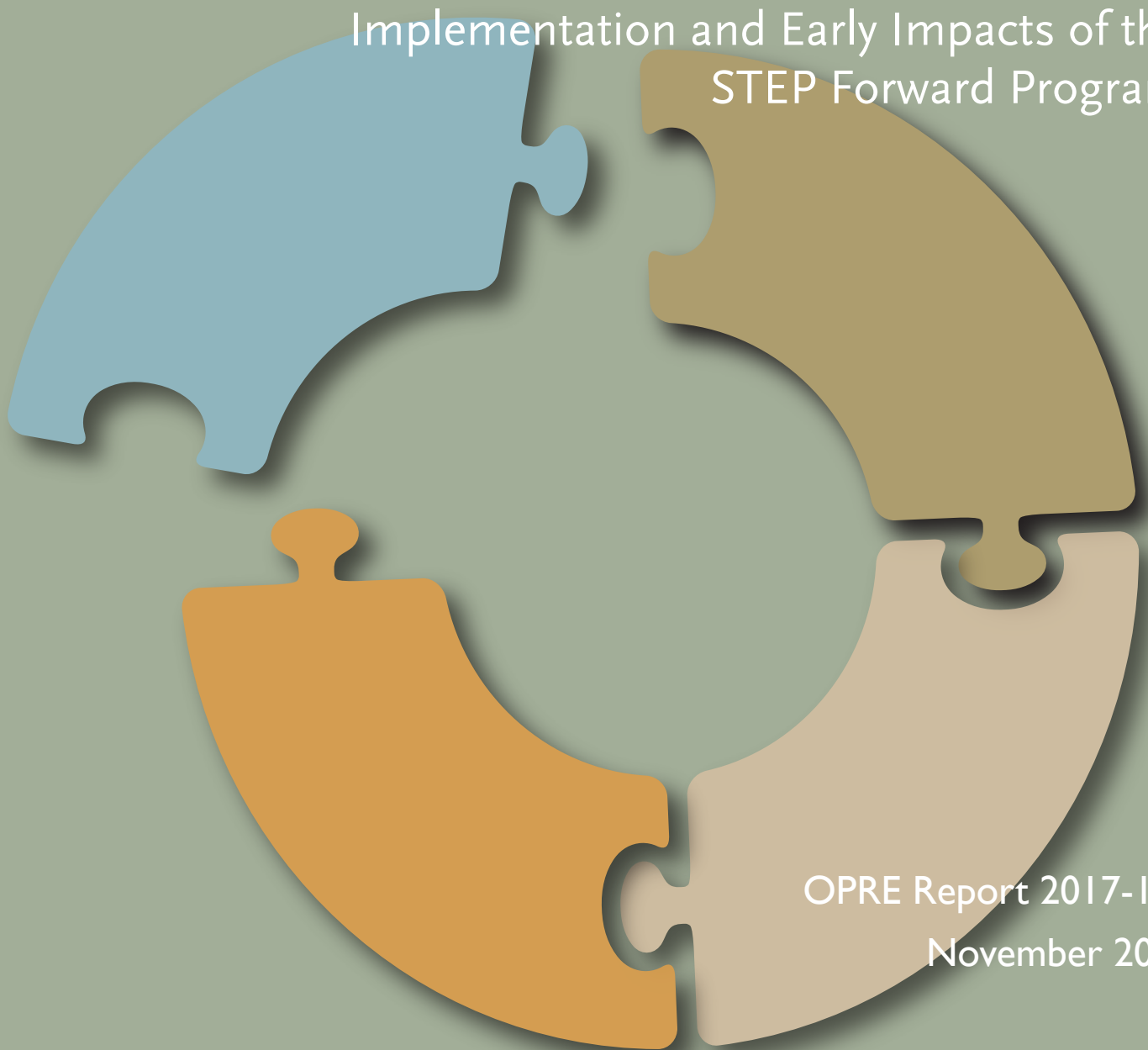


TESTING RAPID CONNECTIONS TO SUBSIDIZED PRIVATE SECTOR JOBS FOR LOW-INCOME INDIVIDUALS IN SAN FRANCISCO

Implementation and Early Impacts of the
STEP Forward Program



OPRE Report 2017-103

November 2017

The Subsidized and Transitional Employment Demonstration

**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

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Testing Rapid Connections to Subsidized Private Sector Jobs for Low-Income Individuals in San Francisco: Implementation and Early Impacts of the STEP Forward Program

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Overview

Introduction

Securing unsubsidized employment in a competitive labor market can be difficult for low-income job seekers in an economy that is increasingly driven by highly skilled technical and professional employment. This is particularly the case in San Francisco, whose tech boom has received national attention for dramatically, but unevenly, affecting the city's economic landscape. San Francisco has a scarcity of opportunities for individuals who are less educated or lack the higher skills required by the jobs that have driven the economy's growth. More than ever, securing stable employment is a must for lower-income workers in both San Francisco and the United States at large. While subsidized jobs can be designed to teach participants basic work skills, give them work experience that can be used on future résumés, or help them get a foot in the door with employers, past research has found mixed results regarding these programs' ability to affect participants' employment rates or earnings in the long term.

The STEP Forward program attempted to address these issues by offering job seekers opportunities to interview for jobs with private sector employers at weekly job fairs, and by offering employers temporary wage subsidies to encourage them to try out job seekers whom they might not otherwise hire, with the goal of ultimately hiring these workers into permanent unsubsidized employment. A diverse group of low-income job seekers enrolled in the program, the vast majority of whom were either CalWORKs (California's Temporary Assistance for Needy Families program) clients, individuals who had exhausted their unemployment insurance benefits, or CalFresh (California's Supplemental Nutrition Assistance Program) recipients.

Primary Research Questions

The study seeks to answer the following research questions:

- How was the program designed and operated?
- What are the impacts of the program on employment-related outcomes, income, and personal well-being, relative to what would have happened in the absence of the program?
- Does the program appear to be more effective for specific subgroups in the sample?
- To what extent do the program costs differ from the amounts expended on behalf of individuals randomly assigned to a control group that could not receive STEP Forward services? How does this cost differential relate to the benefits associated with program impacts, if any?

Purpose and Key Findings

This report presents implementation findings and interim impact results (with a one-year follow-up) from a random assignment evaluation of STEP Forward. Findings from the report include the following:

- **The program greatly increased receipt of employment services, which was unsurprising given that most of the program group received job-readiness services through STEP Forward, while control group members could receive such services only through other programs and services they found in the community.** While over half of the control group reported receiving help with finding or keeping a job, likely through other programs and services they found in the community, nearly 94 percent of the program group received these services. These services included help with job searches, job referrals, developing a résumé, filling out job applications, and preparing for job interviews, among other activities. STEP Forward offered many of these services to program group members in the form of job-readiness activities.
- **A little over a third of program group members never interviewed for a subsidized job, and among those who interviewed and were hired (25 percent), it took about three and a half months on average from the date of random assignment to the first day worked.** While a high percentage (82 percent) of program group members received job-readiness services, a significant number of participants (36 percent) never had an interview with employers, the key service offered by STEP Forward. The number of participants who were placed in a subsidized job and the length of time it took were influenced by a variety of factors, such as the competitive nature of interviewing for and getting a subsidized job, the types of jobs available, and the skills and interests of the participants.
- **In the first year after random assignment, program group members were more likely than control group members to have been employed, had higher average earnings, and may have been employed in higher-quality jobs.** These impacts appear to have been driven by the subsidized employment itself during this period and diminished as subsidies ended. Nearly 70 percent of the control group worked in the year following random assignment according to administrative records. However, three-fourths of program group members were employed in the year following random assignment, resulting in an impact on employment of 5.6 percentage points. Program group members also worked in slightly more quarters and earned approximately \$1,600 more (including the subsidy amount) than control group members, on average, in the year following random assignment. Impacts on employment and earnings rose and fell in line with participation in subsidized jobs. As subsidies ended, differences in the employment rates and earnings of the program and control groups narrowed.

Methods

The evaluation includes an implementation study, an impact study, and a benefit-cost analysis. This report presents implementation findings and interim impact findings (after one year). Benefit-cost findings and longer-term impact findings (after 30 months) will be presented in a future report.

The implementation study describes the STEP Forward approach as it was designed and as it ultimately operated. Data sources for the implementation study include staff interviews, observations, and participation data. The implementation section of this report integrates qualitative and quantitative data from these various sources to create a coherent picture of the implementation of the program.

The impact study uses a randomized controlled trial design in which individuals eligible for and interested in the subsidized jobs program were randomly assigned to STEP Forward, or to a control

group that does not have access to the STEP Forward services. This design makes it possible to compare the STEP Forward group with the control group. The study will evaluate impacts on employment and earnings, and personal well-being, among other areas. Data sources for the impact study include administrative wage records, subsidized employment payroll records, and a survey conducted approximately 12 months after participants entered the study.

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Finally, we extend our deep appreciation to the women and men who participated in the study and gave generously of their time to respond to surveys and participate in interviews and focus groups. Their experiences will contribute to the policy world's knowledge of the challenges faced by job seekers as they strive to improve their lives.

The Authors

Executive Summary

Securing unsubsidized employment in a competitive labor market can be difficult for low-income job seekers in an economy that is increasingly driven by highly skilled technical and professional employment. San Francisco's tech boom is a case in point. Despite its prosperous economy, San Francisco has a scarcity of opportunities for those who are less educated or lack the higher skills required by the jobs that have driven the economy's growth. The disparities in income and economic opportunities, as well as the skyrocketing housing market, have exacerbated the difficulties of living in San Francisco for the poor. While San Francisco provides a prime example of the shifting economy and plight of lower-income workers, these trends are largely present throughout the country. More than ever, securing stable employment is a must for lower-income workers in both San Francisco and the United States at large.

STEP Forward, a voluntary program in San Francisco that aimed to connect low-income job seekers to the labor market with the goal of ultimately increasing permanent unsubsidized employment among this population, attempted to address these issues. The program was operated by the Human Services Agency of San Francisco (HSA) under the umbrella of JOBSNOW!, HSA's broader subsidized employment initiative. STEP Forward offered job seekers opportunities to interview for jobs with private sector employers at weekly job fairs, and offered employers temporary wage subsidies if they hired disadvantaged job seekers whom they might not otherwise hire. A diverse group of low-income job seekers enrolled in the program, the vast majority of whom were either CalWORKs (California's Temporary Assistance for Needy Families program) clients, individuals who had exhausted their unemployment insurance (UI) benefits, or CalFresh (California's Supplemental Nutrition Assistance Program) recipients.

This report presents implementation findings and interim impact results (with a one-year follow-up) from a random assignment evaluation of STEP Forward. This research design — generally considered to be the most rigorous method of evaluating large-scale social service programs — involves a lottery-like process that randomly places individuals into either a program group, which is offered the services being tested, or into a control group, which is not offered those services. The STEP Forward study is part of a larger demonstration funded by the U.S. Department of Health and Human Services, called the Subsidized and Transitional Employment Demonstration (STED), which is testing various subsidized employment strategies in several cities across the country.

Background

Prior efforts to use subsidized employment to improve the long-term employment outcomes of hard-to-employ populations have had mixed results. Bloom (2010) outlines the history of subsidized and transitional employment tests, finding a long legacy of programs seeking to use subsidized employment to ease individuals' transition into the unsubsidized labor market.¹ While some examples exist of programs that resulted in long-term gains in employment and earnings, most recent studies suggest that subsidized employment can generate impacts on employment and earnings during the subsidy period, but that the effects recede quickly following the conclusion of the subsidy.²

Subsidized employment received renewed attention as a result of the recent economic recession. In 2009, when the national unemployment rate reached 10 percent, states used funds from the American Recovery and Reinvestment Act's (ARRA) Temporary Assistance for Needy Families Emergency Fund (TANF-EF) to create jobs for about 280,000 people. Forty states put at least some people to work before the funding expired in late 2010, and 14 states and the District of Columbia each placed at least 5,000 people in subsidized jobs.

Importantly, most of the TANF-EF programs (particularly the larger ones) broadly targeted unemployed workers, and did not particularly focus on TANF recipients. In addition, many of the programs did not place a strong emphasis on transitioning participants to unsubsidized jobs, but rather emphasized "rapid job placement to alleviate unemployment."³ Similar to previous efforts to provide opportunities for earned income among unemployed populations during periods of economic downturn, the TANF-EF programs served many people who had steady work histories, and the models assumed that these individuals would return to regular jobs once the labor market improved. The TANF-EF programs were popular in many states,

¹Dan Bloom, *Transitional Jobs: Background, Program Models, and Evaluation Evidence* (New York: MDRC, 2010). See also Indivar Dutta-Gupta, Kali Grant, Matthew Eckel, and Peter Edelman, *Lessons Learned from 40 Years of Subsidized Employment Programs* (Washington, D.C.: Georgetown Center on Poverty and Inequality, 2016).

²Effects on other outcomes, however, can occur. A recent study of one program targeting TANF recipients in Philadelphia, which did not find longer-term positive impacts on employment, did find sustained positive impacts on measures of TANF receipt, with program group members less likely than control group members to be receiving cash assistance 18 months after they enrolled in the program. See Dan Bloom, Sarah Rich, Cindy Redcross, Erin Jacobs, Jennifer Yahner, and Nancy Pindus, *Alternative Welfare-to-Work Strategies for the Hard-to-Employ: Testing Transitional Jobs and Pre-Employment Services in Philadelphia* (New York: MDRC, 2009).

³Mary Farrell, Sam Elkin, Joseph Broadus, and Dan Bloom, *Subsidized Employment Opportunities for Low-Income Families: A Review of State Employment Programs Created Through the TANF Emergency Fund* (New York: MDRC, 2011).

with governors from both parties expressing strong support. The experience, while relatively short lived, rekindled interest in subsidized employment more broadly.

In 2010, the U.S. Departments of Human Services (HHS) and Labor (DOL) made substantial investments to advance the field’s understanding of subsidized employment.⁴ Through STED, HHS is funding studies of eight subsidized employment interventions. These studies explore how subsidized employment strategies can meet the needs of TANF recipients and other low-income adults and youth. The San Francisco STED program that is the subject of this report, referred to as STEP Forward, targeted a diverse group of low-income, job-seeking adults living in San Francisco.

Historical Context of STEP Forward

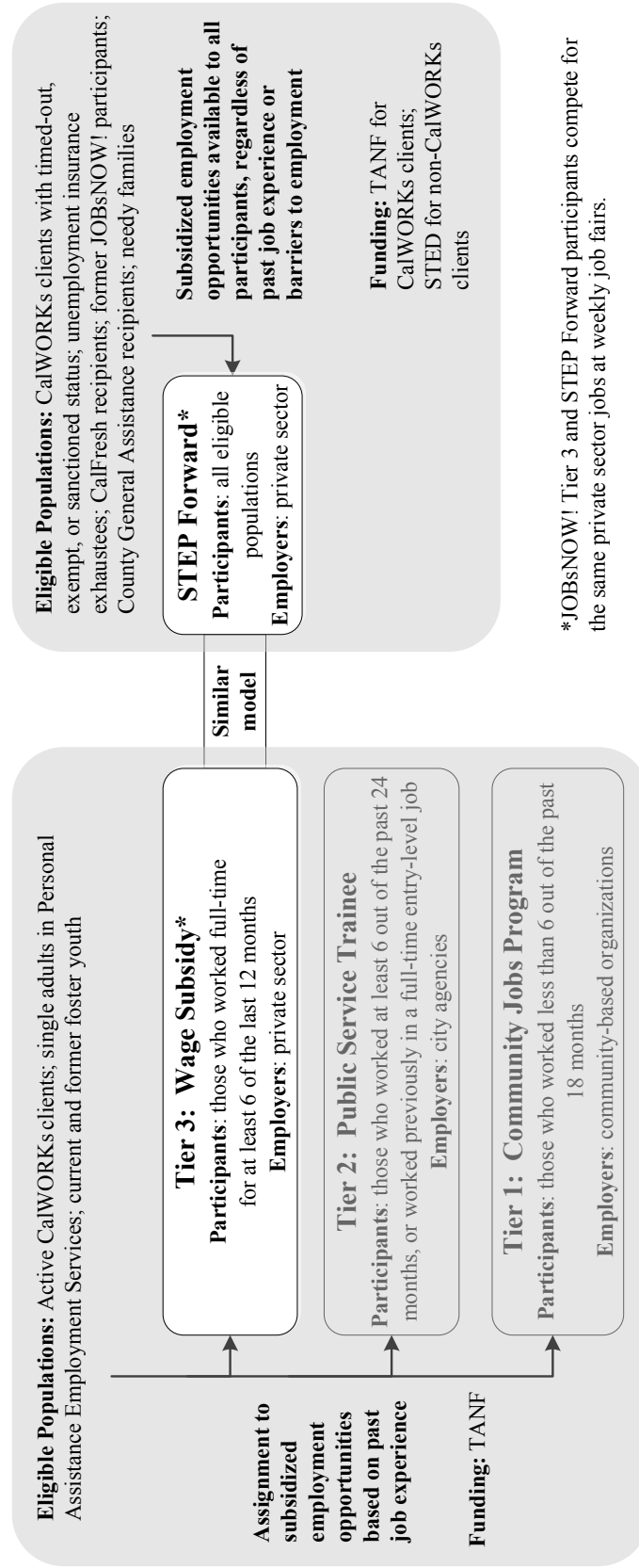
STEP Forward came out of a desire to test a private sector wage subsidy program. JOBSNOW!, HSA’s broader subsidized employment initiative, was of particular interest to MDRC and HHS because, unlike many other subsidized job programs that offered only transitional or public sector jobs to provide training opportunities and work experience, JOBSNOW! also included a private sector wage subsidy component.

The original JOBSNOW! program launched in 2009 with funding from the American Recovery and Reinvestment Act (ARRA) to help combat the high unemployment caused by the recent recession. JOBSNOW! comprised three tiers of subsidized jobs, depicted in the left-hand panel in Figure ES.1. Enrollees in JOBSNOW! were assigned to one of the three tiers based on their past work experience, with those who had the most recent work experience assigned to the Wage Subsidy tier, which provided jobs with private sector employers. The economic circumstances, generous funding, and broad eligibility criteria for JOBSNOW! early in the recovery period meant that many who enrolled were highly skilled and had recent work experience. As such, the Wage Subsidy tier — which offered wage subsidies of up to \$75,000 per person per year to private employers to spur job creation, screened applicants, and facilitated connections between the two by holding job fairs, but did not provide opportunities for additional training — became the largest of the three tiers. The program was highly popular among both job seekers and employers, and HSA cultivated enduring relationships with private sector employers from which later iterations of JOBSNOW! benefitted.

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

Figure ES.1

Features of the JOBSNOW! and STEP Forward Programs



NOTES: CalWORKs = California's Temporary Assistance for Needy Families program; CalFresh = California's Supplemental Nutrition Assistance Program.

After the ARRA funding ended in September 2010, HSA used CalWORKs (California’s Temporary Assistance for Needy Families program) and the city’s general funds to keep JOBSNOW! operating, but this meant that the program had to be significantly scaled back.

While a subsidy was still provided to attract employers, the maximum amount was capped at \$5,000 per person over a maximum time period of five months, and the program was pitched to employers as a chance to “try out” an employee as opposed to creating new jobs. This funding source also allowed the program to serve most — but not all — CalWORKs clients and a couple of other disadvantaged groups who were generally less skilled than the participants during the ARRA funding period, and as a result it was more of a challenge to identify good matches between job seekers and employers.

Around the time this transition of the JOBSNOW! program was taking place, MDRC approached HSA to discuss an evaluation of post-ARRA JOBSNOW!’s Wage Subsidy tier. However, because the CalWORKs funding was sufficient to serve those individuals then eligible for the JOBSNOW! program, ruling out the possibility of a randomized controlled trial, HSA opted to test a version of JOBSNOW! with groups it had not previously served. Using STED funds, HSA created STEP Forward to extend eligibility to and recruit from a set of individuals that they thought could benefit from the Wage Subsidy tier but who were not eligible for JOBSNOW!. This set included three categories of CalWORKs clients who were exempt from work requirements and UI claimants with children who had exhausted their UI benefits. A key difference between the JOBSNOW! program and STEP Forward was that STEP Forward would provide only the streamlined Wage Subsidy tier services, described in greater detail below, that were offered since the program’s inception — it would not assign participants to different categories of services based on their level of work readiness as was the case in JOBSNOW!.

The STED Evaluation of STEP Forward

The research team is evaluating STEP Forward using a randomized controlled trial research design. A total of 837 adults who met the eligibility criteria were enrolled into the STEP Forward study between November 2012 and March 2015. Half (n=421) were randomly assigned to the program group and were offered STEP Forward program services, and the other half (n=416) were randomly assigned to the control group and were not offered these services, although they could receive other services through HSA’s other programs and services they found in the community.

The evaluation set out to answer the following questions:

1. How was the program designed and operated?

2. What are the impacts of the program on employment-related outcomes, income, and personal well-being, relative to what would have happened in the absence of the program?
3. Does the program appear to be more effective for specific subgroups in the sample?
4. To what extent do the program costs differ from the amounts expended on behalf of individuals randomly assigned to a control group that could not receive STEP Forward services? How does this cost differential relate to the benefits associated with program impacts, if any?

To answer these questions, the evaluation includes an implementation study, an impact study, and a benefit-cost analysis. The implementation study aims to answer the first question above about how the program was designed and operated. The impact study uses a randomized controlled trial design, as described above, to address the second and third questions of whether STEP Forward improves key outcomes of interest and whether the program is more effective for specific subgroups of the sample. The random assignment design ensures that any subsequent difference in outcomes between the program and control groups, or “impacts,” can be attributed — with high confidence — to the program’s effects. The benefit-cost analysis will address the last question by assessing how STEP Forward’s costs compare with its benefits. This report focuses on the implementation findings and interim impact results (with one year of follow-up). Final impact results (which will have a 30-month follow-up period) and benefit-cost findings will be included in a future report, expected in 2019.

Intended Program Model

This section describes what was intended to happen in STEP Forward; the study’s implementation analysis examines what actually happened. STEP Forward was designed to operate similarly to a staffing agency that connects job seekers and employers, with an added wage subsidy component to attract and encourage employers to take on job seekers that they might not have otherwise hired. Once enrolled in the voluntary program, participants would meet with a case manager who would assess if they were ready to interview for jobs based on whether they had an updated résumé, had appropriate interview attire, and access to the necessary child care and transportation. If the participant met these requirements, the case manager would review the available job openings that employers had listed with the program and complete a worksheet that ranked how well the participant fit a particular job, selecting the highest ranked participants to interview with that position’s employer (as long as those participants expressed interest in the position). For those participants who did not meet the requirements, the case manager would work with them to help prepare them for the job market by reviewing their

résumés, conducting practice interviews, or referring them to outside providers for services and resources HSA did not offer.

Interviews were held at weekly job fairs that HSA organized exclusively for participants in JOBSNOW!. Positions were competitive: participants might have been rejected or hired based on that interview, or they might have been invited to subsequent interviews. Still, the weekly job fair was the mechanism that gave participants the opportunity to meet employers directly, bypassing the usual process of submitting an application to employers and waiting to hear back. Once participants successfully obtained a subsidized job, HSA considered them to have completed the program and HSA staff did not initiate post-placement contact.

In order for employers to qualify for subsidies, the jobs they offered had to be at least 25 hours per week and pay the prevailing wage for the position. Employers were expected to treat participants as regular employees — providing supervision and training and paying payroll taxes and benefits — while HSA provided the subsidy reimbursement, which varied based on the position's hourly wage but had a maximum of \$1,000 per month for up to five months. This subsidy was intended to encourage employers to hire individuals that they may not have otherwise considered and would follow HSA's post-ARRA JOBSNOW! approach of letting them try out job seekers on a conditional basis. In order for businesses to be a part of HSA's employer network, they were expected to retain participants after the subsidy ended so long as they met employers' job performance standards.

Key Implementation Findings

The implementation of STEP Forward was assessed using several different data sources, including staff interviews and observations, employer interviews, participant focus groups and interviews, and participation data from HSA's JOBSNOW! database and payroll records.

- **A variety of recruitment issues led HSA to expand STEP Forward's target population, beyond what was originally intended, to include a heterogeneous array of individuals whose job readiness varied widely. This expansion in turn put pressure on the program to adapt to meet the needs of participants at both ends of the spectrum.**

STEP Forward suffered from a variety of recruitment issues during the first year of the study. These issues included an extension of UI benefits by six months that went into effect shortly after recruitment started and reduced UI exhaustee enrollment, an over-projection of the number of eligible and interested CalWORKs candidates, and an improving local economy — all of which resulted in lower-than-expected demand for the voluntary program. This low demand ultimately led HSA to expand its target populations to also include CalFresh (California's Supplemental Nutrition Assistance Program) recipients, UI exhaustees without dependent

children, and various other low-income groups. As a result, the study sample was extremely diverse in terms of age, gender, household composition, English proficiency, education, and wage history.

Consequently, there was great variability in sample members' perceived job readiness. In addition to the three "job ready" criteria mentioned earlier, case managers discovered that many participants had other needs that had to be addressed before they could be considered ready to interview, such as mental health and substance abuse problems, outdated skills, and disillusionment because of unsuccessful job search experiences. This variability was surprising to HSA staff, who expected participants to come in with higher levels of skill and employability based on earlier iterations of JOBSNOW!. At the same time, however, a sizable portion of participants said that they felt overqualified for the jobs on offer at the job fairs. Since STEP Forward, unlike the larger JOBSNOW! program, did not have multiple tiers of jobs, HSA attempted to connect all participants, regardless of their job history, to a subsidized job with a private employer. For this reason, there was tension at times between the wide-ranging needs of the heterogeneous sample and the program model.

In order to better meet the needs of the more disadvantaged group, HSA made previously optional weekly job club sessions — during which HSA staff members would offer employment-related advice and participants were able to share their job search experiences and job listings they had come across — a more structured and central part of the program through which case managers shared information on available jobs. HSA also intensified job-readiness activities offered by case managers such as practice interviews, help with résumés, and soft skills development. Additionally, HSA made greater use of its social work staff, who provided referrals to outside agencies and some direct assistance. While greater numbers of participants engaged in all of these activities, STEP Forward still struggled to prepare them for the job market.

HSA also took action to address the needs of participants who felt overqualified for available jobs and were seeking higher paid or skilled positions. To attract more employers that paid higher wages, HSA modified the wage subsidy model in December 2013 to increase the subsidy amount available to employers who paid \$13.50 per hour or higher. Given that the percentage of participants who were ever paid \$13.50 or more per hour was more than twice as high among those who started jobs after this point, this strategy appears to have succeeded.

- **A little over a third of program group members never interviewed for a subsidized job, and among those who interviewed and worked in a subsidized job (25 percent), it took about three and a half months on average from the date of random assignment to the first day worked.**

While a high percentage (84 percent) of program group members received job interview preparation services, a large number of participants (35 percent) never received the key service offered by STEP Forward of getting to interview with employers. There are a number of possible reasons for this outcome, such as HSA's vetting of participants to ensure that only those individuals who were job ready and who met the minimum qualifications of a particular job actually interviewed with employers. It is conceivable that the expansion of the target groups exacerbated this situation; some of the members of these groups may have been assessed as having more barriers to becoming job ready. Other factors that may have tamped down participation were the voluntary nature of the program and perceptions among some participants that the jobs on offer were poor matches or that the employers, most of which were small businesses, were financially unstable.

During the one year follow-up period, only about 25 percent of STEP Forward participants ever worked in a subsidized job.⁵ It took, on average, over three and a half months from random assignment to the first date of employment for participants who worked in a subsidized job. The number of participants who were placed in a subsidized job and the length of time it took were influenced by a variety of factors, such as the competitive nature of interviewing for and getting a subsidized job, the types of jobs available, and the skills and interests of the participants. In addition, participants could not receive program services while they were working; according to administrative data, 51 percent of program group members found unsubsidized employment without having worked in a subsidized job during the one-year follow-up period.

Among those who worked in a subsidized job, the average number of months worked (3.3 months) was short of the five-month maximum duration of the wage subsidy, but there was wide variation in the length of time spent in subsidized jobs. Because STEP Forward staff did not formally keep track of participants once they started their subsidized jobs, there is little information about why jobs ended early. Full subsidies were paid for about a third of those who worked in a subsidized job, and the vast majority (92 percent) of these individuals retained employment for at least two quarters beyond the subsidy period.

⁵Random assignment ended in March 2015 and subsidized job placements ended in December 2015, with a deadline of June 2016 for employers to request subsidy payments. Given the structure of the intervention, subsidized job placements were expected to occur pretty quickly following random assignment, and the nine-month timeframe for those in the latest cohort to be placed in a subsidized job was thought to be sufficient. As it turned out, for some, job placements took much longer than anticipated. Measures using all available data show that 3 percent of sample members were placed in a subsidized job past the 12-month period that is the focus of this report, suggesting the program was truncated for the latest cohorts relative to the experience of earlier cohorts.

- **The program was successful in attracting employers through offering subsidies and vetting participants to ensure that only the best matched job seekers could interview, but this achievement came at a cost to participants and may have undercut the effects of providing subsidies.**

Both job seekers and employers were customers of the STEP Forward program, which functioned more like a labor exchange agency than a traditional social service program. This approach appears to have been successful in attracting employers: There were 85 employers — most of which were for-profit small businesses — that hired STEP Forward participants. The job titles of the positions for which participants were hired indicate that many of them were entry level, such as security guard and custodian. But there were also some job titles that suggested they were higher-skilled positions, such as web designer, and others that suggested they were in a specialized field, such as CAD drafter. Employers valued the subsidies, but they also appreciated the vetting process applied to job seekers, perhaps, in some cases, even more so than the subsidies. The strong emphasis on attracting employers may have worked well when JOBSNOW! was originally conceived as an economic stimulus program, but STEP Forward struggled to balance maintaining relationships with employers and finding a good fit with the available jobs for participants who were less job ready than program staff had anticipated. This issue may at least partially explain the low interview rate — and consequently the low subsidized job placement rate — among program group members.

Key Impact Analysis Findings

The impact study relies on data from two key sources: employment and earnings data from the National Directory of New Hires (NDNH) and 12-month survey data. For this report, follow-up of just over one year after random assignment was available to assess differences between program and control group members.⁶

- **The program greatly increased receipt of employment services, which was unsurprising given that most of the program group received job interview preparation services through STEP Forward, while control group members could receive such services only through other programs and services they found in the community.**

While over half of the control group reported receiving help with finding or keeping a job (58 percent), likely through other programs and services they found in the community, nearly 94 percent of the program group received these services. These services included help

⁶Unless otherwise indicated, all impact results discussed in this report are statistically significant, with p-values less than 0.10.

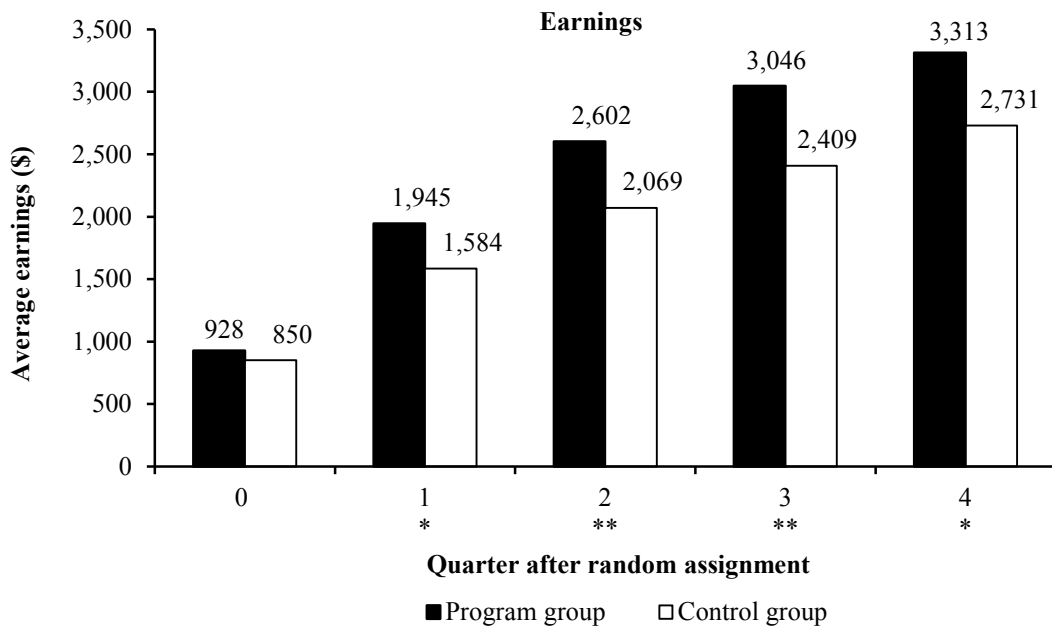
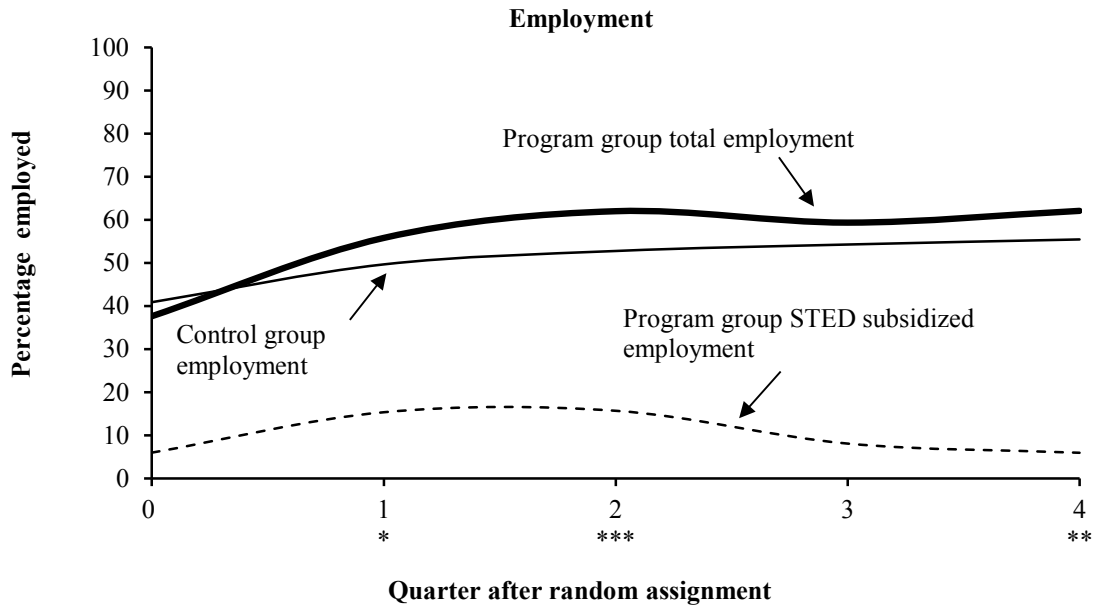
with job searches, job referrals, developing a résumé, filling out job applications, and preparing for job interviews, among other activities. STEP Forward offered many of these services to program group members in the form of job-readiness activities.

- **In the first year after random assignment, program group members were more likely than control group members to have been employed, had higher average earnings, and may have been employed in higher-quality jobs. These impacts appear to have been driven by the subsidized employment itself during this period and diminished as subsidies ended.**

Nearly 70 percent of the control group worked in the year following random assignment, according to administrative records. However, over three-quarters of program group members were employed in the year following random assignment, resulting in an impact on employment of 6 percentage points. Program group members also worked in more quarters and earned approximately \$1,600 more (including the subsidy amount) than control group members, on average, in the year following random assignment, although they were no more or less likely to have worked in all quarters (one-fourth of both groups). As Figure ES.2 shows, impacts on employment and earnings rose and fell in line with participation in subsidized jobs. As subsidies ended, the difference between the employment rates and earnings of the program and control groups narrowed. Given the low rate of participation in subsidized jobs, these changes were also relatively small. A small share of program group members were still working in subsidized jobs in Quarter 4, which likely explains the program group's higher employment and earnings at that point. Due to small sample sizes, findings from an analysis on whether the program worked better for more or less employable sample members were inconclusive.

Survey-based measures suggest that at a year after random assignment, program group members were more likely to be working more than 20 hours per week and to be paid at higher hourly wages at their current jobs, compared with control group members. This pattern of impacts is in line with the structure of the subsidy, which required subsidized jobs to be 25 or more hours per week, and that eventually offered greater subsidies to attract higher-paying employers. Additionally, although there was no difference in health care coverage overall, program group members were more likely than control group members to have employer-provided insurance. Together, these impacts indicate that, in addition to increasing employment and earnings during the year after random assignment, STEP Forward may have provided access to higher-quality jobs than sample members would have found on their own.

Figure ES.2
Employment and Earnings Over Time



SOURCE: MDRC calculations based on quarterly wage data from the National Directory of New Hires and STEP Forward subsidy payment records.

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

Next Steps

The STED study in San Francisco is part of a larger effort to investigate the effects of subsidized employment programs for a variety of populations. As has been the case in many recent, similar tests, this study found short-term employment and earnings impacts in the period during which subsidies were available. Those employment and earnings impacts diminished over time and the employment status of program and control group members were more similar at the end of the approximately one-year follow-up period covered in this report. More follow-up is required to determine whether in fact the employment impacts are restricted primarily to the subsidy period. The work experience program group members gained from their placements may have longer-term effects on employment and earnings, particularly since early indications suggest that program group members were more likely than control group members to be employed in jobs that offered more hours, higher wages, and some employer-provided benefits. The subsidized job-seeking process provided participants with an employment experience similar to the unsubsidized labor market, which could translate to more successful employment searches in the future. In addition, because the subsidized placements could turn into permanent jobs, longer-term gains in employment and earnings could emerge. The final report, expected in 2019, will present the effects of this subsidized employment approach at 30 months after random assignment.

Chapter 1

Introduction

JOBsNOW! STEP Forward was a voluntary program designed to connect low-income unemployed individuals to the labor market by providing them with opportunities to interview for subsidized jobs with private sector employers and by offering employers subsidies to encourage them to hire program participants, thereby improving their long-term employment outcomes. It was operated by the Human Services Agency of San Francisco (HSA) under the umbrella of JOBsNOW!, HSA's broader subsidized employment initiative. In addition to interviews with private employers, STEP Forward also offered additional supports to participants, including individualized career counseling and job interview preparation as well as limited case management, primarily in the form of referrals to other services. This report presents results from a random assignment evaluation of STEP Forward, which studied the program's implementation and its "impacts," or the difference the program made in the lives of the diverse group of low-income job seekers that it served. The STEP Forward study is part of the Subsidized and Transitional Employment Demonstration (STED), a larger demonstration funded by the U.S. Department of Health and Human Services that is testing various subsidized employment strategies in several cities across the United States. MDRC is conducting the STED evaluation, along with its research partners MEF Associates, Decision Information Resources, and Branch Associates.

Background and Policy Context

Prior efforts to use subsidized employment to improve the long-term employment outcomes of hard-to-employ populations have had mixed results. Bloom (2010) outlines the history of subsidized and transitional employment tests, finding a long legacy of programs seeking to use subsidized employment to ease individuals' transition into the unsubsidized labor market.¹ While some examples exist of programs that resulted in long-term gains in employment and earnings, most recent studies suggest that subsidized employment can generate impacts on employment and earnings during the subsidy period, but that the effects recede quickly following the conclusion of the subsidy.²

¹Bloom (2010). See also Dutta-Gupta, Grant, Eckel, and Edelman (2016).

²A recent study of one program targeting TANF recipients in Philadelphia, which did not find longer-term positive impacts on employment, did find sustained positive impacts on measures of TANF receipt, with program group members less likely than those in the control group to be receiving cash assistance 18 months after they enrolled in the program. See Bloom et al. (2009).

Subsidized employment received renewed attention as a result of the recent recession. In 2009, when the national unemployment rate reached 10 percent, states used funds from the American Recovery and Reinvestment Act's (ARRA) Temporary Assistance for Needy Families Emergency Fund (TANF-EF) to create jobs for about 280,000 people. Forty states put at least some people to work before the funding expired in late 2010, and 14 states and the District of Columbia each placed at least 5,000 people in subsidized jobs.

Importantly, most of the TANF-EF programs (particularly the larger ones) broadly targeted unemployed workers. Eligibility was not limited to TANF recipients, people with criminal records, or other disadvantaged groups that had been the focus of earlier studies of subsidized employment programs. About half the placements nationwide under the TANF-EF were summer jobs for young people. Also, many of the programs did not place a strong emphasis on transitioning participants to unsubsidized jobs. Instead, these programs placed a primary emphasis on "rapid job placement to alleviate unemployment."³ Similar to previous efforts to provide opportunities for earned income among unemployed populations during periods of economic downturn, the TANF-EF programs served many people who had steady work histories, and the models assumed that these individuals would return to regular jobs once the labor market improved. The TANF-EF programs were popular in many states, with governors from both parties expressing strong support. The experience, while relatively short lived, rekindled interest in subsidized employment more broadly.

In response to the mixed evidence regarding the effects of subsidized employment on hard-to-employ populations and increased use of subsidized employment under ARRA, the U.S. Departments of Human Services (HHS) and Labor (DOL) made substantial investments in 2010 to advance the field's understanding of subsidized employment.⁴

Through STED, HHS is funding studies in eight sites, including the San Francisco study that is the focus of this report. These studies explore how an array of subsidized and transitional employment strategies can support the needs of TANF recipients and other low-income youth and adults. Box 1.1 outlines the other seven STED sites.

Concurrently, DOL funded studies of seven programs using a range of approaches to explore the effect of subsidized and transitional employment on the outcomes of formerly incarcerated individuals and noncustodial parents. Two of these DOL-funded studies — both targeting noncustodial parents — are also a part of the STED project. Box 1.2 describes some

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

⁴For a summary of other subsidized employment tests being funded by HHS and DOL, see Bloom (2015).

Box 1.1

Other Programs in the STED Evaluation

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

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

Transitional Subsidized Employment (Los Angeles, CA). Administered by the Los Angeles County Department of Public Social Services and operated by the South Bay Workforce Investment Board (WIB), this program for recipients of Temporary Assistance for Needy Families (TANF) offers two types of subsidized employment — a paid work experience (PWE) program and an on-the-job training (OJT) program. In the PWE program, participants are placed in minimum wage employment with public agencies or nonprofit organizations. PWE participants' wages are fully subsidized for the duration of the placement. Participants in the OJT program are placed in private sector positions. Employers agree to place participants onto their payrolls after an initial two-month tryout period. OJT participants' wages are subsidized up to minimum wage for the first two months, and for the remainder of the placement employers receive a subsidy roughly equal to 50 percent of minimum wage. All participants receive case management and assistance searching for unsubsidized jobs through the WIB's Worksource Centers, along with support services through the TANF program.

Minnesota STED. The Minnesota Department of Human Services selected Ramsey, Dakota, Scott, and Hennepin counties to implement a new subsidized employment program model for its TANF recipients. The counties are partnering with Goodwill-Easter Seals and HIRED to provide two types of subsidized employment: "Paid Work Experience," which places less job-ready participants in the nonprofit or public sector, and "Subsidized Employment," which places more job-ready participants in the for-profit sector.

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

TransitionsSF (City and County of San Francisco, CA): The San Francisco Office of Economic and Workforce Development operates this program in partnership with three other

(continued)

Box 1.1 (continued)

agencies: the Department of Child Support Services, the San Francisco Human Services Agency, and Goodwill Industries. The program targets noncustodial parents and uses a three-tiered model that places participants into temporary, subsidized jobs based on their level of job readiness. Those with the least job experience and education are placed with private nonprofit employers, those with moderate levels of experience work as trainees with city agencies, and those with the most experience are placed with private sector, for-profit employers. The model includes modest financial incentives for reaching participation milestones as well as child support-related incentives, such as reinstatement of driver's licenses, fast-track assistance with and modifications of child support orders, and debt forgiveness. TransitionsSF is also in the concurrent evaluation funded by the U.S. Department of Labor.

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

early short-term findings from three other programs that have some similarities to the San Francisco program discussed in this report, including a different program also operated in San Francisco.

The STEP Forward Project

The study of STEP Forward presented an opportunity to learn about the effectiveness of a subsidized employment model that focused primarily on connecting a diverse group of unemployed voluntary participants to long-term jobs in the private sector by providing them with opportunities for interviews with interested employers and by offering employers subsidies to encourage them to hire program participants. In contrast to many other subsidized employment programs, STEP Forward was designed to have few program requirements for participants and a limited scope of services.⁵ HSA managers theorized that helping participants interview for jobs as soon as possible would be a more successful strategy to keep them engaged than a

⁵Bloom (2015).

Box 1.2

Short-Term Findings on Other Subsidized and Transitional Jobs Programs

The U.S. Department of Labor and the U.S. Department of Health and Human Services are evaluating the following programs that possess some similarities to the STEP Forward program in San Francisco. Findings from these studies provide some relevant information on the viability of these types of program models.

U.S. Department of Labor Evaluation in Fort Worth, TX

The Fort Worth program in the U.S. Department of Labor study used a private sector wage subsidy model. The Fort Worth program targets recently released prisoners, putting them through a two-week job-readiness and assessment “boot camp” before job developers place them in jobs with private employers. The program paid 100 percent of the participants’ 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 certificate classes, and mental health services.

The Fort Worth findings were mixed. A relatively low proportion of individuals randomly assigned to the program group were successfully placed in subsidized jobs (36 percent). According to unemployment insurance data, during the first year after random assignment the Fort Worth program did not significantly increase employment, neither during the period of the subsidy nor after the subsidy ended. However, data from the client survey suggest that the program did increase employment, possibly in areas not covered by the unemployment insurance system (such as temporary or informal jobs, day labor, or self-employment). In addition, the program generated statistically significant reductions in the rate at which participants were rearrested or reincarcerated.*

U.S. Department of Labor Evaluation of the TransitionsSF in San Francisco, CA

Another of the programs under evaluation for the Department of Labor study, the TransitionsSF program employed a hybrid approach that utilized elements of the wage subsidy and tiered program models, similar to the approach used in the original version of the San Francisco JOBSNOW! program, to serve noncustodial parents. Participants began with a career assessment followed by two weeks of job-readiness training, and criminal background and drug use tests. They were then 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. While the first two tiers of subsidized jobs were scheduled to last five months, the private sector jobs were anticipated to become permanent, so long as participants met employers’ expectations. Other services included case management; modification of child support orders, arrearages, or both; remedial education; job search services; and financial incentives for meeting program participation milestones.

(continued)

Box 1.2 (continued)

The TransitionsSF program produced statistically significant impacts on both employment and earnings during the first year after random assignment. Program group members were more likely to be employed, worked more quarters on average, and had higher earnings on average than control group members. Employment gains persisted into the first quarter of Year 2, although some of these gains may have been due to participation in subsidized jobs; the increases in earnings, however, did not persist. The program group was more likely to pay formal child support than the control group during the first year after random assignment. However, there was not a statistically significant difference in the total amount of formal child support paid.[†]

U.S. Department of Health and Human Services Evaluation in Los Angeles, CA

The On-the-Job Training (OJT) program of the Los Angeles STED study used a private sector wage subsidy approach. CalWORKs (California’s Temporary Assistance for Needy Families program) recipients were placed in jobs with for-profit, private sector employers; they spent the first two months on the payroll of a Workforce Investment Board and the final four months on employers’ payrolls, with employers receiving a partial subsidy of up to \$550 per month. This approach seeks to replicate more closely a “real world” work environment, with the goal of permanent, unsubsidized placement at the same employer.

42 percent of OJT group members were placed in subsidized employment, which compares favorably with attempts by earlier program interventions to place welfare participants in private sector subsidized positions.

In the first year after random assignment, OJT group members were more likely to work, worked more quarters on average, and had higher average earnings than control group members. These differences were largest among sample members who had not been employed in the year before random assignment. The differences declined as people left subsidized jobs. There were only a few modest differences between the program participants and control group members in other outcomes, such as CalWORKs receipt or overall wellbeing.[‡]

*Redcross, Barden, and Bloom (2016).

†Redcross, Barden, and Bloom (2016).

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

program offering more activities and structure. As soon as case managers determined that participants were ready to interview with prospective private employers, they invited them to HSA-organized job fairs where employers could interview them. While employers placed hired participants on their payroll, HSA provided employers with subsidies to offset those wages for up to five months.

STEP Forward was intended to increase unsubsidized employment for participants who had struggled to find and retain jobs independently by connecting them to employers with whom HSA had cultivated relationships. STEP Forward also gave additional support, such as guidance on how participants should present themselves in interviews and the specific information on workplace skills and competencies that these employers were seeking based on HSA's knowledge about the employer. In doing so, HSA functioned as a staffing agency for populations that may not have been adequately served by private staffing agencies, or that had been overlooked by prospective employers when searching for work.

The subsidized jobs that participants would obtain through the program were envisioned as becoming permanent, unsubsidized positions, so long as the participants' performance was acceptable to employers. In other words, these jobs were not created for the program; they already existed but HSA subsidized the wages if employers hired program participants. Moreover, HSA program managers maintained that these jobs often paid better than jobs that clients could find on their own. The requirement of placing participants on employers' payrolls immediately was intended to increase the likelihood that employers would retain them after the subsidy period concluded. Indeed, HSA used the subsidy to attract and recruit better employers and jobs for its program participants.

Employers stood to gain a number of benefits from partnering with HSA. First, the monthly subsidy encouraged them to hire STEP Forward participants, whom they may not have employed or even interviewed otherwise because they had sporadic work histories or other issues. Second, HSA acted as a human resources department, vetting and referring job seekers who best matched their open positions, thereby saving on recruiting costs. The vetting procedure, however, was a mutual process. For their part, participants sought out employers and jobs that represented the best fit for their career objectives and that met their financial needs. Both job seekers and employers would be HSA customers in this model. Third, partnering with HSA offered employers the opportunity to diversify the racial and gender makeup of their workforce, which some employers wanted to do, by connecting them to a more diverse pool of job seekers than what they might have encountered using their usual recruitment methods.

Without STEP Forward, many of its participants would not have had access to any subsidized jobs since they would have not been eligible for HSA's larger JOBSNOW! program. Although, they may have been able to participate in other types of services, such as job search assistance, offered by a variety of organizations in the community. Chapter 2 will describe the history of the JOBSNOW! program and the relationship between it and STEP Forward.

The Evaluation Design

The evaluation of STEP Forward set out to examine the following questions:

- How did HSA design and operate the STEP Forward program?
- What impacts did the STEP Forward program approach have on employment-related outcomes, income, and personal well-being, relative to what would have happened to study sample members in the absence of the program?
- Does STEP Forward appear to be more effective for specific participant subgroups?
- To what extent do the costs of the STEP Forward program differ from those associated with individuals randomly assigned to a control group that could not receive STEP Forward services? How does this difference in costs relate to the benefits associated with program impacts, if any?

To answer these questions, the evaluation consists of an implementation study, an impact study, and a benefit-cost analysis, which will be described in the next section.⁶ In addition, the evaluation design addresses three main contextual factors. First, there are often critical differences among the program services as intended by the model, the services that the program actually offers, and the services that clients receive. Of course, programs are not always implemented with fidelity, and potential participants do not necessarily use the services that are offered.

Second, the evaluation attributes the program’s impacts — or, the differences in outcomes between program and control group members — to the service contrast, or the differences in the treatment received by members of the two groups. While the evaluation focuses on the STEP Forward program, it assumes that the control group will access other services in the community. As will be described in more detail, the research team uses a survey to measure the services received by the two groups, whether as part of the program or in the community.

Third, the characteristics of the clients and the local context (including factors such as the labor market and the service environment) shape a program’s implementation, the services received by members of the program and control groups, and their outcomes. These contextual factors are a key focus of the implementation study.

The Implementation Study

The implementation study set out to describe STEP Forward, including the model as designed, how it was operated in practice, and participants’ experience with the program. In particular, the

⁶This report does not include results from the benefit-cost analysis, which will be presented in the final report.

study examines the steps that HSA took to put the STEP Forward model into practice, as well as the contextual setting, as described in the preceding section, in which the program operated. It relied on the following data sources:

- **Staff interviews and observations:** The research team made one formal visit to the program site to interview staff members and observe program activities. In addition, the team collected information about program operations through regular and frequent telephone conversations with the program managers, as well as through a series of less formal site visits, throughout the duration of the program.
- **Employer interviews:** The research team spoke with multiple employers to learn about their motivations for working with HSA and their experiences with the participants they hired.
- **Participant focus groups and interviews:** During one visit, the research team conducted group discussions with program participants. A local interviewer also conducted in-depth interviews with a few program participants who agreed to meet at several points in time.
- **Participation data:** For each program group member, the research team collected data on participation in program activities and subsidized employment from HSA’s JOBSNOW! database and payroll records.

The Impact Study

While this interim report primarily focuses on program implementation and service receipt, the impact study is central to the evaluation and uses a randomized controlled trial design to provide early evidence of STEP Forward’s impacts on employment outcomes and personal well-being. In this design, generally considered the most rigorous method of evaluating social programs, individuals eligible for and interested in the subsidized jobs program are randomly assigned to either a program group that has access to the STEP Forward program services, or a control group that does not have access to the STEP Forward services or other subsidized employment opportunities offered by HSA. Individuals assigned to the control group can receive other services through HSA’s other programs and in the community. This study design is intended to create two groups whose members were comparable when they entered the evaluation in both measurable and unmeasurable ways. Thus, as the research team tracks the two groups over time, it can confidently attribute any differences that emerge between the groups’ outcomes — for example, differences in employment rates — to the added value of the program rather than to preexisting differences between the groups. The interim impact results lay the groundwork

for the final report, which will address the impact-related questions more thoroughly, since more follow-up is needed to reliably assess the program’s long-term impacts.

The research team is collecting the following data for sample members in both research groups. In general, one year of follow-up data were available for the sample at the writing of this report.

- **Baseline data.** Sample members completed a short questionnaire providing demographic information, education and work histories, and other background information before random assignment.
- **Employment and earnings records.** Data from the National Directory of New Hires (NDNH) were used to measure quarterly earnings. Maintained by the federal Office of Child Support Enforcement, the NDNH gathers quarterly earnings data collected by state workforce agencies, and data on federal employment from the federal government. These data include information on jobs covered by unemployment insurance (UI) as well as federal employment — that is, the vast majority of formal employment.
- **Surveys.** The research team attempted to contact each sample member for an interview at approximately 12 months after the individual’s random assignment date. Out of 811 sample members in the study, 556 completed the survey (286 in the program group, and 270 in the control group), for a 69 percent response rate.⁷ The 12-month survey includes questions about participation in employment- and education- or training-related activities, as well as on topics that are not covered in the administrative records described above.

Effectiveness Measures

The measures the evaluation uses to assess STEP Forward’s effectiveness fall into two domains: labor market outcomes and personal well-being outcomes.

The analysis of the program’s impacts on labor market outcomes focuses on both employment and earnings. The primary measures in this domain are quarterly employment rates and quarterly earnings; the data source (NDNH’s quarterly wage records) determined the measures’ timeframe. Since the program attempted to connect participants with subsidized jobs, program group members were expected to experience higher employment and earnings in the

⁷Appendix A provides information about the survey sample as well as an analysis of survey response bias.

program period as long as program participation rates were sufficiently high and the program targeted people who would have not otherwise been working.

As noted earlier, HSA's subsidized employment program aimed to significantly alter participants' employment and earnings outcomes by placing them in subsidized jobs that would become permanent, unsubsidized positions once the subsidy period ended. However, this report primarily covers a one-year follow-up period that largely coincided with the subsidy period. Some program group members were still working in subsidized jobs in the last quarter of this follow-up period, and it was thus too early to answer questions about the program's long-term, post-program impacts in this report.⁸

The analysis of STEP Forward's impacts on personal well-being outcomes focuses on sample members' experiences with financial difficulties, food insufficiency, housing insecurity, health and happiness, as indicated by data from the client survey. These impacts may have been influenced by employment rates and earnings, satisfaction with the program's services and effectiveness, and amity with program staff and other participants in group activities such as job club. As such, program group members were expected to experience greater levels of well-being based upon their participation in STEP Forward and their ability to access HSA-subsidized jobs.

Analytic Methods

To estimate impacts, the research team compared the average outcomes for program and control group members. The study's random assignment design ensures that there are no systematic differences between the program group and the control group members at the time of study entry. As a result, any statistically significant differences in the two groups' outcomes can be likely attributed to the intervention. While simply comparing the program and control groups' mean outcomes would provide an unbiased estimate of the true impact, the research team estimated the impacts by using multivariate regression models that predict outcomes as a function of assignment to the program group and participant baseline characteristics. This method, which is conventional, is used to improve the statistical precision of the estimates.

The crucial difference between the program and control groups was *access* to subsidized employment services. That is, the program group members had access to STEP Forward's subsidized employment and other program services, as well as other, potentially similar services

⁸Although this report mostly presents impact analyses based on data from within a one year of follow-up period, it also includes analyses of employment and earnings data from the first quarter of the second year of follow-up in order to capture a period when the vast majority of program group members had completed work in their subsidized jobs and provide a preview of what the results from post-subsidy follow-up period may show.

available in the community; control group members, on the other hand, had access to only the services available in the community, and not STEP Forward program services. The estimated average impact that access to STEP Forward had on program group members is referred to as the “intent-to-treat” impact estimate. It measures the impact that the opportunity to participate in the intervention had on all program group members, not the impact it had on the program group members who actually participated in the intervention. As noted earlier, because this report includes one year of follow-up data, it does not draw any firm conclusions about the long-term impacts of STEP Forward.

The Structure of This Report

The remainder of the report present findings from the implementation study and interim findings from the impact study. Chapter 2 provides background on the site and context in which the intervention was conducted. Chapter 3 explains the program model, the research design, and the characteristics of the sample. Chapter 4 describes STEP Forward’s implementation; presents data on program participation; and offers conclusions about the program’s ability to recruit individuals, provide job-readiness services to those participants who needed them, develop an array of subsidized jobs, and connect participants to these positions. Chapter 5 presents interim impact findings. Chapter 6 provides some conclusions and next steps.

Chapter 2

Site Background

San Francisco: A Complex Setting for a Subsidized Employment Program

STEP Forward was implemented in San Francisco, whose tech boom has received national attention for dramatically, but unevenly, affecting the city's economic landscape. In 2013, shortly after STEP Forward was launched, San Francisco's unemployment rate was 5.7 percent, which subsequently dropped to 3.5 percent by 2016, shortly after the program ended.¹ San Francisco's median household income was \$75,604 in 2013, compared with \$53,046 for the country.² Over half of San Francisco's population holds a bachelor's degree or higher.³ But these indicators, which suggest a strong and healthy economy, belie the scarcity of opportunities for those who are less educated or lack the high-level skills required by the jobs that have driven the economy's growth.

While San Francisco has entry-level positions in the hospitality, retail, and food service sectors, the city lacks other types of businesses and industries, such as manufacturing plants, that hire large numbers of lower-skilled workers. In 2013, 4 of the top 10 largest employers in San Francisco were government agencies. Only two, the City and County of San Francisco and the University of California, San Francisco, employed more than 10,000 workers.⁴ The other two government agencies were the San Francisco Unified School District and the U.S. Post Office. Other large employers in the city were hospitals, banks, higher education institutions, retailers such as Gap Inc. (whose headquarters are in the city), and technology companies such as Salesforce.com Inc. There are, however, few large chain stores. Opportunities for lower-skilled workers are more common in other nearby areas, such as Alameda County, which operates the region's port; however, the minimum wages there are lower and the commute to these jobs for San Franciscans via public transportation can be a challenge. For the jobs that are available to them in the city, San Francisco's lower-skilled residents face competition from workers with similar profiles who live in neighboring areas and who may be attracted by the city's higher minimum wage, as stipulated in its Living Wage ordinance.⁵

¹Federal Reserve Bank of St. Louis (2017).

²U.S. Census Bureau (2017).

³U.S. Census Bureau (2017).

⁴San Francisco Business Times (2013).

⁵City and County of San Francisco (2017).

The disparities in income and economic opportunities have increased the difficulties of living in San Francisco for the poor. One of the most prominent manifestations of this development is the housing market. A 2014 report by the National Low Income Housing Coalition (NLIHC) calculated that an individual needed to earn \$29.83 an hour to afford a market-rate one-bedroom apartment in the city, or roughly three times San Francisco's minimum wage at the time. This trend has only grown worse; the 2016 NLIHC report shows that a person now needs to make \$34.88 an hour to pay for such an apartment. As a result, many of the city's poor have been pushed out due to the cost of living.⁶ Indeed, it is possible that those who remain in San Francisco (and are represented in this study's sample population) are more disadvantaged because they lack the resources to move.

Background on Human Services Agency of San Francisco

The Human Services Agency of San Francisco (HSA) is the City and County of San Francisco's welfare and family services department. In addition to overseeing childhood, family, and senior services, it operates the major public assistance programs, such as CalWORKs, CalFresh, and Medi-Cal, which are California's versions of the federal Temporary Assistance for Needy Families (TANF) program, Supplemental Nutrition Assistance Program (SNAP), and Medicaid program, respectively, as well as the County Adult Assistance Program (CAAP), which supports low-income county residents without dependent children. Through its network of Career Link Centers, HSA also runs the employment and training programs (including JOBSNOW! and STEP Forward) that help public assistance recipients prepare for and find jobs. These interventions include:

- CalWORKs Welfare-to-Work (WTW), which mandates participation in employment services for most of the able-bodied, adult CalWORKs recipients for up to 24 months. CalWORKs WTW clients may also receive education, training, and supportive services in order to assist them in becoming self-sufficient.
- CalFresh Employment and Training (CFET), which provides job search and training assistance for adults receiving CalFresh benefits and not receiving CalWORKs benefits.⁷
- Personal Assisted Employment Services (PAES), which offers education, training, and supportive services to employable CAAP recipients in order to move them toward self-sufficiency.

⁶National Low Income Housing Coalition (2017).

⁷California Department of Social Services (2017).

- JOBsNOW!, which will be described in the following section.

History of JOBsNOW!

While HSA had some limited experience with offering subsidized employment opportunities previously, the TANF Emergency Contingency Fund, funded by the American Recovery and Reinvestment Act of 2009 (ARRA), enabled HSA to launch JOBsNOW!, a large-scale subsidized employment program. The need to help job seekers was pressing. As of February 2009, the unemployment rate in San Francisco was 7.9 percent and rising.

When the TANF Emergency Contingency Fund became available, HSA moved quickly to create a voluntary program with broad eligibility criteria. All CalWORKs recipients were eligible, as well as San Francisco residents whose income was below 200 percent of the federal poverty level and who had a dependent child. Financial eligibility was determined by income just within the past 30 days. Starting in May 2009, participants were placed into one of three tiers of subsidized employment based on their past job experience and identifiable barriers to employment:

1. Tier 1 (Community Jobs Program): Operated by Goodwill, Young Community Developers, and Arriba Juntos, this tier was intended for those participants who had worked less than 6 out of the past 18 months. Participants were placed in these positions, which lasted 6 months, without competing for them.
2. Tier 2 (Public Service Trainee): This tier was set up for participants who had worked at least 6 of out the past 24 months, or worked previously in a full-time entry-level job. They were employed by 1 of 31 different city agencies for 6 months. Unlike their Tier 1 counterparts, participants competed for these jobs.
3. Tier 3 (Wage Subsidy): This tier was targeted to those participants who had worked full-time for at least 6 of the last 12 months. As with the Tier 2 clients, participants competed for the Wage Subsidy positions. They were hired by private sector employers, located in San Francisco. These employers were reimbursed 100 percent of the participants' wages up to \$75,000 a year. The only limit to the length of employment in the Wage Subsidy tier was the end date for the TANF Emergency Contingency Fund, which was September 30, 2010. While many of these positions were new jobs created by employers responding to the generous wage subsidy, some were existing jobs.

Over 4,000 people were placed in one of the three tiers. Because of the broad eligibility criteria and the economic recession, many who enrolled in JOBsNOW! were relatively skilled, with considerable job experience. As such, the Wage Subsidy tier became the largest of the

three. However, many CalWORKs clients voluntarily participated in JOBSNOW!, demonstrating to HSA that these clients could be engaged by this type of opportunity.⁸

In accordance with the economic stimulus goals of ARRA, JOBSNOW! was conceived of as not only a program to help the unemployed reengage with the labor market but also a vehicle for job creation and growth for small businesses. As noted above, businesses were able to create positions through JOBSNOW!'s generous employer subsidies. HSA's Business Account Representatives unit, which was responsible for job development, used a deliberate approach of framing JOBSNOW! as a business development program, rather than a workforce program, and focused on overcoming the perception of government as bureaucratic by making hiring through JOBSNOW! as simple and straightforward as possible. To facilitate the process of connecting job seekers and employers, HSA staff reviewed the work experience and education level of the program participants, matching them to positions that best fit their skills and background. It is important to note that only job seekers who met the qualifications of specific positions interviewed with the employers who offered them. These efforts resulted in enduring relationships with private sector employers, from which later iterations of JOBSNOW! benefited.

After ARRA funding ended in September 2010, HSA remained committed to continuing the JOBSNOW! program, which it viewed as a success and thus was a budget priority. HSA utilized a combination of CalWORKs allocation and city general funds to do so. Because these resources provided less money than the ARRA funds, the program was scaled back. Thus, after September 2010, it could only serve most groups of CalWORKs clients, current and former foster youth, and PAES participants. Nonetheless, the program was able to serve all eligible individuals who were interested. (See Figure 2.1 for a visual depiction of the JOBSNOW! Program structure.)

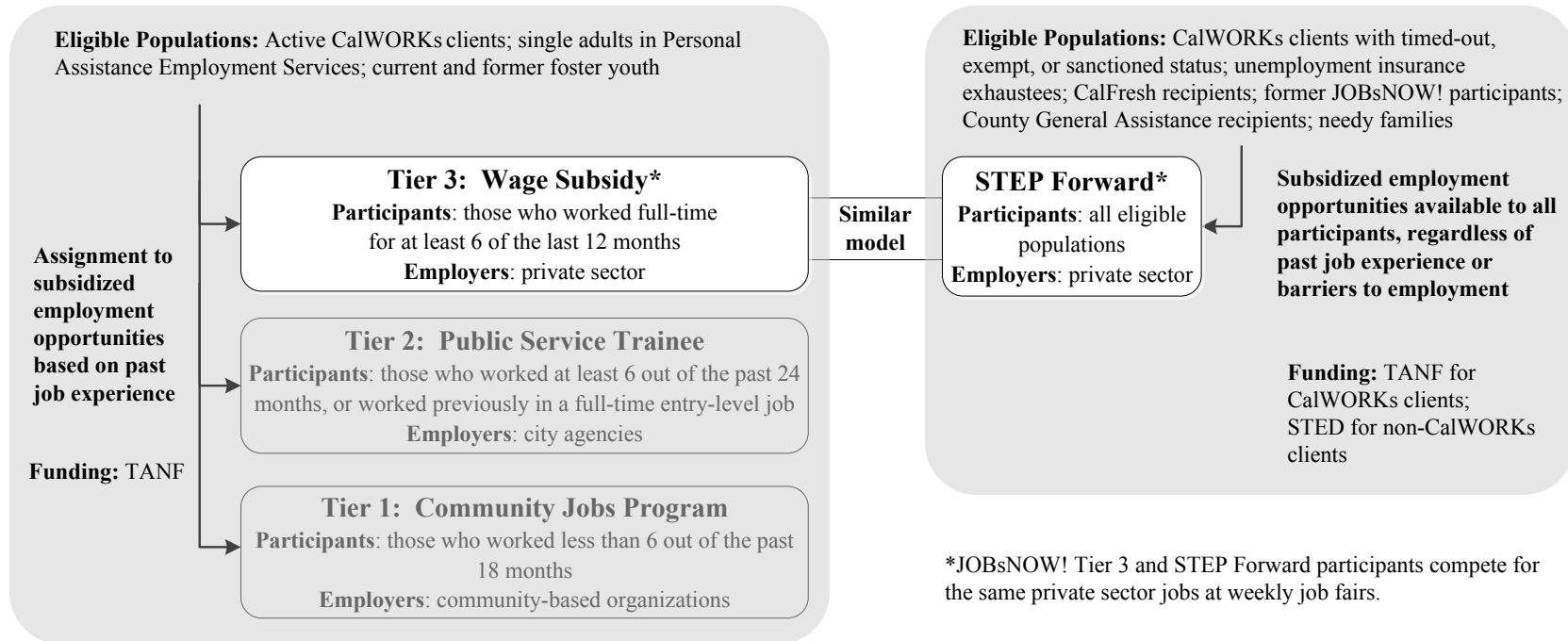
JOBSNOW! also had to reduce the wage subsidy amount considerably after September 2010. HSA initially offered a flat \$2,500 subsidy to private employers but found few takers. HSA subsequently increased the amount to \$5,000 across five months (up to \$1,000 per month); this greater amount attracted employers. The less generous subsidy post-ARRA also necessitated HSA to shift its messaging to businesses: Instead of the wage subsidy supporting job creation, it was a chance for employers to take an employee "out for a free test drive" in a regular, permanent position. These modifications to the program changed the pool of participants, which became less skilled and thus more challenging for HSA to identify good matches for employers. The slack labor market at the time, in which there were many more qualified people looking for work than available openings, exacerbated this challenge.

⁸Crow (2011).

Figure 2.1

Features of the JOBSNOW! and STEP Forward Programs

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NOTES: CalWORKs = California’s Temporary Assistance for Needy Families program; CalFresh = California’s Supplemental Nutrition Assistance Program.

When MDRC approached HSA to discuss an evaluation of JOBSNOW!'s Wage Subsidy tier, HSA decided to create STEP Forward as a way to extend eligibility to individuals who were ineligible for the regular JOBSNOW! program. As will be explained in further detail in Chapter 3, HSA targeted three types of its CalWORKs clients, as well as unemployment insurance (UI) claimants who had exhausted their UI benefits, for recruitment into STEP Forward. As shown in Figure 2.1, STEP Forward would offer only the Wage Subsidy tier of subsidized jobs and have the same limited range of participant assessment and job-readiness services as JOBSNOW!. HSA was able to use TANF funds to pay for wage subsidies and other services for CalWORKs clients in STEP Forward, whereas subsidies for the non-CalWORKs clients would be covered by the site grant that HSA received from the U.S. Department of Health and Human Services (via MDRC) to participate in the STED project. JOBSNOW! continued to operate alongside STEP Forward.

Chapter 3

Program Models, Recruitment, and Sample Characteristics

Intended Model

To understand STEP Forward, it is useful to think of it in terms of a private employment or staffing agency rather than a traditional structured social services program with multiple activities and components. As noted earlier, STEP Forward was designed as a voluntary program in which the Human Services Agency of San Francisco (HSA) would identify job-seeking participants and employers and bring them together. HSA would provide job seekers with access to employers, with which HSA had cultivated relationships, and that had job openings that often paid more than jobs that participants likely would have found on their own. In turn, HSA would introduce employers to qualified job candidates that HSA had vetted. HSA would also provide participants with information on workplace competencies and the expected skills for specific job positions. It is important to note that STEP Forward, unlike the larger JOBSNOW! program, did not have multiple tiers of jobs. HSA attempted to place all participants, regardless of their job history, in a subsidized job with a private employer. Participants interviewed for subsidized jobs in a competitive process with other STEP Forward and JOBSNOW! clients, with employers making hiring decisions. Note that while some employers partnered with HSA for all their hiring needs, others hired employees from other sources in addition to working with HSA. STEP Forward participants were not guaranteed a subsidized job.

In order for employers to qualify for STEP Forward's subsidies, the jobs they offered had to be at least 25 hours per week and pay the prevailing wage for the position. Employers were expected to treat participants as regular employees — providing supervision and training, and paying payroll taxes and benefits — while HSA provided the subsidy reimbursement, which varied in amount based on the position's hourly wage but with a maximum of \$1,000 per month for up to five months. Unlike the jobs employers offered through the American Recovery and Reinvestment Act (ARRA), these positions were not created specifically for the program. HSA believed that providing subsidies would encourage employers to hire and keep individuals that they may not have otherwise considered and would follow HSA's post-ARRA JOBSNOW! approach of letting employers try out job seekers on a conditional basis. Although participants had to meet the qualifications of the employers' open job positions, they may have had sporadic work histories, which could have given employers pause. However, in order to belong to HSA's employer network, businesses were expected to abide by conditions that were designed to

protect HSA clients, such as agreeing to retain participants so long as they met employers' job performance standards.

The first step for participants would be to meet with their case managers and discuss their employment history and interests. Case managers would assess whether the participant was ready to interview for jobs, by virtue of whether the person had an up-to-date résumé, interview attire, and access to the necessary child care and transportation. If the participant met these "job ready" requirements, the case manager would review the jobs that were available at the next weekly job fair. If the case manager considered the participant a good fit for and the participant was interested in a particular job, then the case manager would sign the person up for an interview with the employer. For those participants considered not ready to interview for jobs, the case manager would help them become job ready. (Chapter 4 will present the criteria that HSA staff used to screen prospective candidates in greater detail.)

At the weekly job fairs, held at the HSA office and facilitated by HSA staff members specifically for participants in its programs including JOBSNOW! and STEP Forward, employers interviewed participants for open positions. As stated above, positions were competitive: Participants might be rejected, hired based on that interview, or invited to additional interviews. Still, the weekly job fairs gave participants the opportunity to meet employers directly, bypassing the usual process of submitting an application, cover letter, and résumé to employers and waiting for a response. HSA viewed this direct access to employers as STEP Forward's main benefit to participants. STEP Forward participants, many of whom had spotty recent job histories, likely faced difficulty in getting employers to notice their applications and résumés and obtaining an interview. Participants who were not hired would continue working with their case managers to identify appropriate positions for which to interview at the following weekly job fair until they found a job.

HSA was strongly committed to ensuring employers' experiences with the program were positive, so as to build and preserve relationships with them. For participants, this commitment meant that they were not completely free to select the interviews they wanted at the weekly job fairs. The case managers and job developers functioned as gatekeepers and screened participants who expressed interest in positions so that the employers would only meet with qualified participants whom HSA staff considered potentially good matches.

Once participants successfully obtained a subsidized job, they were considered to have completed the STEP Forward program. Consistent with the JOBSNOW! model, HSA did not initiate any post-placement contact. However, staff reported that they would respond to client- or employer-initiated contact if workplace or other types of issues arose.

The availability of additional services was minimal by design. HSA expected most participants to be job ready, based upon its experiences in working with similar populations in the

wage subsidy tier of the post ARRA-era JOBSNOW! program. Accordingly, STEP Forward's job-readiness services and case management could serve only a small number of participants who needed assistance with preparing for a job interview. Moreover, the job-readiness services were limited in nature, as they had been in the post-ARRA JOBSNOW! program. These services primarily consisted of case managers reviewing participants' résumés and suggesting revisions and holding practice interviews with participants and providing feedback, and were designed to connect job-ready individuals (as previously defined) with specific job openings. In general, the services were not meant to assist participants who were not ready to interview with any employers, though this changed over time as Chapter 4 will discuss. In addition, participants could choose to go to the voluntary job club sessions, which were held weekly at the HSA office. Further, STEP Forward did offer participants access to social workers who would help them with barriers to employment such as unmet child care needs or substance use disorders, but again HSA did not anticipate a great need for this assistance. Therefore, the extent of what the social workers could do was limited. While they could provide some direct assistance, they primarily referred participants to outside organizations. However, these additional services, though limited in scope and capacity, did enhance the program model's staffing agency approach.

Recruitment and Study Enrollment

As described in Chapter 2, HSA recruited individuals who were ineligible for its regular JOBSNOW! program to participate in the STEP Forward program and its evaluation. In particular, HSA managers were interested in expanding program eligibility to populations that they thought could benefit from STEP Forward but were unable to enroll into the JOBSNOW! program because of funding limitations. The Subsidized and Transitional Employment Demonstration (STED) site grant would enable them to expand eligibility in this way. Moreover, HSA projected that the inclusion of these populations would enlarge the study sample enough to create a control group. However, enrolling sufficient numbers of such individuals proved to be a serious challenge. Even with the substantial resources HSA dedicated to the effort and an expansion of the target populations, HSA struggled with recruitment throughout the study's enrollment period. Originally projected to run from November 2012 through December 2014, the sample build-up period was extended through March 2015, and encompassed a 28-month period in which HSA enrolled a total of 837 participants into the study (421 in the program group and 416 were in the control group), a number which fell short of the original goal of 1,000.¹

¹After random assignment, 12 individuals in the control group withdrew from the study, and 14 (7 in each research group) were identified as having previously participated in the TransitionsSF program that was
(continued)

Target Populations

HSA originally identified and recruited individuals from two sets of target populations for STEP Forward:

- **CalWORKs (California’s Temporary Assistance for Needy Families program) clients** with one of the following statuses:
 - *Timed-out*, meaning that they had reached the 48-month lifetime limit for cash aid stipulated by the California Department of Social Services, but had dependent children who remained cash aid recipients.
 - *Exempt*, meaning that they were not required to meet regular CalWORKs work requirements for reasons such as age, health issues, and domestic violence status.
 - *Sanctioned*, meaning that they were in noncompliance with CalWORKs requirements and were not receiving CalWORKs cash aid themselves but had dependent children who remained cash aid recipients.
- **Unemployment insurance (UI) exhaustees:** UI claimants who had received the maximum allowable number of weeks of unemployment benefits, which was up to 99 weeks in California at the start of the study because of the recession. In addition, these individuals needed to have a family income at or below 200 percent of the Federal Poverty Level and a dependent child.

HSA was motivated to serve individuals from these groups, as many similar people from these groups had participated successfully in the original iteration of JOBSNOW!² HSA anticipated it could recruit half of the expected 1,000 STEP Forward study participants from each of the two populations, which appeared to be feasible based on numbers that HSA shared with MDRC before the start of the study.

While HSA did enroll a small number of CalWORKs exempt and sanctioned clients at the beginning of the study, they soon stopped actively recruiting them. The program managers explained that staff found exempt clients not to be job ready as defined earlier. Moreover, some exempt clients could lose their exempt status and become eligible for the regular JOBSNOW! program. (Managers did not explain why they stopped recruiting the sanctioned clients.)

evaluated as part of the Enhanced Transitional Job Demonstration. The research team dropped these individuals from this analysis, resulting in a final sample size of 811 (414 in the program group and 397 in the control group).

²Crow (2011).

By September 2013, almost a year after recruitment began, only 183 participants from the target groups had enrolled in the study, whereas HSA had anticipated enrolling nearly 300 individuals by this point.³ (See Figure 3.1 for a breakdown of the sample build-up numbers for the target groups.) There were a number of possible reasons for the shortfall:

- HSA had over-projected the number of existing timed-out CalWORKs cases and the rate at which it would increase.
- HSA expected UI exhaustees to enroll in large numbers as they reached the end of their 99 weeks of benefits. However, in December 2012, the federal government extended UI benefits by another six months. Therefore, the UI exhaustee population could defer their potential STEP Forward participation until they reached the end of their extended benefit eligibility period. Still, even after all extensions expired, UI exhaustees never enrolled in large numbers. It may have been that, by then, the decline in unemployment rate allowed these individuals to find jobs independently.

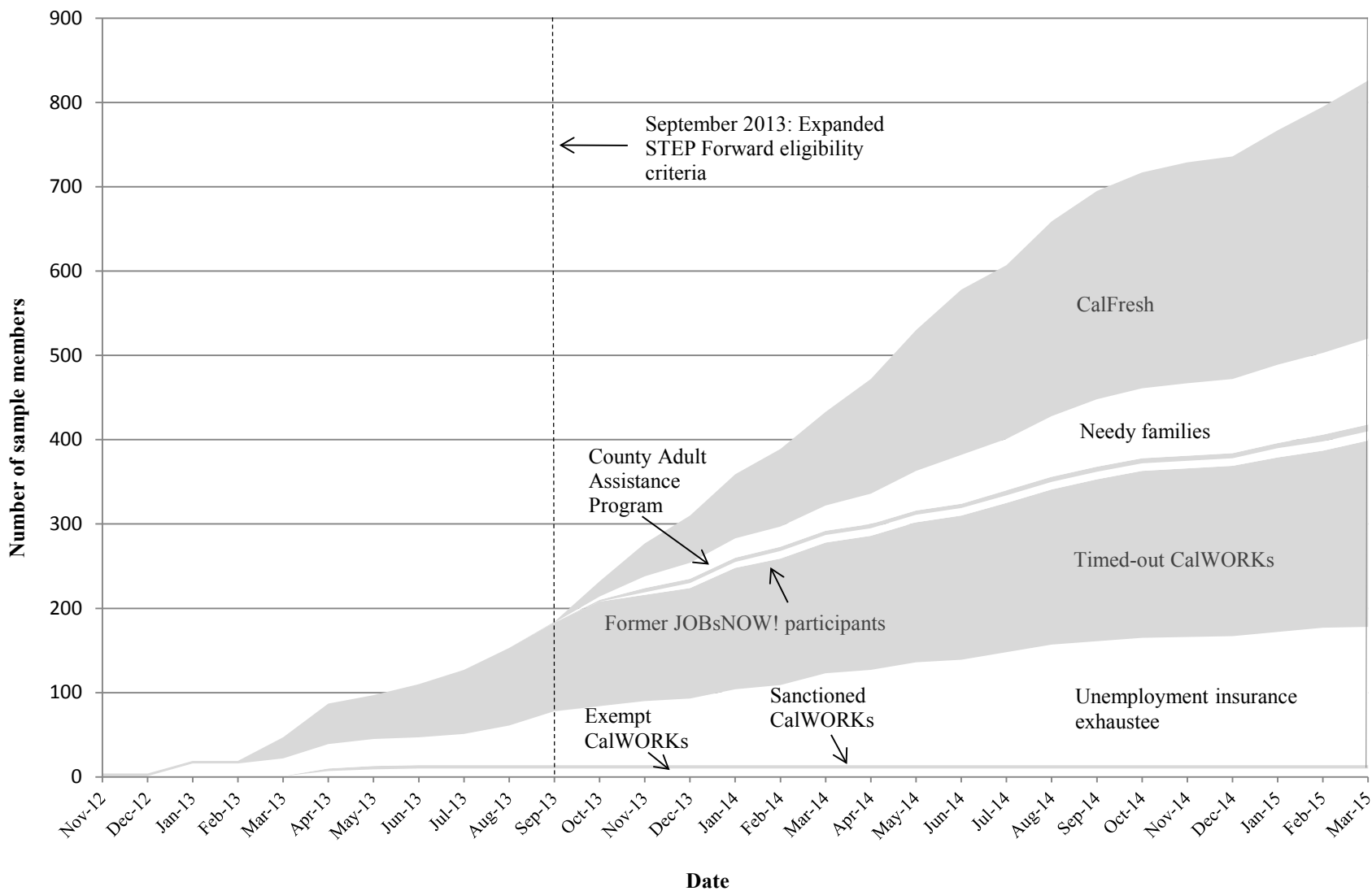
On a related note, the Employment Development Department (EDD) (California's unemployment insurance agency) did not send HSA the data files containing the contact information for the UI exhaustees on a regular basis, as planned. HSA had anticipated using this information to send STEP Forward recruitment materials to potential participants. HSA received these files only a couple of times during the sample build-up period. Moreover, HSA discovered that the return on investment from using these files was less than expected, especially compared with the money HSA spent on postage for the mass mailings. Fewer than anticipated UI exhaustees responded to the recruitment materials.

- The improving local economy may have undercut HSA's recruiting message that it could connect prospective participants with employers that they could not otherwise access. People either may have been finding better-paying jobs on their own or did not think that STEP Forward could help them do so. HSA administrators noted that their program staff had been heavily marketing STEP Forward to the target groups but with diminishing returns. Individuals in the target groups knew about the program, but did not see its value.

³It should be noted that although study enrollment began in November 2012, the first group was considered a pilot. A handful of participants enrolled in December 2012 and January 2013, but full-fledged recruitment started only in March 2013.

Figure 3.1

STEP Forward Sample Build-up Over Time by Target Group



SOURCE: Calculations based on data from MDRC's random assignment system.

NOTES: CalFresh = California's Supplemental Nutrition Assistance; CalWORKs = California's Temporary Assistant for Needy Families program.

- HSA managers were concerned that some individuals might lose their ability to participate in other subsidized employment offered by CalWORKs, including the regular JOBSNOW! program, if they were assigned to the control group and therefore barred from those services. When HSA staff members met with potential participants, they were careful to screen them for current or future eligibility for other subsidized employment services offered by CalWORKs before recommending that they participate in STEP Forward. For example, staff sometimes advised individuals to delay enrolling in STEP Forward until they submitted a CalWORKs application and received a reply.

To address the sample build-up problem, HSA developed a plan in September 2013 to recruit from additional target populations that were also ineligible for its regular JOBSNOW! program. The idea was to transform STEP Forward into a broader-based intervention targeting the larger low-income community and render it an even more interesting, policy-relevant initiative worthy of study. Both MDRC and the U.S. Department of Health and Human Services approved this plan, though recognizing it would affect the evaluation by creating a high level of heterogeneity in the study sample.

HSA thus began recruiting from the following groups for STEP Forward, in addition to the timed-out CalWORKs clients and UI exhaustees:

- **Former JOBSNOW! participants** who were either CalWORKs or General Assistance clients and who had previously held two or more subsidized employment jobs in JOBSNOW! but had not secured unsubsidized employment.
- **CalFresh (California's Supplemental Nutrition Assistance Program) recipients** who were enrolled in the CalFresh Employment and Training program.
- **County General Assistance recipients** who had been identified by HSA as employable at the time they began receiving aid, but chose not to participate in or were sanctioned from PAES. (PAES participants, as mentioned earlier, were eligible for JOBSNOW!.)
- **Needy families** who, by CalWORKs definition, were individuals with dependent children who had a household income at 200 percent or less of the Federal Poverty Level.

To ensure that the program was serving people who faced difficulty with securing employment independently, HSA limited enrollment from each of these groups to individuals who had not been employed in the previous 3 months or had no more than 6 months of earned

income within the past 24 months. Additionally, HSA opened STEP Forward to UI exhaustees without dependent children.

These changes increased the sample build-up rate of individuals randomly assigned into the study. While this increase was most clearly observed in the CalFresh and needy families groups, there was a slow but steady rise in the UI exhaustee group as well. Despite these increases, program enrollment still fell short of the total sample goal of 1,000 individuals.

Recruitment and Study Enrollment Process

With six different target populations, HSA employed varied outreach strategies and offered individuals multiple points of entry into the study. The eligibility criteria were not so broad that HSA could recruit widely from the general population of low-income individuals in San Francisco, nor so narrow that HSA could rely on a single strategy or a few referral sources. To reach several of the target populations, HSA had to develop relationships with and receive support from other departments in the agency or outside organizations. As a result, recruitment was very time consuming and required a great deal of staff effort.

HSA conducted outreach and study enrollment on a rolling basis, though it generally conducted the bulk of initial outreach toward the beginning of each month. HSA first notified CalWORKs clients, UI exhaustees, CalFresh recipients, County General Assistance recipients, and former JOBSNOW! participants about the opportunity to join STEP Forward via a flyer in the mail, which depicted the program as an opportunity to obtain a subsidized job with local employers and requested they call a HSA hotline if they were interested. Since all of the people except the UI exhaustees were HSA clients, HSA was able to screen most of them for the additional eligibility criteria related to recent employment and income using its own database. Over the hotline, HSA staff invited individuals from these groups to attend an information session, held at the HSA office several times a week, to learn more about the STEP Forward program and study. If they were interested, they completed study paperwork and were randomly assigned on the spot.

The UI exhaustees and needy families entered the program through a somewhat different route. As previously mentioned, HSA worked with the San Francisco branch of EDD several times to obtain lists of individuals who had exhausted or were close to exhausting their UI benefits for use in its mass mailings; however, HSA did not receive these lists as often as originally envisioned. In addition, HSA's efforts to recruit UI exhaustees by outstationing STEP Forward program staff members at the EDD office did not prove to be very effective since most of the people the program staff members engaged turned out to be individuals applying for UI benefits. STEP Forward's most general target population was the needy families group, for which HSA had no data source to generate a contact list. To contact these individuals, as well as the UI exhaustees, HSA used a number of different outreach strategies. Staff members would

spend time each week in the lobby of the Medi-Cal (California’s Medicaid program) offices to meet potentially eligible individuals and introduce them to STEP Forward, an approach that they found to be successful. HSA also held multiple information sessions about STEP Forward each month at community-based organizations in neighborhoods where the target populations tended to live. Because HSA was unable to verify eligibility for these individuals using its own data, as they could for the other target populations, interested UI exhaustees and needy families were instructed to attend a prescreening session, in which staff members met with them to verify eligibility. Once their eligibility was confirmed, they were randomly assigned.

Individuals in all target populations who were randomly assigned to the program group immediately received an appointment to meet with their case manager at the HSA office. Individuals who were randomly assigned to the control group received a list of other services, such as assistance with housing, transportation, and job search, which they could access on their own.

Though enrollment fluctuated month to month — in some months, HSA enrolled more than 40 participants, while in others, it was only able to enroll numbers in the teens and twenties — recruitment was generally a consistent challenge. (See Figure 3.1 for the monthly sample numbers during the build-up period.) The primary challenge was getting individuals to attend an information session to learn about STEP Forward. Moreover, attempting to meet the study’s sample size goals meant that STEP Forward managers and staff members had to devote more time than expected to recruitment activities, which took away from their duties to operate the program, especially once it became clear that they were not enrolling people from the original target populations in the projected numbers.

Because of these recruitment difficulties, MDRC engaged a technical advisor from the National Transitional Jobs Network to work with HSA for several months in the spring of 2014. The technical advisor concluded that HSA was dedicating adequate staff time and resources to recruitment, but that the number of eligible and interested candidates in San Francisco was simply too limited and that these candidates were being wooed by many other programs. He also observed that STEP Forward program staff members continued to screen prospective sample members for eligibility for other HSA services, which narrowed the pool further.

Baseline Characteristics

Table 3.1 shows that among the 811 individuals in the study sample, 37.1 percent were CalFresh recipients, 26.8 percent were timed-out CalWORKs clients, 19.9 percent were UI exhaustees, 12.3 percent were needy families, and 4 percent were individuals from the former

Table 3.1
Sample Characteristics at Random Assignment
for Selected Target Groups and the Full Sample

Characteristic	Timed-Out			Full Sample
	CalFresh	CalWORKs	UI Exhaustee	
Average age	43.0	34.8	45.4	40.7
Age (%)				
18-24 years old	8.6	2.8	2.5	5.1
25-34 years old	21.6	52.1	15.5	30.5
35-44 years old	22.9	33.6	28.6	27.7
45-59 years old	36.9	11.5	44.1	31.2
60 years or older	10.0	0.0	9.3	5.5
Female (%)	59.8	94.9	63.4	72.3
Marital status (%)				
Never married	55.1	79.7	55.3	60.4
Currently married	22.3	6.5	27.3	20.5
Separated, divorced or widowed	22.6	13.8	17.4	19.0
Race/ethnicity (%)				
Hispanic, Latino, or Spanish	22.7	15.2	15.7	18.5
White/non-Hispanic	15.1	3.2	10.1	9.4
Black/non-Hispanic	27.8	70.0	34.0	41.9
Asian/non-Hispanic	27.8	7.4	29.6	23.3
Multiracial/non-Hispanic	2.3	3.7	7.5	4.0
Other	4.3	0.5	3.1	2.9
Target group (%)				
CalFresh	--	--	--	37.1
Timed-out CalWORKs	--	--	--	26.8
UI Exhaustee	--	--	--	19.9
Needy families	--	--	--	12.3
Other ^a	--	--	--	3.9
Limited English (%)	23.9	2.3	10.6	15.9
Highest degree obtained (%)				
No degree	16.0	26.7	9.4	19.1
High school diploma	41.3	39.6	40.0	39.6
Certificate of attendance	8.7	10.6	9.4	8.9
GED certificate or equivalent	7.7	13.8	10.0	10.9
Associate's degree	6.0	6.5	7.5	6.8
Bachelor's degree or higher	20.3	2.8	23.8	14.7

(continued)

Table 3.1 (continued)

Characteristic	Timed-Out			Full Sample
	CalFresh	CalWORKs	UI Exhaustee	
Ever employed (%)	97.7	99.1	100.0	98.9
Months employed in last 3 years (%)				
Did not work	12.6	9.8	6.8	10.3
Less than 6 months	26.6	24.7	17.4	22.6
6 to 12 months	21.6	21.4	23.6	23.1
13 to 24 months	19.6	21.4	27.3	21.5
More than 24 months	19.6	22.8	24.8	22.4
Worked for same employer more than 6 months (%)	78.4	80.1	91.3	81.7
Average hourly wage at end of last job (\$)	13.09	12.35	16.87	13.45
Hourly wage at end of last job (%)				
Less than \$9.00	13.0	5.6	3.7	10.0
\$9.00 to \$10.99	23.9	24.3	9.9	20.1
\$11.00 to \$14.99	35.8	51.9	36.6	41.6
\$15.00 to \$19.99	15.7	13.1	21.7	16.0
\$20.00 or more	11.6	5.1	28.0	12.3
Ever received substance abuse treatment (%)	8.0	9.2	6.3	7.4
Ever received mental health treatment (%)	17.7	13.4	13.3	14.1
Disabled (%)	15.3	6.0	6.3	9.7
Has minor child(ren) (%)	43.9	98.6	54.7	68.2
No children	56.1	1.4	45.3	31.8
1 child	21.3	37.8	32.7	33.0
2 children	15.3	29.0	17.6	20.4
3 or more children	7.3	31.8	4.4	14.8
Sample size	301	217	161	811

SOURCE: MDRC calculations based on baseline survey data.

NOTES: CalFresh = California's Supplemental Nutrition Assistance Program; CalWORKs = California's Temporary Assistance for Needy Families program; UI = unemployment insurance; GED = General Educational Development.

^aThis category includes individuals from the former JOBSNOW!, individuals exempt or sanctioned from CalWORKs, and recipients of County General Assistance.

JOBsNOW!, exempt CalWORKs, County General Assistance, and sanctioned CalWORKs groups.⁴ (These groups were mutually exclusive.) Table 3.1 presents information on the characteristics of the full study sample and sample members from the three largest target groups enrolled in the study (CalFresh recipients, timed-out CalWORKs clients, and UI exhaustees).

Overall, the sample was primarily female (72.3 percent). Most participants were non-white: 41.9 percent were black/non-Hispanic, 23.3 percent Asian/non-Hispanic, and 18.5 percent Hispanic, Latino, or Spanish. Nearly 70 percent of them had at least one minor child. The average age was 40.7, with roughly equal numbers of participants across the age ranges of 25 to 34 years old, 35 to 44 years old, and 45 to 59 years old. Participants were relatively well educated on average, with 20.5 percent holding an associate's degree or higher. Nearly all had been employed previously, though their employment in the recent past was sporadic: 22.4 percent worked more than 24 months in the last three years, while the rest worked less than 24 months or did not work at all. Participants' hourly wages in their last held job were mixed. About 30 percent of the sample earned minimum wage or less (presumably under the table), while about 28 percent earned \$15 or more.

Each group's participant characteristics varied considerably, which is unsurprising given that each had its own eligibility criteria. The timed-out CalWORKs clients were younger on average than the CalFresh recipients and UI exhaustees by about a decade. Nearly all of the timed-out CalWORKs clients were female, whereas women represented 59.8 percent and 63.4 percent of the CalFresh recipient and UI exhaustee samples, respectively. Notably, 23.9 percent of CalFresh recipients and 10.6 percent of UI exhaustees had limited English proficiency, in contrast to just 2.3 percent of the timed-out CalWORKs clients. Staff members were surprised to learn that most of the CalFresh recipients with limited English proficiency were monolingual in Cantonese, which created an unexpected challenge in matching them with suitable subsidized employment jobs.

There were also substantial differences in characteristics related to employability, such as education level and employment background. Postsecondary education attainment varied among the target populations: 26.3 percent of CalFresh recipients and 31.3 percent of UI exhaustees had obtained an associate's degree or higher, whereas 9.2 percent of timed-out CalWORKs clients had. Recent employment history was relatively similar among the target populations, but they diverged in wage history. Nearly 30 percent of the UI exhaustees had made \$20.00 or more per hour in their last job, compared with just 11.6 percent of the CalFresh recipients and 5.1 percent of the timed-out CalWORKs clients. Roughly equal percentages of the CalFresh and the timed-out CalWORKs groups earned close to minimum wage in their last

⁴Some study participants belonged to more than one of these eligible populations. Staff members recorded them under the population for which they were first able to provide supporting documentation of eligibility.

job. (San Francisco's minimum hourly wage ranged from \$9.14 to \$10.24 from 2007 to 2012, and increased annually until it reached \$13.00 as of July 1, 2016.) However, there were considerably more CalFresh recipients who earned less than minimum wage in their last position: 13 percent, compared with 5.6 and 3.7 percent for the timed-out CalWORKs clients and UI exhaustees, respectively.

On the basis of educational level and previous wage history, the timed-out CalWORKs clients faced more disadvantages in finding a job, while the UI exhaustees tended to be more employable. Nevertheless, despite the relatively high levels of education and previous employment and income among some of the target populations, program managers said that most STEP Forward participants shared a great deal in common with the typical CalWORKs client. They had initially expected a greater number of participants to be more job ready, especially among the UI exhaustees. They speculated that, given the city's falling unemployment rate during the study period, those who were still unable to find a job independently were struggling with barriers such as mental health issues or substance use disorders that a subsidized job could not address.

Chapter 4

Implementation of STEP Forward

This chapter provides an overview of STEP Forward activities, presents data on the program group's participation in the different activities, and explores the factors that affected STEP Forward's implementation. As previously described, the Human Services Agency of San Francisco (HSA) envisioned STEP Forward to be a narrow service dedicated to quickly getting participants interviewing for jobs with private sector employers. Few additional services were planned because participants were not expected to be in the program for long or to have many needs. While HSA successfully implemented STEP Forward's key program components, several aspects of delivery did not happen as expected. A substantial number of participants never received STEP Forward's primary benefit: an interview with an employer for a subsidized job. For those participants who did successfully obtain a subsidized job, it took longer than anticipated for them to reach this point, in contrast to STEP Forward's goal of making rapid connections.

Program Structure and Staffing in Practice

- **The STEP Forward program had few components. There was no typical sequence participants followed; instead, the objective was simply for participants to get to an interview as quickly as possible. Nevertheless, there was still a set of activities that participants were expected to do.**

Participants randomly assigned to the program group were generally referred to meet with their **case managers**, known as Employment Specialists at HSA, on the Monday after random assignment. At this initial meeting, case managers conducted an initial assessment to learn about the participants' education and work background and career interests, and to determine whether the participants were ready to interview with employers at the weekly job fairs. As noted in Chapter 3, HSA considered participants "job ready" if they had (1) an up-to-date résumé, (2) access to the necessary child care and transportation, and (3) appropriate interview attire. However, given that staff members discussed a lack of job readiness as an enduring problem for many participants, it appears that in practice they used a more expansive definition of "job ready." During interviews with program staff in fall 2014, HSA managers and staff members cited other factors, such as mental health and substance use problems, outdated job skills, and disillusionment because of unsuccessful job search experiences, that adversely affected clients' job readiness and that needed to be addressed.

Most participants were not immediately job ready. Depending on their needs, participants worked with their case manager, a social worker, or both to prepare them for the job market. Case managers helped participants with their résumés and referred them to other services in the community, such as General Education Development preparation classes. **Social workers** gave participants referrals to outside agencies that had services to address the participants' barriers.

Once participants were deemed job ready, they could interview for jobs at the weekly job fairs. There were multiple ways that participants could learn about the positions available that week. Early in the program, participants primarily learned about them through the case manager, either during a weekly check-in meeting or over e-mail or phone. In addition to the weekly contacts with case managers, participants were also encouraged to attend a weekly job club, where they were able to share their job search experiences and any listings they had come across.

During job club, **job developers**, known as Business Account Representatives at HSA and who acted as the agency's liaisons with the employers, presented the job openings for that week's job fair. Flyers were also available for each job that stated the title of the job, the hourly wage, job schedule, job duties, and minimum qualifications. In addition, staff members would use the time to present on topics such as soft skills for interviewing. After the presentations, participants could review the flyers and speak to their case managers and the job developers about the positions.

If participants found positions that interested them, they met with their case manager for a pre-screening to assess whether they were a good match for the job and company. Case managers reviewed the participants' work history and educational levels to ensure that they met the employer's minimum job qualifications. Moreover, case managers might consider less tangible factors such as whether the participants' temperament fit in with the company's organizational culture. Next, case managers completed a rating sheet for participants that awarded points on dimensions including meeting the job qualifications; years of relevant work experience, educational level, and management or supervisory background; and the case manager's assessment of the participants' soft skills in the workplace. Case managers submitted the rating sheets to job developers, who used the participants' rating sheet scores to fill the 12 interview slots for each position at the weekly job fair.

The interviews at the weekly job fairs lasted about 15 minutes. Some employers made decisions to hire based on those interviews alone, while others invited candidates to additional interviews. Unsuccessful participants would repeat this process. Competition for these jobs was considerable since participants in the wage subsidy tier of HSA's regular JOBSNOW! program could also attend these job fairs.

Once participants obtained a job, whether it was subsidized or unsubsidized, HSA considered them to have finished with STEP Forward, as was its practice in the earlier versions of JOBSNOW!. While the program did not offer any formal follow-up services, participants could reach out to case managers if they needed assistance and could potentially access the weekly job fairs again if their job ended. Data from one focus group with participants who had been hired suggest that most of them stayed in touch with their case managers. If clients left their subsidized jobs and subsequently sought assistance from the program, they could participate in all of STEP Forward's services including its subsidized employment services. There were no program restrictions on the number of subsidized jobs that returning participants could access. The actual number of participants who returned to the program after having obtained a subsidized job appeared to be quite low.

Job Development and Employer Pool

- **HSA job developers had two clients whose needs they strived to balance: the employers in the local community and the agency's program participants.**

This section describes job development for JOBSNOW! since all JOBSNOW! participants had access to HSA's subsidized jobs, not just STEP Forward clients, and employers were not aware of any distinction. The job developers were responsible for recruiting employers for the program, whom they viewed as their clients. Similar to its approach during the immediate post-ARRA era, HSA pitched JOBSNOW! as a staffing service to businesses. Job developers made a real effort to understand what employers were looking for in an employee in order to make good matches. This approach appeared to resonate with local businesses; two employers interviewed by the research team stated that what they valued about JOBSNOW! was not the subsidy, but rather, the pool of job applicants whom HSA pre-screened for suitability. They found JOBSNOW! to be a more efficient method for hiring than Craigslist, where they would typically advertise. Additionally, framing the program in this way may have helped participants in retaining their jobs after the subsidy period ended, since the emphasis was not on the subsidy. That said, the vast majority of employers who hired STEP Forward participants took advantage of the subsidy that HSA offered.

Job developers recognized that program participants had varying backgrounds and types of skills, particularly since STEP Forward served multiple target populations. Therefore, the job developers strived to develop subsidized jobs across a variety of sectors and skill levels. Each job developer targeted specific geographic areas and industries. However, they rarely sought out or developed jobs for specific participants.

HSA's data show that there were 85 employers, primarily small businesses, that hired STEP Forward participants. Twenty-two of these 85 employers hired more than one participant.

The job titles of the positions for which they hired participants indicate that many of them were entry level, such as security guard, warehouse worker, administrative assistant, custodian, and clerk. However, some job titles suggest they were higher-skilled positions, such as information and assistance specialist, development manager, program coordinator, bookkeeper, and web designer. Still others suggested they were in a specialized field, such as CAD drafter, graphic designer/typesetter, art and exhibition preparator, and patient care assistant. HSA staff reported that clerical jobs were the most in demand among participants. Many hoped to obtain administrative assistant positions.

Changes to the Program Model

- **Job readiness varied widely across the sample from individuals who needed help becoming job ready to those who were job ready but sought better paying subsidized jobs than those originally available through HSA, and program managers adapted to meet the needs of participants at both ends of the spectrum.**

Greater Need for Job-Readiness Activities

In an effort to expand STEP Forward's job-readiness services, HSA directed case managers to intensify activities such as practice interviews, assistance with writing résumés, and behavioral and soft skills development. While greater numbers of participants engaged in these activities, the program still struggled to help them become job ready.

Around July 2013, STEP Forward moved from sharing available jobs on an individual basis to doing so as part of a group in job club. Initially an optional activity, job club became a more central part of STEP Forward. If participants missed three consecutive job clubs, social workers contacted them to encourage them to return.

Restructuring of the Wage Subsidy for Employers

In the early months of STEP Forward, program managers observed that the types of available subsidized jobs were increasingly lower-wage, entry-level positions. Even though there were more participants not job ready than anticipated, the managers wanted to increase the number of higher-paying positions. All participants, regardless of their level of job readiness, were seeking jobs that paid better. Managers also reasoned that a larger pool of higher-paying job openings might encourage participants who were not job ready to work more closely with program staff members to prepare for the job market, as well as might help HSA recruit more and better-prepared job seekers into the program.

To attract more employers that paid higher wages, HSA decided to change the wage subsidy structure in December 2013. Previously, HSA reimbursed employers up to \$1,000 each month for a participant's wages for up to five months. Under the new structure, HSA reimbursed employers that paid \$13.50 per hour or more for 100 percent of a participant's wages in the first month of employment, 75 percent in the second month, and up to \$1,000 each month for the remaining three months in the subsidy period. For employers that paid less than \$13.50 per hour, the subsidy amount remained the same.

Delivery and Dosage of Employment and Other Services

STEP Forward offered participants employment services that were intended to help them interview successfully for subsidized jobs at HSA's weekly job fairs. These services were delivered primarily by the participants' case managers, who recorded participation in these activities in the HSA JOBSNOW! tracking system. Box 4.1 describes the services recorded in the JOBSNOW! database.

Box 4.1

STEP Forward Program Services in the JOBSNOW! Database

- Career counseling services: Program intake, review of work history, career advice and counseling
- Job interview preparation services: Practice job interviews, résumé development, workplace soft skills development
- Job Club: Weekly job clubs at the HSA office*
- Referral to social services: Referrals to medical, drug-related, and mental health-related services in the community
- Referral to remedial education services: Referrals to ABE, GED, ESL services[†]
- Referral to post-secondary education services: Referrals to degree granting programs
- Subsidized job interview: Interview for subsidized job during HSA job fair

*HSA = Human Services Administration.

[†]ABE = Adult Basic Education, GED = General Educational Development, ESL = English as a Second Language.

As Table 4.1 shows, the vast majority of program group members received some type of program service, indicating that the STEP Forward staff members were largely successful in engaging them. Just over 90 percent of participants were recorded in HSA’s database as having received some kind of employment-related service, indicating that less than 10 percent of participants never came to the HSA offices for STEP Forward services. Eighty-eight percent of participants received career counseling services, meaning that they had at least one meeting with their case manager in which they discussed their work background and potential barriers to employment and received career counseling.

Table 4.1
Participation in STEP Forward Services
Among Program Group Members

Measure	Program Group
Received any employment-related services (%)	90.8
Career counseling services	88.2
Job interview preparation services	83.8
Job club	78.0
Referral to social services	62.1
Referral to remedial education services	1.5
Referral to post-secondary education services	1.0
Sample size	414

SOURCE: MDRC calculations based on data from the JOBSNOW! management information system.

- **Eighty-four percent of the program group participated in some type of job interview preparation services.**

A slightly smaller percentage of the program group (84 percent) received job interview preparation services from case managers. These services could include mock interviews, résumé writing, and soft skills development. About 78 percent of participants attended at least one job club. This figure (not shown in Table 4.1) was higher among participants who enrolled in STEP Forward after July 2013, when job club became the primary source for information about the available positions at the weekly job fairs. Given STEP Forward’s programmatic shift to providing more job-readiness services to a broader base of its clientele, the high percentages of participants in these activities is not surprising.

The JOBSNOW! database did not track how long or how often sample members participated in STEP Forward program services. This dosage almost certainly varied widely across the sample, since the program did not specify any strict requirements for the level of participation in these activities. Instead, the participants' need for and interest and willingness to engage in the services determined their level of participation in them. A case manager gave the example of a woman who was active in STEP Forward and interviewed for multiple jobs at the weekly job fairs, but who did not want to participate in any interview preparation activities such as a mock interview with the case manager. A number of participants also did not appear to be aware of the resources and services that were available to them in STEP Forward. In a focus group of participants conducted by the research team, for example, one individual suggested that HSA should offer Prove It! Skills Testing, a program through which participants could earn certificates for certain skills; in fact, HSA did provide this service. On the whole, case managers found that they spent more time on these activities with participants than they had anticipated, since they had expected these individuals to be more job ready than they were. It seems that HSA managers and staff members thought, based upon their experiences in working with similar populations during the ARRA-era and post-ARRA-era JOBSNOW! programs, that they would have been able to connect the STEP Forward clientele to the program's subsidized jobs more easily. As noted earlier, STEP Forward, unlike JOBSNOW!, had neither multiple tiers of jobs nor an assessment and assignment process for placing clients in the most appropriate job tier. All STEP Forward participants, regardless of their job history, were seeking a subsidized job with a private sector employer. The high percentage of participants who received job-readiness services seems to indicate that many of them might have benefitted from being placed in a less challenging job tier.

- **STEP Forward social workers provided either direct assistance or referrals to social services to about 60 percent of the sample. This number was higher than the STEP Forward program managers had anticipated; they expected to enroll participants with fewer of such needs. Indeed, the program did not have the resources to help participants address serious barriers to employment.**

Because CalWORKs clients were HSA clients, STEP Forward social workers were able to provide those participants with bus passes and child care vouchers. Otherwise, they were limited in what they could offer participants. For legal, substance use, housing, and domestic violence issues, social workers made referrals to outside organizations. For other needs, social workers listened to participants and tried to assist in ways that they could, such as checking for openings on housing availability lists or helping participants research schools if they were interested in pursuing further education. The social workers also provided regular counseling to participants with mild to moderate mental health issues.

Subsidized Job Hiring

While most STEP Forward participants who came to HSA received some employment-related services, a smaller number ever interviewed for subsidized jobs at the weekly job fairs and still fewer successfully obtained a job through the program. As shown in Table 4.2, in spite of the high percentage of participants who engaged in job-readiness services, only 64.7 percent of the program group interviewed for a subsidized job, meaning that a large number of participants never received the key service offered by STEP Forward of getting to interview with employers. This finding is not particularly surprising, given that HSA vetted the participants to ensure that only those individuals who were job ready, who met the minimum job qualifications, and who were interested in the available jobs actually met with employers. HSA was more likely to assess the more disadvantaged participants as not job ready enough to interview for the HSA-subsidized jobs. It is conceivable that the expansion of the target groups exacerbated this situation; some members of these groups may have had more, and more significant, barriers to employment. It is also conceivable that a portion of the participants whom HSA initially assessed as not being job ready ultimately became so, and subsequently went on to interview with prospective employers.

- **A little over a third of the program group members never participated in an interview for a HSA-subsidized job.**

Among the 35 percent of program group members who never interviewed, a greater portion were more disadvantaged in terms of their work history and educational level, compared with those who had interviewed. On the other hand, as presented in Figure 4.1, 61 percent of those who never interviewed had been employed in the year following random assignment, according to quarterly wage data from the National Directory of New Hires (NDNH). In addition, 72 percent of the program group members who interviewed but were not placed in a subsidized job in Year 1 did start work during this time. This finding suggests that the population of participants who never interviewed was quite heterogeneous.

JOBsNOW! records show that 32 percent of STEP Forward participants were placed in a subsidized job within the one year follow-up period, or nearly half (49 percent) of those who were interviewed. However, employers submitted requests for subsidies for one-fourth (25.4

Table 4.2
Subsidized Employment Activities for Program Group Members

Measure	Program Group
<u>Among all program group members:</u>	
Ever interviewed (%)	64.7
Ever placed in a subsidized job in Months 1-12 ^a (%)	31.6
Ever worked in a subsidized job in Months 1-12 (%)	25.4
Sample size	414
<u>Among program group members who worked in a subsidized job in Months 1-12:</u>	
Average number of months from random assignment to first work day ^b	3.6
Time from random assignment to first day of work (%)	
Less than 1 month	26.7
1 to less than 2 months	16.2
2 to less than 3 months	11.4
3 to less than 4 months	10.5
4 to less than 5 months	7.6
5 months or more	27.6
Average number of months worked in subsidized job ^b	3.3
Months worked in subsidized job (%)	
Less than 1 month	18.1
1 to less than 2 months	10.5
2 to less than 3 months	10.5
3 to less than 4 months	10.5
4 to less than 5 months	34.3
5 months or more ^c	16.2
Average hourly wage (\$)	14.31
Below \$13.50 (%)	46.7
\$13.50 or higher (%)	53.3
Sample size	105

SOURCES: MDRC calculations based on data from the JOBSNOW! management information system and subsidy payment records.

NOTES: ^aThis measure is based on data from the JOBSNOW! management information system.

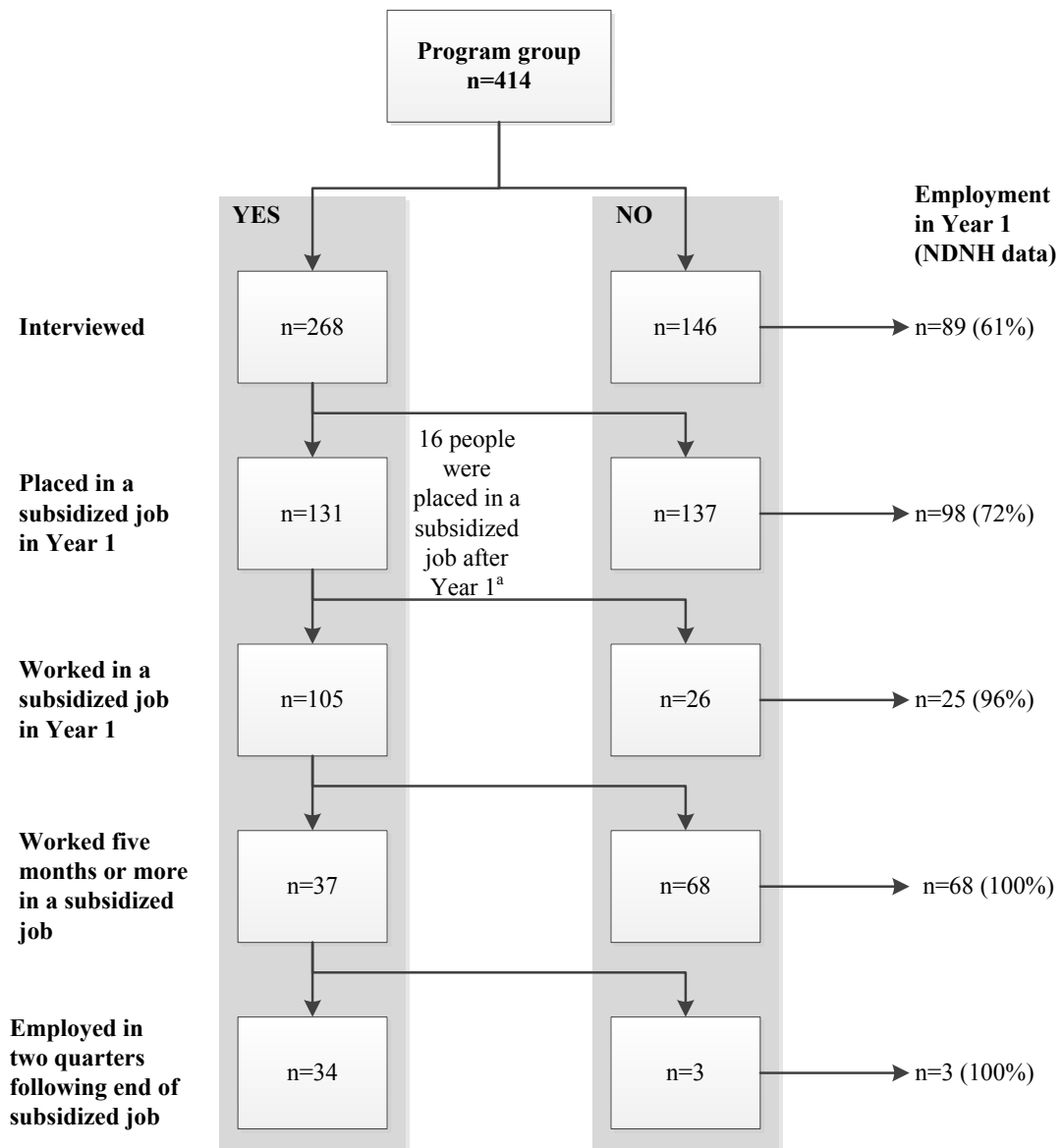
According to subsidy payment records, employers did not request subsidies for some individuals recorded as being placed in subsidized jobs. The status of these placements is not known, although administrative records data show that 25 of the 26 individuals for whom no subsidy requests were ever made were employed during the year following random assignment.

^bThis measure is calculated assuming 30.5 days per month.

^cA small number of participants worked more than 5 months either because they worked in more than one subsidized job or their employer submitted a reimbursement request for a period covering just over 5 months. There were four participants who worked more than 5.5 months for one of these reasons.

Figure 4.1

Subsidized Employment Activities and Employment Experiences of Program Group Members



SOURCES: MDRC calculations based on data from the JOBSNOW! management information system, subsidy payment records, and quarterly wage data from the National Directory of New Hires.

NOTES: NDNH = National Directory of New Hires.

^aSixteen program group members were placed into subsidized jobs after Year 1, and are not included in the above boxed counts past the “Interviewed” level. Thirteen of these 16 individuals worked in a subsidized job at some point after Year 1.

percent) of STEP Forward participants, or 40 percent of those who interviewed.¹ In most cases, program staff did not have ongoing contact with employers except to process requests for subsidies, which included information on the dates and hours of employment and wages paid. Therefore, it is difficult to determine the outcome of placements for which no subsidies were requested. However, according to NDNH data (as shown in Figure 4.1), 25 of the 26 individuals for whom employers never made subsidy requests were employed during the year following random assignment. Although it is not known whether these individuals worked in the subsidized position, the high rate of employment for these individuals could reflect the extent to which some employers valued the screening of potential employees more than the subsidy. A variety of factors influenced the number of participants who obtained a subsidized job, such as the competitive nature of interviewing for and getting a subsidized job, the types of jobs available, and the skills and interests of the participants. These factors are described below.

Given that many participants never interviewed or worked in a subsidized job, it appears that many participants stopped being active in the program at different points. While the program managers hypothesized that STEP Forward would see less drop-off than other programs offered by HSA because it had fewer components and was less burdensome, the opposite effect was also possible: It might be easier for participants to stop engaging because there was less structure. Participants could stop engaging in the program services, for example, if they became discouraged after being assessed as not job ready or after some unsuccessful interviews, or if a week or two went by and they did not see any available subsidized jobs that interested them. In addition, if they were working, they could no longer receive program services.

Naturally, higher-paying jobs were also more attractive to participants. About half (50 percent) of the subsidized jobs in which STEP Forward participants were placed paid \$13.50 or more (and 13 percent paid \$17.50 or more), while about 30 percent of these jobs paid minimum wage or close to it.

In all interactions that the research team had with participants, participants complained about the quality of jobs available in STEP Forward. Many participants were very vocal about feeling overqualified, though HSA staff members were equally vocal in their opinion that STEP Forward participants were less job ready than expected. Although, it is important to note that

¹Random assignment ended in March 2015 and subsidized job placements ended in December 2015, with a deadline of June 2016 for employers to request subsidy payments. Given the structure of the intervention, subsidized job placements were expected to occur pretty quickly following random assignment, and the nine-month timeframe for those in the latest cohort to be placed in a subsidized job was thought to be sufficient. As it turned out, for some, job placements took much longer than anticipated. Measures using all available data show that 3 percent of sample members were placed in a subsidized job past the 12-month period that is the focus of this report, suggesting the program was truncated for the latest cohorts relative to the experience of earlier cohorts.

nearly two-thirds of the program group members were ultimately assessed as job ready and interviewed with employers. However, case managers may not have judged some of these individuals to be a good fit for the jobs they wanted.

One major setback for the STEP Forward program was that HSA's job development unit was severely understaffed for approximately a year, from the spring of 2013 until the spring of 2014. (As a reminder, participants enrolled in STEP Forward between the fall of 2012 and the spring of 2015.) This shortage of staff affected both the quality and quantity of subsidized jobs available to participants. During that period, the number of individuals placed in jobs decreased across all of JOBSNOW!, not just STEP Forward. Program managers acknowledged the problem, but because of the city's lengthy hiring process, they could not rebuild the job development unit quickly.

Another challenge for the job development unit was the unexpected number of mono-lingual Cantonese-speaking CalFresh recipients. There were 33 individuals with limited English proficiency who never interviewed, half of whom were Cantonese-speakers whom HSA encountered when they began enrolling CalFresh recipients. Because of their limited English proficiency, job developers had to specifically recruit businesses where these participants could speak Cantonese, such as restaurants. Job developers had some success, but ultimately, these participants were placed in subsidized jobs at a lower rate.

Time to Subsidized Job Hire

- **Among the 25 percent of program group members who interviewed for and worked in a subsidized job, it took about three and a half months for them to begin working from the date of random assignment to the first day on the job.**

Though STEP Forward highlighted rapid connections to employers as one of its key features, Table 4.2 shows that it took, on average, over three and a half months for participants who were placed in a subsidized jobs to begin working, from the date of random assignment to the first day of employment. This length of time was longer than expected, particularly because, unlike many other programs, STEP Forward did not require participants to complete many activities before they could start working. In fact, in the best case scenario, a participant could be placed in a subsidized job within days of random assignment.

Many participants who never obtained a subsidized job probably gave up as their time in the program lengthened without any results. Thus, some of the reasons for this longer than expected time to subsidized job hire are the same as the reasons for why nearly three-quarters of participants never worked in a subsidized job.

One reason may have been that participants lacked a sense of urgency. Again, STEP Forward's unstructured components allowed participants to be active in the program one week and inactive the next. Many of the participants had been unemployed and searching for a job for a long time when they enrolled in STEP Forward, and thus the program did not necessarily prompt them to hasten their job search. They likely continued their own independent job search, simply adding STEP Forward and its weekly job fairs to their other job search activities.

Another reason was selectiveness by participants, program staff, and employers. Participants chose which jobs they wanted to interview for, program staff filtered which participants would receive the interview opportunity, and employers made the final decision on whom they would hire. A member of the research team who met with several participants to discuss their experiences with STEP Forward reported that those who appeared more desperate for a job were placed in a subsidized job in less than a month, while others with some financial stability preferred to wait longer to find the specific types of jobs they sought.

Because of participants' and the program staff's conflicting perceptions of the former's qualifications and skills, it could take a long time for a successful interview to take place.² Case managers sought to adjust participants' expectations and steer them toward jobs that they thought were more realistically obtainable, with limited success. In addition to wanting to guide participants in a direction where they were more likely to succeed, program staff were also trying to present the best candidates to employers, as promised.

Duration of Subsidized Jobs

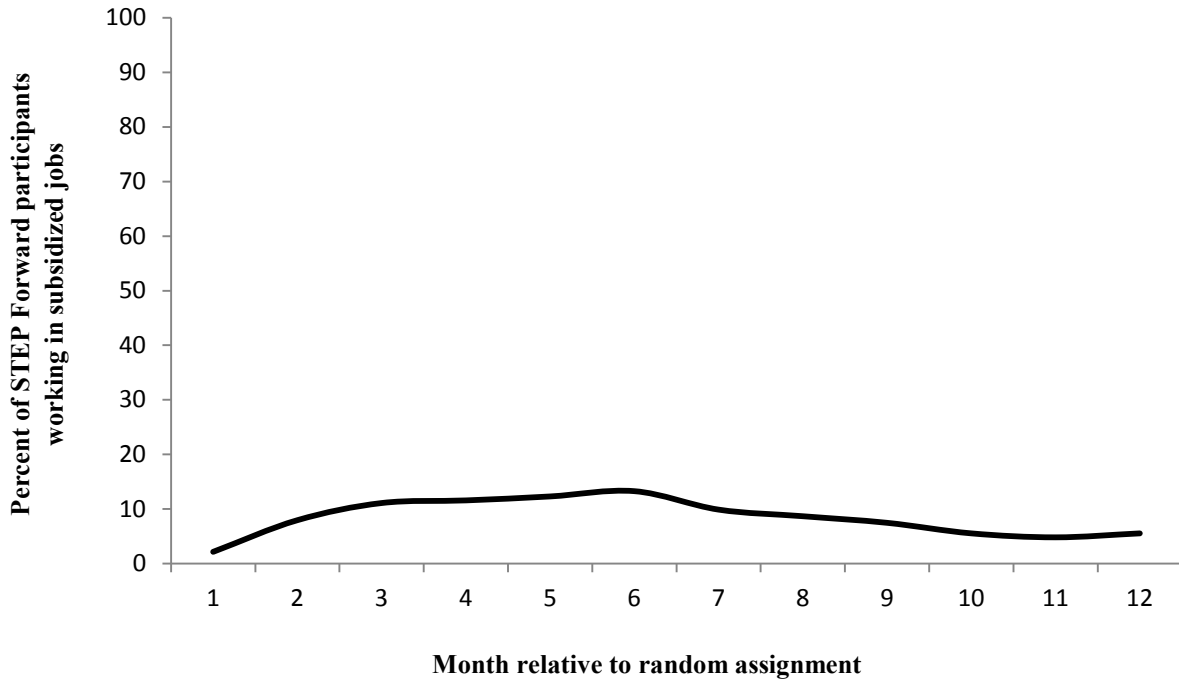
- **Program group members who worked in a subsidized job worked in it for slightly more than three months on average, but there was wide variation among participants in the length of time they spent in a subsidized job.**

Once in a subsidized job, participants worked for slightly more than three months on average, which was short of the expected five-month duration of the subsidized job placement. Half of participants actually worked for four or more months in their jobs. There was a large drop-off in the first 30 days. About 18 percent of participants worked for less than one month in their subsidized jobs. In addition, Figure 4.2 shows the monthly percentages of program group members who were employed in a subsidized job during the 12-month follow-up period. These

²Because of data limitations, there was no way to quantify the length of time between when program staff assessed a participant as job ready and a successful job interview, nor was there a way to calculate the average number of interviews for participants who ever interviewed with an employer.

Figure 4.2

Subsidized Employment Over Time



SOURCE: MDRC calculations based on JOBSNOW! subsidy payment records.

rates slowly increased over the first six months but did not exceed 15 percent, eventually dropping to about 7 percent at the end of the follow-up period. Given the challenges in placing participants into subsidized jobs, these percentages are not particularly surprising.

Because staff members did not formally maintain contact with participants once they started their subsidized jobs, there is little information about why jobs ended early. Job developers, who maintained their relationship with employers even after a participant was hired, were occasionally asked by employers to help mediate between participants and the employer when issues arose.

HSA paid the full subsidies for about a third of the participants who worked in a subsidized job (or 9 percent of program group members), and the vast majority (92 percent) of these individuals retained employment for at least two quarters beyond the subsidy period. This finding suggests, but does not necessarily affirm, that there was a large amount of sustained

employment with the same employer (“rollover”) among those who finished the full subsidy period.

Wages During Subsidized Job Period

The average hourly wage for participants in subsidized jobs was \$14.31, as shown in Table 4.2. As noted earlier in this chapter, HSA restructured the wage subsidy for jobs paying \$13.50 or more per hour, lifting the \$1,000 limit in the first two months to encourage higher-paying employers to hire STEP Forward participants. This change to favor higher-paying employers appeared to be very effective. Twenty-eight percent of program group members who started working in subsidized jobs before December 2013 were ever paid \$13.50 or more per hour; from December 2013 onwards, this number more than doubled to 61 percent.

Unsubsidized Jobs

Once a participant obtained unsubsidized or subsidized employment, they exited the program. About 20 percent of program group members were recorded in HSA’s database as having been hired for an unsubsidized job before they ever worked in a subsidized job through STEP Forward (not shown in any table.) These hires were confirmed: HSA only recorded the hire after verifying it with the employer. Confirming these jobs also allowed STEP Forward program staff members to account for these participants, thereby permitting them to focus their attention on those participants who were not working. (According to NDNH data, 51 percent of program group members found unsubsidized employment without having worked in a subsidized job during the one year follow-up period; this number includes individuals whom HSA recorded as being placed in a subsidized job, but for whom it paid no subsidies.)

In some cases, STEP Forward played a role in helping participants get hired for their unsubsidized jobs. Program managers said that some employers who participated in JOBSNOW! and the weekly job fairs were uninterested in dealing with the paperwork around the wage subsidy and instead hired directly. Additionally, case managers could provide support to participants’ independent job searches in the same ways that they supported participants’ efforts to get a subsidized job, such as helping participants tailor their résumés or practice for interviews.

Participant Perspectives

The research team spoke to a number of participants through focus groups, and lengthier individual interviews were conducted by a local interviewer, who attempted to interview the same participants at several different points in time. All of those who participated in these research activities had either already obtained a job (subsidized or unsubsidized) or were

recruited from job club. Therefore, they likely represent a more active and engaged set of participants and are not necessarily representative of the typical STEP Forward participant.

- **HSA successfully developed jobs by treating businesses as clients, but this approach came at some cost to participants. In carefully screening participants for interviews with employers, staff may have prevented participants from getting the chance to interview for a job they wanted.**

Some participants were disappointed with the quality of subsidized jobs available through STEP Forward, as they believed that their education and work experience should have given them access to higher-skilled positions. One participant noted there were “not too many professional jobs” in STEP Forward. However, it was clear from the focus groups and interviews that STEP Forward was not the first time that participants felt frustrated with their options in the job market. Indeed, many participants expressed strong feelings of discouragement and embarrassment with regard to their job search. Similarly, case managers and job developers observed that morale and motivation appeared to be low among many participants and many were anxious about interviewing. During one focus group, a participant noted that these days, people needed a degree to just be a receptionist. In another focus group, a woman who said she had an extensive job history described an incident in which she went to a job interview and ran into her 19-year-old niece who was interviewing for the same job, which paid \$10.75 per hour. She called her job search “degrading.”

As described earlier, program staff and participants had conflicting perceptions about the types of jobs for which participants were qualified. Staff members perceived many participants as not being sufficiently ready for the positions they wanted, and encouraged them to consider jobs that were more realistically attainable. Given the heterogeneity of the participants, it is conceivable that both perceptions were true; some clients were overqualified for the HSA-subsidized jobs, while other clients were not qualified for these positions.

- **The program was effective at improving morale among some participants by providing opportunities to meet face-to-face with employers and by offering a support system through their case managers and peers.**

Despite the complaints about the quality of jobs in STEP Forward, participants also had positive comments about their involvement with the program. Many appreciated the opportunities to meet and interview with employers at the weekly job fairs. The chance to meet with employers in person, rather than submitting applications electronically, motivated and encouraged some participants. Some participants valued the relationships that HSA had built with employers; one called it the “missing link” in her own independent job search.

Several participants also described the psychological benefits of being a part of STEP Forward. Many of them had felt discouraged and their morale was low when they enrolled, and they appreciated the support of peers in the program who were experiencing the same struggles and the case managers with whom they could share their worries. The program gave them a reason to get out of the house and talk to others.

Many participants described having good relationships with their case managers, who were important sources of emotional support and encouragement. “You feel taken care of,” said one man. Case managers sent participants job leads, helped them polish their résumés, and provided them with interview tips. However, some participants noted that they rarely received personalized job leads that matched their specific skills and interests; instead, they received the same job leads that everyone else did.

Box 4.2 presents anonymized vignettes of three STEP Forward participants. They describe their experiences in searching for, finding, and retaining employment; how their individual life circumstances affected their engagement with the program; and their reflections on the STEP Forward program and the assistance they received.

Key Implementation Findings

The research team assessed the implementation of STEP Forward using several different data sources, including staff interviews and observations, employer interviews, participant focus groups and interviews, and participation data from HSA’s JOBSNOW! database and payroll records.

- **STEP Forward was based on a program model that was seemingly effective during the recession, but appeared to have problems operating with a considerably less generous subsidy, a more disadvantaged target population, and in a better labor market.**

The expansion of the STEP Forward target groups, which increased the heterogeneity of the study population, provided an opportunity for HSA to connect a broad array of low-income individuals with prospective employers. However, the program, with its limited set of program services and staffing agency approach, simply did not have the breadth and depth of resources to effectively serve this wide range of clientele, some of whom had considerable barriers to employment. Program managers repeatedly stated that they had expected most participants to be ready to interview for the jobs available through HSA. However, this expectation was puzzling given that individuals in the original target populations, based on the eligibility criteria, had struggled for a long time to find and retain work.

Box 4.2

STEP Forward Participant Profiles

Bill

“Bill” is a white man in his early fifties. He is college-educated and worked for many years in development for nonprofits. He lives with and supports his partner, and he has preexisting health issues that affect his ability to handle stress.

Before joining the program, Bill was able to support himself with an inheritance and unemployment benefits, then later from a job as a cashier. He had previously participated in a job training program and professional development workshops with Jewish Vocational Services, and learned about JOBSNOW! at the public library. Because he had not worked for a significant period of time, he had hoped that JOBSNOW! could help him close the “gap” on his résumé and learn new skills.

In some ways, Bill felt that the program fell short of his expectations. For one, he felt that most of the jobs that the program could connect him to were entry-level retail and administrative jobs, not more senior roles in nonprofit development that he felt would have been better aligned with his level of experience. For another, he thought that his employer, a very small nonprofit that received a wage subsidy through JOBSNOW!, was poorly managed. He felt like he had to fix everything and was regularly missing deadlines, which caused him a great deal of anxiety. And finally, while he was glad to get a job through the program, he feared that an increase in income would trigger a loss of benefits, particularly his subsidized housing.

Still, Bill’s overall assessment of the JOBSNOW! program was positive. He had two caseworkers and found them both helpful and encouraging. He particularly appreciated his second caseworker. While Bill was nervous about interviewing after being out of the labor force for so long, this caseworker was reassuring, supportive, and helped him improve his confidence. He was grateful for the opportunity to practice interviewing, an opportunity he felt he may not have had without the program.

Above all, Bill felt the program made a significant and positive impact on his employment trajectory. “In the end, the outcome is I got a job that I wouldn’t have got without a subsidy,” Bill concluded. “I got interviews I wouldn’t have gotten without the subsidy. I didn’t have to deal with the emotional hurdles...that it takes to prepare and get that interview.”

Rachel

“Rachel” is an African-American woman in her 30s with a bachelor’s degree. Before joining the program, Rachel held several relatively short-term jobs in recruiting and sales. She lives with her long-term partner and does not pay rent.

(continued)

Box 4.2 (continued)

Rachel initially began participating in JOBSNOW! when she was unemployed and her unemployment benefits expired. At the time, she was frustrated with interviewing for jobs and then not hearing back, and hoped that JOBSNOW! would help her find work. While not expecting the program to find her the “perfect job,” she was hoping to find “temporary relief” and “buy time.” After working in a couple of different jobs with JOBSNOW!, her case manager referred her to the EXCEL internship program, which offered 10 weeks of classroom training for clerical, customer service, or medical terminology positions in the health care field and a four-month paid internship in a clerical or an administrative assistant position at the University of California San Francisco (UCSF).

Rachel liked JOBSNOW! very much. Her main goal in entering the program was to find work immediately, and she did — she got a job within a week. She particularly appreciated her case manager, Margot, and the relationship they developed. Margot came from a similar working-class background and served as a mentor, teaching Rachel how to be resourceful when looking for jobs. Currently, Rachel works for a property management company.

However, not every experience Rachel had while in the program was positive. For instance, she worked in a sales position at a printer company, but when she started, the company did not have phone lines or an internet connection. This situation left her with the impression that many JOBSNOW! employers were small, struggling businesses offering undesirable jobs that, due to her economic security, she had little interest in pursuing. The process of finding work was not always seamless either — she recalled many employers arriving late to in-house interviews, giving her the impression that JOBSNOW! participants were not high priorities. She felt that might have put those seeking jobs through JOBSNOW! at a disadvantage, since employers may have assumed that program participants had “issues.”

Crystal

“Crystal” is an African-American woman in her 40s and a single mom with three daughters. She has experience in a variety of jobs in office administration, construction, caregiving, and health care assistance, and has sought and earned postsecondary certifications in each of these fields. She has participated in the JOBSNOW! program on and off for the last few years. She first attended in 2010 as a CalWORKs recipient when her case manager told her it was mandatory.

Initially, she liked the program and found the staff helpful. She found the one-on-one meetings with her case manager to be the most valuable part of the program. However, the first subsidized job she got through the program lost funding and she was laid off. She came back to the program a year later. She was terminated from her next position after two months on the job, and subsequently found work as a tax aid, which ended after a year.

(continued)

Box 4.2 (continued)

At times, Crystal found some aspects of the JOBSNOW! program disappointing. During the job fairs on Thursdays, she said that she and other applicants had to wait up to four hours for on-site interviews, and those interviews rarely led to promising job leads. Some employers did not follow through after meeting her, and one even openly discriminated against her. It appeared to Crystal that many of the employers who worked with JOBSNOW! were disorganized, and may not have been a reliable source of good jobs.

Later on, Crystal found a decent subsidized job as a preschool substitute and resource teacher, and she also provides home-care support. She finds her job challenging and is hoping for a promotion to a higher-paying position working with older children, but overall, she views JOBSNOW! positively. She found the program's connections useful and felt that finding a job took less time than it would have if she were job hunting without help.

In addition, in order to meet the study's sample size goal, STEP Forward managers and staff had to devote more time than expected to recruitment activities, which took away from their operational duties, especially once it became clear that they were not enrolling individuals from the original target populations into the sample in the projected numbers.

- **The program encountered a variety of recruitment challenges that led HSA to expand its target population to include an even more heterogeneous array of individuals, who varied widely in their job readiness.**

STEP Forward encountered a variety of recruitment challenges during the first year of the study. These challenges included an extension of unemployment insurance (UI) benefits by six months that took effect shortly after recruitment started and reduced UI exhaustee enrollment, an over-projection of the number of eligible and interested CalWORKs candidates, and the improving local economy — all of which lowered the anticipated demand for the voluntary program. This low demand ultimately led HSA to expand its target populations to include CalFresh recipients, UI exhaustees without dependent children, needy families, and various other groups. The resulting study sample was extremely diverse and varied considerably in terms of age, gender, household composition, English proficiency, education, and wage history.

Consequently, sample members also varied greatly in terms of their perceived job readiness. Before participants could attend interviews at the job fairs, case managers had to first assess them as “job ready.” While the program had originally considered participants job ready if they simply had an up-to-date résumé, access to the necessary child care and transportation, and appropriate interview attire, it became apparent that in practice case managers applied a more expansive definition of the term to this diverse sample. Case managers found that many participants had additional barriers they needed to address before they could consider them job

ready, such as mental health and substance abuse problems, outdated skills in their occupational fields, and disillusionment because of unsuccessful job search experiences. HSA staff members were particularly surprised by the large proportion of participants who were not immediately job ready; based on their experience with earlier iterations of JOBSNOW!, the staff members had expected them to enter the program with greater levels of skill and employability. Simultaneously, however, a sizable portion of participants said that they felt overqualified for the jobs on offer at the job fairs. The program model was ultimately unable to handle the wide-ranging needs of this heterogeneous sample.

- **The wide variability in job readiness across the sample put pressure on the program to adapt to meet the needs of participants at both ends of the spectrum.**

Once HSA realized that the individuals in the populations it targeted had many more barriers to employment than it had initially anticipated, HSA made an effort to meet the needs of these participants. It changed job club from an optional activity into a more structured and central part of the program, where case managers shared information on available jobs with the group rather than on an individual basis as they had done previously. HSA also intensified job-readiness activities offered by case managers such as practice interviews, help with résumés, and soft skills development. Additionally, HSA made greater use of its social workers on staff, who provided about 60 percent of the sample with direct assistance or referrals to other social services. While HSA engaged a greater number of participants in these activities, it still struggled to help them become job ready.

At the same time, HSA took action to address the needs of those participants who felt overqualified for the available jobs and who were seeking higher-paid or -skilled positions. To attract more employers that paid higher wages, HSA changed the wage subsidy model in December 2013 to favor those businesses that paid \$13.50 per hour. This strategy appears to have succeeded, given that the percentage of participants who were ever paid \$13.50 or more per hour was more than twice as high among those who started jobs after this point.

- **Though at least 82 percent of the program group participated in some type of job interview preparation services, a little over a third never interviewed for a job, and among those who interviewed and were hired (25 percent), it took them about three and a half months to begin working from the date of random assignment to the first day on the job.**

Given STEP Forward's programmatic shift to providing more job-readiness services to a broader base of its clientele, it is not surprising that a high percentage of program group members received job-readiness services. Yet only about two-thirds of the program group interviewed for subsidized jobs, meaning that a large number of participants never received the

key service offered by STEP Forward of getting to interview with employers. This finding is not particularly surprising, since HSA vetted the participants to ensure that only those individuals who were job ready and who met the minimum job qualifications actually met with employers. It is conceivable that the expansion of the target groups exacerbated this situation; some of the members of these groups may have had more barriers to becoming job ready. Other factors that may have tamped down participation were the voluntary nature of the program and perceptions among some participants that the jobs on offer were poor matches or that the employers were financially unstable.

During the one-year follow-up period, only about a quarter of STEP Forward participants ever worked in a subsidized job, or about 40 percent of those who interviewed. It took, on average, over three and a half months for participants who were placed in a subsidized job to begin working, from the date of random assignment to the first day of employment. A variety of factors influenced the number of participants who got a subsidized job and the length of time it took them to begin working, such as the competitive nature of interviewing for and getting a subsidized job, the types of jobs available, and the skills and interests of the participants. In addition, participants could not receive program services while they were working; according to NDNH data, 51 percent of program group members found unsubsidized employment without having worked in a subsidized job during the one-year follow-up period.

- **The program was successful in attracting employers by offering subsidies and vetting participants to ensure that only the best matched job seekers could interview, but this achievement came at a cost to participants and may have undercut the effects of providing subsidies.**

Both job seekers and employers were customers of the STEP Forward program, which functioned more like a labor exchange agency than a traditional social service program. This approach appears to have been successful in attracting employers, who valued both the subsidies and the vetting process applied to job seekers.

The strong emphasis on attracting employers may have worked well when JOBSNOW! was originally conceived as an economic stimulus program, but it was not well aligned with the needs of the hard-to-employ populations served in the STEP Forward program. STEP Forward struggled to balance maintaining relationships with employers and helping participants who were less job-ready than anticipated find good jobs. This struggle may at least partially explain the interview rate — and consequently the subsidized job placement rate — among the program group.

Chapter 5

Impacts

The primary goal of the STEP Forward program was to increase the employment and earnings of participants by connecting them with employers as quickly as possible and by offering employers subsidies to encourage them to hire program participants. One year of follow-up data are available to assess the program's effects on employment and earnings, as well as its effects in other areas. The analysis period includes the time when program group members were participating in subsidized employment; thus, the early impacts shown here were a direct result of these jobs. The program's impacts on unsubsidized employment and earnings after the end of subsidies require further follow-up in order to be assessed, and will be presented in a later report.

As discussed in previous chapters, the STEP Forward model emphasized quickly getting participants to interview with private sector employers who had responded to the Human Services Agency of San Francisco's (HSA) offer of a wage reimbursement as an incentive to hire program participants. The subsidy reduced risks to the employer to try out an employee, perhaps allowing them to hire candidates they might not otherwise have considered. Given the structure of the subsidy — whereby employers hired subsidized employees and placed them on their payroll, as they would any other employee, and received the subsidy as a reimbursement — the short-term impacts of the program were largely due to the rate of entry into subsidized jobs. However, the subsidy structure also had the potential to sustain job retention after subsidies ended; if the employees were able to perform the job satisfactorily, their employment would have likely continued.

To assess the program's impact on employment and its effects in other areas, this study compares the average outcomes for program group members with the outcomes for their control group counterparts. Although control group members were not eligible to participate in STEP Forward, they were eligible for other services available in the community. Examining the differences in participation and service receipt between program group members and control group members makes it possible to assess the extent to which program group members received different types or amounts of assistance. These differences in participation and service receipt, in turn, provide the context needed to understand the differences between the outcomes of the two groups. This chapter first describes the program's impacts on participation and service receipt, followed by impacts on employment and effects in other areas in the first year after random assignment.

Impacts on Participation and Service Receipt

- **There was a sizable impact on receipt of employment services: Although over half of the control group reported receiving help with finding or keeping a job, nearly 95 percent of the program group received these services.**

As discussed in Chapter 4, most of the program group participated in STEP Forward. As a result, there was a sizable impact on receipt of employment services. As shown in Table 5.1, although over half of the control group reported receiving help with finding or keeping a job, nearly 95 percent of the program group received these services, either through STEP Forward or elsewhere in the community.

Although the STEP Forward program did not emphasize education or training, there was a small impact on participation in vocational training. However, this impact did not produce effects on receipt of professional licenses or certification. The increase in vocational training appears to be related to a number of individuals who were hired into the Community Outreach Internship Program at the University of California San Francisco. This five-month internship program combined four days of work per week with unpaid training on Fridays, and helped graduates make the transition to full-time positions at the university. A few other individuals reported receiving on-the-job training as part of their employment.

- **Program group members were more likely to report that they had received advice and mentoring than control group members.**

Nearly 60 percent of program group members reported receiving advice or support from staff in a program compared with approximately 40 percent of control group members. As noted in Chapter 4, program group members valued the supportive environment provided by the program, and appreciated the motivation and encouragement they received from their peers and case managers.

Impacts on Employment and Earnings

Table 5.2 shows the employment and earnings outcomes for program and control group members in the first year after random assignment and shortly thereafter. The measures in the top panel, labeled “administrative outcomes,” are derived from quarterly wage data from the

Table 5.1
One-Year Impacts on Participation and Service Receipt

Outcome (%)	Program Group	Control Group	Difference (Impact)	90 Percent Confidence Interval
<u>Employment support</u>				
Received help related to finding or keeping a job	93.8	57.7	36.1 ***	[30.6,41.5]
Job-search, job-readiness, and career-planning services ^a	93.1	56.6	36.5 ***	[30.9,42.0]
Unpaid work experience	9.0	3.9	5.1 **	[1.6,8.7]
Paying for job-related transportation or equipment costs	42.5	25.7	16.8 ***	[10.2,23.3]
<u>Education and training</u>				
Participated in education and training	32.1	31.5	0.6	[-6.0,7.2]
ESL, ABE, or high school diploma or equivalent	6.2	6.4	-0.1	[-3.3,3.1]
Postsecondary education leading to a degree	9.2	13.4	-4.2	[-8.8,0.3]
Vocational training	22.1	16.2	5.9 *	[0.3,11.5]
Received high school diploma or equivalent	0.4	0.0	0.4	[-0.2,1.0]
Earned professional license or certification	11.4	11.0	0.4	[-4.1,5.0]
<u>Other support and services</u>				
Received help making child care arrangements	20.2	17.5	2.6	[-2.4,7.7]
Received help paying for child care	16.8	14.3	2.5	[-2.2,7.3]
Received advice or support from a staff member at an agency or organization	58.6	38.5	20.1 ***	[13.2,27.0]
Received mentoring from a staff member at an agency or organization	52.7	28.5	24.2 ***	[17.4,31.0]
Received mental health assistance	20.1	19.7	0.4	[-5.3,6.1]
Sample size (total = 556)	286	270		

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

NOTES: ESL = English as a Second Language; ABE = Adult Basic Education.

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

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

Table 5.2
One-Year Impacts on Employment and Earnings

Outcome	Program Group	Control Group	Difference (Impact)	90 Percent Confidence Interval
<u>Administrative outcomes</u>				
Employment (%)	75.7	69.7	6.0 **	[1.3, 10.7]
STED subsidized employment (%)	24.1	--		
Number of quarters employed	2.1	2.0	0.2 *	[0.0, 0.3]
Employed in all quarters (%)	25.3	26.5	-1.2	[-5.6, 3.2]
Total earnings (\$)	8,520	6,912	1,608 ***	[589, 2628]
STED subsidized earnings (\$)	1,016	--		
Total earnings (%)				
\$6,000 or more	45.2	41.3	3.9	[-1.3, 9.1]
\$10,000 or more	33.6	29.0	4.6	[-0.4, 9.6]
\$14,000 or more	23.8	17.3	6.5 **	[2.0, 10.9]
Employment in first quarter of Year 2 (%)	62.1	55.4	6.6 **	[1.3, 12.0]
STED subsidized employment in first quarter of Year 2 (%)	5.9	--		
Sample size (total = 811)	414	397		
<u>Self-reported outcomes</u>				
Ever employed in Year 1 (%)	75.0	66.3	8.7 **	[2.5,15.0]
Currently employed (%)	50.0	43.3	6.7	[-0.2,13.7]
Hours worked per week in current job (%)				
More than 20 hours	36.8	26.6	10.2 **	[3.6,16.7]
More than 34 hours	24.8	17.1	7.6 **	[1.9,13.3]
Hourly wage in current job (%)				
More than \$10.00	43.1	34.6	8.5 **	[1.5,15.4]
More than \$12.00	33.4	25.8	7.6 **	[1.3,14.0]
More than \$15.00	17.4	11.9	5.4 *	[0.4,10.5]

(continued)

Table 5.2 (continued)

Outcome	Program Group	Control Group	Difference (Impact)	90 Percent Confidence Interval
Type of employment (%)				
Not currently employed	50.8	58.1	-7.3 *	[-14.3,-0.4]
Permanent	36.5	31.1	5.4	[-1.3,12.1]
Temporary, including day labor and odd jobs	11.7	10.4	1.2	[-3.3,5.8]
Other	1.1	0.4	0.7	[-0.6,1.9]
Currently in subsidized employment (%)	2.7	1.0	1.7	[-0.3,3.6]
Among those currently employed ^a				
Hours worked per week	31.5	28.7	2.8	
Hourly wage (\$)	15.23	14.43	0.8	
Had health insurance coverage in the past month (%)	81.4	82.5	-1.0	[-6.4,4.4]
Had employer-based health insurance coverage (%)	12.2	7.5	4.8 *	[0.5,9.0]
Sample size (total = 556)	286	270		

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

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

^aThese measures are calculated among those employed at the time of their 12-month follow-up survey interviews; they are therefore considered nonexperimental and are not tested for statistical significance.

National Directory of New Hires and from HSA’s subsidy payment records. The bottom panel (“self-reported outcomes”) shows measures derived from a survey administered approximately 12 months after random assignment.¹

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

Nearly 70 percent of the control group worked in the year following random assignment, according to administrative records, but just over one quarter (27 percent) worked in all

¹Sample members were interviewed between 11 months and 17 months after random assignment. Nearly three-quarters were interviewed in either the twelfth or thirteenth month after random assignment.

four quarters of the year. This finding is similar to their employment patterns before random assignment — a high percentage of sample members were able to find jobs, but may have had some difficulty finding those jobs quickly, or holding on to them. During this same period, over three-quarters of program group members were employed, resulting in an estimated program impact on employment of 6 percentage points.² Program group members also worked, on average, in slightly more quarters than control group members in the year following random assignment, but were not more likely to have worked in all four quarters of the year.

- **Program group members also had higher earnings in the year following random assignment.**

Program group members earned, on average, approximately \$1,600 more than control group members did. In part, this increase was due to higher rates of employment, but program group members who worked earned more than their control group counterparts. This effect can be seen in the program's impact of 6.5 percentage points on the proportion of program group members with annual earnings of \$14,000 or more.

- **Survey results suggest that the program improved the quality of jobs program group members held.**

The survey-based measures in the bottom panel of Table 5.2 show that the program produced modest impacts on working more hours and higher wages. Again, some of these gains are due to the impact on employment. For example, there was a 10.2 percentage point impact on working more than 20 hours per week, and a smaller, but still statistically significant effect on working more than 34 hours per week. Similarly, the impact on hourly wages diminished as the threshold was raised, but there was still a 5.4 percentage point impact on the proportion with hourly wages of more than \$15.00. (These increases in hours worked and hourly wages can also be seen in the nonexperimental measures calculated for those who were employed at the time of the interview.) This pattern of impacts is in line with the structure of the STEP Forward subsidy — subsidized jobs had to be for 25 or more hours per week, and jobs with higher wages were provided a more generous subsidy. Although there was no difference in health care coverage, program group members were more likely to have had insurance provided by an employer. This finding may be another indication of a shift in the types of jobs offered under STEP Forward compared with those that sample members would have found on their own.

- **Impacts on employment and earnings rose and fell in line with participation in subsidized jobs. The employment impact began to narrow starting in the third quarter following random assignment; the earnings**

²Self-reported employment from the 12-month follow-up survey was similar, resulting in an 8.7 percentage point impact.

effect was sustained for an additional quarter, but also began to converge by the end of the followup period.

As shown in Figure 5.1, the greatest difference in employment between the program group and the control group occurred in Quarter 2 after random assignment, coinciding with the peak period of participation in subsidized employment. By the end of one year following random assignment, the difference in employment rates for the two groups was beginning to narrow, and much of the difference was due to continued participation in subsidized employment among program group members. Given the low rate of participation in subsidized jobs, these changes were also relatively small. Self-reported employment at the time of the survey was similar to that seen in the administrative records, resulting in a difference of 6.7 percentage points (not statistically significant).³

- **Results of an attempted subgroup analysis to examine whether STEP Forward worked better for more employable or less employable sample members were largely inconclusive.**

Generally speaking, programs such as STEP Forward can generate larger impacts by targeting subsidized jobs broadly or by focusing on individuals least likely to get jobs on their own.⁴ Subgroup analysis can be used to examine the extent to which employment and earnings effects accrued to the different groups. Due to small sample sizes, a subgroup analysis conducted in this study was not able to detect differences between the groups. Appendix B provides more details on this analysis.

Impacts on Economic and Personal Well-Being

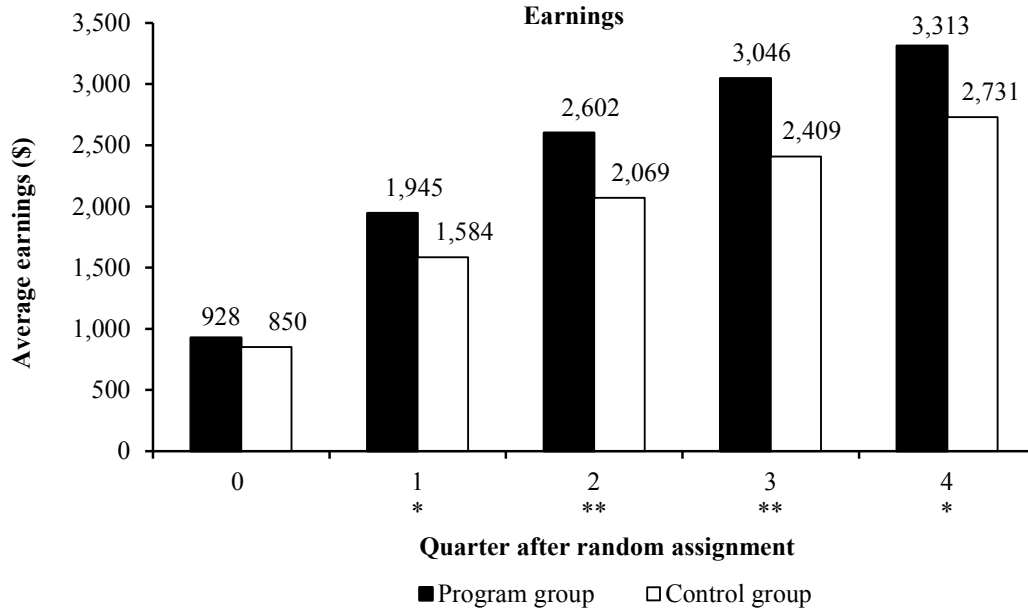
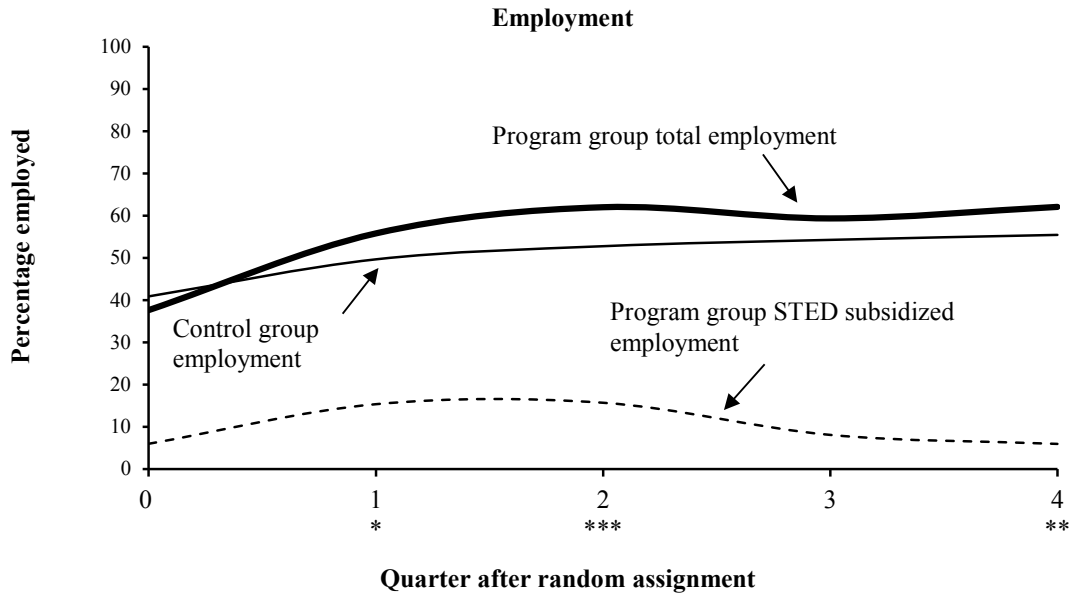
- **There were few differences between the program and control groups in most measures of personal well-being.**

Table 5.3 shows that there were few differences between the program and control groups on most measures of personal well-being. Around half of both research groups experienced a financial shortfall where they were unable to pay their rent, were evicted, had utility or phone service disconnected, or could not fill a prescription. Program group members were less

³Subsidy payment records show that 5.9 percent of program group members were in a subsidized job in the first quarter of the second year, but only 2.7 percent of program group members reported that they were working in a subsidized job at the time of the survey. The discrepancy could be due to differences in time periods covered by the survey and subsidy records data. It is also possible that, given the program structure, participants may not have been aware that their jobs were subsidized.

⁴Butler et al. (2012).

Figure 5.1
Employment and Earnings Over Time



SOURCE: MDRC calculations based on quarterly wage data from the National Directory of New Hires and STEP Forward subsidy payment records.

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

likely to report that they had been evicted (3 percent in the program group versus 7 percent in the control group). However, the program had no significant impact on other measures of financial hardship reported in Table 5.3. The program did not have a significant impact on other measures of well-being such as food insecurity, housing instability, or psychological distress. However, program group members reported greater levels of overall happiness; over three-quarters of program group members reported being pretty happy or very happy, compared with 70 percent of control group members. These effects may have been partly due to increases in employment and earnings from the subsidized jobs, but may have also resulted from the support system provided by peers and case managers.

Summary of Impact Findings

STEP Forward increased employment and earnings in the year following random assignment; most of the increase appears to have been due to the subsidized jobs. Employment rates and earnings of the program group began to converge with those of the control group by the end of the follow-up period. This pattern is typical of other subsidized employment programs. However, among sample members employed at the end of the follow period, there were some signs of small improvements in job quality — more weekly work hours, higher hourly wages, and higher rates of employer-provided insurance. Again, these improvements may have been due to participation in subsidized jobs.

Table 5.3
One-Year Impacts on Economic and Personal Well-Being

Outcome (%)	Program Group	Control Group	Difference (Impact)	90 Percent Confidence Interval
Experienced a financial shortfall in the past 12 months	49.0	51.3	-2.2	[-9.4,4.9]
Could not pay rent or mortgage	36.8	35.6	1.1	[-5.8,8.1]
Evicted from home or apartment	2.7	6.9	-4.2 **	[-7.2,-1.3]
Utility or phone service disconnected	26.6	31.2	-4.6	[-11.0,1.7]
Could not afford prescription medicine	19.8	18.3	1.5	[-4.2,7.1]
Did not have enough food in the past month	21.4	25.8	-4.4	[-10.5,1.7]
Living in emergency or temporary housing in the past month	6.1	4.1	2.0	[-1.2,5.1]
Is currently in good, very good, or excellent health	73.7	69.3	4.5	[-2.0,10.9]
Is currently happy				
Very happy	25.2	19.0	6.2 *	[0.3,12.1]
Pretty happy	51.6	50.3	1.3	[-5.8,8.4]
Not too happy	23.1	30.7	-7.5 *	[-13.9,-1.2]
Experienced serious psychological distress in the past month ^a	12.1	16.9	-4.8	[-9.8,0.2]
Sample size (total = 556)	286	270		

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

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

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

Chapter 6

Summary, Conclusion, and Next Steps

This report provides preliminary findings from the Subsidized and Transitional Employment Demonstration (STED) evaluation of the STEP Forward program in San Francisco. To summarize the short term-results on key outcomes, in the first year after random assignment, program group members were more likely than control group members to have been employed, had higher average earnings, and may have been employed in higher-quality jobs. These impacts appear to have been driven by the subsidized employment itself during this period and narrowed as the subsidies ended. While a subsequent report will discuss longer-term impacts of the intervention, these early findings provide important insights into the viability of subsidized employment for low-income populations.

- **STEP Forward encountered considerable difficulty in recruiting and enrolling participants.**

This difficulty was somewhat surprising for program staff members given the popularity of the original JOBSNOW! program. However, it was largely explained by over-projections of the number of eligible and interested candidates, as well as the local economy, which had improved considerably since the original JOBSNOW! was rolled out. Furthermore, a number of the populations STEP Forward targeted were not connected to social service systems in ways that allowed outreach to be conducted on a large scale. In order to attract larger numbers of individuals, the program ended up including additional target groups, resulting in a heterogeneous group of participants.

- **The study provides further evidence that wage-subsidy programs with private sector employers are difficult to implement for hard-to-employ populations.**

The subsidized employment rate in STEP Forward was considerably lower than those achieved in the Enhanced Transitional Jobs Demonstration (ETJD) studies that placed participants with public sector or nonprofit employers, with subsidized employment rates in the high 80s to nearly 100 percent in many sites. Similar to the other STED and ETJD studies with private sector employers, STEP Forward experienced difficulties and delays in getting participants connected with subsidized jobs, and had somewhat lower subsidized employment rates. A quarter of program group members in STEP Forward worked in subsidized jobs within one year of entering the study. Similarly, 24 percent of sample members assigned to the private sector wage subsidy tier (Tier 3) of the San Francisco site in the ETJD study worked in subsidized private sector jobs. The Los Angeles OJT program and the Fort Worth site in the ETJD study

achieved somewhat higher subsidized employed rates, 42 percent and 39 percent, respectively, but these rates were still well below those achieved by programs that used nonprofit or public worksites and that did not expect employers to hire participants after the subsidies ended.

- **The streamlined nature of the voluntary STEP Forward program may have contributed to low participation in subsidized employment.**

Limiting the STEP Forward offerings to include only the private sector subsidized employment stream (Tier 3) of the JOBSNOW! program narrowed the options available to sample members who were not job ready or were not interested in the types of jobs available through the program. Because program services ended once a participant entered employment, STEP Forward was not seen as a way to take a less-than-perfect job while continuing to search for a more suitable one.

Next Steps

The STED evaluation in San Francisco is part of an effort to investigate the effects of subsidized employment programs for a variety of populations. As has been the case in many recent, similar tests, short-term employment and earnings impacts were observed during the study period. Those employment and earnings impacts diminished over time and the program and control group members had fairly similar employment situations at the end of the period covered in this report. More follow-up is required to determine whether in fact the employment impacts are restricted primarily to the subsidy period. The work experience program group members gained from their placements may have longer-term effects on employment and earnings, particularly since early indications suggest that program group members were more likely than control group members to be employed in jobs that offered more hours, higher wages, and some employer-provided benefits. The subsidized job-seeking process provided participants with an employment experience similar to the unsubsidized labor market, which could translate into more successful employment searches in the future. In addition, because the subsidized placements could turn into permanent jobs, longer-term employment and earnings gains could emerge. The final report, expected in 2019, will present the effects of this subsidized employment approach 30 months after random assignment.

Appendix A

Survey Response Bias Analysis

This analysis examines the survey response for the 12-month survey. Since the survey was completed by a subset of the full research sample, it is possible that those who participated in the survey are not representative of the full research sample, which could introduce bias into the estimates produced from the survey data. It is not unexpected that the survey sample as a whole may differ from the full research sample in terms of socio-demographic characteristics, as certain characteristics such as age, gender, and stability are generally associated with survey response. The main concern is differences between program and control group respondents — if there are differences between the type of program group members who responded to the survey and the type of control group members who responded to the survey, impact estimates based on the survey data may be biased.

Overall, the administration of the survey went relatively well, although, at 69 percent, the survey fell short of the response rate goal of 80 percent. Nearly all interviews were completed on time (within the survey fielding window of four months). Although there are a number of differences in socio-demographic characteristics between respondents and non-respondents, the characteristics of the members of the two research groups are similar. Tests comparing the impacts of survey respondents with those estimated for the full research sample indicate no difference on measures of employment between individuals who participated in the surveys and those who did not, but the impact on earnings was smaller among respondents than among the full research sample.

Response Differences

To test whether survey respondents differed from non-respondents, the research team compared the socio-economic characteristics of survey respondents and non-respondents. As shown in Table A.1, there are a number of differences in the socio-demographic characteristics of the survey respondents, compared with non-respondents. In particular, the differences in race and target group point to difficulties completing interviews with limited English speakers — a number of non-English-speaking monolingual individuals entered the study when the program expanded recruitment to include CalFresh recipients.

It is not uncommon to find baseline characteristics that are predictive of response status; these associations may indicate some level of nonresponse bias, but this bias would primarily affect level estimates. (Typically, survey respondents tend to be more stable than non-respondents and so outcome levels for respondents may overstate overall outcome levels to some degree.) In regard to the estimation of program impacts, differences between respondents by research groups are the primary concern. Accordingly, the research team compared socio-demographic characteristics of survey respondents by research group. As shown in Table A.2, survey respondents were similar across research groups.

Outcome Differences

Another way to assess possible bias from survey response is to examine differences in outcomes measured with administrative data between the survey respondent samples and the full research sample. If the differences between the program and control groups in the survey respondent sample are not similar to those observed for the full sample, it would indicate that the survey respondent sample is not representative and so survey estimates may be biased. When there are multiple outcomes tested, the results are susceptible to false positives and so a joint test is required. This test is conducted using multivariate analysis of variance (MANOVA), which tests for differences in multiple outcomes simultaneously. Table A.4 shows the results of a joint test of differences in impacts between survey respondents and the full research sample for employment and earnings outcomes. All of the test statistics are fairly small and none are statistically significant, which indicates that the impacts are not different between the full sample and the survey respondent sample.

Summary

The analysis of survey response for the 12-month follow-up survey indicates that although there are differences between respondents and non-respondents, the respondent sample is representative of the full research sample in terms of comparisons between research groups. While overall the survey respondent sample is not representative of the full sample — meaning that level estimates may overstate or understate the true full sample levels — few differences were found between program group respondents and control group respondents, meaning that any program impact estimates are unlikely to be affected by survey nonresponse.

Appendix Table A.1

Selected Baseline Characteristics of Survey Respondents and Nonrespondents

Characteristic	Respondents	Nonrespondents
Average age	39.2	44.0 ***
Female (%)	75.9	64.3 ***
Marital status (%)		***
Never married	69.0	42.0
Currently married	12.3	38.4
Separated, divorced, or widowed	18.8	19.6
Race/ethnicity (%)		***
Hispanic, Latino, or Spanish	19.7	15.9
White/non-Hispanic	10.3	7.5
Black/non-Hispanic	50.9	22.2
Asian/non-Hispanic	12.6	46.8
Multiracial/non-Hispanic	3.8	4.4
Other	2.7	3.2
Target group (%)		***
CalFresh	33.8	44.3
Timed-out CalWORKs	31.5	16.5
Unemployment insurance exhaustee	19.4	20.8
Needy families	10.4	16.5
Other ^a	4.9	2.0
Highest degree obtained (%)		**
No degree	17.7	22.1
High school diploma	38.2	42.7
Certificate of attendance or completion	10.6	5.1
GED certificate or equivalent	12.3	7.9
Associate's degree	7.4	5.5
Bachelor's degree or higher	13.9	16.6
Average hourly wage at end of last job (\$)	13.7	12.8 *

(continued)

Appendix Table A.1 (continued)

Characteristic	Respondents	Nonrespondents
Ever received substance abuse treatment (%)	9.0	3.9 **
Ever received mental health treatment (%)	16.1	9.9 **
Disabled (%)	11.0	6.7 *
Sample size	556	255

SOURCE: MDRC calculations based on baseline survey data.

NOTES: CalFresh = California's Supplemental Nutrition Assistance Program; CalWORKs = California's Temporary Assistance for Needy Families program; GED = General Educational Development.

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

^aThis category includes individuals from the former JOBSNOW!, exempt CalWORKs, County General Assistance, and sanctioned CalWORKs groups.

Appendix Table A.2
Selected Baseline Characteristics
of Survey Respondents, by Research Group

Characteristic	Program Group	Control Group
Average age	39.3	39.1
Female (%)	76.9	74.8
Marital status (%)		
Never married	67.4	70.6
Currently married	13.0	11.5
Separated, divorced, or widowed	19.6	17.8
Race/ethnicity (%)		
Hispanic, Latino, or Spanish	16.8	22.7
White/non-Hispanic	12.3	8.2
Black/non-Hispanic	53.0	48.7
Asian/non-Hispanic	12.3	13.0
Multiracial/non-Hispanic	3.9	3.7
Other	1.8	3.7
Target group (%)		
CalFresh	36.7	30.7
Timed-out CalWORKs	31.1	31.9
Unemployment insurance exhaustee	19.2	19.6
Needy families	8.7	12.2
Other ^a	4.2	5.6
Highest degree obtained (%)		
No degree	15.0	20.4
High school diploma	37.8	38.7
Certificate of attendance/completion	11.5	9.7
GED certificate or equivalent	12.9	11.5
Associate's degree	8.7	5.9
Bachelor's degree or higher	14.0	13.8
Average hourly wage at end of last job (\$)	13.8	13.7

(continued)

Appendix Table A.2 (continued)

Characteristic	Program Group	Control Group
Ever received substance abuse treatment (%)	9.2	8.9
Ever received mental health treatment (%)	16.2	16.0
Disabled (%)	10.2	11.9
Sample size	286	270

SOURCE: MDRC calculations based on baseline survey data.

NOTES: CalFresh = California's Supplemental Nutrition Assistance Program; CalWORKs = California's Temporary Assistance for Needy Families program; GED = General Educational Development.

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

^aThis category includes individuals from the former JOBSNOW!, exempt CalWORKs, County General Assistance, and sanctioned CalWORKs groups.

Appendix Table A.3

Selected One-Year Impacts for the Research and Survey Respondent Sample

Outcome	Program Group	Control Group	Difference (Impact)	90 Percent Confidence Interval
Employment (%)				
Research sample	75.7	69.7	6.0 **	[1.3,10.7]
Respondent sample	75.7	68.7	7.0 **	
Total earnings (\$)				
Research sample	8,520	6,912	1,608 ***	[589,2628]
Respondent sample	7,757	6,817	940 ***	
Sample size				
Research sample (total = 811)	414	397		
Respondent sample (total = 556)	286	270		

SOURCES: MDRC calculations based on quarterly wage data from the National Directory of New Hires.

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

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

Employment rates and earnings include both STED subsidized jobs and all other jobs covered by unemployment insurance.

Appendix Table A.4

Joint Test of Differences in Employment and Earnings Impacts Between Survey Respondents and Nonrespondents

Test	12-Month Survey	
	Test Statistic	Prob(F)
Wilks' Lambda	0.9954	0.1774
Pillai's Trace	0.0046	0.1774
Hotelling-Lawley Trace	0.0047	0.1774
Roy's Greatest Root	0.0047	0.1774
Sample size	811	

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

NOTE: The joint test of impact differences between survey respondents and nonrespondents was conducted using multivariate analysis of variance (MANOVA) on the impacts on employment and earnings. Each test statistic uses the F distribution; the probability result refers to the null hypothesis of the MANOVA, which is that the impacts differ between survey respondents and nonrespondents.

Appendix B

**One-Year Impacts on Employment and Earnings, By
Employability Subgroup**

Appendix Table B.1

One-Year Impacts on Employment and Earnings, By Employability Subgroup

Outcome	<u>More Employable</u>			<u>Less Employable</u>		
	Program Group	Control Group	Difference (Impact)	Program Group	Control Group	Difference (Impact)
<u>Primary outcomes (based on administrative data)</u>						
Employment (%)	88.7	83.2	5.5	62.0	56.5	5.5
STED subsidized employment (%)	31.4	--	--	16.4	--	--
Number of quarters employed	2.8	2.6	0.2 **	1.5	1.4	0.1
Total earnings (\$)	12,412	9,778	2,634 **	4,645	3,946	699
STED subsidized earnings (\$)	1,404	--	--	601	--	--
Employment in first quarter of Year 2 (%)	75.4	70.1	5.3	48.4	40.8	7.6
STED subsidized employment in first quarter of Year 2 (%)	7.6	--	--	4.3	--	--
Sample size	208	200		206	197	

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

NOTES: The level of employability was estimated using baseline characteristics to predict an individual's 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 score.

Rounding may cause slight discrepancies in sums and differences.

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

A two-tailed t-test was applied to differences of impacts between subgroups. Statistical significance levels are indicated as follows: ††† = 1 percent; †† = 5 percent; † = 10 percent. For the measures presented in this table, no statistically significant differences between subgroups were observed.

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