



EXECUTIVE SUMMARY

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The Employment Retention and Advancement Project Results from the Los Angeles Reach for Success Program

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This report presents implementation and two-year impact results for the Los Angeles Reach for Success (RFS) program, which provided individualized and flexible case management services to working welfare recipients. The study of RFS is part of the national Employment Retention and Advancement (ERA) project. Conceived and funded by the Administration for Children and Families (ACF) in the U.S. Department of Health and Human Services, and also supported by the U.S. Department of Labor, the ERA project is testing 16 innovative models across the country that aim to promote steady work and career advancement for current and former welfare recipients and other low-wage workers. MDRC — a nonprofit, nonpartisan research organization — is conducting the ERA project under contract to ACF and is producing a similar interim report for each site in the project.

The RFS program, which began operations in March 2002, offered services to recipients of Temporary Assistance for Needy Families (TANF) cash assistance benefits who were working at least 32 hours per week. RFS was designed to help participants — almost all single mothers — retain their employment and secure better jobs. The program, in which individuals could voluntarily participate, was operated by the Los Angeles County Department of Public Social Services (DPSS) as part of its larger employment program for welfare recipients, called “Greater Avenues for Independence” (GAIN). RFS operated in three of seven GAIN administrative regions in the county.

The impact results included in this report compare RFS’s effects on employment stability, earnings, advancement, and welfare receipt with the effects of existing postemployment services (PES) provided by DPSS. The findings thus shed light on the relative effectiveness of two different approaches to providing postemployment services. The report’s two-year results are not the final word on the program’s effects; MDRC will ultimately track employment and earnings outcomes for the study’s participants for over three years.

The ERA Project

Although much is known about how to help welfare recipients find jobs, little is known about how to help them and other low-wage workers keep jobs or advance in the labor market. Previously studied postemployment programs were not found to improve participants' outcomes. The ERA project was designed to build on past efforts and identify and test innovative programs designed to promote employment stability and wage progression among welfare recipients or other low-income groups. From 2000 to 2003, 16 ERA tests were launched in eight states, including one examining Los Angeles's RFS program.

The evaluation design is similar in most of the project sites. Individuals who meet the ERA eligibility criteria, which vary by site, are assigned at random to a program group, usually called the ERA group, or to a control group. Members of the ERA group are recruited for (and, in some sites, required to participate in) the ERA program, while those in the control group are not eligible for ERA services but are eligible for other services and supports available in the community. MDRC is tracking both research groups over time. The random assignment process ensures that there are no systematic differences in sample members' characteristics, measured and unmeasured, between the two research groups. Thus, any differences between them that emerge over time — for example, in employment rates or average earnings — can be attributed to the ERA program; such differences are known as the “impacts” of the program.

Origin and Goals of the Los Angeles RFS Program

California's relatively high welfare grant levels and generous welfare grant earnings disregard (the amount of earnings that does not count when calculating a monthly welfare grant) allows many Los Angeles County welfare recipients to work full time and still remain eligible for a cash grant. As part of what was called “the PES program,” the county agency provided some services to welfare recipients working full time who voluntarily asked for assistance: case management services, a minimal level of career assessment, and support for education and training.

The leadership within the Los Angeles County DPSS was interested in knowing whether a more customized and more comprehensive set of services would produce better results than the existing PES program. Thus, they designed the RFS program in ways that they believed would increase participation in retention and advancement services beyond the levels achieved by the existing PES program. These design differences included providing more aggressive marketing and outreach, paired with intensive case management that would be more flexible and client-driven. Services included coaching on job retention issues, career counseling and assessment, and providing assistance in pursuing both work-based and education-focused strategies for advancement.

In each of the three regions that operated RFS, program services were delivered by a team of five to six case managers, a job developer, and a unit supervisor. The case managers, who were responsible for marketing RFS to clients and delivering the bulk of the services, carried caseloads ranging from 40 to 85 clients, with caseloads varying across case managers, across regions, and over time. In contrast, PES case managers had caseloads of about 120. The smaller RFS caseloads were intended to allow RFS case managers to deliver more intensive and more individualized services. Individuals were eligible for RFS (or for PES) services for as long as they were receiving TANF but not for longer than one year. (About one-third of all those who were eligible left TANF within a year.)

The Los Angeles RFS Evaluation Design

As in the other ERA sites, a random assignment research design was used to assess the effectiveness of Los Angeles's RFS program relative to its existing PES program. Starting at the end of July 2002 and continuing until June 2004, the management information system for the GAIN program identified those who met the study eligibility criteria — single-parent welfare recipients residing in GAIN Regions 1, 5, or 6 who were working at least 32 hours per week — and randomly assigned half of them to the RFS group and half of them to the PES group. Those who were assigned to the RFS group were sent a letter informing them of RFS services, and attempts would be made to recruit them into the RFS program; those who were assigned to the PES group were sent a letter informing them of the availability of the existing PES services and of their eligibility to volunteer to receive them.

This report analyzes all the individuals who were randomly assigned as part of the study: 5,412 single parents — 2,710 of whom were assigned to the RFS group and 2,702 of whom were assigned to the PES group. MDRC is tracking both groups using data that show each individual's quarterly earnings in jobs covered by the California unemployment insurance (UI) system and their monthly welfare and food stamp benefits. Two years of follow-up data, starting with each sample member's date of random assignment, are available for this report. In addition, data are available from a survey administered to a subset of RFS and PES group members about one year after they entered the study.

Key Findings on Program Implementation and Participation

The report's findings on how RFS was implemented and the extent to which RFS and PES group members participated in retention, reemployment, and advancement services are based on interviews with RFS and PES staff, observations of interactions between case managers and clients, reviews of case files, a time study of case managers, and client survey data. Key findings are presented below.

- **Customer service, flexibility, and individualized attention were distinguishing features of the services provided by RFS. While RFS staff delivered work-based retention and advancement services, helping individuals become reemployed took up a larger share of staff time than originally anticipated, due to program participants' high levels of job loss.**

Customer service, flexibility, and individualized attention were what primarily distinguished RFS services from regular PES services. With smaller caseloads, RFS case managers went outside traditional protocol and scheduled meetings with clients outside regular business hours, held meetings in places that were convenient to clients, and got to know clients' personal situations and characteristics in depth.

Retention services were focused primarily on helping clients effectively access work supports (primarily child care and transportation), address life crises that might interfere with work (such as housing problems), and negotiate work-related issues that could affect job performance (often revolving around the "soft skills," such as interpersonal and communication skills, needed to be a good employee). RFS advancement services were individualized according to clients' needs and levels of motivation. Staff typically did not dissuade clients who already had career goals, and, in such a situation, case managers often served more as listeners and encouragers than as career counselors. Case managers worked with clients using both work-based strategies (for example, providing coaching on how to ask for a raise or promotion in the current job) and education-focused strategies (for example, making referrals to training programs). In general, interviews, observations, and case file reviews indicated that RFS case managers found it difficult to guide clients in strategizing about how to advance, and they struggled to implement the advancement component of the program.

Quick and frequent job losses among clients caused staff to spend less time on planned retention and advancement work and more time on reemployment activities. RFS job developers, for example, spent much of their time helping unemployed RFS clients quickly find new jobs and very little of their time helping employed clients find better jobs. Although the demand for reemployment assistance took time away from staff's planned activities, reemployment help sometimes served the program's retention and advancement goals: to the extent possible, case managers and job developers generally worked with clients following job loss to help them find a job that they would be more likely to retain because it was suited to their interests or had a better schedule or to help them find a job that had higher pay or better benefits than their previous job.

- **Operating a retention and advancement program within a large welfare agency that was focused on moving individuals quickly into jobs posed implementation challenges.**

Interviews with RFS staff members indicated that there were difficulties in operating RFS as a separate “program within a program” within DPSS. Staff reported their belief that some RFS group members may not have wanted continued contact with a program they associated with DPSS’s mandatory and enforcement-oriented preemployment program — a program that they recently would have exited when they found jobs. In addition, some case managers reported that they would have appreciated more institutional support for the goals of their particular program.

- **RFS case managers were able initially to engage clients in the program, but securing ongoing engagement with a majority of those in their caseload was much more difficult. As a result, case managers were more likely to work with clients who responded to offers of assistance.**

RFS case managers tried to make immediate contact following a client’s random assignment to RFS, and they used different methods to recruit clients into the program for an initial meeting. They were flexible about meeting times and places and also were persistent. In their marketing messages to clients, case managers tended to emphasize that participation in RFS services was voluntary, that services were tailored to each client, and that advancement could help clients better provide for their children. This marketing resulted in approximately three-quarters of those randomly assigned to RFS attending an initial program meeting, and almost all of these clients ended the meeting with a written plan outlining the steps that they would take to pursue career advancement.

Following the initial program meeting, however, participation often tapered off. RFS staff attempted to contact clients roughly once per month, usually by telephone, and more frequently for clients who were unemployed or facing a work or personal crisis. Case managers prioritized those who were unemployed or those who needed extra encouragement and support in order to pursue advancement.

- **Low proportions of welfare recipients assigned to the RFS program reported that they received work-based employment retention and advancement services. Moreover, the RFS program led to only small increases in the use of these services, compared with the PES program.**

According to client reports in survey data, only 22 percent of RFS group members received help with work-based employment retention and advancement, that is, assistance that was not help with work supports or help finding a job. Most commonly, this help was reported

to be in the form of career assessment. RFS group members were more likely to receive help (from any program or agency) with work supports than with other types of retention and advancement help: overall, 62 percent of RFS group members reported receiving help with maintaining their eligibility for Medicaid (called “Medi-Cal” in California) or food stamps, and 59 percent reported receiving assistance with child care or transportation in the year following random assignment. A little more than one-quarter reported receiving help finding a new job.

RFS clients were only slightly more likely to report receiving these different kinds of help than their counterparts in the PES (control) group. The smallest difference in receipt of assistance between the two groups was in the area of retention and advancement services: reported rates of receiving help with career advancement, with finding a better job while working, or with dealing with problems on the job were only 4 percentage points higher in the RFS group than in the PES group. The percentage of individuals who reported that they received help with Medicaid, food stamps, or child care or transportation or help finding a new job was 6 to 7 percentage points higher in the RFS group than in the PES group.

Thus, although available services were marketed more to those in the RFS group than to those in the PES group, and although the services offered were more flexible and more tailored, the proportion of clients reporting that they received services was not much higher in RFS than in PES. Keep in mind that participation in either RFS or PES services was voluntary.

Key Findings on Program Impacts

Table ES.1 and Figure ES.1 summarize the impact of Los Angeles’s RFS program on employment and earnings, relative to the regular services provided through the PES program, during a two-year follow-up period. These results are based only on UI earnings data and thus do not reflect employment not covered by UI, such as self-employment, federal and military jobs, informal work, and out-of-state employment. Differences between the RFS and PES groups that are marked with asterisks are statistically significant, which means that it is unlikely for differences of such magnitude to occur by chance. The key findings from the impact analysis are presented below.

- **During follow-up Year 1, the RFS program led to a small increase in employment retention relative to the PES program, but impacts were not sustained in Year 2.**

Few impacts on employment and earnings for the full RFS research sample are apparent. During Years 1 and 2, RFS and PES group members had very similar patterns of employment and earnings. Each group worked for about the same number of quarters and earned about the same amount during each year of follow-up. During Year 1, the RFS model led to a small

increase (of 2.4 percentage points) above the PES group level on one measure of employment retention: working during four consecutive quarters. It appears that much of this increase resulted from RFS group members staying longer at their initial jobs.

Members of both groups were equally likely to experience advancement, as measured by earning \$10,000 or more during Year 2.¹ Finally, a similar percentage of RFS and PES group members worked during the final quarter of Year 2, and both groups received about the same amount in quarterly earnings. These findings suggest that it is unlikely that the RFS approach will lead to employment and earnings gains, relative to the PES approach, in later years.

- **RFS led to small increases, relative to PES, in the receipt of public assistance during Years 1 and 2.**

When they were randomly assigned as part of the study, all sample members were receiving welfare benefits, and nearly all PES and RFS group members were receiving food stamps (93 percent and 94 percent, respectively). Table ES.2 shows that RFS led to a small but persistent increase (averaging about 2 to 3 percentage points per quarter) relative to the PES group in the incidence of welfare and food stamp receipt during the follow-up period. By the final quarter of the year following random assignment (Quarter 5), about 64 percent of the PES group received welfare benefits, and a similar proportion received food stamps; the receipt rate was slightly higher for the RFS group (Appendix Tables E.2 and E.3). Welfare receipt rates declined more slowly during the second year of follow-up — to 49 percent of the PES group and 52 percent of the RFS group at the end of that year. Most sample members in both research groups ceased to receive food stamps when they left TANF. About 54 percent of PES group members and 57 percent of RFS group members received food stamps in Quarter 9, the final quarter of Year 2.

The public assistance impacts occurred mostly during Year 2 of follow-up. Starting in Quarter 7, the average welfare payment received by RFS group members was about \$40 more per quarter than their PES counterparts received, which suggests that the increase in welfare payments relative to the PES group will continue during Year 3. In contrast, RFS did not lead to higher average food stamp payments, relative to PES, at any time during the follow-up.

¹Earnings greater than or equal to \$10,000 per year was used as an indicator of advancement because an individual making the federal minimum wage (which was \$5.15 during most program operations) and working 40 hours per week would make approximately this amount.

The Employment Retention and Advancement Project

Table ES.1

Years 1-2, Impacts on Employment and Earnings

Los Angeles Reach for Success

Outcome	Reach for Success Group	Control Group	Difference (Impact)	P-Value
<u>Years 1-2</u>				
Ever employed (%)	89.2	88.5	0.6	0.429
Average quarterly employment (%)	64.6	64.8	-0.2	0.816
Number of quarters employed	5.2	5.2	0.0	0.810
Employed 4 consecutive quarters (%)	61.5	61.5	0.0	0.990
Total earnings (\$)	18,470	18,479	-9	0.983
Earned over \$20,000 (%)	39.9	40.6	-0.8	0.541
<u>Year 1</u>				
Ever employed (%)	84.5	84.1	0.4	0.668
Employed in last quarter of Year 1 (%)	64.6	63.5	1.1	0.374
Average quarterly employment (%)	67.8	67.2	0.5	0.573
Employed 4 consecutive quarters (%)	50.2	47.8	2.4 *	0.058
Total earnings (\$)	9,017	8,911	106	0.606
Earned over \$10,000 (%)	41.6	40.6	1.1	0.386
<u>Year 2</u>				
Ever employed (%)	75.3	76.3	-1.0	0.369
Employed in last quarter of Year 2 (%)	60.4	62.4	-2.1	0.107
Average quarterly employment (%)	61.4	62.3	-1.0	0.372
Employed 4 consecutive quarters (%)	46.7	47.5	-0.8	0.534
Total earnings (\$)	9,453	9,568	-115	0.650
Earned over \$10,000 (%)	40.9	42.5	-1.6	0.210
Sample size (total = 5,412)	2,710	2,702		

SOURCE: MDRC calculations from unemployment insurance (UI) records from the State of California.

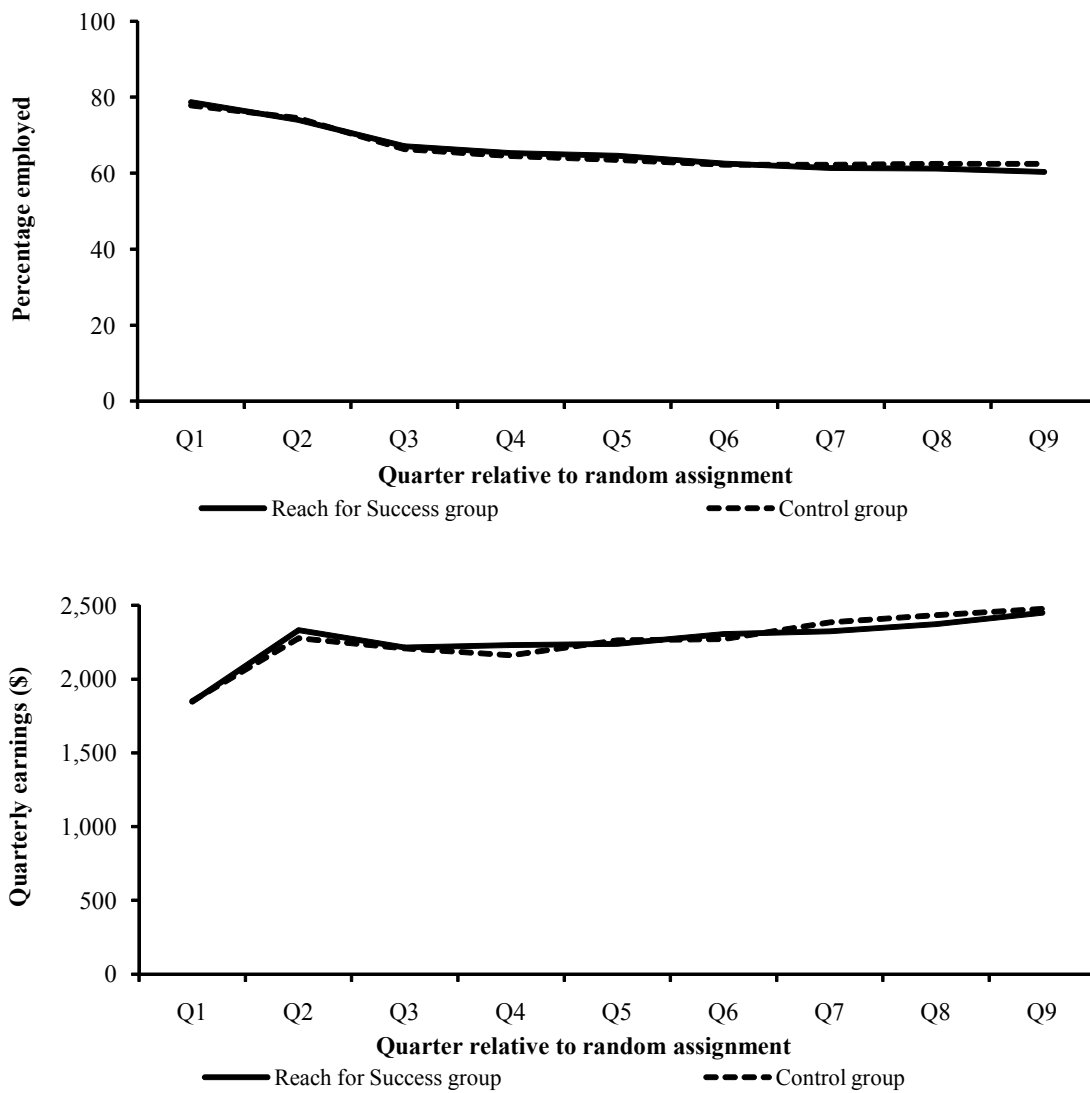
NOTES: See the last page of the Executive Summary.

The Employment Retention and Advancement Project

Figure ES.1

Impacts of the RFS Strategy on Employment and Earnings Over Time

Los Angeles Reach for Success



SOURCE: MDRC calculations from unemployment insurance (UI) records from the State of California.

NOTES: See the last page of the Executive Summary.

- **Year 1 gains in employment retention and earnings were found for the subgroup of those who had recent employment prior to random assignment. These impacts diminished after the beginning of Year 2, however.**

In theory, individuals with a greater track record of employment are at less risk of job loss than those newly in jobs, and they may be more ready to benefit from services promoting career advancement. In fact, sample members with recent employment did fare better in the labor market during the follow-up period: PES (control) group members who had employment in the quarter *prior to* random assignment earned about \$5,000 more during Years 1 and 2 after random assignment than PES group members who were without recent employment. Looking only at the subgroup of those with recent employment, RFS group members earned, on average, \$1,056 (or 5 percent) more over two years, compared with PES (control) group members. For this subgroup, RFS also led to a small (3 percentage point) increase relative to PES on one measure of employment retention: employment for at least four consecutive quarters. Impacts on employment and earnings for the subgroup with recent employment were not sustained, however; they peaked around the beginning of Year 2 and diminished thereafter. No comparable effects were found for the subgroup without recent employment. (Differences in impacts between the two subgroups are statistically significant; results are not shown in tables.)

Conclusions

The RFS program differed from the existing PES program in its smaller caseloads, proactive and aggressive marketing of postemployment services, and greater flexibility in tailoring services to meet the needs of employed welfare recipients. Participation differences between the two programs were greatest during the first months after random assignment, when RFS case managers initially engaged a large portion of their caseload, but these differences then diminished over time. Case managers reported difficulty in sustaining engagement among many RFS members — a situation that has been encountered in many of the models studied in the ERA project. RFS case managers thus tended to work primarily with those who more readily accepted the offer of help and services.

The Employment Retention and Advancement Project

Table ES.2

**Years 1-2, Impacts on Public Assistance,
Employment and TANF Receipt, and Income**

Los Angeles Reach for Success

Outcome	Reach for Success Group	Control Group	Difference (Impact)	P-Value
<u>Years 1-2</u>				
Number of months receiving TANF	14.7	14.2	0.5 **	0.040
Amount of TANF received (\$)	7,471	7,249	222	0.110
Number of months receiving food stamps	15.5	15.1	0.4	0.102
Amount of food stamps received (\$)	4,322	4,229	93	0.206
Total measured income ^a (\$)	30,264	29,957	306	0.409
<u>Quarter 9</u>				
Ever received TANF (%)	51.9	48.9	2.9 **	0.026
Amount of TANF received (\$)	743	703	41 *	0.071
Ever received food stamps (%)	56.9	54.2	2.7 **	0.040
Amount of food stamps received (\$)	510	495	15	0.283
Employed and not receiving TANF (%)	33.4	36.5	-3.1 **	0.014
Employed and receiving TANF (%)	27.0	26.0	1.0	0.385
Not employed and receiving TANF (%)	24.9	23.0	1.9 *	0.092
Not employed and not receiving TANF (%)	14.8	14.6	0.2	0.872
Sample size (total = 5,412)	2,710	2,702		

SOURCE: MDRC calculations from administrative records.

NOTES: See the last page of the Executive Summary.

^aThis measure represents the sum of UI earnings, TANF, and food stamps.

In the absence of RFS, as measured by the PES group, about the same number of individuals sought out postemployment services and supports through PES, on their own, or from agencies within and outside DPSS. The resulting overall difference in service receipt between the two research groups was small.

When the RFS model was being developed, DPSS administrators and staff member believed that relatively few employed welfare recipients sought postemployment services and supports through the reactive, limited PES program or through other resources in the county. Thus, given the marketing, outreach, and flexibility of the RFS program, the small difference in service receipt between the RFS and PES groups is surprising.

DPSS had only recently created the RFS program when the evaluation began. As might be expected when operating a new program using existing staff, case managers needed to shift their emphases and learn new skills, inasmuch as the tasks and client-staff interactions that are focused on encouraging low-income workers to advance in the labor market are different from the tasks and interactions focused on helping people to quickly find jobs. More protocols, training, or staff performance benchmarks in these new aspects of case management might have strengthened the program.

Suggested Lessons

Field research done as part of the RFS test as well as findings from the evaluation of other ERA models suggest additional hypotheses that might explain why the RFS model did not achieve more sustained or broad-based gains in employment and earnings. It is possible that single parents found it difficult to set aside time to talk regularly with case managers while working and attending to family responsibilities. It is also possible that individuals who were already working may not have seen the offered services as valuable or may not have understood how the services could have benefited them. Some individuals simply may not have been ready for such services until they had had more time in the labor market or in a particular job. Some may not have wanted ongoing engagement — beyond what was required — with a public assistance program. Data that might conclusively support or refute these hypotheses are not available.

In general, the findings from the evaluation of the RFS model and other ERA models suggest that more consideration is needed of the types of strategies that can support and encourage the engagement of low-income workers in services. In addition, more consideration is needed of the range of services, and their timing, that are seen as potentially helpful from the point of view of low-income workers.

* * *

In the remainder of the ERA evaluation, the project will examine the longer-term employment paths of the low-wage workers in the RFS study and in the ERA study as a whole, and it will explore whether the programs produced other types of changes — such as wage increases, work-hour increases, better working conditions, and improved work schedules and work/life balances. In addition, the study will compare the costs of selected ERA models with their benefits. Much more will be learned through the ERA project about the effects of services and supports that might help low-income adults remain and advance in the labor market.

Notes for the Exhibits in the Executive Summary

This exhibit includes only employment and earnings in jobs covered by the California unemployment insurance (UI) program. It does not include employment outside California or in jobs not covered by UI (for example, “off-the-books” jobs, some agricultural jobs, and federal government jobs).

Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.

Rounding may cause slight discrepancies in calculating sums and differences.

A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent; ** = 5 percent; and * = 10 percent.

“Year 1” refers to Quarters 2 to 5. Quarter 1 is the quarter in which random assignment took place.

Dollar averages include zero values for sample members who were not employed or were not receiving TANF or food stamps.