, 0.6]	
Total earnings (\$)	9,012	7,896	1,116	[-16, 2,248]	
Employment in the first quarter of Year 2	75.4	70.1	5.3	[-1.6, 12.3]	
Participated in MSTED subsidized employment in the first quarter of Year 2	1.9	--			
Sample size	221	230			

(continued)

Appendix Table A.3 (continued)

SOURCES: MDRC calculations based on quarterly wage data from the National Directory of New Hires and payment records from program providers.

NOTES: Results in this table are regression-adjusted, controlling for pre-random assignment characteristics.

Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent.

A long dash indicates "not applicable."

^aWhen comparing impacts between two subgroups, an H-statistic is used. It assesses whether the difference in impacts between the subgroups is statistically significant. Statistically significant differences across subgroups are indicated as follows: ††† = 1 percent; †† = 5 percent; † = 10 percent. For the measures presented in this table, no statistically significant differences between subgroups were observed.

^bThis measure is based on quarterly wage records from the National Directory of New Hires.

^cEmployment includes all unemployment insurance-reported employment and employment from program-provided subsidized jobs not covered by unemployment insurance wage records.

Appendix Table A.4

Impacts on Employment and Earnings After One Year, by Provider

Outcome	Program Group	Control Group	Difference (Impact)	90 Percent Confidence Interval	Difference Between Subgroup Impacts ^a
<u>HIRED</u>					
Employment ^b (%)	85.8	85.5	0.3	[-5.9, 6.5]	††
Participated in MSTED subsidized employment	30.3	--			
Number of quarters employed	2.5	2.4	0.1	[-0.2, 0.3]	
Total earnings (\$)	7,386	6,769	617	[-715, 1,950]	
Employment in the first quarter of Year 2	64.6	65.5	-0.8	[-9.4, 7.8]	
Participated in MSTED subsidized employment in the first quarter of Year 2	0.0	--			
Sample size	175	174			
<u>Goodwill</u>					
Employment ^b (%)	89.7	73.7	15.9 ***	[8.3, 23.6]	††
Participated in MSTED subsidized employment	43.1	--			
Number of quarters employed	2.7	2.2	0.6 ***	[0.3, 0.9]	
Total earnings (\$)	6,656	6,296	359	[-1,051, 1,770]	
Employment in the first quarter of Year 2	69.3	57.9	11.4 *	[1.6, 21.2]	
Participated in MSTED subsidized employment in the first quarter of Year 2	3.8	--			
Sample size	132	127			

(continued)

Appendix Table A.4 (continued)

Outcome	Program Group	Control Group	Difference (Impact)	90 Percent Confidence Interval	Difference Between Subgroup Impacts ^a
<u>Avivo</u>					
Employment ^b (%)	83.3	80.9	2.4	[-6.6, 11.3]	††
Participated in MSTED subsidized employment	23.7	--			
Number of quarters employed	2.7	2.4	0.3	[0.0, 0.6]	
Total earnings (\$)	6,855	7,055	-200	[-1,785, 1,386]	
Employment in the first quarter of Year 2	72.8	65.1	7.7	[-3.1, 18.5]	
Participated in MSTED subsidized employment in the first quarter of Year 2	3.7	--			
Sample size	96	94			

SOURCES: MDRC calculations based on quarterly wage data from the National Directory of New Hires and payment records from program providers.

NOTES: Results in this table are regression-adjusted, controlling for pre-random assignment characteristics.

Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent.

A long dash indicates "not applicable."

^aWhen comparing impacts between two subgroups, an H-statistic is used. It assesses whether the difference in impacts between the subgroups is statistically significant. Statistically significant differences across subgroups are indicated as follows: ††† = 1 percent; †† = 5 percent; † = 10 percent.

^bEmployment rates and earnings include both subsidized jobs and all other jobs reported to the National Directory of New Hires.

Appendix Table A.5

Impacts on Employment and Earnings After One Year, for Speakers of Somali and Other African Languages

Outcome	Program Group	Control Group	Difference (Impact)	90 Percent Confidence Interval	Difference Between Subgroup Impacts ^a
<u>Somali</u>					
Employment ^b (%)	84.3	69.6	14.8 *	[2.0, 27.5]	
Participated in MSTED subsidized employment	40.9	--			
Number of quarters employed	2.9	2.3	0.6 **	[0.1, 1.0]	
Total earnings (\$)	9,058	8,814	244	[-2,228, 2,715]	
Employment in the first quarter of Year 2	77.5	63.4	14.2	[-1.4, 29.7]	
Participated in MSTED subsidized employment in the first quarter of Year 2	0.0	--			
Sample size	58	49			
<u>Not Somali</u>					
Employment ^b (%)	87.4	81.6	5.8 **	[1.5, 10.1]	
Participated in MSTED subsidized employment	31.2	--			
Number of quarters employed	2.6	2.3	0.3 ***	[0.2, 0.5]	
Total earnings (\$)	6,853	6,209	644	[-138, 1,427]	
Employment in the first quarter of Year 2	67.5	61.9	5.6	[-0.2, 11.5]	
Participated in MSTED subsidized employment in the first quarter of Year 2	2.5	--			
Sample size	345	346			

(continued)

Appendix Table A.5 (continued)

SOURCES: MDRC calculations based on quarterly wage data from the National Directory of New Hires and payment records from program providers.

NOTES: Results in this table are regression-adjusted, controlling for pre-random assignment characteristics.

Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent.

A long dash indicates "not applicable."

^aWhen comparing impacts between two subgroups, an H-statistic is used. It assesses whether the difference in impacts between the subgroups is statistically significant. Statistically significant differences across subgroups are indicated as follows: ††† = 1 percent; †† = 5 percent; † = 10 percent. For the measures presented in this table, no statistically significant differences between subgroups were observed.

^bEmployment rates and earnings include both subsidized jobs and all other jobs reported to the National Directory of New Hires.

Appendix Table A.6

Impacts on Well-Being and Social Support After Four Months

Outcome	Program Group	Control Group	Difference (Impact)	90 Percent Confidence Interval
<u>Financial well-being</u>				
State of family finances at the end of a typical month (%)				
Some money left over	8.4	6.8	1.6	[-2.3, 5.5]
Just enough to make ends meet	39.7	37.0	2.7	[-4.7, 10.0]
Not enough to make ends meet	52.0	56.2	-4.2	[-11.7, 3.2]
Financial situation is better than it was this time last year (%)	59.1	54.8	4.3	[-3.0, 11.6]
Frequency of worry about ability to meet monthly living expenses (range of 0-10 in which 0 = never and 10 = all the time)				
	6.7	6.4	0.3	[-0.2, 0.7]
Did not have enough food in the past week (%)	25.4	25.7	-0.4	[-6.9, 6.1]
<u>Personal well-being (%)</u>				
Experienced serious psychological distress in the past month ^a	23.8	18.6	5.1	[-0.7, 11.0]
Overall happiness				
Very happy	17.4	17.6	-0.2	[-5.9, 5.4]
Pretty happy	56.6	60.1	-3.4	[-10.8, 3.9]
Not too happy	26.0	22.3	3.7	[-2.7, 10.0]
<u>Social Support</u>				
Score on social support scale ^b	3.6	3.5	0.1	[-0.1, 0.2]
Has someone who could do a small favor	74.3	74.5	-0.2	[-6.7, 6.3]
Has someone who could lend \$250	50.7	45.3	5.4	[-2.0, 12.8]
Sample size	258	256		

SOURCES: MDRC calculations based on responses to the four-month survey.

NOTES: Results in this table are regression-adjusted, controlling for pre-random assignment characteristics.

^aA score of 13 or higher on the Kessler-6 (K-6) scale is used here to define serious psychological distress. The K-6 assesses how often during the past month a respondent felt nervous, restless or fidgety, hopeless, or worthless; so sad that nothing could cheer up the respondent; or that everything was an effort. As a result of minor differences between the scale used to administer the K-6 in this survey and the standard K-6 scale, the percentages presented in this table may slightly underestimate the incidence of serious psychological distress in the sample.

^bThe social support scale ranges from 1 to 5. The scale assesses how often the following types of support are available to respondents: someone to listen when they need to talk, to give information to help them understand a situation, to give good advice about a crisis, to confide in or talk to about oneself or one's problems, to give valued advice, to share private worries and fears, to turn to for suggestions about how to deal with a personal problem, and to understand their problems.

Appendix B

Survey Response Analysis

The MSTED evaluation includes two surveys, the first administered at roughly four months after random assignment and the second administered roughly 12-months after random assignment. This analysis examines the survey response for both of these surveys. A subset of the full study sample completed each survey. Therefore, it is possible that those who participated the surveys are not representative of the full sample, which could introduce bias into the estimates calculated from the survey data. It is not unexpected that each of the samples of survey participants may differ slightly from the full research sample in terms of sociodemographic characteristics, since certain characteristics such as age, gender, and stability are generally associated with survey response. The greater concern is differences between respondents in the program and control groups — if there are differences between the respondents in the two study groups, then impact estimates based on the survey data may be biased.

In most ways, the administration of the two surveys was adequate: 64.3 percent of the study sample completed the 4-month survey and 66.5 percent completed the 12-month survey, and nearly all survey interviews were completed on time (within the survey fielding window of four months). The attrition standard developed by the What Works Clearinghouse takes into account both the overall attrition rate and the differential between study groups.¹ Although the overall response rate was lower for the 4-month survey, there was only a small difference in the response rates for the two study groups: 64.0 percent among program group members, and 64.6 percent among control group members. For the 12-month survey, the control group had a higher response rate (68.9 percent) than the program group (64.3 percent). According to the attrition standard, the overall attrition rate of 33 percent combined with a differential between the two groups of 4.6 percentage points crosses into an unacceptable level of potential bias. This potential bias might be of greater concern in a study without benefit of multiple data sources to provide alternate estimates, which can be used to examine bias.

The present analysis found limited evidence of issues that might introduce bias into impact estimates. There were some differences between the socioeconomic characteristics of the respondents and nonrespondents for both surveys, which is a typical finding in analyses of survey response, as certain characteristics are associated with individuals' propensity to respond to surveys. However, the baseline characteristics of the two study groups are similar to those of the samples of respondents for both surveys. In addition, the research team compared program impacts among survey respondents with those estimated for the full study sample and found that while the magnitude of impacts varies slightly across the samples, the overall pattern of results is largely the same.

Response Differences

To test whether survey respondents differ from nonrespondents, the research team compared the socioeconomic characteristics of these two groups. As shown in Appendix Table B.1, there are

¹Institute of Education Sciences (2017).

Appendix Table B.1

Selected Baseline Characteristics of Survey Respondents and Nonrespondents, by Survey Wave

Characteristic	4-Month Survey		12-Month Survey	
	Respondents	Nonrespondents	Respondents	Nonrespondents
Average age (years)	29.6	32.4 ***	29.2	33.2 ***
Female (%)	85.2	74.3 ***	86.1	71.9 ***
Marital status (%)		***		***
Never married	80.4	62.3	83.4	55.1
Married	6.0	20.8	4.5	24.7
Widowed, separated, divorced	13.6	16.9	12.1	20.2
Race/ethnicity (%)		*		***
White, non-Hispanic	17.7	12.3	18.8	9.7
Black, non-Hispanic	62.6	70.2	62.0	71.9
Other	19.6	17.5	19.2	18.4
Has high school degree or equivalent credential (%)	79.4	61.6 ***	80.7	57.6 ***
Age of youngest child (years)	3.9	3.8	3.8	3.9
Worked for same employer more than 6 months (%)	83.8	73.9 ***	82.2	76.6 *
Months employed in last 3 years (%)		***		
Less than 6 months	26.3	36.6	27.8	34.3
6-12 months	15.1	19.1	17.3	14.8
13-24 months	24.8	20.6	24.1	21.6
More than 24 months	33.8	23.7	30.8	29.2
Ever convicted (%)	36.2	33.5	38.7	28.2 ***
Sample size	514	285	532	267

SOURCES: MDRC calculations based on baseline survey data and responses to the 4-month and 12-month surveys.

NOTE: Statistical significance levels are indicated as follows: ***=1 percent; ** = 5 percent; * = 10 percent.

statistically significant differences between respondents to both the surveys and nonrespondents on a number of characteristics. For both surveys, respondents were younger, more likely to be female, to have never been married, and have a steadier employment history, and less likely to be black. Additionally, respondents to the 12-month survey were more likely to have ever been convicted of a crime. Because comparing a series of characteristics causes susceptibility to false positives, the research team conducted a global test of the relationship between individuals' socioeconomic characteristics and their survey response status.² The team conducted this test by estimating a regression model predicting survey response: The test statistic reported for each characteristic indicates whether that characteristic has a statistically significant association with survey response, controlling for the other characteristics, and the joint test indicates whether the characteristics collectively have a statistically significant association with survey response. For both surveys, several characteristics have significant effects, meaning that each of these characteristic, when controlling for the other characteristics in the model, has a significant association with survey response status; the overall joint tests are statistically significant.

It is not uncommon to find baseline characteristics that are predictive of survey response status. These associations may indicate some level of nonresponse bias, but this bias would primarily affect level estimates rather than impact estimates, since the bias affects both program and control group members. (Generally, survey respondents tend to be more stable than nonrespondents. Thus, outcome levels for respondents may overstate positive overall outcome levels to some degree.) In estimating program impacts, differences between respondents by study group are the primary concern. Accordingly, the research team compared sociodemographic characteristics of survey respondents by study group. As shown in Appendix Table B.2, survey respondents were fairly similar across study groups. While the joint test of the association between sociodemographic characteristics and study groups for survey respondents was not significant in either survey wave, one characteristic, the age of the respondent's youngest child at baseline, was significant for both survey waves. This indicates that among survey respondents in the program group, their youngest child was slightly older at study enrollment compared with survey respondents in the control group, controlling for the other characteristics.

Impact Differences

Another way to assess possible bias from survey response is to examine differences in impacts measured with administrative data between the sample of survey respondents and the full study sample. If the differences between the program and control groups in the sample of survey respondents are not similar to those observed for the full study sample, it would indicate that the sample of survey respondents is not representative, and thus impact estimates based on survey data may be biased.

Appendix Table B.3 presents selected one-year impacts based on administrative data for the study sample and sample of survey respondents. While the magnitude of the impacts varies

²As the number of individual tests that are conducted increases, the likelihood of finding a statistically significant difference increases.

slightly between samples (particularly on earnings for the four-month survey, for which impacts are smaller), the overall patterns are largely similar, with statistically significant impacts on employment and no statistically significant impacts on earnings for all three samples.

Appendix Table B.2
Selected Baseline Characteristics of Survey Respondents,
by Survey Wave and Study Group

Characteristic	<u>4-Month Survey</u>		<u>12-Month Survey</u>	
	Program Group	Control Group	Program Group	Control Group
Age in years (average)	29.4	29.7	29.3	29.2
Female (%)	86.8	83.6	86.8	85.3
Marital status (%)				
Never married	83.3	77.3	84.5	82.4
Married	5.4	6.6	4.3	4.8
Widowed, separated, divorced	11.2	16.0	11.2	12.8
Race/ethnicity (%)				
White, non-Hispanic	17.1	18.4	20.5	17.2
Black, non-Hispanic	62.0	63.3	60.6	63.4
Other	20.9	18.4	18.9	19.4
Has high school degree or equivalent credential (%)	77.6	81.3	80.0	81.4
Age of youngest child (years)	4.3	3.5 **	4.3	3.4 **
Worked for same employer more than 6 months (%)	83.2	84.4	81.5	82.8
Months employed in last 3 years (%)				
Less than 6 months	27.7	24.9	28.6	27.0
6-12 months	15.3	14.9	19.3	15.4
13-24 months	25.5	24.1	24.4	23.9
More than 24 months	31.5	36.1	27.7	33.6
Ever convicted (%)	36.1	36.4	39.7	37.8
Sample size	258	256	259	273

SOURCES: MDRC calculations based on baseline survey data and responses to the 4-month and 12-month surveys.

NOTE: Statistical significance levels are indicated as follows: ***=1 percent; ** = 5 percent; * = 10 percent.

Appendix Table B.3

Selected One-Year Impacts for the Full Sample and Survey Respondent Samples

Outcome	Program Group	Control Group	Difference (Impact)	90 Percent Confidence Interval
Employment^a (%)				
Full sample	86.9	80.2	6.8 ***	[2.7,10.9]
12-month survey respondent sample	88.3	80.7	7.6 **	[2.6,12.5]
4-month survey respondent sample	88.5	80.4	8.1 ***	[3.1,13.1]
Total earnings (\$)				
Full sample	7,131	6,572	560	[-188,1,308]
12-month survey respondent sample	6,965	6,418	547	[-390,1,483]
4-month survey respondent sample	6,979	6,765	214	[-756,1,184]
Sample size^b				
Full sample (total = 798)	403	395		
12-month survey respondent sample (total = 531)	259	272		
4-month survey respondent sample (total = 514)	258	256		

SOURCES: MDRC calculations based on quarterly wage data from the National Directory of New Hires and responses to the 4-month and 12-month surveys.

NOTES: Results in this table are regression-adjusted, controlling for pre-random assignment characteristics. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; * = 10 percent.

^aEmployment rates and earnings include both subsidized jobs and all other jobs reported to the National Directory of New Hires.

^bOne sample member is missing a social security number and therefore could not be matched to employment data.

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