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BUILDING KNOWLEDGE TO IMPROVE SOCIAL POLICY

EXECUTIVE SUMMARY

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The Employment Retention and Advancement Project

Results from the Post-Assistance Self-Sufficiency (PASS) Program in Riverside, California

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This report presents an assessment of the implementation and the two-year impacts of a voluntary program in Riverside County, California, that aimed to promote job retention and advancement among working individuals who recently left the Temporary Assistance for Needy Families (TANF) program. The study in Riverside is part of the Employment Retention and Advancement (ERA) project, which is examining 15 programs across the country (including two programs in Riverside County). The ERA project was conceived and funded by the Administration for Children and Families (ACF) in the U.S. Department of Health and Human Services (HHS) and is also supported by the U.S. Department of Labor (DOL). The project is being conducted by MDRC, a nonprofit, nonpartisan research organization, under contract to HHS.

This ERA intervention in Riverside County — called the Post-Assistance Self-Sufficiency (PASS) program — was evaluated beginning in mid-2002. Most of the employment outcomes presented in this report cover the first two years after individuals entered the program. The results include the program's effects on employment levels and stability, earnings, and advancement in the labor market. These results are important but are not the final word on the program, as MDRC will ultimately track employment and earnings outcomes for the study's participants for at least 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 to 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, a total of 15 experiments were implemented in eight states, including the Riverside PASS 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 — called "the ERA group" (in this report, "the PASS group") — or to a control group. Members of the program group are recruited for (and, in some sites, are 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 were no systematic differences in the characteristics, both measured and unmeasured, of sample members in the two research groups. Thus, any differences between the two groups that emerge over time — for example, in employment rates or average earnings — can be attributed to the ERA program.

The Riverside PASS Program

The Riverside County Department of Public Social Services (DPSS) developed the PASS program model to promote employment retention and career advancement for working TANF leavers. DPSS saw PASS as a complement to its Phase 2 program, which serves employed TANF recipients, and to its Phase 1 program, which serves out-of-work TANF recipients. The PASS program provided postemployment services and supportive service payments to help clients keep their jobs, stay off TANF, and find "better" jobs — that is, jobs with better pay, hours, benefits, and career advancement opportunities. As designed, PASS included the following services: case management (which entailed assessment of client needs and referral to appropriate program services); counseling and mentoring; reemployment activities, such as supervised job search, résumé preparation assistance, and provision of job leads; life skills workshops; referrals to education and training slots; arranging supportive service payments, such as for child care, transportation, books, tools, and uniforms; and referrals to social service programs — such as domestic violence, substance abuse, and mental health interventions — as requested by clients.

With one exception, DPSS administrators contracted out PASS program operations to non-DPSS organizations. Administrators believed that these organizations were more familiar with the jobs and services available in their communities and that TANF leavers would be more likely to work with agencies other than DPSS. DPSS selected the following five service providers (three community-based organizations [CBOs], one community college, and one DPSS office) to deliver program services in their communities:

1. Center for Employment Training (CET) — serving Indio, Coachella, and Temecula
2. Volunteer Center — serving Corona, Norco, and Lake Elsinore
3. Valley Restart — serving Hemet, San Jacinto, and Perris
4. Riverside Community College (RCC) — serving Riverside and Moreno Valley

5. DPSS Rancho Mirage — serving Palm Springs and Rancho Mirage

In creating the control group's treatment stream, DPSS designated a number of Phase 1 (welfare-to-work) case managers in each of its offices (except Rancho Mirage) to provide a minimal set of postemployment services, such as providing job leads and arranging supportive services. Individuals who were assigned to the control group had to contact these workers themselves in order to receive these services. In addition, control group members were not eligible for the enhanced services offered by the PASS service providers.

Sample members in both research groups were eligible to receive services for up to 12 months after their random assignment date. In addition, sample members in both research groups retained full eligibility for food stamps, transitional child care and Medi-Cal (California's Medicaid program), and TANF (if they returned to the rolls), in accordance with the rules of those programs.

The Evaluation's Design

Individuals who left TANF with employment were identified by the GAIN Employment and Activity Reporting System (GEARS; "GAIN" stands for "Greater Avenues for Independence," California's welfare-to-work program) and were randomly assigned by staff in the DPSS Research and Evaluation Unit (REU). These staff members used a random assignment module to conduct the assignments and then uploaded the clients' research status to GEARS, which electronically referred PASS sample members to their local PASS service provider and control group members to their local DPSS office. PASS service providers made a concerted, sustained effort to contact PASS group members and to entice them to enroll in the program. Control group members received a letter notifying them of their research status and their eligibility to obtain program services from DPSS, but they were not subject to further outreach and recruitment efforts; they needed to request services from their DPSS case managers. PASS group members who decided to participate in the program were eligible to receive the services described in the preceding section. Since sample members were TANF leavers, their participation in PASS or any other postemployment services was voluntary; neither DPSS nor the service provider could compel them to participate in program activities.

Random assignment operations began in July 2002 and ended in June 2003. This report covers all 2,770 single-parent sample members who were randomly assigned into the study (1,627 to the PASS group and 1,143 to the control group). The findings cover a two-year follow-up period that started with each sample member's date of random assignment.

Key Findings on Program Implementation and Participation

This section summarizes the report's findings on how PASS was implemented and the extent to which sample members participated in program services and received child care and other supportive service payments. The findings are based on field research, a time study of case managers at the PASS service providers, and automated program tracking and payment data. The key findings follow.

- **All five PASS service providers attempted to contact all of their sample members through a combination of letters, flyers, brochures, and phone calls. Contact rates varied considerably by provider.**

While each service provider crafted its own recruiting approaches and tools, the providers discovered that the most effective recruiting approach emphasized those services — job search assistance and supportive services — that were perceived to be most likely to keep people from returning to TANF. During the first six months of program operations, service providers contacted 61 percent of the PASS group members, ranging from 48 percent at CET to 92 percent at Rancho Mirage. In comparison, only 9 percent of the control group members contacted their DPSS case managers to request postemployment services.

- **Over two years, almost half (47 percent) of the PASS group received some type of program service, compared with 8 percent of the control group. Service receipt rates among PASS group members ranged from 32 percent at Rancho Mirage to 60 percent at the Volunteer Center.**

Among the PASS group members, case management and counseling was the most common service utilized (by 32 percent), followed by job search activities (15 percent) and referrals to and support for education and training programs (8 percent). Rates of service receipt over the two-year follow-up period among the PASS sample members ranged widely by provider: Rancho Mirage (32 percent), Valley Restart (39 percent), RCC (44 percent), CET (49 percent), and the Volunteer Center (60 percent). Very few DPSS control group members received postemployment services of any type — mainly transportation-related support service payments (5 percent).

- **PASS did not increase the likelihood that individuals would receive child care payments or the total amount of such payments. PASS slightly increased the receipt of other supportive service payments, but the total amount of these payments was low.**

Over two years, 41 percent of the PASS group and 38 percent of the control group received a child care payment (this difference is not statistically significant). Members of both research groups averaged two months of child care payments and about $1,800 in assistance.

Among PASS group members, 14 percent received other types of supportive service payments (including gasoline vouchers, rent and utility payments, groceries, and purchase of school and work supplies), compared with 6 percent of control group members. This difference is statistically significant, but average total payments were low for both groups: $18 for PASS group members and $9 for control group members.

Key Findings on Program Impacts

Table ES.1 and Figure ES.1 summarize the impacts of the Riverside PASS program on employment and earnings during the first two years of follow-up. These results are based only on

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Table ES.1

Years 1-2, Impacts on UI-Covered Employment and Earnings

Riverside PASS

Outcome	PASS Group	Control Group	Difference (Impacts)	P-Value
Ever employed (%)	86.0	82.1	3.9 ***	0.00
Average quarterly employment (%)	62.1	58.1	4.0 ***	0.00
Employed 4 consecutive quarters (%)	59.6	56.9	2.7	0.13
Total earnings ($)	18,368	16,578	1,791 ***	0.00
Earned over $20,000 (%)	39.9	35.1	4.8 ***	0.01
Sample size (total = 2,770)	1,627	1,143		

SOURCE: MDRC calculations from California Employment Development Department unemployment insurance records.

NOTES: This table 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: * = 10 percent; ** = 5 percent; and *** = 1 percent.

"Years 1-2" refers to Quarters 2 to 9. 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.

Results are for single-parent sample members who were randomly assigned from July 1, 2002, to June 30, 2003.

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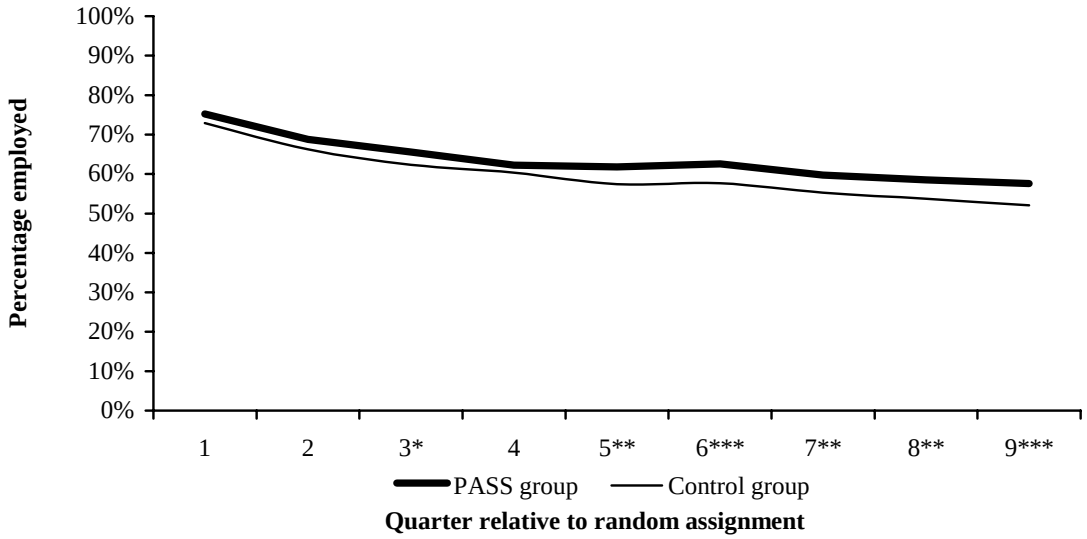
Figure ES.1

Impacts on UI-Covered Employment Over Time

Riverside PASS



SOURCE: MDRC calculations from California Employment Development Department unemployment insurance records.

NOTES: This figure 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).

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

Results are for single-parent sample members who were randomly assigned from July 1, 2002, to June 30, 2003.

unemployment insurance (UI) earnings data; therefore, they do not reflect employment that is not covered by UI (such as informal work). Differences between the PASS and control groups that are marked with asterisks are statistically significant, which means that the findings are unlikely to be the result of chance. The key findings from the impact analysis follow.

- **Over the two-year follow-up period, PASS group members worked more consistently than control group members. The employment effects grew larger over time.**

Quarterly employment gains were small and not statistically significant early in the follow-up period, since almost everyone was employed at the time of random assignment. Employment rates declined over time for both research groups (a common trend in postemployment programs). However, employment rates declined less quickly among PASS group members, and the program increased employment relative to the control group for most of the follow-up period. By the end of the second year (the last quarter for which data are available), the employment rate for PASS group members was 6 percentage points higher than that for the control group (58 percent, compared with 52 percent).

- **The PASS program produced substantial increases in total earnings.**

PASS increased total earnings by $1,791 (about 11 percent) above the control group average of $16,578 during the two-year follow-up period. These impacts are surprisingly large for what is primarily a case management intervention. The program increased earnings by about the same amount in Year 1 as Year 2. PASS also increased the percentage of the sample who were earning above $20,000 over the two-year period. Further analysis suggests that approximately two-thirds of the increase in total earnings is attributable to the program's increase in employment. The remaining one-third results from higher earnings among those employed, which may reflect a variety of factors, including differences in the personal characteristics of those who were employed in the two research groups and PASS group members' working more hours or weeks or receiving higher wages. Because UI data are collected as total earnings in a quarter, it is impossible to determine the precise contributions of various potential sources of the earnings increases.

- **PASS produced increases in employment and earnings primarily by increasing the proportion of sample members who found a subsequent job.**

Most PASS and control group members left their initial job (the job they held at the time of random assignment) at an equal rate. Thus, there is no evidence that PASS had an effect on retention or advancement in this job. PASS generated increases in employment and earnings primarily by increasing the proportion of sample members who found a subsequent job. While some of this impact may have been due to voluntary job-changing, field visits suggest that it is a result of reemployment: sample members' finding new jobs after losing the jobs they held at random assignment.

- **There is no evidence that PASS had an effect on public assistance receipt in Year 1. However, the substantial impacts on earnings translated into increases in total income.**

Only one year of data on public assistance is available for the full sample. Somewhat surprisingly, PASS had no statistically significant impact on TANF or food stamp receipt during Year 1. It is unknown whether the program had an effect during Year 2 (when the employment and earnings impacts were more consistent).[1] There is evidence, however, of welfare reductions for some subgroups and cohorts that experienced especially large increases in earnings. PASS generated a substantial increase in total measured income during Year 1 — an impact that is driven almost entirely by earnings increases.

- **The impacts on employment and earnings are evident in three of the five service areas.**

An analysis of impacts according to service area found substantial impacts on earnings in the areas served by CET, Valley Restart, and the Volunteer Center (all of which are CBOs). PASS did not produce statistically significant increases in employment and earnings in the RCC and Rancho Mirage service areas. (Small sample sizes make the impact analysis less reliable in Rancho Mirage.) It is also interesting to note that the program worked best for Hispanic sample members, compared with other racial/ethnic groups, though it is unclear why.

Conclusions

The Riverside PASS program is one of 15 being studied as part of the ERA project. Over the next two years, reports will be published presenting results for other programs.[2] MDRC will continue to track sample members and will make public longer-term results when they are available. As the ERA evaluation continues to generate information, more definitive conclusions will be possible. At present, however, some preliminary conclusions can be drawn from the results in this report.

Although the implementation and participation results presented in this report certainly support the possibility of program impacts, the size and consistency of the impacts are somewhat surprising. If the goal of the PASS program was simply for participants to retain the job that they held at the time of random assignment, the program would be judged unsuccessful. However, the program appears to have done a good job of reemploying sample members who

[1]Year 2 TANF and food stamp records were not available for this report because DPSS was transitioning to a new automated data system at the time the report was written. Year 2 TANF and food stamp records will be available and will be analyzed for future ERA reports that include PASS.

[2]For more information on the ERA project, see Bloom, Anderson, Wavelet, Gardiner, and Fishman, *New Strategies to Promote Stable Employment and Career Progression: An Introduction to the Employment Retention and Advancement Project* (Washington, DC: U.S. Department of Health and Human Services, Administration for Children and Families, 2002); Martinson and Hendra, *The Employment Retention and Advancement Project: Results from the Texas ERA Site* (2006); Scrivener, Azurdia, and Page, *The Employment Retention and Advancement Project: Results from the South Carolina ERA Site* (2005).

left their initial job. As discussed, most of the impacts resulted from PASS group members' being more likely to find new jobs after they lost or moved on from their job at random assignment. There is also evidence that PASS group members may have been reemployed at jobs with higher earnings, compared to their control group counterparts. By the time staff initially contacted PASS group members following random assignment, many had lost their jobs. It may be that employment and retention services, like those offered through PASS, can be more effective when offered soon after sample members lose their jobs, perhaps because individuals are more receptive to services at that time. Notably, control group members, by design, had to initiate contact with their case managers in order to receive program services. Thus, the case managers for the control group probably did not learn about job loss among their clients as soon as the caseworkers for the program group did. At any rate, it appears that PASS offered some combination of services, supports, and institutional arrangements that enabled more frequent reemployment than was observed among the control group.

It is also worth noting that the Riverside PASS program worked best in service areas that involved CBOs. DPSS chose CBOs for the study because they had more experience working with employed welfare leavers than DPSS staff did, they were more familiar with jobs and services available in their neighborhoods, and DPSS thought that welfare leavers would be more likely to voluntarily receive services from CBOs than from the welfare department. Although such institutional arrangements may have played a role in the efficacy of the program, the study's research design does not permit a reliable analysis of this factor.

MDRC will continue to track employment and earnings outcomes for the study's participants over time; although these results are promising, they are not the final word on the Riverside PASS program.