CAN SUBSIDIZED EMPLOYMENT PROGRAMS HELP DISADVANTAGED JOB SEEKERS?

A Synthesis of Findings from Evaluations of 13 Programs

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THE SUBSIDIZED AND TRANSITIONAL EMPLOYMENT DEMONSTRATION

Can Subsidized Employment Programs Help Disadvantaged Job Seekers?

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OPRE REPORT 2020-23

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Overview

Introduction

Even in a strong economy, some job seekers struggle to find and keep jobs. These individuals often have limited work experience, few educational credentials and job skills, and other characteristics such as criminal records or primary caretaking responsibilities that make it difficult for them to compete in the labor market. For decades, government entities, private foundations, and nonprofit organizations have developed programs to help disadvantaged job seekers. One such approach is subsidized employment, where the government temporarily subsidizes all or a portion of wages for job seekers to provide a bridge to unsubsidized employment and improve participants' longer-term employment prospects. Past research has found mixed results regarding these programs' ability to achieve those goals.

In 2010, the U.S. Department of Health and Human Services launched the Subsidized and Transitional Employment Demonstration (STED) and the U.S. Department of Labor launched the Enhanced Transitional Jobs Demonstration (ETJD), complementary large-scale research projects designed to build rigorous evidence on the effectiveness of the latest generation of subsidized employment models. The projects recently finished random assignment studies of 13 subsidized employment programs; this report summarizes findings from the studies and discusses the implications for practitioners, policymakers, and researchers. This report also presents employment and earnings impacts — the changes in participants' outcomes attributable to each program — over an extended follow-up period of up to five years for each program, findings that provide additional insight into whether subsidized employment programs can help participants make lasting changes in their lives.

Primary Research Questions

This report seeks to answer the following questions:

- Do subsidized employment programs get people into subsidized jobs?
- Do subsidized employment programs improve participants' employment outcomes in the first year after they enrolled?
- Can subsidized employment programs achieve sustained employment and earnings impacts beyond the first year after participants enrolled?
- Can subsidized employment programs improve nonemployment outcomes, for example by reducing recidivism or increasing child support payments? (In this report "recidivism" refers to the rate at which people with criminal records are rearrested, reconvicted, or reincarcerated.)
- Do subsidized employment programs work better for certain subgroups of participants?
- How much do subsidized employment programs cost, and do the benefits outweigh the costs?

Purpose

The 13 subsidized employment programs evaluated as part of the STED and ETJD projects intended to help reconnect participants to work, or in some cases education or training, in order to improve their long-term economic prospects. MDRC conducted random assignment evaluations of these programs to determine whether they achieved their goals and improved participants' outcomes, and this report synthesizes findings across the STED and ETJD evaluations.

Key Findings

Overall, the evaluations found that subsidized employment programs can improve employment, earnings, and other outcomes under some circumstances, and for a variety of populations. However, the

pattern of results makes it difficult to draw firm conclusions about which type of program works best, and for whom.

Though participation in subsidized employment varied widely across the 13 programs studied, almost all the programs improved employment and earnings in the first year after study enrollment, and about half maintained those impacts through the second year. Four programs sustained earnings improvements beyond the second year.

Programs that used a traditional transitional jobs model (offering temporary, subsidized jobs not intended to become unsubsidized jobs) generally had higher participation rates and larger employment and earnings impacts through the first two years than wage-subsidy models (which offer subsidized jobs that are intended to turn into unsubsidized jobs) and hybrid models (which offer a mix of both approaches). However, none of the three model types studied stands out as the best approach to improving employment and earnings outcomes beyond the second year.

Programs serving noncustodial parents (those without custody of at least one of their children) and formerly incarcerated adults often improved child support and recidivism outcomes, respectively, particularly in the short term, and sometimes even when there were few earnings or employment impacts.

Improvements in employment, earnings, and recidivism were typically concentrated among people who were less employable (that is, those who had been out of the workforce longer when they enrolled in the study, were at higher risk of recidivism, or did not have high school diplomas or equivalents).

One program's benefits outweighed its costs from society's perspective — that is, taking into account benefits and costs to the government, participants, and in this program's case, the victims of crimes committed by study sample members. Three other programs resulted in earnings increases that persisted throughout the extended follow-up period and exceeded the programs' net costs, so those programs' benefits may have also outweighed their costs from society's perspective. However, it is unlikely that any of the programs saved the government money.

Methods

This report synthesizes findings from 12 evaluations of 13 subsidized employment programs. (One evaluation used a three-group test to evaluate two programs.) Each evaluation included an implementation study and an impact study, and 11 of the 12 evaluations included a cost study.

This report focuses on findings from the impact studies. Each impact study used a randomized controlled trial design in which individuals eligible for services were randomly assigned to a program group who had access to the subsidized jobs program or to a control group who did not, but who may have sought out other services. The impact studies estimated impacts on employment and earnings, well-being, and other areas relevant to the populations studied, such as child support payments made by noncustodial parents. Data sources for the impact studies included administrative wage records, up to three rounds of participant surveys administered up to 30 months after random assignment, and various other records, depending on the populations studied (for example, child support, criminal justice, or public-assistance records).

In this report, implementation study findings provide context for the impact study findings, and cost study findings are briefly summarized. The implementation studies described the models as they were designed and as they ultimately operated, drawing on various data sources including staff and participant interviews. The cost studies estimated programs' financial costs, and in one case compared those costs with their observed and estimated financial benefits.

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Acknowledgments

This report would not have been possible without the contributions of many individuals and organizations. First and foremost, we extend our deep appreciation to the thousands of individuals who participated in the study and gave generously of their time to participate in surveys, interviews, and focus groups. We hope that the knowledge that they helped generate will benefit those who encounter obstacles to finding and maintaining employment.

The Subsidized and Transitional Employment Demonstration (STED) was conceived and sponsored by the Administration for Children and Families in the U.S. Department of Health and Human Services (HHS). The Enhanced Transitional Jobs Demonstration (ETJD) was conceived and sponsored by the Employment and Training Administration in the U.S. Department of Labor (DOL). Dedicated staff members in these agencies have been instrumental to the success of both projects, in particular Girley Wright and Erika Zielewski from HHS and Eileen Pederson from DOL.

We are grateful to the staff members in each of the 13 STED and ETJD programs who gave generously of their time throughout the project, and we greatly appreciate the assistance and support of local, state, and federal government administrators who provided vital administrative data for the study.

Over 50 past and present MDRC staff members contributed to these projects. In particular, Johanna Walter and Bret Barden oversaw many of the data-acquisition and data-processing efforts for the projects, and Richard Hendra served as the impact adviser. Sally Dai processed the administrative employment and earnings data, including data for new analyses presented for the first time in this report. Beata Luczywek, Gary Reynolds, Chloe Anderson, and Melanie Skemer all played vital roles in the data analysis. We thank our partners MEF Associates, Abt Associates, Branch Associates, and Decision Information Resources (DIR) for their vital contributions to both projects.

We would also like to express our gratitude to the reviewers of this report for their helpful comments: Bret Barden, Mary Farrell, Richard Hendra, John Hutchins, Cindy Redcross, and Johanna Walter. Viktoriya Syrov and Jillian Verrillo coordinated the production of this report. Joshua Malbin edited the report and Carolyn Thomas prepared it for publication.

The Authors

Executive Summary

Introduction

Even in a strong economy, some job seekers struggle to find and keep jobs. These individuals often have limited work experience, few educational credentials and job skills, and other characteristics such as criminal records or primary caretaking responsibilities that make it difficult for them to compete in the labor market. For decades, government entities, private foundations, and nonprofit organizations have developed programs to help disadvantaged job seekers succeed in the labor market. One such approach is subsidized employment, where the government temporarily subsidizes all or a portion of wages for job seekers to provide a bridge to unsubsidized employment and improve participants' longer-term employment prospects. Past research has found mixed results regarding these programs' ability to achieve those goals.

In late 2010, the U.S. Department of Health and Human Services launched the Subsidized and Transitional Employment Demonstration (STED) and the U.S. Department of Labor launched the Enhanced Transitional Jobs Demonstration (ETJD), complementary large-scale research projects designed to build rigorous evidence on the effectiveness of the latest generation of subsidized employment models. The projects recently finished random assignment studies of 13 subsidized employment programs, and this report summarizes findings from the studies and implications for practitioners, policymakers, and researchers. The report also presents employment and earnings impacts over an extended follow-up period of up to five years for each program, providing additional insight into whether subsidized employment programs can help participants make lasting changes in their lives.

Background and Policy Context

Since the Great Depression, government agencies have periodically implemented subsidized employment programs to achieve one or both of the following goals: (1) provide work-based income support for jobless workers, particularly during periods of high unemployment, and (2) improve long-term economic prospects for populations that tend to have high rates of joblessness even when labor-market conditions are good (for example, people with criminal records). Rigorous studies of various approaches to subsidized employment have generally found that programs dramatically increase employment initially, but the employment gains are the result of the subsidized jobs themselves and fade quickly as people leave the subsidized jobs. The results of these evaluations led to a search for subsidized jobs models that could produce sustained increases in unsubsidized employment, and the STED and ETJD projects were developed to find and test promising models.

All the programs tested in the STED and ETJD projects aimed to use subsidized employment to improve long-term labor-market outcomes for groups with substantial barriers to employment, though each program took a different approach to achieving that goal. Each of the 13 program models was distinct, but it is possible to group them into three broad categories: traditional tran-

sitional jobs models, wage-subsidy models, and staged and tiered hybrid models. There was a great deal of variation among the models in each category, but in general, the underlying philosophies tended to align within each approach.

At the broadest level, almost all programs that sought to improve participants' long-term employment outcomes used one or more of the following strategies: (1) They sought to improve participants' skills or behaviors, (2) they sought to connect participants with jobs they would not otherwise find, or (3) they sought to induce employers to favor program participants over other job applicants when making hiring decisions. All the STED or ETJD programs used each of these strategies to some extent, but the emphasis among them varied according to the model type, as described below:

- **TRADITIONAL TRANSITIONAL JOBS MODELS** focused primarily on the first two strategies.[1] These models assumed that, at the point of enrollment, participants were not ready to succeed in regular, unsubsidized jobs and needed to spend time in a more forgiving work environment first. They therefore placed participants into fully subsidized, temporary jobs, often with the program sponsor or another nonprofit organization. Eventually, staff members helped participants make connections to unsubsidized jobs; the models assumed that participants would be more attractive to unsubsidized employers and better able to hold jobs after they had performed well in transitional jobs.

- **WAGE-SUBSIDY MODELS** focused more on the second and third strategies. While some of these programs provided preemployment services, they generally assumed that participants could be placed directly into open jobs in the private sector soon after enrollment, with a wage subsidy provided by the program. Thus, these programs tended to focus on connecting participants to jobs and using subsidies to try to influence employers' hiring decisions.

- **HYBRID MODELS** combined all three strategies. **TIERED HYBRID MODELS** focused on the first two strategies for participants with fewer skills and less work experience, while focusing on the last two strategies for participants with more skills and experience. These programs assessed participants' work readiness in order to offer them subsidized jobs that met their needs (that is, traditional transitional jobs or wage-subsidy jobs). **STAGED HYBRID MODELS** used all three strategies for all participants; individuals began with traditional transitional jobs and then moved to wage-subsidy positions.[2]

1 The term "transitional jobs" typically refers to temporary, subsidized jobs that are not intended to roll over into unsubsidized jobs at the end of the subsidy period. However, the terms "transitional jobs" and "subsidized jobs" are often used interchangeably.

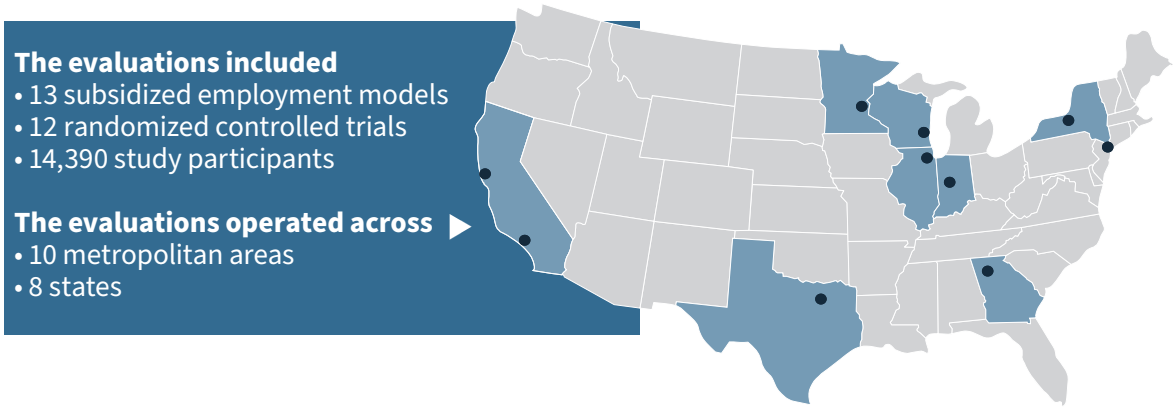
2 Some participants in staged hybrid models may have remained in transitional jobs if the program did not believe they were prepared for more rigorous wage-subsidy jobs.

Overview of the Evaluations

MDRC and its partners conducted a comprehensive evaluation of each program in the ETJD and STED projects. (Figure ES.1 further describes the background of the evaluations.) The team evaluated each program using a random assignment design in which eligible participants were assigned at random to a program group whose members were offered access to the program or to a control group whose members were not offered services from that program but may have received other services in their communities. One of the evaluations, conducted in Los Angeles County, evaluated two programs using a three-group random assignment design. This design provided a unique opportunity to compare two subsidized employment models — the traditional transitional jobs model and the wage-subsidy model — with each other and with a control group.

FIGURE ES.1 Background on the STED and ETJD Evaluations

HHS sponsored the evaluation of STED and DOL sponsored the evaluation of ETJD. The evaluation contracts were awarded in 2010, and random assignment happened between 2011 and 2016. ETJD's contract ended in 2018, and STED's contract ends in 2020.



The evaluations initially followed the groups for 12 to 36 months using administrative records and individual surveys.[3] This report presents additional findings from an analysis of administrative employment and earnings data covering an extended follow-up period of up to five years. Because assignment to the program and control groups was random, one can be confident that the groups were comparable at the start. If differences emerged between the groups over time and those differences are large enough to be considered statistically significant, one can be confident that the differences are the result of the subsidized employment program. These differences are known as the "impacts" or "effects" of the program. The studies assessed whether each program led to increases in participants' employment and earnings, and also examined other areas relevant to the populations studied, such as child support payments for noncustodial parents.[4]

In addition to assessing whether the programs affected these outcomes, the evaluations tried to illuminate how and why the programs generated impacts by carefully studying the implementa-

3 Administrative records are data collected primarily for the management of programs and public services.

4 Noncustodial parents are those who do not have custody of at least one of their children.

tion of each program. The research team studied program implementation using questionnaires administered to and interviews with participants, staff members, and work-site supervisors. The evaluations also estimated most programs' financial costs, and in one case compared those costs with their observed and estimated financial benefits. Findings from the evaluations have been documented in 13 publications.[5]

5 Chloe Anderson, Mary Farrell, Asaph Glosser, and Bret Barden, *Testing Two Subsidized Employment Models for TANF Recipients: Final Impacts and Costs of the Los Angeles County Transitional Subsidized Employment Program*, OPRE Report 2019-71 (Washington, DC: Office of Planning, Research, and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services, 2019); Bret Barden, Randall Juras, Cindy Redcross, Mary Farrell, and Dan Bloom, *New Perspectives on Creating Jobs: Final Impacts of the Next Generation of Subsidized Employment Programs* (Washington, DC: Employment and Training Administration, U.S. Department of Labor, 2018); Danielle Cummings, Mary Farrell, and Melanie Skemer, *Forging a Path: Final Impacts and Costs of New York City's Young Adult Internship Program*, OPRE Report 2018-75 (Washington, DC: Office of Planning, Research, and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services, 2018); Mary Farrell and Riley Webster, *The Subsidized and Transitional Employment Demonstration: Implementation and Early Impacts of the Minnesota Subsidized and Transitional Employment Demonstration*, OPRE Report 2019-68 (Washington, DC: Office of Planning, Research, and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services, XXXX); Kimberly Foley, Mary Farrell, Riley Webster, and Johanna Walter, *Reducing Recidivism and Increasing Opportunity: Benefits and Costs of the RecycleForce Enhanced Transitional Jobs Program* (Washington, DC: Employment and Training Administration, U.S. Department of Labor, 2018); Asaph 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*, OPRE Report 2016-77 (Washington, DC: Office of Planning, Research and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services, 2016); Cindy Redcross, Bret Barden, Dan Bloom, Joseph Broadus, Jennifer Thompson, Sonya Williams, Sam Elkin, Randall Juras, Janaé Bonsu, Ada Tso, Barbara Fink, Whitney Engstrom, Johanna Walter, Gary Reynolds, Mary Farrell, Karen Gardiner, Arielle Sherman, Melanie Skemer, Yana Kusayeva, and Sara Muller-Ravett, *The Enhanced Transitional Jobs Demonstration: Implementation and Early Impacts of the Next Generation of Subsidized Employment Programs* (Washington, DC: Employment and Training Administration, U.S. Department of Labor, 2016); Melanie Skemer, Arielle Sherman, Sonya Williams, and Danielle Cummings, *Reengaging New York City's Disconnected Youth Through Work: Implementation and Early Impacts of the Young Adult Internship Program*, OPRE Report 2017-22 (Washington, DC: Office of Planning, Research and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services, 2017); Johanna 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*, OPRE Report 2017-103 (Washington, DC: Office of Planning, Research and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services, 2017); Kyla Wasserman, Johanna Walter, Beata Luczywek, Hannah Wagner, and Cindy Redcross, *Engaging Young Men Involved in Chicago's Justice System: A Feasibility Study of the Bridges to Pathways Program*, OPRE Report 2019-79 (Washington, DC: Office of Planning, Research and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services, 2019); Riley Webster, *The Subsidized and Transitional Employment Demonstration: Cost Analysis of the Minnesota Subsidized and Transitional Employment Demonstration*, OPRE Report 2019-108 (Washington, DC: Office of Planning, Research and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services, 2019); Riley Webster, *The Subsidized and Transitional Employment Demonstration: Cost Analysis of the STEP Forward Program*, OPRE Report 2019-109 (Washington, DC: Office of Planning, Research and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services, 2019); Sonya Williams and Richard Hendra, *The Effects of Subsidized and Transitional Employment Programs on Noneconomic Well-Being*, OPRE Report 2018-17 (Washington, DC: Office of Planning, Research and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services, 2018).

Main Findings

Overall, the evaluations found that subsidized employment programs can improve employment, earnings, and other outcomes under some circumstances, and for a variety of populations. However, the pattern of results makes it difficult to draw firm conclusions about which type of program works best. The findings include the following:

Subsidized employment placement rates varied widely. Some program models were more successful than others at making placements, primarily because of differences in the programs' features rather than differences in participant motivation. Programs that operated their own work sites or that required little commitment from external employers, simply offering free labor, were generally able to place most participants into subsidized jobs. (These programs were those operating traditional transitional jobs models and some of those operating hybrid models.) On the other hand, programs designed to place participants in jobs that were intended to become unsubsidized jobs struggled to recruit enough willing work sites and thus had much lower subsidized-job placement rates. (These programs were the ones operating wage-subsidy models and some of those operating hybrid models.) It is important to note that when given the opportunity to work in subsidized jobs, most eligible participants worked and remained engaged in the jobs until those jobs ended or until they found unsubsidized work opportunities, and that participants' well-being as measured by surveys typically improved while they were working.

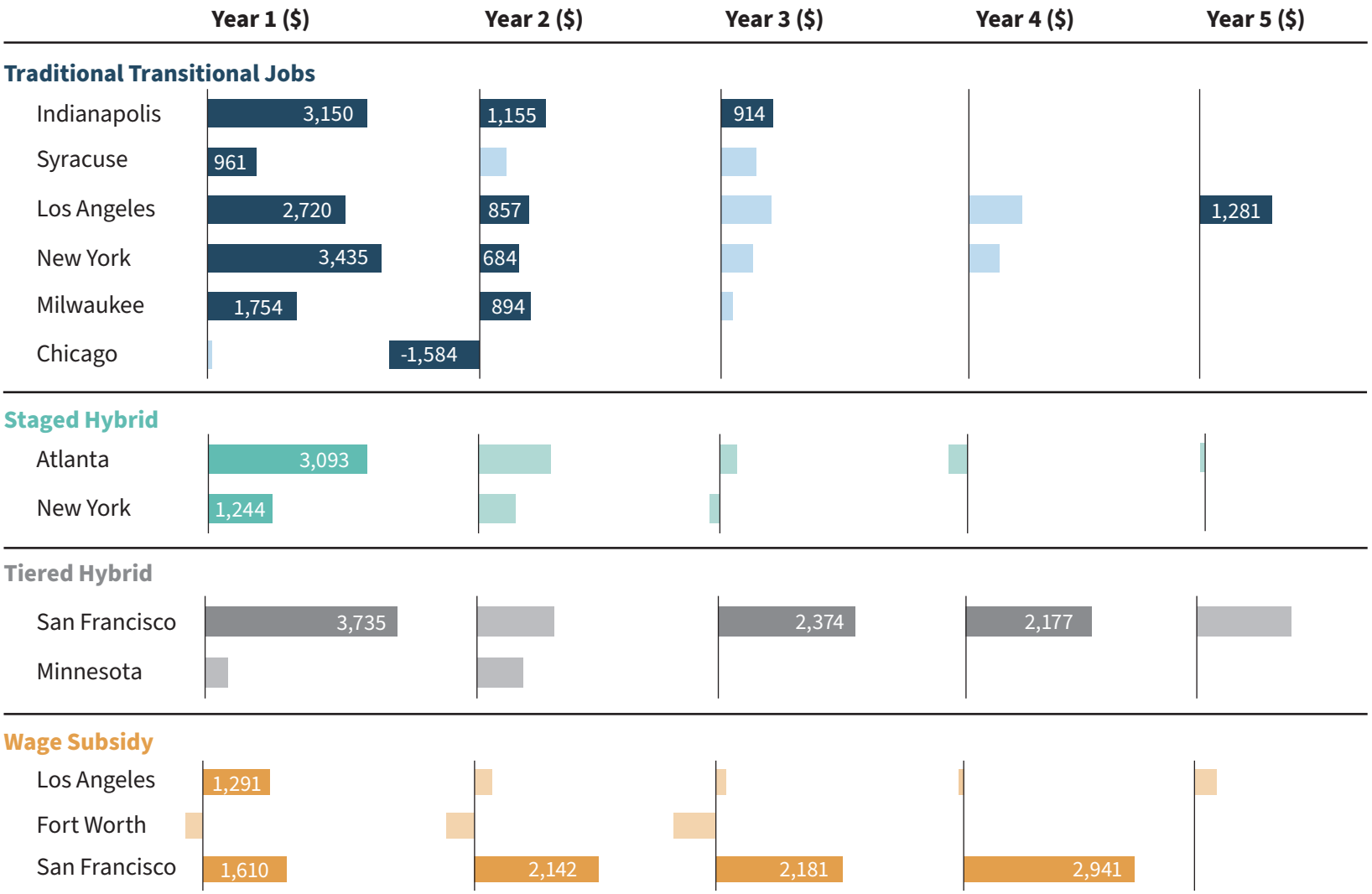
Almost all programs increased employment and earnings during the time program group members were most active in subsidized jobs, and 6 of the 13 programs had earnings impacts at least a year after the subsidized jobs ended. Some programs maintained annual earnings impacts even after annual employment impacts faded away, which in some cases suggests that at least for a short time, subsidized employment programs may have led participants to get better jobs in the unsubsidized labor market or to be employed more consistently throughout the year. Figure ES.2 shows each program's annual earnings impacts for each year of available follow-up data.

Four of the 13 programs improved participants' employment outcomes for at least two years after the subsidized jobs ended. These impacts are somewhat more positive than those found in past evaluations of subsidized employment programs, and they suggest that subsidized employment programs can improve longer-term employment outcomes under some conditions. However, the programs with these longer-term employment and earnings impacts were of different types, so it is difficult to draw firm conclusions about what may have caused the impacts.

Subsidized employment programs can reduce recidivism and increase child support payment rates.[6] One of the three programs serving formerly incarcerated adults moderately reduced recidivism in the 2.5 years after enrollment. Across all programs serving formerly incarcerated adults, reductions in important measures of recidivism tended to be larger throughout the follow-up period among participants at higher risk of recidivism. All four programs serving non-

6 In this report "recidivism" refers to the rate at which people with criminal records are rearrested, reconvicted, or reincarcerated.

FIGURE ES.2 Annual Impacts on Formal Earnings



SOURCES: MDRC calculations based on program records and National Directory of New Hires employment and earnings data.

NOTES: ■ ■ ■ = statistically significant ($p < 0.10$). ■ ■ ■ = not statistically significant ($p >= 0.10$). These charts display all of the follow-up data available for each program. Some programs have more years of impacts shown because of differences in study enrollment end dates and project contract periods.

custodial parents improved at least one important outcome related to child support payments in the year from 18 months to 30 months after enrollment, the last year in which those outcomes were measured.

Subsidized employment programs tend to work best for people who have more barriers to employment. Nearly all programs produced larger impacts among those who had been out of work for over a year when they enrolled, those at higher risk of recidivism, or those without high school credentials when they enrolled. These differences in impacts continued in the longer term for several programs. This pattern of findings suggests that, in general, subsidized employment programs should target the most disadvantaged job seekers if they want to maximize their impact.

Among the four programs with lasting earnings impacts, one program's benefits are known to have outweighed its costs from society's perspective, and the other three programs' benefits may have also outweighed their costs from society's perspective when the long-term earnings increases are taken into account.[7] Only one program's benefits outweighed its costs from society's perspective during the original cost-analysis period. But in the extended follow-up period analyzed for the first time in this report, three other programs also had persistent earnings increases. Though a formal benefit-cost analysis was not conducted for these programs, those lasting increases appear to have been large enough that those programs' benefits may have also outweighed their costs from society's perspective. However, it is unlikely that any of the programs saved the government money.

Discussion and Conclusion

STED and ETJD tested programs that were designed to improve participants' long-term success in the labor market. While most of the programs did not achieve this goal, a large majority of them succeeded in dramatically improving participants' employment rates in the short term, and these impacts led to gains in other areas, such as recidivism, child support payments, and individual well-being. These short-term impacts are notable because most of the large-scale subsidized employment programs that have operated in the United States were designed primarily to increase work and income during periods of high unemployment. The results from STED and ETJD can provide important lessons to inform the design and operation of such programs, which may play a valuable role for certain populations or geographic areas even when national labor-market conditions are relatively strong.

Specifically, the evaluations found that short-term program impacts are consistently concentrated among participants with more barriers to employment, so programs that are mainly interested in maximizing their short-term impacts may want to target the most disadvantaged job seekers. Further, the traditional transitional jobs model was the most promising approach to achieving short-term improvements when it was implemented well and when it targeted the participants who were likely to benefit the most (that is, those with more barriers to employment). On the other hand, wage-subsidy programs were difficult to pull off: These programs struggled to

7 "Society's perspective" takes into account benefits and costs to the government, participants, and in one program's case, the victims of crimes committed by participants.

recruit enough work sites to serve their enrollees, and as a result fewer than half of participants were ever placed in subsidized jobs. However, the program with the lowest placement rate had the largest earnings impacts throughout the follow-up period and was one of the least expensive to implement. These results suggest that wage-subsidy programs can be highly efficient under some circumstances and may be worthy of further investigation. Finally, the findings suggest that subsidized jobs programs may be useful tools for child support enforcement programs and prisoner reentry programs.

1 Introduction

Even in a strong economy, some job seekers struggle to find and keep jobs. These individuals often have limited work experience, few educational credentials and job skills, and other characteristics such as criminal records or primary caretaking responsibilities that make it difficult for them to compete in the labor market. For decades, government entities, private foundations, and nonprofit organizations have developed programs to help disadvantaged job seekers succeed in the labor market. One such approach is subsidized employment, where the government temporarily subsidizes all or a portion of job seekers' wages, in order to provide a bridge to unsubsidized employment and improve their longer-term employment prospects. Past research has found mixed results regarding these programs' ability to achieve those goals.

In late 2010, the U.S. Department of Health and Human Services (HHS) launched the Subsidized and Transitional Employment Demonstration (STED) and the U.S. Department of Labor (DOL) launched the Enhanced Transitional Jobs Demonstration (ETJD), complementary large-scale research projects designed to build rigorous evidence on the effectiveness of the latest generation of subsidized employment models. MDRC, a nonprofit, nonpartisan research organization, was selected to lead both projects.[1] The projects recently finished 12 random assignment studies of 13 subsidized employment programs, and this report summarizes findings from the studies and implications for practitioners, policymakers, and researchers.[2] This report also presents employment and earnings impacts over an extended follow-up period of up to five years for each program. These findings shed light on the sustainability of the employment and earnings impacts.

The Goals of Subsidized Employment

The first large-scale subsidized employment programs in the United States — the Works Progress Administration and other New Deal programs — employed millions of people during the Great

1 MDRC's partners were MEF Associates, Abt Associates, Branch Associates, and Decision Information Resources.

2 One study used a three-group test to evaluate two programs. With the exception of findings based on extended follow-up data on employment and earnings, the findings presented in this report are synthesized from 13 STED and ETJD publications: Anderson, Farrell, Glosser, and Barden (2019); Barden et al. (2018); Cummings, Farrell, and Skemer (2018); Farrell and Webster (2019); Foley, Farrell, Webster, and Walter (2018); Glosser, Barden, and Williams (2016); Redcross et al. (2016); Skemer, Sherman, Williams, and Cummings (2017); Walter, Navarro, Anderson, and Tso (2017); Wasserman et al. (2019); Webster (2019a); Webster (2019b); Williams and Hendra (2018).

Depression in jobs that improved American infrastructure.[3] Several smaller subsidized employment programs have been implemented in the decades since, generally during periods of high unemployment. These relatively large, "countercyclical" subsidized employment programs were designed primarily to provide work-based income support for jobless workers and to stimulate the U.S. economy.

Since the 1970s, government agencies and community-based organizations have implemented several smaller-scale subsidized employment programs with expanded goals: Beyond providing income support, they also aim to improve participants' long-term success in the labor market. These programs target groups that tend to have high rates of joblessness even when labor-market conditions are good — recipients of Temporary Assistance for Needy Families (TANF), people with criminal records, "disconnected" young people (young people who are not employed or in school), and others — and they use subsidies to give participants opportunities to learn employment skills while working in a supportive setting, or to help them get a foot in the door with employers who may have job openings. Often, the programs also provide support services to help participants address personal barriers to steady work. The goal is to improve participants' ability to get and hold regular, unsubsidized jobs.

When assessing the success of a subsidized employment program, it is critical to consider the program's goals. One might judge a countercyclical program on its ability to expand quickly and provide income support to large numbers of people who would not otherwise be working, thus lowering unemployment rates during a recession. In contrast, one could assess a program designed to improve participants' success in the labor market on the longer-term employment patterns of its participants, as well as related measures such as reduced recidivism for people with a history of incarceration, or reduced reliance on public benefits.[4]

The Roots of the STED and ETJD Projects

Two developments in the early 2000s shaped the projects. First, between 2004 and 2010, MDRC, with support from HHS, DOL, and private foundations, evaluated six transitional jobs programs, five targeting formerly incarcerated people and one targeting long-term recipients of TANF cash benefits.[5] All of the programs aimed to improve long-term employment outcomes, and all provided temporary, subsidized jobs and support services, including help looking for permanent, unsubsidized jobs. The studies randomly assigned eligible applicants to a program group whose members were offered spots in the transitional jobs programs or to a control group who were not. The studies found that all of the programs dramatically increased employment initially, but the employment gains were a result of the transitional jobs themselves and faded quickly as people

3 Bloom (2015).

4 In this report "recidivism" refers to the rate at which people with criminal records are rearrested, reconvicted, or reincarcerated.

5 Redcross, Millenky, Rudd, and Levshin (2012); Valentine and Bloom (2011); Valentine (2012). The term "transitional jobs" typically refers to temporary, subsidized jobs that are not intended to roll over into unsubsidized jobs at the end of the subsidy period. However, the terms "transitional jobs" and "subsidized jobs" are often used interchangeably.

left the transitional jobs. None of the programs consistently increased unsubsidized employment over follow-up periods ranging from two to four years. One of the programs for formerly incarcerated adults produced meaningful and statistically significant reductions in recidivism, but the others did not. The results of these evaluations led to a search for subsidized jobs models that could produce sustained increases in unsubsidized employment.[6]

The other important development came in 2009, when nearly all states began to draw on the TANF Emergency Fund to support subsidized employment programs launched or expanded during the economic downturn. Fourteen states and the District of Columbia each placed at least 5,000 people in subsidized jobs before funding expired in late 2010. The TANF Emergency Fund programs were popular in many states, with governors from both parties expressing strong support. Thus, the experience, while relatively short-lived, rekindled interest in subsidized employment more broadly.

HHS and DOL launched the STED and ETJD projects, respectively, in late 2010. In 2011, DOL awarded about $40 million to seven transitional jobs programs chosen through a grant competition. DOL required the programs to target people who had been recently released from prison or who were low-income noncustodial parents unable to meet their child support obligations due to unemployment or underemployment.[7] The programs were required to demonstrate a strong transitional jobs model that included enhancements to address the specific employment barriers of the program's specified population. HHS's STED project focused on subsidized employment programs for recipients of public assistance, noncustodial parents, and young people who were disconnected from the worlds of school and work. The STED project was not associated with a special federal grant program. HHS and DOL worked together closely to coordinate the two projects.[8] Figure 1.1 provides a broad overview of the two evaluations, and Appendix Table A.1 briefly describes each program participating in the evaluation.[9]

Subsidized Employment Models

All the programs tested in the HHS STED project and the DOL ETJD project aimed to use subsidized employment to improve long-term labor-market outcomes for groups with substantial barriers to employment, though each program took a different approach to achieving that goal. Each of the 13 program models was distinct, but it is possible to group them into three broad categories: traditional transitional jobs models, wage-subsidy models, and staged and tiered hybrid models.

6 The results of the transitional jobs evaluations were similar to the results from the 1970s National Supported Work Demonstration, which tested an intensive-work-experience model for formerly incarcerated people, young people who had dropped out of high school, recovering addicts, and long-term welfare recipients. Only the welfare-recipient target group had sustained increases in earnings beyond the subsidized-employment phase. See Manpower Development Research Corporation Board of Directors (1980).

7 Noncustodial parents are those who do not have custody of at least one of their children.

8 Two of the ETJD programs funded by DOL were evaluated under the STED project.

9 One additional study funded under the STED project — Paycheck Plus Atlanta — is not discussed in this report. Paycheck Plus is a pilot program to simulate an expanded Earned Income Tax Credit for low-income, single workers without dependent children. Final impact findings from the evaluation of Paycheck Plus Atlanta will be released in 2020.

FIGURE 1.1 Background on the STED and ETJD Evaluations

HHS sponsored the evaluation of STED, and DOL sponsored the evaluation of ETJD. The evaluation contracts were awarded in 2010, and random assignment happened between 2011 and 2016. ETJD's contract ended in 2018, and STED's contract ends in 2020.

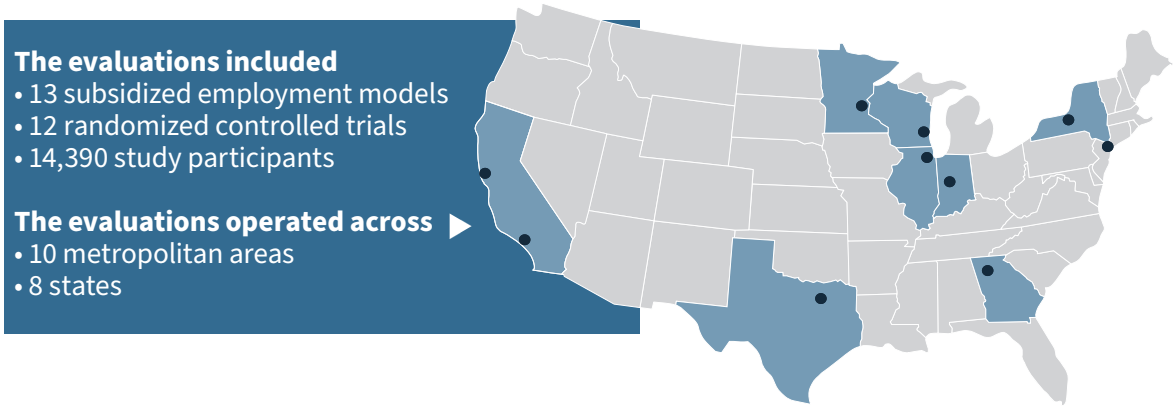


Figure 1.2 describes and illustrates the three general approaches. There was a great deal of variation among the models in each category, but in general, the underlying philosophies tended to align within each approach.

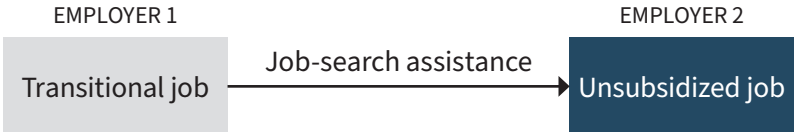
At the broadest level, almost all programs that sought to improve participants' long-term employment outcomes used one or more of the following strategies: (1) They sought to improve participants' skills or behaviors, (2) they sought to connect participants with jobs they would not otherwise find, or (3) they sought to induce employers to favor program participants over other job applicants when making hiring decisions. All the STED or ETJD programs used each of these strategies to some extent, but the emphasis among them varied according to the model type, as described below:

- **TRADITIONAL TRANSITIONAL JOBS MODELS** focused primarily on the first two strategies. These models assumed that when participants enrolled, they were not ready to succeed in regular, unsubsidized jobs and needed to spend time in a more forgiving work environment first. These models therefore placed participants into fully subsidized, temporary jobs, often with the program sponsor or another nonprofit organization. Eventually, staff members helped participants make connections to unsubsidized jobs; the models assumed that participants would be more attractive to unsubsidized employers and better able to hold jobs after they had performed well in transitional jobs.

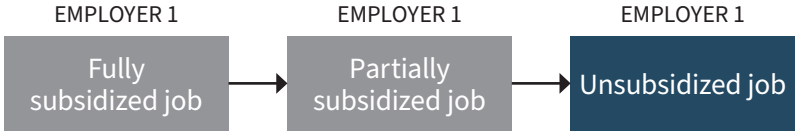
- **WAGE-SUBSIDY MODELS** focused more on the second and third strategies. While some of these programs provided preemployment services, they generally assumed that participants could be placed directly into open jobs in the private sector soon after they enrolled, with a wage subsidy provided by the program. Thus, these programs tended to focus on connecting participants to jobs and using subsidies to try to influence employers' hiring decisions.

FIGURE 1.2 Subsidized Employment Model Types

TRADITIONAL TRANSITIONAL JOBS programs provide temporary, fully subsidized jobs to participants, then often offer job-search assistance to help participants find unsubsidized employment.

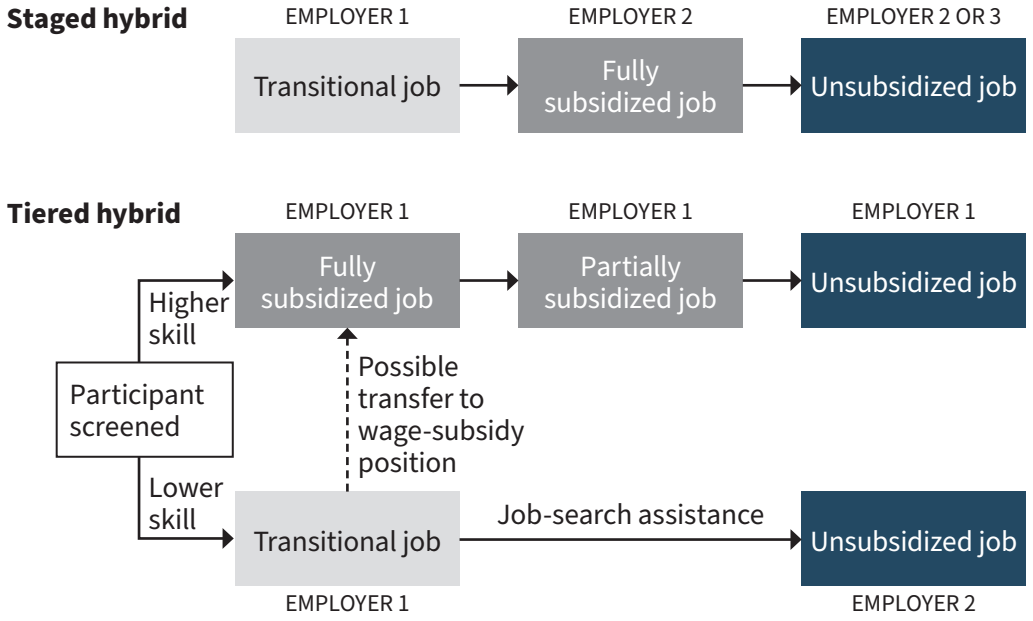


WAGE-SUBSIDY programs place participants at an employer, providing full subsidies for a period of time, followed by a period with partial subsidies, with the expectation that participants will be hired without subsidies after the program ends if they perform well.



HYBRID programs mix elements of the models above, generally taking one of two forms:

- **Staged hybrid** programs place all participants in transitional jobs, then move them to wage-subsidy jobs if they perform well in the transitional jobs. The wage-subsidy jobs are sometimes intended to turn into unsubsidized jobs.
- **Tiered hybrid** programs place participants in either transitional or wage-subsidy positions depending on their work experience, education, and overall job readiness. Some programs intend to move participants placed in transitional jobs to wage-subsidy positions if they perform well in the transitional jobs. Others provide job-search assistance to help participants find unsubsidized employment.



- **HYBRID MODELS** combined all three strategies. **TIERED HYBRID MODELS** focused on the first two strategies for participants with fewer skills and less work experience while focusing on the last two strategies for participants with more skills and experience. These programs assessed participants' work readiness in order to offer them subsidized jobs that met their needs (that is, traditional transitional jobs or wage-subsidy jobs). **STAGED HYBRID MODELS** used all three strategies for all participants; individuals began with traditional transitional jobs and then moved to wage-subsidy positions.[10]

Overview of the Evaluations

MDRC and its partners conducted a comprehensive evaluation of each program in the ETJD and STED projects. The team evaluated each program using a random assignment design in which eligible participants were assigned at random to a program group whose members were offered access to the program or to a control group who was not offered services from that program but may have received other services in their communities, particularly when sample members were part of a system like TANF or parole that requires people to participate in productive activities. One of the evaluations, conducted in Los Angeles County, evaluated two programs using a three-group random assignment design. This design provided a unique opportunity to compare two subsidized employment models — the traditional transitional jobs model and the wage-subsidy model — with each other and with a control group.

The evaluations initially followed the groups for 12 to 36 months using administrative records and individual surveys.[11] This report presents additional employment and earnings impact findings from an extended follow-up period of up to five years. Because assignment to the program and control groups was random, one can be confident that the groups were comparable at the start. If differences emerged between the groups over time and those differences are large enough to be considered statistically significant, one can be confident that the differences are the result of the subsidized employment program. These differences are known as the "impacts" or "effects" of the program. The studies assessed whether each program led to increases in participants' employment and earnings, and examined other outcomes depending on the population being tested. For example, the project assessed impacts on child support outcomes for programs serving noncustodial parents.

In addition to assessing whether the programs affected these outcomes, the evaluations tried to illuminate how and why the programs generated impacts by carefully studying the implementation of each program. The team assessed program implementation using questionnaires administered to and interviews with participants, staff members, and work-site supervisors. The evaluations also estimated most programs' financial costs, and in one case compared those costs with their observed and estimated financial benefits.

10 Some participants in staged hybrid models may have remained in transitional jobs if the program did not believe they were prepared for more rigorous wage-subsidy jobs.

11 Administrative records are data collected primarily for the management of programs and public services.

Road Map to the Report

The next chapter of this report examines findings from the 12 studies by asking six questions about what works to connect people to subsidized jobs, facilitate their transition into unsubsidized employment, and positively affect other important outcomes. The final chapter discusses conclusions and policy implications.

2 Six Questions About Subsidized Jobs

The Subsidized and Transitional Employment Demonstration (STED) and Enhanced Transitional Jobs Demonstration (ETJD) projects generated valuable lessons about strategies for implementing subsidized and transitional employment programs. This chapter examines findings from the projects' evaluations of 13 programs to answer six policy questions.

1 Do subsidized employment programs get people into subsidized jobs?

2 Do subsidized employment programs improve participants' employment outcomes in the first year after they enroll?

3 Can subsidized employment programs achieve sustained employment and earnings impacts beyond the first year?

4 Can subsidized employment programs improve nonemployment outcomes, for example by reducing recidivism or increasing child support payments?

5 Do subsidized employment programs work better for certain subgroups of participants?

6 How much do subsidized employment programs cost, and do the benefits outweigh the costs?

The answer to each question is broken into two parts: the short answer and the longer answer. For those in a rush, the short answer briefly summarizes findings. For readers who would like to dive a little deeper, the longer answer goes into more detail, using figures and program spotlights to guide the discussion.

In addition to synthesizing findings across the evaluations, this report presents new earnings and employment findings based on administrative data from the National Directory of New Hires that cover an extended follow-up period of up to five years.[1] These extended findings are presented in the answer to Question 3 and inform the answers to Questions 5 and 6.

1 The amount of follow-up data available varies by program, ranging from two years for two programs to five years for three programs, with three to four years of data for the remaining seven.

Question 1: Do Subsidized Employment Programs Get People into Subsidized Jobs?

Each of the programs evaluated as part of ETJD and STED sought to improve employment prospects in the unsubsidized labor market for its participants, and the programs expected to do so by getting participants into subsidized jobs. Were the 13 programs able to place participants into subsidized jobs? Which strategies were most effective? This section explores which models worked best to connect participants to subsidized jobs quickly and which programs kept participants engaged in those jobs.

THE SHORT ANSWER

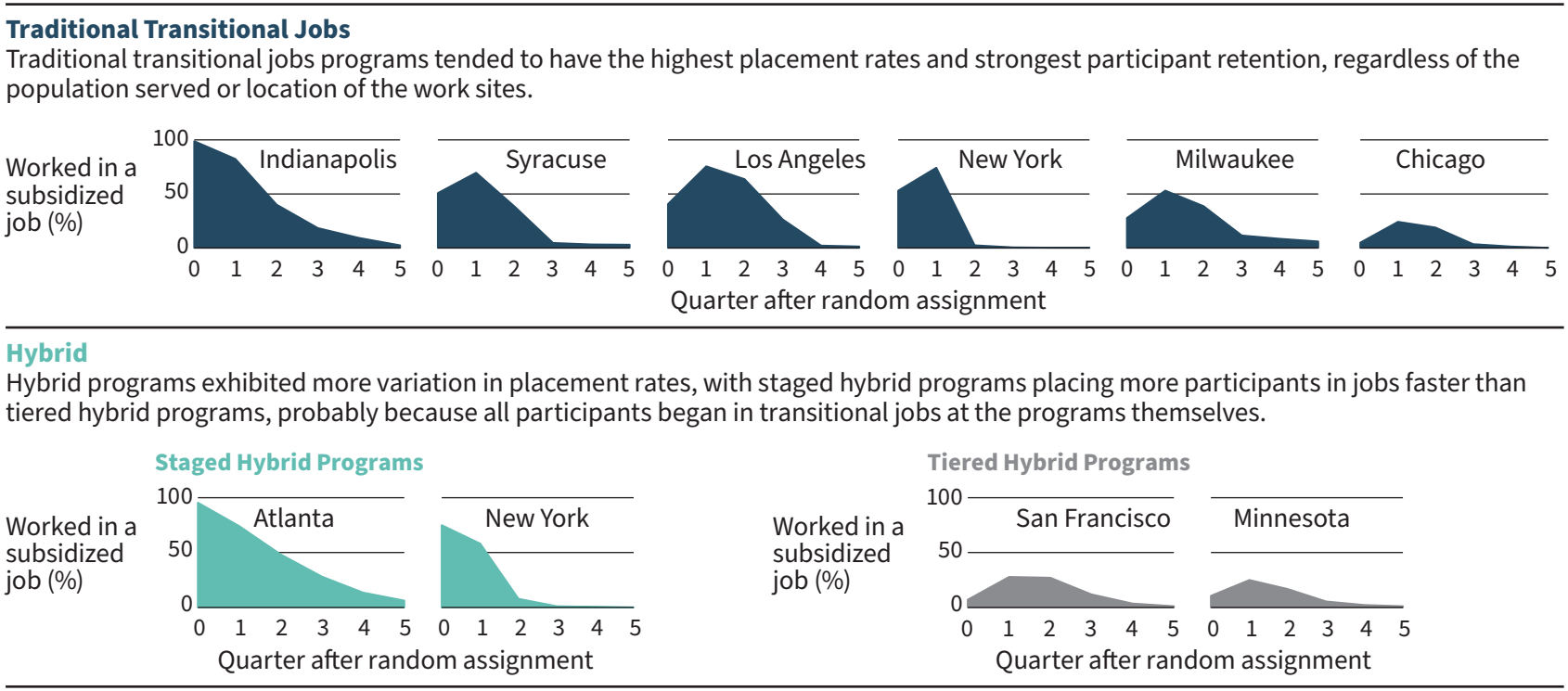
Programs had varying success at placing participants in subsidized jobs, with placement rates ranging from 25 percent to 100 percent of program group members. However, over half of the programs evaluated placed most participants in jobs, and most participants who were offered subsidized jobs took them. The variation in placement rates hinged on whether programs (1) had jobs to offer participants and (2) were able to get participants into jobs quickly.

In general, traditional transitional jobs and staged hybrid programs placed participants in subsidized jobs quicker and had higher overall placement rates than wage-subsidy or tiered hybrid programs. The programs with the highest placement rates were those that placed participants in jobs at the program itself with little or no screening, or those that had strong, lasting work-site partners that they could rely on to take on new participants time and time again. Programs that included wage-subsidy placements (that is, all wage-subsidy and hybrid programs) had a harder time making immediate placements because they required large commitments from work sites, in terms of the organizational resources used to host participants and in terms of the requirements they put on work sites to hire participants into unsubsidized jobs after the subsidy period ended. Though these commitments were intended to facilitate the transition from subsidized to unsubsidized jobs at the work sites, they made it difficult for programs to recruit work sites and complicated the process of placing participants. Placement rates into wage-subsidy jobs were low as a result.

THE LONGER ANSWER

In most voluntary social programs, it is vital to engage enrollees rapidly in program services that they find meaningful in order to ensure that they participate in the program and remain long enough for it to help them achieve their goals. Figure 2.1 shows participation in subsidized employment for each program during the first five quarters of the evaluation, organized by model type. Quarter 0 is the quarter in which participants entered the program, which is also the quarter in which most participants were expected to begin working in subsidized jobs. The figure shows that participation in subsidized jobs aligned closely with model type: In general, transitional jobs and staged hybrid models placed participants in subsidized jobs quicker and retained more participants over time than wage-subsidy or tiered hybrid models. Participation did not differ meaningfully by the population served, project (STED versus ETJD), or geographic location of the program (not shown).

FIGURE 2.1 Participation in Subsidized Jobs, by Program Model Type



SOURCE: MDRC calculations based on program records.

Programs that ran their own work sites were usually able to place participants more quickly and place more participants overall than those with external work sites.

Two programs placed almost all program group members in subsidized jobs in the quarter that they enrolled: Indianapolis's transitional jobs program and Atlanta's staged hybrid program. These two programs are social enterprises that sell products or services but have an explicit goal of employing disadvantaged workers. In these programs, the first or only work-site placement in the model was at the program itself, which allowed the program to place participants into subsidized jobs within days of enrollment. Probably due in part to this early engagement — and the resulting early payment of subsidized earnings — these programs kept more participants engaged for the full, intended program period than other programs. Another program, New York's staged hybrid program, also operated its own work site and placed most enrollees in subsidized jobs soon after enrollment.[2]

Programs with external work sites varied widely in their ability to place participants. The most successful programs required work sites to invest fewer resources into hosting participants and did not require a commitment to hire participants after subsidies ended. This strategy enabled the programs to build strong, long-lasting work-site partnerships, but it provided few direct pathways to unsubsidized work.

Most programs evaluated as part of STED and ETJD had work sites that were outside of the program, at nonprofit organizations, government agencies, or private employers. This arrangement added an additional, often challenging set of steps to placing participants in subsidized jobs. Program staff members had to recruit work sites, match participants to appropriate work sites, and sometimes even persuade work sites to take on participants through screening processes that may have required interviews, drug tests, or background checks.

Some programs with external work sites were more successful than others at overcoming these challenges and placing participants quickly. In general, transitional jobs programs were the most successful at making quick external placements, and programs with at least one phase or track of wage-subsidy placements (that is, all wage-subsidy and hybrid programs) struggled to place participants into that type of job. This division relates to the level of commitment and effort required of work sites taking on participants, which in turn relates to the model's theory of change. Traditional transitional jobs programs offered their partners — usually other nonprofit organizations that could not afford to hire more people — free labor with no commitment to hire. This offer made work-site recruitment easier and made work sites more willing and able to commit to hosting future participants. However, past evaluations have found that traditional transitional jobs programs often struggle to help participants transition from subsidized to unsubsidized work.[3]

The wage-subsidy model was designed to address this shortcoming by helping people get their foot in the door at potential employers in the private economy, in the hope that those placements

2 The New York staged hybrid program was a part-time, time-limited subsidized job, so placement length and number of hours of subsidized work tended to be lower than was the case at other programs with strong initial placement.

3 Dutta-Gupta, Grant, Eckel, and Edelman (2016).

would then lead to unsubsidized jobs with those employers. Because wage-subsidy jobs were intended to become unsubsidized jobs, the work-site arrangements tended to have some combination of the following characteristics, each of which added an additional layer of complication or commitment to get participants placed and made it harder for programs to recruit work sites or place participants quickly:

1 Wage-subsidy work sites were typically at private employers, which tended to require more screening and may have been less receptive to taking on disadvantaged workers.

2 The work site often served as the employer of record, which meant that each participant needed to go through a company's administrative payroll process before starting a subsidized job.

3 The subsidy slowly tapered in wage-subsidy jobs, which meant work sites had to commit to paying a portion of participants' wages eventually.

4 Work sites were expected to hire participants at the end of the subsidy period.

In effect, the first two factors delayed placements into subsidized jobs and may have required work sites to dedicate extra organizational resources to make those placements, and the last two factors required work sites to make some level of early financial commitment. Each factor increased the burden work sites faced to take on participants.

Question 2: Do Subsidized Employment Programs Improve Participants' Employment Outcomes in the First Year After They Enroll?

It stands to reason that people who were relatively disconnected from the workforce would experience better employment outcomes if they received temporary employment opportunities than they would without such opportunities. But is it really that simple? This section examines whether subsidized employment programs improve short-term employment and the conditions that may facilitate the largest short-term improvements.

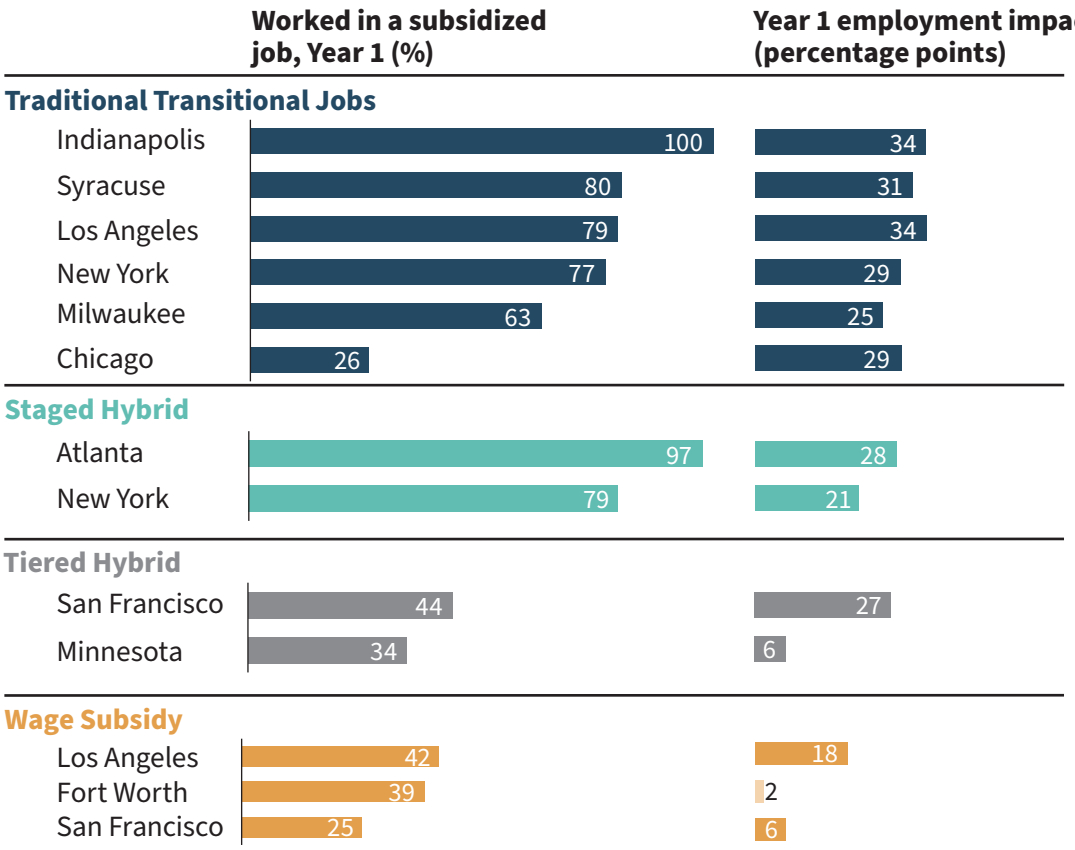
THE SHORT ANSWER

Twelve of the 13 programs evaluated improved employment in the year after study enrollment, and in many cases the impacts were quite large. These results indicate that subsidized employment programs, if implemented well, will almost always improve short-term employment. For the most part, the programs with the highest subsidized-job placement rates also had the largest impacts on overall employment in the first year after random assignment, but this pattern did not always hold true, probably because the programs served different populations and included features other than subsidized jobs that may have affected the magnitude of programs' impacts.

THE LONGER ANSWER

Figure 2.2 displays one-year subsidized employment rates in each program beside each program's one-year impacts on overall employment.[4] The first thing to note is that the subsidized-job placement rates shown on the left are much larger than the impacts on employment (that is, the difference in employment rates between the program and control groups) shown on the right. This discrepancy indicates that even though most study participants faced barriers to employment, many people in the control groups were able to find unsubsidized jobs during the first year. Nevertheless, 12 of the 13 programs significantly increased employment in the year after study enrollment.

FIGURE 2.2 Program Group Subsidized Work Rates After One Year Compared with Impacts on Formal Employment After One Year



SOURCES: MDRC calculations based on program records and National Directory of New Hires employment and earnings data.

NOTE: For the employment impacts reported in the right column, ■ ■ ■ ■ = statistically significant ($p < 0.10$), ■ ■ ■ ■ = not statistically significant ($p >= 0.10$).

4 Employment measures combine administrative employment data and program group subsidized employment data.

Employment impacts tend to mirror subsidized employment rates, with traditional transitional jobs and staged hybrid programs generally producing the largest one-year employment impacts. However, the sizes of the employment impacts do not always directly relate to subsidized work rates, which suggests that there may be other factors at play in improving short-term employment outcomes.

The 13 programs evaluated varied in many ways beyond the structure of the subsidized job itself: They offered different support services, were of different lengths, and had different target populations, among other differences. Though it is not possible to disentangle fully which factors influenced the size of the short-term employment impacts, it is possible to identify a few factors that appear to be related.

Programs tended to have larger employment impacts during the program period if sample members had fewer opportunities in the local economy (as evidenced by control group employment rates).

The easier it is for the population served by a subsidized employment program to secure employment in the unsubsidized labor market, the less room that program has to improve on the employment outcomes participants would experience without the program. In a random assignment evaluation, control group employment rates provide the best estimate of how the population would have fared in the local labor market if the program had not existed.[5]

Two programs demonstrate the impact the control group's labor-market success can have on employment impacts: those in Atlanta and Syracuse. In Atlanta, where the program screened participants heavily before random assignment, 71 percent of the control group worked in the first year of the follow-up period, compared with only 59 percent of the control group in Syracuse. Even though the Atlanta program's subsidized-job placement rate was 17 percentage points higher than that of the Syracuse program, the Syracuse program had a slightly larger impact on employment than the Atlanta program. Figure 2.3 describes the Atlanta program in more detail. This finding highlights that in order to produce the largest impacts, programs should direct services to those who would otherwise experience less success in the labor market.

Similarly, if individuals become eligible for a subsidized employment program due to temporary employment setbacks rather than chronic unemployment, they may have an easier time quickly finding and maintaining unsubsidized jobs; thus, programs may have smaller impacts among this subgroup of participants.

Appendix Figures A.1 through A.3 show employment over time for program and control group members. The figures show that for the Los Angeles programs, quarterly employment rates plummeted about 10 percentage points in the three quarters before random assignment, then con-

5 In rare cases, an employment program can have general-equilibrium effects on the labor market, in which the program can produce positive impacts by making the control group situation worse than it would have been in the absence of the program (because the program crowds out employment opportunities for control group members). However, implementation research suggests that it is unlikely there were such effects in any of the evaluations in this project.

FIGURE 2.3 Getting People Back to Work Quickly: Lessons from Atlanta's GoodTransitions Program

Target population

Noncustodial parents who were unable to make regular child support payments due to unemployment or underemployment.

Program model and employer types

Subsidy amount

Full subsidy

Employer of record

Goodwill of North Georgia

Job duration

4 months for 20-40 hours per week

Other services

Case management, job coaching, job development, workshops, job club, job search

Main findings

GoodTransitions placed 97 percent of program group members into subsidized jobs. Every participant's first placement was at a Goodwill store, which enabled the program to place participants rapidly. Probably in part because placements happened rapidly, the program retained participants for longer than most STED and ETJD programs. The program increased employment in the first year by 28 percentage points and earnings in the first year by over $2,000, despite a 60 percent increase in control group employment in the year after random assignment that left less room for improvement. The program had larger employment impacts among participants who did not work in the year before enrollment because control group members in that subgroup had lower employment. Taken together, these findings suggest that a program like GoodTransitions may have larger effects if it targets individuals with less recent work experience (that is, those who may otherwise have less success in the unsubsidized labor market).

The program had other short-term impacts, as well: In the year after random assignment, program group members were more likely to pay child support, made more consistent payments, and paid more on average than the control group. Overall, GoodTransitions' rapid and near complete placement of program group members contributed to large first-year employment and earnings impacts; however, improvements in control group employment during the same period led to smaller short-term impacts than one might expect to see in a program that was as well implemented as GoodTransitions.

trol group employment rates increased rapidly in the year after random assignment. The control group's recovery suggests that many Los Angeles sample members may have experienced temporary employment setbacks that caused them to apply for public assistance, after which they went back to work relatively quickly.[6] Though the Los Angeles programs still had large short-term employment impacts, these impacts were concentrated among sample members who had been out of work longer, further supporting the notion that subsidized jobs programs tend to work better for the long-term unemployed. Question 5 further examines whether programs worked better for people who had been out of work longer.

Work incentives, such as reductions in child support obligations, may have played a role in improving employment.

Studies have found that child support obligations can reduce noncustodial parents' incentive to work in formal employment because a portion of their wages is withheld, decreasing their take-home pay.[7] Some programs offered child support incentives in order to encourage program group members to participate in the program. For example, the San Francisco tiered hybrid program reduced participants' child support obligations on the condition that they participate in the program. This incentive meant noncustodial parents took home more of their paychecks, which may have increased their motivation to participate in the program and to find and keep unsubsidized jobs. Indeed, even though only 44 percent of program group members in San Francisco's tiered hybrid program worked in subsidized jobs, the program produced a 27 percentage point increase in employment compared with the control group, short-term results on par with those of the programs with the highest rates of subsidized work. There are many possible explanations for this program's unusual pattern of results, but the child support incentive was a distinctive feature that may have played a role. Other evaluations have found that work incentives can promote employment in a variety of other settings.[8]

Question 3: Can Subsidized Employment Programs Achieve Sustained Employment and Earning Impacts Beyond the First Year?

As mentioned in Chapter 1, the subsidized employment programs evaluated in these projects aim to do more than increase employment and earnings in the short term: Every program also aimed to increase participants' employment prospects after they were done with the subsidized jobs. Building on previous reports' findings, this report uses administrative records to present new earnings and employment impact findings over an extended follow-up period of up to five years.

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6 Previous employment may not be a reliable predictor of future labor-market success for young people entering the labor market, as seen for the New York transitional jobs program in Appendix Figure A.1. Programs serving young people may need to use different methods to assess whether potential participants are likely to benefit from a subsidized employment program. For example, it may make sense for them to consider participants' education levels and how long they have been disconnected from work and school.

7 Miller and Knox (2001); Cancian, Heinrich, and Chung (2013).

8 Miller et al. (2018); Riccio (2010).

THE SHORT ANSWER

Six of the 13 programs significantly increased earnings beyond the first year of the evaluation. Four of those programs were transitional jobs programs, which suggests that the transitional jobs strategy may improve participants' employment prospects for at least some time beyond the subsidy period. Four programs increased earnings beyond the second year of the evaluation. Those programs' model types varied, so among the programs studied in this evaluation, no model type stands out as the best option for improving longer-term employment prospects.

In half of the programs with earnings impacts beyond the first year, there were also employment impacts, indicating that increased earnings sometimes resulted, at least in part, from more people working. However, the other half of those programs had earnings impacts in years without employment impacts, which suggests that some working program group members worked more consistently than control group members or had better jobs (in terms of, for example, the hours they worked, their hourly wages, or their permanent — as opposed to temporary — employment status). Survey results support the notion that some programs improved job quality or consistency, though the surveys did not cover the full follow-up period.

THE LONGER ANSWER

Figure 2.4 shows annual earnings impacts for each year of administrative employment and earnings data available for each program. The employment and earnings data include jobs that are covered by unemployment insurance, or "formal" employment; the data do not include jobs in the informal economy, such as domestic work, day labor, and babysitting. Impacts that are statistically significant include labels displaying dollar amounts. Appendix Table A.2 shows annual impacts on four measures of employment and earnings, including measures of employment stability.[9] As expected, many programs' positive impacts faded nearly to zero after the first year, but seven programs evaluated had positive impacts on employment beyond that first year, seven programs had positive impacts on employment stability, and six programs had positive impacts on earnings.[10]

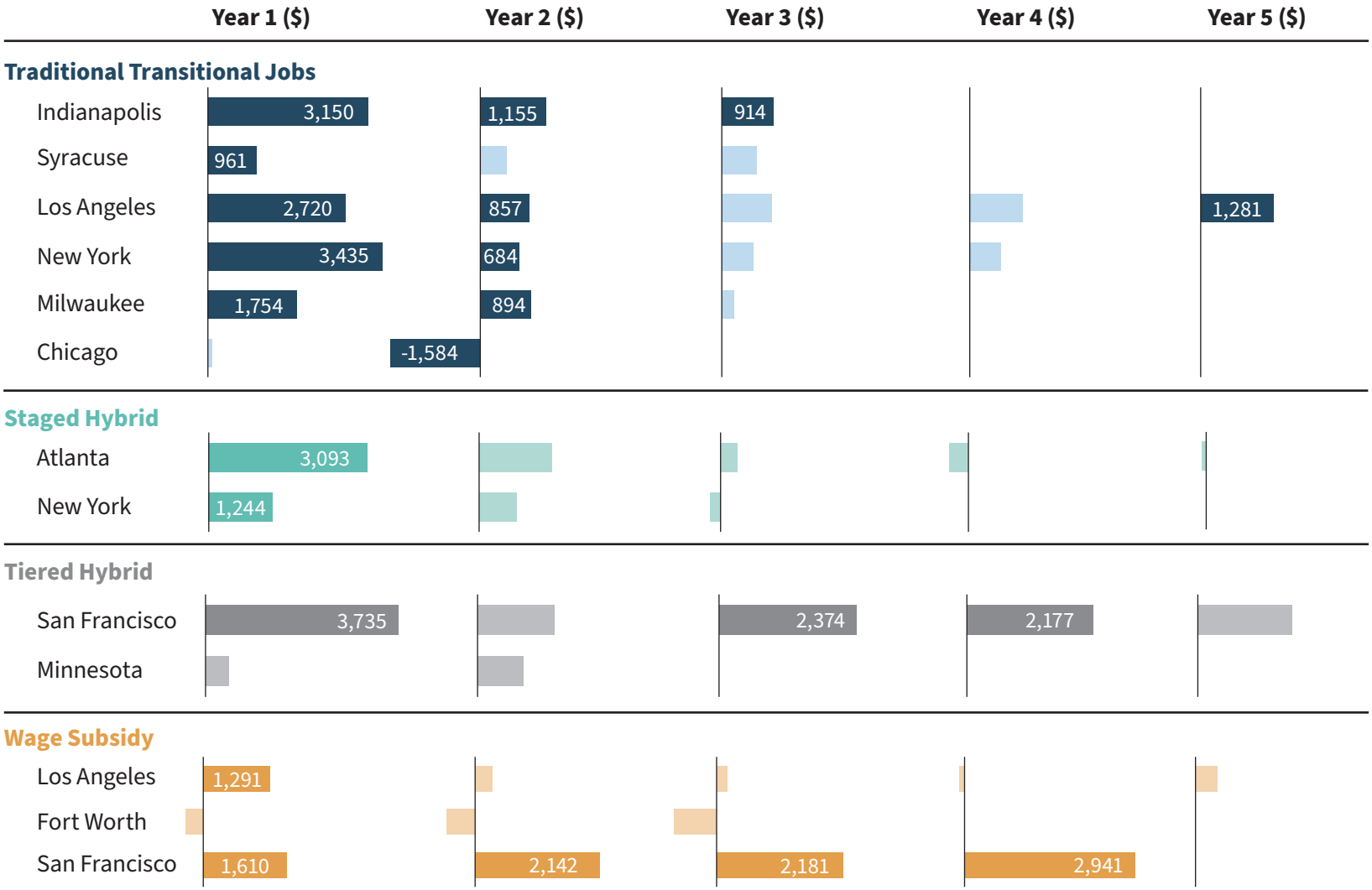
Most programs increased earnings even after participants stopped working in subsidized jobs, but only 4 of the 13 programs had statistically significant impacts on earnings beyond the second year of the follow-up period.

No one model type stood out as a promising approach to producing sustained improvements in employment outcomes. Of the 13 programs, 10 increased earnings in the first year of the follow-up period and 5 increased earnings in the second year of the follow-up period, including 4 transitional jobs programs. As shown in Figure 2.1, nearly all program group members had left their subsidized jobs by the end of the first follow-up year, so earnings impacts in the second year mean that the

9 Findings are presented through the last full year of follow-up data available for each program. Follow-up data were available covering two years for two programs, covering three or four years for seven programs, and covering five years for four programs.

10 The Chicago program did not obtain Social Security numbers for half of its sample, and Social Security numbers are necessary to collect follow-up administrative employment and earnings data for sample members. Therefore, the Chicago program's employment and earnings results may not be reliable, are not discussed extensively in the text, and should be interpreted with great caution.

FIGURE 2.4 Annual Impacts on Formal Earnings



SOURCES: MDRC calculations based on program records and National Directory of New Hires employment and earnings data.

NOTES: ■ ■ ■ = statistically significant ($p < 0.10$). ■ ■ ■ = not statistically significant ($p >= 0.10$). These charts display all of the follow-up data available for each program. Some programs have more years of impacts shown because of differences in study enrollment end dates and project contract periods.

programs did improve earnings even after the subsidized jobs ended. Four programs — with three different model types — improved earnings beyond the second follow-up year: Los Angeles's and Indianapolis's transitional jobs programs, San Francisco's tiered hybrid program, and San Francisco's wage-subsidy program. Though it is unclear exactly what produced these sustained impacts, the following observations are notable:

Rather than simply resulting from a larger proportion of program group members working, longer-term earnings impacts appear to be due in part to program group members earning higher hourly wages, working more hours per week, or working more consistently.

For three of the four programs with earnings impacts in the later follow-up years — the Indianapolis program, the Los Angeles transitional jobs program, and the San Francisco wage-subsidy program — there were not always significant employment impacts to go along with those earnings impacts. In years when there were earnings impacts but not employment impacts, program group members who were working must have been earning more than control group workers on average. Program group members might have earned more because they had higher wages, more work hours, or more consistent employment, among other possible explanations. Indeed, survey results indicate that these programs did improve measures of job quality and consistency for at least some participants: Program group members were more likely than control group members to report that they had permanent employment, were working over 34 hours per week, or were earning high hourly wages at 30 months after study enrollment.[11]

The San Francisco tiered hybrid program's earnings impacts appear to be primarily the result of increased employment. However, program group members in that evaluation were employed more consistently than control group members in every year of the follow-up period, so it appears that employment stability may have contributed to longer-term earnings increases (see Appendix Table A.2).

Two programs with longer-term employment or earnings impacts placed fewer than half of their program group members in subsidized jobs, which suggests that sustained impacts were either the result of (1) fewer but more efficient job placements that improved participants' unsubsidized employment opportunities or (2) program services other than the subsidized jobs.

Both programs with sustained employment or earnings impacts and low subsidized-employment placement rates were based in San Francisco, and both program groups had better earnings and employment than the control groups in every year of the follow-up period, though these differences were not always statistically significant. However, the two programs operated differently and the control groups had different labor-market experiences, so it is unlikely that the same mechanisms produced these impacts. Though it is difficult to determine what caused the impacts, the following factors may have contributed:

11 The San Francisco wage-subsidy program evaluation included a 12-month survey but not a 30-month survey. "High" hourly wages were $15 per hour in the Los Angeles and San Francisco wage-subsidy program evaluations and $10 per hour in the Indianapolis evaluation.

- **SAN FRANCISCO'S WAGE-SUBSIDY PROGRAM MAY HAVE MADE HIGHLY EFFICIENT JOB PLACEMENTS.** San Francisco's wage-subsidy program only placed a quarter of its program group members into subsidized jobs, all in wage-subsidy placements that were intended to become unsubsidized jobs. Notably, the San Francisco wage-subsidy program had many participants who had relatively strong work experience, education, and job skills. In fact, many of the participants reported feeling overqualified for the wage-subsidized positions the program offered. To attract more employers that paid higher wages and better matched these participants' skills, the program increased the subsidy amount available to employers that paid $13.50 per hour or more. This approach appeared to pay off: The evaluation found that over half of those who worked in subsidized jobs earned $13.50 or more, and wage-subsidy job placements and first-year employment impacts were concentrated among the more employable members of the sample.[12] Thus, it is possible that this program produced a small number of high-quality job placements that led to employment with opportunities for career advancement. See Figure 2.5 for further exploration of these impacts.

- **IN THE SAN FRANCISCO TIERED HYBRID PROGRAM, IT IS POSSIBLE THAT THE CHILD SUPPORT INCENTIVE DISCUSSED UNDER QUESTION 2 MAY BE PARTLY RESPONSIBLE FOR LONG-TERM IMPACTS.** The tiered hybrid program was not implemented according to plan: Few program group members were ever placed in the middle tier (public-sector jobs), and even fewer were placed in the top tier (private-sector wage-subsidy placements). There is no evidence that the few wage-subsidy placements turned into unsubsidized jobs, which means that the sustained impacts are probably due to something other than the subsidized job, for example the child support incentive.

Question 4: Can Subsidized Employment Programs Improve Nonemployment Outcomes?

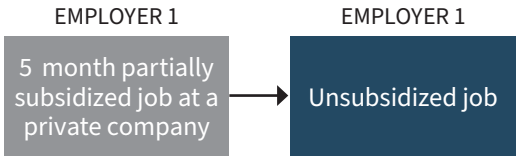
Each program aimed not only to improve employment outcomes, but also to improve participants' lives in other ways, which varied depending on the population a program served. Specifically, programs serving formerly incarcerated adults and disconnected young people who had been involved in the justice system aimed to decrease recidivism, programs serving noncustodial parents aimed to increase child support payments, programs serving disconnected young people aimed to some extent to improve educational outcomes, and programs serving recipients of public assistance aimed to reduce reliance on public assistance, in particular Temporary Assistance for Needy Families (TANF) and the Supplemental Nutrition Assistance Program (SNAP). In addition to these specific aims, social programs also often aim to improve participants' well-being: their financial stability, health, or happiness. This section examines how well each program did at meet-

12 The "more employable" and "less employable" subgroups were defined based on scores that reflect sample members' predicted probability of earning wages in the top quartile in the first year. These scores are explained in more detail in Question 5. The subgroups did not experience impacts that were different from one another to a statistically significant degree, but effects were consistently more positive among the more employable participants.

FIGURE 2.5 Sustaining Earnings Impacts Over Time: Lessons from San Francisco's STEP Forward Program

Target population Low-income recipients of public assistance, people who had exhausted their unemployment insurance or cash-assistance benefits, and needy families

Program model and employer types



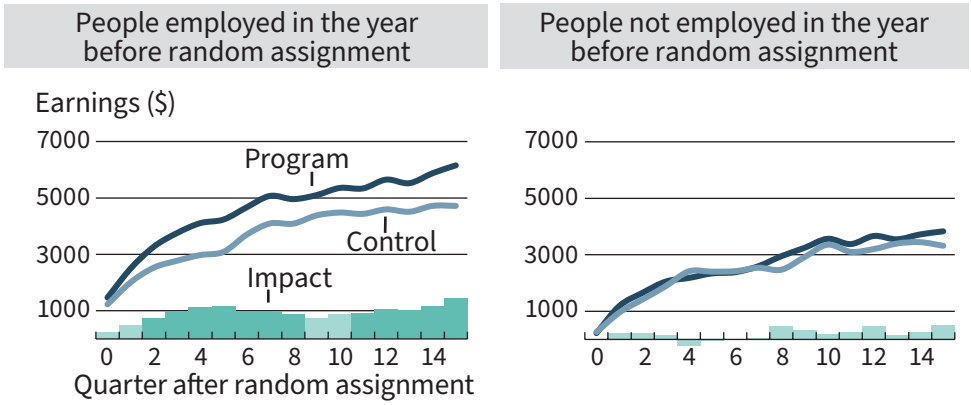
Subsidy amount Maximum of $1,000 per month for up to 5 months

Employer of record Work site

Job duration 5 months for at least 25 hours per week

Other services Pre-job-placement case management

Main findings STEP Forward only placed a quarter of program group members in subsidized jobs in the year after random assignment, which was the lowest placement rate of all programs studied. Generally, programs with low placement rates do not increase employment or earnings in the longer term, but STEP Forward produced some of the largest earnings impacts among all programs, and it was the least expensive program to operate. It appears that the program's focus on recruiting high-wage work sites may have enabled the most employable sample members to get a foot in the door at employment opportunities that could relaunch their careers. Unlike the other programs with longer-term earnings impacts, earnings impacts for STEP Forward were concentrated among those with more recent work experience at enrollment, and impacts remained concentrated in that subgroup for the duration of the follow-up period, as shown below. Those impacts were large and consistent. So despite its low subsidized job placement rates, STEP Forward appears to be a highly efficient program model worthy of further investigation.



SOURCE & NOTE: MDRC calculations based on National Directory of New Hires data. For the impact bars, ■ = statistically significant ($p < 0.10$), ■ = not statistically significant ($p >= 0.10$).

ing these non-employment-related goals, usually over a 30-month follow-up period, though three evaluations only assessed program impacts over a 12-month follow-up period.[13]

THE SHORT ANSWER

Overall, the evaluations found that almost all programs improved important nonemployment outcomes during the first year after random assignment, even when there were not large impacts on employment or high subsidized-job placement rates. The evaluations of a few programs, particularly those serving noncustodial parents, continued to find impacts on those outcomes throughout the 30-month follow-up period.

Most programs serving formerly incarcerated adults and disconnected young people who had been involved in the justice system decreased some important measures of recidivism during the year after random assignment, and the Indianapolis program appears to have had impacts that lasted throughout the 30-month follow-up period. Programs serving noncustodial parents increased either the proportion of people paying child support or the total amount paid. Though these impacts were strongest during the program period, all programs serving noncustodial parents had an impact on at least one child support outcome that lasted throughout the 30-month follow-up period.

Programs serving disconnected young people did not improve educational outcomes beyond the first year of the follow-up period, and those serving public-assistance recipients did not make notable longer-term improvements in public-assistance receipt. Finally, there is robust evidence that employment is associated with improved self-assessed well-being, and the programs themselves also appear to have improved well-being, independently of the influence of the subsidized jobs.

THE LONGER ANSWER

Table 2.1 shows impacts after 30 months on nonemployment outcomes of interest for each group of participants.[14] A plus sign indicates that the program improved an outcome relative to the control group, not that it increased the outcome level. For example, in the case of incarceration in prison, a plus sign means the program led to fewer participants being incarcerated. The table clearly shows that many programs had positive impacts on the outcomes displayed, with programs serving noncustodial parents having the most consistently positive impacts.

It is important to note that child support and public-assistance impacts are most directly linked to participants' formal employment and earnings. When noncustodial parents' formal earnings increase, a portion of their wages is automatically withheld from their paychecks, and they have an increased ability to make direct payments. When a public-assistance recipient's earnings increase, that person's eligibility for public assistance decreases, and the amount he or she receives soon decreases.

13 The evaluations of the San Francisco wage-subsidy program, the Chicago program, and the Minnesota program only assessed nonemployment outcomes over 12 months.

14 The table shows impacts after 12 months when there are not 30 months of follow-up data available.

TABLE 2.1 Impacts on Nonemployment Outcomes, by Population Served

Most programs for noncustodial parents and formerly incarcerated adults improved participants' long-term outcomes in child support payments and recidivism, respectively. Programs targeting public-assistance recipients did not decrease receipt of TANF or SNAP, and programs for disconnected young people did not increase participation in education or the receipt of educational credentials.

	In the Last Year of the Follow-Up Period	
NONCUSTODIAL PARENTS	Paid formal child support (%)	Formal child support ($)
Traditional transitional jobs		
Syracuse	+	
Milwaukee	+	
Staged hybrid		
Atlanta		+
Tiered hybrid		
San Francisco	+	
PUBLIC-ASSISTANCE RECIPIENTS	TANF payments ($)	SNAP payments ($)
Traditional transitional jobs		
Los Angeles	+	
Tiered hybrid		
Minnesota[a]		
Wage subsidy		
Los Angeles		
San Francisco[a]	**NA**	**NA**

	During the 30-Month Follow-Up Period		
FORMERLY INCARCERATED ADULTS[b]	Arrested, convicted, or incarcerated (%)	Incarcerated in prison (%)	Days incarcerated in prison
Traditional transitional jobs			
Indianapolis	+	+	+
Staged hybrid			
New York	–		
Wage subsidy			
Fort Worth			
DISCONNECTED YOUNG PEOPLE	Earned high school diploma or equivalent (%)	Enrolled in high school diploma or equivalency classes (%)	Enrolled in college classes (%)
Traditional transitional jobs			
New York		**NA**	
Chicago[a]			

+ = The program had statistically significant positive effects.
– = The program had statistically significant negative effects.
NA = not applicable.

NOTES: [a]Results based on a 12-month follow-up period.
[b]For formerly incarcerated adults, a positive impact (+) indicates a reduced percentage and a negative impact (-) indicates an increased percentage.

The relationship between employment and the other outcomes is less mechanical. Programs serving people who have been involved in the justice system are designed based on the theory that engagement in an activity like employment will reduce recidivism. Similarly, many studies have found a positive relationship between work and overall well-being. Conversely, employment is often negatively correlated with simultaneous enrollment in educational programs; however, the programs in this study that targeted disconnected young people either offered educational services themselves or encouraged enrollment in education, so it is not clear what overall impacts these programs might be expected to have on educational outcomes. Impacts in each outcome domain are summarized below.

Child Support

Overall, the four programs serving noncustodial parents increased child support payment rates or amounts and the number of months noncustodial parents made payments.

The San Francisco tiered hybrid program, the Syracuse program, and the Milwaukee program increased child support payment rates but did not affect the amount of child support paid in the last year of the 30-month follow-up period. This pattern of results means that these programs increased participation in the formal labor market and increased the proportion of noncustodial parents who paid child support. Of course, the pattern also means that many individuals in the program group made smaller payments than did payers in the control group; it is possible that those noncustodial parents began paying amounts that better matched their ability to pay.[15]

Unlike the other programs targeting noncustodial parents, Atlanta's program increased the amount of child support paid in the final year of the 30-month follow-up period, but it did not increase the percentage of parents who made payments. This pattern of results means that program group members who paid their child support paid more than control group members who paid child support.

Three of the four programs increased the number of months noncustodial parents made payments in the last year of the 30-month follow-up period.

Recidivism

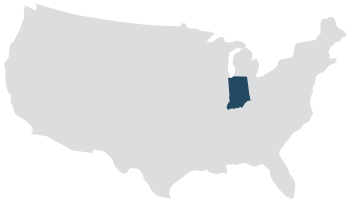
The Indianapolis program produced sustained impacts on recidivism.

The Indianapolis program served a population that was both more disadvantaged and at higher risk of involvement in the criminal justice system than the populations the other study programs served. In addition to producing sustained impacts on earnings and employment, the Indianapolis program produced meaningful and moderate reductions in recidivism. Figure 2.6 provides more information about the Indianapolis program and its impacts. The other two programs serving formerly incarcerated adults had inconsistent impacts on recidivism.[16] The Chicago program,

15 In some cases, the programs adjusted child support orders to better reflect noncustodial parents' ability to pay as soon as they enrolled.

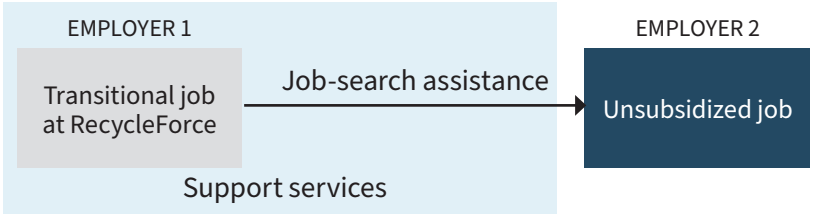
16 The New York City staged hybrid program increased a broad measure of recidivism, but decreased felony convictions and prison admissions for new crimes.

FIGURE 2.6 Reducing Recidivism: Lessons from Indianapolis's RecycleForce Program



Target population Formerly incarcerated adults

Program model and employer types



Subsidy amount Full subsidy

Employer of record RecycleForce

Job duration 4 months for 35 hours per week

Other services Case management, job development, workshops, industry certifications, job search, child support-related assistance

Main findings RecycleForce participants were both more disadvantaged and at higher risk of recidivism than participants in other programs serving formerly incarcerated adults. RecycleForce placed all program group members in transitional jobs, and participants stayed in those jobs for an average of 72 days. In other words, the program engaged participants in services and kept them engaged. During the period in which participants were most likely to be engaged in the program — Months 1 through 6 of the evaluation — there were large positive effects on recidivism, with reductions in arrests, convictions, admissions to prison for new crimes, and total days of incarceration. However, those effects faded in the following six months, so there were few overall effects on recidivism in the first year after random assignment.

Given these short-term findings, it may come as a surprise that over the full 30-month follow-up period, RecycleForce produced moderate and meaningful reductions in incarceration, prison admissions for parole or probation violations, and days of incarceration, as well as in the proportion of people who had been arrested, convicted or admitted to jail or prison. These findings align with previous research that showed that intensive services such as transitional jobs programs can reduce recidivism among high-risk participants.[a]

NOTE: [a]Zweig, Yahner, and Redcross (2010).

which served disconnected young people who had been involved in the justice system, decreased arrests for violent crimes in the 12-month follow-up period, though longer-term impacts were not measured.

Public Assistance

Two of the three programs that measured public-assistance receipt reduced the total dollar amount participants received from TANF in the short term.

Four programs served public-assistance recipients, but public-assistance receipt was only measured for three of them.[17] None of the programs reduced receipt of SNAP benefits, which is understandable because most evaluation participants were still earning low enough incomes during the follow-up period to qualify for SNAP. When the programs did produce decreases in TANF receipt, those decreases were modest, both in the short and the longer term.

Education

Both programs for disconnected young people had short-term impacts on participation in adult basic education, and the Chicago program increased vocational training in the year after random assignment.[18]

One of the goals of both programs serving disconnected young people was to reconnect participants to educational opportunities. The Chicago program offered online high school equivalency instruction, but few program group members participated in it and it was not implemented consistently, so it is not a surprise that it did not yield improvements in high school equivalency class participation. The New York transitional jobs program did not have any educational components, but the program considered enrollment in education or advanced training programs to be a successful outcome, so program staff members encouraged participants to make transitions into educational opportunities. Still, the program did not improve education-related outcomes beyond the first year after enrollment.

Well-Being

Employment appears to be associated with positive self-assessed well-being, and participation in the programs appears to have improved well-being independently of the impact of the employment.

Nearly all evaluations that measured program impacts on economic and personal well-being during the program period found positive impacts on measures of well-being while participants

17 The San Francisco wage-subsidy program served a heterogeneous group of individuals who were receiving various types of public assistance or had used up their time-limited eligibility for public assistance. Therefore, the program did not have the goal of decreasing public-assistance receipt, and the evaluation did not measure impacts on public-assistance outcomes.

18 The Chicago program had a low survey response rate of under 50 percent, so its effects on education-related outcomes should be interpreted with great caution.

were engaged in program services.[19] Those impacts faded after most participants had left the programs and the employment impacts faded. An analysis of five of these programs examined the association between employment and well-being outcomes. The analysis used a survey measure that asked participants to report their current happiness on a scale of "not too happy" to "very happy." The measure was chosen for the analysis because it correlated strongly with measures of financial, physical, and psychological well-being. The analysis found that the programs included in the analysis had a positive impact on well-being. The results indicate that these positive impacts on well-being occurred because the programs increased the likelihood that program group members were employed and because of their participation in the program itself, independent of its impacts on their employment. The model did not account for earnings, so it is unclear whether it was employment or increased earnings that improved well-being.

Longer-term evidence from a program that was part of that analysis supports the findings of the well-being study: Among the programs that were part of the well-being analysis, San Francisco's tiered hybrid program had the largest sustained employment and earnings impacts at the end of the 30-month follow-up period and saw a 7 percentage point increase in positive well-being assessment at the 30-month survey, as well as an 11 percentage point decrease in financial shortfalls in the last year of the follow-up period.

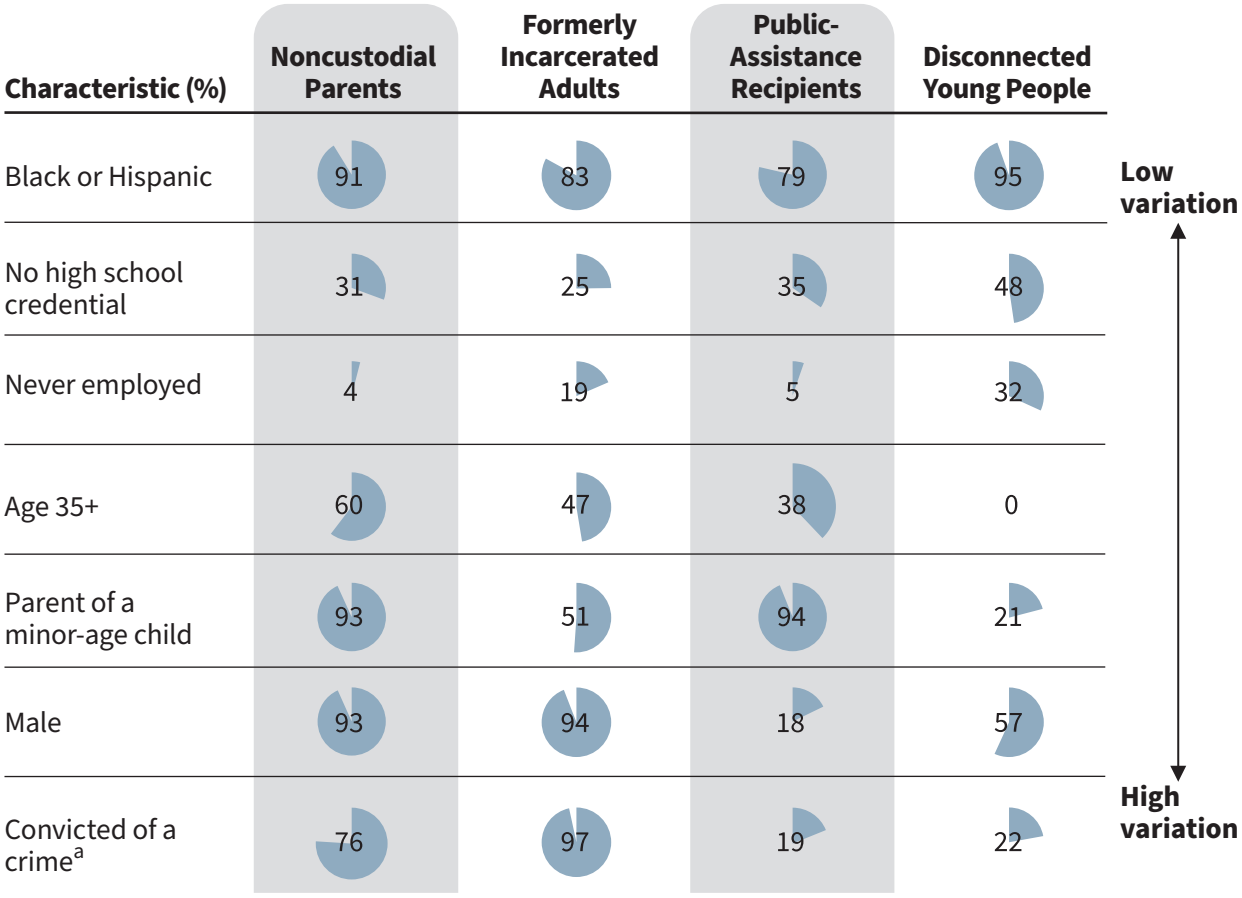
Question 5: Do Subsidized Employment Programs Work Better for Certain Subgroups of Participants?

The programs that were evaluated as part of STED and ETJD targeted four broad categories of participants: formerly incarcerated adults, noncustodial parents, public-assistance recipients, and disconnected young people. Figure 2.7 shows some characteristics of the people who participated in the studies across the 13 programs in the study. While there were some similarities across the four target groups — for example, the vast majority of people in all four groups are black or Hispanic and most had some work history and a high school equivalency credential at the time of enrollment — there were also large differences, indicating that the studies tested subsidized jobs programs for a range of different populations. For example, almost all the noncustodial parents and formerly incarcerated adults were men who had criminal convictions when they enrolled, while most of the public-assistance recipients were mothers with minor children.

Each of the populations studied has a unique background and may respond differently to subsidized employment. Even within the populations studied, there was a lot of variation in factors that previous research suggests may influence program impacts, such as recidivism risk among previously incarcerated adults. This section explores whether programs improved employment and other outcomes more for certain groups of participants.

19 Only the Atlanta program, Los Angeles programs, Minnesota program, New York traditional transitional jobs program, and San Francisco tiered hybrid program measured effects on well-being during the program period.

FIGURE 2.7 Baseline Characteristics, by Population



SOURCES: MDRC calculations based on data from MDRC's random assignment system, the programs' management information systems, the U.S. Department of Labor ETJD management information system, and criminal justice administrative records.

NOTES: Measures are based on surveys unless otherwise noted. "Variation" refers to the extent to which the target populations in the study sample differ from each other with respect to each characteristic.

[a]For noncustodial parents and formerly incarcerated adults, "convicted of a crime" includes convictions in the program's state as recorded in administrative records (that is, it does not include federal convictions or convictions from other states). For disconnected young people, 13 percent of survey responses were missing for the program serving young people who had been involved in the justice system (the Chicago program), but because involvement in the justice system was a condition for participation, it is safe to assume that 100 percent of those young people had been either adjudicated delinquent in the juvenile justice system or convicted in the criminal justice system.

THE SHORT ANSWER

The evaluations suggest that these subsidized employment programs tended to generate the largest employment and earnings impacts for the most disadvantaged participants, particularly during the program period. Seven of the nine programs that tested differences in program impacts among subgroups who were more and less disconnected from work (that is, subgroups who

had been or who had not been employed in the year before they enrolled in the program) had larger impacts on short-term earnings and employment outcomes among people who were unemployed in the year before enrollment. Only two of those nine programs had larger impacts for disadvantaged subgroups after the first year. The one wage-subsidy program with sustained impacts through the fourth year found the opposite: Impacts were larger for the participants who had been employed in the year before they enrolled in the program. This series of findings illustrates the need for thoughtful targeting and recruitment. Further, a pooled analysis of all programs serving noncustodial parents and formerly incarcerated adults found larger longer-term employment impacts among participants without high school diplomas at study enrollment, compared with those who did have high school diplomas at study enrollment.

All three programs serving formerly incarcerated adults had larger decreases in multiple measures of recidivism among those who were at higher risk of recidivism; many of these differences in impacts continued throughout the 30-month follow-up period.

There were few other notable subgroup differences in impacts.

THE LONGER ANSWER

With one exception, the program evaluations conducted analyses that assessed whether impacts were meaningfully different among subgroups of participants.[20] The evaluations assessed these differences across various outcome domains, depending on the populations the programs served, and they prespecified different subgroups to test based on whether there was a theoretical reason to expect impacts to differ among groups.[21] These assessments can shed light on how programs can best target and design their services. For example, if impacts are much larger for people who have been out of work longer, programs may choose to focus their participant-recruitment efforts on those people, or they may choose to redesign services for people who were more recently employed, to help them achieve their goals.

The primary outcome domains evaluations included in subgroup tests were employment and recidivism.

Employment and Earnings

As shown in Table 2.2, employment impacts after one year were larger among sample members who had not worked in the year before random assignment in seven of the nine program evaluations that assessed this difference, including the evaluations of all four transitional jobs programs.[22]

20 The evaluation of the Chicago program did not include subgroup tests because the sample size was too small to detect meaningful differences in effects among subgroups.

21 Another criterion for conducting subgroup tests is whether the subgroup sample sizes are large enough to detect meaningful differences in effects.

22 The evaluations of the Chicago program and the three programs serving formerly incarcerated adults did not assess differences based on similar subgroups.

TABLE 2.2 Were Employment and Earnings Impacts Larger Among People Who Were More Disconnected from Work, Compared with Those Who Were Less Disconnected?

	Year 1		Year 2		Year 3	
	Employment	Earnings	Employment	Earnings	Employment	Earnings
Traditional Transitional jobs						
Syracuse	√					
Los Angeles	√	√				√
New York	√	√				
Milwaukee	√					
Staged hybrid						
Atlanta	√		√		√	
Tiered hybrid						
San Francisco	√	√				
Minnesota					NA	NA
Wage subsidy						
Los Angeles	√					
San Francisco				(√)		

SOURCE: MDRC calculations based on program records and National Directory of New Hires employment and earnings data.

NOTES: "More disconnected from work" means those who had not worked in at least a year before random assignment. A check mark indicates that impacts were larger among the more disconnected subgroup by a statistically significant margin ($p < 0.10$). A check mark in parentheses indicates that the impacts were larger among the less disconnected subgroup. NA = not applicable. Year 3 employment and earnings subgroup impacts are not available for the Minnesota tiered hybrid program.

For three of the nine programs, earnings impacts were larger for the groups who were more disconnected from employment. It is important to note that impacts on earnings or employment were never significantly lower for the more disconnected group in the first year after random assignment than they were for the less disconnected group. This finding suggests that subsidized employment programs may have a larger short-term impact if they target individuals who are further removed from the unsubsidized labor market.

Two of the three programs serving formerly incarcerated adults found that employment impacts after one year were larger among those at a higher risk of recidivism.

The evaluations of programs serving formerly incarcerated adults did not compare impacts for people with and without recent earnings because all participants had been incarcerated just before enrollment. Instead, they compared impacts for people at higher and lower risk of recidivism.

The New York staged hybrid and Indianapolis programs serving this population produced larger employment (New York) or earnings (Indianapolis) impacts for sample members who were predicted to be at higher risk of recidivism. The Fort Worth program had no overall impacts on these outcomes, and there were not subgroup differences.

There were a few notable longer-term subgroup differences in employment and earnings impacts at 30 months after study enrollment.

Programs that did not always have overall impacts on employment and earnings had longer-term impacts for some subgroups of participants. Notable longer-term subgroup impacts include the following:

- Los Angeles' transitional jobs program had larger impacts on earnings after three years among people with less recent work experience when they enrolled.
- The Atlanta program had larger employment impacts after two years and after three years among people with less recent work experience when they enrolled.
- In a pooled analysis of the seven programs that served noncustodial parents and formerly incarcerated adults, participants without high school diplomas when they enrolled experienced larger employment impacts in the last year of the 30-month follow-up period and larger earnings impacts over the full 30-month follow-up period.

The San Francisco wage-subsidy program deviated from this pattern, producing larger earnings impacts after two years among those who had been employed recently, possibly because the most employable participants received more program services.

Wage-subsidy models expect participants to be ready to work, and they tend to use screening practices that end up more quickly engaging and placing the most job-ready participants. Indeed, the subsidized-job hiring process for this program was designed to get the most job-ready participants into interviews and jobs quickly, and these more employable participants participated in subsidized jobs at nearly double the rate of the less employable participants.[23]

Among the four programs with longer-term impacts on employment and earnings, the impacts were typically concentrated among subgroups of participants who were expected to benefit most from each model type, based on each model's design.

Throughout the follow-up period, the Los Angeles traditional transitional jobs program's impacts on employment and earnings were concentrated among study participants who had not worked

23 Participants' level of employability was estimated using baseline characteristics to predict their probability of earning wages in the top quartile in the year following random assignment. A bootstrap validation procedure was used to determine a predictive model among control group members, which was in turn used to calculate probability scores for all sample members. Sample members were classified as more or less employable based on their probability scores. The analyses presented for the first time in this report use a different proxy for employability: whether sample members worked in the year before the evaluation. Results were consistent using both types of employability subgroup definitions for the San Francisco wage-subsidy program.

in the year before the evaluation. The impacts were concentrated in that way because the control group members in that subgroup had poorer long-term labor-market outcomes than the control group members in the other subgroup (those who had worked in the year before the evaluation). This finding is consistent with the theory behind the traditional transitional jobs model, which is that when participants enroll, they are not ready to succeed in regular, unsubsidized jobs and need to spend time in a more forgiving work environment first. It follows that the less accustomed to employment participants are, the more they stand to benefit from a program designed to improve their basic work skills and workplace behaviors.

Notably, the Indianapolis program's sample was at a relatively high risk of recidivism compared with other programs serving formerly incarcerated adults, which may have contributed to the program's longer-term employment impacts. As discussed above, the San Francisco wage-subsidy program's impacts were concentrated among those who did have recent work experience, which is the group most likely to be placed in and maintain employment in subsidized jobs in the wage-subsidy model.

Recidivism

Programs serving formerly incarcerated adults reduced recidivism more among participants at a high risk of recidivism.

Previous rigorous research has found that subsidized jobs programs can be more effective at reducing recidivism among those who are at a higher risk of recidivism.[24] The ETJD studies found the same. Even the Fort Worth program serving formerly incarcerated individuals, which produced no short-term impacts on employment or earnings, significantly reduced recidivism among the higher-risk subgroup, though it had no recidivism impacts among those in the lower-risk subgroup.

The higher-risk subgroup continued to see larger improvements in criminal justice outcomes throughout the 30-month follow-up period.

An analysis across all programs serving formerly incarcerated adults found that these programs reduced parole-related prison admissions, prison incarceration rates, and days of incarceration among their higher-risk participants. Further, program-level analyses found that Fort Worth's program reduced arrest rates, Indianapolis's program reduced prison incarceration, and New York City's staged hybrid program reduced felony convictions to a greater extent among higher-risk participants.

24 Zweig, Yahner, and Redcross (2010).

Question 6: How Much Do Subsidized Employment Programs Cost, and Do the Benefits Outweigh the Costs?

Examining the costs of a program can help policymakers and program operators understand whether a program is a good investment. A net-cost analysis (which estimates the costs the program incurs beyond what would have happened in the absence of the program) is particularly helpful, and a benefit-cost analysis (which compares those net costs with the net benefits the program produced, based on impact estimates) is even more helpful. Each of the STED and ETJD evaluations, with the exception of the Chicago program evaluation, included a cost analysis. Evaluations of 11 programs also included net-cost analyses, and 1 evaluation included a benefit-cost analysis.[25] This section describes the cost findings.

THE SHORT ANSWER

Total program costs averaged around $6,870 per program group member, which is on the high end of costs of similar programs evaluated in the past. Costs ranged from about $3,300 to $11,100 per program group member, and variations in operating expenses — which include things like staff salaries and overhead — contributed the most to overall cost variation. Wages and payroll costs fluctuated in concert with participation in subsidized jobs. A factor that sometimes increased costs was support services in the form of monetary incentives to increase program participation, though these incentives did not always result in high subsidized-job placement rates as intended.

A benefit-cost analysis found that the overall benefits of the Indianapolis program outweighed program costs by about $2,200 per person due to sustained impacts on recidivism and earnings. Thus, although it was the most expensive program to operate, the Indianapolis program appears to be the best investment. Evaluations of 10 other programs included net-cost analyses. Among them, the 3 programs that produced sustained earnings increases in the extended follow-up period may have generated benefits to participants and the government that outweighed their costs, though they did not necessarily save the government money.

THE LONGER ANSWER

The 12 cost analyses conducted across the evaluations found large variation in program costs, with costs per program group member ranging from almost $3,300 to $11,100 and averaging roughly $6,870. These costs are generally a bit higher than those of programs studied in the past, including the Transitional Work Corporation ($4,201 per person), the Youth Transition Demonstration ($8,162 per person), the Center for Employment Opportunities ($5,394 per person), and the

25 One evaluation could not conduct a net-cost analysis because it was not possible to estimate control group costs accurately. Only one evaluation conducted a benefit-cost analysis because at the time the analyses were conducted, only one program had large enough impacts on outcome measures easily represented in monetary terms that the benefits might outweigh the costs.

Transitional Jobs Reentry Demonstration ($4,805 per person).[26] However, almost a third of the costs went directly to participants in the form of wages.

There was wide variation in costs in each cost category, particularly in the category of program operations, which tended to have higher costs than wages, payroll, and support services combined.

Figure 2.8 breaks down costs by cost category and is sorted by program in descending order of overall program costs. There was almost a $3,950 range in wage and payroll costs, and that variation directly corresponds to variation in subsidized-job participation. The three programs with the highest and most sustained participation in subsidized jobs — the Indianapolis program, the Atlanta program, and the Los Angeles traditional transitional jobs program — had over $3,000 in wage and payroll costs per participant; the programs with the lowest levels of subsidized work — the Fort Worth program, the Minnesota program, and the San Francisco wage-subsidy program — spent under $1,100 per participant on wages and payroll.

Support services generally account for a small portion of most programs' costs. All programs spent under $1,000 per participant on support services. Programs that provided work incentives, such as San Francisco's tiered hybrid program, tended to have higher support-service costs.

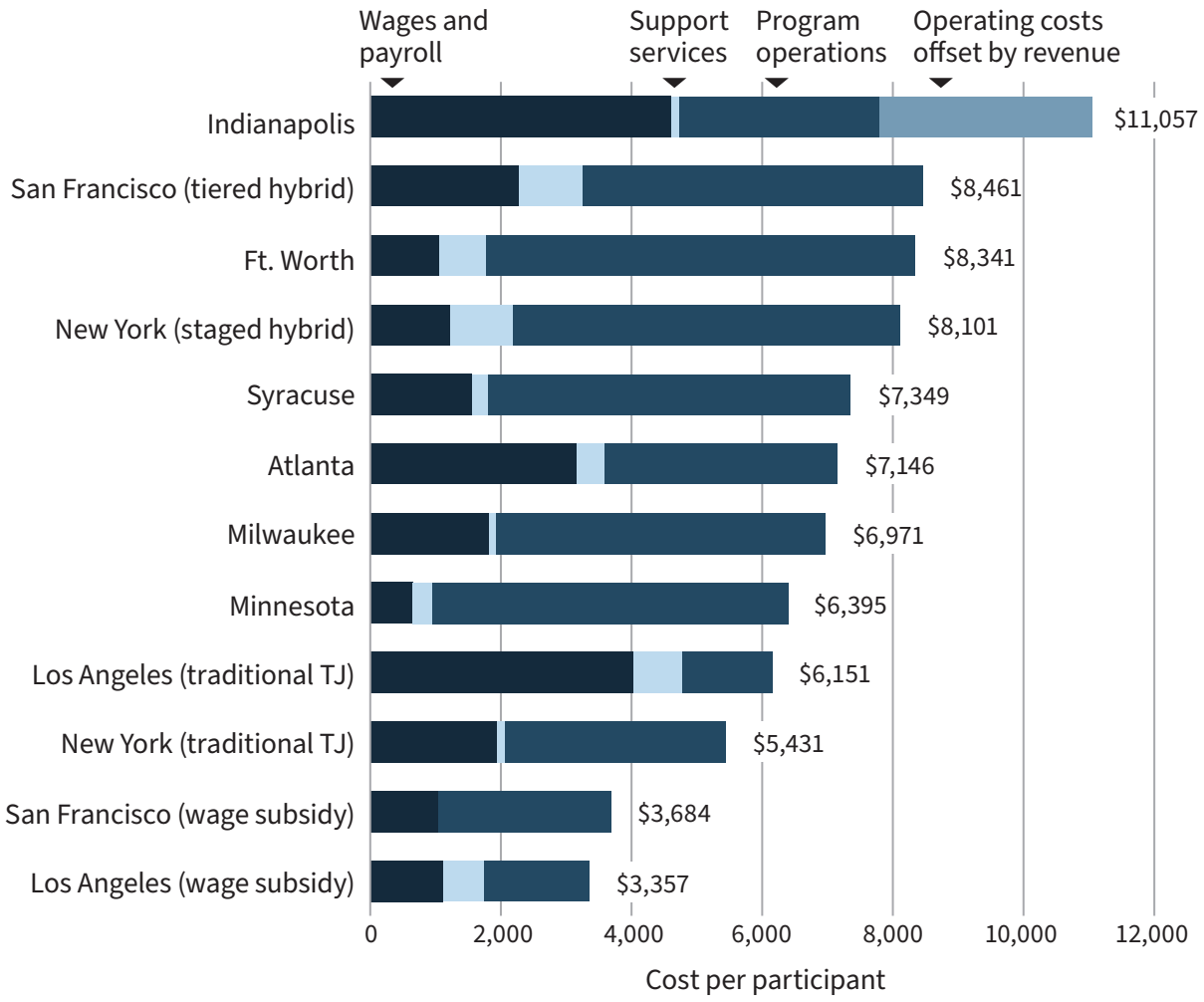
The cost category with the most variation is program operations, which had a $5,200 range, not including the portion of the Indianapolis program's operating costs that were offset by revenue (discussed below). Program operations costs include things like overhead and staff salaries, and many of the programs with higher program operations costs had more service-intensive models that included components such as internal training and case management.

The most expensive program — the one in Indianapolis — generated revenue from participants' work output and produced long-term benefits in the form of reduced recidivism and increased employment.

These benefits outweighed program costs by about $2,200 per person, making the program cost-effective from society's perspective. The Indianapolis program was the most expensive by far because it was a social enterprise — a revenue-generating organization that aims to make a social impact — whose program operations costs included some of the costs of running the business. However, participants' work output generated revenue for the company in the form of recycling sales, and taking that revenue into account, the total cost drops to $7,800. A benefit-cost analysis found that the benefits of the program that can be expressed monetarily — those from reduced recidivism and increased employment — outweighed program costs from society's perspective. Further, it is likely that program benefits are slightly underestimated in this analysis because the analysis did not account for the value to society of increased recycling and the benefits to participants and their families, beyond increased employment, of avoiding time in jail or prison.

26 Costs are converted to 2016 dollars. See Cummings, Farrell, and Skemer (2018); Redcross, Millenky, Rudd, and Levshin (2012).

FIGURE 2.8 Program Costs Per Participant, by Cost Category



SOURCE: MDRC calculations based on program records.

NOTES: Traditional TJ = traditional transitional jobs. The Los Angeles programs' support services costs are lower in this figure than previously reported in the Los Angeles cost study because costs for child care, which were available to both program and control groups in Los Angeles, were removed in order to align with other sites' cost calculations.

Though a formal benefit-cost analysis was not conducted for the three other programs with longer-term earnings impacts, these programs may have produced benefits to participants and the government that outweighed the programs' net costs during the extended follow-up period covered for the first time in this report.

The evaluations of 11 of the 13 programs, including the evaluation of the Indianapolis program, conducted net cost analyses in which control group costs were estimated and subtracted from program group costs to determine the costs incurred by program group members over and above

the costs sample members would have incurred in the absence of the program.[27] Net costs ranged from around $2,000 to $11,100. At the time the cost analyses began, the net cost per person in each evaluation exceeded the increase in earnings. Since the impacts on outcomes other than earnings were small in most evaluations, this comparison of costs and earnings indicated that most programs probably did not generate benefits that outweighed their costs at the time the cost studies were conducted. However, the extended-period earnings impact findings that are presented for the first time in this report show sustained earnings impacts for the Los Angeles transitional jobs program and both San Francisco programs beyond the period the cost studies were conducted. Each of these three programs' total earnings impacts during this longer follow-up period were large enough that they came to exceed the programs' net costs, so those three programs may have produced benefits to society that outweighed their net costs, though it is unlikely that they saved the government money.[28]

The Los Angeles programs were both run by the Los Angeles County TANF agency, which also provided services to control group members. This arrangement provided a unique opportunity to compare the costs of two subsidized employment approaches with one another as well as with business-as-usual services. See Figure 2.9 for more information on how costs compared among the three conditions in that study.

27 The New York transitional job program evaluation could not complete a net cost analysis due to insufficient data on control group costs.

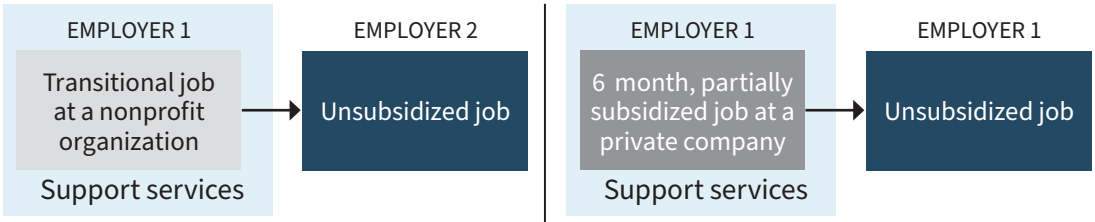
28 The research team did not conduct the proper calculations to say with certainty that the programs' benefits to society outweighed their net costs. (Specifically, the monetary values of the small nonemployment impacts were not calculated and earnings were not discounted to get their net present value.) But the earnings impacts far exceeded net program costs for each of the programs and inflation rates have been low over the past decade, so inflation-adjusted earnings impacts probably still exceed net costs.

FIGURE 2.9 Can Subsidized Jobs Save Government Dollars? Lessons from Los Angeles's Paid Work Experience and On-the-Job Training programs

Target population

Low-income single parents receiving Temporary Assistance for Needy Families (TANF) cash assistance

Program model and employer types



	Paid Work Experience	On-the-Job Training
Program name		
Subsidy amount	Full subsidy	2 months full subsidy, then 4 months up to $550
Employer of record	Workforce Investment Board	2 months Workforce Investment Board, then 4 months employer
Job duration	6 months for up to 32 hours per week	6 months for up to 40 hours per week

Other services

TANF services that were available to the control group as well as both program groups

Main findings

The Los Angeles County TANF agency operated both of the Los Angeles programs and provided the control group services. The traditional transitional jobs program, known as Paid Work Experience (PWE), cost $6,151 per program group member. The wage-subsidy program, known as On-the-Job Training (OJT), cost much less, at $3,357. The main reason for this cost difference was the subsidized-job placement rate: 79 percent of PWE participants worked in subsidized jobs, compared with only 42 percent of OJT participants. Indeed, most costs were comparable between the two programs except for the wages paid to participants, which were $2,904 higher per participant for the PWE program.

The costs for support services, which were available to participants in both programs as well as the control group, were comparable for all three groups, but the control group costs were much higher for educational services. This difference is reflected in the first-year impacts on education: The control group was more likely to have enrolled in post-secondary courses and earned a professional license or certification than both program groups. Still, both programs' costs were higher than those of the control group, by $4,436 for the more expensive PWE program. Thus, even though the programs both led to early increases in earnings and decreases in TANF receipt, it is unlikely that either program led to overall savings to the government by the end of the 30-month follow-up period.

NOTE: The Los Angeles programs' support services costs are lower in this figure than previously reported in the Los Angeles cost study because costs for child care, which were available to both program and control groups in Los Angeles, were removed in order to align with other sites' cost calculations.

3 The Future of Subsidized Work

The Subsidized and Transitional Employment Demonstration (STED) and the Enhanced Transitional Jobs Demonstration (ETJD) set out to assess whether contemporary approaches to subsidized employment could improve employment prospects for disadvantaged job seekers. The projects included random assignment evaluations of 13 program models, and though only 4 of those programs appeared to improve longer-term employment or earnings among their participants, the evaluations provided valuable insights into promising strategies. It is important to note that the programs selected for this evaluation were probably among the best in the country. The ETJD programs were selected from over a hundred applicants, and the STED programs were selected through a thorough site-recruitment process. Thus, the results from this study probably represent the top tier of subsidized employment programs.

This report summarized the findings of the 12 studies, assessing how they answered six policy questions. These answers are summarized below, and policy implications follow.

Do subsidized employment programs get people into subsidized jobs?

In most cases, yes. Subsidized employment placement rates varied widely, and some program models were more successful than others at making placements, due primarily to differences in the models' features rather than differences in participant motivation. Programs designed to place participants in jobs that were intended to become unsubsidized jobs struggled to recruit enough willing work sites and thus had lower subsidized-job placement rates. Programs that placed participants in subsidized jobs with the program operator or required little commitment from outside employers were generally able to place most participants into subsidized jobs.

Do subsidized employment programs improve participants' employment outcomes in the first year after they enroll?

The evaluations show that programs that meet their short-term goals of quickly placing participants in jobs generally have positive impacts on participants' short-term employment outcomes. A number of factors can influence the strength of that relationship, though. For example, if the control group is able to succeed in the local unsubsidized labor market, then even programs that place many participants quickly will have smaller impacts; work incentives unrelated to the subsidized jobs that increase the financial benefits of working can improve program group members' employment outcomes even if the programs do not place as many participants quickly.

Can subsidized employment programs achieve sustained employment and earnings impacts beyond the first year after participants enroll?

Subsidized employment programs do not consistently improve long-term employment and earnings, but transitional jobs models show some promise for improving employment prospects in the period directly following the subsidized job. Four of 13 programs improved annual earnings beyond the second year after study enrollment, and two of those programs also improved long-term employment. There are few consistent patterns across the programs with long-term effects, so these effects are difficult to explain. However, some programs may have helped participants get better jobs or stay employed more consistently, rather than simply increasing the percentage of them who were employed. In one program, it appears that a child support incentive may have contributed to long-term employment and earnings improvements.

Can subsidized employment programs improve nonemployment outcomes, for example by reducing recidivism or increasing child support payments?

Subsidized employment programs can sometimes improve criminal justice and child support outcomes in the long term, even after employment and earnings impacts fade, and more surprisingly, even when there were never many employment and earnings impacts to begin with. Programs targeting public-assistance recipients did not meaningfully reduce the receipt of public assistance, and those targeting disconnected young people did not improve outcomes related to education. An analysis of the association between well-being and subsidized work found that people's assessments of their well-being improved while they were in subsidized employment programs, due to the employment itself and due to their participation in the program.

Do subsidized employment programs work better for certain subgroups of participants?

There is a consistent pattern across subgroup analyses: Subsidized employment programs tend to improve outcomes more for more disadvantaged participants, particularly in the short term. In the short term, nearly all programs evaluated had larger effects on employment-related outcomes among people with less recent work experience and other barriers to employment. After the first year, the Los Angeles traditional transitional jobs program and the Atlanta program appear to have continued larger effects for those who had less recent work experience when they enrolled. A pooled analysis of the six programs serving noncustodial parents and formerly incarcerated adults found that effects in the 30-month follow-up period were largest among those who did not have high school credentials when they enrolled. Further, the programs serving formerly incarcerated adults reduced recidivism more for people at higher risk of recidivism. One wage-subsidy program opposed this trend; the program worked best for those with more recent work experience when they enrolled, possibly because the program was designed to get the most employable participants into jobs the fastest, and placement rates were much higher among the most employable group. There were few other notable differences in effects among subgroups of participants.

How much do subsidized employment programs cost, and do the benefits outweigh the costs?

The subsidized employment programs in the evaluation that included cost analyses cost around $6,870 on average, and almost a third of the programs' costs went directly to participants in the

form of wages. Net cost analyses suggested that most programs' benefits to the government and participants were unlikely to outweigh their costs because their impacts were modest. However, a benefit-cost analysis found that the Indianapolis program, despite having the highest costs, produced benefits exceeding the program's cost from society's perspective due to sustained reductions in recidivism and increases in employment and earnings. Further, three other programs that have seen increases in earnings during the extended follow-up period analyzed for the first time for this report — Los Angeles' transitional jobs program and both San Francisco programs — may have also produced benefits to society that exceeded their net costs due to those earnings increases.

Policy Implications

Overall, the results of these evaluations are mixed, but they point to strategies that may be worth pursuing in future employment programs.

Programs and policymakers should carefully consider their goals when designing and funding subsidized employment programs.

Subsidized employment programs consistently improve short-term outcomes for participants, but the effects often fade completely after participants leave. If a program's goal is to get participants into jobs quickly and get income into their pockets, subsidized employment — particularly the traditional transitional employment model — can achieve that goal. However, only four programs improved longer-term employment or earnings, and there was no clear pattern of which aspects of the programs produced those impacts, so subsidized employment programs may not be the best option for improving participants' long-term labor market success.

In general, subsidized employment programs should target the highest-risk or most disadvantaged job seekers if they want to maximize their short-term impacts.

Program effects are consistently concentrated among more disadvantaged job seekers during the period when participants are likely to be enrolled in the program, even in programs in which the theory of change would have suggested that effects would be evenly distributed across participants, and more surprisingly, even in two of the three programs for which one might have expected the opposite. However, these subgroup differences in impacts often dissipated in the longer term, and contrary to the broader trend, one of the wage-subsidy programs produced larger longer-term impacts for job seekers who were more employable when they enrolled.

Among the model types tested, traditional transitional jobs programs are the most promising approach when they are implemented well and target participants who are likely to benefit the most.

The evaluation found that traditional transitional jobs programs can place participants in jobs rapidly and provide much-needed temporary income support. These models can offset some public assistance costs, reduce recidivism, and increase child support payments, and may offer a way to transfer income to needy individuals and families that is an alternative to traditional cash

assistance. Because these programs' effects typically fade after two years, they do not generally appear to improve participants' long-term employment prospects or save the government money overall. However, because working is associated with improved well-being, traditional transitional jobs programs may still be a worthwhile way to provide income support for people who are temporarily out of work.

Wage-subsidy programs are difficult to pull off, but the best placements may have the potential to foster sustained career advancement.

Most wage-subsidy programs did not produce long-term impacts, largely due to the challenges associated with recruiting work sites and placing participants. However, the San Francisco wage-subsidy program produced moderate earnings impacts that increased over time. Interestingly, San Francisco's wage-subsidy program was the one exception to the targeting rule above: Effects in this program were concentrated among the most employable participants throughout the follow-up period. A possible key to this program's success was the decision to offer larger subsidies to employers who paid over $13.50 per hour. This strategy allowed the program to attract higher-wage employers and offer participants placements that aligned more closely with their relatively strong skills and experience. It is important to note that this program's earnings impacts were largest in the last year of the extended follow-up period, that those impacts were somewhat stable over time, and that the program was one of the least expensive to implement. In other words, this program was highly efficient, and similar models may be worthy of future investigation.

These projects contribute more evidence that subsidized employment programs can reduce recidivism and improve labor-market outcomes for formerly incarcerated adults.

As previous evaluations have found, subsidized employment programs serving formerly incarcerated adults can meaningfully reduce important measures of recidivism during the program period. The Fort Worth program reduced recidivism in the short term even though it did not have any impacts on employment or earnings, the primary mechanism through which decreases in recidivism would be expected. The impacts for each program serving formerly incarcerated adults were larger among participants at higher risk of recidivism, and the largest impacts were found for the program serving the highest-risk participants overall. It may make sense, therefore, for programs to develop strategies to recruit and enroll participants who are at a high risk of recidivism.

Child support administrators might consider using subsidized jobs and order modifications to increase child support payment rates.

Modifications of child support orders in San Francisco may have helped boost employment among program group members and gotten more noncustodial parents to pay child support. The other three programs serving noncustodial parents increased child support payment rates or total amounts paid without offering such incentives, though their impacts were more limited. In all four cases, the impacts continued well after the programs ended. These findings suggest that child support order reductions and subsidized jobs may be useful tools for child support agencies.

The STED and ETJD projects tested a variety of subsidized employment models for several different populations, offering the most comprehensive evidence to date on the implementation, effects, and costs of these programs. The results show that subsidized jobs programs can dramatically increase employment and earnings in the short term, and can improve participants' longer-term outcomes under some conditions, though the pattern of long-term impacts is not very clear. These results are highly relevant to current discussions about the likely benefits and costs of a large-scale, national subsidized employment program.

A Supplemental Exhibits

APPENDIX TABLE A.1 Program Characteristics

LOCATION, PROGRAM OPERATOR, AND NAME	MODEL TYPE	TARGET GROUP	PROGRAM OVERVIEW
Indianapolis, IN RecycleForce, Inc. *RecycleForce*	**Traditional transitional jobs**	Formerly incarcerated adults	Participants were placed at one of three social enterprises, including an electronics recycling plant staffed by formerly incarcerated workers who provided training and supervision to participants and served as their peer mentors. The program also offered occupational training, case management, job-search assistance, work-related financial support, and child support-related assistance. Participants may have later been hired as unsubsidized employees.
Syracuse, NY Center for Community Alternatives *Parent Success Initiative*	**Traditional transitional jobs**	Noncustodial parents	Groups of 15 to 20 participants began the program together with a two-week job-readiness course. They were then placed in work crews with the local public housing authority, a business improvement district, or a nonprofit organization. The program offered family life-skills workshops, job-retention services, case management, civic restoration services, child support legal aid, and job-search and job-placement assistance.
Los Angeles, CA L.A. County Dept. of Public Social Services with South Bay Workforce Investment Board *Transitional Subsidized Employment: Paid Work Experience*	**Traditional transitional jobs**	Public-assistance recipients	Participants were placed individually in minimum-wage employment with public agencies or nonprofit organizations. Participants' wages were fully subsidized for the duration of the placement. All participants received case management and assistance searching for unsubsidized jobs through WorkSource Centers, which are offices that provide employment assistance, along with support services through the TANF program.
New York, NY NYC Dept. of Youth and Community Development with community-based organizations *Young Adult Internship Program*	**Traditional transitional jobs**	Disconnected young people	Groups of about 30 young people began the program together with a paid orientation lasting two to four weeks. Participants were then placed individually or in small groups into internships in a variety of sectors. During the internships, participants attended weekly workshops on development, work readiness, and life skills. They received case management, job-search assistance, and other forms of support during their internships and for nine months afterward.

(continued)

APPENDIX TABLE A.1 (continued)

LOCATION, PROGRAM OPERATOR, AND NAME	MODEL TYPE	TARGET GROUP	PROGRAM OVERVIEW
Milwaukee, WI YWCA of Southeast Wisconsin *Supporting Families Through Work*	**Traditional transitional jobs**	Noncustodial parents	Participants started in a three-to-five-day job-readiness workshop. They were then placed in transitional jobs, mostly with private-sector employers. The program supplemented wages in unsubsidized employment to bring them up to $10 an hour for six months. The program also provided child support-related assistance.
Chicago, IL Two community-based organizations under contract to the Chicago Dept. of Family and Support Services *Bridges to Pathways*	**Traditional transitional jobs**	Disconnected young people with involvement in the justice system	Participants were enrolled in academic education (online high school or equivalency preparation) throughout the program. In the first month, they received a $10/day stipend for participating in a community service project and workforce-development workshops. These program components were infused with social-emotional learning and mentoring. In Months 2 through 4, time spent on projects and in workshops decreased as participants were placed in internships according to their skills and interests. They received up to $99/week.
Los Angeles, CA L.A. County Dept. of Public Social Services with South Bay Workforce Investment Board *Transitional Subsidized Employment: On-the-Job Training*	**Wage subsidy**	Public-assistance recipients	Participants were placed individually in private-sector positions. Participants' wages were subsidized up to minimum wage for the first two months, and for the remainder of the placement employers received a subsidy roughly equal to 50 percent of minimum wage. All participants received case management and assistance searching for unsubsidized jobs through Worksource Centers, along with support services through the TANF program.
Fort Worth, TX Workforce Solutions of Tarrant County *Next STEP*	**Wage subsidy**	Formerly incarcerated adults	Participants began with a two-week "boot camp" that included assessments and job-readiness training. They were then placed in jobs with private employers. The program paid 100 percent of the wages for the first eight weeks and 50 percent for the following eight weeks. Employers were expected to retain participants who performed well. Other services included case management, group meetings, high school equivalency classes, and mental health services.

(continued)

APPENDIX TABLE A.1 (continued)

LOCATION, PROGRAM OPERATOR, AND NAME	MODEL TYPE	TARGET GROUP	PROGRAM OVERVIEW
San Francisco, CA San Francisco County Human Services Association *Jobs Now STEP Forward*	**Wage subsidy**	Public-assistance recipients	Each participant began by meeting with a case manager for an intake interview. Depending on the participant's job readiness and interest level, the participant either proceeded with job-readiness activities or may have been immediately scheduled for a weekly group interview, attended by multiple participants and employers. The jobs lasted five months and were typically subsidized up to $1,000 per month, though some were unsubsidized. When participants obtained unsubsidized employment, they could continue to work with their case managers, and could return to the program if they lost their jobs.
Atlanta, GA Goodwill of North Georgia *Good Transitions*	**Staged hybrid**	Noncustodial parents	Participants worked at a Goodwill store for approximately one month, then moved into a less supported subsidized position with a private employer in the community for about three months. The program offered case management and short-term training.
New York, NY The Doe Fund *Ready, Willing and Able* *Pathways2Work*	**Staged hybrid**	Formerly incarcerated adults	After a one-week orientation, participants worked on the program's street-cleaning crews for six weeks, then moved into subsidized internships for eight weeks. If an internship did not transition to unsubsidized employment, the program paid the participant to search for jobs for up to nine weeks. Additional services included case management, job-readiness programs, opportunities for short-term training and certification, and parenting and computer classes.
San Francisco, CA Goodwill Industries, with San Francisco Dept. of Child Support Services *TransitionsSF*	**Tiered hybrid**	Noncustodial parents	Participants began with an assessment followed by two weeks of job-readiness training. Then they were placed into one of three tiers of subsidized jobs depending on their job readiness: (1) nonprofit, private-sector jobs (mainly at Goodwill); (2) public-sector jobs; or (3) for-profit, private-sector jobs. They may have received modest financial incentives for participation milestones and child support assistance.

(continued)

APPENDIX TABLE A.1 (continued)

LOCATION, PROGRAM OPERATOR, AND NAME	MODEL TYPE	TARGET GROUP	PROGRAM OVERVIEW
Ramsey, Dakota, and Scott Counties, MN County human service agencies, with employment service providers *MSTED*	**Tiered hybrid**	Public-assistance recipients	All participants received job-readiness training, either individually or in a two-week workshop. More job-ready participants were placed into private-sector jobs with wages subsidized up to $15/hour for the first two months and at 50 percent for the next two months. Less job-ready participants were placed into nonprofit or public-sector jobs with wages subsidized at $9/hour for two months. Participants transitioned between subsidy types according to their individual needs. The program provided case management and job-search assistance, and participants continued to receive support services through the TANF program.

SOURCE: The information in this table was collected in interviews with program staff members and administrators.

NOTES: TANF = Temporary Assistance for Needy Families.
The program in Los Angeles as a whole, including both the transitional jobs and wage subsidy model programs shown in the table, is called the Transitional Subsidized Employment Program.

APPENDIX TABLE A.2 Impacts on Employment and Earnings

OUTCOME	PROGRAM GROUP	CONTROL GROUP	DIFFERENCE (IMPACT)		90 PERCENT CONFIDENCE INTERVAL
Indianapolis transitional jobs program					
Employment[a] (%)					
Year 1	96.1	62.1	34.0	***	[30.1, 37.8]
Year 2	68.4	53.6	14.8	***	[9.8, 19.8]
Year 3	61.8	58.6	3.2		[-1.8, 8.3]
Total earnings ($)					
Year 1	6,005	2,854	3,150	***	[2,695, 3,606]
Year 2	4,857	3,702	1,155	***	[490, 1,821]
Year 3	5,898	4,984	914	*	[8, 1,820]
Number of quarters of employment					
Year 1	2.5	1.3	1.2	***	[1.1, 1.3]
Year 2	1.6	1.2	0.4	***	[0.2, 0.5]
Year 3	1.7	1.4	0.2	**	[0.1, 0.4]
Employment in all quarters (%)					
Year 1	21.7	8.6	13.1	***	[9.7, 16.5]
Year 2	12.8	10.3	2.5		[-0.8, 5.7]
Year 3	18.8	14.0	4.8	**	[1.0, 8.6]
Sample size (total = 997)	500	497			
Syracuse transitional jobs program					
Employment[a] (%)					
Year 1	89.9	58.6	31.3	***	[27.2, 35.4]
Year 2	64.7	55.0	9.7	***	[4.8, 14.6]
Year 3	58.0	53.0	5.0	*	[0.1, 9.9]
Total earnings ($)					
Year 1	3,892	2,931	961	***	[505, 1,417]
Year 2	4,951	4,484	466		[-285, 1,218]
Year 3	5,706	5,090	616		[-247, 1,479]
Number of quarters of employment					
Year 1	2.4	1.4	1.1	***	[0.9, 1.2]
Year 2	1.7	1.5	0.2	**	[0.1, 0.4]
Year 3	1.6	1.5	0.1		[-0.1, 0.2]
Employment in all quarters (%)					
Year 1	21.2	10.2	11.1	***	[7.5, 14.6]
Year 2	21.8	19.6	2.2		[-1.8, 6.3]
Year 3	22.1	24.1	-2.0		[-6.2, 2.2]
Sample size (total = 1,004)	506	498			

(continued)

APPENDIX TABLE A.2 (continued)

OUTCOME	PROGRAM GROUP	CONTROL GROUP	DIFFERENCE (IMPACT)		90 PERCENT CONFIDENCE INTERVAL
Los Angeles transitional jobs program					
Employment[a] (%)					
Year 1	91.9	57.8	34.1	***	[31.0, 37.2]
Year 2	69.7	65.0	4.7	**	[1.2, 8.3]
Year 3	71.9	69.1	2.8		[-0.7, 6.4]
Year 4	72.3	71.4	0.9		[-2.6, 4.4]
Year 5	75.6	72.8	2.8		[-0.6, 6.2]
Total earnings ($)					
Year 1	7,187	4,467	2,720	***	[2,215, 3,225]
Year 2	9,178	8,321	857	*	[31, 1,682]
Year 3	11,969	11,087	881		[-147, 1,909]
Year 4	14,199	13,265	934		[-226, 2,094]
Year 5	15,941	14,661	1,281	*	[53, 2,508]
Number of quarters of employment					
Year 1	2.8	1.5	1.3	***	[1.2, 1.4]
Year 2	2.2	2.0	0.2	***	[0.1, 0.3]
Year 3	2.4	2.2	0.2	*	[0.0, 0.3]
Year 4	2.4	2.4	0.0		[-0.1, 0.2]
Year 5	2.6	2.5	0.1		[0.0, 0.2]
Employment in all quarters (%)					
Year 1	28.1	14.8	13.3	***	[10.2, 16.4]
Year 2	39.4	33.6	5.7	**	[2.0, 9.5]
Year 3	44.9	40.8	4.1	*	[0.2, 7.9]
Year 4	49.4	47.3	2.1		[-1.8, 6.1]
Year 5	50.9	51.1	-0.3		[-4.2, 3.7]
Sample size (total = 1,745)	874	871			

(continued)

APPENDIX TABLE A.2 (continued)

OUTCOME	PROGRAM GROUP	CONTROL GROUP	DIFFERENCE (IMPACT)		90 PERCENT CONFIDENCE INTERVAL
New York transitional jobs program					
Employment[a] (%)					
Year 1	95.1	66.1	29.0	***	[26.9, 31.2]
Year 2	77.6	76.0	1.6		[-1.1, 4.2]
Year 3	78.1	78.2	-0.1		[-2.7, 2.6]
Year 4	78.8	78.9	-0.2		[-2.8, 2.4]
Total earnings ($)					
Year 1	6,688	3,253	3,435	***	[3,115, 3,756]
Year 2	7,078	6,395	684	**	[180, 1,187]
Year 3	9,167	8,615	552		[-93, 1,197]
Year 4	11,320	10,779	542		[-241, 1,324]
Number of quarters of employment					
Year 1	2.6	1.6	1.0	***	[0.9, 1.1]
Year 2	2.3	2.2	0.1		[0.0, 0.1]
Year 3	2.4	2.4	0.0		[-0.1, 0.1]
Year 4	2.5	2.5	0.0		[-0.1, 0.1]
Employment in all quarters (%)					
Year 1	28.4	13.8	14.6	***	[12.1, 17.2]
Year 2	34.6	32.4	2.2		[-0.7, 5.2]
Year 3	40.8	38.9	1.8		[-1.3, 5.0]
Year 4	45.9	43.0	2.9		[-0.3, 6.0]
Sample size (total = 2,678)	1,638	1,040			
Milwaukee transitional jobs program					
Employment[a] (%)					
Year 1	86.0	60.6	25.4	***	[21.2, 29.7]
Year 2	74.8	68.0	6.8	**	[2.2, 11.3]
Year 3	69.8	68.4	1.5		[-3.2, 6.2]
Total earnings ($)					
Year 1	4,892	3,138	1,754	***	[1,260, 2,248]
Year 2	6,522	5,628	894	*	[57, 1,731]
Year 3	7,576	7,369	207		[-789, 1,204]
Number of quarters of employment					
Year 1	2.4	1.5	0.9	***	[0.8, 1.0]
Year 2	2.1	1.8	0.3	***	[0.1, 0.4]
Year 3	2.1	2.0	0.1		[-0.1, 0.3]
Employment in all quarters (%)					
Year 1	24.6	12.7	11.9	***	[8.1, 15.6]
Year 2	29.2	25.2	4.0		[-0.5, 8.5]
Year 3	35.2	30.2	4.9	*	[0.2, 9.6]
Sample size (total = 1,003)	502	501			

(continued)

APPENDIX TABLE A.2 (continued)

OUTCOME	PROGRAM GROUP	CONTROL GROUP	DIFFERENCE (IMPACT)		90 PERCENT CONFIDENCE INTERVAL
Chicago transitional jobs program					
Employment[a] (%)					
Year 1	77.5	48.3	29.1	***	[19.8, 38.5]
Year 2	54.5	55.6	-1.1		[-11.4, 9.3]
Total earnings ($)					
Year 1	2,603	2,589	14		[-688, 715]
Year 2	3,092	4,676	-1,584	**	[-2,822, -345]
Number of quarters of employment					
Year 1	1.9	1.1	0.9	***	[0.6, 1.1]
Year 2	1.2	1.4	-0.2		[-0.5, 0.1]
Employment in all quarters (%)					
Year 1	17.9	9.0	9.0	**	[2.2, 15.7]
Year 2	11.1	14.3	-3.2		[-10.1, 3.6]
Sample size (total = 251)	150	101			
Atlanta staged hybrid program					
Employment[a] (%)					
Year 1	99.0	70.9	28.1	***	[24.8, 31.5]
Year 2	84.2	72.2	12.0	***	[7.8, 16.2]
Year 3	78.5	76.7	1.8		[-2.5, 6.0]
Year 4	76.0	76.0	0.0		[-4.4, 4.4]
Year 5	74.9	73.3	1.6		[-2.9, 6.2]
Total earnings ($)					
Year 1	9,814	6,722	3,093	***	[2,209, 3,976]
Year 2	13,290	12,031	1,259		[-153, 2,671]
Year 3	14,324	14,031	293		[-1,280, 1,866]
Year 4	15,575	15,906	-331		[-2,030, 1,368]
Year 5	17,625	17,699	-74		[-2,282, 2,133]
Number of quarters of employment					
Year 1	3.5	1.9	1.6	***	[1.5, 1.7]
Year 2	2.8	2.3	0.5	***	[0.3, 0.7]
Year 3	2.5	2.5	0.0		[-0.1, 0.2]
Year 4	2.4	2.5	0.0		[-0.2, 0.1]
Year 5	2.5	2.5	0.0		[-0.2, 0.2]
Employment in all quarters (%)					
Year 1	70.5	20.6	49.9	***	[45.6, 54.3]
Year 2	51.8	42.9	8.9	***	[3.9, 14.0]
Year 3	42.1	41.8	0.4		[-4.6, 5.3]
Year 4	39.8	39.3	0.4		[-4.4, 5.3]
Year 5	45.3	45.9	-0.5		[-5.5, 4.4]
Sample size (total = 996)	501	495			

(continued)

APPENDIX TABLE A.2 (continued)

OUTCOME	PROGRAM GROUP	CONTROL GROUP	DIFFERENCE (IMPACT)		90 PERCENT CONFIDENCE INTERVAL
New York staged hybrid program					
Employment[a] (%)					
Year 1	88.9	68.2	20.7	***	[16.6, 24.8]
Year 2	57.9	56.1	1.9		[-3.2, 7.0]
Year 3	54.8	53.4	1.4		[-3.7, 6.4]
Total earnings ($)					
Year 1	5,445	4,201	1,244	***	[662, 1,827]
Year 2	7,322	6,669	652		[-375, 1,680]
Year 3	7,494	7,672	-178		[-1,330, 974]
Number of quarters of employment					
Year 1	2.5	1.7	0.7	***	[0.6, 0.9]
Year 2	1.6	1.6	0.0		[-0.1, 0.2]
Year 3	1.5	1.6	0.0		[-0.2, 0.1]
Employment in all quarters (%)					
Year 1	32.3	17.8	14.4	***	[10.1, 18.8]
Year 2	23.9	22.7	1.2		[-3.0, 5.4]
Year 3	22.0	24.0	-2.0		[-6.3, 2.2]
Sample size (total = 1,005)	504	501			
San Francisco tiered hybrid program					
Employment[a] (%)					
Year 1	79.6	52.4	27.2	***	[22.6, 31.8]
Year 2	65.6	52.3	13.3	***	[8.4, 18.2]
Year 3	63.3	54.1	9.2	***	[4.3, 14.1]
Year 4	61.0	56.0	5.0	*	[0.1, 9.9]
Year 5	63.0	53.1	10.0	***	[5.0, 14.9]
Total earnings ($)					
Year 1	8,365	4,630	3,735	***	[2,889, 4,581]
Year 2	9,322	7,988	1,334		[-13, 2,681]
Year 3	11,534	9,160	2,374	**	[782, 3,965]
Year 4	13,359	11,182	2,177	**	[389, 3,965]
Year 5	14,554	12,922	1,632		[-429, 3,693]
Number of quarters of employment					
Year 1	2.1	1.3	0.9	***	[0.7, 1.0]
Year 2	1.9	1.5	0.4	***	[0.2, 0.5]
Year 3	1.9	1.6	0.3	***	[0.1, 0.4]
Year 4	2.0	1.7	0.3	***	[0.1, 0.5]
Year 5	2.0	1.7	0.3	**	[0.1, 0.5]
Employment in all quarters (%)					
Year 1	18.3	9.6	8.7	***	[5.3, 12.0]
Year 2	29.5	23.6	5.9	**	[1.4, 10.4]
Year 3	32.5	29.5	3.0		[-1.6, 7.7]
Year 4	36.1	30.1	5.9	**	[1.2, 10.6]
Year 5	36.5	31.7	4.8	*	[0.0, 9.6]
Sample size (total = 993)	502	491			

(continued)

APPENDIX TABLE A.2 (continued)

OUTCOME	PROGRAM GROUP	CONTROL GROUP	DIFFERENCE (IMPACT)		90 PERCENT CONFIDENCE INTERVAL
Minnesota tiered hybrid program					
Employment[a] (%)					
Year 1	86.7	80.4	6.3	**	[2.3, 10.4]
Year 2	83.7	81.7	2.0		[-2.3, 6.4]
Total earnings ($)					
Year 1	7,078	6,628	449		[-305, 1,203]
Year 2	11,397	10,602	794		[-494, 2,083]
Number of quarters of employment					
Year 1	2.6	2.3	0.3	***	[0.2, 0.5]
Year 2	2.7	2.6	0.1		[0.0, 0.3]
Employment in all quarters (%)					
Year 1	36.0	29.6	6.5	**	[1.4, 11.6]
Year 2	48.0	43.0	5.0		[-0.6, 10.6]
Sample size (total = 798)	403	395			
Los Angeles wage-subsidy program					
Employment[a] (%)					
Year 1	76.3	57.8	18.5	***	[15.4, 21.6]
Year 2	69.0	65.0	4.0	*	[0.4, 7.5]
Year 3	70.8	69.1	1.7		[-1.8, 5.3]
Year 4	72.3	71.4	0.9		[-2.6, 4.4]
Year 5	74.3	72.8	1.5		[-1.9, 4.9]
Total earnings ($)					
Year 1	5,758	4,467	1,291	***	[788, 1,795]
Year 2	8,617	8,321	296		[-528, 1,120]
Year 3	11,266	11,087	179		[-847, 1,205]
Year 4	13,224	13,265	-41		[-1,199, 1,116]
Year 5	15,041	14,661	381		[-844, 1,605]
Number of quarters of employment					
Year 1	2.0	1.5	0.6	***	[0.5, 0.7]
Year 2	2.2	2.0	0.2	**	[0.1, 0.3]
Year 3	2.3	2.2	0.1		[0.0, 0.2]
Year 4	2.4	2.4	0.0		[-0.2, 0.1]
Year 5	2.5	2.5	0.0		[-0.1, 0.1]
Employment in all quarters (%)					
Year 1	20.7	14.8	5.9	***	[2.8, 9.0]
Year 2	38.5	33.6	4.9	**	[1.2, 8.6]
Year 3	43.9	40.8	3.1		[-0.8, 7.0]
Year 4	46.9	47.3	-0.3		[-4.2, 3.6]
Year 5	50.1	51.1	-1.0		[-4.9, 2.9]
Sample size (total = 1,748)	877	871			

(continued)

APPENDIX TABLE A.2 (continued)

OUTCOME	PROGRAM GROUP	CONTROL GROUP	DIFFERENCE (IMPACT)		90 PERCENT CONFIDENCE INTERVAL
Fort Worth wage-subsidy program					
Employment[a] (%)					
Year 1	73.6	72.0	1.6		[-3.0, 6.2]
Year 2	64.0	64.6	-0.6		[-5.5, 4.4]
Year 3	56.2	58.3	-2.1		[-7.2, 2.9]
Total earnings ($)					
Year 1	5,423	5,757	-334		[-1,080, 411]
Year 2	8,474	8,958	-483		[-1,719, 753]
Year 3	8,778	9,505	-728		[-2,190, 735]
Number of quarters of employment					
Year 1	1.8	1.8	0.0		[-0.1, 0.2]
Year 2	1.8	1.9	0.0		[-0.2, 0.2]
Year 3	1.7	1.7	0.0		[-0.2, 0.1]
Employment in all quarters (%)					
Year 1	11.9	13.4	-1.5		[-4.9, 1.9]
Year 2	27.8	26.5	1.3		[-3.3, 5.9]
Year 3	27.7	28.3	-0.6		[-5.2, 4.0]
Sample size (total = 998)	503	495			
San Francisco wage-subsidy program					
Employment[a] (%)					
Year 1	75.7	69.7	6.0	**	[1.3, 10.7]
Year 2	76.7	73.5	3.2		[-1.5, 7.9]
Year 3	76.4	74.5	2.0		[-2.8, 6.7]
Year 4	75.2	71.9	3.3		[-1.6, 8.2]
Total earnings ($)					
Year 1	8,521	6,912	1,610	***	[591, 2,628]
Year 2	14,413	12,271	2,142	**	[473, 3,811]
Year 3	17,433	15,252	2,181	*	[174, 4,189]
Year 4	19,521	16,580	2,941	**	[745, 5,137]
Number of quarters of employment					
Year 1	2.1	2.0	0.2	*	[0.0, 0.3]
Year 2	2.5	2.4	0.1		[-0.1, 0.3]
Year 3	2.6	2.5	0.1		[-0.1, 0.3]
Year 4	2.6	2.5	0.1		[-0.1, 0.3]
Employment in all quarters (%)					
Year 1	25.3	26.5	-1.3		[-5.7, 3.2]
Year 2	45.9	44.3	1.5		[-3.9, 7.0]
Year 3	49.8	49.0	0.8		[-4.7, 6.4]
Year 4	50.5	48.9	1.6		[-4.0, 7.2]
Sample size (total = 811)	414	397			

(continued)

APPENDIX TABLE A.2 (continued)

SOURCES: MDRC calculations based on program records and National Directory of New Hires employment and earnings data.

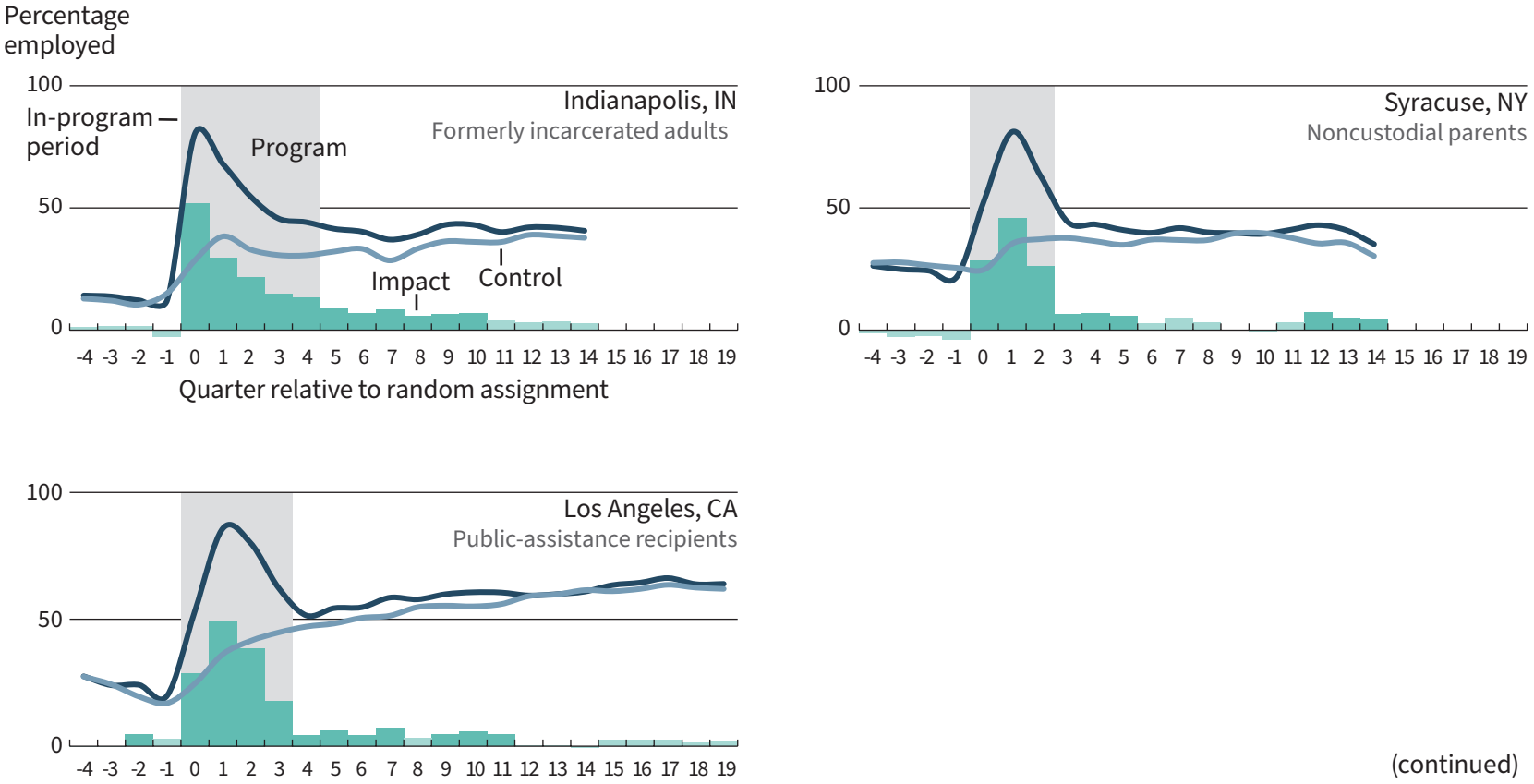
NOTES: Rounding may cause slight discrepancies in sums and differences.

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

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

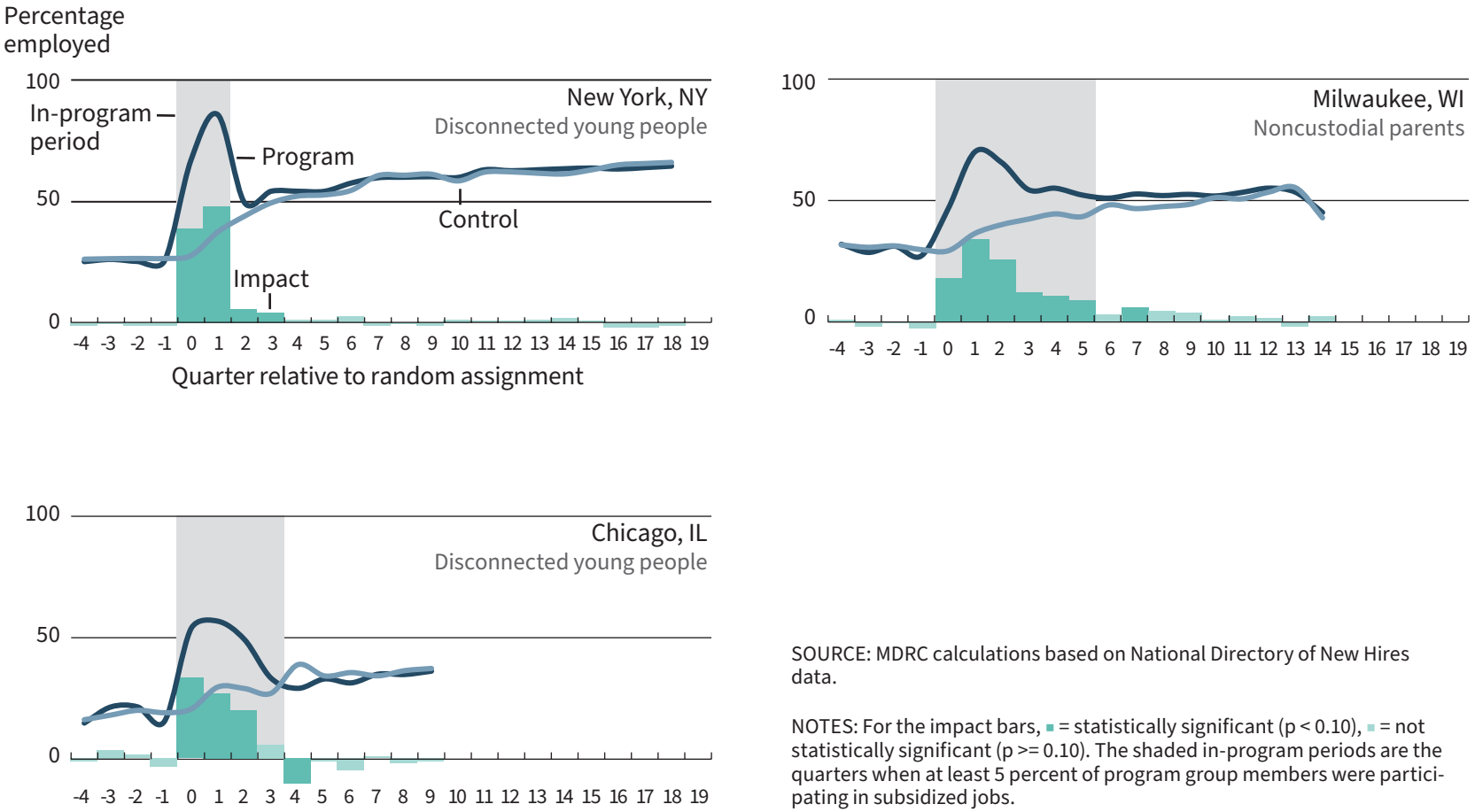
[a]Employment rates and earnings include both program subsidized jobs and all other jobs covered by unemployment insurance.

APPENDIX FIGURE A.1 Impacts on Employment, Traditional Transitional Jobs Programs



(continued)

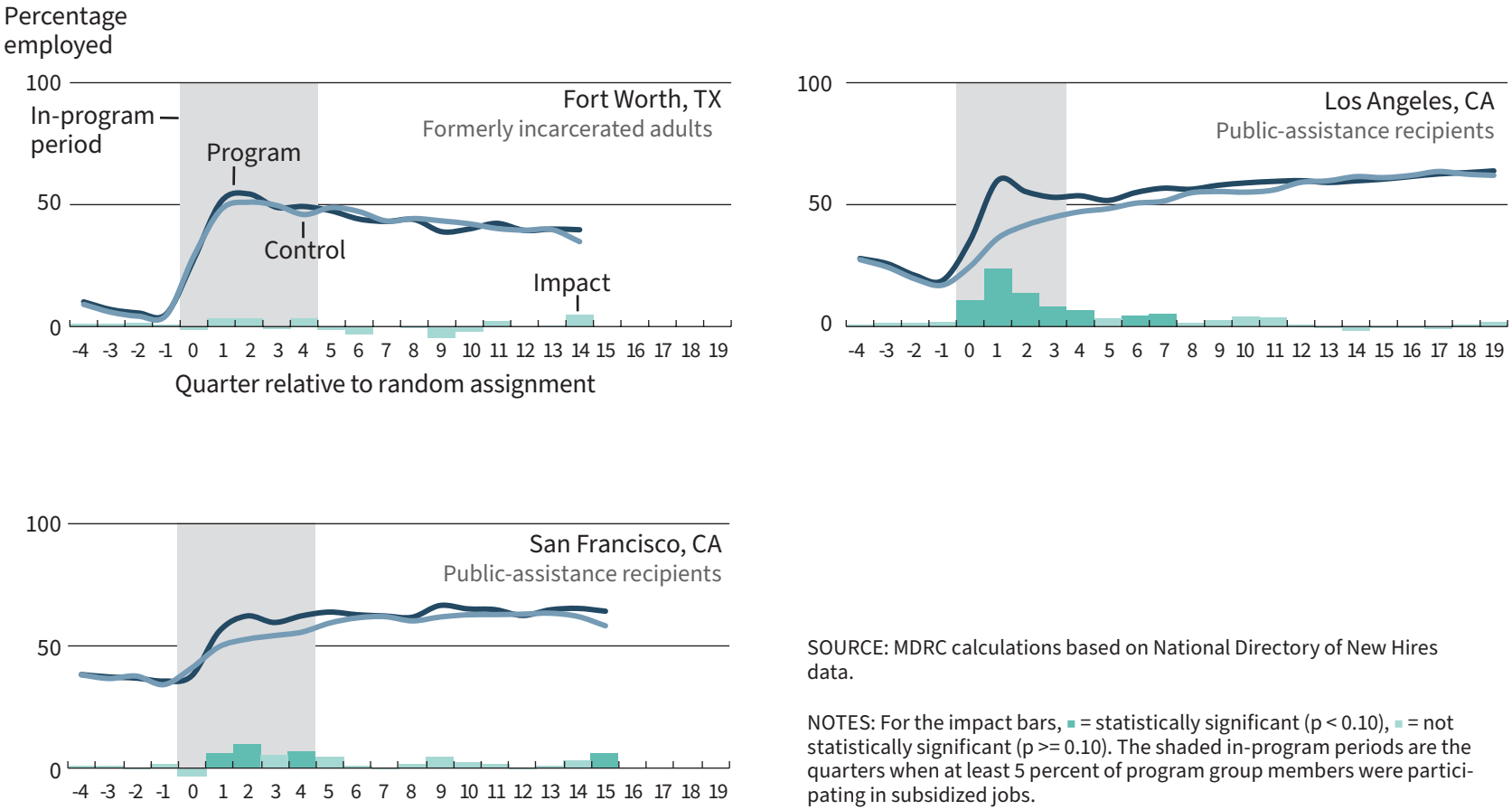
APPENDIX FIGURE A.1 (continued)



SOURCE: MDRC calculations based on National Directory of New Hires data.

NOTES: For the impact bars, ■ = statistically significant ($p < 0.10$), ■ = not statistically significant ($p >= 0.10$). The shaded in-program periods are the quarters when at least 5 percent of program group members were participating in subsidized jobs.

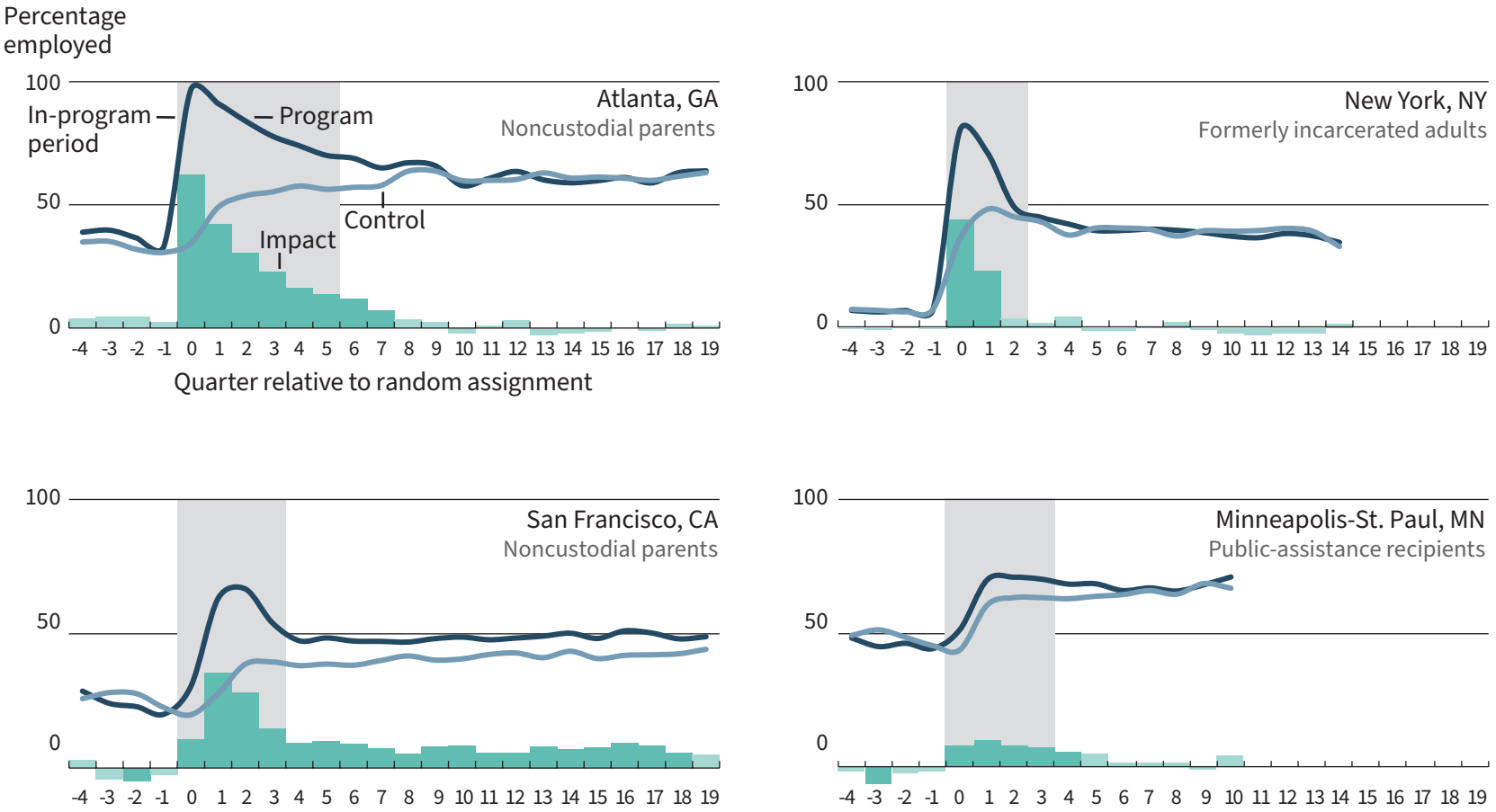
APPENDIX FIGURE A.2 Impacts on Employment, Wage-Subsidy Programs



SOURCE: MDRC calculations based on National Directory of New Hires data.

NOTES: For the impact bars, ■ = statistically significant ($p < 0.10$), ■ = not statistically significant ($p >= 0.10$). The shaded in-program periods are the quarters when at least 5 percent of program group members were participating in subsidized jobs.

APPENDIX FIGURE A.3 Impacts on Employment, Hybrid Programs



SOURCE: MDRC calculations based on National Directory of New Hires data.

NOTES: For the impact bars, ■ = statistically significant ($p < 0.10$), ■ = not statistically significant ($p >= 0.10$). The shaded in-program periods are the quarters when at least 5 percent of program group members were participating in subsidized jobs.

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