Florida's Project Independence

Benefits, Costs, and Two-Year Impacts of Florida's JOBS Program

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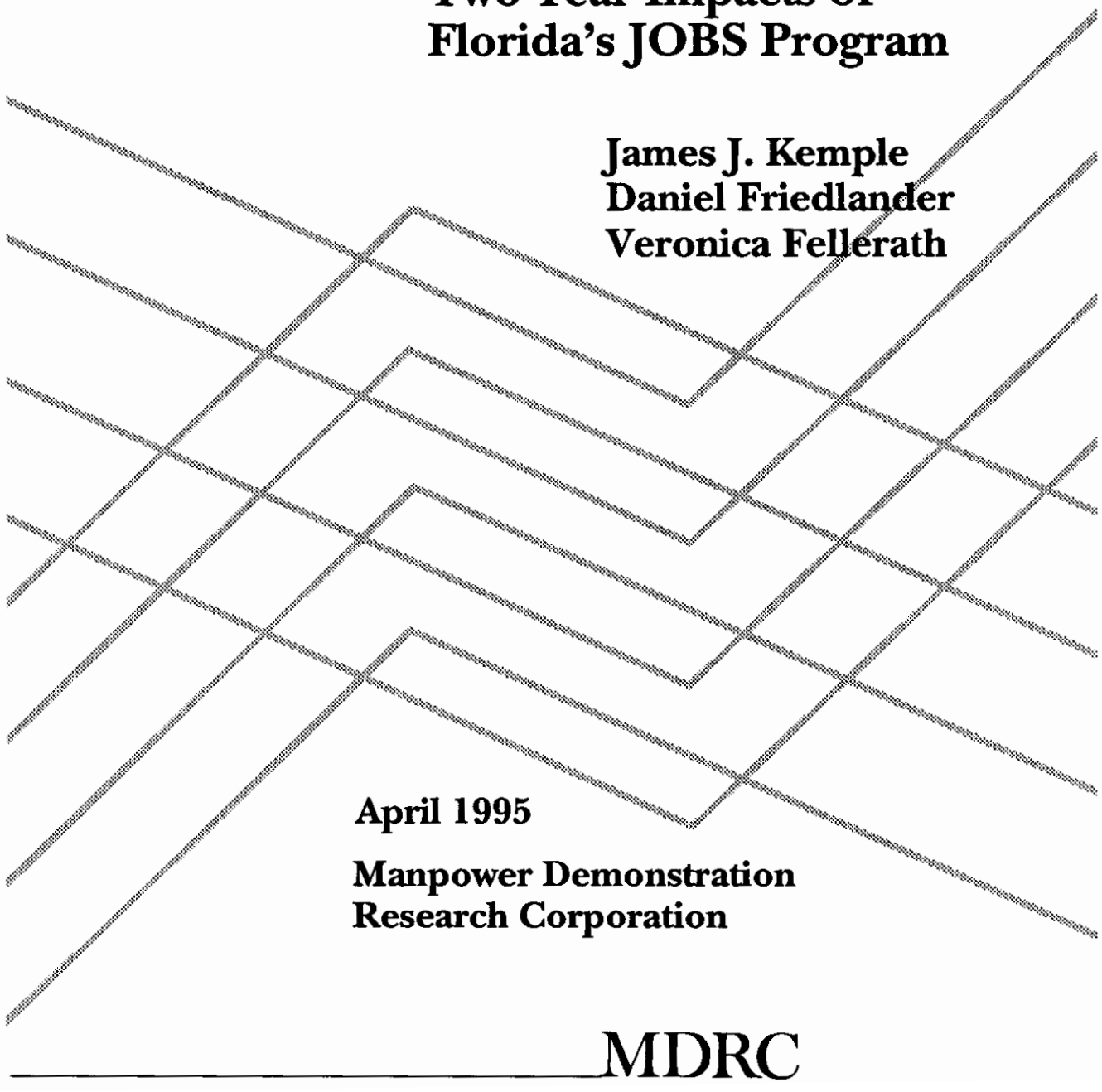

April 1995

Manpower Demonstration
Research Corporation

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The Manpower Demonstration Research Corporation's evaluation of Florida's Project Independence Program is funded by a contract with Florida's State Department of Health and Rehabilitative Services and with support from the Ford Foundation and the U.S. Department of Health and Human Services.

Dissemination of MDRC publications is also supported by our Public Policy Outreach funders:

Ford Foundation
The Ambrose Monell Foundation
Alcoa Foundation
Aetna Foundation, Inc.
Bristol-Myers Squibb Foundation, Inc.
Metropolitan Life Foundation
The Prudential Foundation
The Union Carbide Foundation, Inc.
The Travelers Foundation

The findings and conclusions in this report do not necessarily represent the official positions or policies of the funders.

Library of Congress Cataloging-in-Publication Data

Kemple, James J.
Florida's Project Independence : benefits, costs, and two-year impacts of Florida's JOBS program / James J. Kemple, Daniel Friedlander, Veronica Fellerath.
p. cm.
"April 1995."
Includes bibliographical references.
1. Welfare recipients—Employment—Florida. 2. Welfare recipients—Training of—Florida. 3. Welfare recipients—Education—Florida. I. Friedlander, Daniel. II. Fellerath, Veronica. III. Title.
HV98.F5K465 1995
362.5'8'09759—dc20 95-2800
CIP

ACKNOWLEDGMENTS

A study of the scope and magnitude of the Project Independence evaluation is a true partnership and would not have been possible without the unstinting commitment of many people at all levels of Florida's Department of Health and Rehabilitative Services (HRS) and staff at Project Independence.

Implementation of the research design required the efforts of hundreds of Public Assistance Specialists, whose capable handling of the random assignment procedures – in addition to their numerous other responsibilities – built the foundation for the whole study. They were supported by their unit supervisors and district Economic Services Program Administrators. The district Project Independence Program Administrators aided the evaluation in many ways and ensured that the MDRC research team had access to their staff in order to obtain information about the program. These individuals include: Barbara Coles, Isabell Davis, Greg Frohnappel, Bob Janssen, Judy Jones, Terry Keeter, Dan Miller, Herb Moore, and Martha Pepper. The study also benefited from the assistance of the many (too numerous to mention by name) Project Independence unit supervisors, employment counselors, employment specialists, and support staff who permitted us to interview them, observe their programs, and collect information important to this report.

From HRS headquarters in Tallahassee, Albertine McDaniel provided strong support for the evaluation and offered useful comments on an earlier draft of this report. We are grateful to Don Winstead, who assured the evaluation's success during a critical period. We owe a special debt to Dan Goss, who worked with the counties to implement the research design and reviewed this report, and to Bill Hudgens, who was instrumental in helping MDRC gain access to the various data sources used. V. Sheffield Kenyon, Thomas Arnold, Calvin Melton, James Clark, and Reginald Smith made important contributions to the study's success. Tracy Sumner (now with Florida's Department of Labor and Employment Security, LES) and Judy Moon provided helpful insights into the operational details of Project Independence and commented on drafts of this report. Several individuals made valuable contributions to the cost study, including Sue Zwirz from the HRS Office of Revenue Management, Fred Dietrich from the Project Independence Bureau at LES, Sandra Harris and Desireé Reddick from Florida's Office of Children and Family Services, and Mark Eggers and Lee Young from the State's Department of Education. Members of the Project Independence Evaluation Advisory Committee – Ken Baer, Bob Barrios, Budd Bell, Cyndi Craig, Rowe Hinton, Cindy Huddleston, Bill Nugent, Phil Reeves, Margarita Romo, Deborah Sims, Sandy Steen, and Marcia Weider – offered thoughtful insights and suggestions. We would also like to acknowledge the support of HRS Secretaries H. James Towey, Robert Williams, and Gregory Coler.

Good data provide the infrastructure for evaluations. We are grateful to Billy Davis and Jerry Arnold at Florida's Office of the Auditor General, Division of Public Assistance Fraud (DPAF), whose professionalism and perseverance facilitated MDRC's access to automated AFDC, Food Stamp, and Unemployment Insurance records. Joe Franklin at HRS provided helpful information about the FLORIDA System.

Many of our colleagues at MDRC made important contributions to both the substance and production of this report. Judith Gueron, Gordon Berlin, and Barbara Goldman provided overall guidance for the entire evaluation effort and were senior reviewers of the reports. James Riccio was a senior reviewer of this report and also made substantive contributions to the cost and benefit-cost

analyses. Christopher Bost assisted with the impact and benefit-cost analyses. Jean Knab provided research assistance on all aspects of this report and coordinated its production. Stacey Fox and Linda Choi assisted with the cost analysis. Electra Small and Vince Hayden coordinated the data processing. Marilyn Price was MDRC's primary liaison with HRS administration and staff in Florida.

Karen Paget managed the collection and processing of the data and provided valuable guidance. Joel Gordon also played a key role in this effort. Adria Gallup-Black was MDRC's data liaison with HRS and DPAF and developed all the data files for this report. Mohammad Amzad programmed the administrative data. Anita Kraus and Gaston Murray programmed the survey data.

We wish to acknowledge the useful comments and insights of members of MDRC's Welfare Studies Committee: Robert Solow (Chairman), Henry Aaron, Rebecca M. Blank, Gary Burtless, Linda Datcher-Loury, Mark Greenberg, Frank Levy, Richard J. Murnane, Richard P. Nathan, and Audrey Rowe.

Judith Greissman edited the report. Word processing was done by Patt Pontevolpe and Stephanie Cowell.

The Authors

PREFACE

This is the final report on a five-year evaluation of Florida's statewide Project Independence program – Florida's version of the current federal-state Job Opportunities and Basic Skills Training (JOBS) Program. It adds to the growing body of knowledge on the success of different approaches to requiring or assisting welfare recipients to become self-sufficient. The study was conducted by the Manpower Demonstration Research Corporation and funded by the Florida Department of Health and Rehabilitative Services, the Ford Foundation, and the U.S. Department of Health and Human Services.

Large-scale, rigorous, longitudinal studies of real-world operating programs like Project Independence require the dedication and involvement of many people at the state and local levels, people whose primary responsibility is operating public programs, not collaborating as partners on a major evaluation. The study was launched because of the state's interest in learning whether it was operating this major public program effectively. Over the past five years, many busy administrators and their staff made a commitment to opening their programs to examination, implementing research protocols, and providing data. It is our hope and belief that the findings – and their relevance to Florida's new welfare reform initiative, the Family Transition Program – suggest the wisdom of undertaking such an effort.

The results point to both the strengths and limitations of the Project Independence approach, a relatively low-cost one focused on getting people into jobs quickly. They also speak to the challenge of implementing programs in a period when caseloads grow as economic conditions worsen. The study (which, for reasons outlined in the report, provides a conservative estimate of the program's accomplishment) shows that Project Independence modestly increased welfare recipients' employment and earnings and reduced their reliance on welfare. Moreover, it accomplished this at no net cost to taxpayers, an unusual achievement for a government program.

Project Independence was most successful in increasing people's earnings when it was implemented as intended; success was sharply reduced (particularly for women with young children) when welfare caseloads rose and child care and other resources became stretched. Given the fiscal pressures states currently face, and may confront even more starkly in the future, these results provide a timely warning about the risks of attenuating a program's services to the point where they fall below a threshold level at which they can be effective. The benefit-cost results challenge administrators to confront the difficult task of reducing dependency among women with very young children. Project Independence was clearly cost-effective for women with school-age children, saving taxpayers (over five years) more than $1.50 for every dollar spent on the program. But for women with younger children (for whom child care outlays were higher and the program's achievements smaller), taxpayers lost money and welfare families had less income. With the welfare debate in Florida and the nation focused on reducing long-term dependency, the present results suggest the difficulty of achieving lasting effects for mothers of young children.

At a time when the public is demanding that government use resources efficiently, it is impressive that Project Independence more than repaid the public's investment. But the large number of people remaining on welfare despite participating in the program suggests the clear challenge to states interested in imposing some form of time limit on welfare after which people would have to work or might receive no further support.

Judith M. Gueron
President

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ABBREVIATIONS

ABE	adult basic education
ACF	Administration for Children and Families (U.S. Department of Health and Human Services)
AFDC	Aid to Families with Dependent Children
APS	Assistance Payments System
BIF	Background Information Form
EITC	Earned Income Tax Credit
ESL	English as a Second Language
FLORIDA	Florida On-Line Recipient Integrated Data Access System
FSA	Family Support Administration (U.S. Department of Health and Human Services)
FTE	full-time equivalent (student)
GAIN	Greater Avenues for Independence Program (California)
GED	General Educational Development certification (high school equivalency)
HRS	Department of Health and Rehabilitative Services
JOBS	Job Opportunities and Basic Skills Training Program
JTPA	Job Training Partnership Act (1982)
LEA	local education agency
LES	Department of Labor and Employment Security
MDRC	Manpower Demonstration Research Corporation
PAS	Public Assistance Specialist
RAR	Random Assignment Record
RMS	Random Moment Samplings
SWIM	Saturation Work Initiative Model (San Diego)
UI	Unemployment Insurance
WIN	Work Incentive Program

EXECUTIVE SUMMARY

Nearly all national welfare reform initiatives since 1971 have called on states to implement a *quid pro quo* arrangement between welfare recipients and the agencies that provide financial assistance for poor families. With varying degrees of enforcement and coverage, welfare recipients have been required to take concrete steps toward self-sufficiency while government-funded programs provide them with support and opportunities to find jobs and leave the rolls. In 1988, the U.S. Congress passed the Family Support Act (FSA), dramatically expanding the vision and scope of the obligations of welfare families and the government. As the centerpiece of FSA, the Job Opportunities and Basic Skills Training (JOBS) Program provided new federal matching funds for state welfare-to-work initiatives aimed at increasing the employment and self-sufficiency of applicants to and recipients of Aid to Families with Dependent Children (AFDC), the major federal and state cash welfare program. To bolster this additional investment, JOBS extended the mandates to AFDC applicants and recipients with children as young as three years old (one year old, at state option) and strengthened the rules requiring all participants to take jobs or engage in activities leading to employment. However, it left states with considerable flexibility to design service delivery strategies and to set priorities for the level and emphasis of their investment in JOBS.

Project Independence is Florida's JOBS program. In creating Project Independence, the Florida Employment Opportunity Act of 1987, and the minor modifications that brought the program into compliance with FSA in 1988, adopted a broad-coverage and relatively low-cost approach to implementing JOBS. Participation requirements cover all of the state's single parents (the vast majority of them women) with children age three or older who apply for or receive AFDC and are not otherwise exempt. Other states chose to target particular segments of the JOBS-mandatory AFDC population, such as those with minimal levels of education or work experiences or those with long histories of prior AFDC receipt. In an effort to stretch available resources over its full mandatory caseload, Project Independence emphasized relatively low-cost, independent job search services for the majority of its participants and reserved its more expensive education and training services for those considered least able to find work on their own.

The Manpower Demonstration Research Corporation (MDRC) has been evaluating Project Independence under a contract with Florida's Department of Health and Rehabilitative Services (HRS) and with support from the Ford Foundation and the U.S. Department of Health and Human Services. This is the evaluation's second and final report. The central question it addresses is whether Project Independence has reduced welfare costs and increased the employment, earnings, and income of welfare recipients. Until now, there has been little evidence about whether the mutual obligations established by JOBS, and the implementation approach adopted by Project Independence, will translate into welfare savings and increased income for the large group of AFDC applicants and recipients with preschool-age children (i.e., between the ages of three and five). The Project Independence evaluation is the first designed specifically to learn about this group, as well as about those whose youngest child is age six or older. This report also compares the program's costs with the benefits it produced for individuals referred to the program, for the government budgets that fund the program, and for society as a whole. Finally, the report provides important evidence about how resource commitments and changes in local contexts are likely to have affected Project Independence's performance.

The evaluation addresses these questions by examining the experiences of more than 18,000 AFDC applicants and recipients from nine randomly chosen counties in Florida. This research sample includes all individuals who were determined to meet the state's criteria for mandatory participation in Project Independence between July 1990 and August 1991. Each sample member was assigned at random to either a program group (who were subject to Project Independence's participation requirements) or to a control group (who were told that they were not required or permitted to participate in Project Independence but could seek services in the community on their own). Information about their employment, earnings, AFDC receipt, and Food Stamp receipt was collected for a period of at least two years, and for as much as three years, from the time each person was randomly assigned to one of the two research groups. Differences between the two groups in these outcomes – referred to as the program's "effects" or "impacts" – reflect the increases or decreases caused by Project Independence. For the reasons discussed below, the reported results are likely to somewhat underestimate the magnitude of the impacts.

An Overview of the Findings

Results from the Project Independence evaluation were mixed, and the findings reveal both the program's potential and its limitations. Over a two-year follow-up period, for the full evaluation sample, Project Independence produced average AFDC savings of $265 per program group member. (In other words, the average program group member received that much less than the average control group member.) This represents a 6 percent reduction relative to the control group average, and in percentage terms is in the same range as the savings found for single parents in previous evaluations of large-scale welfare-to-work programs. Project Independence was only marginally successful in producing earnings gains. For the full sample, the program increased average two-year earnings by only $227 per program group member, a 4 percent gain relative to the control group average. This is a small percentage increase compared to those found in other studies.

During the evaluation period (July 1990 through September 1993), Project Independence evolved from its original design to a program that had fewer resources to spend on the typical participant. The *intended* version of the program is most likely reflected in the experiences of sample members who were referred to it early on, between July and December 1990. For this "early group," the program produced two-year AFDC savings averaging $241 per program group member and two-year earnings gains averaging $439 per program group member. Those referred to the program after December 1990 (the "late group") experienced Project Independence when it was trying to serve a growing caseload with fixed resources and reductions in the availability of child care for Project Independence participants. For this late group, the program produced two-year AFDC savings similar to those for the early group, but almost no earnings gains.

Sustained earnings gains were concentrated in one part of the early group: those who had no preschool-age children. Their gains reached a level comparable to those found in previous evaluations of relatively low-cost welfare-to-work programs. Results were much weaker for sample members with preschool-age children.

Most social programs are conceived primarily as attempts to benefit their participants and not as public investments intended to produce government budget savings. Project Independence was

intended to reduce public assistance costs – and it did. In fact, savings were large enough to enable the program to pay for itself. In other words, for every net dollar spent on providing services for program group members (i.e., expenditures beyond the cost of alternative services they would have received on their own), the program returned slightly more than one dollar to government budgets from reduced welfare payments and increased tax revenues (because of increased earnings). Although taxpayers broke even, program participants did not do as well: The small earnings increases produced by Project Independence were offset by the larger decreases in AFDC and other welfare payments, producing a net financial loss averaging approximately $370 per program group member over the five-year period used for the analysis of the program's benefits and costs. However, there were more positive findings for women in the early group who had no preschool-age children. For this group, the program returned to government budgets $1.55 per net dollar invested, and program participants experienced a net financial gain.

The findings for Project Independence hold particular importance for JOBS program administrators and policymakers. First, they suggest that there is no hard-and-fast linkage between accomplishing the goal of containing welfare costs by promoting employment and the goal of increasing family income. Project Independence decreased the time some people spent on welfare and returned enough in welfare savings and increased tax revenues to cover its own cost. Overall, however, the program did not increase long-term earnings enough to make most people better off financially. Second, if a JOBS program's investment in individual participants falls below a threshold level, resources may be insufficient to permit the program to achieve both goals. By enforcing at least a short-term participation requirement for a large share of the mandatory caseload, Project Independence was able to produce welfare savings even under the stress of increasing caseloads and even for women with young children. At its most effective, Project Independence also produced sustained earnings increases that offset reductions in welfare receipt, at least for program participants with no preschool-age children. However, as limitations on child care and case management resources made it increasingly difficult to engage participants intensively, the program's longer-term effect on earnings diminished. The lower threshold of program resources was reached with especially serious financial effects for women with preschool-age children.

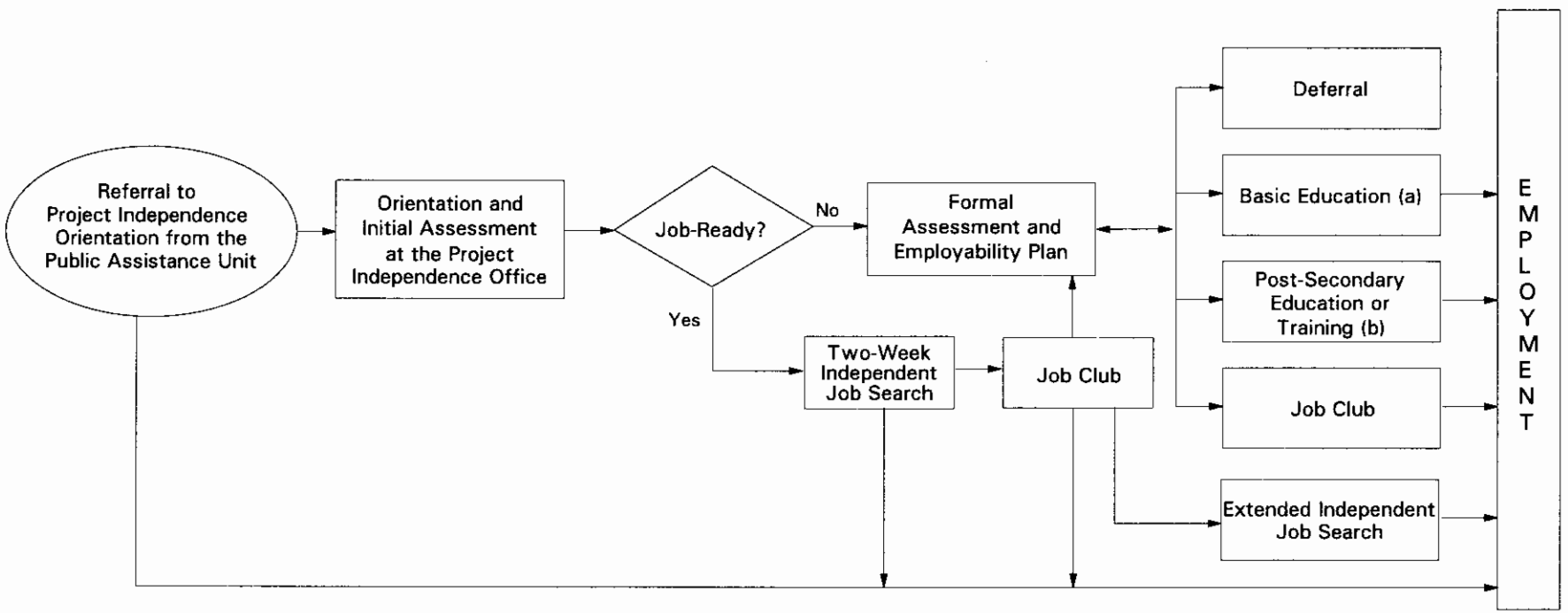
The Project Independence Model

Figure 1 is a simplified depiction of the Project Independence program model as it was designed by HRS. At the time they came to the Public Assistance Unit (i.e., welfare office) to apply for AFDC or to be "redetermined" as eligible to continue receiving it, individuals were informed that it was mandatory for them to participate in Project Independence (unless they met the official exemption criteria)[1] and were referred to an orientation session. Project Independence case managers

[1]Exempt individuals include those who are age 60 or older, working 30 or more hours per week at the minimum wage, pregnant and in their second or third trimester of pregnancy, permanently ill or incapacitated, or required in the home to care for a physically or mentally impaired household member. Project Independence also serves AFDC applicants and recipients who are exempt from the program but who wish to volunteer, as well as unemployed parents in two-parent households who are required to participate. This (continued...)

FIGURE 1

A SIMPLIFIED DEPICTION OF THE PROJECT INDEPENDENCE PROGRAM MODEL



NOTES: (a) Basic education activities include high school, adult basic education, GED preparation, and English as a Second Language.

(b) Post-secondary education and training activities include classroom-based vocational or occupational skills training, on-the-job training, customized training, employment preparation, community college, and work experience activities.

used "sanctioning" procedures – a process for reducing the AFDC grants of those who failed to attend program activities without a good reason – as the primary mechanism for enforcing the participation requirements, which were ongoing for as long as the person remained on welfare. This process was used widely, particularly in an effort to engage mandatory participants who did not meet the initial requirement of attending a program orientation and then beginning an employment-related activity.

Project Independence case managers assigned individuals who attended orientation to one of two service tracks based on their educational attainment level and recent employment history. As illustrated in Figure 1, the first service track began with a two-week independent job search and was targeted for those assessed to be "job-ready" according to Project Independence criteria. During the period when the research sample was referred by the Public Assistance Units to Project Independence (July 1990 through August 1991), the program took an expansive view of job-readiness as completion of at least the tenth grade or employment in at least 12 of the previous 36 months. This meant that a large majority of those required to participate in the program were considered to be job-ready. These criteria, combined with an emphasis on case managers' meeting specific job placement standards, reflected Project Independence's employment-focused approach to self-sufficiency. The independent job search component required participants to make contact with at least 12 employers to apply for a job. This activity was generally unsupervised, although participants were encouraged to use the program's job referral services on their own initiative and were required to document their job contacts. Participants were often assigned to two or more spells of independent job search before moving on to another activity. Those who did not find employment on their own were to be assigned to a group job club – a two- to three-week course on how to look for a job, prepare a resume, fill out applications, and present oneself in an interview. Following job club, participants were often referred to an extended independent job search, which was usually scheduled for four to six weeks.

The second service track, also shown in Figure 1, was targeted for the narrowly defined group of participants designated "not job-ready" (i.e., they had not completed the tenth grade and had worked in fewer than 12 of the previous 36 months). It was also reserved for job-ready participants who could not find work on their own or with the help of job club. The second service track usually began with a formal assessment, in which participants were tested for basic literacy skills, discussed their career interests with a case manager, and (jointly with the case manager) developed an Employability Plan. They were then usually assigned to basic education, post-secondary education, or occupational training activities provided by local adult schools, community colleges, or proprietary institutions. Basic education includes adult basic education, or ABE (i.e., remedial classes in reading and math); classes preparing people to take the GED test; or instruction in English as a Second Language (ESL). (Passing the GED – General Educational Development – test qualifies a person for a GED certificate, which is intended to reflect a basic knowledge of high school subjects.) Post-secondary education activities were usually occupationally oriented community college courses. Training activities consisted primarily of classroom-based occupational skills training, but could include on-the-job training, usually provided through Job Training Partnership Act (JTPA) agencies. People who were already in an education or training activity when they entered Project Independence could be allowed to continue

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[1](...continued)
report focuses exclusively on single-parent heads of households who were required to participate during the period under study; they constituted a majority of the population the program served.

in those "self-initiated" activities, which would be counted as their Project Independence activities. Unless they were working at least 30 hours per week, employed mandatory participants were also required to engage in one of these activities.

Project Independence also provided tuition assistance for training or community college classes and support services – such as child care, transportation, tools, and uniforms – considered necessary for participants to engage in program activities or to secure employment. Case managers also granted short-term deferrals from participation for those who were temporarily unable to engage in program activities because of health or family problems or because child care or other needed support services were not available. Those placed in the deferral status remained registered in Project Independence and were to be contacted at regular intervals to confirm their reason for not being able to participate or to re-engage them in activities. This accounts, in part, for the finding that mandatory AFDC applicants and recipients were not always active in Project Independence services, as discussed below.

The Evolution of Project Independence During the Evaluation Period

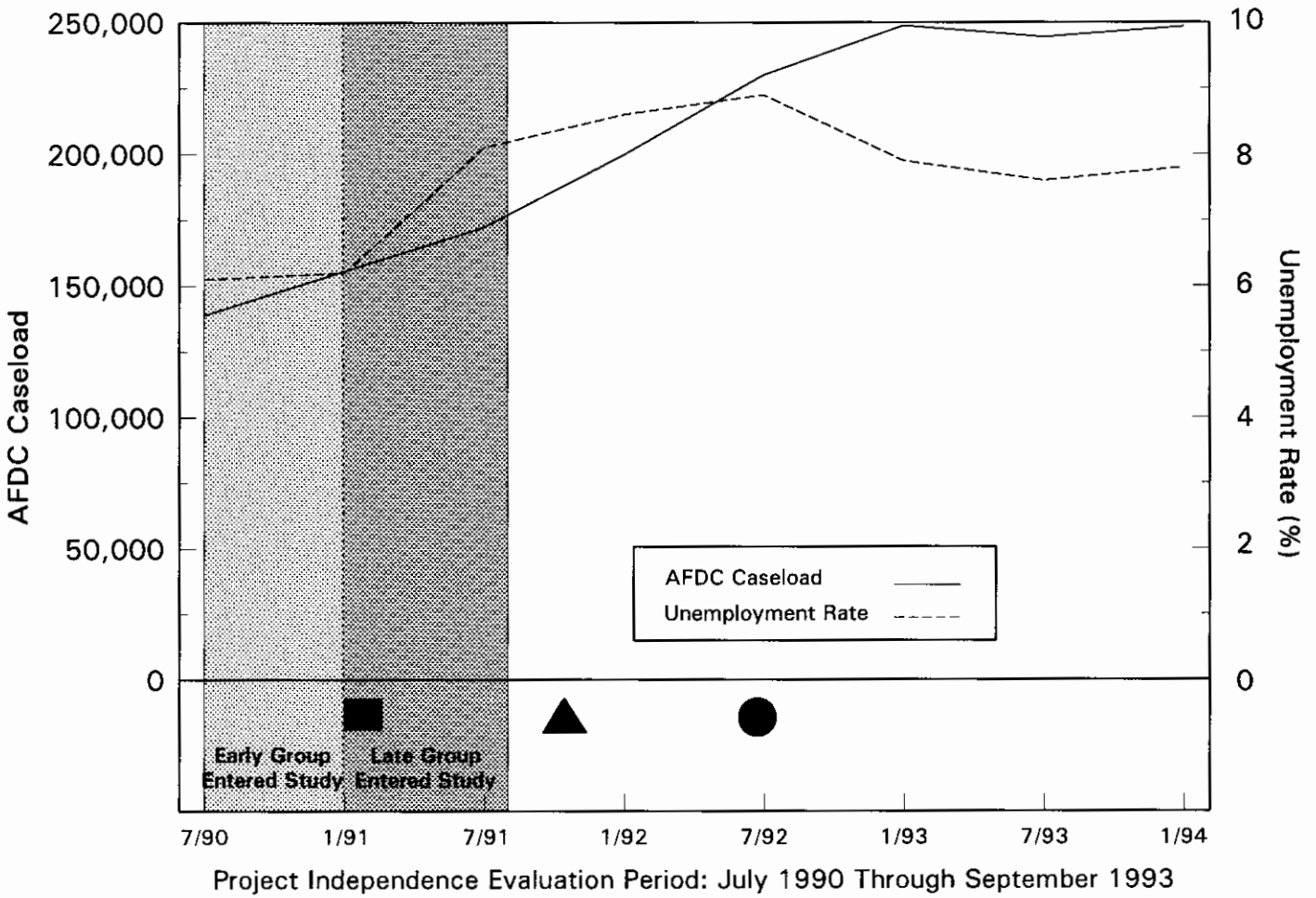
The period covered by this evaluation was a time when resources for Project Independence, and for JOBS programs in many states, remained fixed but welfare caseloads and unemployment rates were increasing. This combination of circumstances provides a critical context for interpreting the present findings. The evaluation began in July 1990, when the first AFDC applicants and recipients were enrolled in the research sample, and ended in September 1993, when data collection for this report was completed, as illustrated in Figure 2. The symbols at the bottom of the figure refer to several key events related to changes in Project Independence and the state during the evaluation period, and the graphs represent trends in Florida's AFDC caseload and unemployment rate during that same period.

Figure 2 shows that between July 1990 and August 1991 – when AFDC applicants and recipients were enrolled in the research sample – Florida's unemployment rate rose from 6.1 to 8.1 percent (a 33 percent increase) and the state's AFDC caseload grew from approximately 140,000 to 175,000 (a 25 percent increase). The bottom of Figure 2 also shows that, beginning in early 1991, the dramatic growth of the AFDC caseload coincided with a series of state hiring freezes, which were budget-induced and prevented Project Independence from increasing its staffing capacity to meet the growing demand for its services. Also beginning in January 1991, budget constraints forced HRS to restrict the availability of child care for Project Independence participants, particularly those in longer-term services such as education and training. Instead, nearly all child care resources had to be diverted to employed AFDC recipients and to those entitled to child care after leaving welfare for work (i.e., transitional child care). This is significant because mandatory registrants with young children could be excused from the participation requirements if child care services were not available. The increase in the state's unemployment rate meant that Project Independence's emphasis on moving a high percentage of its participants into the labor market as quickly as possible was confronted with a growing shortage of job openings.

Because of all these changes, this report assesses what amounts to two different versions of Project Independence, which can be examined through the experiences of individuals who were referred to the program during two periods of the evaluation. One group, referred to in this report

FIGURE 2

KEY EVENTS, AFDC CASELOAD SIZES, AND UNEMPLOYMENT RATES DURING THE PROJECT INDEPENDENCE EVALUATION PERIOD



Key Events: Enrollment of the research sample (i.e., the period of random assignment) occurred from July 1990 through August 1991. Follow-up data collection occurred from July 1990 through September 1993.

- ■ Start of child care restrictions and HRS hiring freezes (January 1991).
- ▲ Changes in job-readiness criteria and start of caseload reduction measures (October 1991).
- ● LES assumes administrative responsibility for Project Independence (July 1992).

as the "early" group, entered the study between July and December 1990 (as illustrated by the lightly shaded portion of Figure 2). This group was exposed to Project Independence when its operations more closely matched the model originally intended by HRS. Although the program was a moderate-cost one, Project Independence staff had smaller caseloads than they would later have, child care was widely available, and the labor market was relatively robust – conditions favorable to the staff's ability to enforce the ongoing participation mandate and to help participants find work by facilitating their access to employment-related activities and support services.

The other group (the "late" group) entered the study between January and August 1991, as indicated by the darker shaded portion of Figure 2. They were exposed to Project Independence when it was forced to spread a fixed set of resources over a rapidly increasing caseload – conditions that restricted the staff's capacity to monitor participation and limited the level of support, particularly child care, they could provide to help participants obtain job skills and find work. By comparing the experiences of these two groups, this report examines whether differences in the program's implementation and environment were associated with differences in its effectiveness. It should be noted, however, that the program changes were implemented unevenly over time and across counties.

Figure 2 also shows three changes in Project Independence that occurred after the research sample entered the study, and so were not likely to have influenced the findings significantly. Late in 1991, HRS modified the Project Independence job-readiness criteria to enable more participants to enroll in education or training, rather than independent job search, as their first activity. Also late in 1991, some counties began taking measures to reduce Project Independence caseloads. The most important of these was giving volunteers first preference for the program. Most program group members had already been referred to Project Independence and had attended a program orientation by the time these modifications were implemented. Finally, in July 1992, HRS subcontracted responsibility for staffing and operating Project Independence at the district level to the Department of Labor and Employment Security (LES). Local Project Independence staff remained in place under LES and continued to provide case management, monitor participation in independent job search and job club activities, and develop linkages with the agencies that provide most of the program's employment, education, and training activities. HRS retained overall administrative responsibility for the program and serves as its primary policymaking agency. The change in departmental responsibilities occurred a year after the research sample entered the study and is not likely to have affected the evaluation results.

The Project Independence Evaluation

The primary question for the Project Independence evaluation was whether the program increased employment and earnings and reduced AFDC and Food Stamp receipt for those required to participate, compared to what their experiences would have been in the absence of this requirement. The evaluation was also charged with determining whether Project Independence made individual participants better off financially than they would have been without the program and how the program's benefits compared to its costs. To answer these questions as reliably and rigorously as possible, techniques of randomization were used both to select the nine research counties and to assign individuals within the selected counties to one of the two groups into which the research sample was divided. Nine counties were randomly selected from the 25 with the largest AFDC caseloads. The

nine counties are: Bay (Panama City), Broward (Fort Lauderdale), Dade (Miami), Duval (Jacksonville), Hillsborough (Tampa), Lee (Fort Myers), Orange (Orlando), Pinellas (St. Petersburg), and Volusia (Daytona Beach). Together, they accounted for 58 percent of the state's AFDC caseload at the start of the evaluation and include Florida's eight largest cities as well as some suburban and rural areas. (Predominantly rural counties with extremely small AFDC caseloads were excluded from the study.) The lottery-like method used to select the counties enhanced the evaluation's capacity to produce results that can be generalized to at least 90 percent of the state's AFDC caseload that became mandatory for Project Independence during the period under study.

Randomization was also used for the research sample as the basis for determining the program's effectiveness – specifically, its effects on employment, earnings, AFDC receipt (i.e., months of receipt), and AFDC payments. From July 1990 through August 1991, 18,237 single-parent applicants for and recipients of AFDC in the nine research counties were randomly assigned either to a "program group," which was eligible to receive Project Independence services and was subject to the participation mandate, or to a "control group," which did not have access to the program and was not subject to the mandate. This type of random assignment research design is widely regarded as the most reliable method available for determining the effectiveness of programs such as Project Independence. Control group members were given a list of alternative employment and training services in the community. They remained eligible for subsidized child care and tuition assistance for training or community college classes under the same priorities and guidelines as Project Independence participants. Their eligibility for entitlement benefits in addition to AFDC – such as Food Stamps and Medicaid – was unaffected.

Because the two groups were created by chance, using a lottery-like process, there was only one systematic difference between them at the outset of the study: Only those in the program group could be involved in Project Independence. As a result, the control group would provide information on the levels of employment, earnings, welfare receipt, and welfare payments that the program group would have reached if it had not had access to Project Independence and had not been required to participate. Therefore, a comparison of the two groups' behavior over time would provide the most reliable estimate of the *difference* that Project Independence's services and mandates made in the program group's subsequent labor market and welfare outcomes. These differences are referred to as the program's "effects" or "impacts."

The data used for the full research sample came from automated, statewide earnings and welfare payment records. Other data used in the report include surveys administered 12 months after random assignment to a subsample of 916 program group members and, at 24 months after random assignment, to subsamples of 520 program group members and 509 control group members; program casefile information collected for a subsample of program and control group members at selected Project Independence units; and fiscal records provided by HRS and other state agencies.

The Project Independence evaluation differed in several intended and one unintended way from random assignment evaluations of other welfare-to-work programs, and these must be kept in mind when comparing results. Each of these differences most likely acted to make the measured impacts of Project Independence lower than they otherwise would have been. First, random assignment took place at the point when people were either applying for AFDC or being assessed as to their eligibility for continuing AFDC receipt. In most other evaluations, random assignment took place at a later

point, when individuals showed up for a program orientation. This meant that some members of the Project Independence research sample may never have been approved for AFDC or left the rolls before engaging in even the first program activity, orientation. Second, 88 percent of the Project Independence research sample were first-time AFDC applicants or were reapplying for AFDC after having been off the rolls, a much higher proportion than in other evaluations. This suggests that the Project Independence sample may have been somewhat less "disadvantaged," on average, than other samples and may have been more likely to find work and leave welfare on their own, without showing any additional effect from the program.

Finally, during the course of data collection, it was discovered that some control group members had been exposed to Project Independence by attending a program orientation or, in a smaller number of cases, participating in its employment-related activities. Although it is impossible to estimate precisely how much such exposure may have influenced individual behavior, this departure from the research design may have reduced the level of measured impacts by as much as 20 percent. However, it is not likely to have affected the pattern of impacts over time or the differences among subgroups.

Participation in Project Independence by Program Group Members During the First Year of Follow-Up[2]

- **Project Independence achieved a high degree of compliance with its initial participation requirements.**

During the first year of follow-up, 77 percent of all program group members attended orientation. Approximately half of those who did not attend orientation were referred for an AFDC grant reduction (also known as a "sanction") because they had not provided an acceptable reason for missing orientation. In all, 98 percent of the program group made contact with Project Independence either by attending orientation or, if they did not, by being referred for a sanction or being legitimately excused from the participation mandate.

During the same period, more than half of those who attended orientation participated in the program's employment-related activities. In all, 43 percent of all program group members (representing 56 percent of those who attended orientation) participated in at least one of the program's employment-related activities. These are similar to the rates found in studies of pre-JOBS mandatory welfare-to-work initiatives and California's JOBS program (the Greater Avenues for Independence Program, or GAIN), the only JOBS program with comparable evaluation data.

- **Reflecting the program's emphasis on immediate entry into employment,**

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[2]This section presents several key findings from MDRC's first report on Project Independence, which analyzed the program's implementation by examining program group members' participation in the various stages of the program model during the first year after they entered the study. See James J. Kemple and Joshua Haimson, *Florida's Project Independence: Program Implementation, Participation Patterns, and First-Year Impacts* (MDRC, January 1994).

independent job search was the most commonly used activity. For those least able to find work on their own, efforts were made to provide education and training.

During the first year of follow-up, 31 percent of the program group members participated in independent job search activities. This represents over 70 percent of those who enrolled in at least one employment-related activity through Project Independence. Ten percent of the program group members participated in a job club, either as their only activity or in combination with other activities. This contrasts with other welfare-to-work programs that also emphasized immediate job placement for large portions of the caseload, but that did so primarily through more intensive and expensive activities such as job clubs and supervised individual job search assistance. In addition, 18 percent of the program group (representing 41 percent of those who enrolled in Project Independence employment-related activities) participated in an education or training activity.

- **Project Independence was only modestly successful in implementing an ongoing participation mandate. Participation in program activities was usually short.**

During the first year of follow-up, program group members participated in employment-related activities for an average of one and a half of the nearly eight months in which they were registered for the program, or less than one-quarter of the time. At the end of the first year of follow-up, less than one-third of the program group members still registered in Project Independence were engaged in employment-related activities. Nearly 40 percent of those still registered (or 13 percent of all program group members) were left unaccounted for by Project Independence case managers, and many of the rest were waiting to start an activity, in the process of being sanctioned for not meeting the participation requirements, or temporarily deferred from participation.

Participation in All Employment-Related Activities by Program and Control Group Members During the Two Years of Follow-Up

Previous studies of welfare-to-work programs have found that many AFDC applicants and recipients enroll in local education or training programs, even when they are not required to do so and when they do not have access to case management services provided by programs like Project Independence. To determine whether Project Independence increased participation in employment-related activities above and beyond what people would have done on their own, the study analyzed the participation in such activities by more than 1,000 program and control group members over the two years following their entry into the study.

- **Sixty-four percent of program group members participated in employment-related activities through Project Independence and other sources.**

As shown in Table 1, 64 percent of program group members reported having participated in at least one employment-related activity during the two years following their random assignment. Eleven percent of program group members reported on the 24-month survey that they first enrolled in these activities during the second year of follow-up (not shown in the table). Forty-three percent

TABLE 1

TWO-YEAR IMPACTS OF PROJECT INDEPENDENCE ON RATES OF PARTICIPATION IN EMPLOYMENT-RELATED ACTIVITIES

Activity	Program Group (%)	Control Group (%)	Difference
Any employment-related activity (a)	63.9	40.1	23.8
Independent job search or job club (a)	42.7	18.7	24.0
Independent job search	41.0	17.9	23.1
Job club	13.2	5.8	7.4
Education or training (a)	41.5	30.5	11.1
Adult basic education or GED preparation classes	12.1	8.3	3.9
English as a Second Language instruction	4.6	3.0	1.7
Vocational training or post-secondary education	29.2	21.4	7.8
On-the-job training	4.0	3.1	0.9

NOTES: This table is based on responses to the 24-month survey by 1,029 program and control group members.

The percentages include all those who ever participated in the specified activities during the two years of follow-up, regardless of whether they were Project Independence activities.

Tests of statistical significance of differences between the program and control groups' participation rates were not performed.

(a) Some individuals participated in more than one activity during the follow-up period; therefore, the percentages for the specified activities within this category add up to more than the percentage for the category itself.

of the program group participated in independent job search or job club activities, mostly through Project Independence. Forty-two percent participated in education or training activities, with less than half of this participation having been provided through (or approved by) Project Independence.

- **Forty percent of control group members participated in employment-related activities.**

Table 1 shows that 40 percent of control group members reported having participated in at least one employment-related activity during the two-year follow-up period. Nineteen percent participated in at least one independent job search or job club activity, and 31 percent in at least one education or training activity. The higher rate of participation in the latter activities can be attributed, in large part, to the relatively wide availability of education and training services in the community.

- **Contrary to the research design, some control group members participated in employment-related activities through Project Independence.**

As noted earlier, the research design used for the evaluation specified that control group members were not to participate in Project Independence. However, using data collected from Project Independence casefiles, it was estimated that nearly 8 percent of control group members attended orientation and participated in employment-related activities, mostly independent job search, through Project Independence. An additional 12 percent of the control group attended orientation or were referred for a sanction for not attending orientation. However, none of these individuals participated in the program's employment-related activities. In all, therefore, up to an estimated 20 percent of the control group were exposed to some aspect of Project Independence. This departure from the research design narrowed the overall participation difference between program and control group members, which means that the measured impacts are likely to underestimate the program's true effect. Nevertheless, the vast majority of control group members were not required to engage in employment-related activities and, as discussed below, there were very large program-control group differences in participation. Thus, the experiences of the control group still provide the best benchmark for assessing whether Project Independence increased the program group's level of involvement in these activities, and thereby increased their earnings and decreased their AFDC receipt.

- **Project Independence produced a substantial increase in the use of employment-related activities among program group members. Most of this increase was accounted for by their much greater use than the control group of relatively low-cost independent job search activities.**

Table 1 shows that Project Independence produced a 24 percentage point increase (relative to the control group) in the rate at which program group members participated in employment-related activities through Project Independence or other agencies in the community. Most of this increase was due to an increase in the rates at which program group members participated in independent job search, either as their only activity or in combination with education and training activities. The program produced a more modest increase in the use of education and training services.

- **For women with no preschool-age children, Project Independence's impact on participation rates was similar for those who entered the study early in**

the random assignment period or later on. For women with preschool-age children, however, the program's impact on participation was much smaller for the late group than for the early group.

Table 2 presents the program-control group differences in (i.e., the program's impact on) participation in employment-related activities. It shows that Project Independence's impact on overall participation rates for those whose youngest child was age six or older was just over 20 percentage points for both the early and late groups. For those with preschool-age children, however, the impact declined from 35 percentage points for the early group to 24 percentage points for the late group, basically owing to a large decrease in the program's impact on participation in education and training activities (from 19 percentage points for the early group to less than 3 percentage points for the late group). Program staff have partly attributed the greatly diminished use of education and training by mothers of young children to the sharply reduced availability of child care, especially for participants in longer-term activities such as education and training. (The curtailment of child care probably affected those with young children the most.) In addition, hiring freezes and increasing caseloads prevented case managers from providing a consistent level of case management. These important changes, which began in January 1991, are fundamental to the analysis in this report (as discussed in the section on the evolution of Project Independence) and help explain the change over time in participation patterns among women with preschool-age children.

For the Full Sample: The Two-Year Impacts of Project Independence on Employment, Earnings, and Welfare Receipt

Each impact estimate presented below is the difference between the average of an outcome (e.g., earnings, AFDC payments, or Food Stamp payments) for *all* program group members and the average of the same outcome for *all* control group members. As a consequence, average earnings necessarily include zero dollar amounts for sample members who were not employed during the period in question. Similarly, average AFDC or Food Stamp payments include zero dollar amounts for sample members who did not receive AFDC or Food Stamps, respectively, during the period in question. (Asterisks following an impact estimate in the tables mean that the impact was statistically significant – in other words, that one can be more confident that the difference was the result of Project Independence and not statistical chance.)

- **For the full sample, Project Independence produced a modest decrease in program group members' AFDC and Food Stamp receipt – a decrease that persisted over the two-year follow-up period.**

Table 3 shows that Project Independence produced a decrease in AFDC payments averaging $265 per program group member over the two-year follow-up period (a 6.2 percent savings relative to the control group average). There was a slight decline from $152 in the first year to $113 in the second year, but the trend in impacts on AFDC payments during the second year of follow-up (not shown in the table) suggests additional savings in the future. Project Independence also produced a reduction in Food Stamp payments averaging $136 per program group member over the two-year period.

TABLE 2

TWO-YEAR IMPACTS OF PROJECT INDEPENDENCE ON RATES OF PARTICIPATION IN EMPLOYMENT-RELATED ACTIVITIES FOR SUBGROUPS DEFINED BY AGE OF YOUNGEST CHILD AND EARLY OR LATE ENTRY INTO THE RESEARCH SAMPLE

Subgroup and Activity	Program Group (%)	Control Group (%)	Difference
Youngest child, age 6 or older			
Early group			
Any employment-related activity	65.6	45.0	20.6
Independent job search or job club	45.4	23.0	22.4
Education or training	44.5	33.0	11.5
Late group			
Any employment-related activity	60.0	39.6	20.4
Independent job search or job club	41.9	21.5	20.4
Education or training	40.6	29.5	11.1
Youngest child, age 3-5			
Early group			
Any employment-related activity	77.8	42.4	35.4
Independent job search or job club	50.0	20.7	29.4
Education or training	50.0	31.5	18.5
Late group			
Any employment-related activity	60.2	35.8	24.4
Independent job search or job club	41.7	11.2	30.5
Education or training	33.3	30.6	2.7

NOTES: The percentages include all those who ever participated in the specified activities during the two years of follow-up, regardless of whether they were Project Independence activities.

Tests of statistical significance of differences between the program and control groups' participation rates were not performed.

TABLE 3

TWO–YEAR IMPACTS OF PROJECT INDEPENDENCE ON EMPLOYMENT, EARNINGS, AFDC RECEIPT, AND FOOD STAMP RECEIPT FOR THE FULL SAMPLE

Outcome and Follow–up Period	Program Group	Control Group	Difference	Percentage Change
Ever employed (%)				
Years 1–2	66.3	63.8	2.5 ***	4.0%
Year 1	55.4	52.6	2.8 ***	5.4%
Year 2	53.3	51.2	2.1 ***	4.1%
Last quarter of year 2	38.3	37.8	0.4	1.1%
Average total earnings ($)				
Years 1–2	5766	5539	227 *	4.1%
Year 1	2548	2401	146 **	6.1%
Year 2	3219	3138	80	2.6%
Ever received any AFDC payments (%)				
Years 1–2	88.3	89.5	−1.1 **	−1.3%
Last quarter of year 1	64.6	68.7	−4.2 ***	−6.0%
Last quarter of year 2	51.2	53.6	−2.4 ***	−4.5%
Average total AFDC payments received ($)				
Years 1–2	4028	4293	−265 ***	−6.2%
Year 1	2196	2348	−152 ***	−6.5%
Year 2	1832	1945	−113 ***	−5.8%
Ever received any Food Stamps (%)				
Years 1–2	90.5	91.0	−0.5	−0.6%
Last quarter of year 1	70.5	71.8	−1.3 *	−1.8%
Last quarter of year 2	56.8	57.4	−0.6	−1.0%
Average value of Food Stamps ($)				
Years 1–2	4002	4138	−136 ***	−3.3%
Year 1	2148	2213	−66 ***	−3.0%
Year 2	1855	1925	−70 ***	−3.6%

NOTES: Dollar averages include zero values for sample members who were not employed or were not receiving AFDC or Food Stamps.

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

Although Project Independence reduced the proportion of program group members receiving AFDC in the last quarter of year 2 by 2.4 percentage points, slightly more than half of all program group members (51 percent) were receiving some AFDC payments at that final point in the two-year follow-up.

- **For the full sample, the modest earnings gains achieved by program group members in the first year of follow-up declined greatly in the second year. Overall, Project Independence produced only a small increase in the average earnings of program group members over the two years.**

Table 3 shows that, over the two-year follow-up period, Project Independence produced an increase of $227 in the average earnings of program group members (a 4.1 percent increase relative to the control group average). Earnings effects declined from $146 in the first year to a statistically insignificant $80 in the second, and it is likely that any earnings impacts for the full sample in future years will be smaller than those for the first two years. The decline in earnings gains during the second year of follow-up for the full sample is unusual, since evaluations of most other welfare-to-work programs found at least modest and statistically significant earnings gains through three years of follow-up and even beyond.

Part of the explanation for these small, short-lived earnings gains is differences in the pattern of effects for subgroups of the full research sample (to be discussed shortly). The characteristics of the jobs program group members obtained is also part of the explanation. Findings from the evaluation's survey of a subsample of program and control group members indicate that Project Independence produced an increase in employment that was mainly in part-time, relatively low-paying jobs. The survey findings show that *employed* program group members reported hourly wages, weekly hours, and weekly earnings slightly *below* those of *employed* control group members. Also, these jobs do not seem to have lasted as long as jobs held by control group members. It appears, however, based on the experience of the control group, that the program group members who took these jobs would not have worked at all in the absence of the program.

The Two-Year Impacts of Different Versions of Project Independence for Subgroups With and Without Preschool-Age Children

The full-sample findings discussed above mask important differences in the effectiveness of Project Independence for key subgroups within the welfare population. The Project Independence evaluation was designed specifically to determine the program's effectiveness for AFDC applicants and recipients with preschool-age children, as well as for those with no preschool-age children. (Prior to JOBS, the latter was the traditional mandatory group for welfare-to-work programs, and therefore the subject of most evaluations.) This question became even more salient over the course of the evaluation as child care could no longer be offered to most program participants and other program resources were stretched to cover an expanding caseload. As noted above, women with preschool-age children were particularly likely to have been affected by the reduction in child care and other resources to support their participation in longer-term activities such as education and training. To explore these issues, impacts were first estimated separately for the early group of sample members (who were referred to Project Independence before January 1991) and for the later group (who were referred to

the program between January and August 1991). Then, within these two groups, impacts were estimated separately for women with preschool-age children and for women with no preschool-age children. It should be noted that the smaller sample sizes of these subgroups make the impact estimates less precise than those for the full sample.

- **Larger and more persistent program effects were found for sample members referred to Project Independence before program resources were strained by growing AFDC caseloads.**

The top section of Table 4 shows that Project Independence produced two-year earnings impacts of $439 for individuals who entered the research sample before January 1991, a period when Project Independence was operated closer to the model intended by HRS. This impact was more than four times the $99 earnings impact for those who entered later (although the difference between the early and late groups was not statistically significant). During that later period, as discussed below, the program spent less money per participant, but it sought to continue providing at least minimal services to as many participants as possible. Importantly, earnings impacts for the early group did not decline over time. In fact, they grew steadily from $216 in year 1 to $223 in year 2 to $277 in year 3. In all, for the early group, Project Independence produced an average earnings increase of $716 per program group member over three years. Earnings impacts for the late group were not only smaller to begin with, but also declined to about zero by the middle of the second year of follow-up (not shown in the table).

The difference in earnings impacts between the early and late groups was owed, in large part, to the early group's greater employment stability. Those from the early group who found jobs were more likely to remain employed, leading to a greater impact on total time employed and, hence, to the greater impact on total earnings.

Unlike impacts on earnings, impacts on AFDC payments were similar for the early and late groups. AFDC payment impacts declined somewhat in the second year for both groups, although they remained statistically significant.

- **Project Independence produced AFDC savings both for sample members with preschool-age children and for those who only had older children.**

The bottom section of Table 4 shows that, over the two-year follow-up period, Project Independence produced an average of $304 in AFDC savings for those whose youngest child was age six or older at the time of random assignment, and $210 for those whose youngest child was between the ages of three and five (i.e., preschool-age). The table also shows that Project Independence achieved two-year AFDC savings for each of these subgroups within both the early and late groups. Those with preschool-age children, however, showed less persistent AFDC effects. AFDC impacts for the early group with preschool-age children grew from year 1 to year 2 but then declined to about zero by year 3. AFDC impacts for the late group with preschool-age children declined significantly after only the first year. In contrast, AFDC savings for those with no preschool-age children declined much more gradually from year 1 to year 2, and for the early group, they declined hardly at all from year 2 to year 3.

TABLE 4

TWO-YEAR IMPACTS OF PROJECT INDEPENDENCE ON EARNINGS AND AFDC PAYMENTS
FOR SUBGROUPS DEFINED BY EARLY OR LATE ENTRY INTO THE RESEARCH SAMPLE AND AGE OF YOUNGEST CHILD

	Impact on Average Total Earnings ($)				Impact on Average Total AFDC Payments ($)			
Subgroup	Total Years 1-2	Year 1	Year 2	Year 3 (a)	Total Years 1-2	Year 1	Year 2	Year 3
Early group	439 **	216 **	223 *	277 *	-241 ***	-125 ***	-115 ***	-65
Late group	99	111	-12	n/a	-289 ***	-173 ***	-116 ***	n/a
Youngest child, age 6 or older								
Early group	489	278 *	211	424 **	-244 **	-139 ***	-105 *	-101 *
Late group	487 *	307 **	181	n/a	-347 ***	-192 ***	-155 ***	n/a
Both groups	473 **	284 ***	190	n/a	-304 ***	-171 ***	-133 ***	n/a
Youngest child, age 3-5								
Early group	358	142	216	97	-203 *	-86	-117 *	-2
Late group	-175	14	-189	n/a	-241 ***	-182 ***	-59	n/a
Both groups	20	54	-34	n/a	-210 ***	-133 ***	-77 *	n/a

NOTES: Dollar averages include zero values for sample members who were not employed or were not receiving AFDC.

A two-tailed t-test was applied to the differences between program and control groups. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent. Differences in impacts across the subgroup categories were not statistically significant at the 10 percent level.

(a) The third-year earnings figures for the early group were calculated as 4/3 the total for the first three quarters of that year. Third-year data were not available (n/a) for the late group.

- **Earnings impacts were found mainly for individuals with no preschool-age children. Among individuals with preschool-age children, only those in the early group, who were referred to Project Independence when child care and case management resources were more readily available, showed evidence of achieving short-term earnings gains.**

The patterns of earnings impacts were quite different depending on whether families included children between the ages of three and five. For those with no preschool-age children, Project Independence produced two-year earnings gains averaging $473 per program group member, with the gains being similar for the early and late groups. Although, for both the early and late groups, impacts declined from year 1 to year 2, they rebounded to $424 for the third year of follow-up for the early group, suggesting that their earnings impacts may persist beyond the period for which evaluation data were collected.

Earnings impacts for those with preschool-age children were weaker, especially for the late group, which showed virtually no earnings impact in year 1 and then a negative effect in year 2. The early group with preschool-age children showed a (statistically insignificant) increase in earnings gains from year 1 to year 2, but this declined in year 3. As discussed above, a key difference between the early and late groups with preschool-age children was the dramatic decline in the use of education and training services by the late group. Overall, these findings provide evidence of the challenge of achieving lasting effects for women with preschool-age children, a challenge that was made more difficult in the face of limited child care and other resources.

Two-Year Impacts on Subgroups Defined by Job-Readiness Status and Welfare History

- **For sample members the program designated "not job-ready" and targeted for education and training services, Project Independence produced delayed earnings impacts, which emerged in the second year of follow-up.**

Project Independence targeted education and training services to a particular group whose education level and paucity of prior work experience might be barriers to getting a job. The pattern of earnings impacts found for this "not job-ready" subgroup is consistent with a widely held view that, if human capital development activities (i.e., education and training) increase earning power over time, they do so after some delay. As shown in the top section of Table 5, those designated as not job-ready had no earnings gain in year 1, but their gains in year 2 were much larger ($290 per program group member). AFDC impacts for the not job-ready were weak, however, and did not grow over time. In contrast, the job-ready subgroup achieved modest and persistent AFDC savings of $317 over two years. However, earnings gains for this group declined from $195 in year 1 to a statistically insignificant $92 in year 2.

- **For sample members who had received AFDC for a total of two years or more prior to being referred to the program, Project Independence produced larger-than-average earnings gains and AFDC savings.**

The bottom section of Table 5 shows that Project Independence produced statistically significant

TABLE 5

TWO-YEAR IMPACTS OF PROJECT INDEPENDENCE ON EARNINGS AND AFDC PAYMENTS FOR SUBGROUPS DEFINED BY JOB-READINESS STATUS AND WELFARE HISTORY

Subgroup and Follow-up Period	Average Total Earnings				Average Total AFDC Payments			
	Program Group ($)	Control Group ($)	Difference ($)	Percentage Change (%)	Program Group ($)	Control Group ($)	Difference ($)	Percentage Change (%)
Job-readiness status (a)								
Job-ready								
Years 1-2	6250	5963	287 *	4.8%	3924	4241	-317 ***	-7.5%
Year 1	2770	2575	195 ***	7.6%	2141	2314	-173 ***	-7.5%
Year 2	3480	3388	92	2.7%	1783	1927	-144 ***	-7.5%
Not job-ready								
Years 1-2	2435	2117	318	15.0%	4518	4662	-144	-3.1%
Year 1	1035	1008	27	2.7%	2467	2564	-97	-3.8%
Year 2	1400	1109	290 *	26.2%	2051	2098	-47	-2.2%
Welfare history (b)								
First-time applicant								
Years 1-2	6734	6680	54	0.8%	3286	3538	-252 ***	-7.1%
Year 1	2959	2920	39	1.3%	1830	1972	-141 ***	-7.2%
Year 2	3775	3759	15	0.4%	1456	1566	-110 ***	-7.1%
Less than two years (c)								
Years 1-2	5651	5564	87	1.6%	4188	4484	-295 ***	-6.6%
Year 1	2516	2367	150	6.3%	2274	2474	-200 ***	-8.1%
Year 2	3134	3197	-63	-2.0%	1914	2010	-96 *	-4.8%
Two years or more (c)								
Years 1-2	4382	3644	738 ***	20.3%	4946	5353	-407 ***	-7.6%
Year 1	1969	1584	385 ***	24.3%	2642	2831	-189 ***	-6.7%
Year 2	2413	2060	353 ***	17.1%	2304	2522	-218 ***	-8.6%

NOTES: Dollar averages include zero values for sample members who were not employed or were not receiving AFDC.

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

(a) Sample members were defined as "job-ready" if they had completed at least 10th grade or were employed for at least 12 of the 36 months prior to random assignment. They were defined as "not job-ready" if they did not meet both criteria. These definitions are based on those used by Project Independence during the random assignment period.

(b) Welfare history refers to the total number of months accumulated from one or more spells on an individual's or spouse's AFDC case. It does not include AFDC receipt under a parent's name.

(c) This subgroup includes both current recipients and applicants with prior AFDC spells.

reductions in two-year AFDC payments for all three groups defined by the accumulated time they spent on AFDC (as adults) prior to being referred to Project Independence: first-time AFDC applicants ($252), and applicants and recipients who had received AFDC for less than two years ($295) or at least two years ($407). Despite the consistent AFDC savings for all three groups, the program produced statistically significant earnings gains only for those who had previously received AFDC for two years or more – a somewhat more dependent group than the other two. For them, the two-year earnings gain was substantial: $738, which represents a 20 percent increase over the control group average. The effectiveness of Project Independence for long-term AFDC recipients is important because JOBS targets such individuals for priority in services.

The Cost of Project Independence

In this study, the cost estimates are reported as averages per sample member. Several different kinds of cost estimates have been calculated. First is the *total Project Independence cost* per program group member. This amount included costs incurred by both HRS and the other agencies that provided services to which Project Independence participants were referred by the program. *Total cost* includes both the total Project Independence cost and the value of employment-related services received outside the purview of Project Independence (e.g., after leaving welfare). A similar total cost was calculated for services received by members of the control group. The difference between the average total cost for program and control group members is the *net program cost* per sample member. Net cost was the cost measure utilized for the benefit-cost analysis presented in the next section. All costs were calculated for a two-year observation period and then projected over an additional three-year period. The five-year time horizon for the cost analysis is consistent with that used in other MDRC evaluations of welfare-to-work programs. All amounts are expressed in 1993 dollars.

- **The total five-year cost of Project Independence was estimated to be $1,304 per program group member, making the program a relatively low-cost JOBS program.**

By emphasizing independent job search for the majority of its participants and reserving more costly education and training services for the "not job-ready," the program adopted a relatively low-cost strategy for engaging a very large portion of the AFDC caseload for at least a brief spell in the program. Part A of Table 6 shows that an average of $1,304 per program group member was spent by HRS and its collaborating agencies to provide Project Independence services. Of this amount, about half came from HRS and half from other agencies. Among the costs incurred directly by HRS were those for case management, orientation, assessment, child care, and other support services, as well as the cost of independent job search and some of the costs of education and training. Most of the costs of education and training accrued to the budgets of non-HRS providers (e.g., adult schools and community colleges). The proportion of total Project Independence costs attributable to the various program components is shown in part B of Table 6. The largest share of resources was spent on vocational training and post-secondary (usually community college) education, even though these services were used by a relatively small proportion of the caseload. Child care costs accounted for more than two-thirds of the support services provided by Project Independence and approximately 8 percent of all Project Independence costs.

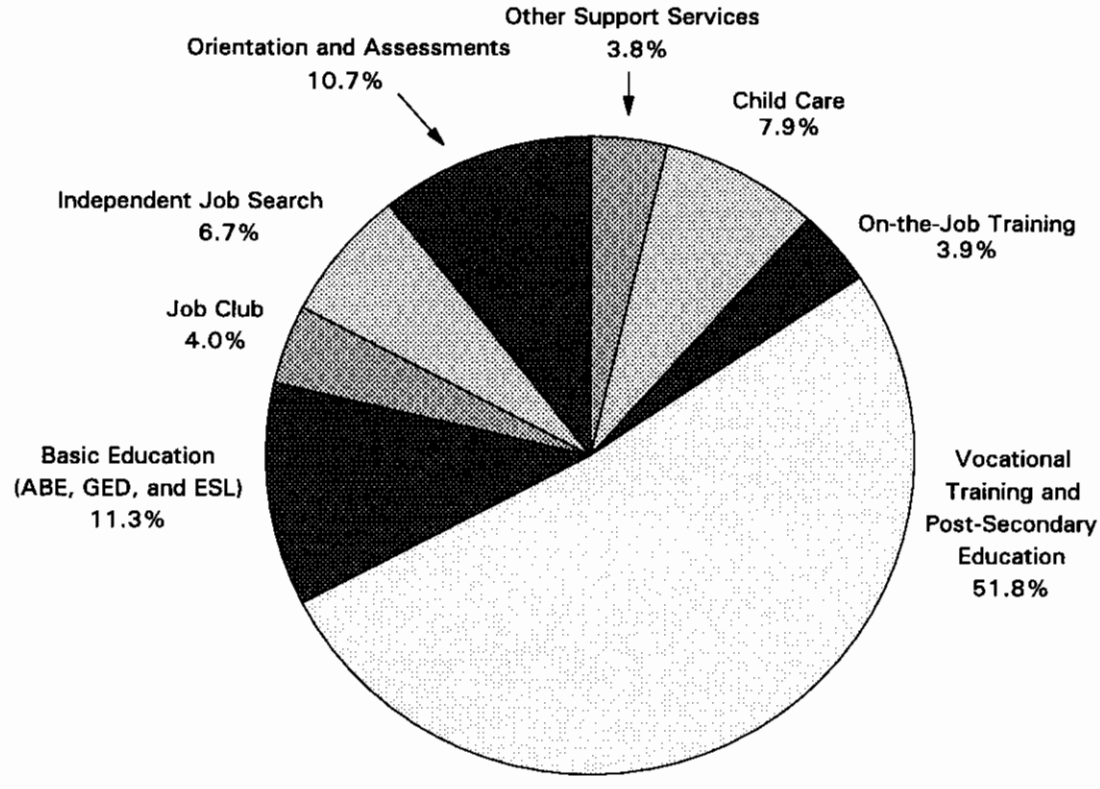
TABLE 6

ESTIMATED PROJECT INDEPENDENCE AND NET COST PER PROGRAM GROUP MEMBER WITHIN FIVE YEARS AFTER RANDOM ASSIGNMENT (IN 1993 DOLLARS)

A. Total Project Independence and non-Project Independence Costs

Cost Category	Five-Year Average Cost ($)		
	Per Program Group Member	Per Control Group Member	Difference (Net Cost per Program Group Member)
Total Project Independence cost	1304	255	1049
HRS cost	550	148	402
Non-HRS cost	753	108	645
Total non-Project Independence cost	1792	1691	101
Total cost	3096	1946	1150

B. Percentage Distribution of the Estimated Total Five-Year Cost of Project Independence, by Component



Total five-year cost of Project Independence (including expenditures by HRS and other agencies): $1,304 per program group member

NOTES: Case management, which accounts for a large share of the HRS costs, is included in the costs for the individual components. The percentages in the pie chart do not add to exactly 100 percent because of rounding.

- **The *net* five-year cost of providing Project Independence and non-Project Independence services to program group members was $1,150.**

Overall, it cost an estimated $3,096 per program group member, over a five-year period, to provide employment-related services through Project Independence, its collaborating partners, and other agencies in the community not affiliated with the program (see part A of Table 6). This amount included the cost of activities program group members participated in on their own initiative, without being assigned there by Project Independence or having those activities approved by the program. Control group members made use of similar services at a cost of $1,946 per control group member over the same five-year period. Control group members received services mostly on their own initiative, outside Project Independence. As explained earlier, however, they received some services through Project Independence. These costs were included in the total cost per control group member.

Thus, the net cost to government budgets of Project Independence and non-Project Independence services was $1,150 per program group member over a five-year period. This net cost was the additional investment taxpayers made to provide services for the program group above and beyond the cost of services obtained by control group members.

An Analysis of Project Independence's Benefits and Costs

The benefit-cost analysis addressed three questions: Were program group members better or worse off financially as a result of Project Independence? Was the government's net investment paid back by budgetary savings? Did the combined results for program group members and government budgets (which economists call the results for "society" as a whole) represent a total net gain or loss? In answering these questions, the benefit-cost analysis weighed the effects of Project Independence on earnings (and the associated fringe benefits), AFDC payments, Food Stamps, Unemployment Insurance benefits, taxes, Medicaid, administrative costs of AFDC and other government welfare programs, and the net cost of employment-related services. It did not formally consider intangible positive or negative effects of the program, such as the effect of reduced time at home for working parents and increased stress, or the value of increased self-esteem and positive role models for children. The analysis also assumed that program group members who became employed as a result of Project Independence did not take jobs away from other workers (because such "displacement effects" could not be measured). All benefits and costs were calculated for the two to three years for which data were available and then projected over an additional two to three years, for a total time frame of five years. All amounts are expressed in 1993 dollars.

- **Overall, program group members incurred a small net financial loss from Project Independence.**

As shown in the "welfare sample" column of Table 7, program group members experienced, on average, a net financial loss of $369 over the five-year period used for the benefit-cost analysis. This was because the increase in earnings (and associated fringe benefits) produced by the program was more than offset by decreases in AFDC, Food Stamps, Unemployment Insurance benefits, and Medicaid. The likely explanation is that program group members were probably more apt to leave

TABLE 7

ESTIMATED NET GAINS AND LOSSES FROM PROJECT INDEPENDENCE AND RETURN PER PROGRAM GROUP MEMBER WITHIN FIVE YEARS AFTER RANDOM ASSIGNMENT, BY ACCOUNTING PERSPECTIVE (IN 1993 DOLLARS)

	Accounting Perspective		
Benefit–Cost Component	Welfare Sample ($)	Government Budget ($)	Society ($)
Total from earnings and fringe benefits	689	0	689
Total from tax payments (a)	−21	67	0
Total from transfer payments and administrative costs (b)	−1037	1155	118
Net cost of Project Independence and non–Project Independence activities and services	0	−1150	−1150
Net gain or loss (net present value)	−369	72	−343
Return to government budget per net dollar invested in Project Independence and non–Project Independence activities and services (c)	n/a	1.06 per $1	n/a

NOTES: "N/a" means not applicable.

(a) Includes payroll, income, and sales taxes. Florida does not have a state income tax.

(b) Includes AFDC payments, Food Stamps, Unemployment Insurance benefits, Medicaid, and the administrative costs of AFDC and the other government welfare programs.

(c) This figure was computed by dividing tax payments and transfer program savings by the net cost of Project Independence and non–Project Independence activities and services.

AFDC for a short time to take a relatively low-wage job, but then not return to the welfare rolls immediately after leaving that job.

- **For government budgets, Project Independence produced savings in welfare payments and increases in tax revenues that slightly exceeded the cost of services for program group members.**

Project Independence was intended to reduce the cost of public assistance, and it did. In fact, the program recouped *all* its net costs through reductions in welfare and increases in tax payments (because of the earnings gains it generated). As shown in the "government budget" column of Table 7, Project Independence actually produced a small net *gain* to government budgets ($72 per program group member). One can also consider the cost-effectiveness of Project Independence from the standpoint of government budgets by estimating the value of budgetary savings and tax revenue increases per dollar of investment (i.e., per dollar of net costs). This measure is called the *return to budget per net dollar invested.* As shown in the second column of Table 7, Project Independence produced $1.06 in savings and revenues for every additional dollar spent on program group members (beyond the control group average expenditure). In other words, the financial returns were large enough to allow government budgets to do slightly better than break even.

The last column of Table 7 gives the benefit-cost results from the combined perspectives of program group members and government budgets. Referred to by economists as the financial gains or losses for "society," this perspective is approximated by summing the welfare sample and government budget columns (including only employees' share of payroll taxes). Benefits accrue to society through the additional goods and services produced on the job by program participants who work. The value of that additional output is represented by the earnings gains of program group members. Society also benefits from reduced expenditures in administering welfare programs, which occurs through the program's impact on reducing receipt of AFDC and other "transfer payments" (i.e., Food Stamps, Unemployment Insurance benefits, and Medicaid). In this kind of analysis, the program's net costs are categorized as a loss from the perspective of society. All other effects (e.g., reduced transfer payments and increased tax receipts) represent gains to one group in society and losses to another, resulting in no effect for society as a whole. Considering only financial gains and losses, the net present value (i.e., the net gain or loss) of Project Independence to society as a whole was minus $343 per program group member over five years. This was because the additional earnings that accrued to program group members were more than offset by the government's cost of providing services to them.

- **From a benefit-cost standpoint, Project Independence was most successful for the early group of AFDC applicants and recipients with no preschool-age children. For this group, the program produced budgetary savings and made program group members better off financially.**

Table 8 presents a summary of the benefit-cost findings for the sample members with and without preschool-age children, within the early and late groups. Because of small sample sizes and data limitations, these findings are less precise for the subgroups than they are for the full sample. The first row of the table shows that the early group with no preschool-age children achieved a small net financial gain of $333 over five years. At the same time, the program produced an additional $621

TABLE 8

BENEFIT–COST RESULTS OF PROJECT INDEPENDENCE
FOR SUBGROUPS DEFINED BY AGE OF YOUNGEST CHILD AND
EARLY OR LATE ENTRY INTO THE RESEARCH SAMPLE (IN 1993 DOLLARS)

Subgroup	Net Cost of Project Independence and non–Project Independence Services ($)	Estimated Net Gain or Loss (Net Present Value) per Program Group Member Within Five Years After Random Assignment, by Accounting Perspective ($)			Return to Government Budget per Net Dollar Invested (a) ($)
		Welfare Sample ($)	Government Budget ($)	Society ($)	
Youngest child, age 6 or older					
Early group	1128	333	621	834	1.55 per $1
Late group	877	–755	745	–53	1.85 per $1
Youngest child, age 3–5					
Early group	1831	277	–1220	–995	0.33 per $1
Late group	894	–748	–402	–1130	0.55 per $1

NOTE: (a) This figure was computed by dividing tax payments and transfer program savings by the net cost of Project Independence and non–Project Independence activities and services.

in welfare savings and tax revenues for government budgets, resulting in a return of $1.55 for each additional dollar invested in employment-related activities for program group members (i.e., beyond the investment in control group members).

In contrast, the late group of sample members with no preschool-age children did not accrue enough additional earnings to offset the resulting reduction in welfare payments. The second row of the table shows that this resulted in a net financial loss of $755, on average, for this group. However, the government's smaller net investment in the late group ($877 compared to $1,128 for the early group with no preschool-age children) still produced welfare savings resulting in a net gain to government budgets of $745 (or $1.85 for each additional dollar invested).

The bottom section of Table 8 shows the benefit-cost results for those with preschool-age children, within the early and late groups. Those in the early group came out slightly ahead financially, while those in the late group incurred a financial loss of $748. Government budgets did not break even for either group.

A Comparison with the Results of Evaluations of Other Welfare-to-Work Programs

- **Project Independence's impacts on AFDC payments were in the middle range of the effects produced by large-scale, pre-JOBS welfare-to-work programs that provided mainly job search activities. Its earnings impacts were smaller, except for the early group without preschool-age children.**

Major differences in research designs (e.g., the early point of random assignment in this evaluation), research samples (e.g., the great preponderance of welfare applicants in the present sample), program activities (e.g., the unusually heavy emphasis on independent job search), and local environments (e.g., dramatically rising caseloads and stretched resources) make comparisons of Project Independence's effects to those of other programs difficult to interpret. Nonetheless, comparing different programs' general patterns of effects can provide a useful perspective from which to judge the results of Project Independence.

The very low-cost, mostly job search programs of the early 1980s – the kinds of programs JOBS was designed to replace – had a range of effects on AFDC payments, with some producing no appreciable welfare savings. Project Independence's 6 percent reduction in two-year AFDC payments falls roughly in the middle of the observed range of welfare savings. At the same time, Project Independence was virtually unique in showing a *decline* in impacts on earnings after the first year of follow-up. However, its more promising results for the early group who had no preschool-age children rank in the mid-range of earlier programs' earnings impacts.

- **Compared to the overall findings for California's JOBS program, Project Independence produced similar percentage reductions in AFDC payments. How the earnings gains compare depends on the subgroups being considered.**

Findings from a random assignment evaluation of California's Greater Avenues for

Independence (GAIN) Program, the nation's largest JOBS program, provide another point of comparison for assessing the Project Independence results. The GAIN program differed from Project Independence in a number of ways. For example, GAIN placed much greater emphasis on basic education as a first activity for the large group of enrollees who were deemed to need it (well over half the research sample). Moreover, it was a more expensive program (see Table 9), for reasons that included its greater emphasis on basic education, its much greater reliance on job clubs rather than unsupervised, independent job search, and its assignment of considerably smaller caseloads to GAIN case managers.

In comparing the Project Independence and GAIN findings, it is also important to recognize that California's AFDC system, in contrast to Florida's, is a state-supervised but county-administered system, which led to greater county variation in program practices than was observed in Florida. For the latter reason, the GAIN evaluation focused much more on county-specific impacts, benefits, and costs than on the six-county average results. (County-specific impacts for the key subgroups were not estimated for the Florida study.) Importantly, the GAIN analysis found that one county (Riverside) produced the most impressive results ever measured for a large-scale welfare-to-work program. Those results have taken on national significance because they point to the *potential* of a JOBS program to achieve substantial earnings gains *and* welfare savings for a wide range of welfare recipients, while helping government budgets *and* the welfare sample come out ahead.

Estimates of net costs and impacts on earnings and AFDC payments for Project Independence and GAIN are presented in Table 9.[3] The table shows that GAIN (when its cross-county average effects are considered) produced bigger average reductions in welfare payments over three years of follow-up. However, those larger AFDC savings were partly a function of California's relatively high monthly AFDC grant levels. In view of these differences in state grant levels, an alternative approach is to focus on the *percentage reduction* in average AFDC payments made to the program group compared to the control group average. Using that measure, the effects of Project Independence were actually somewhat larger, as shown in the last column of Table 9. For example, for the early group without preschool-age children, the reduction in AFDC payments was 6.3 percent of the control group average for years 1 and 2 combined, compared to the 5.6 percent (all-county) figure for GAIN.

Project Independence's earnings impacts were smaller than GAIN's. However, it is noteworthy that, for the early group in Project Independence whose youngest child was age six or older, the trend of increasing earnings gains in the third year of follow-up was similar to the pattern for the GAIN six-county average. As for the sample members with preschool-age children, the GAIN results show that a JOBS program can produce large earnings gains for this group: an average three-year increase of almost $2,000 (i.e., the sum of the annual figures shown in the bottom row of Table 9) across the subset of three California counties in which this subgroup was studied. The findings also suggest, however, that achieving such results may require more substantial resources than were available to Project Independence.

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[3]To enhance comparability with GAIN, the Project Independence estimates could be adjusted to take into account the fact that some control group members were reached by the program, which did not occur in the GAIN evaluation. The Project Independence impacts shown in the table are 20 percent smaller than they would be if such an adjustment were made.

TABLE 9

PROGRAM IMPACTS FOR SINGLE PARENTS IN PROJECT INDEPENDENCE AND THE CALIFORNIA GAIN PROGRAM

Subgroup and Program	Net Cost ($)	Impact on Average Annual Earnings ($) Year 1	Year 2	Year 3	Impact on Average Annual AFDC Payments ($) Year 1	Year 2	Year 3	Percentage Impact on AFDC Payments Years 1–2
Youngest child, age 6 or older								
Project Independence (a)								
Early group (b)	1128	278 *	211	424 **	−139 ***	−105 *	−101 *	−6.3%
Late group	877	307 **	181	n/a	−192 ***	−155 ***	n/a	−8.4%
California GAIN (c)	3422	266 ***	512 ***	636 ***	−283 ***	−347 ***	−331 ***	−5.6%
Youngest child, age 3–5								
Project Independence (a)								
Early group (b)	1831	142	216	97	−86	−117 *	−2	−4.3%
Late group	894	14	−189	n/a	−182 ***	−59	n/a	−5.1%
California GAIN								
Three counties (d)	n/a	512 (z)	732 (z)	711 (z)	−108 (z)	−194 (z)	−350 (z)	−2.4%

NOTES: Dollar averages include zero values for sample members who were not employed or were not receiving AFDC.

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

Where results are not available, "n/a" is used.

(a) Adjustment for the exposure of some control group members to Project Independence could increase estimates by as much as 25 percent.

(b) The third–year earnings figures for the early group were calculated as 4/3 the total for the first three quarters of that year. Third–year data were not available (n/a) for the late group.

(c) Estimates are averages across six counties, with results for each county weighted equally. The counties are Alameda, Butte, Los Angeles, Riverside, San Diego, and Tulare.

(d) Estimates are averages across three counties, with results for each county weighted equally. The counties are Alameda, Riverside, and Tulare.

(z) Statistical tests are not available.

- **The Project Independence and GAIN benefit-cost results offer some evidence of the potential of JOBS to produce net financial gains from both the welfare sample and government budget perspectives.**

The *full-sample* benefit-cost estimates for both programs – which for Project Independence show the welfare sample incurring a net loss, and for GAIN show the government budget incurring a net loss (not shown in the tables) – seem to suggest that policymakers face a trade-off between the goals of saving money for the government and increasing income for poor single parents. However, such a trade-off may not be inevitable. For example, in Project Independence, as previously discussed, both the welfare sample and government budgets came out ahead for the early group of single parents with no preschool-age children – the group who experienced the program when Project Independence resources were less strained. A similar pattern of increased income for the welfare sample and budgetary savings was observed for three of the six counties in the GAIN evaluation. But although all of these results demonstrate that a trade-off between the goals may not be inevitable, the failure to achieve both of them simultaneously for Project Independence's other key groups, especially those who did have preschool-age children, and across the combined six counties in the GAIN evaluation, is a reminder of the continuing challenge facing JOBS administrators aiming to accomplish both objectives.

CHAPTER 1

INTRODUCTION

This is the second and final report from an evaluation of Florida's Project Independence, which the Manpower Demonstration Research Corporation (MDRC) conducted under a contract with Florida's Department of Health and Rehabilitative Services (HRS) and with support from the Ford Foundation and the U.S. Department of Health and Human Services. It presents findings on the effectiveness of Project Independence in moving welfare applicants and recipients into employment and off the welfare rolls over a two-year period. It also analyzes whether and to what extent the program has been cost-effective.

Since 1987, when it was created, Project Independence has operated as Florida's statewide welfare-to-work program. Its aim is to increase the employment and foster the self-sufficiency of applicants for and recipients of Aid to Families with Dependent Children (AFDC), the major federal/state cash welfare program. All single-parent AFDC applicants and recipients whose youngest child is age three or older are required (i.e., "mandated") to participate in the program unless they meet specific exemption criteria.[1] Furthermore, they are required to participate continuously for as long as they remain on welfare.

Florida was among a handful of states that anticipated federal welfare reform legislation – the Family Support Act of 1988 and its centerpiece, the Job Opportunities and Basic Skills Training (JOBS) Program – by strengthening the link between receipt of AFDC and obligations, opportunities, and supports for parents in poor families to obtain employment. With minor changes, Project Independence became Florida's JOBS program in 1989. Like most states' JOBS programs, Project Independence is state-administered and attempts to promote a relatively uniform set of goals and operating procedures, while allowing local program offices some discretion to adapt these to their particular circumstances. Project Independence operates under a wide range of local circumstances across Florida, a state with one of the nation's largest and most diverse AFDC populations.

MDRC's evaluation of Project Independence began in 1990. It was conducted in nine counties, which were selected randomly from among the state's 25 largest in terms of AFDC caseloads and which include Florida's eight largest cities as well as some suburban and rural areas. Random selection of the counties was important because it enhanced the extent to which the findings can be generalized to the state as a whole. The research sample consists of more than 18,000 single parents (most of them mothers) in those nine counties. Specifically, it includes those who were applying for AFDC or who were being assessed for continuing AFDC eligibility (i.e., their eligibility was being

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[1]Exempt individuals include those who are age 60 or older, working 30 or more hours per week at the minimum wage, pregnant and in their second or third trimester of pregnancy, permanently ill or incapacitated, or required in the home to care for a physically or mentally impaired household member. Project Independence also serves AFDC applicants and recipients who are exempt from the program but who wish to volunteer, as well as unemployed parents in two-parent households who are required to participate. This report focuses exclusively on single-parent heads of households who were required to participate during the period under study; they constituted a majority of the population the program served.

"redetermined") between July 1990 and August 1991, and who were required to participate in Project Independence (i.e., they were mandatory participants).

The evaluation is of broad interest because it assesses the effectiveness of a particular JOBS approach: one that encouraged immediate entry into the labor force for the majority of its participants and reserved most of the program's basic education and occupational skills training resources for those least able to find work on their own. The evaluation also provides some of the most extensive information to date on the effectiveness of a mandatory JOBS program for single parents with preschool-age children.

During the period of this evaluation (July 1990 through September 1993, when the last follow-up data were collected), Florida's public assistance programs, like those in most states across the nation, experienced considerable stress owing to increasing welfare caseloads, fixed or declining resources being committed to helping those on welfare, and a stagnant or declining economy. The report examines whether changes in Project Independence's implementation and environment were associated with differences in the program's impact on the earnings and welfare receipt of its mandatory participants. It does so by comparing the experiences of people who entered the study during its first six months and those who entered subsequently. The first group (designated the "early cohort"[2] in this report) was referred to Project Independence between July and December 1990, a period when Project Independence was operated in a manner more closely matching HRS's original model for the program. The second subgroup (the "late cohort") was referred to the program between January and August 1991, a period when it was forced to spread a fixed set of resources over a rapidly increasing caseload. The findings from this comparison will be particularly relevant to the debate about how resource commitments to JOBS programs are likely to influence their effectiveness.

MDRC's first report on Project Independence focused on analyzing program service delivery strategies, participation patterns, and effects on employment, earnings, and AFDC receipt during the first year after the individuals in the research sample applied for AFDC or, in the case of current recipients, were redetermined to still be eligible for AFDC.[3] The report found that Project Independence achieved substantial compliance with its participation mandate and produced increases in earnings and reductions in welfare payments during the first year after research sample members entered the study and were randomly assigned to either a "program group" or a "control group." In particular, individuals in the program group (i.e., those who were given access to Project Independence and were subject to its participation requirements) earned, on average, 6 percent more than those in the control group (i.e., those who were not required or permitted to enter Project Independence) and received, on average, 6 percent less in AFDC payments. Importantly, the earnings gains were concentrated among two groups: (1) individuals defined by the program as "job-ready" and therefore targeted to participate in an independent job search (rather than basic education or training) as their first program activity, and (2) single parents whose youngest child was age six or older. The first-year results for the latter group were similar to those found for single parents with school-age children in studies of a number of pre-JOBS programs and in the evaluation of California's Greater

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[2]Social scientists often use the term "cohort" when referring to a group of people who experienced a particular event during the same time period, in this case entry into the Project Independence research sample.

[3]See James J. Kemple and Joshua Haimson, *Florida's Project Independence: Program Implementation, Participation Patterns, and First-Year Impacts* (MDRC, 1994).

Avenues for Independence (GAIN) Program, the most recent evaluation of a JOBS program with comparable data.

The first report emphasized that these early results should be interpreted with caution and that a more complete picture of Project Independence's effectiveness should include a longer follow-up period and a comparison of the program's benefits and costs. The current report presents longer-term (two- to three-year) results and compares the program's costs with its benefits from the perspectives of participants, government budgets, taxpayers, and society as a whole. It addresses crucial questions about whether the program, with its emphasis on immediate entry into the labor force for most Project Independence participants, was able to sustain the short-term earnings gains and welfare savings found after the first year of follow-up. It also provides information about whether changes in Project Independence during the evaluation period affected its impact on earnings and welfare savings.

I. Project Independence and Changes over Time

This section of the chapter describes the Project Independence program model. It also describes changes in the program and in Florida's AFDC caseload and economy during the evaluation period. These changes constitute an important context for interpreting the evaluation findings.

A. The Project Independence Program Model

Figure 1.1 illustrates the intended flow of AFDC applicants and recipients through the Project Independence program model during the evaluation period. For those required to participate, exposure to Project Independence began at the HRS Public Assistance Unit (also known in other states as the Income Maintenance office) when an AFDC applicant or recipient was determined to be mandatory for participation. At that time, all such applicants and recipients were informed by the Public Assistance Specialist (PAS) that they were required to meet Project Independence participation requirements and were scheduled to attend a program orientation appointment within the next 30 days. If a person was required to participate but failed to attend orientation and did not provide an acceptable reason, a Project Independence case manager was authorized to initiate procedures that could result in a reduction of her[4] AFDC grant.[5] In some cases, the referral to orientation took place before AFDC eligibility was determined. Those who were not approved for AFDC eligibility, and those who found work and left the AFDC rolls before attending an orientation, were no longer required to participate in Project Independence.

During orientation, Project Independence staff provided a more detailed explanation of the participation requirements and described the opportunities Project Independence offered to help

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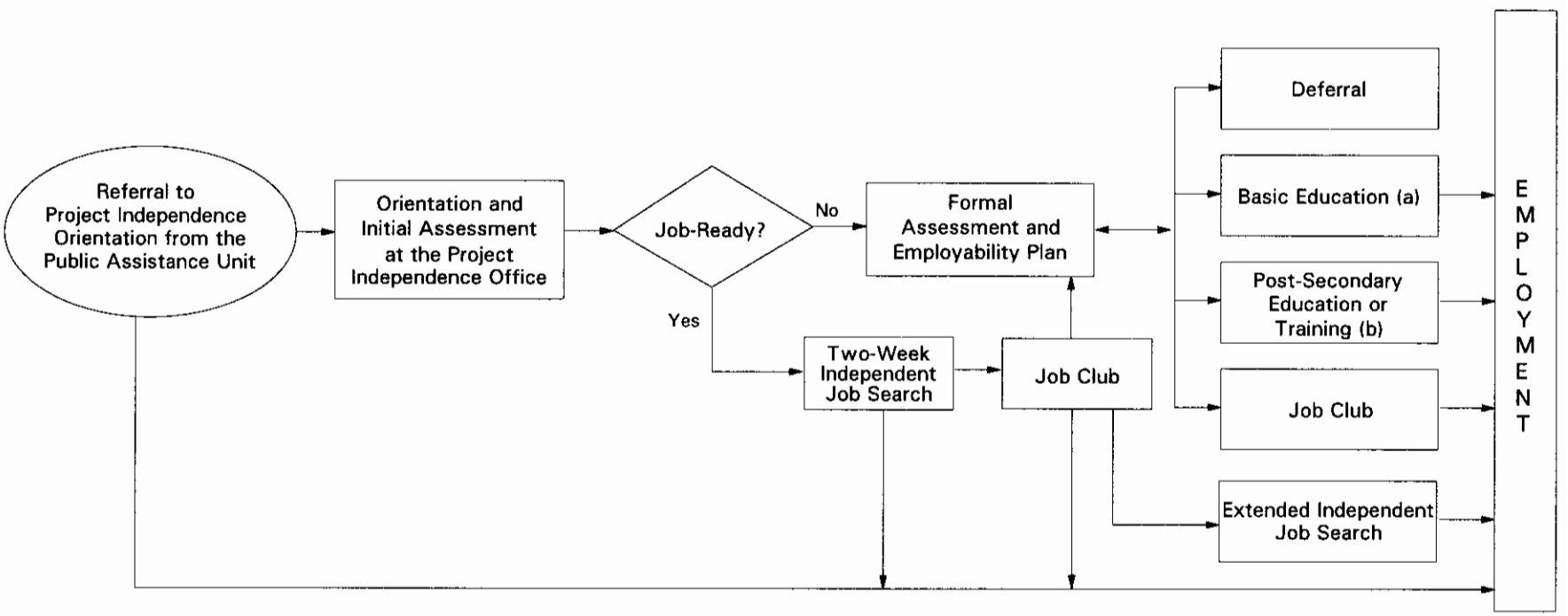
[4]Since the overwhelming majority of the single parents in Florida who receive AFDC are women, feminine pronouns are used throughout this report.

[5]Formal enforcement procedures leading to a grant reduction for failure to comply with Project Independence rules are called "sanctioning procedures." Sanctioning procedures can be initiated at any point in the program if an individual fails to attend a required appointment or activity. These procedures are discontinued when the individual complies with the participation requirement or provides an acceptable reason (also known as "good cause") for not participating.

FIGURE 1.1

A SIMPLIFIED DEPICTION OF THE PROJECT INDEPENDENCE PROGRAM MODEL



SOURCE: Florida Department of Health and Rehabilitative Services Project Independence Manual.

NOTES: (a) Basic education activities include high school, adult basic education, GED preparation, and English as a Second Language.

(b) Post-secondary education and training activities include classroom-based vocational or occupational skills training, on-the-job training, customized training, employment preparation, community college, and work experience activities.

registrants get jobs and leave AFDC. It was also during orientation that participants were referred to one of two service tracks based on an initial assessment of their educational attainment levels and recent work experience.[6] During the period when individuals for the research sample were identified (July 1990 through August 1991), Project Independence categorized most of its caseload as "job-ready" by setting the initial assessment criteria at relatively low levels of education and work experience.[7] These criteria, combined with an emphasis on case managers' meeting specific job placement standards, reflected Project Independence's employment-focused approach to self-sufficiency.

Those assessed to be "job-ready" were first referred to a two-week individual job search. Individual job search activities within Project Independence were usually unsupervised and required participants to look for work independently. This contrasts with other welfare-to-work programs that have focused on job search assistance and group job club activities as the primary strategies to help move participants into jobs as quickly as possible.[8] If job search participants were unable to secure employment on their own, they were then referred to job club classes, which were designed to teach job search skills and to provide supervised opportunities to look for work.

Figure 1.1 shows that Project Independence participants who were assessed as not job-ready (and job-ready participants who did not secure employment through job search or job club) were to be referred to a more formal assessment of their educational needs and work experiences. During this formal assessment, the participant and the case manager were to develop an Employability Plan, based on a mutually agreed-upon set of employment goals. These plans usually prescribed education or training assignments, but often included job search activities instead of, or in addition to, education or training. Participants who remained unemployed after completing their education or training assignments – and, usually, an extended independent job search – were, in most instances, reassigned to formal assessment to determine additional activities. Some registrants were already in education or training activities at the time they attended orientation. These individuals were usually referred for formal assessment and were allowed to continue in their present activity if the case manager determined that it was appropriate to the participant's employment goal and was consistent with the Employability Plan.

Project Independence was also designed to provide child care, transportation, tools, and uniforms participants may have needed to engage in program activities and to secure employment.

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[6]The program allowed individuals to be temporarily "deferred" from participating if there were legitimate reasons.

[7]During the period when research sample members were identified, individuals were determined to be "job-ready" if they had completed at least the tenth grade or had worked in at least 12 of the previous 36 months, and to be "not job-ready" if they met neither of these criteria. Although the basic program flow model has remained unchanged since Project Independence was first implemented, HRS modified the criteria by which individual participants were assessed for initial services. Beginning in October 1991, the job-readiness criteria were elevated to include only those who had a high school diploma or a General Educational Development (GED) certificate or who had worked in at least 12 of the previous 24 months. These modifications enabled a higher percentage of the mandatory caseload to enter education or training activities as their initial service.

[8]Gueron and Pauly (1991) describes the welfare-to-work programs MDRC evaluated during the 1980s. Like Project Independence, these pre-JOBS programs emphasized immediate entry into the labor force for most of their participants. However, these programs committed a higher percentage of their resources to job search assistance and job club activities than did Project Independence.

Figure 1.1 depicts the Project Independence program model as it was intended to operate. Chapter 3 describes the program's services (which are noted in the figure) and analyzes the participation patterns of those in the research sample who were referred to Project Independence as mandatory participants.

B. Changes in Project Independence and Its Environment During the Evaluation Period

Fundamental to understanding the findings in this report are changes that took place in Project Independence and its wider economic context over the course of the evaluation. Figure 1.2 displays the key milestones for the evaluation, which spanned the period from July 1990 through September 1993. The bottom of the figure shows the timing of various events related to changes in Project Independence and the state during the evaluation period. The figure also illustrates the general trends in Florida's AFDC caseload sizes and unemployment rates during the evaluation period.

The horizontal axis in the figure begins with July 1990, the first month during which AFDC applicants and recipients who were mandatory for Project Independence were enrolled in the study (i.e., were randomly assigned to the program or control group). The sample enrollment period (indicated by the shaded areas in Figure 1.2) ended in August 1991. Information about sample members' employment, earnings, and welfare receipt was collected through September 1993. The data collection period (also referred to in this report as the "follow-up period") extended from the date an individual was enrolled in the study through September 1993. Thus, the report includes two years of follow-up information for all sample members and up to three years for those enrolled in July 1990.

Figure 1.2 shows that between July 1990 and August 1991 – the period during which AFDC applicants and recipients were enrolled in the evaluation – Florida's AFDC caseload grew by 25 percent and the state's unemployment rate increased by 33 percent.[9] While the AFDC caseload continued to grow through the end of the evaluation period, the state's unemployment rate peaked in July 1992 at nearly 9 percent and then fell to approximately 6.8 percent by September 1993.

Beginning in early 1991, the dramatic growth of the AFDC caseload was accompanied by a series of state hiring freezes, which prevented Project Independence from increasing its staffing capacity to meet the growing demand for its services.[10] Also, beginning in January 1991, budget constraints forced HRS to restrict the availability of child care for Project Independence participants, particularly those who required longer-term services such as education and training. This is significant because mandatory registrants with young children could be excused from the participation

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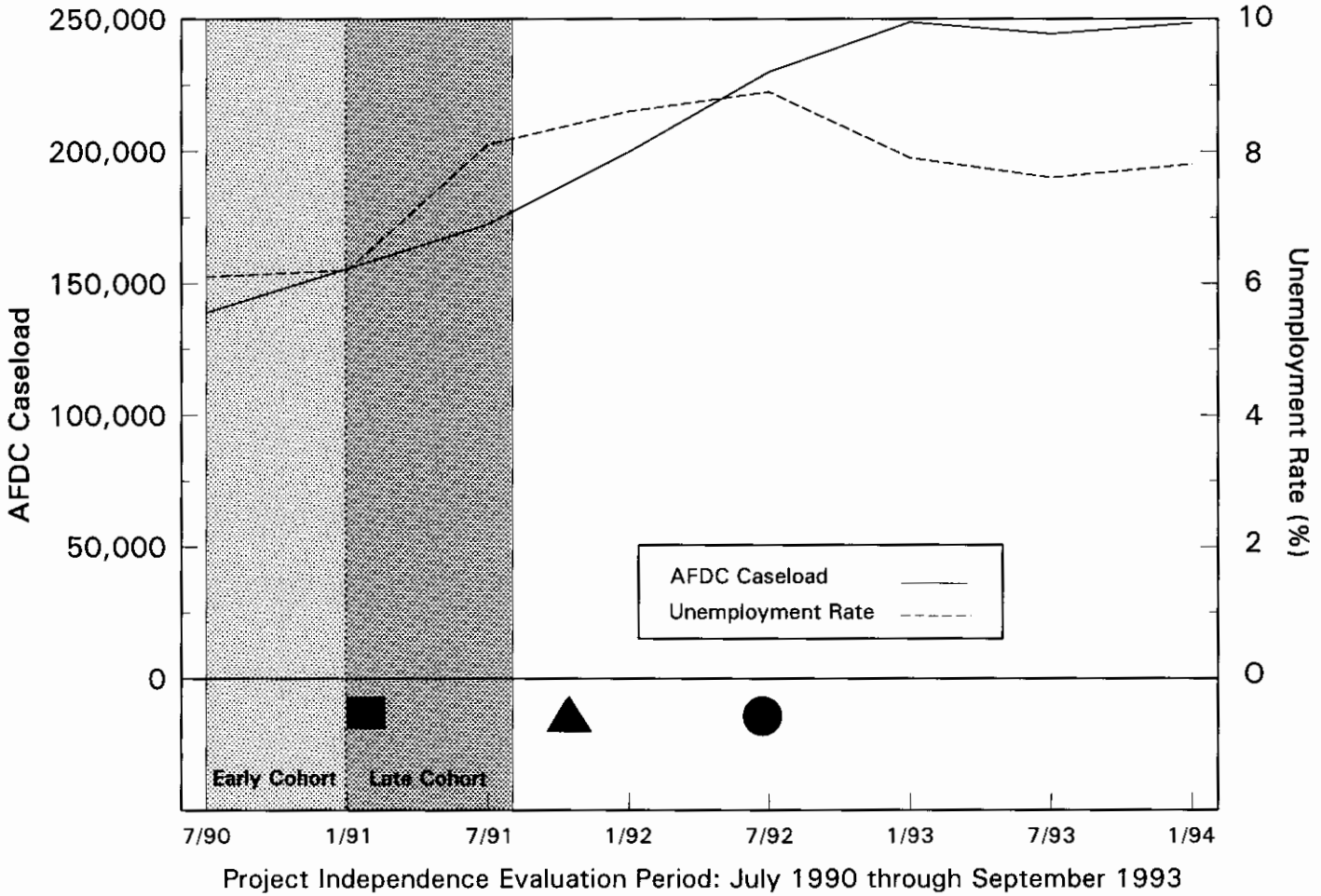
[9]By contrast, the average monthly caseload for the nation as a whole increased by 19 percent between fiscal year 1990 (October 1, 1989, through September 30, 1990) and fiscal year 1991 (October 1, 1990, through September 30, 1991). The national unemployment rate increased by 19 percent between July 1990 and July 1991. AFDC caseload data for Florida were obtained from the Florida Department of Health and Rehabilitative Services, District Economic Services, Quarterly Statistical Tables. AFDC caseload data for the United States are from the U.S. Congress, House Committee on Ways and Means, *Overview of Entitlement Programs*, 1991, 1992. U.S. and Florida unemployment rates were obtained from the U.S. Department of Labor, Bureau of Labor Statistics, 1991, 1992, 1993.

[10]According to MDRC's survey of Project Independence staff, the average client-to-caseworker ratio was over 200 by October 1991. (Project Independence does not keep records of these ratios.)

FIGURE 1.2

KEY EVENTS, AFDC CASELOAD SIZES, AND UNEMPLOYMENT RATES DURING THE PROJECT INDEPENDENCE EVALUATION PERIOD



Key Events: Enrollment of the research sample (i.e., the period of random assignment) occurred from July 1990 through August 1991. Follow-up data collection occurred from July 1990 through September 1993.

- ■ Start of child care restrictions and HRS hiring freezes (January 1991).
- ▲ Changes in job-readiness criteria and start of caseload reduction measures (October 1991).
- ● LES assumes administrative responsibility for Project Independence (July 1992).

SOURCES: Florida Department of Health and Rehabilitative Services, District Economic Services, Quarterly Statistical Tables, and U.S. Department of Labor, Bureau of Labor Statistics, Current Population Survey.

requirements if child care services could not be provided and alternative child care arrangements could not be made. The increase in the state's unemployment rate meant that Project Independence's emphasis on moving a high percentage of its participants into the labor market as quickly as possible coexisted with a growing shortage of available job openings. It may also account for part of the increase in the AFDC caseload as some of those who lost their jobs may have turned to AFDC for financial assistance.

Because of the events that took place during the evaluation period, this report provides what amounts to an assessment of two different versions of Project Independence, which can be examined by comparing the experiences of early versus later entrants into the research sample. The early cohort entered the study between July and December 1990 (as indicated by the lighter of the two shaded areas in Figure 1.2) and was exposed to Project Independence when it was operated more as originally intended by HRS. While the program was not richly funded, staff were responsible for smaller caseloads than they would later handle, child care was widely available, and the labor market was relatively robust. Under these conditions, Project Independence staff were better able to enforce the ongoing participation mandate and to help participants find work by facilitating their access to employment-related activities and support services. The later cohort entered the study between January and August 1991 (as indicated by the darker shaded area in Figure 1.2) and was exposed to Project Independence at a time when it was forced to spread a fixed set of resources over a rapidly increasing caseload. These conditions restricted the staff's capacity to monitor participation and limited the level of support they could provide to help participants gain work skills and find employment. As noted earlier, by comparing the experiences of these two groups, this report will examine whether differences in the program's implementation and environment are associated with differences in its effectiveness.

Late in 1991, after enrollment in the study had ended, two important modifications to the program model were implemented.[11] First, HRS changed the job-readiness criteria to enable more participants to enroll in education or training, rather than independent job search, as their first activity. Second, some counties began implementing new priorities in order to reduce Project Independence caseloads. Staff were now allowed to give first preference to those who volunteered for Project Independence services, which made them more likely to place a lower priority on enforcing the participation requirements for some of those who were determined to be mandatory but had not volunteered to participate.

For several reasons, it is not likely that these modifications had a significant effect on the evaluation findings. Both the changes in the job-readiness criteria and the shift to a priority on serving volunteers were implemented unevenly over time and across the nine evaluation counties. In some places, caseload reduction measures were never formally implemented. Furthermore, most of the research sample members had already been referred to Project Independence and had participated in a program orientation by the time these changes were implemented.

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[11]Also, in June 1991, the State of Florida began implementing a new computer system to record data related to its public assistance programs. Although random assignment in each of the study counties ended before this system – called the Florida On-Line Recipient Integrated Data Access System (FLORIDA) – came on line in that county, the level of effort devoted to the system's implementation may have affected some Project Independence and AFDC program operations.

Finally, until July 1992, HRS had responsibility for policy development, planning, administration, staffing, and operational oversight for Project Independence at the state and district levels. In July 1992, HRS subcontracted responsibility for staffing and operating Project Independence at the district level to the Department of Labor and Employment Security (LES). Local Project Independence staff remained in place under LES and continued to provide case management; monitor participation in independent job search and job club activities; and develop linkages with other state agencies, local education authorities, community-based organizations, Job Training Partnership Act (JTPA) programs, and local employers, which provide most of Project Independence's employment, education, and training activities. HRS retained overall administrative responsibility for the program and serves as its primary policymaking agency. The change in departmental responsibilities occurred a year after the research sample was enrolled and is not likely to have affected the evaluation results.

II. The Project Independence Evaluation Design

The research design for the Project Independence evaluation was conceived with four broad objectives: (1) to produce findings that can be generalized to the state's full JOBS-mandatory AFDC caseload of single parents; (2) to reliably measure Project Independence's effects on employment, earnings, and AFDC receipt compared to what would have been the case if individuals had not had access to the program; (3) to capture program effects that accrued from any knowledge of or involvement with Project Independence beginning with an individual's AFDC application or redetermination; and (4) to measure the program's effects for key subgroups of JOBS-mandatory AFDC applicants and recipients – notably, mothers of preschool-age children. The research design features that address each of these objectives are discussed briefly below.

A. The Research Counties

As noted above, the research design called for nine counties to be selected randomly from the 25 counties with the largest AFDC caseloads; the selected counties were to be required by the state to participate in the study.[12] The random selection of counties enables the evaluation to produce findings on program participation patterns and effects that can be generalized to single-parent AFDC applicants and recipients who became mandatory for Project Independence during the period under study. The nine counties that were selected are listed here (along with the largest city in each) and are also shown in Figure 1.3:

Bay (Panama City)
Broward (Fort Lauderdale)
Dade (Miami)

[12]The 25 counties from which the nine research counties were selected represented approximately 90 percent of the state's AFDC caseload. The process that was used to randomly select counties was designed to ensure a large enough research sample for the analysis and to make it highly likely that several of the large urban counties, with large AFDC caseloads, would be selected along with some counties with smaller caseloads. In most multi-site evaluations of social programs, the counties, sites, or programs volunteer to be included and might also be selected using other criteria, e.g., the quality of their services or the character of their local conditions.

FIGURE 1.3

THE NINE RESEARCH COUNTIES IN THE PROJECT INDEPENDENCE EVALUATION (WITH EACH COUNTY'S LARGEST CITY SHOWN IN PARENTHESES)

Duval (Jacksonville)
Hillsborough (Tampa)
Lee (Fort Myers)
Orange (Orlando)
Pinellas (St. Petersburg)
Volusia (Daytona Beach)

Demographic and economic characteristics of the nine selected counties, and the state as a whole, are summarized in Table 1.1. Together these counties included 58 percent of the state's AFDC caseload at the start of the evaluation in July 1990. As noted above, they also include Florida's eight largest cities – Jacksonville (Duval), Miami (Dade), Tampa (Hillsborough), St. Petersburg (Pinellas), Hialeah (Dade), Orlando (Orange), Fort Lauderdale (Broward), and Hollywood (Broward) – as well as both suburban and rural areas. The proportion of the research sample represented by each county (the second row of Table 1.1) is similar to the proportion of the nine-county AFDC caseload represented by each county (the fourth row of Table 1.1).

As shown in the first two columns of Table 1.1, the nine counties as a group are similar to Florida as a whole on a number of characteristics – e.g., poverty rates, unemployment rates, and percentage employed in the service sector (the most likely source of employment for welfare recipients).[13] However, the nine counties have a smaller percentage of their population living in rural areas because, as noted above, counties with very small AFDC caseloads are not represented in the study. The nine counties also include a larger percentage of Hispanics than does the state overall because Dade County includes more than 60 percent of the state's Hispanic population.

Table 1.1 also indicates that the nine research counties represent a diverse range of demographic and economic conditions. Dade County is the largest of the state's 67 counties in terms of both population and AFDC caseload, whereas Bay County, the smallest in the study, ranked twenty-fourth in population and twenty-second in the size of its AFDC caseload at the start of the study. The poverty rates in 1989 ranged from 14 percent in Dade to 6 percent in Lee and Pinellas, and unemployment rates in July 1990 ranged from almost 7 percent in Dade to less than 5 percent in Lee and Pinellas. The percentage of workers employed in the service sector in 1990 ranged from a high of 36 percent in Orange to a low of 26 percent in Bay and Duval.

In summary, the information in Table 1.1 suggests that the counties in the evaluation are representative of the state in terms of both their average characteristics and their diversity. This condition enhances the evaluation's capacity to produce results that can be generalized to the portion of the state's AFDC caseload that became mandatory for Project Independence during the period under study – or at least to the approximately 90 percent of this AFDC caseload represented by the 25 counties from which the nine were selected.

B. Random Assignment of Individuals

Research on welfare dynamics has shown that there is normally a substantial amount of

[13]The data presented in Table 1.1 reflect the available measures of conditions in Florida during the random assignment period (July 1990 through August 1991).

TABLE 1.1

SELECTED CHARACTERISTICS OF THE NINE COUNTIES
IN THE PROJECT INDEPENDENCE EVALUATION

Characteristic	Total for Florida	Total for the 9 Counties	Bay	Broward	Dade	Duval	Hillsborough	Lee	Orange	Pinellas	Volusia
Research characteristics											
Research sample size	n/a	18,237	459	2,240	6,021	2,017	2,415	687	1,749	1,739	910
Percent of the total 9-county research sample	n/a	100.0	2.5	12.3	33.0	11.1	13.2	3.8	9.6	9.5	5.0
AFDC characteristics											
Size of the AFDC caseload, July 1990	138,963	81,046	1,382	8,538	30,128	10,430	10,690	2,269	7,237	7,322	3,050
Percent of the total 9-county AFDC caseload, July 1990	n/a	100.0	1.7	10.5	37.2	12.9	13.2	2.8	8.9	9.0	3.8
AFDC caseload growth, July 1990-July 1991 (%)	24.0	24.6	16.6	42.9	22.6	17.3	24.6	30.0	28.9	17.1	25.3
Population characteristics											
Population, 1990	12,937,926	7,061,576	126,994	1,255,488	1,937,094	672,971	834,054	335,113	677,491	851,659	370,712
Percent of the 9-county population, 1990	n/a	100.0	1.8	17.8	27.4	9.5	11.8	4.7	9.6	12.1	5.2
Population growth, 1990-91 (%)	2.0	1.5	1.2	1.8	1.3	1.3	1.1	2.5	3.5	0.4	1.6
Percent of the population, 1990											
African-American	13.1	15.0	10.7	14.9	19.1	24.1	12.8	6.4	14.8	7.6	8.9
Hispanic	12.2	18.5	1.8	8.6	49.2	2.6	12.8	4.5	9.6	2.4	4.0
Population living in rural areas, 1990 (%)	15.2	4.4	15.2	1.1	1.2	1.2	10.8	13.8	7.0	0.4	16.1
Poverty rate, 1989 (%)	9.0	9.6	11.2	7.1	14.2	9.8	9.5	6.1	7.8	6.2	7.9

(continued)

TABLE 1.1 (continued)

Characteristic	Total for Florida	Total for the 9 Counties	Bay	Broward	Dade	Duval	Hillsborough	Lee	Orange	Pinellas	Volusia
Labor market characteristics											
Unemployment rate, July 1990 (%)	6.1	5.5	6.6	5.6	6.8	5.5	5.1	4.6	5.5	4.9	5.2
Percentage change in unemployment rate, July 1990 – July 1991 (a)	32.8	32.8	1.5	42.9	35.3	30.1	27.5	56.5	32.7	36.7	40.4
Percent of all workers employed in the service sector, 1990	30.9	31.8	25.6	32.9	32.1	25.7	31.8	28.8	35.9	33.1	31.1
Growth in service–sector employment, 1989–90 (%)	4.6	4.1	5.6	4.6	1.7	3.5	6.9	3.7	6.7	3.5	2.5

SOURCES: AFDC characteristics are from statistical data for each county published by Policy Development Economic Services Budget and Analysis, provided to MDRC by the state of Florida; data on the population living in rural areas and on ethnicity are from the 1990 U.S. Census of Population; other population characteristics and labor market characteristics are from the 1990, 1991, 1992, and 1993 Florida County Comparisons.

NOTES: Where data are not applicable, "n/a" is used.
(a) This percentage change was calculated by taking the difference in the unemployment rate between July 1990 and July 1991 and dividing it by the July 1990 unemployment rate.

turnover within the caseload, with many welfare recipients leaving welfare without any program assistance and many subsequently returning to the rolls.[14] Thus, without a random assignment research design, it is especially difficult to determine the extent to which a program increases (or decreases) the rate at which welfare recipients take jobs and stay off the welfare rolls *above and beyond what they would have done on their own*. The Project Independence evaluation used random assignment to create two groups of AFDC applicants and recipients for whom Project Independence was mandatory:[15]

- A **program group**, who had access to Project Independence's services and was subject to its participation requirements and to possible AFDC grant reductions in the event of noncompliance with program rules.

- A **control group**, who, for a period of two years following random assignment, was not required or permitted to participate in Project Independence (and, consequently, was not subject to possible AFDC grant reductions for noncompliance), and was not allowed to receive its case management or employment and training services. However, control group members could seek other services on their own. They could also receive child care and college tuition assistance under the same guidelines and priorities as Project Independence participants.[16]

Use of a randomly generated control group provides the best information on what would have happened to eligible clients in the absence of the program. Since the program and control groups were created randomly, the two groups do not differ systematically on both measurable and unmeasurable characteristics. Thus, any subsequent differences found between the two groups can be attributed to the Project Independence treatment to which program group members were exposed and control group members not exposed. The program effects, or *impacts*, presented in this report are the *differences*, over the post-random assignment period, between program and control group members' employment, earnings, and AFDC receipt.

In order for this design to yield accurate and reliable estimates of impacts, three important

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[14]See Bane and Ellwood, 1983; Pavetti, 1992; and Friedlander and Burtless, 1995.

[15]Exempt applicants and recipients, as well as ongoing AFDC recipients who were participating (or had recently participated) in Project Independence at the time of their redetermination hearing, were excluded from the random assignment process. In 1990, Project Independence began its program for unemployed parents in two-parent households that were receiving AFDC, and these individuals were also excluded from random assignment.

[16]Being a member of the evaluation's control group did not affect a person's eligibility for entitlements such as AFDC, Medicaid, and Food Stamps. In addition, the status of child care assistance as an "entitlement" for welfare recipients engaged in education and training services has been vigorously debated in Florida and other states. For purposes of the Project Independence evaluation, it was felt that if members of the control group decided to pursue employment and training services on their own, they were eligible to receive equivalent HRS-funded child care, as well as tuition assistance at community colleges. Control group members were also given a list of other, non-Project Independence employment and training services in the community.

conditions must be met. First, there must be a sufficiently large number of individuals in the sample to reduce the likelihood that measured differences are due to chance. As discussed below, the Project Independence research sample includes 18,237 individuals – a sample size sufficient to detect policy-relevant differences in earnings and AFDC receipt reliably. Second, data collection sources and strategies must ensure that equivalent types of outcome information are obtained for both program and control group members. As discussed in Chapter 2, MDRC used Florida's administrative records data systems to collect earnings, AFDC, and Food Stamp information for both program and control group members.

Finally, control group members must be restricted from receiving the program treatment that is being evaluated. Here, the interpretation of the Project Independence evaluation impact estimates (and their comparison with findings from other random assignment evaluations of welfare-to-work programs) will be complicated by the fact that, contrary to the research design, some control group members were exposed to Project Independence services. As discussed in Chapter 3, however, more than half of the control group members who were exposed to Project Independence attended only a program orientation and did not enroll in employment-related activities. Others might have received similar services in the community if they had been prevented from participating in Project Independence as intended. In addition, in spite of the control group's exposure to Project Independence, the program group was still much more likely to participate in employment-related activities than were control group members, a measured difference as large as, or larger than, those found in past evaluations. As a result, and as concluded in Chapter 5, the control group's exposure to Project Independence is likely to have only modestly affected the levels of program impacts, and does not appear to have affected the pattern of impacts over time or across subgroups of the research sample.

C. The Early Point of Random Assignment

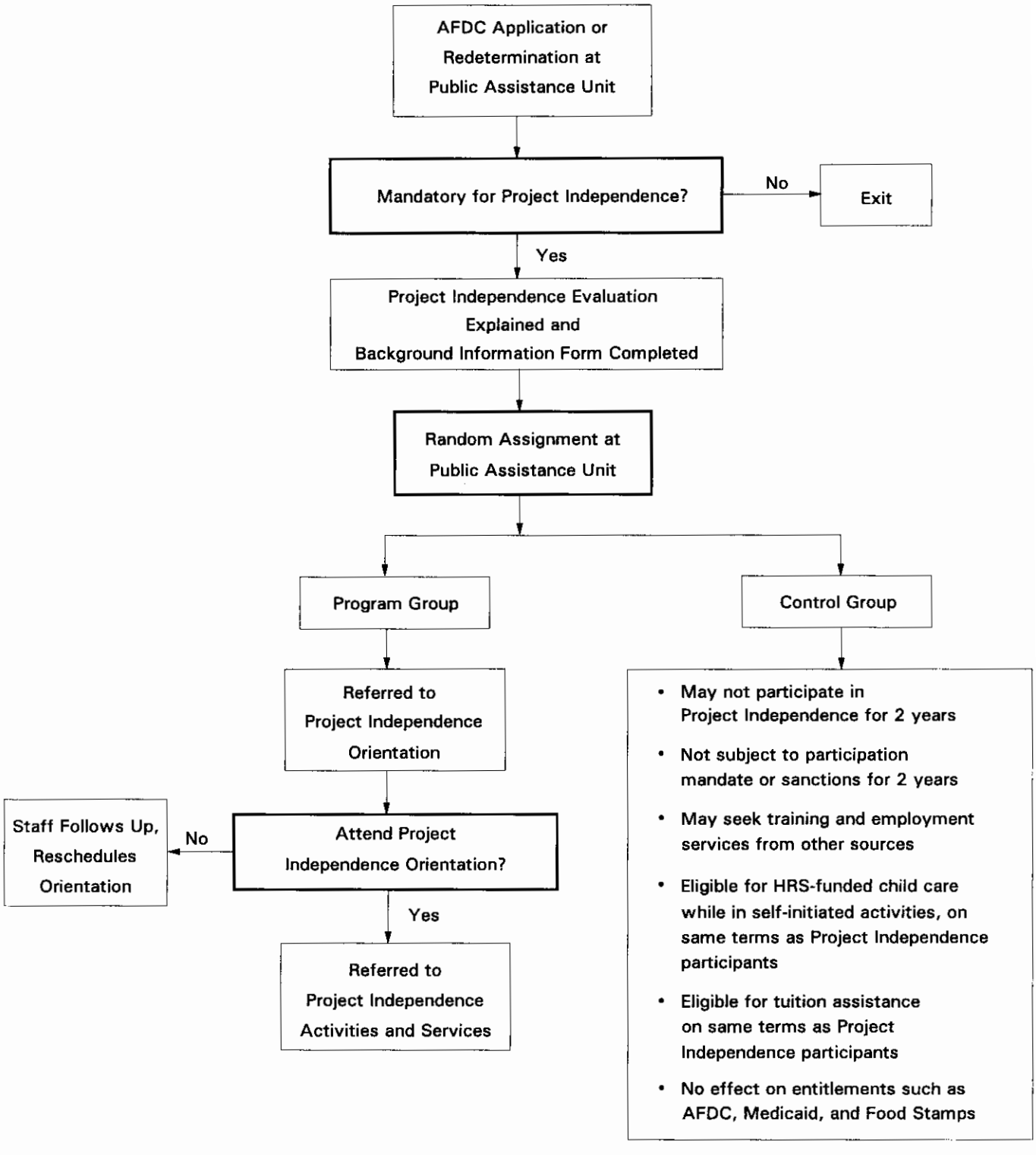
Figure 1.4 illustrates the random assignment research design. The random assignment procedures were implemented at the HRS Public Assistance Units after AFDC applicants and recipients had been determined to be mandatory for Project Independence but before they were actually referred to a formal program orientation. This allows the evaluation to capture even very early effects of Project Independence, beginning when an individual first learns of the program – on applying for AFDC or (in the case of current recipients) when seeking redetermination for ongoing AFDC eligibility. For example, if the prospect of having to attend a Project Independence orientation session encouraged some people to instead find employment and leave the welfare rolls (or not to pursue their application for welfare), that employment and those welfare savings would have been effects of Project Independence captured in this evaluation. Other studies of welfare-to-work programs, which carry out random assignment at program orientation, may not fully measure such effects. On the other hand, this early placement of random assignment also means that the program group includes some individuals who did not go on to attend orientation and who may not have been affected by the program's employment-related activities and support services. Therefore, the rates of participation in post-orientation activities, and the estimated average effects of the program, may be lower than they would have been if random assignment had taken place when individuals attended orientation.

D. The Research Sample and Key Subgroups

The research sample for the Project Independence evaluation consists of 18,237 AFDC

FIGURE 1.4

OVERVIEW OF RANDOM ASSIGNMENT PROCEDURES FOR THE PROJECT INDEPENDENCE EVALUATION



applicants and recipients for whom Project Independence was mandatory. Of these, 4,724 (26 percent) were randomly assigned to the control group and 13,513 (74 percent) were randomly assigned to the program group. This sample is large enough to permit the analysis to reliably detect overall program effects on employment, earnings, and AFDC receipt (assuming that these effects are at least as large as those typically found in previous evaluations of welfare-to-work programs). It should be noted that the Project Independence research sample has a substantially lower proportion of people who were already receiving AFDC at the time of random assignment (and, consequently, a substantially higher proportion of applicants) than has been the case in other evaluations of welfare-to-work programs. This is because random assignment for this evaluation was initiated approximately three years after Project Independence began operating in the research counties. As a result, a large proportion of the ongoing AFDC recipients who appeared for their AFDC redetermination appointments during the random assignment period were already registered for Project Independence. In order to avoid having to discontinue Project Independence services for those who might have been randomly assigned to the control group, only ongoing recipients who were newly mandatory for Project Independence (e.g., because their youngest child had turned three), and who were not currently registered for the program, were randomly assigned. The evaluation's overall findings on program participation and program effects are influenced most heavily by the behavior of applicants and reapplicants, who make up 88 percent of the research sample. Thus, the research sample reflects the flow of newly mandatory individuals into a mature, ongoing welfare-to-work program. However, caution should be exercised in comparing the results to those of other studies whose research samples include a more even mix of applicants and recipients.

Another key objective of the evaluation was to determine the relative effectiveness of Project Independence for different groups of AFDC applicants and recipients, information that would be useful in refining program operating and service delivery strategies. An important conclusion of the first report on Project Independence was that the earnings impacts were concentrated among those individuals with no preschool-age children, those who were classified as job-ready, and those who had received AFDC for a total of two years or more (as adults) prior to their entry into the study. The report also found that the program was somewhat more effective for individuals who were referred to the program early in the evaluation (i.e., the early cohort) than it was for those who were referred later (i.e., the late cohort) when caseloads increased and resources did not.

The current report extends the analysis of participation in employment-related activities and program impacts for subgroups defined by: early or late entry into the research sample, age of the youngest child (when the parent entered the study), and job-readiness status. Other subgroups are also examined, but in less detail.

III. The Significance of the Project Independence Evaluation

In addition to providing the state of Florida with an assessment of the overall effectiveness and cost-effectiveness of Project Independence, this evaluation adds to knowledge about JOBS programs and their effectiveness under various conditions and implementation strategies. For example, because the Project Independence evaluation began three years after Project Independence was initiated and more than a year after it became Florida's JOBS program, its findings reflect the results of a mature JOBS program. At the same time, the changes that occurred in Florida during the evaluation period, although somewhat extreme compared to the nation as a whole, provided a unique opportunity to

observe the evolution of a JOBS program from a relatively close approximation of its intended model to a program operating under growing stress from increasing caseloads, stagnating resource commitments, and a declining labor market. Finally, the findings on program participation and program effects for single parents with preschool-age children are among the most extensive available for a JOBS program. Previous evaluations have provided only limited findings concerning single parents with children between the ages of three and five.[17]

The Project Independence evaluation also provides a useful contrast to what has been learned from other studies of welfare-to-work programs, including the welfare-to-work programs of the 1980s – many of which also stressed labor force attachment services – and the recently completed evaluation of California's JOBS program (GAIN), another important random assignment evaluation of a JOBS program for which there are comparable data. The Project Independence and GAIN evaluations complement each other in many ways, providing important lessons for other states and for federal policy related to JOBS and welfare reform more broadly. For example, Project Independence's heavy emphasis on independent job search activities for most of its caseload contrasts with GAIN's emphasis on basic education for a large proportion of its program registrants. In 1991, Project Independence led the nation's JOBS programs with 50 percent of its participants in job search activities, whereas GAIN was one of four programs with more than 50 percent of its JOBS participants in basic education.[18] Results from the two evaluations provide information about the consequences of choices that states have made about the mix, targeting, and costs of JOBS services. Florida and California also differ in their AFDC grant levels, with Florida ranking in the lower part of the range and California ranking near the top.[19] Results from the two evaluations will shed light on the different types of incentives JOBS participants faced in supplementing and replacing welfare with earnings.

IV. An Overview of This Report

The next chapter describes the data sources used in this report and examines the background characteristics of individuals in the research sample.

Chapter 3 presents the findings on Project Independence's impact on participation in employment-related activities for the full research sample. These findings are the foundation for the analysis of the costs of providing employment-related services to program and control group members (Chapter 4), and they also provide a context for interpreting the analysis of the program's impacts on earnings and welfare receipt for the full sample (Chapter 5).

Chapter 6 analyzes participation patterns and two-year impacts for selected subgroups of the research sample. It addresses several questions left open by the earlier chapters' findings for the full research sample: the relative effectiveness of Project Independence for early and later entrants into

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[17]See Friedlander and Goldman, 1988; and Riccio, Friedlander, and Freedman, 1994.

[18]See Greenberg, 1992.

[19]In January 1991, the basic AFDC grant in Florida for a family of three was $294; 14 states had lower grant levels. In that same month, the basic AFDC grant for a family of three in California was $607; only Alaska had a higher grant level.

the research sample; for single parents with preschool-age children compared to those with older children; and for subgroups defined by the Project Independence job-readiness criteria, prior AFDC receipt, and other background characteristics. Finally, it presents county-specific findings for the nine research counties.

Chapter 7 analyzes the economic benefits of Project Independence and compares them to the cost estimates discussed in Chapter 4. These benefit-cost estimates are presented from several perspectives: those of AFDC applicants and recipients in the research sample, government budgets (and taxpayers), and society as a whole (which combines the individual and taxpayer perspectives).

CHAPTER 2

DATA SOURCES AND BACKGROUND CHARACTERISTICS OF THE RESEARCH SAMPLE

The first section of this chapter describes the data sources used for this report, the subsamples for which the data were collected, and the time periods to which the data apply. The second section examines the background characteristics of the full research sample and selected subgroups.

I. Data Sources

Table 2.1 lists the general types of information that were collected for individuals in the research sample: baseline data (i.e., background information collected at the time each sample member entered the study), state administrative records data, survey data, and Project Independence casefile data. Baseline data and information from state administrative records were collected for all program and control group members. The survey and casefile data were collected for randomly selected subsamples. Two considerations guided the selection of the survey and casefile subsamples. First, a key objective of the analysis was to produce findings that reflected the experiences of the research sample as a whole, and thus to increase their applicability to the entire state and the full random assignment period. As a result, the survey and casefile subsamples include individuals from all nine research counties who entered the study both early and late in the random assignment period. However, it was also important to contain costs associated with long data collection periods (potentially as long as 14 months for the two surveys) and with tracking sample members over wide geographic areas. Therefore, the survey and casefile subsamples were concentrated in the middle of the random assignment period (September 1990 through May 1991)[1] and in the more densely populated geographic areas in each of the nine research counties. These limitations mean that care should be taken in generalizing the survey and casefile findings to the full sample. However, the sampling frame from which these subsamples were drawn includes 56 percent of the full research sample and reflects much of the diversity represented in the nine counties. It also enables the data collected to reflect many of the experiences of those who entered the study over the full random assignment period.

MDRC also administered a survey to all Project Independence staff in the research counties, conducted on-site observations of program activities, and interviewed Project Independence staff to learn about how the program was implemented and operated. Finally, state fiscal data were used to calculate the costs of providing employment-related services for members of the research sample. The remainder of this section of the chapter provides a detailed descriptions of each data source.

A. Baseline Data

Data collection for the Project Independence evaluation can be seen as a series of snapshots taken of individuals in the research sample over the period of the evaluation. The first of these

[1]For the 24-month survey, for example, sample members randomly assigned in September 1990 were surveyed in September 1992 and those randomly assigned in May 1991 were surveyed in May 1993. The period between September 1992 and May 1993 represents a nine-month survey administration period, five months shorter than if the subsample covered the full random assignment period.

TABLE 2.1

DATA SOURCES AND SAMPLES FOR THE PROJECT INDEPENDENCE EVALUATION

Data Source	Sample for Whom Data Were Collected	Number of Sample Members for Whom Data Were Collected		Random Assignment Dates of Sample Members for Whom Data Were Collected	Follow-up Period Covered by the Data
Baseline data					
Background Information Forms (BIFs)	All program and control group members	Full sample Program group Control group	18,237 13,513 4,724	July 1990 – August 1991	Data reported as of random assignment date
State administrative records					
Unemployment Insurance earnings records	All program and control group members	Full sample Program group Control group	18,237 13,513 4,724	July 1990 – August 1991	5 calendar quarters prior to random assignment and 9 calendar quarters including and following that of random assignment for the full sample; 12 calendar quarters including and following that of random assignment for an early cohort of the research sample
AFDC and Food Stamp payment records	All program and control group members	Full sample Program group Control group	18,237 13,513 4,724	July 1990 – August 1991	8 calendar quarters prior to random assignment and 10 calendar quarters including and following that of random assignment for the full sample; 13 calendar quarters including and following that of random assignment for an early cohort of the research sample
Surveys					
12-month survey of program group members	Random subsample of program group members from the Public Assistance Units serving 18 of the largest urban centers in the 9 research counties	Program group	916	September 1990 – May 1991	12 months following random assignment
24-month survey of program and control group members	Random subsample of program and control group members from the Public Assistance Units serving 10 of the largest urban centers in the 9 research counties	Full sample Program group Control group	1,029 520 509	September 1990 – May 1991	24 months following random assignment

(continued)

TABLE 2.1 (continued)

Data Source	Sample for Whom Data Were Collected	Number of Sample Members for Whom Data Were Collected		Random Assignment Dates of Sample Members for Whom Data Were Collected	Follow-up Period Covered by the Data
Staff Activities and Attitudes Survey	All Project Independence Unit supervisors and case managers	Full sample Supervisors Case managers	190 26 164	Not applicable	Survey administered in September and October 1991
Project Independence casefiles (a)					
Casefile data for the 12-month program flow analysis	Random subsample of program group members from the Public Assistance Units serving 12 of the largest urban centers in the 9 research counties	Program group	725	September 1990 - May 1991	12 months following random assignment
Casefile data for the 24-month survey verification analysis	Random subsample of program and control group members who responded to the 24-month survey	Full sample Program group Control group	400 150 250	September 1990 - May 1991	24 months following random assignment

NOTES: Additional information about program operating strategies and organizational issues was obtained through MDRC field research and in-person interviews with Project Independence staff in 1991. Sources of data for the analysis of program costs are noted in the text of Chapter 2 and discussed in detail in Chapter 4.

(a) Because some sample members did not have contact with Project Independence, program staff did not create casefiles for them. These sample sizes include sample members for whom casefiles could not be located as well as those for whom casefile data were obtained.

snapshots (referred to as "baseline data") was taken just before random assignment – the point at which each sample member entered the study. Since random assignment was used to create the program and control groups, the initial pictures of each group should look the same (as indicated later in this chapter). The baseline data provide answers to questions about who is being studied and help place the Project Independence research sample in the context of AFDC applicants and recipients who were studied in evaluations of other welfare-to-work programs. The baseline data are also used to address questions about who benefits most (or least) from Project Independence.

The primary source of baseline data is the Background Information Form (BIF) developed by MDRC in collaboration with HRS Public Assistance Specialists (PASs). It was designed to collect demographic and identifying information for all Project Independence-mandatory AFDC applicants and recipients at the time they entered the research sample. Each BIF was completed by the PAS in consultation with the sample member, and the data reflect the characteristics of each sample member as of the date she was randomly assigned. (People were randomly assigned throughout the period from July 1990 through August 1991.) These forms were mailed to MDRC after random assignment was completed. Partial BIF data are available for all program and control group members, while more complete BIF data are available for 97 percent of each group.[2] BIF data are used later in this chapter to describe the research sample members. They are also used in the impact analysis to increase the precision of the estimates reported in Chapter 5 and to identify the subgroups that are the focus of Chapter 6.

B. State Administrative Records

Because people are randomly assigned to the program and control groups, there should be no systematic differences between the two groups at the point of random assignment. Therefore, assuming that the research design has been implemented correctly, subsequent differences between the two groups that appear in later "snapshots" (referred to as "outcome data") can be attributed to Project Independence. The primary source of outcome data for this report was administrative records kept by the state of Florida. These include information on sample members' earnings reported by employers to the Unemployment Insurance (UI) system. The state records also include AFDC and Food Stamp payments made to sample members during the evaluation period. The rules for recording information in these records apply equally to all state residents. As a result, they provide accurate and unbiased measures of employment, earnings, and welfare receipt for both the program and control groups. Following is a more detailed description of the state administrative records data used in this report.

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[2]Some information from the BIF was collected by phone at the time of random assignment. When a Public Assistance Specialist called MDRC to request a random assignment, she or he was asked to report seven items: the name of the county and the location of the Public Assistance Unit, whether the individual was an AFDC applicant or an ongoing recipient, and the individual's name, social security number, birth date, and AFDC case number (if she had already been given one). MDRC random assignment clerks then keypunched these items into the random assignment data base, known as the Random Assignment Record (RAR). Since all the RAR items were required before random assignment could be completed, these data are available for all sample members. However, fully completed BIFs could not be obtained from the Public Assistance Units for all sample members. Some BIFs may have been lost at the Public Assistance Units. It is also possible that BIFs were not completed for some sample members and that Public Assistance Specialists used some other source of identifying information to complete random assignment.

1. **Unemployment Insurance earnings records.** Earnings reported by employers to the state's UI system provide measures of employment, earnings, and receipt of UI benefits by calendar quarter (January through March, April through June, July through September, and October through December) for all 18,237 program and control group members. Data were collected for the period April 1989 (five quarters prior to the first random assignment) through September 1993. For some sample members, the calendar quarter in which random assignment took place may have included some earnings secured before the actual day of random assignment; therefore, for all sample members, the quarter in which random assignment occurred (quarter 1 of the follow-up period) is not counted in the analysis of program effects. Eight full quarters of post-random assignment follow-up data (quarters 2 through 9) are available for the full sample, and 11 full quarters of follow-up data (quarters 2 through 12) are available for sample members randomly assigned from July through December 1990. In addition, the UI data include a minimum of five calendar quarters of earnings data prior to each sample member's date of random assignment. These data are used to increase the precision of the impact estimates by controlling for small random differences in the background characteristics of the program and control groups.

Florida's UI system is statewide and therefore provides data on earnings and UI benefits that sample members obtained in both research and non-research counties within the state. However, these data are not available for earnings obtained in another state or for jobs not usually covered by the UI system (e.g., some domestic work or informal child care). Such earnings will not be measured in this study and will not appear in the data.

2. **AFDC and Food Stamp payment records.** Monthly AFDC payments and Food Stamp issuance records were obtained for all 18,237 program and control group members from the state's computerized Assistance Payments System (APS) and FLORIDA System.[3] These data cover the period from June 1988 (two years prior to the first random assignment) through September 1993. For the analysis in this report, AFDC payments and Food Stamp issuance amounts were aggregated into calendar quarters to match the intervals covered by the UI earnings data. A total of nine full quarters of AFDC follow-up data (not including the quarter of random assignment) are available for the full research sample, and 12 quarters of follow-up data (not including the quarter of random assignment) are available for sample members who were randomly assigned from July through December 1990. In addition, the data include a minimum of eight calendar quarters of AFDC and Food Stamp data prior to each sample member's date of random assignment. As in the case of the pre-random assignment UI data, these data are used to increase the impact estimates' precision by controlling for small random differences in the two research groups' background characteristics.

Florida's welfare payments system is also statewide and therefore provides data on AFDC payments and Food Stamp issuances that sample members received in both research and non-research counties within the state.[4] However, these data are not available for welfare payments made to

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[3]Beginning in June 1991, HRS began converting its automated public assistance benefits and service system from APS to the Florida On-Line Recipient Integrated Data Access System (FLORIDA). This required that extra care be taken to ensure that data were collected accurately for all sample members as their AFDC cases were converted from APS to FLORIDA.

[4]The primary exception to this would be a sample member's moving to a non-research county and receiving AFDC under a new case number assigned there. Those payments will not be measured and will

(continued...)

sample members by another state. These will not be measured in this study and will not appear in the data.

C. Surveys of Research Sample Members

Administrative records provide a useful but limited picture of the experiences program and control group members had after entering the study. For example, while they provide a complete picture of sample members' receipt of AFDC and Food Stamp benefits, they do not provide information about their use of services designed to help them become less dependent on these benefits; nor do they provide insights into their attitudes toward receiving welfare. Also, the UI data provide aggregate information about quarterly earnings, but nothing about the characteristics of the jobs held. For these types of information, the evaluation drew on data provided by the sample members themselves through two surveys: one administered 12 months after random assignment and the other administered 24 months after random assignment. These surveys are described below.

1. The 12-month survey of program group members. MDRC fielded a 30-minute survey for a subsample of program group members randomly selected from among all those who were randomly assigned to the program group between September 1990 and May 1991 in the Public Assistance Units serving the largest urban centers in the nine research counties.[5] The 12-month survey subsample analyzed in this report consists of the 916 individuals in this group who completed the survey interview, which was conducted by telephone or in-person.[6]

Fielded between January and May 1992, the 12-month survey asked questions about program group members' participation in Project Independence activities, attitudes toward the program, and use of child care services during the 12 months following the date on which they had been randomly assigned. The data are used in Chapter 3 (to provide information about whether Project Independence participants found the program's services helpful) and Chapter 4 (to measure child care use for the cost analysis).

2. The 24-month survey of program and control group members. MDRC also fielded a 30-minute survey for randomly selected subsamples of program and control group members. Individuals in these subsamples entered the research sample between September 1990 and May 1991. Like the 12-month survey subsample, the 24-month survey subsample included only individuals who

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[4](...continued)
not appear in the data. However, most cross-county migrants are assigned their original case number if they reapply for AFDC in another county. If sample members received AFDC under more than one case number – for example, because of the conversion from APS to FLORIDA or because they were given a new number in one of the research counties for other reasons – these payments are included in the analysis.

[5]The 12-month survey subsample was concentrated in 18 large urban areas within the counties: three from each of the three largest counties (Dade, Duval, and Hillsborough); two from the three middle-sized counties (Broward, Orange, and Pinellas); and one from each of the three smallest counties (Bay, Lee, and Volusia).

[6]In all, 1,134 program group members were randomly selected for the follow-up survey. The 916 respondents in the 12-month survey subsample represent a response rate of 81 percent. An analysis of survey nonresponse bias indicated that there were virtually no systematic differences in measured characteristics between the subsample who completed the survey interview and the 1,134 originally selected.

were randomly assigned from the Public Assistance Units located in large urban centers within the nine research counties.[7] The survey subsample analyzed in this report consists of the 520 program group members and 509 control group members who completed the survey interview, which was conducted by telephone or in-person.[8]

The survey was fielded between September 1992 and May 1993, 24 months after each sample member's random assignment month. The questions asked about their participation in employment-related activities, the characteristics of the jobs they held, and the general quality of their lives during the two years following random assignment. Data from the 24-month survey are used in Chapter 3 to analyze patterns of participation in employment-related activities for program and control group members during the two years following random assignment. These findings, along with findings from Project Independence casefile data, were used in Chapter 4 as the basis for estimating costs of providing services for the program and control group members.[9] In Chapter 5, the 24-month survey data are used to analyze Project Independence's impact on job characteristics and noneconomic outcomes.

D. Project Independence Casefiles

The survey data provided a general picture of sample members' participation in employment-related activities, but they proved less useful as sources of specific information about the types and length of interaction they had with Project Independence. This is due, in part, to the fact that many aspects of Project Independence overlap with other agencies in the community. For example, sample members who were referred to a community college education or training program by Project Independence may not have remembered the referral, only their connection to the college itself. In addition, Project Independence staff often use specific rules and procedures to classify participants' status in the program, and individual participants frequently cannot differentiate among these statuses. For example, participants who are not actually engaged in activities at a particular time may be in the process of being referred to an activity, temporarily deferred from participation, or prohibited from participating because of a change in their AFDC status. Casefile data are generally more accurate for capturing these important differences. Finally, some survey respondents had difficulty recalling the dates on which they had participated in various aspects of Project Independence during the follow-up periods.

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[7]The 24-month survey subsample was concentrated in 10 large urban areas within the counties: two in Dade and one from each of the other eight counties.

[8]In all, 630 program group members and 630 control group members were randomly selected for this follow-up survey. The 520 and 509 members of the 24-month survey subsamples represent response rates of 83 and 81 percent for the program and control groups, respectively. An analysis of survey nonresponse bias (Appendix B) indicated that there were virtually no systematic differences in measured characteristics between the subsample who completed the survey interview and the 1,260 originally selected. In addition, there were no systematic differences between program and control group survey respondents.

[9]As discussed later in this chapter and in Chapter 3, 24-month survey respondents, particularly control group members, were limited in their capacity to identify activities that occurred through Project Independence. As a result, the 24-month survey findings for the cost analysis were supplemented with findings from Project Independence casefile data.

To obtain more specific information about sample members' involvement with Project Independence, MDRC worked with Project Independence staff to collect data directly from the individual casefiles that they maintained. These data were also used as a benchmark for checking the accuracy of the 24-month survey data. The casefile data, and the subsamples for which they were obtained, are described below.

1. Casefile data for the 12-month program flow analysis. MDRC's first report on Project Independence and Chapter 3 of this report present findings on the program group's involvement with Project Independence during the first 12 months following their random assignment. The findings are based on data collected for a random subsample of 725 program group members (referred to as the "12-month program flow subsample") who were originally selected for the 12-month survey. Like the 12-month survey subsample, the 12-month program flow subsample was concentrated in the largest urban areas in each of the nine research counties.[10] For 639 members (88 percent) of this subsample, the Project Independence casefiles were obtained and data were collected from them.[11] These casefiles contain detailed information about program group members' involvement with the program – including referrals to program activities, the incidence of participation in activities, length of stay in activities, and involvement with formal enforcement procedures.[12]

Casefiles could not be located for the other 86 members (12 percent) of this subsample, most of whom probably never attended a program orientation and so never had a casefile created for them. For this group, the 12-month survey data were used, but only for information as to whether they had or had not participated in Project Independence; there were insufficient data concerning their sanctioning rates and length of participation in the program.

2. Casefile data for the 24-month survey verification analysis. Preliminary analysis of the 24-month survey data indicated that a substantial number of control group members reported that they had been involved in Project Independence. It was critical to verify the accuracy of this information because the research design explicitly specified that control group members were not permitted to participate in Project Independence for a period of two years. To the extent that control group members received the same Project Independence services as program group members, the measured post-random assignment differences between the two groups (i.e., the program impacts) would be narrowed. Therefore, MDRC worked with staff in the local Project Independence units to locate Project Independence casefiles for a random subsample of 250 control group members and (for comparison) 150 program group members who responded to the 24-month survey. These random

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[10]While the 12-month survey was drawn for 18 such areas within the counties, the 12-month program flow subsample was confined to 12 of these areas: two from each of the three largest counties (Dade, Duval, and Hillsborough) and one from each of the other six counties.

[11]In all, 756 program group members from the 12-month survey subsample were targeted for Project Independence casefile data collection. MDRC staff were able to obtain Project Independence casefiles for 639 (85 percent) of them. An analysis of casefile nonresponse bias indicated that there were virtually no systematic differences in measured characteristics between the subsample for whom Project Independence casefiles were obtained and the 756 sample members originally selected.

[12]Casefile data, rather than computerized program tracking records, were required because an assessment of data from the relatively new automated Project Independence Information System indicated that it did not contain complete information about program group members' participation in program activities.

subsamples were drawn to include both individuals who reported participating in Project Independence and individuals who did not.

In all, casefiles were found for 42 percent of the control group members and 77 percent of the program group members. Project Independence staff reported that most of the remaining sample members probably never made contact with the program and, that, consequently, a Project Independence casefile would not have been created for them. However, this casefile data collection effort was undertaken in August 1994 – three to four years following the random assignment dates of those in the subsample. Project Independence staff reported that if involvement with Project Independence had ceased two or more years prior to the data collection period, the casefiles might have been shipped off site for archiving or destroyed. As a result, the findings from this effort had to be adjusted to account for missing casefiles. These adjustments were based on casefile data used in the 12-month program flow analysis.

For the Project Independence casefiles that were located, MDRC asked Project Independence staff to provide information about whether individuals had been served by the program within the two years after their random assignment date. Staff were also asked to indicate whether the individuals had ever attended job search or job club activities or education or training activities. As discussed in Appendix C, these data, along with the casefile data collected earlier in the evaluation, indicate that the (self-reported) information on Project Independence participation from the 24-month survey is reasonably accurate for the program group. However, according to the Project Independence casefile data, control group members appear to have over-reported their involvement with the program. These casefile data are used in Chapter 3, which presents the findings on the control group's exposure to Project Independence. Chapter 5 also uses this information in discussing a strategy for adjusting the observed impact estimates to account for the control group's exposure to Project Independence. As noted in Chapter 1, this analysis indicates that the control group's exposure to Project Independence may have affected the overall level of the impact estimates, though probably only modestly, but is not likely to have affected the trends over time or across subgroups.

E. The Staff Activities and Attitudes Survey

To describe the ways staff implemented the Project Independence program model in the research counties, this report also relies on information from a Staff Activities and Attitudes Survey developed by MDRC. It was administered in September and October 1991 to the 26 unit supervisors and 164 case managers in the 26 Project Independence units in the nine research counties.

The survey included a broad range of questions about staff practices regarding several key dimensions of Project Independence. It also asked staff about their attitudes toward their job, Project Independence, and AFDC recipients; their perceptions of Project Independence's services and goals; and their own backgrounds. Because the survey was administered at a single point in time, it does not capture the range of attitudes and activities over the full evaluation period. Data from this survey are used in Chapter 3 to describe the staff's assessment of the availability and quality of Project Independence services.

F. Staff Interviews and Field Research

In early 1991, MDRC staff held in-person interviews with Project Independence district administrators, unit supervisors, and case managers in each of the nine research counties. During this

period, MDRC staff also observed a variety of Project Independence activities. This qualitative research was used to learn about program operating strategies and organizational issues.

G. Cost Data

To estimate the costs and benefits of Project Independence, the study uses fiscal and program participation data provided primarily by HRS. HRS expenditure data were obtained from the quarterly Project Independence expenditure reports of HRS's Economic Services Division (especially form ACF-332, prepared for the federal government) and covered the period from July 1990 (the start of random assignment) through June 1992. MDRC also collected cost data related to services provided by LES, the Florida Department of Education, local Central Child Care agencies, and several other sources. Chapter 4 presents a detailed description of these data and how they were used for the cost analysis.

II. Background Characteristics of the Full Research Sample and Key Subgroups

The full research sample for the Project Independence evaluation consists of 18,237 AFDC applicants and recipients from the nine research counties. This group encompasses all of the AFDC applicants who were determined to be mandatory for Project Independence during the period from July 1990 through August 1991. (More than half of these applicants had received AFDC previously under their own or their spouse's case.) The sample also includes most of the ongoing AFDC recipients who were newly determined to be mandatory during this period. The primary exceptions were ongoing recipients who had participated in Project Independence as volunteers within 45 days of their redetermination for ongoing AFDC eligibility. These individuals were not included in the research sample.

A total of 13,513 individuals (74 percent of the research sample) were randomly assigned to the program group and, therefore, were referred to Project Independence orientation and were subject to the program's participation requirements. A total of 4,724 individuals (26 percent of the research sample) were assigned to the control group and told that they were not required or permitted to participate in Project Independence activities.

Appendix Table A.1 presents the demographic characteristics of the AFDC applicants in the program and control groups; Appendix Table A.2 presents this information for the ongoing AFDC recipients.[13] These tables indicate that the random assignment process produced two equivalent

[13]These background characteristics are presented in separate tables because the applicants and recipients were randomly assigned using different program-to-control-group ratios. Applicants were assigned at a ratio of three program group members for each control group member. In the early part of the random assignment period – from July through December 1990 – recipients were also assigned using a 3:1 ratio, but thereafter (from January through August 1991), their ratio was lowered to 2:1 to increase the number of recipients in the control group and, thus, the statistical reliability of the impact estimates for recipients. The use of separate tables for applicants and recipients in Appendix A provides the opportunity to determine whether there were differences in measurable characteristics between the program and control groups other than the change in the random assignment ratio for recipients.

research groups (as was its purpose), with only a few statistically significant[14] demographic differences between the program and control groups.

The "full sample" column of Table 2.2 presents the percentage distribution of selected demographic characteristics for the full research sample.[15] These characteristics are used to define subgroups that are the focus of Chapter 6 and are likely to have contributed to differences in program participation patterns as well as program impacts and costs. In particular, the chapter focuses on four sets of subgroups defined by: (1) the period during which individuals were randomly assigned and entered the research sample; (2) age of the youngest child; (3) Project Independence job-readiness status; and (4) history of prior AFDC receipt. These subgroups were likely to vary in the degree and nature of their involvement with Project Independence and in their likelihood of being able to secure employment and leave AFDC without the aid of Project Independence. The characteristics of these subgroups are discussed below and should be considered when comparing subgroup participation and impact results presented in Chapter 6.

A. Characteristics of Subgroups Defined by the Period During Which They Entered the Research Sample

As discussed in Chapter 1, the Project Independence evaluation occurred during a period when Project Independence and its state and local environments were undergoing several important changes. As a result, this report analyzes the effectiveness of Project Independence at different points during this period. In particular, it compares the experiences of individuals who were randomly assigned and entered the study early with those who entered later. The first subgroup (representing 41 percent of the full sample) was randomly assigned between July and December 1990. This "early cohort" and its experiences reflect the effects of Project Independence when it was operating under relatively favorable conditions. The "late cohort" (randomly assigned between January and August 1991, and representing 59 percent of the full sample) experienced Project Independence when it was operating under the stress of growing caseloads, fixed resources, and increasing unemployment.

Comparing the experiences of these two subgroups must be informed by an examination of the extent to which they were different to begin with because such differences may have contributed to differences in the two subgroups' patterns of participation in employment-related activities and in program impacts (above and beyond differences associated with changes in the program and its environment). The last two columns of Table 2.2 display the distribution of selected demographic characteristics for the two cohort subgroups. They show that there were some differences between the two subgroups, although most were relatively small (but statistically significant). Notably, the late cohort included a slightly higher percentage of individuals who had earnings during the year prior to random assignment. This may have been due, in part, to an increase in the number of people losing their jobs, as reflected in the state's rising unemployment rate during this period, and turning to AFDC

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[14]When calculated differences are statistically significant (indicated by asterisks in the tables), one can have a high level of confidence that the differences are not due to statistical chance.

[15]The information in Table 2.2 was obtained from the Background Information Forms (BIFs). As discussed earlier, BIFs could not be obtained for all sample members, and some items from the BIFs that were obtained are missing for some sample members. Table 2.2 presents percentages of the sample who are missing data on selected characteristics.

TABLE 2.2

SELECTED CHARACTERISTICS OF THE FULL SAMPLE AND OF SUBGROUPS DEFINED BY RANDOM ASSIGNMENT COHORT, AT THE TIME OF RANDOM ASSIGNMENT

Characteristic and Subgroup	Sample Size	Full Sample	Subgroups, by Random Assignment Cohort: Early Cohort (7/90 – 12/90)	Subgroups, by Random Assignment Cohort: Late Cohort (1/91 – 8/91)
Ethnicity (%)				
White, non–Hispanic	6,118	33.5	31.1	35.3 ***
Black, non–Hispanic	6,878	37.7	38.3	37.3
Hispanic	4,044	22.2	25.5	19.9 ***
Other	207	1.1	1.1	1.2
Data not available	990	5.4	4.0	6.4 ***
Primary language (%)				
English	13,887	76.1	74.5	77.3 ***
Spanish	3,232	17.7	20.6	15.7 ***
Other	303	1.7	2.2	1.3 ***
Data not available	815	4.5	2.7	5.7 ***
Average age (years)	18,237	32.1	32.0	32.1
Number of children (%)				
1 child	7,860	43.1	43.0	43.2
2 children	5,575	30.6	30.9	30.3
3 or more children	3,797	20.8	22.5	19.7 ***
Data not available	1,005	5.5	3.6	6.9 ***
Age of youngest child (%)				
Age 3 to 5	7,211	39.5	41.9	37.9 ***
Age 6 or older	9,316	51.1	50.8	51.3
Data not available	1,710	9.4	7.4	10.8 ***
Total prior AFDC receipt (a) (%)				
First–time applicant	7,120	39.0	39.2	39.0
Applicant with less than 2 years of AFDC receipt	4,373	24.0	24.9	23.3 **
Recipient with less than 2 years of AFDC receipt	790	4.3	4.0	4.6 *
Applicant with 2 years or more of AFDC receipt	3,593	19.7	21.6	18.4 ***
Recipient with 2 years or more of AFDC receipt	1,029	5.6	4.7	6.3 ***
Data not available	1,332	7.3	5.6	8.5 ***
Education (%)				
High school diploma or GED	9,437	51.7	51.6	51.8
No high school diploma or GED	7,543	41.4	43.1	40.1 ***
Data not available	1,257	6.9	5.3	8.1 ***
Any earnings during the prior year (%)	18,237	61.1	59.3	62.4 ***
Job–readiness status (b) (%)				
Job–ready	14,936	81.9	82.1	81.8
Not job–ready	1,816	10.0	10.9	9.3 ***
Data not available	1,485	8.1	6.9	9.0 ***
Research sample status (%)				
Program group	13,513	74.1	74.7	73.6 *
Control group	4,724	25.9	25.3	26.4 *
Random assignment cohort (%)				
Early cohort (July–December 1990)	7,511	41.2	100.0	0.0
Late cohort (January–August 1991)	10,726	58.8	0.0	100.0
Sample size		18,237	7,511	10,726

(continued)

TABLE 2.2 (continued)

SOURCES: MDRC calculations from Background Information Forms and Florida Unemployment Insurance (UI) records.

NOTES: Distributions may not add to 100.0 percent because of rounding.

A chi-square test or two-tailed t-test was applied to differences between subgroups defined by random assignment cohort.

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

(a) This refers to the total number of months accumulated from one or more spells on an individual's own or spouse's AFDC case. It does not include AFDC receipt under a parent's name.

(b) Sample members are defined as "job-ready" if they had completed at least 10th grade or were employed for at least 12 of the 36 months prior to random assignment. They are defined as "not job-ready" if they did not meet both criteria. These definitions are based on those used by Project Independence during the the random assignment period.

for income support. The late cohort also included a slightly higher percentage of ongoing AFDC recipients and a somewhat lower percentage of families with children between the ages of three and five.

In general, however, the findings presented in Table 2.2 suggest that, although AFDC (and Project Independence) caseloads grew rapidly during 1991, the characteristics of mandatory AFDC applicants and recipients who were referred to Project Independence were not very different from the characteristics of those who were referred earlier. Thus, it is more likely that differences in outcomes and impacts between the two cohort subgroups were due to changes in Project Independence and its environment than to differences in their background characteristics.

B. Characteristics of Subgroups Defined by the Age of the Youngest Child

This report also provides participation and impact findings for AFDC applicants and recipients with children between the ages of three and five – a group not usually mandated to participate in welfare-to-work programs prior to JOBS – as well as for the traditional mandatory group of single parents whose youngest child is age six or older. Participation rates and impacts may not be the same for the two groups because mothers of preschool-age children are very likely to need child care if they are to participate in program activities or become employed. Table 2.2 shows that 40 percent of the sample members reported having children between the ages of three and five, while just over half (51 percent) had a youngest child age six or older.[16] In addition, 43 percent of the sample had only one child, and 21 percent had three or more children.

Appendix Table A.3 presents the distribution of background characteristics for the two age-of-youngest-child subgroups and reveals several important differences.[17] Sample members with preschool-age children (i.e., between the ages of three and five) were an average of six and a half years younger than those whose youngest child was six or older, but were more likely to have three or more children (28 percent compared to 18 percent of those with children age six or older). Also, those with preschool-age children were more likely to be ongoing AFDC recipients (rather than applicants) at the time of random assignment. There were also smaller differences between the two groups in terms of their ethnicity, primary language, educational attainment, and job-readiness status.

C. Characteristics of Subgroups Defined by Project Independence Job-Readiness Status

The Project Independence job-readiness criteria are based on an assessment of the educational background and employment history of its participants and are used to determine initial service referrals. Table 2.2 shows that 82 percent of the research sample would have been defined as "job-ready" under the Project Independence criteria used at the time of their random assignment – i.e., they had completed at least the tenth grade or had been employed in at least 12 of the previous 36

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[16]For a total of 1,710 sample members (9 percent of the full research sample), information about the age of the youngest child is missing either because the information was not provided on the BIF or because the BIF itself was missing.

[17]The percentages reported for subgroups defined by the age of the youngest child in Table A.3 reflect the percentages of those for whom this subgroup information was available.

months.[18] In addition, 61 percent of the sample had some earnings in the year prior to random assignment, and 52 percent had received a high school diploma or GED.

Appendix Table A.4 presents selected background characteristics of the two job-readiness subgroups as defined by criteria in effect during the random assignment period.[19] It shows, for example, that members of the not job-ready subgroup were much more likely to be Hispanic (42 percent) and to speak Spanish as their primary language (37 percent) than were those defined as job-ready (20 percent of whom were Hispanic and 16 percent of whom spoke Spanish as their primary language). This suggests that limited English proficiency may have constituted another important barrier to employment among many not job-ready subgroup members. Table A.4 also shows that members of the not job-ready subgroup were also more likely to have preschool-age children and to have three or more children, suggesting that they may have had more prominent child care needs than did the job-ready subgroup. Finally, those in the not job-ready subgroup were more likely to be ongoing AFDC recipients and to have received AFDC for two years or more than were those defined as job-ready.

As noted in Chapter 1, Project Independence modified its job-readiness criteria in October 1991. Specifically, those who had no high school diploma or GED or had worked in fewer than 12 of the previous 24 months would now be defined as not job-ready. Because this occurred approximately three months after the random assignment period ended, it is not likely to have affected the initial service referrals of program group members who attended a Project Independence orientation. However, an important question for the evaluation is whether the original program model was effective for the group that, under the modified job-readiness criteria, would have had the option of participating initially in education and training activities. This group consists mainly of members of the job-ready subgroup of the research sample who did not have high school diplomas.[20] Appendix Table A.4 indicates that 35 percent of the job-ready subgroup did not have a high school diploma and, therefore, would have been defined as not job-ready under the modified criteria.

D. Characteristics of Subgroups Defined by Prior AFDC Receipt

Past research indicates that the effects of welfare-to-work programs are related to an individual's prior history of AFDC receipt.[21] Also, as noted in Chapter 1, the research sample for the Project Independence evaluation is distinctive from those in other MDRC evaluations of welfare-to-work programs because of the under-representation of ongoing AFDC recipients and the predominance of AFDC applicants. This is important because those just coming on to the AFDC rolls – for the first time or after a hiatus from a previous spell on welfare – differ in many ways related to their readiness for employment.

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[18]For a total of 1,485 sample members (8 percent of the full research sample), BIF data about the highest grade completed in school and employment experience were not available, so their job-readiness status could not be ascertained.

[19]The percentages presented for these subgroups in Appendix Table A.4 reflect the percentages of sample members for whom job-readiness information was available.

[20]It is not possible to accurately identify sample members' job-readiness status under the revised criteria because the BIF asked only for information about employment in the previous 36 months (not the previous 24 months).

[21]See, e.g., Friedlander, 1988; and Hamilton and Friedlander, 1989.

Table 2.2 indicates that 39 percent of the research sample were applying for AFDC for the first time. An additional 24 percent of the sample were not receiving AFDC at the time of random assignment (i.e., they, too, were applicants) but had received it for less than two years prior to random assignment, and 20 percent were not receiving AFDC but had received it for two years or more prior to random assignment.[22] Table 2.2 indicates that only 10 percent of the research sample were receiving AFDC at the time of random assignment (4 percent had received it for a total of less than two years and 6 percent had received it for two years or more).[23] As noted above, this is because individuals who had been in Project Independence recently were not included in the sample. During the random assignment period, MDRC staff found that most ongoing recipients who were being redetermined for AFDC eligibility were already registered for Project Independence.

Appendix Table A.5 displays selected demographic characteristics of three subgroups defined by how long sample members had received AFDC prior to random assignment:[24] those who had never previously been on their own or their spouse's AFDC case (referred to in this report as "first-time applicants"); those who had previously been on their own or their spouse's AFDC case for a total of less than two years prior to random assignment (i.e., "short-term" applicants and recipients); and those who had previously been on their own or their spouse's AFDC case for a total of two years or more prior to random assignment (i.e., "long-term" applicants and recipients).[25]

Table A.5 indicates that these subgroups differed on several background characteristics. For example, the first-time applicants were more likely to be Hispanic and to speak Spanish as their primary language than was either of the other two subgroups. As noted above, limited proficiency in English may have constituted an important barrier to employment. However, first-time applicants were the least likely to have three or more children and the least likely to have preschool-age children. They were also the most likely to be job-ready and to have a high school diploma or GED at the time of random assignment. This suggests that first-time applicants faced the fewest barriers to employment and, therefore, were the most likely to have been able to get a job and leave AFDC without the help of Project Independence. Finally, long-term applicants and recipients were the most likely to have three or more children, the least likely to be job-ready, and the least likely to have a high school diploma or GED. Each of these factors may have constituted an important barrier to employment.

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[22]Information on prior AFDC receipt was reported on the BIF in terms of the *total* number of months the individual had received AFDC under her own or her spouse's name, regardless of the number or duration of spells of AFDC receipt this represented. Thus, prior receipt of AFDC was not necessarily continuous and was not necessarily recent. Also, prior receipt does not include AFDC received under her parent's name.

[23]For a total of 1,332 sample members (7 percent of the full research sample), information about prior AFDC receipt is missing.

[24]The percentages reported for these subgroups in Table A.5 reflect the percentages of sample members for whom BIF data about prior AFDC receipt was available.

[25]The subgroup of long-term applicants and recipients used in this report may differ from those used in other MDRC reports. For example, the long-term group has often included only those who were receiving AFDC at the time of random assignment and had received AFDC for two or more years. See Friedlander, 1988; and Hamilton and Friedlander, 1989.

CHAPTER 3

THE IMPACT OF PROJECT INDEPENDENCE ON PARTICIPATION IN EMPLOYMENT-RELATED ACTIVITIES

Project Independence aims to increase the employability and self-sufficiency of welfare recipients through a combination of participation requirements, case management, and employment-related activities provided directly *by* the program (i.e., independent job search and job club) or *through* the program via linkages to education and training institutions, employment services, and employers (as sources of both jobs and on-the-job training). To facilitate participation, support services such as child care and transportation were also built into the program model. The Project Independence evaluation was designed to test whether individuals who were exposed to these requirements and components were more likely to find work and leave welfare than individuals who were not required to participate in these employment-related activities but could pursue them in the community on their own initiative. This chapter describes the Project Independence participation requirements and services to which the program group was exposed and examines the program's impact on engaging individuals in employment-related activities. These findings provide a critical context for interpreting the analysis of Project Independence's impacts on earnings and welfare payments (Chapter 5 and 6) and the analysis of whether the program's costs were outweighed by its benefits to individuals and to the government budget (Chapter 7).

The first section of the chapter presents an analysis of the Project Independence "treatment" and the extent to which program group members were exposed to it. MDRC's first report on Project Independence described this treatment in detail and analyzed the program group's "flow" through the Project Independence program model during the first year following their referral to the program and entry into the research sample.[1] Section I of this chapter summarizes the key findings from the earlier report.

Section II extends this analysis by presenting findings from the 24-month survey on the program group's participation in employment-related activities provided through Project Independence and (on their own initiative) through non-Project Independence sources. The 24-month survey data afford the opportunity to observe participation over a longer follow-up period than does the 12-month program flow analysis. This is important because Project Independence's ongoing participation mandate was intended to require program group members to participate in employment-related activities for as long as they continued to receive AFDC payments and remained mandatory[2] (and to the extent that resources permitted it). Since, as would be expected, some program group members engaged in employment-related activities outside of Project Independence during the follow-up period (usually after they had left the program), information about that participation is also included among the chapter's findings.

Section III presents an analysis of the extent to which control group members gained access to (non-Project Independence) employment-related activities on their own. Unlike previous studies,

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[1]Kemple and Haimson, 1994, Chapters 3-5.

[2]Individuals are no longer mandatory for Project Independence when they stop receiving AFDC.

however, this analysis also had to include an estimate of the extent to which, contrary to the research design, control group members were exposed to the Project Independence treatment by participating in Project Independence activities or by being told (incorrectly) that they were required to do so. This departure from the research design is unusual and affects the interpretation of the impact findings presented in Chapters 5 and 6. Nevertheless, since the great majority of control group members were not exposed to Project Independence, their experiences still provide the best benchmark for assessing whether Project Independence increased (relative to the control group) the program group's level of involvement in employment-related activities.

The final section of the chapter makes this assessment. In other words, it examines Project Independence's *net* effect on participation in employment-related activities. The analysis uses new data, based on the 24-month survey, to compare the experiences of program and control group members over the two-year period after each member entered the research sample. It presents the differences between the program and control groups in participation rates and length of participation across particular types of activities. This is crucial because, even in cases where a high proportion of the program group received a particular service, if control group members were just as likely to receive the same service, then that service is unlikely to have contributed much to Project Independence's impact on employment or welfare receipt or its benefit-cost results (unless the quality of the services received by the program and control groups was substantially different).

In brief, this chapter shows that virtually all of the program group members were exposed to Project Independence. By contrast, and contrary to the research design, an estimated 20 percent of the control group were exposed to Project Independence by attending a program orientation or (much less commonly) by participating in employment activities through the program. Even after accounting for the control group's exposure to Project Independence, however, the analysis shows that the program group did participate in employment-related activities to a substantially greater extent than the control group – in other words, that Project Independence had a large impact on the rate of participation on such activities. In all, 64 percent of the program group participated in at least one employment-related activity provided through Project Independence or non-Project Independence sources during the two-year follow-up period. This represents a 60 percent increase over the control group participation rate of 40 percent. Project Independence had its largest impact on participation in independent job search activities, more than doubling the control group's participation rate in this activity. The program had a smaller effect on the receipt of basic education – adult basic education (ABE), General Educational Development (GED) classes, which prepare people to take the GED test,[3] and instruction in English as a Second Language (ESL); vocational training; and post-secondary education services in addition to vocational training. By combining a strategy of emphasizing independent job search over more expensive education and training with an attempt to engage a very large portion of the AFDC caseload for at least a brief spell in the program, Project Independence was operated as a JOBS program with a relatively low cost per person in the program.

As noted earlier, most of the program group members who participated in Project Independence began their involvement prior to October 1992, when the program modified its job-readiness criteria. This modification enabled more participants to choose education or training as their

[3]Those who pass the GED test are given a certificate that is intended to signify knowledge of basic high school subjects.

first activity. The state and the local programs have continued to revise program operating strategies as they acquire more experience and respond to changing funding circumstances and caseload dynamics. Thus, the treatment received by program group members prior to October 1992 may not fully represent the *current* mode of operating Project Independence.

I. The Project Independence Treatment[4]

This section of the chapter is based on the first 12 months of follow-up. It begins by describing the employment-related services available to Project Independence participants and staff and participants' perceptions of the availability and quality of these services.[5] It then examines the program group's "flow" through the Project Independence program model during the initial 12-month follow-up period.

A. The Nature of Project Independence Services

A cornerstone of JOBS, and of the Florida Employment Opportunity Act of 1987, which created Project Independence, is an emphasis on enhancing coordination and cooperation among state agencies and other organizations to provide employment-related services for public assistance recipients. The primary purpose is to provide more – and more efficiently delivered – services to public assistance recipients than a single agency or organization could provide alone. Thus, a key function of Project Independence staff is to serve as conduits for linking program participants with necessary and appropriate services.

The Staff Activities and Attitudes Survey asked Project Independence staff a series of questions concerning the availability and quality of key Project Independence services. The findings are presented in Table 3.1, which shows the proportion of staff who rated the normal availability of each service as high and the proportion who rated each service as worthwhile for those assigned to it.[6] The table indicates that a high percentage of Project Independence staff surveyed from the nine research counties reported that services were normally available to program participants. However, staff varied somewhat in their assessment of the "quality" of those services. Overall, 80 percent of staff rated the availability of services as high, while 64 percent rated the services as worthwhile for participants.

The 12-month survey of a subsample of program group members also asked those who participated in these activities whether they thought they were helpful. These findings are also presented in Table 3.1, which shows the proportion of participants who rated each service as very

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[4]This discussion is adapted from MDRC's first report on Project Independence (Kemple and Haimson, 1994).

[5]The employment-related services discussed in this report include independent job search, job club, basic education, and vocational training and post-secondary education. In some counties, Project Independence also provided work experience activities (jobs in public or non-public agencies that are required as a condition of receiving AFDC). The evaluation, however, did not find evidence that members of the research sample ever participated in work experience activities.

[6]See Kemple and Haimson, 1994, Chapter 3, for a description of the measures used in Table 3.1.

TABLE 3.1

AVAILABILITY AND QUALITY OF PROJECT INDEPENDENCE SERVICES IN THE RESEARCH COUNTIES

Variable	All Counties (%)	Bay (%)	Broward (%)	Dade (%)	Duval (%)	Hillsborough (%)	Lee (%)	Orange (%)	Pinellas (%)	Volusia (%)
Service availability										
Staff who rated availability of program services as high (a)										
All services (b)	80.4	100.0	84.2	76.5	82.1	76.0	100.0	83.3	77.8	100.0
Job club	82.1	100.0	94.1	75.8	92.9	88.0	66.7	91.7	58.8	85.7
Basic education (c)	82.4	100.0	89.5	79.4	74.1	84.0	100.0	91.7	76.5	100.0
Training and community college (d)	75.8	100.0	73.7	74.6	81.5	68.0	66.7	66.7	77.8	100.0
Service quality										
Staff who rated program services as worthwhile for assigned participants (a)										
All services (b)	63.7	25.0	68.4	66.7	50.0	70.8	66.7	33.3	94.4	42.9
Job club	67.1	25.0	64.7	70.8	57.7	79.2	66.7	50.0	75.0	66.7
Basic education (c)	70.1	50.0	73.7	72.7	52.0	83.3	66.7	58.3	94.1	28.6
Training and community college (d)	68.9	75.0	68.4	69.7	60.0	66.7	66.7	54.6	88.9	71.4
Participants who rated program services as very helpful (e)										
All services (b)	52.6	63.0	43.6	50.0	57.7	51.3	64.7	37.0	57.5	70.8
Independent job search	43.9	56.0	38.5	39.8	53.5	33.9	53.9	40.0	46.2	--
Job club	69.9	--	--	--	--	--	--	--	--	--
Basic education (c)	64.9	--	--	--	--	--	--	--	--	--
Training and community college (d)	78.8	--	--	--	--	--	--	--	--	--

SOURCES: The Staff Activities and Attitudes Survey and the 12-month survey of a subsample of program group members.

NOTES: Dashes indicate that the calculation was omitted because the sample size is less than 20.

(a) The calculations are based on responses from Project Independence staff employed at the time the Staff Activities and Attitudes Survey was administered (September-October 1991). They include supervisors, HRS employment counselors and interviewers, and LES employment specialists and representatives. They do not include HRS support staff.

(b) Includes average responses to questions about job club, ABE, GED, ESL, training and vocational education, and community college services.

(c) Includes average responses to questions about ABE, GED, and ESL services.

(d) Includes average responses to questions about training, vocational education, and community college services.

(e) The calculations are based on responses from the 12-month survey subsample who participated in the respective services; therefore, the sample size varies for each program service.

helpful. Among participants, 53 percent rated Project Independence services as very helpful. This ranged from a low of 37 percent in Orange County to a high of 71 percent in Volusia County.

These aggregate ratings across all Project Independence services mask differences in staff and participant perceptions of specific activities. These are discussed below in the context of a more detailed description of the various activities. Then Section IB focuses on the rates at which program group members in the research sample participated in these activities within the first 12 months following their initial referral to Project Independence.

1. Independent job search. During the Project Independence orientation, participants received a detailed explanation of Project Independence's opportunities and obligations. Case managers then conducted an initial assessment of their educational attainment and recent work experience to determine whether they were "ready" to enter the labor market immediately. Based on the outcome of this assessment, case managers referred participants to either up-front job search or a formal assessment of their education and training needs. Independent job search was generally the first activity assigned to job-ready participants and involved a two-week period during which participants looked for work on their own.[7] A referral to independent job search usually occurred at the end of the Project Independence orientation, when job-ready participants were given forms on which to document their job contacts.[8] Participants assigned to independent job search activities were required to make at least six in-person employment applications per week. In order to meet the participation requirement for these activities, they must have documented the applications on a job search report form and then had to return the form to their case manager at the end of each two-week period. MDRC's interviews with Project Independence staff indicated that the case managers did not often contact the employers listed on the forms to confirm that the participant had submitted a job application. However, case managers did tend to follow up with participants who did not turn in their forms at all, and in some cases this led to referrals for sanctioning. Case managers also encouraged participants to use the job referral services of Project Independence or LES-contracted staff who have access to Job Service employment contacts. These staff provided job leads from the Job Service job bank, gave advice on conducting a job search, and offered other support. In general, however, participants did not appear to have made extensive use of these services.

As discussed later in the chapter, independent job search activities were the most widely used Project Independence services. This contrasts with many other welfare-to-work programs that also emphasized immediate job placement for large portions of the caseload, but did so through more intensive and expensive activities such as job clubs and supervised job search assistance.[9]

The 12-month survey of a subsample of program group members asked participants in job search about whether they thought Project Independence was helpful in putting them in contact with employers and telling them about job openings. As shown in Table 3.1, 44 percent of participants

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[7]In Project Independence, job search activities are often referred to as "individual," "up-front," or (for second and subsequent job search assignments) "extended" job search. Because of the relatively low level of formal supervision that Project Independence participants received during the job search activities, this report uses the term "independent" job search to describe them.

[8]HRS-ES Form 4133.

[9]See Gueron and Pauly, 1991.

rated job search as very helpful, the lowest percentage for any of the activities listed.

2. Job club. Job club was a workshop and training session intended to teach participants better ways to search for, apply for, and keep a job.[10] Participants were supposed to be assigned to job club if they were unsuccessful in finding employment on their own or, occasionally, if they had completed education and training activities and needed to develop job search skills. Job clubs were generally scheduled for at least 20 hours per week for two to four weeks and were conducted in two phases. During the first phase, participants received classroom instruction in job-seeking strategies, procedures for completing a job application, job-interviewing skills, labor market trends, and life skills. During the second phase, participants were supposed to be involved in a supervised group job search in which they would receive instruction on how to make employer contacts and would schedule job interviews over the phone. During this group job search, participants were also intended to practice making phone calls to employers under the supervision of program staff. In most Project Independence units, job clubs were conducted by LES employment specialists. In some counties, however, Project Independence established a subcontract with the local Job Training Partnership Act (JTPA) agency to conduct their job clubs or referred participants to job clubs conducted by the JTPA agency. The top panel of Table 3.1 shows that 82 percent of Project Independence staff across the nine counties rated the availability of job club as high. This ranged from 59 percent in Pinellas to 100 percent in Bay.

MDRC's observations of several job clubs indicated some variation in the quality and emphasis of the classroom instruction and group job search components. For example, staff in one unit had developed innovative role-playing exercises to help participants practice interviewing skills, while staff in another unit focused on helping participants contact employers and schedule interviews as quickly as possible. Some job clubs, however, appeared to place very little emphasis on the group job search components, in part because the units did not have adequate telephone service for participants to use to make employer contacts. In these units, job club was primarily a job-readiness workshop, with little emphasis on group-directed efforts to look for work. Participants were asked to develop job leads by looking at the want ads and usually contacted employers on their own, rather than in a group setting using a telephone room.

The variable quality of job clubs is reflected in staff responses to the Staff Activities and Attitudes Survey. As shown in Table 3.1, 67 percent of all Project Independence staff rated job club services as worthwhile for participants. This ranged from 25 percent in Bay to 79 percent in Hillsborough.

The 12-month survey of a subsample of program group members also asked job club participants how much instructors helped them, how much job club increased their confidence about looking for a job, and how much the activity helped them learn useful job-hunting skills and techniques. Table 3.1 indicates that 70 percent of participants rated job club as very helpful. In general, participants were much more likely to give a rating of "helpful" to job club than to independent job search.

3. Basic education services. Project Independence basic education services, as well as

[10]In Project Independence parlance, job club is known as "job-readiness skills training."

the training activities to be discussed shortly, were targeted to participants the program defined as not job-ready and to others who were not able to find work on their own. (As discussed in Chapter 2, only 10 percent of the Project Independence evaluation sample would have been defined as not job-ready at random assignment.) Basic education services included adult basic education (ABE), consisting of remedial classes designed to teach participants basic literacy and numeracy skills equivalent to the completion of the eighth grade; General Educational Development (GED) classes, which give participants an opportunity to prepare for the GED test; and English as a Second Language (ESL) classes, which offer intensive instruction in English to participants who are not proficient in it. Participants who were not job-ready were usually referred to basic education activities after a formal assessment of their education needs (including literacy testing) and the development of an Employability Plan. In most counties, Project Independence coordinated with local education agencies (LEAs) for basic education services.

The findings presented in Table 3.1 indicate that more than 80 percent of Project Independence staff across the nine counties rated basic education services as normally available. This high percentage was consistent across all counties, suggesting that there were very few slot limitations in basic education services.

Table 3.1 also indicates that staff and participant ratings of the quality of basic education services were relatively high compared to their ratings of the other services. Seventy percent of Project Independence staff across the nine counties rated basic education services as worthwhile for the participants whom they referred to those services, and 65 percent of those who participated in basic education activities rated them as very helpful.

4. Vocational training and post-secondary education. Project Independence also offered other types of education and training services primarily for participants with a high school diploma or GED. Vocational training provided training in an occupational skill that was expected to lead to employment. Community college education was usually provided if the education program was consistent with the participant's Employability Plan and offered training in skills that lead to employment. Community college education was generally limited to one year, but exceptions could be granted if approved by the case manager, the unit supervisor, and district program staff. Finally, some Project Independence participants were referred to JTPA agencies to be placed in on-the-job training (OJT) positions.

Vocational training and post-secondary education services were generally provided by a consortium of local school districts, JTPA agencies, and community colleges. In some counties, local public school systems and community colleges were able to develop special programs targeted specifically to Project Independence participants. Interviews with Project Independence staff, however, indicated that the relationship between Project Independence and local JTPA programs was somewhat more variable and, in some cases, quite strained. This may have resulted from the fact that the JTPA system placed a very high premium on performance standards. These standards, and the financial incentives that accompanied them, often provided an incentive for local JTPA programs to serve those who were most likely to experience positive outcomes and thus enhance program performance levels.

Table 3.1 indicates that 76 percent of Project Independence staff felt that training and post-secondary education services were normally available – a perception that was quite consistent across the counties. Also, Project Independence staff and participants had generally positive perceptions of

the quality of training and post-secondary education services. Almost 70 percent of Project Independence staff felt that these services were worthwhile, and nearly 80 percent of the participants surveyed felt that they were very helpful.

B. The Program Group Flow Through Project Independence During the First 12 Months After Random Assignment[11]

Implementation of the Project Independence model can be viewed as having three levels. The first level involves engaging mandatory participants in a program orientation, during which staff explain the requirements and opportunities of participating in Project Independence and then refer participants to an initial activity. The rates at which program group members attended orientation (and the program's treatment of those who did not attend) provide an assessment of the extent to which the initial Project Independence mandate was enforced. The second level of implementation involves engaging participants in specific employment-related activities. These participation rates provide insights into the types of strategies that were emphasized in helping participants find work or prepare for work. The third level entails the process of keeping those who remain on AFDC and mandatory for Project Independence engaged in the program on an ongoing basis. Each of these levels is discussed below.

1. Level 1: Complying with the initial participation mandate. Figure 3.1 illustrates the flow of 100 typical program group members through the Project Independence program model during the 12 months following each person's referral to a program orientation – which was also when random assignment took place. The second box in the top row of the figure shows that 77 percent of program group members attended Project Independence orientation within the 12 months following their initial referral from the Public Assistance Unit. The first box in the second row shows that just over half of the program group members who never attended orientation (12 out of 23 program group members) were sent a formal "sanction" notice from Project Independence indicating that, since they had not complied with program rules and were deemed not to have had a "good cause" for their noncompliance, their AFDC grant was in the process of being reduced (i.e., they were "referred for sanction").[12] Finally, the vast majority of those who did not attend orientation and

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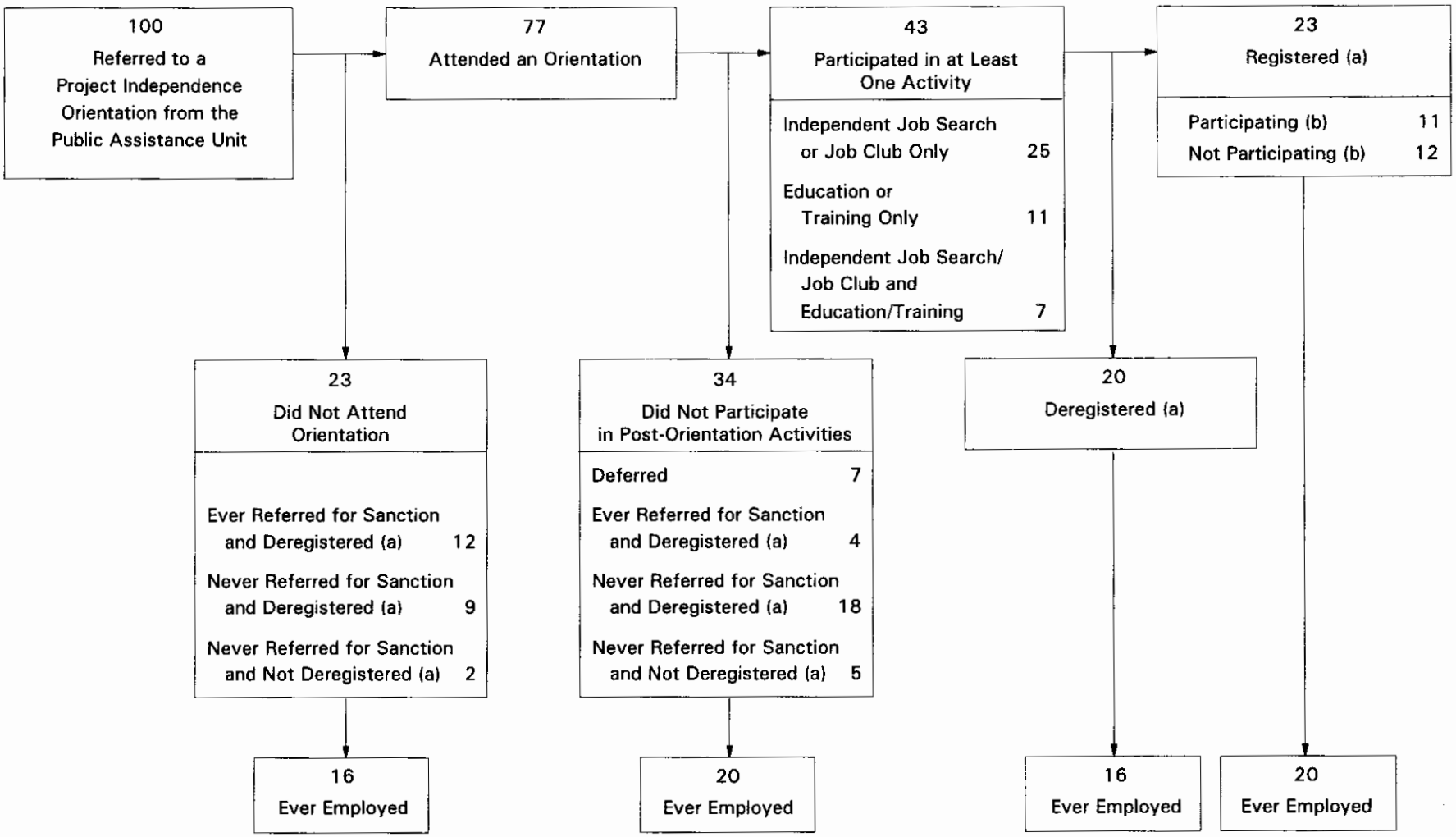
[11]This section draws on Project Independence casefiles and the 12-month survey data for the 725 program group members in the 12-month program flow subsample (see Chapter 2). These data sources, rather than the 24-month survey data, provide the best information about the extent to which program group members were exposed to the various aspects of Project Independence. In Section II of this chapter, the 24-month data are used to examine the program group's participation in employment-related activities through Project Independence and non-Project Independence sources over two years.

[12]"Referrals" for sanction, rather than actual AFDC grant reductions that resulted from sanction requests, are emphasized in this report in part because the data collected from Project Independence casefiles may not have included a complete record of whether the sanctions were actually enforced (i.e., the AFDC grant was reduced). In many instances, case managers closed the individual's Project Independence case for other reasons before they received a notice from the Public Assistance Unit indicating that the sanction had been implemented. In other instances, the casefiles did not contain either a sanction enforcement notice or a formal case closure notice, even though a sanction might have been enforced. Based on information that was found in the casefiles, 5 percent of those who did not attend orientation had a sanction enforced. The 12-month survey of a subsample of program group members provides some evidence that this is a reasonably good

(continued...)

FIGURE 3.1

THE FLOW THROUGH THE PROJECT INDEPENDENCE MODEL FOR 100 TYPICAL PROGRAM GROUP MEMBERS WITHIN ONE YEAR AFTER RANDOM ASSIGNMENT



SOURCES: The 12-month program flow subsample, Florida Unemployment Insurance records, and Florida AFDC records.

NOTES: (a) "Registered" refers to the finding that an individual's case was open at the end of the 12-month follow-up period. "Deregistered" refers to the finding that an individual's case was closed at the end of the 12-month follow-up period.

(b) "Participating" refers to the finding that an individual was actively participating in an independent job search, job club, basic education, training, or community college activity at the end of the 12-month follow-up period.

were not referred for sanction were ultimately deregistered from the program. In many cases, these individuals either were never approved for AFDC or left AFDC quickly.

In sum, 98 percent of the program group either attended orientation or, if they did not, were referred for sanction or deregistered from the program by the end of the follow-up period. In other words, only 2 percent of the program group did not experience some formal involvement with Project Independence.[13] This is strong evidence that Project Independence staff placed a heavy emphasis on enforcing this initial participation requirement.

2. Level 2: Participating in employment-related activities. The third box in the top row of Figure 3.1 shows that 43 percent of program group members participated[14] in at least one post-orientation activity during the initial 12-month follow-up period. This represents 56 percent of those who attended orientation and is in the range of participation rates reported in other studies of mandatory welfare-to-work programs.[15] The second box in the middle of Figure 3.1 shows that 34 percent of the program group attended orientation, but did not participate in employment-related activities. The vast majority (85 percent) of these were either temporarily deferred from participation, were subject to formal sanctioning procedures, or were deregistered from the program. In a modest percentage of cases (5 percent of the program group), however, it appears that case managers did not follow up with program group members after orientation, even though they remained registered for the program.

Table 3.2 displays the rates of participation in each type of Project Independence employment-related activity, calculated in three different ways to facilitate comparisons with findings from other studies. The first column presents these rates for all program group members, including those who never attended orientation and those who attended orientation but never started an activity. This approach is helpful for understanding the extent to which the entire program group received particular kinds of services. The second column presents the participation rates for only those program group

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[12](...continued)
estimate of the overall rate at which sanctions resulted in actual AFDC grant reductions. Of those who reported that they did not attend orientation, 8 percent indicated that their AFDC grant had been reduced at some point during the follow-up period for a failure to participate in Project Independence.

[13]These are the individuals labeled "never referred for sanction and not deregistered" in the first box in the second row of the figure.

[14]In this evaluation, "participation" is defined as attending an activity for at least one day, though most participants attended much longer than that.

[15]For example, Riccio et al., 1989, showed that, within six months following their referral from the Income Maintenance (AFDC) offices, 71 percent of GAIN registrants attended orientation and 34 percent participated in at least one activity. Using a longer follow-up period (11 months), Riccio and Friedlander (1992) reported that approximately 56 percent of those who attended GAIN orientation participated in at least one post-orientation activity. This is very similar to the comparable figure for Project Independence (43 out of 77 is 56 percent). Gueron and Pauly (1991) reported on 13 evaluations of welfare-to-work programs in which between 38 and 64 percent of orientation attenders took part in at least one employment-related activity within a year after being referred to the program. However, comparisons with GAIN and other programs should be interpreted with caution because these programs differed from Project Independence and from one another in scale, eligibility requirements, and procedures for bringing mandatory registrants into the program. Programs also differed in terms of the types of services they emphasized.

TABLE 3.2

RATES OF PARTICIPATION IN PROJECT INDEPENDENCE ACTIVITIES
FOR ALL PROGRAM GROUP MEMBERS, ORIENTATION ATTENDERS, AND PARTICIPANTS
WITHIN ONE YEAR AFTER RANDOM ASSIGNMENT

Participation Measure	All Program Group Members (%)	Program Group Members Who Attended an Orientation (%)	Program Group Members Who Participated in any Activity (%)
Ever attended a Project Independence orientation	77.2	100.0	100.0
Ever participated in any activity, excluding orientation and formal assessment (a,b)	42.9	55.5	100.0
Ever participated in independent job search or job club (b)	32.3	41.8	75.3
Independent job search	31.0	40.1	72.2
Job club	9.9	12.8	23.0
Ever participated in education or training (b)	17.6	22.8	41.0
ABE, GED, or ESL	6.4	8.3	14.9
Vocational training or post-secondary education	7.3	9.5	17.1
Self-initiated activities (c)	4.9	6.4	11.5
Ever participated in both independent job search or job club and education or training	7.0	9.1	16.3
Sample size	725	555	292

SOURCES: The 12-month program flow subsample.

NOTES: Results are weighted by the full research sample in each county.
(a) Includes self-initiated activities that were approved by Project Independence.
(b) Individuals could participate in more than one activity during the follow-up period; therefore, the distribution may exceed the category percentage.
(c) Includes self-initiated basic education, vocational training, and community college courses.

members who attended Project Independence orientation. This information is useful for comparing these results with results from studies of welfare-to-work programs that identified the research sample at orientation. The final column presents participation rates for only those program group members who ever participated in at least one Project Independence activity. These measures are useful for gauging the relative emphasis Project Independence placed on particular services.

Table 3.2 shows that a total of 32 percent of the program group members participated in at least one independent job search or job club activity during the follow-up period. This represents 75 percent of those who participated in at least one activity and reflects the labor force attachment focus of Project Independence. The table also shows that independent job search was the most widely used Project Independence activity: 31 percent of the program group participated in independent job search (representing 72 percent of those who participated in at least one activity). Also, a total of 10 percent of the program group participated in at least one job club (23 percent of those who participated in at least one activity). In most cases, this occurred after they completed an independent job search. However, MDRC interviews with Project Independence staff indicated that, partly as a relatively low-cost strategy for meeting participation and job placement goals and for managing their very large caseloads, they often referred participants to two or three independent job search activities before referring them to a job club. Many of these participants may have found work (at least temporarily) and others may have become disengaged from the program after several independent job search activities. This may account, in part, for the relatively low level of participation in activities such as job club, education, or training, which were intended for job-ready participants who could not find work on their own.

Table 3.2 also shows that 18 percent of the program group members participated in an education or training activity. This represents 41 percent of those who participated in at least one activity and indicates that Project Independence was not solely focused on independent job search. Staff appeared to place at least a modest emphasis on helping participants enhance their employability through education and training. Interestingly, training and community college courses, rather than basic education, represented the most widely used education activities, with 7 percent of the program group (17 percent of those who participated in at least one activity) participating in them. Finally, 7 percent of the program group (representing 16 percent of those who participated in at least one activity) participated in both independent job search or job club *and* education or training activities.[16]

In sum, the high rate of participation in independent job search activities reflects the labor force attachment emphasis of the Project Independence program model. However, Project Independence chose to pursue a relatively low-cost and unintensive labor force attachment strategy by referring participants to independent job search rather than to supervised group job club activities. At the same time, a substantial percentage of program group members also made use of education and training services, either as their only activity or in combination with independent job search or job club. Basic

[16]As noted in Table 3.2, some members of the program group participated in "self-initiated" education or training. This refers to activities people enrolled in on their own (usually) prior to the time they were referred to Project Independence, and which Project Independence subsequently approved as satisfying their Project Independence participation requirement.

education services were used far less than in other JOBS programs.[17]

3. **Level 3: Meeting the ongoing participation mandate.** While the findings presented above indicate that Project Independence succeeded in engaging a high percentage of mandatory participants in the initial stage of the program model (a program orientation and the first activity referral for those who remained in the program), it was less successful in enforcing the ongoing participation mandate. For example, program group members participated in Project Independence employment-related activities for an average of 1.6 months during the 12-month follow-up period. This represents less than one-quarter of the average number of months they were registered in the program (7.8 months).

This point is also illustrated in Figure 3.2, which presents a month-by-month breakdown of the AFDC and Project Independence status of the program group during the first 12 months following random assignment. The sections of each bar in the figure represent mutually exclusive categories.[18] Month 1 in the figure represents the month during which the sample member applied or was redetermined for AFDC eligibility, randomly assigned, and then referred to Project Independence orientation.[19]

Figure 3.2 shows that about two-thirds of the program group members were not subject to the Project Independence participation mandate at the end of the 12-month follow-up period (37 percent were not receiving AFDC at that point and another 29 percent were deregistered from the program but were receiving AFDC). However, of those who were receiving AFDC and were registered in Project Independence, 70 percent were not engaged in employment-related activities. Specifically, 13 percent of the program group (representing 38 percent of those on AFDC and registered for Project Independence) were unaccounted for, and an additional almost 11 percent (representing 32 percent of those on AFDC and registered for Project Independence) were either waiting to start an activity,

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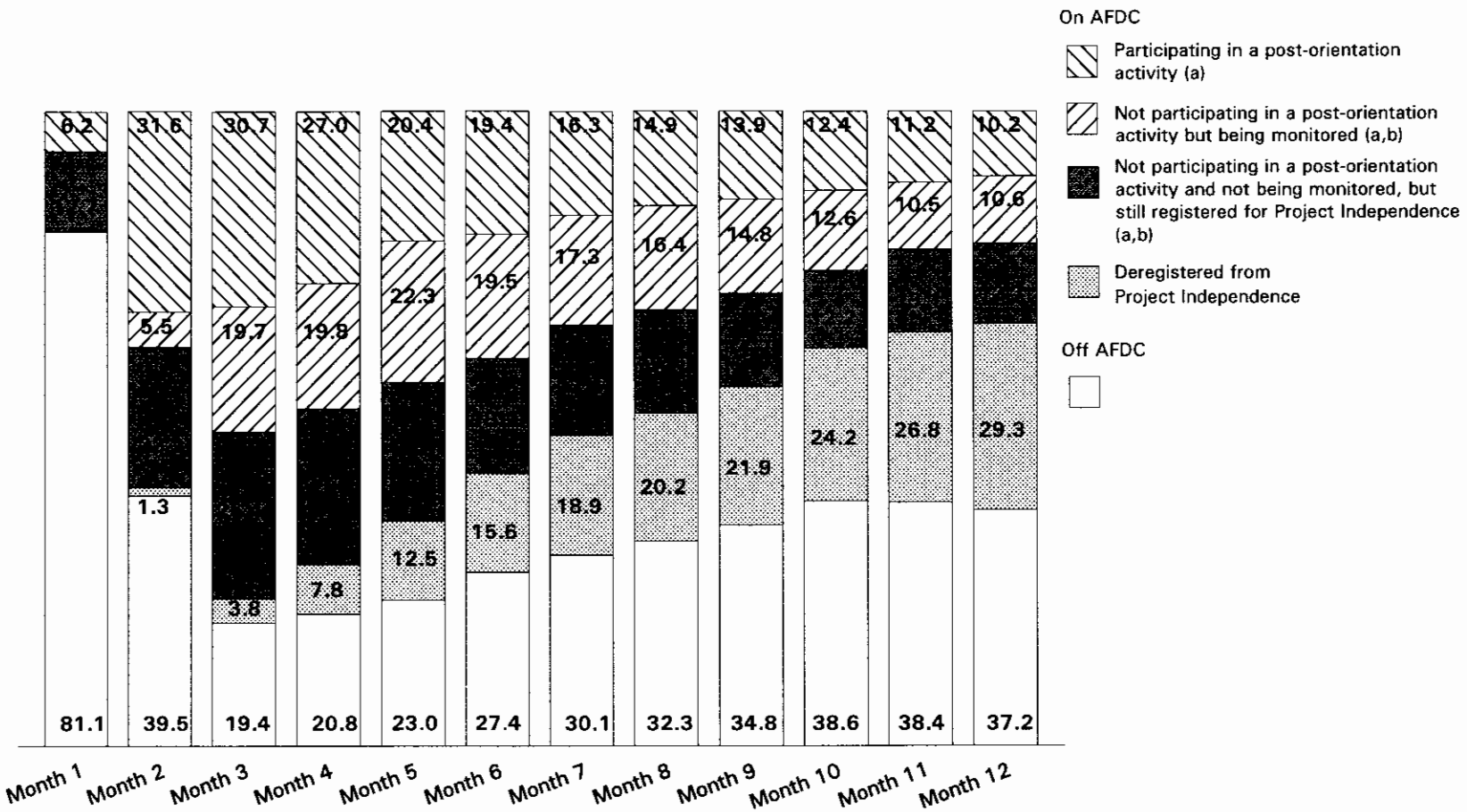
[17]Findings from MDRC's evaluation of California's GAIN program indicate that approximately half of those who were engaged in at least one GAIN activity participated in basic education. County-specific percentages found in the GAIN evaluation ranged between 35 and 72. See Riccio, Friedlander, and Freedman, 1994.

[18]During any given month, it was possible for an individual to have been receiving AFDC and to have been in more than one of the remaining categories. For example, an individual could have participated in independent job search for part of a month and then remain registered and monitored for the remainder of the month. Thus, in order to construct meaningful mutually exclusive categories, a hierarchy was developed to reflect individuals' level of engagement with the program. Those who were deregistered from the program during a given month (and received AFDC) are included in the "deregistered" category. Those who participated in an activity during a given month (and received AFDC) are included in the "participating" category even if they completed that activity during the month. Those who did not participate in an activity but had been temporarily deferred from participation, were referred to an activity and were waiting to start, or were referred for a sanction during a given month are included in the "not participating but monitored" category. Finally, those who had no record of participation or referral to an activity during a given month (but were registered and received AFDC) are included in the "not participating and not monitored" category.

[19]Month 1 represents the month of random assignment, which, for many sample members, occurred before AFDC eligibility was determined. This is reflected in the high percentage of program group members not receiving AFDC in month 1 (81 percent) and the dramatic decline (to 19 percent) in month 3 as their applications were approved.

FIGURE 3.2

MONTH-BY-MONTH AFDC AND PROJECT INDEPENDENCE STATUS FOR THE PROGRAM GROUP WITHIN ONE YEAR AFTER RANDOM ASSIGNMENT



SOURCES: Those 12-month program flow subsample members for whom a Project Independence casefile was obtained and Florida AFDC records.

NOTES: Results are weighted by the research sample in each county.

(a) Post-orientation activities include independent job search, job club, basic education, training, and community college activities. Orientation, assessment, and case management appointments are not included.

(b) Program group members were defined as being "monitored" if they were registered for Project Independence and were referred to an activity (but had not yet started it), were temporarily excused from participation (deferred), or were in the process of being referred for a sanction.

deferred, or in the process of being referred for a sanction. Finally, at the end of the follow-up period, 10 percent of the program group (representing 30 percent of those on AFDC and registered for Project Independence) were participating in employment-related activities.

II. The 24-Month Survey Findings on the Program Group's Participation in Employment-Related Activities

Past research has shown that a complete accounting of welfare recipients' participation in employment-related activities – as well as the costs of providing those services – requires that it be measured over several years and that it include services provided by welfare-to-work programs as well as by other agencies in the community. This section of the chapter extends the previous analysis by examining data from the 24-month survey that include information about program group members' participation in Project Independence and non-Project Independence activities during a two-year follow-up period.[20] The findings are presented in Table 3.3.

The top panel of Table 3.3 displays rates of participation in employment-related activities, as reported by program group members on the 24-month survey. This panel represents all such activities – those program group members identified as having been provided by or through Project Independence and those provided by or through some other source. It shows that 64 percent of the program group members reported participating in at least one employment-related activity during the two-year survey follow-up period. It also shows that 43 percent of the program group members reported participating in at least one independent job search or job club activity and that 42 percent reported participating in at least one education or training activity.

The bottom panel of Table 3.3 shows that 16 percent of the program group members reported participating in education or training activities through Project Independence.[21] This means that approximately 26 percent of the program group (the difference between the overall rate of 42 percent and the Project Independence rate of 16 percent) participated in education or training activities through non-Project Independence sources. This accounts for over 60 percent of all participation in education or training activities reported by program group members on the 24-month survey. In contrast,

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[20]Appendix D presents findings from an analysis that projects participation patterns over a five-year period. These are used in the longer-term cost projections presented at the end of Chapter 4, which form the basis of the benefit-cost analysis presented in Chapter 7.

[21]It is important to note that the 24-month survey findings on Project Independence participation patterns are generally consistent with the findings from the 12-month program flow analysis discussed above. Both data sources reflect the relative emphasis Project Independence placed on independent job search and job club activities compared to education and training activities. However, the self-reported (i.e., survey-reported) rates of participation in Project Independence education and training activities over the two-year survey period are actually slightly lower than those found by analyzing the 12-month casefile data. This is due, in large part, to the fact that survey respondents were not likely to report self-initiated education and training activities as being part of their involvement with Project Independence. Since, as noted earlier, such activities usually began prior to an individual's involvement with Project Independence, they were especially likely to be seen from a client's perspective as identified with the local community college, vocational training school, or community-based organization the client attended. In other words, such activities would be greatly under-counted in the bottom panel of Table 3.3, but would be fully counted in the top panel.

TABLE 3.3

RATES OF PARTICIPATION IN PROJECT INDEPENDENCE AND NON-PROJECT INDEPENDENCE EMPLOYMENT-RELATED ACTIVITIES BY PROGRAM GROUP MEMBERS WITHIN TWO YEARS AFTER RANDOM ASSIGNMENT

Activity Source and Participation Measure	Program Group (%)
Project Independence and non-Project Independence sources combined	
Ever participated in any employment-related activity (a)	63.9
Ever participated in independent job search or job club (a)	42.7
Independent job search	41.0
Job club	13.2
Ever participated in education or training (a,b)	41.5
ABE or GED	12.1
ESL	4.6
Vocational training or post-secondary education	29.2
On-the-job training	4.0
Project Independence activities	
Ever participated in any employment-related activity (a)	44.4
Ever participated in independent job search or job club (a)	37.5
Independent job search	36.0
Job club	11.6
Ever participated in education or training (a,c)	16.4
ABE or GED	5.6
ESL	2.7
Vocational training or post-secondary education	9.4
On-the-job training	2.5
Sample size	520

SOURCE: The 24-month survey of a subsample of program and control group members.

NOTES: (a) Individuals could participate in more than one activity during the follow-up period; therefore, the sum of percentages in specific activities may exceed the category percentage.

(b) This includes self-initiated basic education, vocational training, or post-secondary education.

(c) These participation rates are slightly lower than those presented in the first Project Independence report. This is probably because some respondents to the 24-month survey did not identify their self-initiated education and training activities as Project Independence activities. In this study, self-initiated activities that Project Independence allowed to continue as satisfying the program's participation requirements are categorized as Project Independence activities.

program group members attributed virtually all of their participation in independent job search or job club activities to Project Independence. This is not surprising, since education and training activities were much more widely available through other sources than were job search or job club activities.

III. Participation in Employment-Related Activities Among Control Group Members During the Two Years After Random Assignment

As discussed in Chapter 1, in a random assignment evaluation of a welfare-to-work program, the behavior of a randomly selected control group (which is not permitted access to the program under study) is the benchmark against which to measure the behavior (including the participation rates) of the (also randomly assigned) program group. The difference between the two groups' behavior over time represents the effects (or "impacts") of the program being evaluated.

This section of the chapter assesses the extent to which control group members in the Project Independence evaluation participated in employment-related activities. This is important because, as shown by previous random assignment evaluations of welfare-to-work programs, many AFDC applicants and recipients participate in employment-related activities even when they are not required to do so and even when they do not have access to case management and other services provided by programs such as Project Independence.[22] By definition, the higher the participation rates of the control group (relative to those of the program group), the smaller the effects of the program on participation rates.

Four important factors provide a critical context for this discussion. First, as discussed earlier, all control group members were to be informed that they were not permitted (or required) to participate in Project Independence for a period of two years following their random assignment. Second, all control group members were also to be told that they *could* apply for other employment-related activities on their own initiative but were not required to do so. To facilitate their access to these services, they were provided with the names, addresses, and phone numbers of JTPA programs, public schools and community colleges, and community-based organizations that provide employment-related services for low-income populations. Third, all control group members were told that they would be eligible to receive subsidized child care and college tuition assistance under the same priorities and guidelines as those applicable to Project Independence participants.[23] Fourth, and contrary to the research design, some control group members were permitted to attend a Project Independence orientation, and some of these individuals went on to participate in employment-related activities through the program.

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[22]See Riccio, Friedlander, and Freedman, 1994; Friedlander and Hamilton, 1993; and Gueron and Pauly, 1991.

[23]Control group members were told that they could receive tuition assistance through HRS if they were enrolled in a community college program that would have been approved by Project Independence if these individuals had not been in the control group. They were also provided with a list of local child care agencies and informed that they could receive subsidized child care if they were enrolled in an activity that would have been approved by Project Independence if they had not been in the control group, and if child care resources were available. These modifications to the research design were made in response to recommendations of the Project Independence Evaluation Advisory Panel and the Florida State Legislature, which were concerned that control group members might be unfairly harmed by being excluded from Project Independence.

The first three factors were in keeping with the research design that was developed by MDRC in collaboration with HRS. They account for a large portion of the control group's participation in employment-related activities. The fourth factor represents a departure from the research design. The second part of this section, therefore, provides an assessment of the extent to which exposure to Project Independence may have affected the control group's overall rates of participation in employment-related activities.

A. Control Group Participation in Employment-Related Activities

The top panel of Table 3.4 displays rates of participation in employment-related activities, as reported by control group members on the 24-month survey. It shows that 40 percent of the control group members reported participating in at least one employment-related activity during the two-year survey follow-up period. It also shows that 19 percent of the control group members reported participating in at least one independent job search or job club activity and that 31 percent reported participating in at least one education or training activity. In particular, control group members were most likely to report participating in vocational training or post-secondary education activities (21 percent), followed by independent job search (18 percent). Again, the higher rate of participation in education and training activities (compared with the rates for independent job search or job club activities) can be attributed, in large part, to the greater availability of these services outside Project Independence.

Findings from previous evaluations of mandatory welfare-to-work programs provide a context for assessing whether the participation rates for control group members are unusually high. In the few cases where data on the control group's receipt of services are available, these evaluations found substantial participation in education and training activities, but very little if any participation in job search or job club activities.[24] These findings suggest that the control group's rate of participation in education and training activities in the Project Independence evaluation is consistent with the rates found in other evaluations. However, the Project Independence control group participated in independent job search activities to an unusually large extent. Several factors may account for this. First, the 24-month survey used in the Project Independence evaluation asked control group members specifically about *independent* job search activities in which they contacted employers and submitted job applications *on their own* and without the help of a counselor or a special class or the support of

[24]For example, in the GAIN evaluation, over 23 percent of control group members participated in some type of education or training activity within two to three years after random assignment, but only 4 percent participated in job search activities (see Riccio, Friedlander, and Freedman, 1994). Similarly, the evaluation of the San Diego Saturation Work Initiative Model (SWIM) Program found that over 28 percent of control group members participated in education or training activities within two to three years after random assignment, but that less than 1 percent participated in job search activities (see Hamilton and Friedlander, 1989). Two other evaluations from the 1980s – Virginia's Employment Services Program and Illinois' Work Incentive (WIN) Demonstration Program in Cook County – provide findings on participation in employment-related activities for control group members. Thirteen percent of the control group in the Virginia evaluation participated in education or training activities within 15 to 28 months after random assignment; rates of participation in job search activities were not reported for control group members. In the Cook County evaluation, 18 percent of the control group members were active in education or training activities within nine months after random assignment, and just over 2 percent participated in job search activities.

TABLE 3.4

RATES OF PARTICIPATION IN PROJECT INDEPENDENCE AND NON-PROJECT INDEPENDENCE EMPLOYMENT-RELATED ACTIVITIES BY CONTROL GROUP MEMBERS WITHIN TWO YEARS AFTER RANDOM ASSIGNMENT

Activity Source and Participation Measure	Control Group (%)
Project Independence and non-Project Independence sources combined (a)	
Ever participated in any employment-related activity (b)	40.1
Ever participated in independent job search or job club (b)	18.7
Independent job search	17.9
Job club	5.8
Ever participated in education or training (b)	30.5
ABE or GED	8.3
ESL	3.0
Vocational training or post-secondary education	21.4
On-the-job training	3.1
Project Independence activities (c)	
Ever participated in any employment-related activity (b)	7.5
Ever participated in independent job search or job club (b)	6.0
Independent job search	5.8
Job club	1.9
Ever participated in education or training (b)	2.2
ABE or GED	0.7
ESL	0.1
Vocational training or post-secondary education	1.4
On-the-job training	0.3
Sample size	509

SOURCES: The 24-month survey of a subsample of program and control group members and Project Independence casefile data.

NOTES: (a) These percentages were calculated from the 24-month survey data.
(b) Individuals could participate in more than one activity during the follow-up period; therefore, the sum of percentages in specific activities may exceed the category percentage.
(c) These percentages were calculated from Project Independence casefile data.

a group of similarly situated AFDC recipients. Project Independence provided independent job search activities for some participants, but this is also the kind of job search activity required of those who receive Unemployment Insurance or who leave AFDC but continue to receive Food Stamps.[25] It is possible that some control group members were subject to the job search requirements of Unemployment Insurance or Food Stamp programs at some point during the two-year follow-up period. Second, programs such as those operated through JTPA and the Job Service of Florida offer job search services for all AFDC recipients. It is possible that control group members obtained these services on their own initiative. Third, some education and training programs offer job search services as part of occupational skills or post-secondary education classes. Some control group members may have received these services in conjunction with their participation in these activities.

Finally, and most significantly, the relatively high rate of participation in employment-related activities, particularly independent job search activities, is due, in part, to the finding that some control group members gained access to Project Independence. This issue is addressed in greater detail below.

B. Control Group Participation in Project Independence

This section of the chapter examines three components of the control group's exposure to Project Independence: (1) being subject to the participation mandate by being referred for an AFDC grant reduction (sanction) for failure to attend a Project Independence orientation; (2) attending a Project Independence orientation; and (3) participating in employment-related activities through Project Independence. Using data collected from Project Independence casefiles, it was estimated that 19.8 percent of the control group were exposed to at least one of these three components during the two-year follow-up period.[26] The three components of the control group's exposure to Project Independence are discussed below.

First, the Project Independence casefile data indicate that, during the two-year follow-up period, an estimated 1.2 percent of the control group members were referred for a sanction for not attending a program orientation for which they were (incorrectly) scheduled. It is not known whether these sanction referrals resulted in actual grant reductions. It should be noted, however, that none of

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[25]All recipients of Unemployment Insurance are required to look for work and to provide evidence of their job applications on a monthly basis. Similar requirements are sometimes placed on Food Stamp recipients who do not also receive AFDC. In Florida, this requirement for Food Stamp recipients is also administered through Project Independence, although very little funding is available and the program has relatively few participants.

[26]Estimating the control group's exposure to Project Independence was complicated by limitations in the 24-month survey data. By comparing survey responses against Project Independence casefiles, it became apparent that the 24-month survey did not provide an accurate reflection of the extent to which the control group's participation in employment-related activities was associated with Project Independence. Most likely, this occurred because several survey questions that were intended to be about Project Independence may have been construed by control group respondents as being about other employment and training programs. As noted earlier in this chapter, however, findings on the program group's participation in Project Independence activities from the 24-month survey are generally consistent with findings from the Project Independence casefile data that were used for the 12-month program flow analysis. A more detailed discussion of the data issues and analysis strategy used to estimate the control group's involvement in Project Independence is presented in Appendix C.

these control group members attended an orientation or participated in employment-related activities through Project Independence during the follow-up period. However, control group members may have changed their behavior in other ways in response to the threat of an AFDC grant reduction.

Second, using data collected from Project Independence casefiles, it was estimated that approximately 11.1 percent of the control group members attended a Project Independence orientation but did not participate in any employment-related activities through the program after that point. It is not clear how much this type of exposure to the program affected the behavior of control group members. MDRC's observation of Project Independence orientation sessions and interviews with Project Independence staff indicate that the orientations were sometimes occasions when control group members were identified and prohibited from further participation. However, after hearing about the participation requirements, control group members (assuming that they were, in fact, treated as mandatory) may have been prompted to find work and leave AFDC more quickly than they would have otherwise. Thus, the 11.1 percent attendance rate may represent an upper bound on the most intensive exposure the control group could have experienced through orientation.

Third, and probably constituting the most intensive involvement the control group had with Project Independence during the follow-up period, an estimated 7.5 percent of the control group members participated in at least one employment-related activity through Project Independence during the two-year follow-up period (see the bottom panel of Table 3.4). This represents approximately 19 percent of the control group's total participation in employment-related activities (7.5 of the 40.1 percent presented in the top panel of Table 3.4). Table 3.4 also shows that 6.0 percent of the control group participated in independent job search or job club activities through Project Independence and that 2.2 percent participated in education and training activities through the program. This means that 32 percent of the control group's participation in independent job search or job club activities occurred through Project Independence (6.0 of the 18.7 percent presented in the top panel of Table 3.4), compared to only 7 percent of their participation in education or training activities (2.2 of the 30.5 percent presented in the top panel of Table 3.4). This reflects the job search focus of Project Independence and the fact that such services are less readily available outside Project Independence.

The sum of these three components – 1.2 plus 11.1 plus 7.5 – yields the estimate of 19.8 percent of the control group who were exposed to some aspect of the Project Independence treatment.[27] Chapter 5 discusses the implications of this exposure for interpreting the estimates of Project Independence's impacts on earnings, employment, and welfare receipt. As discussed earlier in this chapter, virtually the entire program group was exposed to Project Independence. Also, even

[27]This is the most reliable estimate of the control group's exposure to Project Independence. In contrast, the 24-month survey data suggest that up to 44.8 percent of the control group may have been exposed to some aspect of the Project Independence treatment. This estimate is almost certainly much too high, given the types of confusion control group members may have encountered in answering questions about Project Independence on the survey. This estimate was obtained by combining: the 21.8 percent of the control group who reported participating in employment-related activities through Project Independence; the 14 percent who reported only attending an orientation; the 1 percent who said they were sanctioned for not attending an employment or training program they were required to attend in order to receive AFDC; and the 8.1 percent who said they were informed that they were required to participate in an education, training, or employment program in order to receive AFDC. See Appendix C for a discussion of these estimates.

after the control group's exposure to Project Independence was factored in, the program was found to have substantially increased the program group's participation in employment-related activities relative to the control group (as will be shown in the next section of this chapter). Program-control group differences in employment, earnings, and AFDC receipt reflect the impact of these increases.

Finally, it should be noted that most of the control group's exposure to Project Independence occurred during the first year of follow-up, and that the level of exposure was similar for the key subgroups analyzed in this report. Thus, the control group's erroneous involvement with Project Independence is not likely to have had an effect on the time pattern of program impacts discussed in Chapter 5 or on the subgroup differences discussed in Chapter 6.

IV. Program-Control Group Differences in Participation During the Two Years After Random Assignment

Using the 24-month survey data, this section of the chapter assesses the extent to which the Project Independence participation requirements and service delivery strategies had an impact on program group members' participation in employment-related activities. It does so by examining the difference between the program and control groups' rates and length of participation in employment-related activities. This section also examines Project Independence's effects on program group members' educational attainment (i.e., receipt of a credential).

A. Program-Control Group Differences in Rates of Participation in Employment-Related Activities

Table 3.5 directly compares the percentage of program and control group members who participated in employment-related activities within the two-year survey follow-up period. The difference in these rates represents the "impact" (i.e., effect) of Project Independence and indicates how much program group members' participation was affected by their involvement with the program. The table shows that 64 percent of the program group members participated in at least one employment-related activity during the survey period, compared to 40 percent of control group members – a 24 percentage point (approximately 60 percent) difference. The table also shows that Project Independence had its largest impact on participation in independent job search and job club activities (24 percentage points), with a program group rate more than double that of the control group (43 versus 19 percent). The program had a smaller, although still substantial, impact on participation in education and training activities – 11 percentage points, with the program group rate (42 percent) being about one-third higher than the control group rate (31 percent).

In addition (not shown in the table), Project Independence more than doubled the rate at which program group members participated in *both* independent job search or job club activities *and* education or training activities (20 percent of the program group compared to 9 percent of the control group). Both groups were equally likely to engage in education or training activities without also participating in independent job search or job club. This means that Project Independence had its primary effect on participation by increasing the rate at which program group members engaged in independent job search or job club either as their only employment-related activity or in combination with education or training activities.

TABLE 3.5

TWO-YEAR IMPACTS ON RATES OF PARTICIPATION IN PROJECT INDEPENDENCE AND NON-PROJECT INDEPENDENCE EMPLOYMENT-RELATED ACTIVITIES

Activity Source and Participation Measure	Program Group (%)	Control Group (%)	Difference	Percentage Change
Project Independence and non-Project Independence sources combined				
Ever participated in any employment-related activity (a)	63.9	40.1	23.8	59.3%
Ever participated in independent job search or job club (a)	42.7	18.7	24.0	128.8%
Independent job search	41.0	17.9	23.1	128.8%
Job club	13.2	5.8	7.4	128.8%
Ever participated in education or training (a)	41.5	30.5	11.1	36.4%
ABE or GED	12.1	8.3	3.9	46.9%
ESL	4.6	3.0	1.7	56.6%
Vocational training or post-secondary education	29.2	21.4	7.8	36.5%
On-the-job training	4.0	3.1	0.9	28.7%
Sample size (total = 1,029)	520	509		

SOURCES: The 24-month survey of a subsample of program and control group members and Project Independence casefiles.

NOTES: Tests of statistical significance of differences between research groups were not performed.
Rounding may cause slight discrepancies in calculating sums, averages, and differences.
(a) Individuals could participate in more than one activity during the follow-up period; therefore, the sum of percentages in specific activities may exceed the category percentage.

B. Program-Control Group Differences in Length of Participation in Employment-Related Activities

Another aspect of whether employment-related activities are likely to make a difference for welfare recipients is the "amount" or intensity of their involvement in these activities. A key measure of intensity is the length of time sample members participated in employment-related activities. In this study, as in calculations of participation measures for federal reporting on JOBS programs, length of participation is defined as the average number of months in which a person participated for at least one day.[28] The top panel of Table 3.6 presents the estimated average length of participation for *24-month survey subsample members who started a specified activity during the two-year survey period.*[29] As indicated in the first row of the table, program and control group members who participated in the various activities were engaged in them for the same number of months – an average of 6.7 months during the survey period. With the exception of ESL classes, program group members who participated in education or training classes were engaged in these activities slightly longer than were control group members in these activities.

More importantly, as shown in the top panel of Table 3.6, people in both groups participated in education and training activities more than three times longer than they did in independent job search or job club activities – 9 months compared to 2.5 months, with respect to the program group, with a range of 1.6 months in job club to 8.8 months in vocational training or post-secondary education. This is important because people in education or training activities are expected to take longer to enter the labor market than those in independent job search or job club activities. To the extent that Project Independence resulted in an increase in participation in education and training activities (relative to the control group), the program's effects on employment and further training may be delayed.

The primary measure used to capture Project Independence's impact on levels of service receipt is the length of stay in activities *across all program group members and across all control group members* in the 24-month survey subsample. The bottom panel of Table 3.6 presents this information (including zeros for people who never participated in a given activity). When estimated this way, the results for program and control group members can be compared directly to determine Project Independence's impact on the use of employment-related services – an impact that will affect the program-control group differences in costs and, in turn, the program's overall cost-effectiveness. It shows that Project Independence increased the length of participation in all activities except ESL and on-the-job training. Again the largest impacts were for independent job search or job club, with Project Independence doubling the length of participation (from an average of .5 months for the control group to an average of 1.1 months for the program group). Project Independence also increased participation in vocational training and post-secondary education by over 50 percent (from an average of 1.7 months for the control group to an average of 2.6 months for the program group).

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[28]This definition was used to be consistent with the general approach that was considered most appropriate for measuring participation for the cost analysis presented in Chapter 4. For individuals who participated in an activity for more than one spell, the length of participation measure reflects the sum of all spells in the activity during the two-year survey period.

[29]Because the calculations in the top panel of Table 3.6 do not include all program and control group members in the 24-month survey subsample, the differences in the third column of the table do not represent program impacts.

TABLE 3.6

TWO-YEAR IMPACTS ON THE AVERAGE NUMBER OF MONTHS OF PARTICIPATION IN EMPLOYMENT-RELATED ACTIVITIES

Sample and Participation Measure	Program Group	Control Group	Difference	Percentage Change
Subsample members who started the specified activity within two years after random assignment (a)				
Average number of months of participation	*6.7*	*6.7*	*0.1*	1.5%
Average number of months participating in independent job search or job club	*2.5*	*2.5*	*0.0*	0.4%
Independent job search	*2.2*	*2.4*	*−0.1*	−5.1%
Job club	*1.6*	*1.7*	*−0.0*	−1.2%
Average number of months participating in education or training	*9.0*	*8.2*	*0.8*	9.8%
ABE or GED	*5.9*	*5.4*	*0.6*	10.6%
ESL	*5.7*	*8.9*	*−3.2*	−35.9%
Vocational training or post-secondary education	*8.8*	*7.9*	*0.9*	11.4%
On-the-job training	*6.1*	*5.5*	*0.6*	10.5%
Full subsample (b)				
Average number of months of participation	4.3	2.7	1.6	58.1%
Average number of months participating in independent job search or job club	1.1	0.5	0.6	129.7%
Independent job search	0.9	0.4	0.5	116.1%
Job club	0.2	0.1	0.1	124.8%
Average number of months participating in education or training	3.7	2.5	1.2	49.8%
ABE or GED	0.7	0.4	0.3	62.5%
ESL	0.3	0.3	0.0	0.3%
Vocational training or post-secondary education	2.6	1.7	0.9	52.1%
On-the-job training	0.2	0.2	0.1	42.1%
Sample size (total = 1,029)	520	509		

SOURCE: The 24-month survey of a subsample of program and control group members.

NOTES: Tests of statistical significance of the differences between research groups were not performed.
Rounding may cause slight discrepancies in calculating sums, averages, and differences.
Length of participation is defined as the number of months with any participation in a given activity.
(a) Estimates in italics were based only on individuals who participated in the specified activities. Because some program and control group members were excluded from the calculations, the program-control group differences do not reflect the impact of Project Independence.
(b) The results shown in the bottom panel were calculated by multiplying the average number of months participating in a given activity within two years after random assignment for those who started the activity by the percentage who reported participating in the activity.

In summary, Tables 3.5 and 3.6 indicate that Project Independence produced a substantial increase in participation rates and length of participation in employment-related activities for program group members. This impact was greatest for independent job search, the least costly and most widely used activity in Project Independence. Project Independence also increased the program group's participation in vocational training, post-secondary education, and ABE and/or GED classes. Impacts were smallest for ESL and on-the-job training, the least frequently used services by both program and control group members. These patterns are important because they are the key determinants of the cost estimates presented in Chapter 4.

C. Program-Control Group Differences in Educational Attainment

An important outcome of the education and training activities discussed above is often the attainment of a credential (such as a General Educational Development – GED – certificate) or license that provides employers with an indication of competency or skill development in a particular area. One question for the Project Independence evaluation is whether the increase in participation in education and training activities resulted in an increase in educational attainment.

Table 3.7 shows the percentage of program and control group members who reported that they obtained various education credentials during the two-year survey follow-up period. It indicates that Project Independence had very little impact on receipt of GEDs or high school diplomas, trade certificates, and associate's degrees. The final item in the table also shows that approximately 57 percent of both the program and control groups had GEDs or high school diplomas at the end of the two-survey period, and that there were only small differences between the two groups in the percentage who had trade certificates and higher education degrees.

TABLE 3.7

TWO-YEAR IMPACTS OF PROJECT INDEPENDENCE ON RECEIPT OF AN EDUCATION CREDENTIAL

Outcome	Program Group (%)	Control Group (%)	Difference	Percentage Change
Received a GED or high school diploma during the follow-up period	1.7	1.0	0.7	68.0%
Received a trade certificate during the follow-up period	8.6	6.3	2.3	36.6%
Received an associate's degree during the follow-up period	2.7	1.4	1.4	101.5%
Received a bachelor's degree during the follow-up period	0.2	0.4	-0.2	-51.3%
Had a credential by the end of the follow-up period (a) (%)				
GED or high school diploma	57.5	56.2	1.3	2.3%
Trade certificate	31.9	31.6	0.3	0.9%
Associate's degree	4.4	3.6	0.8	22.6%
Bachelor's degree	2.2	1.9	0.4	18.7%
Sample size (total = 1,029)	520	509		

SOURCE: The 24-month survey of a subsample of program and control group members.

NOTES: Rounding may cause slight discrepancies in calculating sums, averages, and differences.
Results are regression-adjusted.
A two-tailed t-test was applied to the differences between the experimental and control groups. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.
(a) This includes those who already had the credential at the time they entered the study and were randomly assigned, as well as those who received the credential at some point during the two-year follow-up period.

CHAPTER 4

THE COST OF PROJECT INDEPENDENCE AND NON-PROJECT INDEPENDENCE ACTIVITIES

The cost analysis presented in this chapter estimates how much the government spent on Project Independence per program group member. It also shows how these costs varied across program components and support services. In so doing, it separates expenditures made by the Department of Health and Rehabilitative Services (HRS) – for administration, case management, and other direct services – from those made by other agencies providing education and training activities for Project Independence participants. This information may be useful to administrators and planners who want to understand, in a comprehensive way, the nature of the government's investment in Project Independence. It may be especially useful to those who may wish to alter the structure and operation of Project Independence, or who may need to estimate the cost of other state and national welfare reform proposals.

However, the primary goal of the cost analysis is to estimate the government's average *net* cost of providing employment-related services to members of the program group. The net cost is the difference between the average cost per *program group member* and the average cost per *control group member* of *all* Project Independence and non-Project Independence employment-related services that were used during a fixed period of time following a person's entry into the study.[1] In the benefit-cost analysis (Chapter 7), to assess whether Project Independence has been a cost-effective program from the perspective of government budgets, the net cost will be compared to the value of any budgetary savings during the same period (e.g., through lower average payments for AFDC, Food Stamps, and Medicaid) and tax revenue increases associated with additional earnings of program group members. Chapter 7 also analyzes the benefits and costs from the perspectives of the welfare clients and society as a whole.

This chapter presents costs for the two-year period following each sample member's random assignment (the point at which program group members were referred to Project Independence). A five-year cost estimate is also calculated; it adds projected costs for the subsequent three years to the two-year estimates. The five-year cost estimate is less certain than the two-year estimate because of data limitations, but it attempts to capture the costs of additional participation that is likely to have occurred in years 3 to 5 and that, consequently, may have contributed to any impacts of Project Independence during these later years (which are included in the benefit-cost analysis).

To summarize the main findings presented in this chapter: The estimated average cost (in 1993 dollars) of Project Independence per program group member within two years after random assignment was $921. About 47 percent of this ($430) was spent directly by HRS, with the remainder ($491) having been spent by schools and other agencies, mostly in providing education and training to Project Independence participants. The non-Project Independence cost per program group member (usually

[1]As discussed in Chapter 3, and contrary to the research design, an estimated 20 percent of controls received some type of Project Independence service. The cost of these services is included in the average cost per control group member.

for activities they entered after leaving the program) added another $1,041, bringing the total cost per program group member to $1,962. Comparing this cost to the total cost of all Project Independence and non-Project Independence services per control group member during the same period (i.e., $1,074) yielded a two-year *net* cost of $888 per person in the program group. The estimated five-year net cost is $1,150 per program group member, or $262 higher than the two-year estimate.

The chapter commences with an explanation of the major components of the cost analysis. Sections II through V discuss the two-year cost findings for the program group, while Section VI does the same for controls. Net costs for the two-year period are presented in Section VII. Finally, Section VIII presents the five-year cost estimates.

I. Main Components of the Cost Analysis[2]

Figure 4.1 illustrates the main expenditure components for both the program group and the control group. For the program group, it shows that Project Independence-related expenditures *by HRS* (box 1P) plus Project Independence-related expenditures by agencies *other than HRS* (box 2P) constituted the *total cost* of Project Independence (box 3P). When *non*-Project Independence expenditures (box 4P) are added to the Project Independence expenditures, the result is the *total gross cost* per program group member (box 5P). This was the government's total investment per person in the program group.

Boxes 1C to 5C in Figure 4.1 depict the types of expenditures per control that were included in this analysis. The Project Independence-related expenditures by HRS (box 1C) and the Project Independence-related services by agencies other than HRS (box 2C), which together made up the total Project Independence expenditures (box 3C) per control group member, appear in Figure 4.1 as "dotted" boxes to indicate that these expenditures for controls were incurred contrary to the research design. When non-Project Independence expenditures (box 4C) are added to the Project Independence expenditures, the total gross cost per control group member (box 5C) is obtained, representing the government's total investment per control group member.

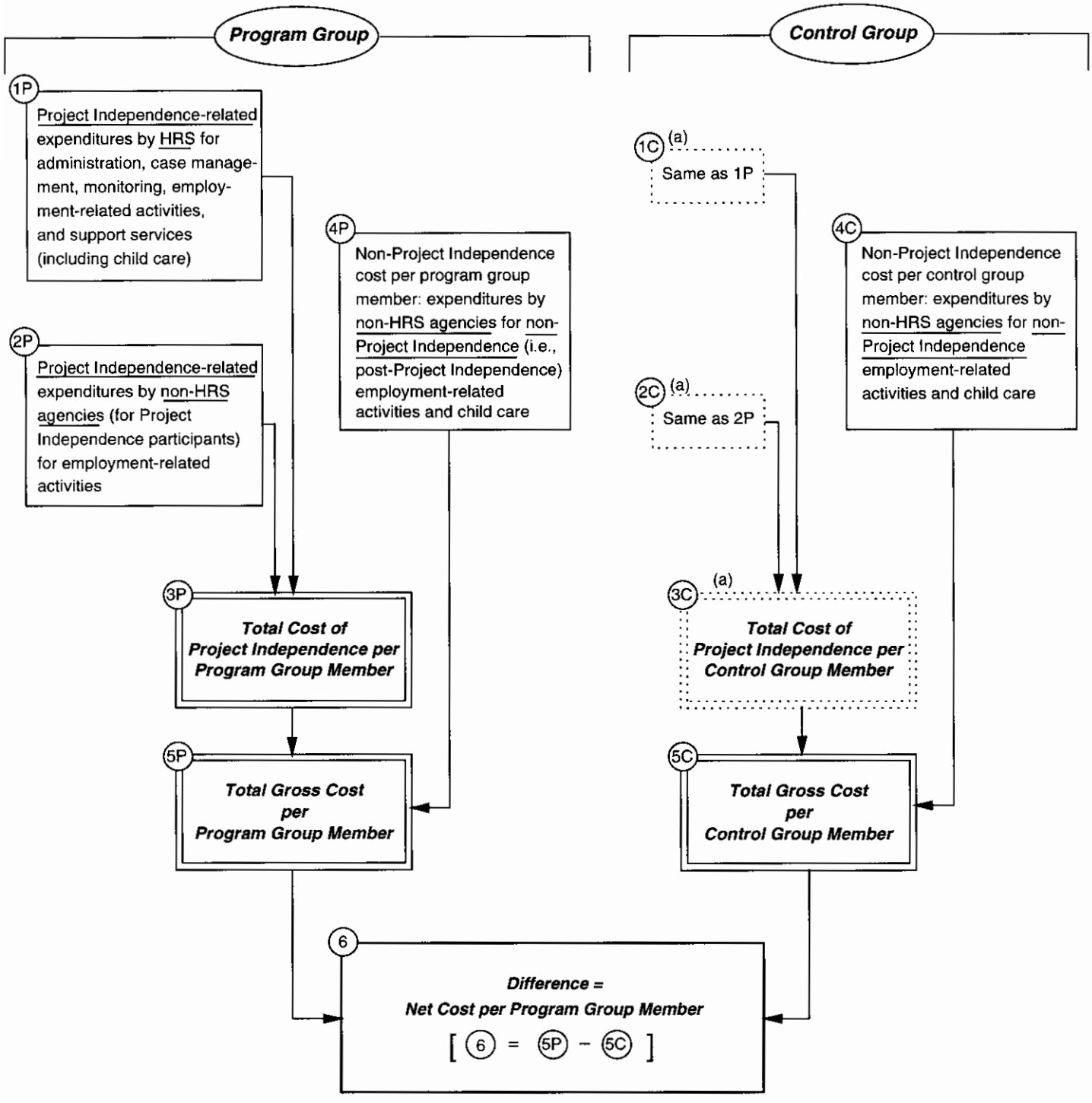
The *net cost* of Project Independence, i.e., the cost per program group member over and above the cost per control group member (see Section VI), is represented in Figure 4.1 by box 6. The net cost is obtained by subtracting the total gross cost per control group member from the total gross cost per program group member.

II. Average Cost of Project Independence to HRS per Program Group Member (Figure 4.1, Box 1P)

HRS expenditures for Project Independence consisted of operating costs and support service payments. Operating costs largely reflected the costs of case management – e.g., following up on

[2]The cost analysis presented in this chapter uses an analytic approach similar to that used in MDRC's previous evaluations of welfare-to-work programs, particularly in the cost analysis for California's GAIN program (Riccio, Friedlander, and Freedman, 1994). Many of the techniques were originally developed for the evaluations of state programs in MDRC's Demonstration of State Work/Welfare Initiatives; see Long and Knox, 1985, for additional information.

FIGURE 4.1
THE MAIN COMPONENTS OF GROSS AND NET COSTS



NOTE: (a) As discussed in Chapter 3, contrary to the research design, some control group members received Project Independence services. The cost of these services was included in the total gross cost per control group member.

applicants and recipients who failed to attend their scheduled orientation appointments, providing initial and subsequent assessments and employability planning, and referring and monitoring program group members assigned to independent job search, education, and training activities. HRS operating costs also included the costs of operating job clubs, providing other job search assistance, and implementing job development.[3] The following section presents an estimate of HRS operating costs per program group member within two years after random assignment, and how these costs were divided across specific program functions. The chapter then turns to a discussion of HRS support service expenditures, which cover Project Independence child care and other support services to enable individuals to participate in program activities.

A. Operating Costs (Figure 4.1, Box 1P)

Project Independence operating costs covered expenditures for all program group members and, for this analysis, have been divided among eight main program activities or functions: orientation, formal assessment and employability planning, independent job search, job club, adult basic education (ABE) and GED preparation classes, English as a Second Language instruction, vocational training and post-secondary training, and on-the-job training.[4] An overview of what these costs consisted of follows.

1. Orientation. Expenditures allocated to this activity included the cost of staff time and overhead for working with both orientation attenders and those who were referred to the program but did not attend orientation (about 23 percent of those referred to Project Independence). For orientation attenders, staff time was spent explaining the participation mandate and the Project Independence activities in group sessions; conducting brief, individual, initial assessments to determine job-readiness; and assigning an individual to her first activity or granting (and monitoring) a deferral (i.e., temporary suspension of the participation requirement). For orientation "no-shows," staff time was spent rescheduling appointments and, for those who remained mandatory for Project Independence but failed to attend orientation, implementing the sanctioning process.[5]

2. Formal assessment and employability planning. Costs covered salary plus overhead expenditures for case managers' time spent on formal assessments (including literacy testing) and the development of an Employability Plan for participants who were judged to be not job-ready as well as for those who completed an up-front independent job search without finding a job.

3. Independent job search and job club. HRS expenditures for independent job search covered staff time and overhead costs for monitoring individuals assigned to independent job search, meeting with those who did not find a job to assign them to their next activity, and doing the paperwork for initiating the sanctioning process for noncompliant individuals. Similar expenses were incurred for persons assigned to job club activities. In addition, costs for job club covered the staff time required to conduct job club sessions (or the costs of paying others – JTPA, LES, or another

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[3]Job development staff promoted Project Independence within the community, researched the local labor market, contacted employers, compiled lists of job opportunities, and posted job openings.

[4]As noted in Chapter 3, Project Independence provided work experience activities in some counties. However, because this evaluation did not find evidence that the members of the research sample participated in these activities, such costs are not included in the analysis.

[5]Some AFDC applicants who were referred to Project Independence were not approved for AFDC and thus were no longer mandatory for Project Independence.

provider – to run the clubs). In this analysis, expenditures for staff time spent on job development were also included in the cost of job search and job club activities.

4. Basic education, vocational training and post-secondary education, and on-the-job training. As discussed in Chapter 3, basic education encompassed adult basic education (ABE), GED preparation, and instruction in English as a Second Language (ESL). For Project Independence participants who had a high school diploma or GED certificate, vocational training, post-secondary education, and on-the-job training were offered (if they were consistent with the participant's Employability Plan). The costs incurred by HRS for these activities were for Project Independence case managers' salaries (together with overhead expenditures) and not for the education or training itself, which was usually provided by adult schools, vocational training centers, and colleges (mainly community colleges). Project Independence staff counseled participants, made referrals to education and training institutions, followed up on no-shows and dropouts, and applied the sanctioning procedures for noncompliance with the participation mandate. Case managers also made referrals for child care services and arranged for transportation and other support services. (HRS child care and other support service payments to participants or providers were accounted for separately, as discussed in the next section.)

HRS's average operating cost per program group member for a specified activity was usually calculated by first estimating a unit cost (i.e., the average operating cost per participant per month – or per "participant-month" – for the activity).[6] The unit cost was then multiplied by the average length of time (in months) that people participated in the activity.

To determine the unit cost, the total HRS expenditures for the activity for a specified period of time were divided by the total number of participant-months in that activity over the same period. The HRS expenditures were taken from the quarterly Project Independence expenditure reports of HRS's Economic Services Division for the period from July 1990 (the beginning of random

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[6]A person was counted as having participated in an activity in a given month if she participated in it at least one day that month. In the case of orientation and formal assessment, the unit cost was per *session*, rather than per participant-month. (Each individual's orientation and each formal assessment was counted as a single session, even if it extended beyond one day or took place in a group setting, as was common for orientation.) The unit cost was then multiplied by the total number of sessions of orientation or formal assessment to obtain the cost of each of these components.

In order to avoid double counting of some education and training costs, the cost of HRS contracts for education and training (approximately 2 percent of total HRS expenditures for the period used for this report) was excluded in calculating HRS unit costs because the full cost of education and training was captured by the method used to calculate the costs incurred by the education and training providers themselves, as discussed in Section III.

Calculations of HRS units costs included all those who received Project Independence services – both the program group members who participated in Project Independence and the control group members who (contrary to the research design) participated. In other words, for each component, there is a single HRS unit cost per participant, which applies to control group participants as well as program group participants. These unit costs are presented in Table 4.1. As was true for the program group, the duration of participation for control group members (i.e., the number of months or sessions in which they participated in Project Independence) was based on data from the 24-month survey of a subsample of program and control group members. See Appendix C for further details.

assignment) through June 1992.[7] The number of participant-months in each activity was obtained from the on-line Project Independence Information System, in which case managers entered the dates of each registrant's activities. However, for the purposes of this report, the cost analysis used the four consecutive quarters from July 1991 through June 1992. This is because monthly participation counts for each activity could be obtained for this same 12-month period, but not for the prior year.[8] All expenditures were inflation-adjusted to 1993 dollars before unit costs were estimated.

Unit cost estimates for each of the main Project Independence activities are displayed in Table 4.1. It is important to note that although unit costs apply to activities, they include the cost of working with nonparticipants. For example, if, in a given month, 20 clients are assigned to a job club but only 15 participate, the cost of job club per participant in that month includes the direct and indirect costs of the staff time spent with five "no-shows."

On the whole, these HRS unit costs were relatively low.[9] For example, the estimated HRS unit cost for independent job search was only $72 per person per month, and it was not much higher for basic education activities (ABE, GED, and ESL). (However, as noted earlier, these costs did not include the costs incurred by the schools.) One factor keeping the unit costs low was the relatively high client-to-caseworker ratio in Project Independence. Indeed, program group members were referred to Project Independence, and participated in its activities, during a time when caseloads were *increasing*. According to the Staff Activities and Attitudes Survey, the average client-to-caseworker ratio was over 200 by October 1991 and may have continued to increase after that date. At the same time, Project Independence expenditures remained approximately the same.[10] Therefore, the HRS unit costs were probably lower during July 1991 through June 1992 (the period used for the estimates in this report) than they were in the prior year (a period in which a large share of the research sample

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[7]As noted in Chapter 2, the main HRS expenditure forms used were the ACF-332 (and the earlier report form, FSA-104), quarterly reports that Project Independence sends to the federal government listing expenditures by activity. (The Administration for Children and Families – ACF – was formerly called the Family Support Administration – FSA. It is the part of the U.S. Department of Health and Human Services responsible for the AFDC and JOBS programs.) For those reports, the allocation of costs to each activity is based on quarterly "random moment samplings" (RMS) conducted by the state to determine the percentage of time staff devoted to each activity. In this analysis, the cost of staff time devoted to administrative and other non-activity-specific tasks was reallocated proportionately to the various activities. Finally, approximately 4 percent of the total expenditures were for education and training support services, such as books and tuition, paid directly to the provider or client. These costs were allocated directly to the specific activities for which they were used. Work-related support services, such as child care and transportation, were excluded from the operating costs.

[8]Unit costs during this period may have been somewhat lower than in the previous year. The implications for the cost analysis are discussed below.

[9]Unit costs were estimated to be much higher for California's GAIN program (see Riccio, Friedlander, and Freedman, 1994). For example, in GAIN, the county-specific unit costs for the combination of individual job search and group job club activities (including the cost of following up on nonparticipants) ranged from $537 to $1,120, depending on the county.

[10]As discussed in Chapter 1, AFDC caseloads in Florida were increasing during the first two years of follow-up, resulting in an increase in the number of participants served by Project Independence, while expenditures for Project Independence remained fixed (or decreased slightly).

TABLE 4.1

ESTIMATED UNIT COSTS FOR EMPLOYMENT-RELATED ACTIVITIES (IN 1993 DOLLARS)

Component	HRS Unit Cost (Marked Up to Include Costs for Following Nonparticipants)		Non-HRS Unit Cost	
	Average per Participant-Month ($) (A)	Average per Session ($) (B)	Average per Participant-Month ($) (C)	Average per FTE (a) ($) (D)
Orientation	n/a	69	n/a	n/a
Formal assessment/ employability planning	n/a	112	n/a	n/a
Independent job search	72	n/a	72	n/a
Job club	226	n/a	226	n/a
ABE or GED	76	n/a	n/a	2688
ESL	76	n/a	n/a	2688
Vocational training or post-secondary education	21	n/a	n/a	4768 (b)
On-the-job training	231	n/a	231	n/a
Unpaid work experience	30	n/a	30	n/a

SOURCES: MDRC calculations based on fiscal and participation data from the Florida Department of Health and Rehabilitative Services (HRS), the Florida Department of Education, and information from the 24-month survey of a subsample of program and control group members.

NOTES: Where data are not applicable, "n/a" is used.

(a) One FTE (i.e., one "full-time equivalent" student) represents the total number of scheduled hours for a student attending full-time for one academic year.

(b) The average cost per FTE is a weighted average of the costs per FTE of vocational training centers and community colleges. The unit cost for the program group was $4,768 per FTE. The unit cost for the control group was $4,758 per FTE because control group members had a slightly different proportion of participants attending these institutions.

was served). The HRS unit costs presented here should be viewed as lower-bound estimates.[11] Some evidence, based on estimated *annual* counts of the number of participants in Project Independence[12] in each year (July 1990 through June 1991 and July 1991 through June 1992), suggests that HRS unit costs may have been up to 20 percent higher in the first year. As previously noted, the HRS average operating cost of a Project Independence activity *per program group member* was obtained by multiplying the average unit cost by the corresponding average length of stay. Table 4.2 presents the results for a period of two years after random assignment. As column A of the top panel shows (on the subtotal line), the estimated two-year average operating cost was $312 per person in the program group. If, however, it is assumed that HRS unit costs were 20 percent higher the previous year (as discussed above), the effect on the HRS average operating cost would be an increase of only $62, from $312 to $374.

B. Child Care and Other Support Service Costs (Figure 4.1, Box 1P)

The total cost of Project Independence included expenditures for support services to enable those referred to the program to participate in it. These services were child care, transportation, and miscellaneous expenses (e.g., for tools, uniforms, and equipment). Project Independence participants who engaged in an education or training activity and needed assistance with child care were referred to the Central Child Care agencies[13] in their local community. In contrast, child care for participants in short-duration components (e.g., independent job search) was arranged by Project Independence staff.[14] All Project Independence child care is paid for through Family Support Act (FSA) child care funds (Title IV-A). However, access to these child care resources was severely curtailed in January 1991, when the demand for them exceeded the amount of program dollars allocated for child care.[15]

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[11]As previously noted, random assignment took place from July 1990 through August 1991. Because the period used for estimating unit costs was July 1991 through June 1992, program group members entering Project Independence toward the end of the random assignment period and those who had longer lengths of stay would have been eligible to participate in activities during that period. It is estimated that one-third of all participation during the first two years took place during the July 1991 through June 1992 period, and that two-thirds of the participation occurred during the prior year.

[12]The data used to estimate annual counts are from the 1990-91 and 1991-92 *Project Independence Annual Management Report* prepared by HRS and LES, respectively.

[13]In Florida, the Children, Youth, and Families (CYF) division of HRS contracts with Central Child Care agencies in the counties to provide referrals for child care. The Central Child Care agencies are the conduits for paying providers for Project Independence-subsidized child care as well as other types of publicly funded child care.

[14]Case managers at the local Project Independence offices authorized and arranged payment for up to 30 days of child care. In October 1992, it became mandatory for *all* child care to be arranged and paid for through the Central Child Care agencies.

[15]FSA (IV-A) funds are also used to pay for child care for working AFDC recipients and transitional child care for people who leave AFDC for employment. Both such uses are entitlements. As AFDC caseloads and, consequently, the number of Project Independence participants increased, the demand for child care also grew, but without a proportionate increase in the amount of child care dollars available. Restrictions on the availability of Project Independence child care were implemented at different rates and at different levels, depending on the HRS service district (and, therefore, county). However, all districts began implementing cutbacks in January 1991, and the cutbacks expanded thereafter, with Project Independence child care being

(continued...)

TABLE 4.2

ESTIMATED PROJECT INDEPENDENCE COST PER PROGRAM AND CONTROL GROUP MEMBER WITHIN TWO YEARS AFTER RANDOM ASSIGNMENT, BY SERVICE COMPONENT AND AGENCY (IN 1993 DOLLARS)

Agency and Component	Program Group		Control Group (a)	
	Average per Person ($) (A)	Percentage Distribution (B)	Average per Person ($) (C)	Percentage Distribution (D)
HRS Project Independence Cost				
Orientation	67	15.6	13	12.4
Formal assessment/ employability planning	55	12.8	7	6.7
Independent job search	58	13.5	10	9.5
Job club	43	10.0	7	6.7
ABE or GED	25	5.8	3	2.9
ESL	12	2.8	1	1.0
Vocational training or post-secondary education	17	4.0	2	1.9
On-the-job training	35	8.1	4	3.8
Unpaid work experience	0	0.0	0	0.0
Subtotal (operating costs)	312	72.6	47	44.8
Child care	80	18.6	52	49.5
Other support services	38	8.8	6	5.7
Total	430	100.0	105	100.0
Non-HRS Agencies' Project Independence Cost (b)				
Orientation	0	0.0	0	0.0
Formal assessment/ employability planning	0	0.0	0	0.0
Independent job search	0	0.0	0	0.0
Job club	0	0.0	0	0.0
ABE or GED	65	13.2	8	14.0
ESL	30	6.1	3	5.3
Vocational training or post-secondary education	396	80.7	46	80.7
On-the-job training	0	0.0	0	0.0
Unpaid work experience	0	0.0	0	0.0
Subtotal (operating costs)	491	100.0	57	100.0
Total Project Independence Cost				
Orientation	67	7.3	13	8.0
Formal assessment/ employability planning	55	6.0	7	4.3
Independent job search	58	6.3	10	6.2
Job club	43	4.7	7	4.3
ABE or GED	90	9.8	11	6.8
ESL	42	4.6	4	2.5
Vocational training or post-secondary education	413	44.8	48	29.6
On-the-job training	35	3.8	4	2.5
Unpaid work experience	0	0.0	0	0.0
Subtotal (operating costs)	803	87.2	104	64.2
Child care	80	8.7	52	32.1
Other support services	38	4.1	6	3.7
Total	921	100.0	162	100.0

SOURCES: See Table 4.1. Child care data are from Florida's Central Child Care agencies and the 12-month survey of a subsample of program group members.

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

(a) As discussed in Chapter 3, contrary to the research design, some control group members received Project Independence services. The cost of these services was included in the Project Independence cost per control group member.

(b) Non-HRS agencies did not pay for any Project Independence support services.

HRS restricted access to Project Independence child care to participants who were already taking part in an activity and receiving child care, although a small amount of child care money remained available for those who were newly entering independent job search or job club. The average child care costs presented here cover two years of follow-up, which span the period of change in child care availability.

To estimate Project Independence child care costs, information on monthly payment amounts and the number of months that these payments were made was collected from the Central Child Care agencies' records for a subsample of program group members.[16] For those who participated in an *education or training* activity and received child care, the average child care payment was $275 a month and reached a total of $1,438 per person using child care within the first two years after random assignment. Participants in *independent job search or job club* (and other short-term components) who used child care did so for an estimated one month, implying a total cost of $275. Overall, however, according to the evaluation's 12-month survey of a subsample of program group members, only 11 percent of orientation attenders reported using any Project Independence child care.[17] Thus, when the cost of all Project Independence child care was averaged over *all* program group members (including those who did not use it), the two-year cost was estimated to be only $80 per person (see Table 4.2, column A in the top panel).[18]

Project Independence participants were also eligible for support service payments for transportation and miscellaneous expenses for work-related needs. The two-year cost of these other services is estimated to have been $38 per program group member (see Table 4.2, column A of the top panel).[19]

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[15](...continued)
virtually eliminated in many districts, although some child care remained available for job search activities lasting less than one month.

[16]Individual-level child care data were collected for up to 42 months from the Central Child Care agencies in four counties: Broward, Dade, Duval, and Orange. The sample in each county was 150 program group members and 50 control group members who were randomly assigned in September and October 1990 (in Broward, Dade, and Orange) and October and November 1990 (in Duval). The duration of child care use was calculated separately for the program and control groups in all four counties combined. The average child care payment was calculated as the average for the program and control groups combined for Duval and Orange counties, the two of the four counties in which the records showed actual payment amounts.

[17]The subsample included individuals randomly assigned both before and after the child care restrictions went into effect, so the 11 percent rate represents child care use for the full sample.

[18]The child care cost of $80 per program group member was calculated by weighting the child care cost per person in education or training and the child care cost per person in independent job search or job club by the rates of participation in these activities and then applying the average cost per person using child care to all program group members.

[19]The cost of other support services per program group member was estimated to have been 12.2 percent – or $38 – of the $312 HRS operating cost per program group member, based on HRS expenditures from July 1991 through June 1992 for everyone in Project Independence. Some additional support service costs for books, tuition, etc., were paid directly to clients for education and training activities and were included in the total operating cost per program group member.

III. Average Cost of Project Independence to Non-HRS Agencies per Program Group Member (Figure 4.1, Box 2P)

Non-HRS agencies provided education and training for program group members. Although HRS did not directly incur the costs of these activities, those expenditures were counted as Project Independence-related costs. This is because they covered activities that program group members were referred to (or continued in, if their participation was self-initiated) in accordance with the Project Independence participation mandate.

To estimate these non-HRS costs, the types of institutions used by the program group for education and training had to be determined and data on their unit costs had to be obtained. The evaluation's 24-month survey showed that program group members participated in basic education (ABE, GED, and ESL) activities primarily at adult schools. In addition, it showed that for vocational training and post-secondary education, the main providers were vocational training centers and community colleges. The unit cost for each institution is expressed as the cost per FTE (i.e., one "full-time equivalent" student).[20] One FTE unit represents the total number of scheduled hours for a student attending full-time for one academic year.[21] Using this information, a unit cost representing all non-HRS agencies providing vocational training or post-secondary education was calculated.

The unit costs appear in column D of Table 4.1. Non-HRS agencies spent an estimated $2,688 per FTE for ABE, GED, and ESL activities and almost twice as much ($4,768 per FTE) for vocational training and post-secondary education.[22]

Multiplying the unit cost for each activity by the corresponding average number of FTEs per program group member yields the average cost of each activity for the program group.[23] For

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[20]The adult school cost data are from the Florida Department of Education, Division of Public Schools, Bureau of School Business Services, Financial Management Section. The reports used were: *Profiles of Florida School Districts: 1990-91 Financial Data Statistical Report* and *1990-91 Program Cost Analysis Report Series,* Numbers 1 and 5. These reports also provided cost data regarding the vocational training centers. Community college cost data are from the Florida Department of Education, Division of Community Colleges. The reports used were: *1990-91 Cost Analysis: CA-2 Systemwide Summary* and *Summary of Revenue, Expenditures, and Fund Balances by General Ledger Code for the Fiscal Year 1990-91.*

[21]For adult schools, vocational training centers, and non-credit courses at community colleges, one FTE equals 900 scheduled hours of class, which is equivalent to 180 days of five one-hour classes per day, or 36 weeks with 25 scheduled hours of class per week. Hours for a student attending less than a full schedule equal a fractional FTE. For community college *credit* courses, one FTE equals 30 credit hours, which MDRC estimated to be equivalent to 15 credits for each of two semesters, where a semester is 18 weeks and the class meets one hour each week for each credit taken. Therefore, one community college credit FTE is equivalent to 540 scheduled hours (15 credit hours times 18 weeks times 2 semesters equals 540 hours).

[22]A unit cost per FTE for vocational training and post-secondary education was calculated by weighting the vocational training unit cost and the community college unit cost by the percentage of the program group attending a vocational training or post-secondary activity at each institution.

[23]The average number of FTEs was calculated by multiplying the average length of stay in months by the number of scheduled hours per month, and then dividing by the number of scheduled hours for one FTE (as defined in footnote 21).

example, the non-HRS Project Independence cost of ABE and GED was $65 per person in the program group (i.e., the unit cost of $2,688 per FTE multiplied by the average number of FTEs). The total non-HRS operating cost per program group member for all Project Independence-related activities was $491 (Table 4.2, column A of the middle panel). Of that amount, nearly 81 percent was spent on vocational training and post-secondary education.

IV. Total Cost of Project Independence per Program Group Member (Figure 4.1, Box 3P)

As illustrated in Figure 4.1, the total cost of Project Independence per program group member was the sum of the average costs incurred by HRS and non-HRS agencies. This was estimated to be $921 over the two-year period (Table 4.2, column A of the bottom panel) and was almost equally split between HRS ($430) and non-HRS agencies ($491). The percentage distribution in column B of the bottom panel shows that, of this total, 87 percent was accounted for by operating costs ($803), another 9 percent was accounted for by child care expenditures ($80), and another 4 percent by other support services ($38). The distribution of Project Independence costs for activities and support services shown in Table 4.2 is graphically represented in Figure 4.2.

V. Total Gross Cost (for Project Independence and Non-Project Independence Services) per Program Group Member (Figure 4.1, Box 5P)

In addition to using Project Independence services, some program group members participated in vocational training and post-secondary activities on their own after their departure from Project Independence. Because these services have the potential to increase program group members' longer-term earnings and reduce their use of welfare (effects that would be captured as "benefits" in the benefit-cost analysis, which is presented in Chapter 7), it is important to count their cost in estimating the total government investment for program group members. This total investment is the *total gross cost per program group member* and is the amount that must be compared to the total gross cost per *control* group member in order to determine the *net* cost per program group member.

A. Non-Project Independence Operating Cost per Program Group Member (Figure 4.1, Box 4P)

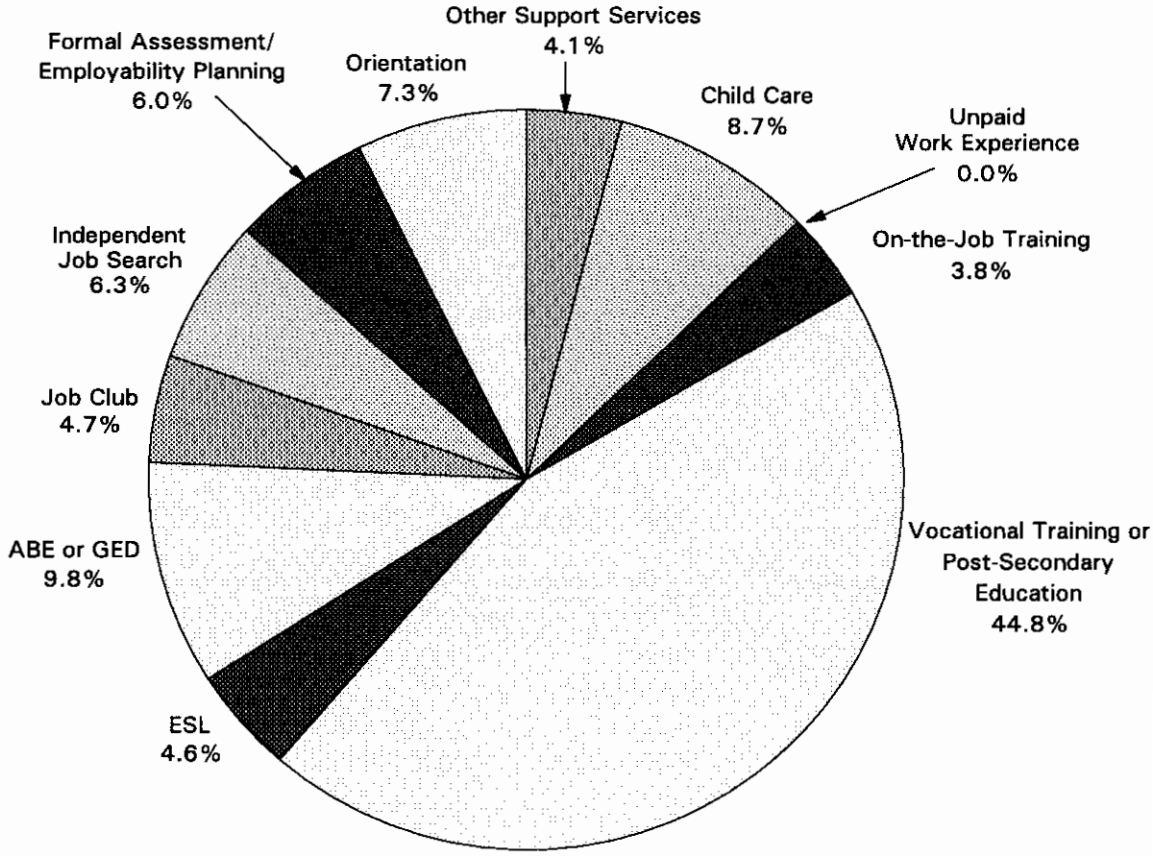
The estimation of non-Project Independence (i.e., post-Project Independence) operating costs employed the same method that was used to calculate non-HRS provider costs (see Section III): The provider unit cost was multiplied by the program group members' average length of stay in the specified activity. The results for the two-year period are presented in column A of the middle panel of Table 4.3. Column B displays the percentage distribution. It is noteworthy that vocational training and post-secondary education accounted for 80 percent of the non-Project Independence two-year cost of $1,041 per program group member.

B. Non-Project Independence Child Care (Figure 4.1, Box 4P)

Program group members could receive other types of child care (not paid for by Project Independence) after leaving Project Independence if they met the eligibility requirements. "AFDC-

FIGURE 4.2

PERCENTAGE DISTRIBUTION OF THE ESTIMATED TWO-YEAR TOTAL COST OF PROJECT INDEPENDENCE FOR THE PROGRAM GROUP, BY SERVICE COMPONENT



SOURCE: Table 4.2.

NOTES: Distribution may not sum to 100.0 percent because of rounding.

The estimated two-year total cost of Project Independence per program group member was $921 and included HRS and non-HRS expenditures.

TABLE 4.3

ESTIMATED PROJECT INDEPENDENCE, NON–PROJECT INDEPENDENCE, AND TOTAL GROSS COST PER PROGRAM AND CONTROL GROUP MEMBER WITHIN TWO YEARS AFTER RANDOM ASSIGNMENT, BY SERVICE COMPONENT (IN 1993 DOLLARS)

	Program Group		Control Group (a)	
Component	Average per Person ($) (A)	Percentage Distribution (B)	Average per Person ($) (C)	Percentage Distribution (D)
Total Project Independence Cost				
Orientation	67	7.3	13	8.0
Formal assessment/ employability planning	55	6.0	7	4.3
Independent job search	58	6.3	10	6.2
Job club	43	4.7	7	4.3
ABE or GED	90	9.8	11	6.8
ESL	42	4.6	4	2.5
Vocational training or post–secondary education	413	44.8	48	29.6
On–the–job training	35	3.8	4	2.5
Unpaid work experience	0	0.0	0	0.0
Subtotal (operating costs)	803	87.2	104	64.2
Child care	80	8.7	52	32.1
Other support services	38	4.1	6	3.7
Total	921	100.0	162	100.0
Non–Project Independence Cost				
Orientation	0	0.0	0	0.0
Formal assessment/ employability planning	0	0.0	0	0.0
Independent job search	6	0.6	15	1.6
Job club	8	0.8	21	2.3
ABE or GED	76	7.3	85	9.3
ESL	22	2.1	61	6.7
Vocational training or post–secondary education	832	79.9	661	72.5
On–the–job training	22	2.1	36	3.9
Unpaid work experience	0	0.0	0	0.0
Subtotal (operating costs)	966	92.8	879	96.4
Child care (b)	75	7.2	33	3.6
Other support services (c)	n/a	n/a	n/a	n/a
Total	1041	100.0	912	100.0
Total Gross Cost				
Orientation	67	3.4	13	1.2
Formal assessment/ employability planning	55	2.8	7	0.7
Independent job search	64	3.3	25	2.3
Job club	51	2.6	28	2.6
ABE or GED	166	8.5	96	8.9
ESL	64	3.3	65	6.1
Vocational training or post–secondary education	1245	63.5	709	66.0
On–the–job training	57	2.9	40	3.7
Unpaid work experience	0	0.0	0	0.0
Subtotal (operating costs)	1769	90.2	983	91.5
Child care	155	7.9	85	7.9
Other support services	38	1.9	6	0.6
Total	1962	100.0	1074	100.0

SOURCES: See Table 4.1. Child care data are from Florida's Central Child Care agencies and the 12–month survey of a subsample of program group members.

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

(a) As discussed in Chapter 3, contrary to the research design, some control group members received Project Independence services. The cost of these services was included in the Project Independence cost and total gross cost per control group member.

(b) Child care costs include three types of non–Project Independence child care: AFDC–employed child care, transitional child care, and income–eligible (working poor) child care.

(c) Costs are not available (n/a) because data were not collected on the use of other support services. Although both program and control group members who participated in non–Project Independence activities may have received some public subsidies, the cost was probably low because many education and training providers do not offer other support services.

employed" child care is available in Florida to welfare recipients who are also employed.[24] (Usually, but not always, a program group member who was receiving AFDC-employed child care had been deregistered from Project Independence.) Also, under federal regulations, welfare recipients who leave AFDC for employment are entitled to receive 12 months of "transitional" child care. Afterwards, sample members whose income is below a prescribed level are eligible for "income-eligible" child care, which is also called "working poor" child care.

Since being referred to Project Independence is not a condition for receiving these other types of child care, the payments were not considered a Project Independence-related cost in this analysis. However, Project Independence may have increased the use of these types of child care if it succeeded in increasing the percentage of the program group who left AFDC for employment and to the extent that Project Independence staff made recipients aware of their eligibility for other types of child care. Thus, the cost of these other types of child care were considered a "complementary" cost of Project Independence rather than a direct cost. For these reasons, it is appropriate to discuss them in an analysis of the total cost of serving the program group (and in the benefit-cost analysis). Therefore, this cost – estimated to be $75 per program group member over two years[25] – is listed in Table 4.3 (column A in the middle panel) as the non-Project Independence cost of child care.[26]

C. Total Gross Cost per Program Group Member (Figure 4.1, Box 5P)

The two-year total gross cost per program group member is obtained by adding the top-panel estimates of Project Independence costs in column A of Table 4.3 to the middle-panel estimates of non-Project Independence costs. As shown in column A of the bottom panel, the estimated total gross cost per program group member was $1,962. Column B of the bottom panel indicates that 64 percent of the total gross cost was spent on vocational training and post-secondary education. When ABE and GED costs (8.5 percent) and ESL costs (3.3 percent) are added in, all education and training activities combined accounted for three-fourths of the average total gross cost of Project Independence for the program group. Child care accounted for 7.9 percent of the total.

VI. Total Gross Cost per Control Group Member (Figure 4.1, Boxes 1C–5C)

Ideally, the total gross cost per control group member would indicate what the government would have spent on employment-related services for the program group in the absence of Project Independence. (Some members of the program group, on their own initiative, would have participated in activities available in the community.) In this evaluation, the expenditures for control group

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[24]In Florida, some AFDC recipients who are employed receive AFDC-employed child care in lieu of an AFDC child care disregard.

[25]The breakdown was as follows: AFDC-employed child care, $25; transitional child care, $22; and working poor child care, $28.

[26]Individual-level payment data were collected for the same sample as for Project Independence child care (see the description of that sample in footnote 16). The rate of child care usage, the average monthly payment for those receiving child care, and the average number of months (length of stay) were calculated separately for each type of child care. The same methodology used for calculating the cost of Project Independence child care was used to calculate these other types of child care per program group member.

members were primarily for services they used on their own initiative, without the assistance of Project Independence staff. However, contrary to the research design, an estimated 20 percent of control group members received some aspect of the Project Independence treatment. (See Chapter 3 and Appendix C for a full discussion of this issue.)

A. Project Independence (HRS and non-HRS) Cost per Control Group Member (Figure 4.1, Box 3C)

Table 4.2 (column C of the bottom panel) shows that the estimated Project Independence operating cost per control group member was $104,[27] which is only 13 percent of the average *operating* cost for the program group. This is consistent with the estimate, presented in Chapter 3, that 20 percent of the controls were exposed to Project Independence, but that only 7.5 percent participated in its employment-related activities. This implies that controls who were exposed to Project Independence received a less intensive set of services than did program group members, perhaps because some of them were identified at the initial orientation and thereafter were no longer served by Project Independence.

Under the research design, control group members who participated in a non-Project Independence education or training activity on their own initiative were eligible to receive Project Independence-funded child care on the same basis as members of the program group. The cost of that child care is estimated to have been $52 per control group member over the two years following random assignment (see Table 4.2), or almost two-thirds the $80 cost per program group member.[28] Control group members were not eligible for other support services. However, because some of them entered Project Independence, the program incurred a two-year average cost of $6 per control group member for those services (Table 4.3, column C of the top panel).[29] Adding the costs of child care and other support services to the operating cost produces a total cost of Project Independence per control group member of $162 over the two-year period.

B. Non-Project Independence Cost per Control Group Member (Figure 4.1, Box 4C)

Control group members participated mostly in employment-related services that were not paid for or arranged by Project Independence. These activities accounted for approximately 85 percent of the total gross cost per control group member.[30] Vocational training and post-secondary education

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[27]As noted earlier, there is a single HRS unit cost for each component, which applies to both control group members who received Project Independence services and program group participants.

[28]Based on information collected from Central Child Care agencies (as discussed in footnote 16), control group use of such child care for education and training activities (and, in a few cases, for Project Independence job search activities) was estimated to have been approximately 65 percent of program group child care use. Therefore, the cost of Project Independence child care per control group member was estimated to have been $52 (65 percent of $80).

[29]This estimate was based on the ratio of control group (7.5 percent) to program group (44.4 percent) participation in any Project Independence employment-related activity. Since 7.5 percent divided by 44.4 percent is 17 percent, the control group cost of other support services was probably about 17 percent that of the program group cost, or $6.

[30]No data were collected on the receipt of support services (other than child care) by members of the control group in the course of their participation in employment-related activities. (Similarly, no data were

(continued...)

were by far the most widely used activities, accounting for 73 percent (Table 4.3, column D of the middle panel) of the two-year $912 cost per control group member for non-Project Independence services. Basic education (ABE, GED, and ESL) accounted for 16 percent of the non-Project Independence cost per control group member. Control group members made modest use of independent job search and job club activities, which together represented only 4 percent of the operating cost for non-Project Independence agencies.

Data were also collected on control group members' use of non-Project Independence child care that is available to employed welfare recipients – i.e., AFDC-employed, transitional, and income-eligible (working poor) child care, as discussed in Section VB.[31] The total two-year cost of that child care was estimated to have been $33 per control group member (Table 4.3, column C of the middle panel).[32]

C. Total Gross Cost per Control Group Member (Figure 4.1, Box 5C)

The *total gross cost per control group member* is the average cost of all non-Project Independence and Project Independence services used by control group members. As shown in Table 4.3 (column C of the bottom panel), this was estimated to have been $1,074 per control group member for two years.

VII. Net Cost per Program Group Member (Figure 4.1, Box 6)

The net cost is determined by subtracting the total gross cost per control group member from the total gross cost per program group member (column B of Table 4.4 subtracted from column A). As presented in column C, the estimated net cost per program group member was $888 for two years. Column C also shows the net cost of each activity. The two-year net cost of vocational training and post-secondary education, $536, accounted for over half of the total net cost.

VIII. Five-Year Cost Estimates

The two-year cost estimates do not capture the entire cost of Project Independence and non-Project Independence employment-related activities. The 24-month survey found that 21 percent of the program group and 15 percent of the control group were still participating in activities at the end of the 24-month follow-up period, implying that costs were still being incurred beyond that point.

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[30](...continued)
collected on the use of such services by program group members while participating in non-Project Independence education and training activities.)

[31]Individual-level payment data were collected for the same sample that was used for collecting information on Project Independence child care (see footnote 16). The rate of child care use, average monthly payment for those receiving child care, and average number of months (length of stay) were calculated separately for each type of child care. The same methodology used for estimating the cost of Project Independence child care per control group member was used for estimating the cost of each type of child care per control group member.

[32]The breakdown is as follows: AFDC-employed child care, $21; transitional child care, $5; and income-eligible (working poor) child care, $7.

TABLE 4.4

ESTIMATED TOTAL GROSS COST PER PROGRAM AND CONTROL GROUP MEMBER AND NET COST PER PROGRAM GROUP MEMBER, WITHIN TWO YEARS AFTER RANDOM ASSIGNMENT, BY SERVICE COMPONENT (IN 1993 DOLLARS)

Component	Total Gross Cost per Program Group Member ($) (A)	Total Gross Cost per Control Group Member (a) ($) (B)	Net Cost per Program Group Member (A−B) ($) (C)
Orientation	67	13	54
Formal assessment/ employability planning	55	7	48
Independent job search	64	25	39
Job club	51	28	23
ABE or GED	166	96	70
ESL	64	65	−1
Vocational training or post−secondary education	1245	709	536
On−the−job training	57	40	17
Unpaid work experience	0	0	0
Subtotal (operating costs)	1769	983	786
Child care (b)	155	85	70
Other support services (c)	38	6	32
Subtotal (support services)	193	91	102
Total	1962	1074	888

SOURCES: See Table 4.1. Child care data are from Florida's Central Child Care agencies and the 12−month survey of a subsample of program group members.

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

(a) As discussed in Chapter 3, contrary to the research design, some control group members received Project Independence services. The cost of these services was included in the total gross cost per control group member.

(b) Child care costs include Project Independence child care and three types of non−Project Independence child care: AFDC−employed child care, transitional child care, and income−eligible (working poor) child care.

(c) The other support services cost is for Project Independence other support services. Data on the cost of other support services for non−Project Independence activities were not collected.

Thus, just relying on the two-year costs would underestimate the full cost of Project Independence and non-Project Independence activities. Costs incurred after the second year are important to consider because the additional investment may contribute to whatever post-two-year earnings gains or welfare savings (and other effects) are captured on the "benefits" side in the comparison of benefits and costs (see Chapter 7). Therefore, costs have been projected for years 3 to 5, based on trends in participation patterns from the first year of follow-up to the second.[33] The projected costs of years 3 to 5 were added to the two-year costs (discussed in Sections II to VI) to obtain the estimated five-year costs.

The five-year costs must be viewed with caution because they include three years of projected costs covering an unstable period in the life of Project Independence. During the first two years of follow-up, AFDC caseloads and Project Independence caseloads were rising, but resources remained the same or were slightly shrinking (see Chapter 1). Therefore, there was increased strain on the use of Project Independence resources, affecting, over time, sample members' access to program activities and support services (e.g., child care) and the intensity of case management. The changing environment thus makes it more difficult to predict sample members' future use of program resources.

A. Five-Year Total Gross Cost per Program Group Member

The estimated total gross cost per program group member for five years is $3,096 (Table 4.5, last row of column C). This reflects the addition of $1,134 in projected expenditures for years 3 to 5 to the two-year gross cost per program group member. Most of this increase is for continued participation in vocational training and post-secondary education (not shown in the table). The estimated five-year Project Independence-related cost is $1,304 of the average total cost for the program group; the distribution across program components is depicted in Figure 4.3.

The estimated five-year total gross cost per program group member is a little less than two-thirds of the $4,895 estimated five-year cost of California's Greater Avenues for Independence (GAIN) Program. This is consistent with Project Independence's up-front emphasis on independent job search and GAIN's more costly emphasis on up-front basic education along with its inclusion of other education and training activities and largely group-based job search activities. In addition, Project Independence had a client-to-staff ratio roughly double that of GAIN.

B. Five-Year Total Gross Cost per Control Group Member

For control group members, the estimated five-year total gross cost is $1,946 (Table 4.5, column F), which is an additional $872 over the two-year gross cost of $1,074. As was true for the program group, control group members' continued participation in vocational training and post-secondary education accounts for most of the projected cost.

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[33]The cost projection for years 3 to 5 used the same unit costs that were used for estimating the costs for the first two years. The unit costs were multiplied by a projected length of stay in each activity for years 1 to 5. The projected length of stay in each activity took into account the participation "decay" rate from year 1 to year 2, the percentage who were still participating in the activity at the end of year 2, and an estimated percentage of those who began the activity for the first time during the projection period. See Appendix D for the average length of stay in each activity for years 1 to 5.

TABLE 4.5

ESTIMATED TOTAL GROSS COST PER PROGRAM AND CONTROL GROUP MEMBER WITHIN TWO AND FIVE YEARS AFTER RANDOM ASSIGNMENT (IN 1993 DOLLARS)

	Average Cost per Program Group Member			Average Cost per Control Group Member (a)		
Cost Category	Years 1–2 (Observed) ($) (A)	Years 3–5 (Projected) ($) (B)	Years 1–5 (A+B) ($) (C)	Years 1–2 (Observed) ($) (D)	Years 3–5 (Projected) ($) (E)	Years 1–5 (D+E) ($) (F)
Operating cost						
Project Independence	803	349	1152	104	77	181
Non–Project Independence	966	712	1678	879	769	1648
Total	1769	1061	2830	983	846	1829
Support services cost						
Project Independence (b)	118	34	152	58	16	74
Non–Project Independence (c)	75	39	114	33	10	43
Total	193	73	266	91	26	117
Total gross cost						
Project Independence	921	383	1304	162	93	255
Non–Project Independence	1041	751	1792	912	779	1691
Total	1962	1134	3096	1074	872	1946

SOURCES: See Table 4.1. Child care data are from Florida's Central Child Care agencies and the 12–month survey of a subsample of program group members.

NOTES: Rounding may cause slight discrepancies in calculating sums, averages, and differences.
(a) As discussed in Chapter 3, contrary to the research design, some control group members received Project Independence services. The cost of these services was included in the total gross cost per control group member.
(b) The support services cost for Project Independence includes child care and other support services.
(c) The support services cost for non–Project Independence is only for child care. Data were not collected on other support services.

TABLE 4.6

ESTIMATED TOTAL GROSS COST PER PROGRAM AND CONTROL GROUP MEMBER, AND NET COST PER PROGRAM GROUP MEMBER, WITHIN TWO AND FIVE YEARS AFTER RANDOM ASSIGNMENT (IN 1993 DOLLARS)

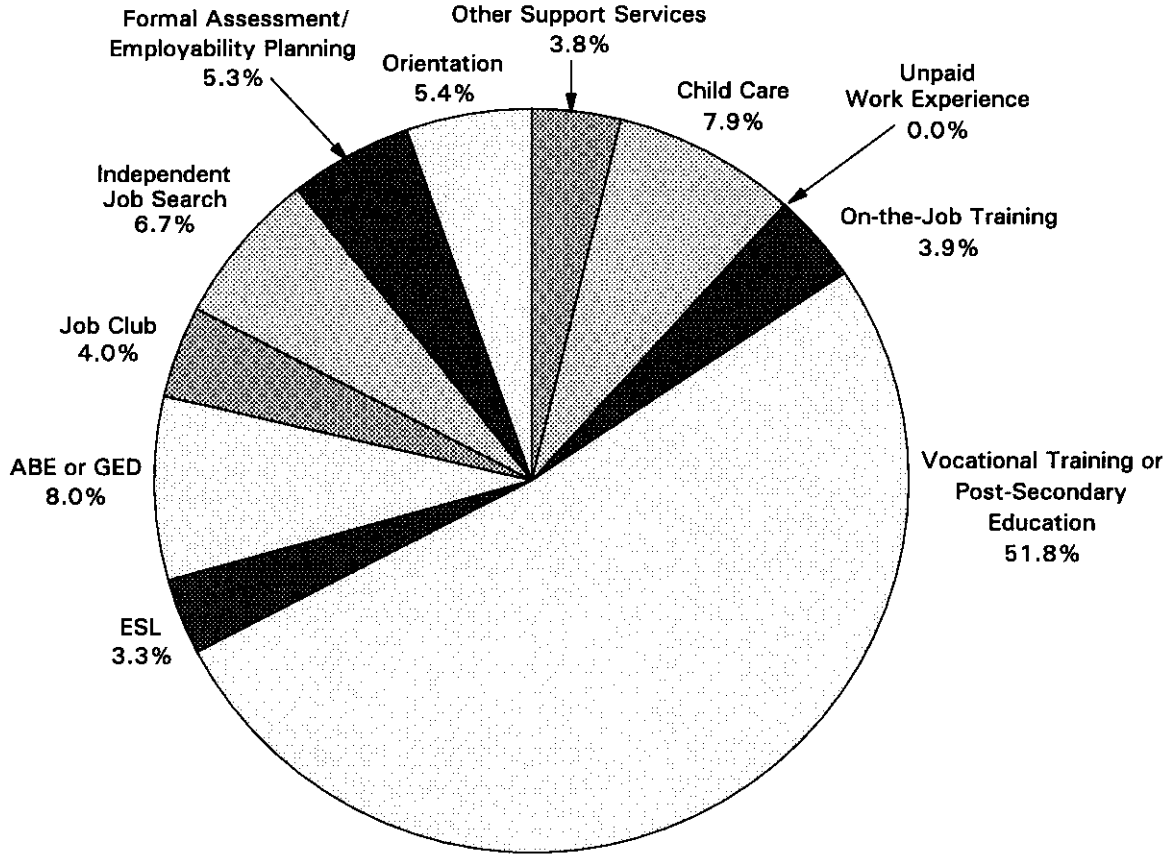
Cost Time Period	Total Gross Cost per Program Group Member ($) (A)	Total Gross Cost per Control Group Member (a) ($) (B)	Net Cost per Program Group Member (A–B) ($) (C)
Two–year estimate (b) (observed)	1962	1074	888
Five–year estimate (c) (observed plus projected)	3096	1946	1150

SOURCES: See Table 4.1. Child care data are from Florida's Central Child Care agencies and the 12–month survey of a subsample of program group members.

NOTES: Rounding may cause slight discrepancies in calculating sums, averages, and differences.
(a) As discussed in Chapter 3, contrary to the research design, some control group members received Project Independence services. The cost of these services was included in the total gross cost per control group member.
(b) The total gross cost estimates per program and control group member are from Table 4.5, columns A and D, respectively.
(c) The total gross cost estimates per program and control group member are from Table 4.5, columns C and F, respectively.

FIGURE 4.3

PERCENTAGE DISTRIBUTION OF THE ESTIMATED FIVE-YEAR TOTAL COST OF PROJECT INDEPENDENCE FOR THE PROGRAM GROUP, BY SERVICE COMPONENT



SOURCES: Table 4.5 and MDRC five-year cost estimates.

NOTES: Distribution may not sum to 100.0 percent because of rounding.

The estimated five-year total cost of Project Independence per program group member was $1,304 and included HRS and non-HRS expenditures.

C. Five-Year Net Cost per Program Group Member

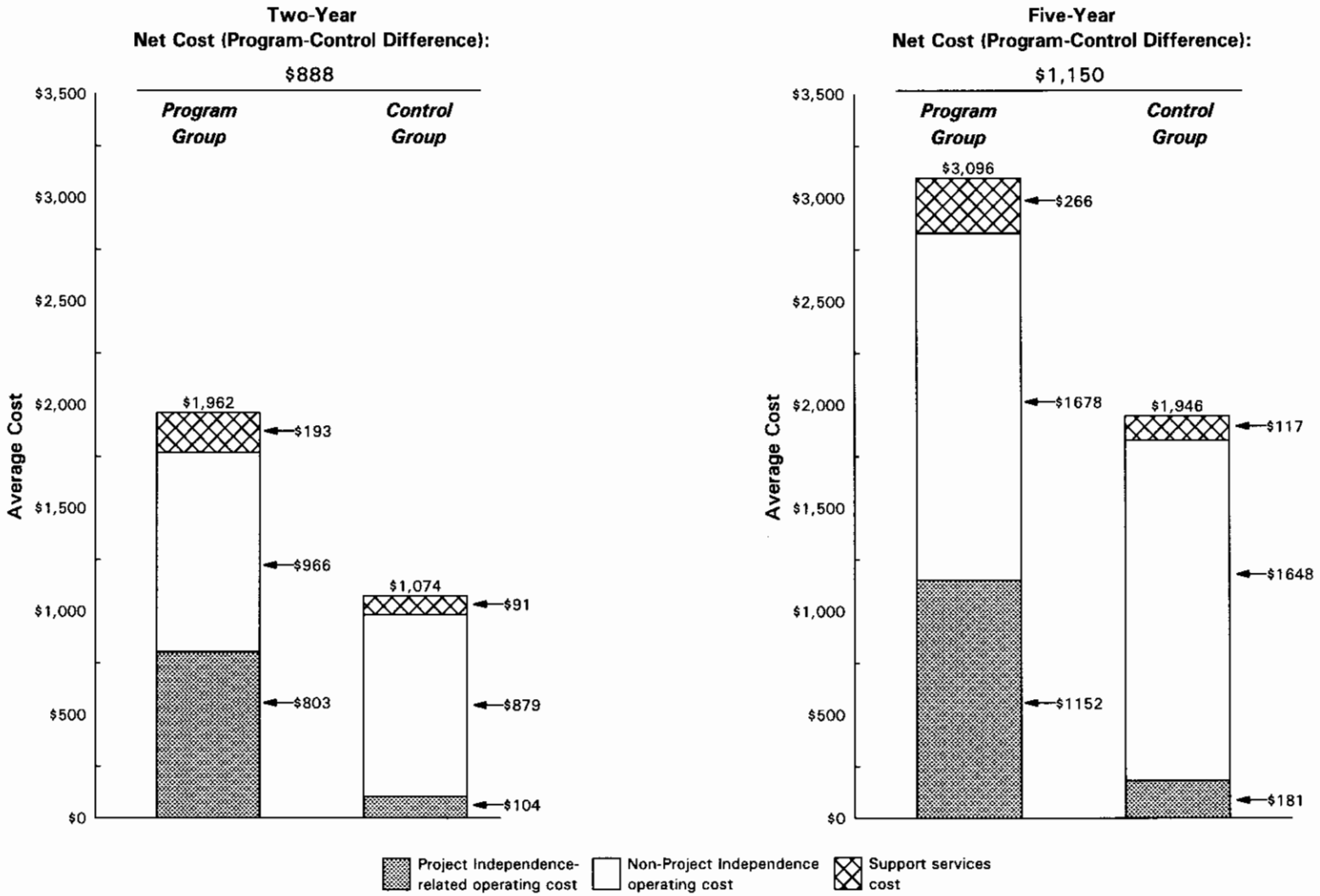
The estimated net cost per program group member for five years is $1,150 (Table 4.6, column C). Compared to the two-year net cost of $888 (Table 4.6, column C), the five-year net cost is only $262 higher. This small increase in net cost results from the program and control groups' having fairly similar patterns of participation in employment-related activities during the projection period, with the program group participating in vocational training and post-secondary education at a slightly higher rate. Figure 4.4 compares the two-year and five-year costs. The higher five-year total gross costs for both the program and control groups are attributable primarily to the cost of additional participation in non-Project Independence activities.

The five-year net cost of $1,150 is one-third of GAIN's five-year net cost of $3,422. The net cost of Project Independence more closely resembles those found in earlier studies of employment programs for welfare recipients.[34]

[34]For example, in Arkansas WORK, the net cost was $118; in Virginia ESP, $430; in San Diego I, $636; in San Diego SWIM, $919; and in Baltimore Options, $953 (see Gueron and Pauly, 1991). If the net costs are inflation-adjusted to 1993 dollars, both San Diego SWIM and Baltimore Options have a higher net cost than Project Independence.

FIGURE 4.4

ESTIMATED TOTAL GROSS COST PER PROGRAM AND CONTROL GROUP MEMBER, AND NET COST PER PROGRAM GROUP MEMBER, WITHIN TWO AND FIVE YEARS AFTER RANDOM ASSIGNMENT (IN 1993 DOLLARS)



SOURCES: Tables 4.5 and 4.6.

NOTES: The five-year costs are the sum of the estimated two-year costs plus the projected costs for years 3 to 5. Rounding may cause slight discrepencies in calculating sums, averages, and differences.

(a) As discussed in Chapter 3, contrary to the research design, some control group members received Project Independence services. The cost of these services was included in the total gross cost per control group member.

CHAPTER 5

THE TWO-YEAR IMPACTS OF PROJECT INDEPENDENCE

This chapter examines whether Project Independence's services and mandates translated into changes in the work and welfare behavior of program group members. Their increased participation in employment-related activities (relative to the control group) was described in Chapter 3, and the net cost of that increased participation was analyzed in Chapter 4. This chapter presents the two-year impacts of Project Independence on employment, earnings, AFDC receipt (i.e., the percentage of sample members receiving AFDC), AFDC payments (i.e., the dollar amounts), Food Stamp receipt, and Food Stamp payments. It also examines patterns of impacts over time; levels of earnings; average total income from earnings, AFDC, and Food Stamps; and characteristics of jobs held. The potential importance of some control group members having received Project Independence services is also analyzed. This chapter focuses on the research sample as a whole, whereas Chapter 6 addresses key questions that can be answered only by analyzing the participation and impacts for the early and late evaluation cohorts and key subgroups.

To summarize the major findings of this chapter: Over the two-year follow-up period, Project Independence increased employment and earnings and decreased AFDC receipt and payments. The program increased (above the control group level) the percentage of program group members ever employed during this period by 2.5 percentage points and raised earnings by $227, or 4.1 percent, relative to the control group's earnings. Earnings effects were larger in year 1 than year 2 – $146 versus $80. Over the same period, Project Independence reduced the average length of time on AFDC by about three and a half weeks. The program also resulted in a $265 average decrease in AFDC payments – a 6.2 percent saving relative to AFDC payments to control group members. The two-year reduction in AFDC payments was thus slightly more than the increase in earnings. Two-year impacts on Food Stamps were $136 – a reduction of 3.3 percent of the control group average, or about half the amount saved in AFDC payments. Program group members experienced a $39 (2.3 percent) decrease in the sum of their earnings, AFDC payments, and Food Stamps in the last quarter of year 2. Responses to the 24-month survey suggest that program group members did not perceive any change in the overall quality of their lives as a result of Project Independence.

Project Independence produced a slight shift in attitudes in the direction of favoring work over continued welfare receipt, but the program did not lead to an increase in full-time employment. Rather, based on the control group's employment behavior, it appears to have induced some program group members who would not have worked at all in the absence of Project Independence to take part-time jobs. These individuals were probably less skilled than other workers: They reported hourly wages, weekly hours, and weekly earnings slightly *below* those of employed control group members.

This kind of employment did not give program group members a permanent advantage over control group members. Employment among the latter increased over time, and by the end of year 2 had begun to catch up to employment among program group members. As a consequence, the earnings difference between the program and control groups declined toward the end of the two-year follow-up period. Any future additions to earnings impacts are likely to be smaller than those for the

first two years. Impacts on AFDC payments appear to have declined at a slower rate, and future AFDC savings are likely.

The program-control group differences presented in this chapter may underestimate the true impact of Project Independence because, contrary to the research design, some control group members were made subject to the Project Independence participation mandate and received services through the program (as discussed in Chapter 3). This may have reduced the two-year estimates of program impacts by as much as 20 percent. Adjusting the impact estimates using this figure, however, would not dramatically change the picture of Project Independence's effects for the full evaluation sample. Nor would it affect the pattern of declining earnings impacts over time. More important to any complete assessment of the program's effectiveness than the issue of Project Independence services to controls is the analysis of subgroup impacts undertaken in the next chapter.

A number of questions remain unanswered in this chapter. Why did earnings impacts decline over time? Did the reduction in program dollars and services during the evaluation affect the ability of Project Independence to achieve impacts? Were impacts larger during the initial stage of the evaluation, when program dollars and staff were larger in proportion to the number of Project Independence enrollees? Did the presence of the new mandatory subgroup of AFDC recipients with preschool-age children reduce the impacts of Project Independence? Were impacts larger for the traditional mandatory subgroup of AFDC recipients who had no preschool-age children? Did Project Independence produce larger effects for subgroups the program had targeted for more intensive education and training? The answers to these questions have important ramifications for understanding the effects of the program, as discussed in the next chapter.

I. Understanding Impacts

A. What Do Impact Estimates Mean?

As discussed in Chapter 2, follow-up data for the full research sample are available for each of the eight quarters following quarter 1 (the quarter in which each person was randomly assigned to the program or control group). Because quarter 1 contains some earnings, AFDC payments, and Food Stamp payments from the months and weeks immediately preceding random assignment, it is excluded from the summary measures for the first year of follow-up. Hence, the "total first-year" earnings, AFDC payments, and Food Stamp payments impacts are defined as the sum of impacts over quarters 2 through 5; year 2 is defined as quarters 6 through 9. One additional quarter (quarter 10) is available for AFDC and Food Stamp data and will be shown graphically where appropriate.

In analyzing the effects of Project Independence (as well as other welfare-to-work programs), a key distinction is between program "outcomes" and "impacts." "Outcomes" refer to the status of sample members during one or more quarters in the follow-up period. For this study, four principal kinds of outcomes have been measured: employment, earnings, AFDC receipt, and AFDC payments. In the following discussion, persons are considered to have been employed in a given quarter if they received earnings at any point during that three-month period; similarly, they are classified as having received AFDC (or Food Stamps) in a given quarter if they received AFDC (or Food Stamp) payments during one or more months within that quarter.

An "impact" is the program's effect on an outcome. The average outcome levels for the program group alone provide potentially misleading measures of the impacts of Project Independence. Past research has shown that, even in the absence of any intervention, many recipients will go off welfare and/or succeed in obtaining a job.[1] Thus, even if they had not had access to Project Independence, many members of the program group would have reduced their AFDC receipt and/or increased their earnings.

Impacts are estimated by determining the difference between average outcome levels for members of the program and control groups. Because individuals were randomly assigned to the program and control groups, the two groups should not differ systematically in their background characteristics. The only difference between them should be in their access to Project Independence. Hence, any differences in outcomes between the two groups can be attributed to Project Independence. The differences between program and control group outcomes have been regression-adjusted to control for any differences in the two groups' background socioeconomic characteristics remaining after randomization, and to increase the precision of the impact estimates.[2]

B. How Do Impacts Occur? How Long Do They Last?

Welfare-to-work programs can increase employment and earnings in a number of ways. Providing job search assistance may help people find job openings or teach them the interview and self-presentational skills they need to be hired. The resulting increase in employment clearly increases the amount of earnings going to program graduates. Earnings may also be increased by education and training, which are intended to build job skills and thereby increase the amount of earnings an individual can command. Finally, employment may rise as the result of changes in recipients' attitudes or perceptions. For example, exposure to the program may lead to more favorable attitudes toward work vis-à-vis continued welfare receipt, thus inducing some people to accept job offers they might have rejected previously. Some program enrollees may view the participation requirement as a "hassle" and opt for a job to avoid program participation altogether.

There are three mechanisms through which AFDC receipt and payments could be affected by the program. First, by increasing employment rates, Project Independence may reduce AFDC payments and rates of AFDC receipt. Since Florida's AFDC grant levels are relatively low, one

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[1]See Bane and Ellwood, 1983; Ellwood, 1986; and Friedlander, 1988.

[2]On a theoretical level, regression adjustment was necessary to control for differences in random assignment ratios among subgroups and over time – specifically, whether a sample member was randomly assigned with a program-control group ratio of 75:25 or 65:35 (the two ratios used in this evaluation). This would be standard practice in any experiment having two different program-control group ratios. Beyond that, the program and control groups were similar in most background characteristics, but differed in some pre-random assignment characteristics that meant that program group members had higher predicted future earnings. As a consequence, regression adjustment reduced the estimated program-control group differences in outcomes. For earnings, two-year impacts without regression adjustment were $385; controlling for random assignment ratio reduced this to $319; controlling for all demographic variables reduced this further to the $227 reported in the text. For AFDC payments, two-year savings without regression adjustment were $329; controlling for random assignment ratio reduced this to $273; controlling for all demographic variables reduced this further to the $265 given in the text.

would expect positive impacts on employment to translate quickly into reductions in AFDC receipt.[3] Second, regardless of whether Project Independence led to employment gains, the participation mandate may have made AFDC unattractive to some members of the program group, leading to reductions in their average welfare receipt rate. Third, recipients' AFDC grants are reduced as the final step in the sanctioning process for failure to fulfill the Project Independence participation requirements.

Program structure may determine how quickly – or with how much delay – program impacts are likely to appear. As discussed in previous chapters, Project Independence was structured to increase employment among AFDC recipients as quickly as possible, primarily through independent job search activities. Other studies of programs emphasizing job search assistance have found that employment impacts are typically realized within the first year of follow-up – often within the first two or three calendar quarters. In those studies, program-control group differences typically continued to grow through the end of year 1 and into year 2. Eventually, however, by the third or fourth year of follow-up, the employment and AFDC receipt of controls began catching up to that of program group members, leading to an eventual narrowing of the differences between the two groups. Thus, the results of earlier studies often showed that the *annual* differences between program and control group members grew smaller in succeeding years. Nevertheless, the *cumulative* impact on earnings and AFDC payments kept growing with each additional quarter of follow-up, although at a decreasing rate.

It is often difficult to predict how long program-control group differences in earnings and AFDC payments might last, especially for programs that change over time or work with different kinds of individuals. In such cases, persistent impacts for one part of the research sample may be obscured by weak or declining impacts for another part.[4] Analysis of impacts for Project Independence must deal with both subgroup differences and programmatic changes over time. These are explored in the next chapter.

C. The Point at Which Random Assignment Takes Place

In general, impact estimates capture all the effects that have accrued from the time sample members were randomly assigned. As discussed in Chapter 1, random assignment in this evaluation occurred early in the Project Independence intake process – i.e., at the point of AFDC application or eligibility redetermination. Caution is required when comparing the present impacts with those found in studies where random assignment was conducted later, during program orientation sessions.

For two reasons, the earlier point of random assignment may capture impacts that might otherwise be missed. First, some persons assigned to the program group may have decided to avoid the Project Independence participation mandate by not pursuing their AFDC application, and hence would not have received AFDC. Any substantial "deterrence effect" would have increased overall AFDC receipt impacts. Such an effect might also have increased employment and earnings impacts

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[3]In states with relatively low grant levels, the AFDC eligibility rules make it difficult for persons to combine welfare receipt and employment unless their earnings are quite small.

[4]For a case in point, see the comparison of applicant and recipient impacts for the Baltimore Options program (Friedlander and Burtless, 1995).

if program group members who were deterred from following up on their applications chose instead to increase their job search efforts.[5]

Second, the impact estimates include AFDC grant reductions resulting from sanctioning program group members for not attending orientation, whereas a research design with a later point of random assignment would pick up sanction effects only for orientation attenders who failed to participate in post-orientation activities. As discussed in Chapter 3, more than half of those who did not attend a Project Independence orientation were referred for a sanction, although it is not clear how many of those referrals resulted in an actual grant reduction.

On the other hand, the Project Independence evaluation design could also make the impact estimates appear somewhat *smaller* than those that might have been found if random assignment had been conducted later, at orientation. As noted in Chapter 3, some 23 percent of the program group did not attend Project Independence orientation within 12 months after being referred to the program, and an additional 34 percent attended orientation but did not participate in post-orientation activities (i.e., independent job search, job club, education, or training) during the same follow-up period. If participation in these activities, rather than the mandate or sanctioning, is the primary source of the program's impacts, then the fact that 57 percent of the program group did not participate may have "watered down" the impact estimates.

D. Inclusion of Nonparticipants, Non-Earners, and Sample Members Off AFDC

Nevertheless, it is critically important to calculate impact estimates on the basis of all program group members, not just those who participated in activities – especially for mandatory programs such as Project Independence, where the very existence of a requirement to participate may produce impacts. For example, almost one-quarter of the program group members were referred for a sanction at some point during the first year of follow-up because they did not comply with the Project Independence mandate. Most of these referrals for a sanction were for people who did not meet the very first participation requirement – attending Project Independence orientation – or who attended orientation but did not go on to attend an employment-related activity, though required to do so. Such effects, which would have been part of the true impact of the program, would not have been captured if the impact estimates had been based on orientation attenders or program participants only. Thus, for this analysis, program impacts were calculated by including all sample members, nonparticipants as well as participants.

Including all research sample members in the impact calculations means that the estimates of average earnings and AFDC payments must be interpreted carefully. For example, estimates of average earnings per program group member necessarily will include zero dollar amounts for sample members who were not employed during the follow-up period. Similarly, estimates of average AFDC payments will include zero dollar amounts for sample members who did not receive AFDC during the follow-up period. To the extent that the program converts non-earners to earners, or encourages

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[5]There is another type of "deterrence" effect that cannot be measured in an evaluation of this kind: Knowledge of Project Independence's participation mandate may have discouraged some people from ever applying for AFDC or attending a redetermination session.

AFDC recipients to leave the rolls, excluding the zero values from the program and control group averages would obviously lead to a serious underestimation of program impacts.

E. Statistical Significance

Another issue of interpretation concerns the "statistical significance" of impact estimates. Statistical significance is a measure of the degree of certainty that some non-zero impact actually occurred. If an impact estimate is statistically significant, then one may conclude with some confidence that the program really had an effect. If an impact estimate is not statistically significant, then the non-zero estimate may be the product of chance.

Statistical significance does not directly indicate the magnitude or importance of an impact estimate, only whether any impact occurred. In an evaluation such as this one, numerically small impact estimates are usually not statistically significant. Some numerically large impact estimates may not be statistically significant, either, particularly when sample sizes are small. Smaller sample sizes yield less reliable impact estimates – estimates in which one can have less confidence – than are possible when samples are larger. In this chapter, sample sizes are large. In the next chapter, smaller sample sizes are created by breaking up the full sample for subgroup or county-level analyses. Therefore, an estimate of a given magnitude that is statistically significant for the full sample will often not be statistically significant for a subgroup or a county.

The next chapter also examines whether impact estimates *differed* among subgroups and counties. In that context, "statistically significant" differences in subgroup or county impact estimates give one confidence that the effectiveness of the program was different across subgroups or counties. If variation in impacts among subgroups or counties is not statistically significant, then it may be the result of chance. In this report, subgroup and county differences in impacts are often not statistically significant.

F. The Effects of Project Independence on Control Group Members

Part of estimating program impacts for Project Independence is to assess the effect of some controls having been exposed to the Project Independence participation mandate and having received Project Independence services (an issue discussed in Chapter 3 and Appendix C).[6] If a program works with some members of the control group, the rate at which those individuals participate in employment and training activities is likely to be greater than it otherwise would have been. In addition, some of them may be sanctioned for failure to comply with participation requirements. Working with some controls may therefore decrease the difference in employment and training activity, as well as the difference in sanctioning, between program and control group members. As a consequence, the estimated differences in outcomes between the two groups will be less than they would have been had no controls been exposed to the program. One might therefore wish to adjust the estimated impact upward as a better representation of the true impact of the program, i.e., the impact with none of the controls exposed to the program. A correction of the basic impact estimates to take into account participation in Project Independence by some controls is examined in this chapter.

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[6]Exposure to the program under study by members of the control group is generally referred to among researchers as "control crossover."

II. The Behavior of the Control Group: The Benchmark for Measuring Impacts

In a random assignment evaluation, the control group's outcomes – such as employment, earnings, AFDC receipt, and AFDC payments – are the "benchmarks" used to assess how the program affected the program group. A number of studies have shown that the behavior of control group members changes over time as a result of normal welfare dynamics. In particular, in a study of a large-scale program, control group employment generally increases and AFDC receipt decreases substantially following random assignment. These changes occur as some control group members find jobs and leave public assistance through employment or other avenues.[7] This typical pattern was found for the Project Independence control group also.

The top of Figure 5.1 displays the control group's average earnings during each of 13 quarters: the four quarters prior to random assignment, the quarter of random assignment (quarter 1), and the eight quarters of follow-up (quarters 2 through 9). It shows that control group earnings decreased dramatically in the quarters leading up to random assignment and then increased gradually over the follow-up period. By the last quarter of follow-up (quarter 9), the control group's earnings had risen to $849, more than double their earnings of $422 in the quarter of random assignment (quarter 1) and about equal to their earnings a year prior to random assignment. In all, control group members earned an average of $2,401 during the first year of follow-up (quarters 2 through 5) and $3,138 during the second year (quarters 6 through 9).

The bottom of Figure 5.1 shows average quarterly AFDC payments for the control group (through quarter 10). Average payments were quite low during the four quarters prior to random assignment and then increased dramatically in the quarter of random assignment (quarter 1) and the first quarter of follow-up (quarter 2). Control group members were receiving an average of $432 in AFDC payments by the end of year 2 (quarter 9), 34 percent less than the $654 average for the second quarter of follow-up, which was their maximum quarterly payment. In all, control group members received an average of $2,348 in AFDC payments during the first year of follow-up (quarters 2 through 5) and $1,945 during the second year (quarters 6 through 9).

III. Two-Year Impacts for the Full Sample

This section presents Project Independence's two-year impacts on employment, earnings, AFDC receipt, AFDC payments, Food Stamp receipt, and Food Stamp payments for the full sample. These are presented in Table 5.1 and Figures 5.2 and 5.3. Quarter-by-quarter estimates may be found in Appendix Table E.1.

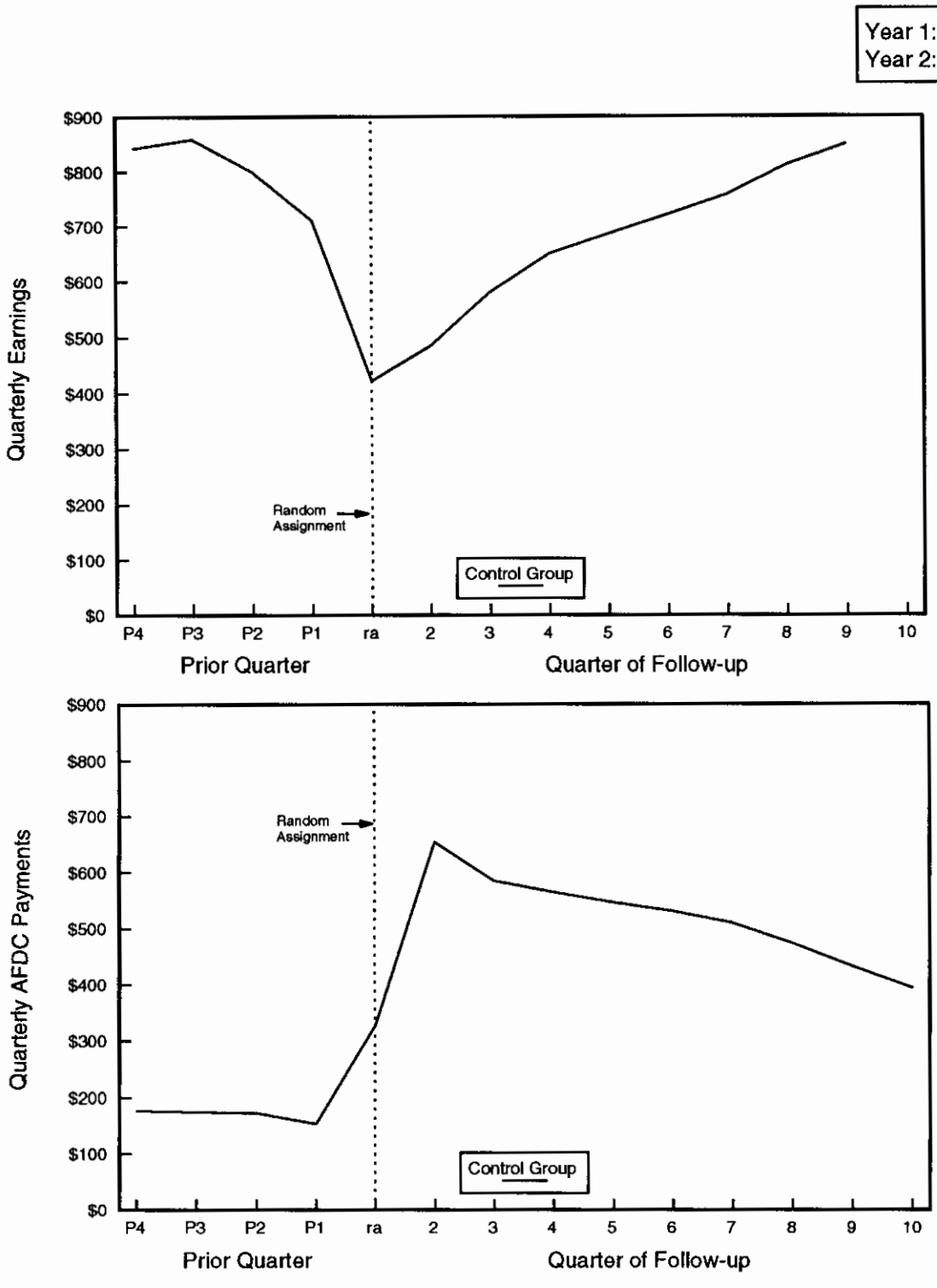
A. Impacts on Employment and Earnings

The first section of Table 5.1 shows that, during the follow-up period, 66.3 percent of the program group worked, an increase of 2.5 percentage points over the control group rate of 63.8 percent. The program group also experienced a two-year increase in earnings of $227, a statistically significant effect amounting to a 4.1 percent increase over the control group's earnings of $5,539. A

[7]See, e.g., Bane and Ellwood, 1983; and Friedlander and Burtless, 1995.

FIGURE 5.1

PROJECT INDEPENDENCE: QUARTERLY EARNINGS AND AFDC PAYMENTS FOR CONTROL GROUP MEMBERS



SOURCES: MDRC calculations from Florida Unemployment Insurance (UI) earnings records and AFDC records.
NOTES: The sample used to analyze Project Independence's impacts was slightly smaller than the full research sample. Dollar averages include zero values for sample members who were not employed and for sample members who were not receiving welfare.

Prior quarters are the calendar quarters before the quarter in which random assignment occurred (quarter 1).

TABLE 5.1

TWO-YEAR IMPACTS OF PROJECT INDEPENDENCE
ON EMPLOYMENT, EARNINGS, AFDC RECEIPT, AFDC PAYMENTS,
FOOD STAMP RECEIPT, AND FOOD STAMP PAYMENTS FOR THE FULL SAMPLE

Outcome and Follow-up Period	Program Group	Control Group	Difference	Percentage Change
Ever employed (%)				
Years 1-2	66.3	63.8	2.5 ***	4.0%
Year 1	55.4	52.6	2.8 ***	5.4%
Year 2	53.3	51.2	2.1 ***	4.1%
Last quarter of year 2	38.3	37.8	0.4	1.1%
Average total earnings ($)				
Years 1-2	5766	5539	227 *	4.1%
Year 1	2548	2401	146 **	6.1%
Year 2	3219	3138	80	2.6%
Ever received any AFDC payments (%)				
Years 1-2	88.3	89.5	-1.1 **	-1.3%
Last quarter of year 1	64.6	68.7	-4.2 ***	-6.0%
Last quarter of year 2	51.2	53.6	-2.4 ***	-4.5%
Average total AFDC payments received ($)				
Years 1-2	4028	4293	-265 ***	-6.2%
Year 1	2196	2348	-152 ***	-6.5%
Year 2	1832	1945	-113 ***	-5.8%
Ever received any Food Stamps (%)				
Years 1-2	90.5	91.0	-0.5	-0.6%
Last quarter of year 1	70.5	71.8	-1.3 *	-1.8%
Last quarter of year 2	56.8	57.4	-0.6	-1.0%
Average value of Food Stamps ($)				
Years 1-2	4002	4138	-136 ***	-3.3%
Year 1	2148	2213	-66 ***	-3.0%
Year 2	1855	1925	-70 ***	-3.6%
Sample size (total = 18,233)	13,509	4,724		

SOURCES: MDRC calculations from Florida Unemployment Insurance (UI) earnings records, AFDC records, and Food Stamp records.

NOTES: The sample used to analyze Project Independence's impacts was slightly smaller than the full research sample.

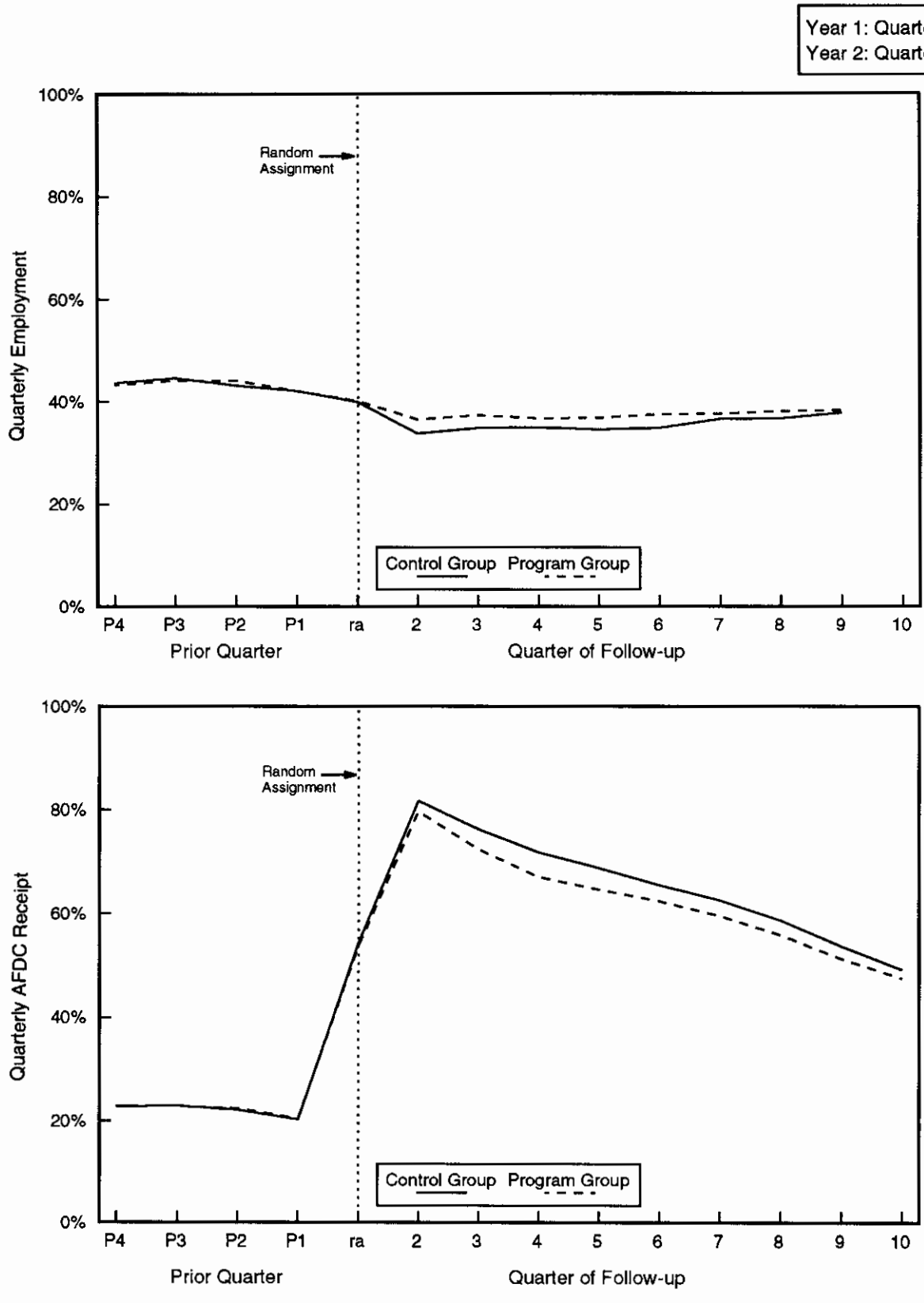
Dollar averages include zero values for sample members who were not employed or were not receiving welfare. Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members. Rounding may cause slight discrepancies in calculating sums and differences.

For all measures, year 1 refers to follow-up quarters 2-5, and year 2 refers to quarters 6-9. Quarter 1 refers to the quarter in which random assignment occurred. Because quarter 1 may have contained some earnings and AFDC payments from the period prior to random assignment, it was excluded from the summary measures of follow-up.

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

FIGURE 5.2

PROJECT INDEPENDENCE: QUARTERLY EMPLOYMENT AND AFDC RECEIPT RATES FOR THE FULL SAMPLE

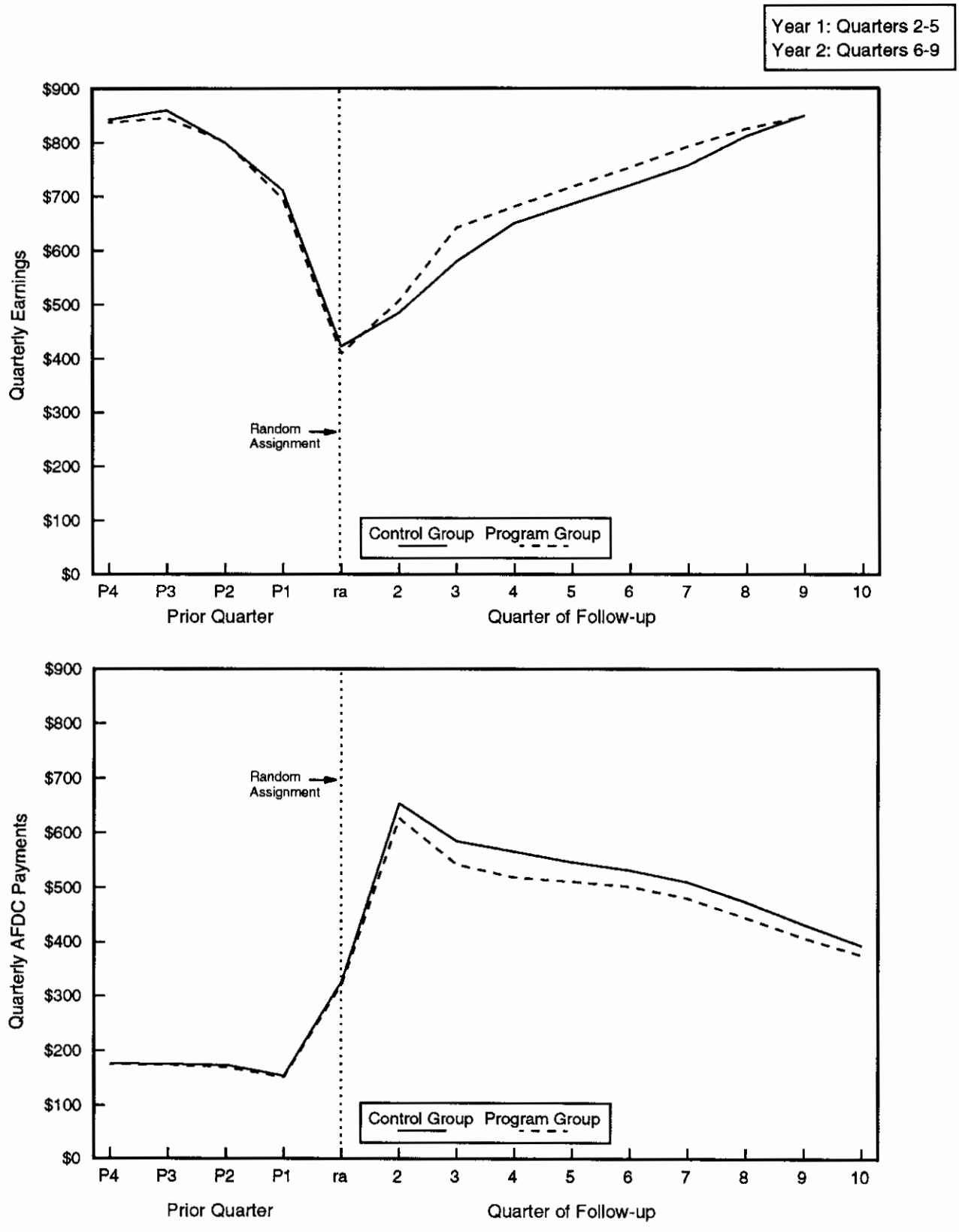


SOURCES: MDRC calculations from Florida Unemployment Insurance (UI) earnings records and AFDC records.

NOTES: See Figure 5.1.

FIGURE 5.3

PROJECT INDEPENDENCE: QUARTERLY EARNINGS AND AFDC PAYMENTS FOR THE FULL SAMPLE



SOURCES: MDRC calculations from Florida Unemployment Insurance (UI) earnings records and AFDC records.

NOTES: See Figure 5.1.

large portion of this gain, $146, was realized during year 1 (see Table 5.1 and Figure 5.3). In year 2, earnings impacts were down to $80. As shown in Figure 5.2, the control group's employment increased over the two years, narrowing the difference from the program group. From a peak in quarter 2, quarterly employment impacts declined almost to zero by the final quarter (quarter 9). As shown in Figure 5.3, quarterly earnings impacts peaked in quarter 3 and declined thereafter, reaching zero in quarter 9.

Control group members, on average, made $1,950 during each quarter in which they were employed (not shown in the table). Program group members made $1,931. The similarity of these numbers suggests that the program's effect on earnings is primarily attributable to the increases it produced in employment, rather than to its effects on the number of hours worked per quarter or on hourly wage rates. This explanation is supported by the findings presented in Table 5.2, which shows the distribution of earnings for the program and control groups in year 2. The table shows the percentage of program and control group members in six income classes: $0, $1-$999, $1,000-$2,999, $3,000-$6,999, $7,000-$9,999, and $10,000 or more.[8] As indicated in the table, Project Independence decreased the percentage of program group members with zero earnings, but produced little change in the percentage of individuals in each earnings bracket. There was a slight increase in the percentage of the sample with the lowest positive earnings ($1-$999 for the year), and a slight increase in the second highest bracket ($7,000-$9,999). There was, however, no change in the highest earnings bracket. These results support the conclusion that Project Independence increased employment but did not substantially increase the proportion of workers with higher levels of earnings.

B. Impacts on AFDC Receipt and AFDC Payments

Table 5.1 shows that Project Independence reduced the percentage of the program group who received any AFDC payments during the follow-up period by 1.1 percentage points. It also shows that Project Independence reduced AFDC payments by an average of $265 over the two-year follow-up period, a 6.2 percent decrease from the control group's average of $4,293. AFDC savings were $152 in year 1 and $113 in year 2. The impact in year 2 was large enough to indicate that additional AFDC savings will accrue in future years.

Figure 5.2 and Appendix Table E.1 show that quarterly impacts on AFDC receipt peaked in quarter 4 at about 5 percentage points, and then declined to about one-third that amount in quarter 10. On average, relative to the control group, program group members spent about 0.85 months (about three and a half weeks) less on AFDC during the follow-up period. The average AFDC payment per month received was $284 for program group members and $285 for control group members. This small difference suggests that the decline in the number of months on AFDC, rather than a reduction in the average monthly grant for recipients, accounted for most of the reduction in AFDC payments.[9] As noted above, reductions in receipt were facilitated by Florida's relatively low benefit levels.

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[8]The five ranges above zero were selected to correspond approximately to the income distribution of employed sample members, about one-fifth of whom had earnings in each of those five ranges (as shown in Table 5.2).

[9]This inference assumes that the average monthly AFDC grant amount for individuals who left the rolls as a result of Project Independence was not very different from that for all sample members who did not leave AFDC.

TABLE 5.2

IMPACTS OF PROJECT INDEPENDENCE ON THE DISTRIBUTION OF EARNINGS FOR THE FULL SAMPLE IN YEAR 2

	Full Sample: Percentage in Annual Earnings Bracket			*If Ever Employed in Year 2: Percentage in Annual Earnings Bracket (a)*		
Year 2 Earnings Bracket	Program Group	Control Group	Difference	*Program Group*	*Control Group*	*Difference*
$0	46.7	48.8	−2.1 ***	n/a	n/a	n/a
$1−$999	11.4	10.3	1.1 **	*21.4*	*20.2*	1.2
$1,000−$2,999	10.6	10.4	0.2	*19.8*	*20.2*	−0.4
$3,000−$6,999	12.2	12.4	−0.2	*22.9*	*24.2*	−1.3
$7,000−$9,999	7.4	6.6	0.8 *	*13.9*	*12.8*	1.1
$10,000 or more	11.7	11.5	0.2	*21.9*	*22.5*	−0.5
Sample size (total = 18,233)	13,509	4,724				

SOURCE: MDRC calculations from Florida Unemployment Insurance (UI) earnings records.

NOTES: See Table 5.1.
"N/a" means not applicable.
(a) Estimates in italics were based only on persons with earnings. Statistical tests were not applied to the differences.

C. Impacts on Combined Employment and AFDC Receipt

Table 5.1 shows that the 4.2 percentage point reduction in AFDC receipt in the last quarter of year 1 was somewhat larger than the 2.8 percentage point increase in employment for the year. Also, the ratio of AFDC impacts to earnings impacts is high in either year, and over the two-year follow-up period as a whole. In part, this is because some people left AFDC as a result of Project Independence and were not employed. This is illustrated in Table 5.3, which displays the impacts on sample members' combined employment and welfare status averaged over year 1, year 2, and the full two-year follow-up period. To create the measures in this table, sample members were classified for each quarter into one of four mutually exclusive categories defined by their employment and AFDC receipt status. The percentage of quarters in a year or in the two-year follow-up period spent in each status was then calculated for each sample member. For example, someone who spent two quarters of the two-year follow-up period in a status would be in the status 2/8 = .25, or 25 percent of the time. Impact estimates are the differences between program and control group members.

The top section of Table 5.3 shows that Project Independence reduced the percentage of program group members who were "not employed and received AFDC" in a quarter by 3.3 percentage points, on average, over the two-year follow-up. The effect was 4.0 percentage points in year 1 and declined to 2.5 percentage points in year 2. There was very little change in the status "employed and received AFDC" in a quarter. Instead, sample members shifted, in approximately equal proportions, into the bottom two statuses: There was a 1.8 percentage point increase in "employed and did not receive AFDC" and a 1.5 percentage point increase in "not employed and did not receive AFDC." Thus, a little less than half the quarters off AFDC produced by Project Independence were quarters without employment – representing sample members who were no longer receiving AFDC but did not have any earnings to replace those payments.[10] This effect contributed to the high ratio of AFDC reductions to earnings gains.

D. Impacts on Food Stamp Receipt and Food Stamp Payments

The dollar amount of Food Stamps received by control group members over the two-year follow-up period was similar to the dollar amount of AFDC payments: $4,138 for Food Stamps and $4,293 for AFDC. The percentage of control group members receiving these two forms of assistance, and the amounts received, were also similar in years 1 and 2, with Food Stamp receipt having declined at about the same rate as AFDC receipt.

Project Independence did not affect the number of people who received any Food Stamps at all during the two-year follow-up period: 91.0 percent and 90.5 percent of control and program group members, respectively. At the end of year 1, there was a 1.3 percentage point decrease in Food Stamp receipt, which had diminished by the end of year 2. Project Independence's two-year impacts on Food Stamp payments were about half the size of its impacts on AFDC payments, in terms of both dollar reductions and the reduction as a percentage of the control group average. As shown in Table

[10]Note that sample members who were "not employed and did not receive AFDC" could have received support from a variety of sources, including Food Stamps, jobs that were not covered by the Unemployment Insurance system (and so were not in the earnings data collected for this report), and contributions from an absent co-parent or other family members.

TABLE 5.3

TWO-YEAR IMPACTS OF PROJECT INDEPENDENCE ON COMBINED EMPLOYMENT AND AFDC RECEIPT STATUS FOR THE FULL SAMPLE

Outcome and Follow-up Period	Program Group	Control Group	Difference
Percentage of the follow-up period during which the sample members were not employed and were receiving AFDC (a)			
Years 1-2	43.9	47.1	-3.3 ***
Year 1	48.7	52.8	-4.0 ***
Year 2	39.0	41.5	-2.5 ***
Percentage of the follow-up period during which the sample members were employed and were receiving AFDC (a)			
Years 1-2	20.2	20.2	-0.0
Year 1	22.2	21.8	0.3
Year 2	18.2	18.5	-0.3
Percentage of the follow-up period during which the sample members were employed and were not receiving AFDC (a)			
Years 1-2	17.1	15.3	1.8 ***
Year 1	14.6	12.7	1.9 ***
Year 2	19.7	18.0	1.7 ***
Percentage of the follow-up period during which the sample members were not employed and were not receiving AFDC (a)			
Years 1-2	18.8	17.3	1.5 ***
Year 1	14.5	12.7	1.7 ***
Year 2	23.1	22.0	1.2 **
Sample size (total = 18,233)	13,509	4,724	

SOURCES: MDRC calculations from Florida Unemployment Insurance (UI) earnings records and AFDC records.

NOTES: See Table 5.1. Also, the "differences" are not strictly independent across categories.
(a) Calculated as the number of quarters in the indicated employment and AFDC receipt status, divided by the number of quarters in the follow-up period, and multiplied by 100.

5.1, Food Stamp payments were down by $66 per sample member in year 1 and $70 in year 2, for a two-year saving of $136, or 3.3 percent of the control group's average payments. These annual estimates mask a modest decline in quarter-by-quarter impacts beginning in year 2. The decline was not sharp, but the pattern suggests that total Food Stamp impacts will not continue to grow with time. Average Food Stamp payments for months in which they were received were $261 and $264 for program and control group members, respectively. The difference, which was about 1.1 percent, indicates that Food Stamp dollar reductions came mostly from fewer months of receipt and much less from reduced monthly payments.[11]

E. Impacts on Total Income from Earnings, AFDC, and Food Stamps

Table 5.4 shows that in the last quarter of follow-up, total earnings, AFDC payments, and Food Stamp payments averaged $1,719 per control group member. Program group members averaged $39 less, for a decrease of 2.3 percent relative to the control group. About one-fifth of sample members in both research groups had no income from earnings, AFDC, or Food Stamps. But they may have had income from a spouse, other partner, or family members, or from jobs not covered by the Unemployment Insurance system. Project Independence had no impact on the number of people who did not have earnings of their own, AFDC, or Food Stamps.

F. The Effects of Exposure to Project Independence by Some Control Group Members

Exposure of some control group members to Project Independence may have reduced impact estimates by as much as 20 percent. For example, two-year impacts on earnings may have been as high as $283 instead of $227, and two-year AFDC savings may have been as high as $330 instead of $265. This section gives the rationale and method for adjusting impact estimates for control group exposure to Project Independence.

In this study, it is estimated (see Chapter 3 and Appendix C) that 19.8 percent of controls were exposed to Project Independence services and mandates: An estimated 7.5 percent of controls attended Project Independence orientation and participated in Project Independence activities; an estimated 11.1 percent attended orientation but did not participate in Project Independence employment-related activities; and 1.2 percent did not attend an orientation and received a sanction notification. This 19.8 percent figure is likely an overestimate, and the true crossover rate may well have been lower. Exposure of controls to Project Independence services and mandates probably reduced the treatment *difference* between the program and control groups somewhat. If so, then the impact estimates given in this study would tend to understate the true impact of the program.[12] In general, when there has been control group exposure to the program under study, impact estimates will be affected if two conditions hold: (1) Few of those control group members would have obtained similar services

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[11]This inference assumes that the average monthly Food Stamp payment for individuals who stopped receiving them as a result of Project Independence was not very different from that for sample members who kept on receiving Food Stamps.

[12]Since control group exposure to Project Independence occurred mostly in the first year of follow-up, it is unlikely to have contributed to changes in impacts between year 1 and year 2. In addition, exposure rates appear to have been similar for control group members in the early and late cohorts, so exposure would not have affected differences in impacts for the two cohorts, which are described in Chapter 6.

TABLE 5.4

IMPACTS OF PROJECT INDEPENDENCE ON INCOME FROM EARNINGS, AFDC, AND FOOD STAMPS AND ON INCOME SOURCES FOR THE FULL SAMPLE IN THE LAST QUARTER OF YEAR 2

Outcome	Program Group	Control Group	Difference	Percentage Change
Average total value of AFDC, Food Stamps, and earnings in quarter 9 ($)	1680	1719	−39	−2.3%
Income sources (%)				
Earnings without AFDC	21.8	20.2	1.7 **	8.3%
Earnings and AFDC	16.4	17.7	−1.2 **	−7.0%
AFDC without earnings	34.8	36.0	−1.2	−3.3%
No AFDC or earnings	27.0	26.2	0.8	2.9%
Food Stamps without AFDC or earnings	4.1	3.8	0.3	7.2%
No Food Stamps, AFDC, or earnings	22.9	22.4	0.5	2.2%
Sample size (total = 18,233)	13,509	4,724		

SOURCES: MDRC calculations from Florida Unemployment Insurance (UI) earnings records, AFDC records, and Food Stamp records.

NOTES: See Table 5.1.

elsewhere in the community, and (2) the program's services (or mandates) had an impact on the control group members who received them.[13]

Regarding the first condition, it is likely that some of the control group members who were exposed to Project Independence would have sought out education and training opportunities on their own, as evidenced by the behavior of other controls (as discussed in Chapter 3). Therefore, adjusting the impact estimates on the basis of the estimated rate of exposure of controls to Project Independence is likely to produce an upper bound of what the correction really should be. In other words, the true impact will probably be less than the "corrected" impact. The extent of such overcorrection may be substantial.[14]

The second condition may or may not hold in this instance. Controls who were exposed to Project Independence may well have experienced average impacts of a similar magnitude to the average impact for members of the program group. Or their impacts may have been smaller or larger, given any differences in characteristics between them and members of the program group. If the average impact on a control who was exposed to the program under study is less than the average

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[13]It is a common but mistaken belief that exposed controls can simply be dropped from the analysis sample without biasing the impact estimates, as long as their observed characteristics are similar, on average, to those of the rest of the control group. Differences in *un*observable characteristics, however, can lead to bias if the exposed controls are dropped. Also, if exposed controls would have participated in activities on their own at rates higher than the average control group participation rate, then dropping them will make the treatment difference between program and control groups larger than it really is, thereby biasing the impact estimates upward, even if the characteristics of exposed controls are similar to those of other members of the group. (Conversely, if controls who are dropped would have participated in activities on their own at a lower rate than the average for the control group, the impact estimates could be biased downward.)

In any event, according to their survey responses, the exposed controls in the Project Independence research sample differed from other members of the control group only in the extent to which they participated in employment and training activities in the period just prior to random assignment. This was determined by selecting the control group members in the 24-month survey subsample and regressing the dummy variable "exposed control" on demographic characteristics. The F-value for the regression was statistically significant only when a variable was included for "currently enrolled in employment or training activities at the time of random assignment." Otherwise, the F-value was not statistically significant, indicating that exposure to Project Independence among controls was not strongly related to any of the other characteristics utilized in the regression. The same result was found when exposure to Project Independence was defined broadly (as having heard any mention that they were required to look for work or to participate in an employment-related activity) and more narrowly (as having attended Project Independence orientation, having participated in the program, or having been sanctioned for failure to comply with a program requirement).

[14]Two pieces of evidence suggest that controls exposed to Project Independence would have participated in employment-related activities at significant rates on their own, even without the program. First, controls who were enrolled in an employment and training activity just prior to random assignment had a statistically significantly greater probability of subsequently being classified as "exposed to Project Independence." Those individuals might well have continued their activities into the follow-up period even without the program. Second, status as an "exposed" control could not be distinguished statistically from status as a "non-exposed" control participating in a self-initiated employment and training activity. In other words, in the subsample of exposed control group participants and self-initiated, non-exposed control group participants, a regression of "exposed to Project Independence" on the list of demographic characteristics produces an F-value that is not statistically significant.

impact on a program group member, then the correction to the estimated impact will be an overcorrection. The opposite will hold if the average impact on a control who was exposed to the program is more than the average impact on a program group member. There is, however, no evidence to determine which condition pertains. It is therefore reasonable to assume that effects on control participants were no greater than effects on participants in the program group.

Evaluators facing the problem of control group exposure to program services generally adopt a standard set of assumptions to obtain corrected impact estimates. In this instance, those assumptions take the following form: that none of the 19.8 percent of controls who were reached by the program would have engaged in similar services on their own; that the average impact on them was similar in magnitude to the average impact on program group members; and that the program had no impact on the other 80.2 percent of controls who were not exposed to the program. Under these assumptions, the standard correction to the original impact estimates is made by dividing them by one minus the fraction of controls who were exposed to the program.[15] Since these assumptions are not fully realized in Project Independence, the resulting estimate will constitute an upper bound on program impacts. Using the 19.8 estimate as the basis for this adjustment yields two-year Project Independence impacts of $283 (rather than $227) on earnings and $330 (rather than $265) on AFDC savings, and the percentage reduction in AFDC payments increases from 6.2 percent to 7.7 percent. Food Stamp savings would be $170 (rather than $136) or 4.1 percent (rather than 3.3 percent) of the control group mean. Although the adjustment increases the estimated program impacts, it does not affect the finding of a decline in earnings impacts from year 1 to year 2, which, in the absence of actual data beyond year 2, is important in projecting what future earnings impacts might be.[16]

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[15]The derivation of this adjustment is as follows. Let the true impact per program group member be called D. The observed mean outcome for the program group will then be

$$M_p = M + D,$$

where M is the mean outcome in the absence of the program. If no controls are exposed to the program, then the mean outcome for the control group will be

$$M_c = M.$$

If the fraction f of the control group is exposed to the program and obtains the same average impact as program group members, then

$$M_c = M + f \times D + (1-f) \times 0 = M + f \times D.$$

The impact actually estimated, d, will then be

$$d = M_p - M_c = (M+D) - (M+f \times D) = D \times (1-f),$$

yielding

$$D = d / (1-f).$$

That is, the true impact of the program is equal to the observed impact divided by one minus the crossover rate.

[16]The available data indicate that control group exposure to Project Independence did not increase from year 1 to year 2 and therefore did not contribute to the decrease in earnings impacts from year 1 to year 2.

Another way to assess the importance of program services for control group members is to ask how large the impacts of Project Independence on control group members reached by the program would have to have been to make a substantial difference in impact estimates. Using the 19.8 percent estimate again, it is found that controls reached by Project Independence would require an average impact approximately *five* times the size of the observed program impact in order to make the observed impact *half* the size of the true

(continued...)

IV. Two-Year Impacts on Job Quality and Quality of Life

The previous sections of this chapter reported that Project Independence increased the employment and earnings of the full sample of program group members, but that those increases were relatively modest and declined to almost zero by the end of the second year of follow-up. The findings also indicate that most of the impact on earnings came from the program group's having had a higher rate of employment than the control group, and not higher earnings once employed. The decline in earnings impacts over time may have come about because program group members did not obtain higher-paying or longer-lasting jobs than control group members. The analysis in the preceding section was not able to pursue this hypothesis very far because quarterly Unemployment Insurance (UI) earnings data (the data used in that analysis) do not include information about the characteristics of the jobs people held.

Using data for the 1,029 program and control group members who responded to the Project Independence 24-month survey, this section examines the characteristics of the jobs held by sample members: the hourly or weekly wage rates, number of hours worked per week, and number of weeks worked, which combine to make annual earnings. The pattern of impacts on these components of earnings provides crucial information about the processes through which Project Independence produced the earnings impacts. This section also presents information about selected non-wage characteristics of these jobs, such as fringe benefits, job security, and potential for advancement. The analysis concludes by examining sample members' perceptions of their quality of life and their attitudes toward work and welfare.

A. Impacts on Job Quality

The top section of Table 5.5 shows the percentage of program and control group members who were ever employed during the two-year survey follow-up period and the percentage who were employed at the end of that period. Because survey respondents constituted only part of the total impact sample, the estimates for them may differ from those already presented for the full sample. Also, survey data about jobs were based on memory rather than records made at the time of employment, as is the case with Unemployment Insurance (UI) data.[17] In general, however, results from the 24-month survey were quite similar to those presented earlier. The survey data indicate that about two-thirds of the program group worked at *any time* during the follow-up period, and somewhat over one-third were employed at the *end* of that period. Project Independence increased by 4.6 percentage points the number of sample members who worked at *any time* during the two years. This is a somewhat larger effect than was seen for the full sample earlier. As was the case for the full

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[16](...continued)
program impact. This figure may be obtained from the equations given in footnote 15 by imposing the condition that $d = 0.5 \times D$. The multiple of five is extremely large, suggesting that the observed program impacts are well over half the true program impact.

[17]Furthermore, some jobs are not covered by the UI system. For these and other reasons, it is not unusual for survey employment and earnings data and UI earnings data to produce different findings on employment effects. For a discussion of this issue, see Bloom et al., 1993.

TABLE 5.5

TWO-YEAR IMPACTS OF PROJECT INDEPENDENCE ON SELECTED CHARACTERISTICS OF SAMPLE MEMBERS' MOST RECENT JOB

Outcome	Program Group (%)	Control Group (%)	Difference
Employment			
Ever employed during the two year follow-up period	65.6	60.9	4.6
Employed at the end of the two-year follow-up period	38.3	38.9	-0.7
Weekly hours (a)			
Ever employed during the follow-up period AND most recent job provided:			
Less than 30 hours of work per week	21.6	15.7	5.9 **
At least 30 hours of work per week	43.2	44.3	-1.1
Weekly earnings (b,c)			
Ever employed during the follow-up period AND most recent job paid:			
Less than $150 per week	27.1	21.5	5.6 **
At least $150 per week	37.1	37.3	-0.2
Health benefits (d)			
Ever employed during the follow-up period AND most recent job provided:			
No health benefits	44.6	37.4	7.2 **
Health benefits	20.4	23.2	-2.8
Sample size (total = 1,029)	520	509	

SOURCE: The 24-month survey of a subsample of program and control group members.

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

Rounding may cause slight discrepancies in calculating sums and differences.

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

Job characteristics refer to the most recent job as of the time of the 24-month survey interview. Sample members not employed during the follow-up are counted as "no's" or zeroes to all outcomes.

(a) Excludes the less than 3 percent of this sample who did not respond to these survey items.

(b) Most respondents reported pre-tax earnings. However, a sizable minority (approximately 13 percent) reported post-tax earnings. No adjustment was made for those reporting post-tax earnings. Therefore, the estimates presented in the table slightly underestimate the percentage of respondents with gross weekly earnings in excess of a given level.

(c) Excludes the less than 5 percent of this sample who did not respond to these survey items.

(d) Excludes the less than 2 percent of this sample who did not respond to these survey items.

sample, about equal percentages of program and control group members were still unemployed at the *end* of the follow-up period.[18]

The remainder of Table 5.5 shows the percentages of program and control group members who worked at jobs with certain characteristics associated with job quality. These percentages were based on the most recent job for those who held more than one job during the follow-up period. They also included zero values for sample members who reported that they did not work at all during the follow-up period. By including all program group members and all control group members in the analysis, it was possible to determine Project Independence's impact on program group members' likelihood of getting a particular type of job, compared to what their chances of obtaining such a job would have been in the absence of Project Independence. The analysis focused on three summary characteristics of respondents' most recent job: whether the job was part-time (defined as less than 30 hours per week) or full-time (defined as at least 30 hours per week); whether the respondent earned less than or at least $150 per week; and whether or not the job provided health benefits. The absence of increases in full-time employment and weekly earnings corresponds to the lack of impacts on the top bracket of annual earnings, the "$10,000 or more" annual earnings category, shown in Table 5.2.[19]

Table 5.5 shows that Project Independence had virtually no effect on full-time employment, but that it did have a statistically significant impact on part-time employment. This means that Project Independence had an impact on employment mainly because some program group members who would not otherwise have worked took part-time jobs. Those who were working full-time were likely to have done so anyway, since they were matched by a similar proportion of control group members who also had full-time jobs. In addition, Project Independence did not increase the percentage of program group members who worked in jobs that paid at least $150 per week or in jobs that provided health benefits. The absence of increases in full-time employment and weekly earnings corresponds to the lack of impacts on the top bracket of annual earnings, the "$10,000 or more" annual earnings category, shown in Table 5.2.[20]

B. Impacts on Job Characteristics Among Employed Sample Members

Tables 5.6 and 5.7 use the 24-month survey data to examine characteristics of the most recent jobs of program and control group members *who were employed* at some point during the two-year follow-up period. Estimates in these tables, unlike those in Table 5.5, do not include program group members and control group members who did not work. They therefore do not provide true measures of the impact of Project Independence. This is because the personal characteristics of employed

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[18]Because the survey subsample was much smaller than the full sample, the "ever employed" impact estimates in Table 5.5 were not statistically significant, even though they were larger than the full-sample impacts calculated from UI data and presented earlier in the chapter. Smaller samples do not yield the same statistical precision as larger samples. This means that impact estimates in smaller samples are more subject to chance variation and are less likely to be statistically significant at any given level.

[19]Differences in the number of missing survey responses for the various categories of survey questions imply that percentage distributions and other sums will not necessarily precisely match across sections of the tables in this portion of the chapter.

[20]Impacts on levels of earnings (shown in Table 5.2) were rerun on the survey sample alone and yielded the same pattern as that found for the full impact sample.

TABLE 5.6

WEEKLY HOURS, WEEKLY EARNINGS, AND HOURLY WAGES OF THE MOST RECENT JOB AMONG PROJECT INDEPENDENCE SAMPLE MEMBERS WHO WERE EVER EMPLOYED WITHIN TWO YEARS AFTER RANDOM ASSIGNMENT

Outcome	Employed Program Group Members	Employed Control Group Members	Difference
Average number of hours usually worked per week (a)	*32.3*	*33.4*	*−1.1* (z)
Percentage distribution of number of hours worked per week (a) (%)			
Fewer than 10 hours	*1.5*	*4.0*	*−2.5* (z)
10−19 hours	*8.8*	*6.7*	*2.1* (z)
20−29 hours	*23.0*	*15.4*	*7.6* (z)
30−39 hours	*23.3*	*26.5*	*−3.2* (z)
40 hours or more	*43.3*	*47.3*	*−4.0* (z)
Average earnings per week (b,c) ($)	*178.30*	*184.63*	*−6.33* (z)
Percentage distribution of earnings per week (b,c) (%)			
Less than $100	*21.0*	*17.8*	*3.2* (z)
$100−$149	*21.0*	*18.9*	*2.1* (z)
$150−$199	*21.9*	*19.6*	*2.3* (z)
$200−$299	*27.5*	*32.7*	*−5.3* (z)
$300 or more	*8.6*	*11.0*	*−2.4* (z)
Average earnings per hour (b,d) ($)	*5.38*	*5.80*	*−0.42* (z)
Percentage distribution of earnings per hour (b,d) (%)			
$4.25 or less	*31.1*	*26.7*	*4.4* (z)
$4.26−$5.00	*25.2*	*24.6*	*0.6* (z)
$5.01−$6.00	*19.2*	*19.5*	*−0.3* (z)
$6.01−$7.00	*10.4*	*10.1*	*0.3* (z)
$7.01−$10.00	*10.4*	*11.9*	*−1.5* (z)
More than $10.00	*3.8*	*7.2*	*−3.4* (z)
Sample size (total = 651)	342	309	

SOURCE: The 24−month survey of a subsample of program and control group members.

NOTES: Italics indicate a nonexperimental comparison.
Estimates were not regression−adjusted.
Rounding may cause slight discrepancies in calculating sums, averages, and differences.
(a) Excludes the less than 4 percent of this sample who did not respond to these survey items.
(b) Most respondents reported pre−tax earnings. However, a sizable minority (approximately 13 percent) reported post−tax earnings. No adjustment was made for those reporting post−tax earnings. Therefore, the estimates presented in the table slightly underestimate the percentage of respondents with gross weekly earnings in excess of a given level.
(c) Excludes the less than 8 percent of this sample who did not respond to these survey items.
(d) Excludes the less than 10 percent of this sample who did not respond to these survey items.
(z) Nonexperimental comparison; no test of statistical significance.

TABLE 5.7

NON–WAGE CHARACTERISTICS OF THE MOST RECENT JOB AMONG PROJECT INDEPENDENCE SAMPLE MEMBERS WHO WERE EVER EMPLOYED WITHIN TWO YEARS AFTER RANDOM ASSIGNMENT

Outcome	Employed Program Group Members (%)	Employed Control Group Members (%)	Difference
Number of hours worked per week changed "a lot" or "a fair amount" (a)	*29.9*	*28.8*	*1.1* (z)
Job provided:			
Paid sick days (b)	*30.2*	*27.1*	*3.0* (z)
Paid vacation days (b)	*39.8*	*42.3*	*−2.5* (z)
Health benefits (a)	*31.6*	*38.0*	*−6.4* (z)
Dental benefits (a)	*19.6*	*27.3*	*−7.7* (z)
Tuition assistance or paid training classes (a)	*16.6*	*15.0*	*1.6* (z)
Seasonal job (b)	*29.6*	*29.4*	*0.2* (z)
On a 0–10 scale, percentage who strongly agreed (answered 7–10) with the following statements:			
"The job security was good." (a)	*50.6*	*51.0*	*−0.4* (z)
"The job had good opportunities for promotion or advancement." (a)	*33.2*	*29.5*	*3.8* (z)
"The people there taught you new things that would be valuable for doing your job better." (a)	*48.2*	*54.0*	*−5.8* (z)
"The skills you were learning would be valuable for getting a better job." (b)	*45.1*	*52.3*	*−7.2* (z)
On a 0–10 scale, percentage who reported high job satisfaction (answered 7–10): (a)	*49.9*	*55.4*	*−5.6* (z)
Sample size (total = 651)	342	309	

SOURCE: The 24–month survey of a subsample of program and control group members.

NOTES: Italics indicate a nonexperimental comparison.
Estimates were not regression–adjusted.
Rounding may cause slight discrepancies in calculating sums, averages, and differences.
(a) Excludes the less than 3 percent of this sample who did not respond to these survey items.
(b) Excludes the less than 2 percent of this sample who did not respond to these survey items.
(z) Nonexperimental comparison; no test of statistical significance.

program and control group members were not necessarily the same. The similarity of program and control groups, assured by the random assignment process that created them, cannot be assured when examining just those in each research group who were employed. Tables 5.6 and 5.7 need to be interpreted carefully for this reason. The tables indicate whether program group members who worked obtained jobs that were better, worse, or comparable to the jobs of control group members who worked. But they do not say whether any differences in job characteristics resulted from differences in the kinds of people in each research group who worked, or from effects that Project Independence might have had on the ability of program group members to find and hold different kinds of jobs.

The findings presented in Table 5.6 are consistent with those described in the previous section. Employed program group members worked an average of 32.3 hours per week at their most recent job, while employed control group members worked an average of 33.4 hours. The negative difference of 1.1 hours represents 3 percent fewer hours of work per week for employed program group members. Table 5.6 also shows that the most recent jobs held by employed program group members were more likely to have fallen in the low end of the distribution of hours of work per week (fewer than 30 hours per week) than the most recent jobs held by employed control group members, and were less likely to fall in the high end of the distribution (30 or more hours per week). Weekly earnings were 3 percent lower for employed program group members compared to employed control group members ($178.30 versus $184.63), and hourly wages were 7 percent lower ($5.38 versus $5.80). In the distributions of both weekly and hourly earnings presented in Table 5.6, employed program group members were more likely than employed control group members to hold jobs in the lower brackets, and less likely to hold jobs in the upper brackets.

Table 5.7 presents differences between employed program and control group members on five types of job benefits and on overall satisfaction with their most recent jobs. It shows that the most recent jobs held by employed program group members were less likely to provide health or dental benefits than those held by employed control group members. Subjective appraisals of job security were similar. Somewhat more employed program group members believed there were promotion opportunities, but fewer thought they were acquiring valuable skills on the job. Employed program group members were also less likely than employed control group members to report being satisfied with their most recent job.

In summary, the survey findings indicate that Project Independence's strategy of encouraging quick entry into the labor market for most of the caseload produced an increase in employment that was mainly in part-time, relatively low-paying jobs that did not provide fringe benefits or job satisfaction. It appears that the alternative, however, was that the program group members who took these jobs would not have worked at all. The lower average job quality among employed program group members may have been the result of program group members with marginal job skills having been induced to enter the labor market. Poor skills command lower wages. Therefore, the program's success in increasing employment for these program group members would have lowered the *average* job quality of those employed without affecting the job quality of persons who would have worked even without the program.

C. Impacts on Quality of Life and Attitudes Toward Work and Welfare

The analysis of survey data indicated that Project Independence produced little effect on other economic and noneconomic aspects of the lives of program group members. On most measures in

Table 5.8, program and control group members had quite similar outcomes. This was true, for example, for the percentage who were currently married, had recently given birth, were covered by Medicaid, were in government-subsidized housing, and were currently satisfied with life as a whole. The program group had slightly higher percentages of people who were not covered by health insurance or who had a child who was not covered, and a slightly lower percentage of people who were currently "satisfied" or "very satisfied" with their overall standard of living. These differences were not statistically significant, however.

Table 5.9 indicates that Project Independence slightly changed program group members' attitudes in favor of work over welfare. Fewer program than control group members strongly agreed with the statement: "I would only take a full-time job if it paid more than $6 an hour and provided medical benefits." Fewer said it was better to stay home and care for a child than to work, if given the choice. Both these differences were statistically significant. Smaller and not statistically significant differences were found on other survey items. For example, a somewhat larger percentage of program than control group members strongly agreed that: "Even a low-paying job is better than being on welfare." More program group members also strongly agreed that: "It's wrong to stay on AFDC if you can get a job, even a job you do not like." Fewer felt that making mothers on AFDC work was bad for their children. These changes in attitudes are consistent with the finding that Project Independence increased employment of program group members who would not have worked in the absence of the program. It is not clear whether the increase in employment resulted from the change in attitude or the attitude change resulted from the experience of working.

Finally, although there was no difference between program and control groups, it is interesting that only about one-quarter of each research group reported that, unless a job offered medical benefits and paid more money than AFDC, they would rather remain on AFDC. In other words, most respondents said it was better to work, even at a low-wage job without full benefits, than to be on welfare.

TABLE 5.8

IMPACTS OF PROJECT INDEPENDENCE ON SELECTED NONMONETARY OUTCOMES

Outcome	Program Group (%)	Control Group (%)	Difference
Family status			
Currently married, living with spouse (a)	14.4	14.3	0.1
Gave birth during the follow-up period (b)	11.5	11.0	0.5
Medical coverage and disability income (a)			
Covered by (or had a spouse or child covered by) Medicaid in the month prior to the survey interview	72.9	73.6	-0.7
Not personally covered by Medicaid or other health insurance in the month prior to the survey interview	24.3	21.4	2.9
Had a child not covered by Medicaid or other health insurance in the month prior to the survey interview	19.1	17.2	1.9
Received Supplemental Security Income (SSI)	3.0	3.5	-0.5
Government housing and energy assistance (a)			
Currently living in public housing or receiving a government rent subsidy (e.g., "Section 8" housing assistance)	19.6	19.5	0.1
Perceptions of overall quality of life (a)			
Currently unhappy, sad, or depressed "very often" or "fairly often"	42.4	42.8	-0.4
Currently "satisfied" or "very satisfied" with overall standard of living	41.9	45.7	-3.8
Currently "satisfied" or "very satisfied" with life as a whole	49.4	50.0	-0.6
Rated life as a whole "a little better" or "much better" than it was two years earlier	61.4	63.1	-1.6
Sample size (total = 1,029)	520	509	

SOURCE: The 24-month survey of a subsample of program and control group members.

NOTES: See Table 5.5.
Responses pertain to status or attitude at the time of the 24-month survey interview.
(a) Excludes the less than 1 percent of this sample who did not respond to these survey items.
(b) Excludes the less than 8 percent of this sample who did not respond to these survey items.

TABLE 5.9

IMPACTS OF PROJECT INDEPENDENCE ON ATTITUDES TOWARD WORK AND WELFARE

Outcome	Program Group (%)	Control Group (%)	Difference
Strongly agreed that: "Unless a job offers me medical benefits and more money than AFDC, I'd rather be on AFDC." (a)	26.9	25.3	1.5
Strongly agreed that: "I would only take a full-time job if it paid more than $6 an hour and provided medical benefits." (b)	43.1	48.8	-5.7 *
Strongly agreed that: "Even a low-paying job is better than being on welfare." (a)	59.2	55.5	3.6
Strongly agreed that: "Making mothers receiving AFDC work if they don't want to is bad for their children." (c)	18.3	21.3	-3.1
Strongly agreed that: "If a mother has a choice of working and staying home and caring for her children, it is better if she stays at home." (d)	45.1	51.1	-6.0 *
Strongly agreed that: "It's wrong to stay on AFDC if you can get a job, even a job you do not like." (d)	66.4	63.9	2.5
Percentage of respondents who said they would be very likely to take a full-time job if:			
The job paid a little less than AFDC but respondent would like the work. (e)	58.3	56.9	1.4
The job paid a little more than AFDC but respondent would not like the work. (a)	68.1	67.7	0.4
Sample size (total = 1,029)	520	509	

SOURCE: The 24-month survey of a subsample of program and control group members.

NOTES: See Table 5.5.
Responses pertain to status or attitude at the time of the 24-month survey interview.
(a) Excludes the less than 3 percent of this sample who did not respond to these survey items.
(b) Excludes the less than 2 percent of this sample who did not respond to these survey items.
(c) Excludes the less than 7 percent of this sample who did not respond to these survey items.
(d) Excludes the less than 5 percent of this sample who did not respond to these survey items.
(e) Excludes the less than 4 percent of this sample who did not respond to these survey items.

CHAPTER 6

THE TWO-YEAR PARTICIPATION RATES AND IMPACTS OF PROJECT INDEPENDENCE FOR SUBGROUPS

The preceding chapter left open some central questions about the relative effectiveness of Project Independence when operated as intended and after changes were made to deal with rising caseloads, and its effectiveness for single parents with preschool-age children – a large group of welfare recipients who, under the JOBS legislation, were newly mandatory for such programs. These and other questions are investigated in this chapter, which integrates participation and outcome data to describe the results of Project Independence for several segments of the evaluation sample.

To summarize the findings: There is evidence that Project Independence, when operated as originally designed, could produce larger earnings impacts than might be concluded from the full-sample averages presented in Chapter 5. Specifically, the early cohort – who entered the research sample when client-to-caseworker ratios were at their intended levels and child care funding was available – had earnings impacts larger than those for the late cohort. Also, these impacts did not show any clear tendency to decline over time. Impacts on AFDC payments were similar for the early and late cohorts, however.

Two-year earnings impacts were small for the new JOBS-mandatory group (i.e., single parents with preschool-age children), suggesting that they may be more challenging to work with than the traditional mandatory group. Again, however, the results for the early cohort were markedly better than for the late cohort – especially in year 2, when the impacts for the early-cohort sample members with preschool-age children equaled those for the early-cohort sample members without preschool-age children. For late-cohort sample members with preschool-age children, the earnings impacts were actually negative, bringing down the overall program impact on earnings. Even for early-cohort sample members with preschool-age children, earnings impacts declined in year 3. There were impacts on AFDC payments for subgroups defined by the age of their youngest child, even when earnings impacts did not appear. These impacts held up in year 3 for the early cohort without preschool-age children, but declined almost to zero for the early cohort with preschool-age children – further evidence of the difficulty of achieving lasting results for the new-JOBS mandatory subgroup.

Earnings impacts emerged, but not until year 2, for the Project Independence "not job-ready" subgroup. This is the subgroup to whom Project Independence allocated education and training resources, on the premise that their low skills levels might make it difficult for them to find employment with job search assistance alone. Their delayed earnings impacts are consistent with the widely held view that "human capital investment" (i.e., education and training) increases earning power, but that such effects are delayed because of the greater amount of "up-front" time required for participation in such activities compared to job search activities. The two-year impacts on AFDC payments for the not job-ready subgroup were not particularly large.

Across subgroups, impacts on earnings and AFDC payments were not closely correlated. Earnings impacts of average or above-average magnitude were found for some subgroups that had relatively small AFDC impacts, and reductions in AFDC payments were found for some subgroups that had relatively small earnings impacts. The use of education and training did not appear to have

produced larger AFDC payments impacts, although there is some evidence that it may have produced larger long-term earnings impacts.

It should be noted that the evidence on all of these issues is indicative but not conclusive. Results from a number of other JOBS evaluations – results that might buttress the conclusions from the Project Independence evaluation – are not yet available. Additional subgroup analyses performed for this chapter and an analysis of impacts by county did not yield significant additional information.

Finally, a comparison was attempted between Project Independence's results and evaluation results for pre-JOBS programs of the 1980s and California's JOBS program, the Greater Avenues for Independence (GAIN) Program. In order to control for the changed definition of "mandatory" under the JOBS program, the comparison focused on the traditional (i.e., pre-JOBS) mandatory group, single parents without preschool-age children. For this group, Project Independence was in the middle rank of programs in its impacts on earnings and AFDC payments. For the early cohort, which better represents Project Independence operating as its planners intended, it appears likely that there will be sustained impacts on earnings for the subgroup without preschool-age children. But earnings impacts appear less likely to persist for the late-cohort subgroup without preschool-age children, and these impacts therefore compare much less favorably with those for other programs. AFDC impacts were more consistent than earnings impacts across cohorts in the subgroup without preschool-age children. The average dollar impact on AFDC payments per sample member was smaller for Project Independence than for some other programs, but the reduction in AFDC as a percentage of payments to the control group equaled or exceeded that found for many other programs in large-scale random assignment evaluations.

I. Analysis Issues

There are three statistical issues important to interpreting subgroup impact findings. First, the statistical significance of impact estimates is sensitive to sample size. Impact estimates of a given magnitude are less likely to be statistically significant when sample sizes are small. For example, a $100 impact on earnings that is statistically significant for the full sample may not be statistically significant for subgroups. The smaller sample sizes also mean that impact estimates are less precise. For a smaller sample, there is a greater chance that the true impact will be somewhat larger or smaller than the estimate of that impact.

Second, some of the demographic data that define the subgroups in this study were unavailable for portions of the sample. For example, just under 10 percent of the sample could not be classified by age of their youngest child. Sample members who could not be placed in one or another category of a subgroup because the relevant data were missing were not included in the analysis of impacts for that subgroup. One consequence was to reduce sample sizes somewhat. Another was that the weighted average of the impacts for a particular set of subgroups of the full sample was not generally equal to the full-sample impacts presented in Chapter 5.

Third, an examination of subgroup impacts often requires not only an estimate of the impact but also an assessment of the magnitude of *differences* in impacts across subgroups. The dollar difference in impacts does not provide all the relevant information, however. In some cases, it is also important to consider whether differences in impacts reflect real, underlying differences or could, instead, embody a large element of chance. To minimize the element of chance, tests of statistical

significance are performed on the differences in two-year impacts across subgroups. Whenever such differences are statistically significant, one can have greater confidence that the underlying impacts for the subgroups involved are actually different. For example, estimates of $100 and $200 for the impacts for two subgroups may represent chance differences in the *estimates* rather than real differences in the *underlying impacts* unless the difference between the $100 and $200 estimates is statistically significant.

II. The Effects of Changes in Project Independence and Growing AFDC Caseloads: A Comparison of Impacts for the Early and Late Cohorts

This section explores the possible effects of changes in Project Independence services and in the AFDC environment in which the program operated. As discussed in Chapter 1, Florida's AFDC (and Project Independence) caseloads increased markedly between 1990 and 1992 at the same time as the state's fiscal circumstances forced HRS to put a freeze on hiring new Project Independence staff. Given the relatively fixed number of Project Independence staff, AFDC caseload growth meant an increase in the number of program enrollees for each staff member. This increase inhibited staff's ability to follow up with many of their clients, which may have reduced the program's ability to achieve impacts with them.

Also during this period, HRS administrators found that they had expended a large share of total AFDC child care funds for Project Independence participants. Beginning in January 1991, in order to ensure that adequate resources would be available for AFDC recipients entitled to child care,[1] Project Independence dramatically reduced the availability of child care for those participating in program activities.[2] The child care restrictions were likely to have had their greatest effect on parents with preschool-age children who, by law, could not be required to participate in program activities if child care needs presented a barrier.[3]

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[1]Those who leave AFDC for employment are entitled to receive subsidized child care for up to 12 months, as long as they continue to work. In Florida, ongoing AFDC recipients who are enrolled in Project Independence and are employed fewer than 30 hours per week are also entitled to subsidized child care while they are working.

[2]Restrictions on the availability of subsidized child care for Project Independence participants were implemented at different rates and at different levels, depending on the county. However, all counties began implementing some cutbacks in January 1991, and the cutbacks expanded thereafter, with subsidized child care eventually being virtually eliminated in many counties. Program enrollees who were already participating in education or training and receiving child care at the time these restrictions went into effect were eligible to continue receiving child care until the activity ended. Those who subsequently were determined to need education or training services could not, in general, be offered subsidized child care services. If they needed child care in order to participate in these activities, and could not secure arrangements on their own, they were usually excused from participation. Subsidized child care was also drastically reduced for those assigned to independent job search and job club activities, although there were Project Independence support services resources available that staff could use to cover short-term child care needs for some independent job search and job club participants.

[3]Although individuals were not required to participate if needed child care was not available, case managers often encouraged them to make unsubsidized informal arrangements with family or friends in order to participate in program activities.

A. Impacts on Participation

Table 6.1 presents the participation measures for two random assignment cohorts: sample members entering the Project Independence study (i.e., being randomly assigned to the program or control group) before January 1991 (the "early cohort") and those entering the study from January 1991 on (the "late cohort"). These estimates were calculated from the 24-month survey data. Survey response rates among sample members sought for interviewing were high – above 80 percent – and the total number of respondents was 1,029. The survey data covered both the early and late cohorts and the other major subgroups. On the other hand, these data cover only sample members randomly assigned in the middle part of the random assignment period, and concentrated in the more densely populated areas in each of the nine research counties. The participation estimates calculated from the survey data and presented in this chapter are therefore reasonably, but not perfectly, representative of the activities of the full impact sample, early and late cohorts, and other major subgroups. See Appendix B for a more detailed analysis of the representativeness of the survey.

Table 6.1 lists the same activities as Table 3.5 and shows total participation in both Project Independence activities and activities available from other community sources. Although the sample sizes are small, the table shows that overall participation rates for both program and control groups were clearly lower in the later cohort than in the earlier cohort. Among those in the early cohort, 70.7 percent of program group members participated, compared to 58.6 percent of those in the late cohort. Participation among control group members also declined, but not as much. The impact on participation therefore declined, from 26.5 percentage points for the early cohort to 21.4 percentage points for the late cohort. The impacts on independent job search and job club were not much affected, remaining at about 24 percent for both activities for both cohorts. Rather, the overall decline was associated with a decline in the impact on education and training participation. In particular, the percentage of program group members participating in education and training activities decreased from 48.0 percent for the early cohort to 36.6 percent for the late cohort, thereby reducing Project Independence's impact on participation in these activities by about half (from 15.5 percentage points to 7.6 percentage points), mostly because of a decline in impacts on vocational training and post-secondary education. This decrease may have resulted, at least in part, from the reduction in child care availability for Project Independence participants in education and training activities. Also, as caseloads grew and demands on their time increased, Project Independence staff may have referred fewer participants to education and training activities, particularly those who had already participated in independent job search or job club activities.

B. Impacts on Employment and Earnings

Follow-up data on earnings and AFDC for the early cohort extend three quarters beyond those for the full sample. As shown in Table 6.2, the early cohort's two-year earnings impacts were $439, more than four times the $99 earnings impact for the late cohort over the same period. The difference between these estimates was not statistically significant, however. Earnings impacts for the early cohort did not decline over time. In fact, they remained steady at $216 in year 1, $223 in year 2, and $277 in year 3 (taken as 4/3 times the sum of earnings in quarters 10 through 12). In contrast, the late cohort had only a $111 earnings impact for year 1 (not statistically significant), which declined to approximately zero in year 2. The difference between the early and late cohorts' two-year earnings impacts does not decline when one controls for the fact that the cohorts had somewhat different demographic characteristics and were distributed differently across counties.

TABLE 6.1

TWO-YEAR IMPACTS OF PROJECT INDEPENDENCE ON RATES OF PARTICIPATION IN EMPLOYMENT-RELATED ACTIVITIES, BY RANDOM ASSIGNMENT COHORT

Subgroup and Participation Measure	Program Group (%)	Control Group (%)	Difference	Percentage Change
Early cohort				
Ever participated in any employment-related activity (a)	70.7	44.2	26.5	60.0%
Ever participated in independent job search or job club (a)	45.8	21.8	23.9	109.6%
Independent job search	43.9	21.0	23.0	109.6%
Job club	14.2	6.8	7.4	109.6%
Ever participated in education or training (a)	48.0	32.5	15.5	47.6%
ABE or GED	11.6	8.3	3.3	40.1%
ESL	3.6	4.4	-0.8	-18.5%
Vocational training or post-secondary education	36.0	22.8	13.2	57.8%
On-the-job training	5.3	4.9	0.5	9.9%
Sample size (total = 431)	225	206		
Late cohort				
Ever participated in any employment-related activity (a)	58.6	37.3	21.4	57.3%
Ever participated in independent job search or job club (a)	40.3	16.5	23.8	144.5%
Independent job search	38.7	15.8	22.9	144.5%
Job club	12.5	5.1	7.4	144.5%
Ever participated in education or training (a)	36.6	29.0	7.6	26.1%
ABE or GED	12.5	8.3	4.3	52.0%
ESL	5.4	2.0	3.4	173.7%
Vocational training or post-secondary education	24.1	20.5	3.6	17.6%
On-the-job training	3.1	2.0	1.1	54.0%
Sample size (total = 598)	295	303		

SOURCE: The 24-month survey of a subsample of program and control group members.

NOTES: Participation includes Project Independence and non-Project Independence activities.
Tests of statistical significance between research groups were not performed.
Rounding may cause slight discrepancies in calculating sums, averages, and differences.
(a) Individuals could participate in more than one activity during the follow-up period; therefore, the sum of percentages in specific activities may exceed the category percentage.

TABLE 6.2

TWO-YEAR IMPACTS OF PROJECT INDEPENDENCE
ON EMPLOYMENT, EARNINGS, AFDC RECEIPT, AND AFDC PAYMENTS,
BY RANDOM ASSIGNMENT COHORT

Subgroup, Outcome, and Follow-up Period	Program Group	Control Group	Difference	Percentage Change
Early cohort				
Ever employed (%)				
Years 1-2	65.6	63.5	2.1 *	3.3%
Last quarter of year 1	36.0	33.7	2.3 *	6.8%
Last quarter of year 2	36.5	36.1	0.4	1.1%
Last available quarter of year 3 (a)	38.7	34.7	4.0 ***	11.5%
Average total earnings ($)				
Years 1-2	5619	5180	439 **	8.5%
Year 1	2499	2283	216 **	9.5%
Year 2	3120	2897	223 *	7.7%
Year 3 (b)	3538	3261	277 *	8.5%
Ever received any AFDC payments (%)				
Years 1-2	87.5	88.9	-1.4 *	-1.6%
Last quarter of year 1	61.3	66.3	-5.0 ***	-7.5%
Last quarter of year 2	55.3	58.3	-3.0 **	-5.1%
Last quarter of year 3	41.3	43.3	-2.0	-4.6%
Average total AFDC payments received ($)				
Years 1-2	4003	4244	-241 ***	-5.7%
Year 1	2115	2240	-125 ***	-5.6%
Year 2	1889	2004	-115 ***	-5.7%
Year 3	1438	1503	-65	-4.3%
Sample size (total = 7,509)	5,612	1,897		
Late cohort				
Ever employed (%)				
Years 1-2	66.9	64.0	2.9 ***	4.5%
Last quarter of year 1	37.3	35.2	2.2 **	6.3%
Last quarter of year 2	39.5	39.0	0.5	1.3%
Last available quarter of year 3	n/a	n/a	n/a	n/a
Average total earnings ($)				
Years 1-2	5873	5774	99	1.7%
Year 1	2584	2473	111	4.5%
Year 2	3289	3301	-12	-0.4%
Year 3	n/a	n/a	n/a	n/a
Ever received any AFDC payments (%)				
Years 1-2	89.0	89.9	-1.0	-1.1%
Last quarter of year 1	66.9	70.6	-3.7 ***	-5.2%
Last quarter of year 2	48.3	50.4	-2.2 **	-4.4%
Last quarter of year 3	n/a	n/a	n/a	n/a
Average total AFDC payments received ($)				
Years 1-2	4043	4333	-289 ***	-6.7%
Year 1	2253	2426	-173 ***	-7.1%
Year 2	1791	1907	-116 ***	-6.1%
Year 3	n/a	n/a	n/a	n/a
Sample size (total = 10,724)	7,897	2,827		

(continued)

TABLE 6.2 (continued)

SOURCES: MDRC calculations from Florida Unemployment Insurance (UI) earnings records and AFDC records.

NOTES: The sample used to analyze Project Independence's impacts was slightly smaller than the full research sample.

Dollar averages include zero values for sample members who were not employed or were not receiving welfare. Estimates were regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members. Rounding may cause slight discrepancies in calculating sums and differences.

For all measures, year 1 refers to follow-up quarters 2-5; year 2 refers to quarters 6-9; and year 3 refers to quarters 10-13. Quarter 1 refers to the quarter in which random assignment occurred. Because quarter 1 may have contained some earnings and AFDC payments from the period prior to random assignment, it was excluded from the summary measures of follow-up.

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

Differences in two-year impacts on earnings and AFDC payments between cohorts were not statistically significant at the 10 percent level.

"N/a" means not available.

(a) For the early cohort, AFDC data were available for all of year 3, but earnings data were available only for the first three quarters.

(b) Year 3 earnings equal the sum for quarters 10 through 12 times 4/3.

The quarter-by-quarter impacts for cohorts are shown graphically in Figure 6.1. This figure shows that early-cohort earnings impacts, after an initial peak in quarter 3, varied around a level well above zero, without showing evidence of decline over time. Late-cohort earnings impacts were not only smaller to begin with but also declined to about zero by the middle of year 2.

What explains the differences between cohorts? As shown in Table 6.2, employment impacts for the two cohorts were quite similar in years 1 and 2. If anything, initial employment effects were slightly *larger* for the late cohort. But early-cohort program group members increased their employment in more stable jobs. For example, by year 2, the percentage of program group members who were employed in all four quarters of the year had increased by a statistically significant 2.1 percentage points (not shown in the table) for the early cohort, but by only 0.3 percentage points (not statistically significant) for the late cohort. As a consequence, the impact on total number of quarters employed during year 2 was more than twice as large for the early cohort as for the late cohort (0.085 versus 0.037).

Thus, the cohort differences in earnings impacts were not the result of differences in rates of job-finding. Rather, the greater impact on employment stability for the early cohort led to a greater impact on total time employed, which, in turn, led to a greater impact on total earnings. It may be that the greater ability of Project Independence staff to supervise participation in skill-developing activities for the early cohort resulted in an increase in their ability to hold stable employment. Such a result would be consistent with human capital theory. These results for the late cohort also raise an issue regarding the minimum program effort that must be expended to achieve a significant earnings impact for a group of program enrollees. It may be that, when program resources are severely stretched and spread thin across a large caseload, the amount of attention that can be paid, on average, to each enrollee is not sufficient to reach those enrollees who otherwise could be assisted in obtaining more stable employment. If resources fall below a certain threshold level, then the "placements" or "job entries" recorded by program staff may occur largely in lower-quality jobs.[4] It should be noted, however, that the pattern of earnings impacts for the late cohort is not typical of the effects of job search, even in fairly low-cost programs. In the great majority of previous random assignment studies of programs with a major job search component, earnings impacts have grown for two or three follow-up years. Also, there are potential explanations of the cohort differences in earnings impacts other than changes in Project Independence over time. For example, changing labor market conditions may have played a role: Increasing weakness in the labor market may have contributed to the greater instability of job-holding for the late cohort.

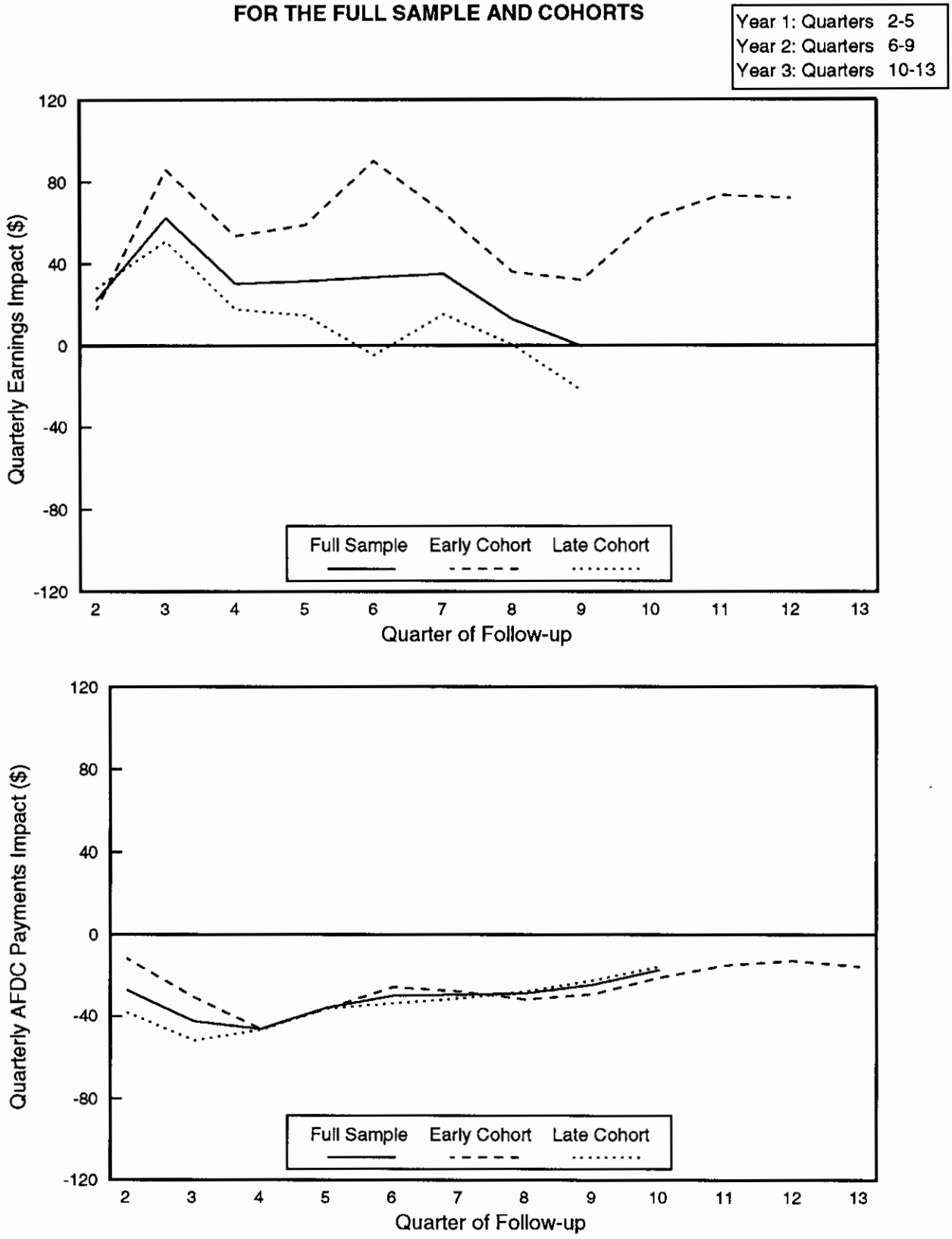
C. Impacts on AFDC Payments

Unlike impacts on earnings, impacts on AFDC payments were quite similar for the two cohorts. Two-year AFDC reductions were $241 for the early cohort and $289 for the late cohort, both statistically significant. The small cohort difference in two-year AFDC impacts was not statistically significant. Year 1 impacts declined somewhat over time for both cohorts, and year 2 savings were almost identical: $115 and $116, respectively, for the early and late cohorts. Figure 6.1 shows almost

[4]An example of possibly overstretched resources may be found in the MDRC study of a job search and work experience program in Chicago during the 1980s (Friedlander et al., 1987).

FIGURE 6.1

PROJECT INDEPENDENCE: IMPACTS ON QUARTERLY EARNINGS AND AFDC PAYMENTS FOR THE FULL SAMPLE AND COHORTS



SOURCES AND NOTES: See Table 6.2.

overlapping time patterns for AFDC impacts for the two cohorts. Impacts on the percentage receiving AFDC, shown in Table 6.2, were also quite similar for the two cohorts.[5]

Since the stretching of Project Independence resources for the late cohort affected the availability of child care, it is likely that program impacts for enrollees with preschool-age children would have been affected more than those for other enrollees. A full assessment of cohort differences, therefore, depends on the analysis of results for subgroups defined by the age of the youngest child, which are reported in the next section.

III. Impacts for Single Parents Who Had Preschool-Age Children

As previously discussed, the impact results by the age of the youngest child are particularly important, given the fact that the Family Support Act of 1988 mandated for the first time at the federal level that single parents with children between the ages of three and five (and as young as age 1, at state option) must participate in welfare-to-work programs. A key policy question is whether JOBS programs can generate significant earnings or AFDC impacts for single parents with children under the age of six, given the special child care needs of preschool-age children.[6] Results for the subgroup with preschool-age children are also important in light of the change in availability of child care over time: Those results may help explain the differences in impacts observed for the early and late cohorts.

A. Impacts on Participation

The top section of Table 6.3 displays estimates of participation (combining Project Independence and non-Project Independence activities) for sample members whose youngest child was six or

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[5]Why should AFDC impacts be so similar when earnings impacts were so dissimilar? The answer may lie, again, in the kinds of employment impacts achieved for the two cohorts. Although not shown in Table 6.2, the impacts on ever employed in year 1 were similar across cohorts, and the differences emerged only in year 2, from the greater increase in stability of employment for the early cohort. AFDC reductions, however, may stem more from the initial push into employment, which is sufficient to speed up AFDC case closure, than from greater employment stability over the longer term. Once off AFDC, many former recipients do not return quickly to public assistance, even if they lose a job. This leads, as reported in the previous chapter, to some increase in time spent off AFDC without employment. Such behavior would explain the patterns of earnings gains and AFDC reductions for the two cohorts. It also suggests a possible trade-off of savings for government budgets against income gains for program enrollees, a trade-off that has been noted in other studies. (See especially Friedlander and Burtless, 1995; and Friedlander and Gueron, 1992.) In particular, it may be possible to achieve some budgetary savings with relatively inexpensive services that speed up job-finding and produce quick case closures. Income gains for program enrollees, on the other hand, may come more from long-term increases in employment stability and earnings on the job.

[6]Subsequent to the launching of the Project Independence evaluation, some impact estimates became available for AFDC recipients with children between the ages of three and five in three counties that were part of the random assignment evaluation of California's GAIN program. In general, the impacts for that subgroup in each county paralleled the impacts obtained in the same county for the subgroup with older children. Over a three-year follow-up period, one county obtained large impacts on earnings and AFDC payments, another produced large (but not statistically significant) impacts on earnings, and the third produced no impacts on either outcome. For details, see Riccio, Friedlander, and Freedman, 1994.

TABLE 6.3

TWO-YEAR IMPACTS OF PROJECT INDEPENDENCE
ON RATES OF PARTICIPATION IN EMPLOYMENT-RELATED ACTIVITIES,
BY AGE OF YOUNGEST CHILD

Subgroup and Participation Measure	Program Group (%)	Control Group (%)	Difference	Percentage Change
Youngest child, age 6 or older				
Ever participated in any employment-related activity (a)	62.4	41.8	20.6	49.3%
Ever participated in independent job search or job club (a)	43.4	22.1	21.3	96.3%
Independent job search	41.6	21.2	20.4	96.3%
Job club	13.4	6.8	6.6	96.3%
Ever participated in education or training (a)	42.3	30.9	11.4	36.8%
ABE or GED	12.9	8.0	4.9	60.6%
ESL	5.0	3.6	1.4	39.1%
Vocational training or post-secondary education	28.7	23.3	5.4	23.1%
On-the-job training	4.7	2.0	2.7	131.8%
Sample size (total = 528)	279	249		
Youngest child, age 3-5				
Ever participated in any employment-related activity (a)	68.2	38.5	29.7	77.1%
Ever participated in independent job search or job club (a)	45.5	15.0	30.4	202.2%
Independent job search	43.6	14.4	29.2	202.2%
Job club	14.1	4.7	9.4	202.2%
Ever participated in education or training (a)	40.9	31.0	9.9	32.1%
ABE or GED	11.6	9.3	2.3	25.1%
ESL	5.1	1.8	3.3	185.3%
Vocational training or post-secondary education	29.3	19.5	9.8	50.4%
On-the-job training	3.5	4.4	-0.9	-19.9%
Sample size (total = 424)	198	226		

SOURCE: The 24-month survey of a subsample of program and control group members.

NOTES: Participation includes Project Independence and non-Project Independence activities.
Tests of statistical significance between research groups were not performed.
Rounding may cause slight discrepancies in calculating sums, averages, and differences.
(a) Individuals could participate in more than one activity during the follow-up period; therefore, the sum of percentages in specific activities may exceed the category percentage.

older, and the bottom section presents the corresponding estimates for those with preschool-age children. Project Independence's impact on overall participation rates was somewhat larger for sample members with preschool-age children than it was for those with older children. The largest difference occurred for independent job search and job club activities, where the impact for those with preschool-age children was 30.4 percentage points, compared to 21.3 percentage points for those whose youngest child was six or older. This difference was due primarily to the difference in control group participation rates in these activities. While 22.1 percent of the control group members whose youngest child was six or older participated in independent job search or job club activities, only 15.0 percent of control group members with preschool-age children did so. The lower participation rates for control group members with preschool-age children (and thus the larger impact on participation rates) may have resulted from difficulties they had in meeting their child care needs on a short-term basis without the help of Project Independence. In fact, Project Independence was able to provide short-term child care for some individuals enrolled in independent job search or job club activities even when child care resources for those in education and training activities were limited or eliminated.

Table 6.3 also shows that Project Independence's impacts on participation in education and training activities were somewhat larger for sample members whose youngest child was six or older (11.4 percentage points), compared to those with preschool-age children (9.9 percentage points). The exception to this is the larger impact on participation in vocational training and post-secondary education for those with preschool-age children (9.8 percentage points versus 5.4 percentage points for those whose youngest child was six or older). Again, this resulted primarily from the lower participation rate among control group members with preschool-age children compared to control group members whose youngest child was six or older.

B. Impacts on Employment and Earnings

Table 6.4 presents the two-year impacts on employment, earnings, AFDC receipt, and AFDC payments for the two subgroups defined by the age of the youngest child.[7] For the subgroup without preschool-age children, the impact on employment over the two-year follow-up was 4.2 percentage points. Employment impacts were found in years 1 and 2, but employment among program and control group members had converged by the last quarter of year 2, leaving only a small difference. Two-year earnings impacts totaled $473 per sample member, an increase of 8.2 percent over the average for the control group. Earnings impacts were larger in year 1 than in year 2, but year 2 impacts accounted for nearly 40 percent of the two-year total. It may be expected that total earnings gains will continue to accumulate beyond year 2.

The picture was quite different for sample members with a child three to five years old. There was a 3.1 percentage point employment impact in year 1, not much lower than that for the subgroup without young children. But this effect had largely dissipated by year 2. The measure "ever employed over the full two-year follow-up period" increased only slightly, indicating that the employment increase in year 1 represented faster job-finding among sample members who would eventually have found work even without Project Independence. Earnings impacts were quite small and not statistically significant in year 1 and they declined in year 2, producing a two-year total earnings increase of only

[7]It should be noted that there were substantially smaller earnings impacts for the group of sample members who could not be classified according to the age of their youngest child. This implies that the impacts for one or both subgroups defined by the age of the youngest child would have been somewhat smaller if the full sample had had no missing data on the age of the youngest child.

TABLE 6.4

TWO-YEAR IMPACTS OF PROJECT INDEPENDENCE
ON EMPLOYMENT, EARNINGS, AFDC RECEIPT, AND AFDC PAYMENTS,
BY AGE OF YOUNGEST CHILD

Subgroup, Outcome, and Follow-up Period	Program Group	Control Group	Difference	Percentage Change
Youngest child, age 6 or older				
Ever employed (%)				
Years 1-2	67.1	62.9	4.2 ***	6.7%
Year 1	56.7	52.6	4.1 ***	7.8%
Year 2	54.0	50.0	4.0 ***	8.0%
Last quarter of year 2	39.1	37.4	1.7	4.6%
Average total earnings ($)				
Years 1-2	6228	5755	473 **	8.2%
Year 1	2790	2506	284 ***	11.3%
Year 2	3438	3249	190	5.8%
Ever received any AFDC payments (%)				
Years 1-2	87.5	89.1	-1.6 **	-1.8%
Last quarter of year 1	61.4	66.8	-5.4 ***	-8.1%
Last quarter of year 2	48.3	51.3	-3.0 ***	-5.9%
Average total AFDC payments received ($)				
Years 1-2	3720	4024	-304 ***	-7.5%
Year 1	2053	2224	-171 ***	-7.7%
Year 2	1667	1800	-133 ***	-7.4%
Sample size (total = 9,312)	6,926	2,386		
Youngest child, age 3-5				
Ever employed (%)				
Years 1-2	65.9	64.1	1.8	2.8%
Year 1	54.8	51.7	3.1 **	6.1%
Year 2	52.3	51.8	0.5	0.9%
Last quarter of year 2	37.0	38.4	-1.4	-3.6%
Average total earnings ($)				
Years 1-2	5202	5183	20	0.4%
Year 1	2268	2214	54	2.4%
Year 2	2935	2969	-34	-1.1%
Ever received any AFDC payments (%)				
Years 1-2	90.5	90.8	-0.4	-0.4%
Last quarter of year 1	68.6	71.3	-2.7 **	-3.7%
Last quarter of year 2	55.6	57.2	-1.6	-2.9%
Average total AFDC payments received ($)				
Years 1-2	4467	4677	-210 ***	-4.5%
Year 1	2405	2538	-133 ***	-5.2%
Year 2	2062	2139	-77 *	-3.6%
Sample size (total = 7,211)	5,321	1,890		

SOURCES: MDRC calculations from Florida Unemployment Insurance (UI) earnings records and AFDC records.

NOTES: See Table 6.2.
Differences in two-year impacts on earnings and AFDC payments between child-age subgroups were not statistically significant at the 10 percent level.

$20, which was not statistically significant and was only 0.4 percent of average earnings for control group members in this subgroup. It should be added, however, that the difference in total earnings impacts for the two subgroups was not statistically significant, indicating that there is some uncertainty about whether real differences between the subgroups do exist.

As suggested above, one potential explanation for the small earnings impacts for those with younger children is that this subgroup encountered more formidable labor market barriers as a result of their need for child care. If child care barriers were pervasive throughout this subgroup, however, one would expect the average earnings for control group members with children three to five years old to have been considerably smaller than those of their counterparts with older children. Although there was a difference between these groups' average earnings, it was not very large: Control group members whose youngest child was six years old or older had average earnings of $5,755 during the two-year follow-up period compared to $5,183 for the group with preschool-age children (see Table 6.4). This suggests that child care was not a severe barrier to employment for at least some of the single parents with preschool-age children. Child care may nevertheless have been a severe barrier for many others in this subgroup. As discussed below, this barrier may have been felt most strongly by those in the late cohort, when child care availability was constrained.

C. Impacts on AFDC Receipt and Payments

Child care barriers could also lead to longer periods of welfare receipt among single parents with preschool-age children. There were moderate differences in the levels of AFDC payments for the two control groups defined by the age of the youngest child. Whereas control group members with no preschool-age children received $4,024 during the two years of follow-up, the comparable figure for those with preschool-age children was $4,677. The latter subgroup was more likely to remain on AFDC longer, but the differences were moderate rather than large: 57.2 percent were still on aid in the last quarter of year 2, compared to 51.3 percent for the subgroup with no young children.

The two-year AFDC savings for those with preschool-age children were somewhat smaller than those for program group members with no preschool-age children: $210 and $304, respectively. Both of these impacts were statistically significant (see Table 6.4), and the difference between them was not statistically significant. For the subgroup without preschool-age children, there was a 1.6 percentage point decrease (statistically significant) in the "ever received AFDC" rate for the two years, indicating a slight reduction in the completion of AFDC applications, but this effect was not found for the subgroup with preschool-age children. In addition, impacts on AFDC payments declined from year 1 to year 2 at a faster rate for the subgroup with preschool-age children. Although cumulative AFDC savings appear likely to continue to increase beyond year 2, the increases will probably be larger for the subgroup without preschool-age children.

D. Parents of Preschool-Age Children in the Early and Late Cohorts

Table 6.5 presents impacts on participation in employment-related activities for the two age-of-youngest-child subgroups within the early and late cohorts. It shows that the impact on participation for those whose youngest child was age six or older remained stable across cohorts at about 20.5 percent. For those with preschool-age children, however, the program's impact on participation in any employment-related activity declined from 35.4 percentage points for the early cohort to 24.4 percentage points for the late cohort. For this subgroup, impacts on participation in independent job search or job club activities were the same in both cohorts, but the impact on participation in education and training activities declined from 18.5 percentage points for the early cohort to 2.7 percentage

TABLE 6.5

TWO-YEAR IMPACTS OF PROJECT INDEPENDENCE ON RATES OF PARTICIPATION IN EMPLOYMENT-RELATED ACTIVITIES, BY AGE OF YOUNGEST CHILD AND RANDOM ASSIGNMENT COHORT

Subgroup and Participation Measure	Program Group (%)	Control Group (%)	Difference	Percentage Change
Youngest child, age 6 or older:				
Early cohort Sample size (total = 219)				
Ever participated in any employment-related activity (a)	65.6	45.0	20.6	45.8%
Ever participated in independent job search or job club (a)	45.4	23.0	22.4	97.3%
Independent job search	43.6	22.1	21.5	97.3%
Job club	14.1	7.1	6.9	97.3%
Ever participated in education or training (a)	44.5	33.0	11.5	35.0%
ABE or GED	12.6	7.0	5.6	80.1%
ESL	1.7	6.0	-4.3	-72.0%
Vocational training or post-secondary education	33.6	25.0	8.6	34.4%
On-the-job training	6.7	3.0	3.7	124.0%
Late cohort Sample size (total = 309)				
Ever participated in any employment-related activity (a)	60.0	39.6	20.4	51.5%
Ever participated in independent job search or job club (a)	41.9	21.5	20.4	95.0%
Independent job search	40.2	20.6	19.6	95.0%
Job club	13.0	6.7	6.3	95.0%
Ever participated in education or training (a)	40.6	29.5	11.1	37.6%
ABE or GED	13.1	8.7	4.4	50.6%
ESL	7.5	2.0	5.5	273.1%
Vocational training or post-secondary education	25.0	22.2	2.9	12.9%
On-the-job training	3.1	1.3	1.8	133.6%
Youngest child, age 3-5:				
Early cohort Sample size (total = 182)				
Ever participated in any employment-related activity (a)	77.8	42.4	35.4	83.5%
Ever participated in independent job search or job club (a)	50.0	20.7	29.4	142.1%
Independent job search	48.0	19.8	28.2	142.1%
Job club	15.5	6.4	9.1	142.1%
Ever participated in education or training (a)	50.0	31.5	18.5	58.6%
ABE or GED	10.0	9.8	0.2	2.2%
ESL	6.7	1.1	5.6	511.9%
Vocational training or post-secondary education	36.7	19.6	17.1	87.4%
On-the-job training	3.3	6.5	-3.2	-48.9%
Late cohort Sample size (total = 242)				
Ever participated in any employment-related activity (a)	60.2	35.8	24.4	68.0%
Ever participated in independent job search or job club (a)	41.7	11.2	30.5	272.4%
Independent job search	40.0	10.7	29.3	272.4%
Job club	12.9	3.5	9.4	272.4%
Ever participated in education or training (a)	33.3	30.6	2.7	8.9%
ABE or GED	13.0	9.0	4.0	44.6%
ESL	3.7	2.2	1.5	65.2%
Vocational training or post-secondary education	23.2	19.4	3.8	19.3%
On-the-job training	3.7	3.0	0.7	23.7%

(continued)

TABLE 6.5 (continued)

SOURCE: The 24-month survey of a subsample of program and control group members.

NOTES: Participation includes Project Independence and non-Project Independence activities.
Tests of statistical significance between research groups were not performed.
Rounding may cause slight discrepancies in calculating sums, averages, and differences.
(a) Individuals could participate in more than one activity during the follow-up period; therefore, the sum of the percentages in specific activities may exceed the category percentage.

points for the late cohort. At the same time, the impact on participation in education and training activities for those whose youngest child was age six or older remained at just over 11 percentage points in both cohorts.

These estimates suggest that Project Independence child care enabled the new JOBS-mandatories to achieve a large impact on participation in the longer program activities, namely, education and training. Reduced availability of Project Independence child care for the late cohort inhibited their ability to participate in those activities. But were these dramatic differences in participation associated with differences in impacts and earnings and AFDC payments? Table 6.6 displays impacts for the age-of-youngest-child subgroups by cohort.

The table indicates that the two-year earnings impact for those with preschool-age children was larger in the early cohort than in the late cohort. The inter-cohort differences were most apparent during year 2, when the subgroup with preschool-age children in the early cohort had an earnings impact of $216; the comparable figure for the same subgroup in the late cohort was -$189. The early cohort experienced an increase in earnings impacts from year 1 to year 2 (although neither impact was statistically significant). By year 3, however, earnings impacts for the early cohort of the subgroup with preschool-age children showed a marked decline. The earnings impact in year 3 was less than half what it had been in year 2. This decline appears to have been at least partly associated with control group "catch-up," i.e., the gradual increase in earnings for the control group over time. For AFDC payments, impacts had declined almost to zero by year 3. This pattern of growth and then decline of impacts is evidence of the challenge of achieving lasting impacts with the new JOBS-mandatory subgroup.

For the subgroup with no preschool-age children, none of the differences in early-cohort versus late-cohort earnings impacts was very large, indicating that the change in availability of child care did not affect this subgroup. Moreover, third-year impact estimates for the early cohort of this subgroup suggest that program effects may be more persistent than is indicated by the two-year data alone. Earnings impacts for the early cohort in year 3 were $424 (4/3 times earnings for quarters 10 through 12), a statistically significant increase and more than double the earnings impacts of year 2. Why earnings impacts should have shown a slight decline from year 1 to year 2 is unclear, but the quarter-by-quarter pattern of earnings results (not shown) indicates that earnings impacts are likely to continue for this subgroup in the early cohort beyond year 3. The apparent persistence of earnings impacts for the early-cohort subgroup with no preschool-age children is typical of the pattern of impacts found in prior studies of programs featuring job search and working with this same subgroup. The reductions in AFDC payments in year 2 continued in year 3. They held at $101 (statistically significant), almost the same as in year 2, although the quarter-by-quarter results (not shown) indicate that these impacts are likely to be lower in year 4 and beyond.

IV. Impacts for Subgroups Defined by Job-Readiness Status and Welfare History

A. Impacts on Subgroups Defined by Job-Readiness Status

Project Independence classified new enrollees as either "job-ready" or not. The small subgroup classified as not job-ready was not required to participate in independent job search and job club as their first activity in order to give them an opportunity to participate in education or training activities. The effects of this treatment difference, in combination with differences in socioeconomic

TABLE 6.6

TWO-YEAR IMPACTS OF PROJECT INDEPENDENCE ON EARNINGS AND AFDC PAYMENTS, BY AGE OF YOUNGEST CHILD AND RANDOM ASSIGNMENT COHORT

Subgroup and Follow-up Period	Percentage of Sample	Average Total Earnings				Average Total AFDC Payments			
		Program Group ($)	Control Group ($)	Difference ($)	Percentage Change	Program Group ($)	Control Group ($)	Difference ($)	Percentage Change
Youngest child, age 6 or older:									
Early cohort	23.1								
Years 1-2		6010	5521	489	8.9%	3641	3885	-244 **	-6.3%
Year 1		2714	2436	278 *	11.4%	1943	2082	-139 ***	-6.7%
Year 2		3296	3085	211	6.8%	1698	1803	-105 *	-5.8%
Year 3 (a)		3668	3244	424 **	13.1%	1254	1355	-101 *	-7.5%
Last available quarter of year 3 (b)		949	825	124 **	15.0%	281	303	-22	-7.1%
Late cohort	33.3								
Years 1-2		6386	5899	487 *	8.3%	3775	4122	-347 ***	-8.4%
Year 1		2848	2541	307 **	12.1%	2130	2321	-192 ***	-8.3%
Year 2		3538	3358	181	5.4%	1645	1800	-155 ***	-8.6%
Last quarter of year 2		917	913	4	0.5%	347	375	-28 **	-7.6%
Youngest child, age 3-5:									
Early cohort	19.0								
Years 1-2		5197	4839	358	7.4%	4495	4698	-203 *	-4.3%
Year 1		2271	2128	142	6.7%	2364	2450	-86	-3.5%
Year 2		2927	2711	216	8.0%	2131	2248	-117 *	-5.2%
Year 3 (a)		3355	3257	97	3.0%	1670	1673	-2	-0.1%
Last available quarter of year 3 (b)		872	859	13	1.5%	384	385	-0	-0.1%
Late cohort	24.6								
Years 1-2		5220	5395	-175	-3.2%	4439	4679	-241 ***	-5.1%
Year 1		2272	2258	14	0.6%	2433	2614	-182 ***	-7.0%
Year 2		2948	3137	-189	-6.0%	2006	2065	-59	-2.8%
Last quarter of year 2		775	844	-69	-8.2%	431	445	-14	-3.1%

SOURCES: MDRC calculations from Florida Unemployment Insurance (UI) earnings records and AFDC records.

NOTES: See Table 6.2.
Variation in two-year impacts on earnings and AFDC payments across the four cohort/subgroup categories was not statistically significant at the 10 percent level.
(a) Year 3 earnings equal the sum for quarters 10 through 12 times 4/3.
(b) For the early cohort, AFDC data were available for all of year 3, but earnings data were available only for the first three quarters.

characteristics (see Chapter 2, Section IIC), may have led to different activity rates and different impacts for the job-ready and not job-ready subgroups. This section analyzes such differences.

During the period of random assignment, a program enrollee was judged job-ready if she had attained the tenth grade in school or had worked in at least 12 of the previous 36 months. As discussed in Chapter 1, however, Project Independence later changed its job-readiness definition to let more enrollees participate in education and training activities.[8] An important rationale for this modification was that many of the job-ready participants (particularly those with no high school diploma or GED) may not have been served effectively by the program's up-front emphasis on independent job search.

Table 6.7 presents the findings on Project Independence's impact on participation in employment-related activities for three subgroups defined by combinations of the original and modified job-readiness criteria.[9] The top panel includes those who would be defined as job-ready using either set of criteria. This group is referred to in this analysis as the "job-ready subgroup." The middle panel includes those who would be defined as job-ready using the original criteria, but would be defined as not job-ready using the new criteria because they had no high school diploma or GED. This group is referred to in this analysis as the "modified job-ready subgroup."[10] The bottom panel includes those who would be defined as not job-ready using either set of criteria. This group is referred to in this analysis as the "not job-ready subgroup." The discussion first compares the job-ready and not job-ready subgroups and then examines the modified job-ready subgroup.

As shown in Table 6.7, participation rates for the not job-ready subgroup (both program and control groups) were lower than those for the job-ready subgroup. In addition, Project Independence had a much larger impact on participation in independent job search and job club for the job-ready subgroup: 27.1 percentage points compared to 15.8 percentage points for the not job-ready subgroup. This is largely because the not job-ready program group members were much less likely to have participated in independent job search or job club activities than their counterparts in the job-ready subgroup. Not surprisingly, the program had a larger impact on participation in ABE or GED classes for the not job-ready subgroup (9.1 percentage points compared to 2.1 percentage points for the job-

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[8]Under the modified criteria, job-readiness is defined as having a high school diploma or GED *or* having worked in at least 12 of the 24 months prior to orientation. "Not job-ready" is defined as having no high school diploma or GED *and* not having worked in at least 12 of the 24 months prior to orientation. This change went into effect in October 1991, and is not likely to have affected members of the research sample during the follow-up period, since almost all of the program group members who attended orientation did so before the change was made.

[9]To ascertain which sample members met (or did not meet) these criteria, the program group members' Background Information Forms (BIFs) were analyzed with respect to educational attainment levels and work experience. That information served as the basis for constructing the job-ready and not job-ready subgroups used in the present analysis (and in Table 6.11). However, case managers were allowed to make some exceptions to the job-readiness criteria when referring individuals to their first activity.

[10]It was not possible to define research sample members according to the complete set of revised job-readiness criteria because the BIFs collected data only on employment in the previous 36 months (in accordance with the original job-readiness criteria), not the previous 24 months (as prescribed in the revised job-readiness definition).

TABLE 6.7

TWO-YEAR IMPACTS OF PROJECT INDEPENDENCE
ON RATES OF PARTICIPATION IN EMPLOYMENT-RELATED ACTIVITIES,
BY JOB-READINESS STATUS

Subgroup and Participation Measure	Program Group (%)	Control Group (%)	Difference	Percentage Change
Job-ready (high school diploma or GED) (a)				
Ever participated in any employment-related activity (b)	64.7	40.9	23.9	58.4%
Ever participated in independent job search or job club (b)	45.4	18.3	27.1	148.1%
Independent job search	43.5	17.5	26.0	148.1%
Job club	14.1	5.7	8.4	148.1%
Ever participated in education or training (b)	42.2	31.5	10.7	34.1%
ABE or GED	7.4	5.4	2.1	38.1%
ESL	4.8	2.7	2.1	77.3%
Vocational training or post-secondary education	32.9	25.3	7.6	30.2%
On-the-job training	4.5	3.5	1.0	29.2%
Sample size (total = 749)	377	372		
Modified job-ready (no high school diploma or GED) (c)				
Ever participated in any employment-related activity (b)	66.2	37.3	28.9	77.5%
Ever participated in independent job search or job club (b)	38.2	18.6	19.6	105.2%
Independent job search	36.7	17.9	18.8	105.2%
Job club	11.9	5.8	6.1	105.2%
Ever participated in education or training (b)	48.5	32.2	16.3	50.7%
ABE or GED	32.4	20.3	12.0	59.0%
ESL	5.9	1.7	4.2	247.9%
Vocational training or post-secondary education	26.5	13.6	12.9	95.2%
On-the-job training	4.4	3.4	1.0	30.1%
Sample size (total = 127)	68	59		
Not job-ready				
Ever participated in any employment-related activity (b)	55.3	31.0	24.4	78.7%
Ever participated in independent job search or job club (b)	27.7	11.9	15.8	132.4%
Independent job search	26.6	11.4	15.1	132.4%
Job club	8.6	3.7	4.9	132.4%
Ever participated in education or training (b)	34.0	23.8	10.2	43.0%
ABE or GED	23.4	14.3	9.1	63.8%
ESL	2.1	0.0	2.1	n/a
Vocational training or post-secondary education	10.6	7.1	3.5	49.0%
On-the-job training	2.1	2.4	-0.3	-10.5%
Sample size (total = 89)	47	42		

(continued)

TABLE 6.7 (continued)

SOURCE: The 24-month survey of a subsample of program and control group members.

NOTES: Participation includes Project Independence and non-Project Independence activities.

Tests of statistical significance between research groups were not performed.

Rounding may cause slight discrepancies in calculating sums, averages, and differences.

Sample members are defined as "job-ready" if they had completed at least 10th grade or were employed for at least 12 of the 36 months prior to random assignment. They are defined as "not job-ready" if they did not meet both criteria. These definitions are based on those used by Project Independence during the the random assignment period.

"N/a" (not available) is used where the percentage change cannot be calculated.

(a) Sample members in this category are defined as job-ready under the definition stated above and had earned a high school diploma or GED by the time of random assignment.

(b) Individuals could participate in more than one activity during the follow-up period; therefore, the sum of percentages in specific activities may exceed the category percentage.

(c) Sample members in this category are defined as job-ready under the definition stated above and had not earned a high school diploma or GED by the time of random assignment.

ready subgroup). On the other hand, the impact on vocational training or post-secondary education was larger for the job-ready (7.6 percentage points versus 3.5 percentage points for the not job-ready).

Although not shown in Table 6.7, the job-ready subgroup was much more likely to have participated in *both* independent job search or job club and education or training as a result of Project Independence than the not job-ready subgroup. In particular, Project Independence more than doubled the percentage of job-ready program group members who received both types of services, while increasing the rate at which not job-ready program group members participated in both types of activities by less than one-third.

As shown in Table 6.8, patterns of impacts on earnings and AFDC payments were different for the job-ready and not job-ready subgroups.[11] The job-ready subgroup showed earnings impacts in year 1 but a much smaller impact in year 2. AFDC impacts were relatively large in both years, although there was some decline over time. Total AFDC reductions exceeded earnings gains, and the divergence is likely to increase with more follow-up. In contrast, the not job-ready subgroup showed no earnings impact in year 1. The gains in year 2 were relatively large, however: nearly $300 per sample member. AFDC savings, on the other hand, were less than $100 in year 1 and were even smaller in year 2. The two-year AFDC savings of $144 over two years were less than half the two-year earnings gain of $318 and were also less than half the two-year AFDC savings for those in the job-ready category.

An examination of control group outcomes for these two subgroups suggests a possible explanation for the opposite patterns of impacts. Earnings for the job-ready subgroup grew over time, from $2,809 in year 1 to $3,729 in year 2. Evidently, many control group members in that subgroup found employment on their own. Project Independence speeded up job-finding and got some people off AFDC sooner, thereby producing initial earnings gains and AFDC reductions. But, by year 2, control group members' earnings had substantially caught up with those of program group members. AFDC impacts therefore persisted longer than earnings impacts but may be expected to decrease further after year 2.

The not job-ready subgroup had much less chance of becoming employed on their own. As shown in Table 6.8, control group members in this subgroup had year 1 earnings of only $1,008, and these increased only slightly to $1,109, in year 2. The two-year average was only about one-third the two-year average for the job-ready subgroup. Efforts by Project Independence to increase the skills levels of the not job-ready subgroup did, apparently, increase earning power, but the human-capital-building activities took much longer to complete than the primarily independent job search activities of the job-ready subgroup. Earnings impacts for the not job-ready subgroup therefore took longer to appear. These earnings impacts may last longer, beyond year 2, because an increase in earning power should give program graduates a more permanent labor market advantage than faster job-finding alone. The trade-off appears to have been fewer AFDC case closures. The absence of a strong initial push into employment, coupled with the more lengthy program activities, may have been the reason for the absence of AFDC impacts in years 1 and 2. Since control group AFDC receipt is continuing to decrease among the not job-ready, it is by no means certain that AFDC reductions will begin to appear for the not job-ready after year 2, even if their earnings impacts continue.

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[11]Table 6.11 shows impacts for the first two job-readiness categories combined.

TABLE 6.8

TWO-YEAR IMPACTS OF PROJECT INDEPENDENCE ON EARNINGS AND AFDC PAYMENTS, BY JOB-READINESS STATUS

Subgroup, Outcome, and Follow-up Period	Program Group ($)	Control Group ($)	Difference	Percentage Change
Job-ready (high school diploma or GED) (a)				
Average earnings				
Years 1-2	6852	6538	314 *	4.8%
Year 1	3044	2809	235 ***	8.4%
Year 2	3808	3729	80	2.1%
Last quarter of year 2	1003	1013	-10	-1.0%
Average AFDC payments received				
Years 1-2	3752	4101	-349 ***	-8.5%
Year 1	2057	2259	-202 ***	-8.9%
Year 2	1695	1842	-147 ***	-8.0%
Last quarter of year 2	375	404	-29 ***	-7.2%
Sample size (total = 12,537)	9,356	3,181		
Modified job-ready (no high school diploma or GED) (b)				
Average earnings				
Years 1-2	3113	2904	209	7.2%
Year 1	1342	1320	22	1.7%
Year 2	1772	1584	187	11.8%
Last quarter of year 2	458	438	20	4.6%
Average AFDC payments received				
Years 1-2	4822	4990	-168	-3.4%
Year 1	2578	2607	-29	-1.1%
Year 2	2244	2382	-139 *	-5.8%
Last quarter of year 2	509	542	-34	-6.2%
Sample size (total = 2,395)	1,743	652		
Not job-ready				
Average earnings				
Years 1-2	2435	2117	318	15.0%
Year 1	1035	1008	27	2.7%
Year 2	1400	1109	290 *	26.2%
Last quarter of year 2	391	270	120 **	44.6%
Average AFDC payments received				
Years 1-2	4518	4662	-144	-3.1%
Year 1	2467	2564	-97	-3.8%
Year 2	2051	2098	-47	-2.2%
Last quarter of year 2	456	479	-23	-4.8%
Sample size (total = 1,816)	1,349	467		

(continued)

TABLE 6.8 (continued)

SOURCES: MDRC calculations from Florida Unemployment Insurance (UI) earnings records and AFDC records.

NOTES: See Table 6.2.

Variation in two-year impacts on earnings and AFDC payments across job-readiness subgroups was not statistically significant at the 10 percent level.

Sample members are defined as "job-ready" if they had completed at least 10th grade or were employed for at least 12 of the 36 months prior to random assignment. They are defined as "not job-ready" if they did not meet both criteria. These definitions are based on those used by Project Independence during the the random assignment period.

(a) Sample members in this category are defined as job-ready under the definition stated above and had earned a high school diploma or GED by the time of random assignment.

(b) Sample members in this category are defined as job-ready under the definition stated above and had not earned a high school diploma or GED by the time of random assignment.

What were Project Independence's effects on the middle subgroup? In general, Table 6.7 indicates that the program's impact on independent job search and job club for the modified job-ready subgroup fell in between the comparable impacts for the job-ready and not job-ready subgroups. At the same time, the impact on participation in education and training for the modified job-ready subgroup was larger than it was for either the job-ready or the not job-ready subgroup. The largest impact occurred on participation in vocational training and post-secondary education.

The estimates in Table 6.8 indicate that there were no statistically significant impacts on two-year earnings for the modified job-ready subgroup. The two-year impact on earnings for this subgroup was $209 (compared to $314 for the remainder of the job-ready subgroup and $318 for the not job-ready subgroup). The two-year AFDC savings were $168 – similar in magnitude to the savings for the not job-ready ($144), but less than the savings for the job-ready ($349). The overall differences in impacts among the three subgroups were not statistically significant. Nevertheless, the increase in impacts on earnings and AFDC payments for the middle group from year 1 to year 2 is consistent with the relatively large impact on education and training participation rates reported for that group. It also suggests that the up-front independent job search did not have a payoff for this group.

B. Impacts on Long-Term AFDC Recipients

This section addresses the question of whether Project Independence's impacts varied for subgroups defined on the basis of their prior AFDC history. This issue has taken on particular importance because the Family Support Act of 1988 requires states to focus more than half of their resources on target groups that include longer-term AFDC recipients.[12] For purposes of the present analysis, prior welfare history can be analyzed along two dimensions. The first is the number of years of prior AFDC receipt. The second is whether the sample member was receiving AFDC at the time of random assignment. Sample members who were applying for AFDC at the time of random assignment are called "applicants"; those who were already on AFDC are called "recipients." Both applicants and recipients may have had short or long histories of prior AFDC receipt, possibly in one or more prior spells of receipt.

Several previous evaluations of welfare-to-work programs have examined impacts for subgroups defined by prior AFDC receipt patterns. These evaluations have found that applicants with no prior AFDC receipt have generally produced below-average earnings gains and AFDC reductions.[13] This is because many first-time applicants find jobs and leave AFDC fairly quickly even without program assistance. The ability of a program to *increase* job-finding and welfare case closure, above and beyond normal behavior, is therefore limited for this subgroup. The impacts for those with some previous AFDC receipt have varied, depending on the program and the outcome measure. Long-term AFDC recipients have usually accounted for a major share of AFDC reductions (in programs that had any welfare impacts), but have not as consistently obtained sizable earnings gains. In the absence of

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[12]Specifically, federal law requires that a minimum of 55 percent of JOBS expenditures be directed to participants who belonged to specified "target groups." One of these target groups includes those who have received AFDC for a minimum of 36 of the previous 60 months.

[13]See Friedlander, 1988; Gueron and Pauly, 1991; and Riccio, Friedlander, and Freedman, 1994. One exception was the San Diego Saturation Work Initiative Model (SWIM) Program, which generated substantial impacts for first-time applicants. For those results, see Friedlander and Hamilton, 1993.

a program intervention, long-term AFDC recipients often tend to remain on AFDC for several years into the future, so any program-induced changes in their behavior can result in relatively large AFDC reductions. However, the very low skills levels of many long-termers reduce their ability to sustain employment over the long run. These low levels of skills may partly explain the lack of consistent earnings impacts for this subgroup in the low- to moderate-cost programs of the past.

The Project Independence research sample was divided into three subgroups based on sample members' history of AFDC receipt prior to random assignment: first-time applicants, AFDC receipt totaling less than two years on the person's own or spouse's case ("short-term" applicants and recipients), and AFDC receipt totaling two years or more on the person's own or spouse's case ("long-term" applicants and recipients).[14] Note that "applicants" to AFDC often have received AFDC previously, and such persons may be classified as short term or long term. As shown in Table 6.9, the overall participation rates among program group members and the program's impact on participation rates for the three subgroups were generally similar. The primary exceptions were the relatively high rate of participation in ESL classes among first-time applicants (in both the program and control groups) and the relatively low rate of participation in vocational training or post-secondary education classes among long-term applicants and recipients in the program group.

Impact estimates for the welfare history subgroups are displayed in Table 6.10. As has been the pattern in previous studies, first-time applicants realized a small and not statistically significant earnings impact: $54 over the two-year follow-up. Surprisingly, those who had two years or more of prior AFDC receipt generated the largest two-year earnings impact, $738 per sample member. The $87 earnings impact for those with less than two years of prior AFDC receipt was similar to the impact for first-time applicants. The differences in the two-year earnings impacts among these three subgroups *were* statistically significant. Despite their larger impacts, program group members with two years or more of previous AFDC receipt had average earnings that were substantially lower than the earnings of those with fewer months of past AFDC receipt. Even in year 2, the average earnings of program group members with longer prior AFDC receipt were $2,413, compared to $3,134 for those with less than two years of AFDC receipt and $3,775 for first-time applicants (zero earnings were included in the averages for sample members who were not employed).

AFDC payments impacts for the three subgroups were closer in size than the earnings impacts and were not correlated with subgroup earnings impacts. The two-year AFDC savings were $407 for those with two years or more of receipt, $295 for those with less than two years of receipt, and $252 for first-time applicants. The differences among the three subgroups in these impacts on AFDC payments were not statistically significant.

Each of the two subgroups with prior AFDC receipt can be further divided by their status as applicants or recipients. Specifically, there are applicants and recipients with less than two years of prior AFDC receipt and applicants and recipients with two years or more of prior AFDC receipt. Combined with the first-time applicants, this leads to a five-way breakdown of the sample. The impacts for each of these five subgroups are reported in Table 6.11. This table reveals that applicants

[14]These definitions differ from those used in other MDRC studies of welfare-to-work programs. In most of these studies, applicants were defined as a single group, and only ongoing recipients were divided into subgroups defined by long-term and short-term AFDC histories.

TABLE 6.9

TWO-YEAR IMPACTS OF PROJECT INDEPENDENCE
ON RATES OF PARTICIPATION IN EMPLOYMENT-RELATED ACTIVITIES,
BY AFDC HISTORY

Subgroup and Participation Measure	Program Group (%)	Control Group (%)	Difference	Percentage Change
First-time applicant				
Ever participated in any employment-related activity (a)	63.3	39.0	24.3	62.3%
Ever participated in independent job search or job club (a)	41.2	13.2	28.0	212.4%
Independent job search	39.6	12.7	26.9	212.4%
Job club	12.8	4.1	8.7	212.4%
Ever participated in education or training (a)	43.7	33.5	10.2	30.4%
ABE or GED	10.1	5.5	4.6	83.1%
ESL	8.5	6.6	1.9	29.6%
Vocational training or post-secondary education	30.2	22.0	8.2	37.2%
On-the-job training	4.0	2.8	1.3	46.2%
Sample size (total = 381)	199	182		
Less than two years (b)				
Ever participated in any employment-related activity (a)	64.9	42.9	22.0	51.3%
Ever participated in independent job search or job club (a)	43.6	20.7	22.9	110.7%
Independent job search	41.9	19.9	22.0	110.7%
Job club	13.5	6.4	7.1	110.7%
Ever participated in education or training (a)	40.6	30.0	10.6	35.4%
ABE or GED	12.7	9.3	3.4	37.0%
ESL	2.4	0.0	2.4	n/a
Vocational training or post-secondary education	30.9	21.4	9.5	44.2%
On-the-job training	3.0	5.0	-2.0	-39.4%
Sample size (total = 305)	165	140		
Two years or more (b)				
Ever participated in any employment-related activity (a)	61.8	39.3	22.5	57.4%
Ever participated in independent job search or job club (a)	43.1	21.5	21.6	100.7%
Independent job search	41.4	20.6	20.8	100.7%
Job club	13.4	6.7	6.7	100.7%
Ever participated in education or training (a)	39.0	28.2	10.8	38.3%
ABE or GED	13.8	9.8	4.0	40.7%
ESL	1.6	1.2	0.4	32.5%
Vocational training or post-secondary education	25.2	20.9	4.3	20.8%
On-the-job training	5.7	2.5	3.2	132.2%
Sample size (total = 286)	123	163		

SOURCE: The 24-month survey of a subsample of program and control group members.

NOTES: Participation includes Project Independence and non-Project Independence activities.
Tests of statistical significance between research groups were not performed.
Rounding may cause slight discrepancies in calculating sums, averages, and differences.
"N/a" (not applicable) is used where the percentage change cannot be calculated.
(a) Individuals could participate in more than one activity during the follow-up period; therefore, the sum of percentages in specific activities may exceed the category percentage.
(b) This subgroup includes both applicants and recipients, and refers to the total number of months accumulated from one or more spells on an individual's or spouse's AFDC case. It does not include AFDC receipt under a parent's name.

TABLE 6.10

TWO-YEAR IMPACTS OF PROJECT INDEPENDENCE ON EARNINGS AND AFDC PAYMENTS, BY AFDC HISTORY

Subgroup, Outcome, and Follow-up Period	Program Group ($)	Control Group ($)	Difference	Percentage Change
First-time applicant				
Average earnings				
Years 1-2	6734	6680	54	0.8%
Year 1	2959	2920	39	1.3%
Year 2	3775	3759	15	0.4%
Last quarter of year 2	1004	992	12	1.2%
Average AFDC payments received				
Years 1-2	3286	3538	-252 ***	-7.1%
Year 1	1830	1972	-141 ***	-7.2%
Year 2	1456	1566	-110 ***	-7.1%
Last quarter of year 2	313	351	-37 ***	-10.6%
Sample size (total = 7,118)	5,311	1,807		
Less than two years (a)				
Average earnings				
Years 1-2	5651	5564	87	1.6%
Year 1	2516	2367	150	6.3%
Year 2	3134	3197	-63	-2.0%
Last quarter of year 2	827	872	-45	-5.1%
Average AFDC payments received				
Years 1-2	4188	4484	-295 ***	-6.6%
Year 1	2274	2474	-200 ***	-8.1%
Year 2	1914	2010	-96 *	-4.8%
Last quarter of year 2	426	439	-13	-2.9%
Sample size (total = 5,163)	3,851	1,312		
Two years or more (a)				
Average earnings				
Years 1-2	4382	3644	738 ***	20.3%
Year 1	1969	1584	385 ***	24.3%
Year 2	2413	2060	353 ***	17.1%
Last quarter of year 2	616	584	32	5.5%
Average AFDC payments received				
Years 1-2	4946	5353	-407 ***	-7.6%
Year 1	2642	2831	-189 ***	-6.7%
Year 2	2304	2522	-218 ***	-8.6%
Last quarter of year 2	529	566	-37 **	-6.6%
Sample size (total = 4,620)	3,373	1,247		

SOURCES: MDRC calculations from Florida Unemployment Insurance (UI) earnings records and AFDC records.

NOTES: See Table 6.2.

Variation in two-year impacts on earnings across welfare history categories was statistically significant at the 5 percent level. Variation in two-year impacts on AFDC payments across welfare history categories was not statistically significant at the 10 percent level.

(a) This subgroup includes both applicants and recipients, and refers to the total number of months accumulated from one or more spells on an individual's or spouse's AFDC case. It does not include AFDC receipt under a parent's name.

TABLE 6.11

TWO-YEAR IMPACTS OF PROJECT INDEPENDENCE ON EARNINGS AND AFDC PAYMENTS FOR ADDITIONAL SUBGROUPS

Subgroup and Follow-up Period	Average Total Earnings				Average Total AFDC Payments			
	Program Group ($)	Control Group ($)	Difference	Percentage Change	Program Group ($)	Control Group ($)	Difference	Percentage Change
Job-readiness status (a)								
Job-ready	(sample size = 14,932)							
Years 1-2	6250	5963	287 *	4.8%	3924	4241	-317 ***	-7.5%
Year 1	2770	2575	195 ***	7.6%	2141	2314	-173 ***	-7.5%
Year 2	3480	3388	92	2.7%	1783	1927	-144 ***	-7.5%
Not job-ready	(sample size = 1,816)							
Years 1-2	2435	2117	318	15.0%	4518	4662	-144	-3.1%
Year 1	1035	1008	27	2.7%	2467	2564	-97	-3.8%
Year 2	1400	1109	290 *	26.2%	2051	2098	-47	-2.2%
AFDC history								
First-time applicant	(sample size = 7,118)							
Years 1-2	6734	6680	54	0.8%	3286	3538	-252 ***	-7.1%
Year 1	2959	2920	39	1.3%	1830	1972	-141 ***	-7.2%
Year 2	3775	3759	15	0.4%	1456	1566	-110 ***	-7.1%
Applicant, less than 2 years	(sample size = 4,373)							
Years 1-2	5891	5678	213	3.8%	4055	4333	-278 ***	-6.4%
Year 1	2638	2405	232 *	9.7%	2197	2395	-198 ***	-8.3%
Year 2	3254	3273	-19	-0.6%	1858	1938	-80	-4.1%
Applicant, 2 years or more	(sample size = 3,591)							
Years 1-2	4791	3969	822 ***	20.7%	4501	4951	-451 ***	-9.1%
Year 1	2173	1743	430 ***	24.7%	2430	2619	-189 ***	-7.2%
Year 2	2618	2226	392 **	17.6%	2070	2332	-262 ***	-11.2%
Recipient, less than 2 years	(sample size = 790)							
Years 1-2	4402	4629	-227	-4.9%	4904	5356	-452 **	-8.4%
Year 1	1885	1990	-105	-5.3%	2688	2938	-249 ***	-8.5%
Year 2	2516	2639	-123	-4.7%	2216	2419	-203	-8.4%
Recipient, 2 years or more	(sample size = 1,029)							
Years 1-2	2956	2440	516	21.1%	6511	6768	-257 *	-3.8%
Year 1	1267	969	298 *	30.7%	3386	3565	-179 ***	-5.0%
Year 2	1689	1471	218	14.8%	3125	3204	-78	-2.4%

(continued)

TABLE 6.11 (continued)

Subgroup and Follow-up Period	Average Total Earnings: Program Group ($)	Control Group ($)	Difference	Percentage Change	Average Total AFDC Payments: Program Group ($)	Control Group ($)	Difference	Percentage Change
Level of disadvantage								
First-time applicant	(sample size = 7,118)							
Years 1-2	6734	6680	54	0.8%	3286	3538	-252 ***	-7.1%
Year 1	2959	2920	39	1.3%	1830	1972	-141 ***	-7.2%
Year 2	3775	3759	15	0.4%	1456	1566	-110 ***	-7.1%
Returning applicant	(sample size = 7,964)							
Years 1-2	5391	4917	474 **	9.6%	4259	4605	-346 ***	-7.5%
Year 1	2426	2113	313 ***	14.8%	2303	2494	-191 ***	-7.7%
Year 2	2965	2804	161	5.7%	1956	2110	-155 ***	-7.3%
Less disadvantaged recipient	(sample size = 1,442)							
Years 1-2	4239	3926	314	8.0%	5493	5891	-398 ***	-6.8%
Year 1	1824	1648	176	10.7%	2946	3186	-240 ***	-7.5%
Year 2	2415	2278	137	6.0%	2547	2706	-159 *	-5.9%
More disadvantaged recipient	(sample size = 377)							
Years 1-2	1219	914	304	33.3%	7017	7207	-189	-2.6%
Year 1	488	318	170	53.5%	3604	3710	-105	-2.8%
Year 2	731	597	134	22.5%	3413	3497	-84	-2.4%
Employed in the year prior to random assignment								
Yes	(sample size = 11,146)							
Years 1-2	7279	7103	176	2.5%	3885	4168	-283 ***	-6.8%
Year 1	3246	3120	126	4.0%	2099	2262	-163 ***	-7.2%
Year 2	4033	3983	50	1.3%	1786	1906	-120 ***	-6.3%
No	(sample size = 7,087)							
Years 1-2	3390	3071	319 *	10.4%	4253	4489	-236 ***	-5.2%
Year 1	1450	1268	181 **	14.3%	2349	2484	-136 ***	-5.5%
Year 2	1940	1803	137	7.6%	1904	2004	-100 **	-5.0%

(continued)

TABLE 6.11 (continued)

Subgroup and Follow-up Period	Average Total Earnings: Program Group ($)	Control Group ($)	Difference	Percentage Change	Average Total AFDC Payments: Program Group ($)	Control Group ($)	Difference	Percentage Change
Ethnicity								
White, non-Hispanic	(sample size = 6,117)							
Years 1-2	5867	5642	225	4.0%	3206	3534	-329 ***	-9.3%
Year 1	2682	2524	158	6.3%	1826	2019	-193 ***	-9.6%
Year 2	3185	3118	67	2.1%	1379	1515	-136 ***	-9.0%
Black, non-Hispanic	(sample size = 6,875)							
Years 1-2	5943	5877	66	1.1%	4779	5086	-307 ***	-6.0%
Year 1	2569	2526	43	1.7%	2526	2685	-159 ***	-5.9%
Year 2	3374	3351	23	0.7%	2254	2401	-148 ***	-6.2%
Hispanic	(sample size = 4,044)							
Years 1-2	5168	4695	474 *	10.1%	4064	4236	-172 *	-4.1%
Year 1	2270	1973	297 **	15.0%	2226	2344	-118 **	-5.0%
Year 2	2899	2722	177	6.5%	1838	1892	-54	-2.9%
Asian and other	(sample size = 207)							
Years 1-2	7140	3869	3271 u**	84.6%	3423	4042	-618 u	-15.3%
Year 1	2694	1468	1226 *	83.5%	1990	2375	-385	-16.2%
Year 2	4446	2401	2045 **	85.2%	1433	1666	-233	-14.0%
Primary language								
English	(sample size = 13,883)							
Years 1-2	6042	5772	270 *	4.7%	3990	4311	-321 ***	-7.4%
Year 1	2678	2522	156 **	6.2%	2174	2349	-175 ***	-7.5%
Year 2	3364	3250	114	3.5%	1816	1962	-146 ***	-7.4%
Spanish	(sample size = 3,232)							
Years 1-2	4552	4371	181	4.1%	4194	4280	-85	-2.0%
Year 1	1994	1816	177	9.8%	2288	2376	-87 *	-3.7%
Year 2	2558	2554	4	0.2%	1906	1904	2	0.1%
Other	(sample size = 303)							
Years 1-2	5521	4539	982	21.6%	4310	4849	-540	-11.1%
Year 1	2274	2102	172	8.2%	2342	2562	-220	-8.6%
Year 2	3246	2437	809	33.2%	1968	2288	-320	-14.0%

(continued)

TABLE 6.11 (continued)

Subgroup and Follow-up Period	Average Total Earnings: Program Group ($)	Control Group ($)	Difference	Percentage Change	Average Total AFDC Payments: Program Group ($)	Control Group ($)	Difference	Percentage Change
Participating in an education or training program at the time of random assignment								
Yes	(sample size = 2,061)							
Years 1–2	6706	5765	940 **	16.3%	4005	4368	−363 ***	−8.3%
Year 1	2863	2389	474 **	19.8%	2202	2413	−211 ***	−8.8%
Year 2	3843	3376	466 *	13.8%	1803	1955	−152 **	−7.8%
No	(sample size = 15,025)							
Years 1–2	5602	5421	181	3.3%	4033	4290	−257 ***	−6.0%
Year 1	2495	2363	131 *	5.6%	2196	2343	−147 ***	−6.3%
Year 2	3107	3058	50	1.6%	1838	1947	−110 ***	−5.6%
Number of children at the time of random assignment (b)								
One	(sample size = 7,858)							
Years 1–2	5780	5565	216	3.9%	3232	3471	−239 ***	−6.9%
Year 1	2567	2436	131	5.4%	1755	1894	−139 ***	−7.4%
Year 2	3214	3129	85	2.7%	1477	1577	−99 ***	−6.3%
Two	(sample size = 5,575)							
Years 1–2	6102	5759	343	6.0%	4116	4512	−397 ***	−8.8%
Year 1	2716	2505	210 *	8.4%	2267	2494	−226 ***	−9.1%
Year 2	3386	3253	133	4.1%	1848	2019	−170 ***	−8.4%
Three or more	(sample size = 3,795)							
Years 1–2	5255	4981	274	5.5%	5642	5802	−159	−2.7%
Year 1	2289	2085	204	9.8%	3067	3138	−71	−2.3%
Year 2	2966	2896	70	2.4%	2575	2664	−89	−3.3%

(continued)

TABLE 6.11 (continued)

SOURCES: MDRC calculations from Florida Unemployment Insurance (UI) earnings records and AFDC records.

NOTES: See Table 6.2.

The symbol "u" indicates that, because of very small sample sizes, the impact estimate shown is unreliable; asterisks following the symbol indicate that there was a statistically significant effect, though its magnitude could not be reliably measured.

(a) Sample members are defined as "job-ready" if they had completed at least 10th grade or were employed for at least 12 of the 36 months prior to random assignment. They are defined as "not job-ready" if they did not meet both criteria. These definitions are based on those used by Project Independence during the random assignment period.

(b) This section excludes sample members who reported having no children.

Variation in two-year impacts across subgroups was statistically significant at the 10 percent level or greater as follows:

Subgroup	Earnings	AFDC Payments
Job-readiness status	No	No
AFDC history	No	No
Level of disadvantage	No	No
Employed in the year prior to random assignment	No	No
Ethnicity	No	No
Primary language	No	Yes
Participating in an education or training program at the time of random assignment	No	No
Number of children at time of random assignment	No	No

with more than two years of prior AFDC receipt tended to experience large and sustained earnings impacts.[15] In other words, earnings impacts were largest for a subgroup in the middle of the spectrum of prior welfare receipt, neither among those with the least prior welfare receipt nor among those with the longest prior welfare histories. This finding is consistent with earlier research.[16] AFDC impacts were smallest for first-time applicants and recipients with a welfare history of two years or more.

V. Impacts for Other Subgroups

Table 6.11 presents impacts for a number of other subgroups of the Project Independence research sample, and a summary of the findings is presented in this section. Two-year impacts on AFDC payments were similar for sample members with and without employment in the year prior to random assignment; earnings impacts were slightly higher for those who were not employed in the year prior to random assignment.

Across ethnic subgroups, earnings impacts were large for the Hispanic and Asian/other categories. This latter subgroup was quite small, however, and impact estimates for it are unreliable as a consequence. Two-year earnings impacts for Hispanics were $474, although the effect appeared to be decreasing over time. For whites and blacks, earnings impacts were below the full-sample average. Their AFDC impacts were larger than those for Hispanics, however, and exceeded their earnings impacts. Hispanic earnings impacts appeared not to have accrued to sample members who were not proficient in English: Two-year impacts on both earnings and AFDC payments were small for sample members whose primary language was Spanish. Differences in two-year impacts across ethnic subgroups were not statistically significant. Differences in two-year earnings impacts across primary language subgroups were not statistically significant, but two-year differences in AFDC payments impacts were.

About one in eight sample members were already participating in an education or training program at the time of their referral to Project Independence. For those individuals, it is a question whether Project Independence could achieve any impacts above and beyond any impacts that might have been achieved by the pre-Project Independence activities. In fact, earnings gains were particularly large for this subgroup, and AFDC reductions were above the full-sample average. Cross-subgroup impact differences were not statistically significant.

Across subgroups based on sample members' number of children, differences in impacts were not statistically significant for either two-year earnings or two-year AFDC payments. Two-year earnings impacts were not widely different. Two-year AFDC reductions were somewhat larger for the subgroup with two children and smaller for the subgroup with three or more children, but the

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[15]Collectively, the differences in first-year earnings impacts among the five subgroups were statistically significant. However, the only pair-wise differences in these impacts that were statistically significant were: (1) the differences between impacts for applicants with two years or more of prior AFDC receipt and those for first-time applicants, and (2) the differences between impacts for applicants with two years or more of prior AFDC receipt and those for recipients with less than two years.

[16]See Friedlander, 1988.

differences were not large enough to suggest that Project Independence was more effective with any one of these subgroups.

VI. Two-Year Impacts by County

The impacts on participation in employment-related activities for each county are presented in Table 6.12.[17] The table indicates considerable variation across the counties in the mix of services utilized and in Project Independence's impact on participation. For example, Project Independence's impact on rates of participation in any employment-related activity ranged from a high of 35.7 percentage points for Hillsborough to a low of 11.9 percentage points for Orange. These two counties were also at the extremes of impacts on participation in independent job search or job club (31.8 percentage points for Hillsborough compared to 11.8 percentage points for Orange). Impacts on participation in education and training activities were largest for Dade (26.7 percentage points) – with an especially large impact on participation in ESL (15.9 percentage points) – and smallest for Orange (2.9 percentage points).

Table 6.13 presents the two-year impacts on earnings and AFDC payments for each of the nine research counties and for the full research sample. The impacts on two-year earnings were positive for all the counties except Duval and Hillsborough, although they were statistically significant only in Lee and Orange. Although not statistically significant, the two-year impacts on earnings exceeded the all-county average impact in Broward, Dade, Orange, Pinellas, and Volusia. The table also shows that two-year AFDC payments were reduced in all research counties except Bay, and that these reductions were statistically significant in Broward, Dade, Duval, Hillsborough, and Orange. Hillsborough and Orange achieved the largest AFDC reductions. Earnings gains exceeded AFDC payments reductions in all counties except Duval and Hillsborough.

It is important to note that the differences among counties in two-year impacts were not statistically significant. This means that much of the apparent variation in county impact estimates displayed in Table 6.13 may well have stemmed from chance rather than from real differences in county performance. Thus, the differences among counties displayed in Table 6.13 should not be interpreted as a reliable ranking of the relative effectiveness of the county-specific Project Independence programs. There may, however, be important reasons why some county impact estimates are relatively high and others relatively low.

This report does not attempt to identify the causes of variation in county impacts. However, it is worth noting that there are no obvious or consistent relationships between the level of county-specific impacts and county characteristics such as labor market conditions, program service availability and quality, or program participation patterns. This can be seen by comparing the county-specific impacts in Table 6.13 with the county-specific participation information in Table 6.12, the service availability and quality information in Table 3.1, and the labor market information in Table 1.1. It may be that a combination of these factors, or some other factor altogether, explains the variation in county impacts. In general, however, no conclusions can be drawn from the evidence

[17]Because of small sample sizes, special caution should be used in interpreting the county-specific participation patterns and estimates of Project Independence's impact on participation.

TABLE 6.12

TWO-YEAR IMPACTS OF PROJECT INDEPENDENCE ON RATES OF PARTICIPATION IN EMPLOYMENT-RELATED ACTIVITIES, BY COUNTY

County and Participation Measure	Program Group (%)	Control Group (%)	Difference	Percentage Change
Bay				
Ever participated in any employment-related activity (a)	64.7	44.0	20.7	47.1%
Ever participated in independent job search or job club (a)	41.2	20.0	21.2	105.9%
Independent job search	39.5	19.2	20.3	105.9%
Job club	12.8	6.2	6.6	105.9%
Ever participated in education or training (a)	47.1	36.0	11.1	30.7%
ABE or GED	5.9	14.0	-8.1	-58.0%
ESL	0.0	4.0	-4.0	n/a
Vocational training or post-secondary education	41.2	28.0	13.2	47.1%
On-the-job training	9.8	10.0	-0.2	-2.0%
Sample size (total = 101)	51	50		
Broward				
Ever participated in any employment-related activity (a)	67.4	46.3	21.1	45.6%
Ever participated in independent job search or job club (a)	49.0	22.2	26.8	120.4%
Independent job search	47.0	21.3	25.7	120.4%
Job club	15.2	6.9	8.3	120.4%
Ever participated in education or training (a)	42.9	37.0	5.8	15.7%
ABE or GED	20.4	11.1	9.3	83.7%
ESL	0.0	7.4	-7.4	n/a
Vocational training or post-secondary education	36.7	20.4	16.4	80.3%
On-the-job training	2.0	1.9	0.2	10.3%
Sample size (total = 103)	49	54		
Dade				
Ever participated in any employment-related activity (a)	67.0	35.7	31.3	87.7%
Ever participated in independent job search or job club (a)	47.3	19.1	28.2	148.0%
Independent job search	45.4	18.3	27.1	148.0%
Job club	14.6	5.9	8.7	148.0%
Ever participated in education or training (a)	51.7	25.0	26.7	106.6%
ABE or GED	9.9	3.6	6.3	177.0%
ESL	23.1	7.1	15.9	223.2%
Vocational training or post-secondary education	29.7	17.9	11.8	66.1%
On-the-job training	2.2	2.4	-0.2	-7.6%
Sample size (total = 175)	91	84		

(continued)

TABLE 6.12 (continued)

County and Participation Measure	Program Group (%)	Control Group (%)	Difference	Percentage Change
Duval				
Ever participated in any employment–related activity (a)	52.0	32.1	19.9	62.1%
Ever participated in independent job search or job club (a)	32.0	11.3	20.7	182.7%
Independent job search	30.7	10.9	19.9	182.7%
Job club	9.9	3.5	6.4	182.7%
Ever participated in education or training (a)	36.0	30.2	5.8	19.2%
ABE or GED	12.0	9.4	2.6	27.3%
ESL	2.0	0.0	2.0	n/a
Vocational training or post–secondary education	24.0	18.9	5.1	27.2%
On–the–job training	6.0	1.9	4.1	217.5%
Sample size (total = 103)	50	53		
Hillsborough				
Ever participated in any employment–related activity (a)	61.1	25.5	35.7	140.1%
Ever participated in independent job search or job club (a)	46.3	14.6	31.8	218.6%
Independent job search	44.4	14.0	30.5	218.2%
Job club	14.4	4.5	9.8	218.2%
Ever participated in education or training (a)	27.8	16.4	11.4	69.8%
ABE or GED	11.1	3.6	7.5	205.2%
ESL	1.9	1.8	0.0	1.6%
Vocational training or post–secondary education	18.5	10.9	7.6	69.8%
On–the–job training	1.9	1.8	0.0	1.6%
Sample size (total = 109)	54	55		
Lee				
Ever participated in any employment–related activity (a)	64.8	42.9	22.0	51.2%
Ever participated in independent job search or job club (a)	44.4	16.1	28.4	176.5%
Independent job search	42.7	15.4	27.2	176.5%
Job club	13.8	5.0	8.8	176.5%
Ever participated in education or training (a)	37.0	33.9	3.1	9.2%
ABE or GED	11.1	10.7	0.4	3.7%
ESL	1.9	1.8	0.1	3.4%
Vocational training or post–secondary education	22.2	23.2	−1.0	−4.3%
On–the–job training	5.6	3.6	2.0	55.7%
Sample size (total = 110)	54	56		

(continued)

TABLE 6.12 (continued)

County and Participation Measure	Program Group (%)	Control Group (%)	Difference	Percentage Change
Orange				
Ever participated in any employment-related activity (a)	53.5	41.5	11.9	28.8%
Ever participated in independent job search or job club (a)	34.5	22.6	11.8	52.3%
Independent job search	33.1	21.7	11.4	52.3%
Job club	10.7	7.0	3.7	52.3%
Ever participated in education or training (a)	29.3	26.4	2.9	10.9%
ABE or GED	12.1	9.4	2.6	28.0%
ESL	0.0	0.0	0.0	n/a
Vocational training or post-secondary education	15.5	15.1	0.4	2.8%
On-the-job training	3.5	3.8	-0.3	-8.5%
Sample size (total = 111)	58	53		
Pinellas				
Ever participated in any employment-related activity (a)	66.7	47.2	19.5	41.3%
Ever participated in independent job search or job club (a)	38.6	20.8	17.9	86.0%
Independent job search	37.1	19.9	17.1	86.0%
Job club	12.0	6.4	5.5	86.0%
Ever participated in education or training (a)	49.1	35.9	13.3	37.0%
ABE or GED	21.1	7.6	13.5	178.8%
ESL	0.0	1.9	-1.9	n/a
Vocational training or post-secondary education	33.3	30.2	3.1	10.4%
On-the-job training	7.0	1.9	5.1	271.4%
Sample size (total = 110)	57	53		
Volusia				
Ever participated in any employment-related activity (a)	75.0	49.0	26.0	53.0%
Ever participated in independent job search or job club (a)	48.2	21.6	26.6	123.5%
Independent job search	46.3	20.7	25.6	123.5%
Job club	14.9	6.7	8.3	123.5%
Ever participated in education or training (a)	46.4	37.3	9.2	24.6%
ABE or GED	7.1	7.8	-0.7	-8.9%
ESL	0.0	0.0	0.0	n/a
Vocational training or post-secondary education	42.9	31.4	11.5	36.6%
On-the-job training	0.0	2.0	-2.0	-100.0%
Sample size (total = 107)	56	51		

SOURCE: The 24-month survey of a subsample of program and control group members.

NOTES: Participation includes Project Independence and non-Project Independence activities.
Tests of statistical significance between research groups were not performed.
Rounding may cause slight disrepancies when calculating sums, averages, and differences.
"N/a" (not applicable) is used when there is zero participation by program or control group members and, therefore, a percentage change calculation is meaningless.
(a) Individuals could participate in more than one activity during the follow-up period; therefore, the sum of the percentages in specific activities may exceed the category percentage.

TABLE 6.13

TWO-YEAR IMPACTS OF PROJECT INDEPENDENCE ON EARNINGS AND AFDC PAYMENTS, BY COUNTY

County and Follow-up period	Average Total Earnings				Average Total AFDC Payments			
	Program Group ($)	Control Group ($)	Difference	Percentage Change	Program Group ($)	Control Group ($)	Difference	Percentage Change
Bay (sample size = 459)								
Years 1-2	5501	5273	229	4.3%	4099	3994	106	2.6%
Year 1	2549	2143	406	18.9%	2512	2674	-162	-6.1%
Year 2	2953	3130	-177	-5.7%	1587	1320	267	20.3%
Broward (sample size = 2,240)								
Years 1-2	6912	6443	469	7.3%	3479	3793	-314 **	-8.3%
Year 1	3117	2713	404 *	14.9%	1818	2018	-200 ***	-9.9%
Year 2	3795	3731	65	1.7%	1661	1774	-113	-6.4%
Dade (sample size = 6,021)								
Years 1-2	5129	4881	249	5.1%	4733	4918	-185 **	-3.8%
Year 1	2184	2090	93	4.5%	2523	2603	-80 **	-3.1%
Year 2	2946	2790	155	5.6%	2209	2315	-105 **	-4.5%
Duval (sample size = 2,016)								
Years 1-2	5066	5636	-570	-10.1%	4241	4464	-223 *	-5.0%
Year 1	2228	2545	-316 *	-12.4%	2314	2454	-140 **	-5.7%
Year 2	2838	3092	-254	-8.2%	1927	2010	-83	-4.1%
Hillsborough (sample size = 2,415)								
Years 1-2	5489	5817	-328	-5.6%	3719	4112	-393 ***	-9.6%
Year 1	2454	2524	-71	-2.8%	2080	2288	-207 ***	-9.1%
Year 2	3035	3292	-257	-7.8%	1639	1825	-186 **	-10.2%

(continued)

TABLE 6.13 (continued)

County and Follow-up period	Average Total Earnings: Program Group ($)	Control Group ($)	Difference	Percentage Change	Average Total AFDC Payments: Program Group ($)	Control Group ($)	Difference	Percentage Change
Lee (sample size = 687)								
Years 1-2	6335	5002	1333 *	26.6%	3130	3477	-347	-10.0%
Year 1	2975	2377	598 *	25.1%	1715	2041	-326 ***	-16.0%
Year 2	3360	2625	735 *	28.0%	1415	1436	-21	-1.5%
Orange (sample size = 1,749)								
Years 1-2	6764	5993	771 *	12.9%	3647	4123	-477 ***	-11.6%
Year 1	3084	2512	571 **	22.7%	2036	2333	-297 ***	-12.7%
Year 2	3681	3481	200	5.7%	1611	1790	-179 **	-10.0%
Pinellas (sample size = 1,737)								
Years 1-2	6802	6332	470	7.4%	3450	3653	-203	-5.6%
Year 1	2987	2750	237	8.6%	1932	2007	-75	-3.7%
Year 2	3815	3582	233	6.5%	1517	1646	-129	-7.8%
Volusia (sample size = 909)								
Years 1-2	5255	4813	441	9.2%	3542	3786	-244	-6.5%
Year 1	2343	2175	168	7.7%	2036	2126	-90	-4.2%
Year 2	2912	2638	274	10.4%	1506	1660	-154	-9.3%
All counties (sample size = 18,233)								
Years 1-2	5766	5539	227 *	4.1%	4028	4293	-265 ***	-6.2%
Year 1	2548	2401	146 **	6.1%	2196	2348	-152 ***	-6.5%
Year 2	3219	3138	80	2.6%	1832	1945	-113 ***	-5.8%

SOURCE: MDRC calculations from Florida Unemployment Insurance (UI) earnings records and AFDC records.

NOTES: See Table 6.2.
Variation in two-year impacts on earnings and AFDC payments across counties was not statistically significant at the 10 percent level.

presented in this report about the true magnitude, source, or policy importance of county variation in impacts.[18]

VII. Comparisons with Other Welfare-to-Work Programs

To provide a context for gauging the magnitude of Project Independence's two-year impacts, it is useful to compare them with those generated by other JOBS programs and pre-JOBS programs. One important random assignment evaluation of a JOBS program for which there are comparable data is the study of California's Greater Avenues for Independence (GAIN) Program, which was conducted by MDRC. During the 1980s, MDRC also conducted random assignment evaluations of seven pre-JOBS welfare-to-work programs, which provide another set of comparisons. One must be cautious in comparing impacts for Project Independence and these programs because there are several important differences in the research designs used, program models, and the environments in the various states. These are discussed briefly below.

First, as discussed in Chapters 1 and 5, random assignment for the Project Independence evaluation took place at the point of AFDC application or redetermination; in GAIN and some of the other evaluations, random assignment took place at orientation. As also discussed previously, it is not clear whether the earlier point of random assignment used in the Project Independence evaluation served to increase the impact estimates (by capturing more of the total program effect) or to "water down" the impact estimates (by including in the research sample individuals who did not attend orientation and thus did not participate in activities). In any case, the Project Independence research sample includes individuals who did not attend orientation and so would not have become part of the samples in GAIN and other studies.

Second, there is evidence that perhaps 20 percent of the Project Independence control group may have been exposed to the program, a condition that was generally not present in the other evaluations. Such crossover would have decreased the difference in treatment between program and control group members and thereby decrease the estimate of program impacts. In addition, control group members in the Project Independence evaluation were given access to subsidized child care and tuition assistance under the same guidelines and priorities as program group members, which tended to decrease the treatment difference between program and control group members. This was generally not the case in the other evaluations.

Third, the research sample for Project Independence differed in several important respects from those of the other evaluations. The Project Independence evaluation research sample included single-parent AFDC applicants and recipients whose youngest child was between the ages of three and five (as well as those whose youngest child was six years old or older), whereas the research samples for

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[18]It is worth noting that program administrators, in advance of the evaluation, picked Lee County as the one likely to have the largest impacts. That the large earnings impacts for Lee came out in accord with their expectations suggests that administrators can identify superior performance across a number of program sites. This would be an important finding, if it could be replicated, since other studies have indicated that the measures of performance traditionally relied on by administrators are not reliable (e.g., see Friedlander, 1988).

most of the other evaluations did not include this group. To increase comparability, this section focuses on Project Independence results for single-parent AFDC applicants and recipients whose youngest child was age six or older at the time of random assignment.[19] It may also be noted that the Project Independence research sample included a much higher proportion of AFDC applicants and reapplicants than did most of the other research samples. Applicants and reapplicants made up 83 percent of the Project Independence research sample. Only one of the other programs in this comparison exceeded this rate, and most were far below it.[20] GAIN had a much lower rate (only 22 percent for the research sample as a whole), and zero percent for two of the research counties.[21] This means that research sample members in the Project Independence evaluation may have been somewhat less "disadvantaged," on average, than was typical in the other evaluations.

Fourth, the evaluations differed in their state AFDC grant levels. In particular, Florida ranks in the lower range of states across the country. In this respect, it differs especially from California, which ranks among the highest. For example, in January 1991, the basic AFDC grant in Florida for a family of three was $294, and 35 states had higher grant levels. In that same month, the basic AFDC grant for a family of three in California was $607; only Alaska had a higher grant level. This difference means that Project Independence and GAIN participants faced very different incentives and opportunities to supplement or replace welfare with earnings. It may also be noted that labor market conditions differed across evaluations.

Fifth, the other evaluations were conducted in earlier years, and inflation has changed the value of the dollar. A given dollar amount of impact from the earlier programs would be worth more in today's dollars. For GAIN, inflating the evaluation impacts to current dollars would have only a minor effect. But dollar amounts from most of the other program evaluations would increase by about one-third above those shown below.[22] It is not clear that such an inflation adjustment would yield

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[19]The Arkansas program (which pre-dated JOBS) did include sample members whose youngest child was between the ages of three and five, and individuals in that group are included in the estimates presented below for that program. Three counties in the GAIN evaluation – Alameda, Riverside, and Tulare – also worked with this group, but most of those individuals were brought into the program after the start of the evaluation, and this subgroup is *not* included in the basic GAIN estimates presented later in this section. Estimates for this subgroup from these three GAIN counties and from Project Independence are compared after the main discussion.

[20]San Diego I (the San Diego Employment Preparation Program/Experimental Work Experience Program, or EPP/EWEP) worked only with applicants.

[21]The percentage of AFDC applicants and reapplicants in the GAIN research sample was calculated as the average of the percentages in each of the six GAIN research counties, which were weighted equally (see Table 1.2 in Riccio, Friedlander, and Freedman, 1994). Alameda and Los Angeles did not include any AFDC applicants or reapplicants in their research samples; those counties worked only with long-term AFDC recipients.

[22]Data on earnings and AFDC payments for the Project Independence evaluation came largely from the period 1992-1993. The year 1993 can therefore be taken as the "current year." An appropriate year upon which to base inflation adjustments for GAIN would be 1992. For most of the other evaluations cited later in this section, an appropriate base year would be 1985. Louisville group and individual job search were evaluated earlier, but the estimates shown for them below have been inflated to 1985 dollars. For San Diego SWIM, the appropriate base year would be 1988. Inflating GAIN results from 1992 to 1993 requires that

(continued...)

the most appropriate comparison figures, however. AFDC grant levels and the minimum wage have increased at a slower rate than general inflation. Adjustment for inflation in the usual fashion would therefore not account for the levels of AFDC and the wage rates available to the welfare population.

Finally, the programs differed in the relative emphasis they placed on immediate labor force attachment and human capital development. They also differed in the amount of resources available and in their targeting approaches. Most of the programs were relatively low-cost, consisting mainly of job club or other job search assistance, often including a work experience activity as well. Florida relied heavily on very low-cost independent job search, but Florida and three other programs also added some more costly education and training to the service mix. San Diego SWIM put those more expensive activities at the end of a sequence that began with job search and work experience. Baltimore Options allowed caseworkers to assign education or training to enrollees whom they deemed appropriate for it, and also allowed enrollees latitude to choose those activities. GAIN placed the most emphasis on basic education, making it a mandatory first activity for enrollees who scored low on a basic skills test or had no high school diploma or GED.[23]

The above cautions should be kept in mind when comparing results for Project Independence to those from other evaluations. Table 6.14 presents short-term impacts on earnings and AFDC payments for single-parent AFDC applicants and recipients for all the programs. Results for all the programs listed in the top portion of the table pertain to the subgroup without preschool-age children. Project Independence is shown first in the table (with a breakdown for the early and late cohorts), followed by GAIN and the other programs, which are shown in order of decreasing net program cost. GAIN was the most costly program, with net costs of $3,422 per sample member (about $3,500 in present dollars). Baltimore Options and San Diego SWIM were in the middle range, with net costs just under $1,000, uninflated (about $1,200 to $1,300 in present dollars). The other programs were less expensive, in the range of $100 to $600 per sample member, uninflated (from about $150 to about $800 in present dollars). Estimates for the subgroup with preschool-age children are shown at the bottom of the table.[24]

To summarize: A wide range of impacts on AFDC have been measured in previous evaluations of welfare-to-work programs. The 6 percent reduction in two-year AFDC payments measured for

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[22](...continued)
dollar amounts be multiplied by 1.03. Inflating San Diego SWIM results from 1988 would require multiplication by 1.20, and inflating the other program results from 1985 would require multiplication by 1.33.

[23]Although GAIN's service emphasis varied substantially by county, on average, the program placed a greater emphasis on basic education than did Project Independence, San Diego SWIM, or Baltimore Options (see Riccio, Friedlander, and Freedman, 1994).

[24]Although not shown in the table, the crossover adjustment described in Chapter 5 may be applied to any Project Independence estimate by dividing 1 minus .198, which is approximately the same as multiplying by 1.25. This crossover adjustment may correct for one of the differences between the Project Independence evaluation and the others, namely, that significant numbers of control group members in Florida were exposed to the program treatment. Crossover in the Florida evaluation would tend to make Project Independence's impact estimates understate the program's true impacts, especially in comparison with other evaluations where crossover did not occur.

TABLE 6.14

IMPACTS FOR SINGLE-PARENT AFDCs IN RANDOM ASSIGNMENT EVALUATIONS OF STATE WELFARE-TO-WORK PROGRAMS

Subgroup and Program	Net Cost	Average Annual Earnings ($) Year 1	Year 2	Year 3	Average Annual AFDC Payments ($) Year 1	Year 2	Year 3
Youngest child, age 6 or older							
Project Independence	n/a	284 ***	190	n/a	−171 ***	−133 ***	n/a
Early cohort (a)	1128	278 *	211	424 **	−139 ***	−105 *	−101 *
Late cohort	877	307 **	181	n/a	−192 ***	−155 ***	n/a
California GAIN (b)	3422	266 ***	512 ***	636 ***	−283 ***	−347 ***	−331 ***
Baltimore Options	953	140	401 ***	511 ***	2	−34	−31
San Diego SWIM (c)	919	352 ***	644 ***	555 ***	−419 ***	−560 ***	−483 ***
San Diego I (EPP/EWEP)	636	443 ***	n/a	n/a	−226 ***	n/a	n/a
Virginia ESP	430	69	280 **	268 *	−69	−36	−111 **
West Virginia CWEP	260	16	n/a	n/a	0	n/a	n/a
Louisville WIN Lab-Group Job Search (d)	230	464 **	n/a	n/a	−40	n/a	n/a
Cook County WIN Demonstration	157	10	n/a	n/a	−40	n/a	n/a
Louisville WIN Lab-Individual Job Search (d)	136	289 **	456 **	435 **	−75 *	−164 **	−184 **
Arkansas WORK Program (e)	118	167 **	223	337 **	−145 ***	−190 ***	−168 ***
Youngest child, age 3-5							
Project Independence	n/a	54	−34	n/a	−133 ***	−77 *	n/a
Early cohort (a)	1831	142	216	97	−86	−117 *	−2
Late cohort	894	14	−189	n/a	−182 ***	−59	n/a
California GAIN Three counties (f)	n/a	512 (z)	732 (z)	711 (z)	−108 (z)	−194 (z)	−350 (z)

SOURCES: Gueron and Pauly, 1991; Riccio, Friedlander, and Freedman, 1994; Friedlander and Hamilton, 1993.

NOTES: All estimates are uninflated unless otherwise noted.

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

Where results are not available, "n/a" is used.

(a) Year 3 earnings equal the sum for quarters 10 through 12 times 4/3.

(b) Estimates are averages across six counties, with results for each county weighted equally. The counties are Alameda, Butte, Los Angeles, Riverside, San Diego, and Tulare.

(c) All SWIM data in this table are taken from Friedlander and Hamilton, 1993.

(d) Lousiville WIN Lab estimates are inflated to 1985 dollars.

(e) Arkansas WORK Program estimates include a significant number of sample members with a youngest child 3 to 5 years of age.

(f) Estimates are averages across three counties, with results for each county weighted equally. The counties are Alameda, Riverside, and Tulare.

(z) Statistical tests are not available.

Project Independence falls roughly in the middle of the observed range of welfare savings. On the other hand, earnings impacts for Project Independence showed an atypical *decline* after the first year. Earnings impacts for the early cohort without preschool-age children do rank in the middle of the range established by other programs, but impacts for the other groups are lower.

A detailed analysis requires an examination of the year-by-year results. Project Independence's first-year earnings impact of $284 for sample members without a child under age six was virtually identical to the first-year earnings impact for GAIN. It exceeded the first-year earnings impacts for Cook County, West Virginia, and Virginia. It was exceeded by the first-year impacts for both Louisville programs and both San Diego programs, and would be similar to the first-year earnings impacts for Arkansas and Baltimore if those were inflated to current dollars. Earnings impacts in year 1 are not the most important for purposes of comparison, however. In all six evaluations with follow-up beyond one year, impacts on earnings increased from year 1 to year 2, and impacts on earnings either grew from year 2 to year 3 or declined by less than 16 percent (as they did for San Diego SWIM). All of these programs featured a major job search component, and, in several, job search was by far the dominant activity. For example, in the Louisville Individual Job Search program, individual job search was the only activity, the net cost of the program was $136 per sample member (in 1985 dollars), and the earnings impacts increased substantially from year 1 to year 2 and remained at almost their peak level in year 3. Similarly, in the Arkansas WORK program, group and individual job search were the program activities for almost all participants, the net cost of the program was $118 (in 1985 dollars), and the earnings impacts increased substantially from year 1 to year 2 and again from year 2 to year 3. The evidence from past evaluations is that job search can be effective in increasing earnings, and the earnings effects can last at least three to four years before beginning to decline.[25]

In Project Independence, earnings impacts for the subgroup without preschool-age children decreased about one-third between year 1 and year 2. For the early cohort in that subgroup, however, the substantial increase from year 2 to year 3 more than made up for that temporary decline. The impact for year 3 is the most important to compare across programs, since it is probably most representative of longer-term impacts. The third-year earnings impact for Project Independence is in the same range as third-year results for Virginia ESP, Louisville Individual Job Search, and Arkansas WORK, all of which were primarily job search programs. These estimates, when inflated, would form a range of approximately $350 to $600 for third-year earnings impacts. The third-year earnings impact for the Project Independence early cohort of the subgroup without preschool-age children is in this range. When the crossover adjustment is applied, the resulting third-year earnings impact estimate is still in this range.

Two-year impacts on AFDC payments for Project Independence were $304 for the group without preschool-age children, a reduction of 7.5 percent of payments to the control group. For the early cohort of this subgroup, the two-year impact was $244, a reduction of 6.3 percent. These amounts are similar, and the third year for the early cohort does not show much change over time. Conclusions about the relative magnitude of Project Independence AFDC payments impacts are therefore less contingent on early-cohort results than is the conclusion about earnings impacts. As with earnings, the early-cohort estimates are taken as representative of Project Independence. The dollar

[25]See, e.g., Friedlander and Burtless, 1995.

amount of those savings was clearly exceeded by GAIN and San Diego SWIM. Dollar impacts in Arkansas, when inflated, would exceed those in Florida. Dollar impacts for San Diego I, when inflated and projected into the unavailable year 2, would also probably exceed Florida's. Inflated impacts for Louisville Individual Job Search would exceed Florida's. Florida clearly achieved larger AFDC savings than four of the other five programs. It also probably achieved larger AFDC impacts than Virginia, although longer-term follow-up would be helpful in determining the relative magnitudes of AFDC impacts for that comparison. Across all programs, then, Project Independence would be in the middle rank for dollar AFDC impacts.[26]

The direct comparison of impacts on AFDC payments discussed above is problematic owing to differences in AFDC benefit levels and differences in sample composition. The low AFDC benefit levels in Florida placed a limit on the dollar saving that could be achieved from any given case closing. In addition, the high proportion of AFDC applicants in the Project Independence sample meant that a large fraction of control group members would leave AFDC within a few years after random assignment. The average AFDC payment per control group member would be reduced by the large number of controls who left AFDC. A given percentage AFDC impact would therefore appear as a smaller average dollar impact than it would in a sample where a large fraction of controls continued to receive AFDC. It is therefore useful to examine impacts on AFDC payments as a percentage of payments to the control group. Comparing percentage AFDC effects is a way of adjusting for the differences in grant levels across states. When the question is how well a program has reduced AFDC expenditures for its own particular caseload, comparing percentage AFDC effects is more informative than comparing dollar effects.[27]

The two-year AFDC impact in Project Independence for the early cohort of the subgroup without preschool-age children was 6.3 percent of control group average payments (not shown in Table 6.14). This was similar to the two-year reduction achieved by GAIN (5.6 percent) and Louisville Individual Job Search (about 6 percent); larger than the saving in Virginia (about 3 percent); and slightly smaller than the saving in San Diego I (8 percent in year 1). The only substantially larger percentage reductions for two-year AFDC impacts were in San Diego SWIM (about 11 percent) and Arkansas (about 16 percent). In addition, the decline in dollar AFDC impact from year 1 to year 2 in Florida did not amount to a significant decline in percentage terms because the average payments to control group members fell, too. In fact, the percentage impact increased from year 2 to year 3 for the early cohort. Thus, converting AFDC impacts from dollars to percentages makes the impacts of Project

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[26]Applying the crossover adjustment to AFDC savings yields a two-year impact estimate of $304 for the early cohort of the subgroup without preschool-age children, which does not significantly change the ranking of dollar impacts in Project Independence relative to those of the other programs. The crossover-adjusted two-year AFDC impact for the full subgroup without preschool-age children is $379, which is also not large enough to change the relative ranking of the program.

[27]To see the utility of percentage effects, suppose that three programs have different fractions of enrollees who would be on AFDC in the long term without intervention. Those fractions are 20 percent, 50 percent, and 80 percent. Further, suppose that each program is successful in inducing 20 percent of those potential long-term recipients to leave AFDC in the short term. The *percentage point* impacts would be 4, 10, and 16, respectively (i.e., .20 × 20, .20 × 50, and .20 × 80). The percentage AFDC effects would, however, all be 20 percent, indicating a 20 percent success rate in reducing long-term AFDC receipt for all three programs.

Independence appear larger when compared to the other programs, and percentage AFDC impacts are likely to continue to compare favorably over time.[28]

Another way of comparing effects across programs is to examine the degree to which earnings increases replaced or exceeded reductions in AFDC payments. Given a similar percentage reduction in AFDC payments between two programs, the one with the higher ratio of dollars of earnings impact to dollars of AFDC payments impact could be judged the more effective. Over two years, earnings impacts for the subgroup without preschool-age children in Project Independence were 56 percent greater than the AFDC payments impacts. This ratio declined from year 1 to year 2. For the early cohort in this subgroup, however, the ratio was larger for the first two years and also improved with the addition of third-year impacts. In year 3, taken alone, earnings impacts for the early cohort in this subgroup were more than four times the size of the AFDC payments impacts. The cumulative ratio of earnings impacts to AFDC payments impacts may therefore show improvement over time. That kind of pattern of improvement over time was found in some other programs. For example, in GAIN, earnings impacts in year 1 were less than AFDC payments impacts, but by year 3 the former were almost double the latter. Moreover, earnings impacts in GAIN were still growing in year 3, and the cumulative excess over AFDC reductions is likely to increase in GAIN in later years.

The preceding discussion pertains to impacts for the subgroup without preschool-age children. Findings for the Project Independence subgroup *with* preschool-age children are shown at the bottom of Table 6.4. This subgroup was generally not part of the mandatory target population for welfare-to-work programs prior to JOBS. Impact estimates for that subgroup, however, are available for three GAIN counties following the implementation of JOBS. The annual impact estimates for these three counties combined are shown in Table 6.14. Earnings impacts for this subgroup in GAIN grew from year 1 to year 2 and did not decline much from year 2 to year 3. Over the three years of GAIN follow-up, the total of the annual earnings impacts reached nearly $2,000. Impacts on AFDC payments were not especially large initially but were still growing in the third year of follow-up. These GAIN results indicate that it is possible to achieve large earnings impacts for this subgroup and perhaps large AFDC impacts as well.

Achieving such results for the subgroup with preschool-age children may require more resources than were available to Project Independence. As shown in the table, earnings impacts in Project Independence were not large for this subgroup and declined substantially for both the early and late cohorts by the end of the follow-up period. Impacts on AFDC payments were found during the first two years of follow-up, but these effects had mostly faded out for both early and late cohorts by the end of the follow-up period.

Finally, it is of interest to determine whether the difference in characteristics of sample members contributed to the relative ranking of Project Independence versus the other programs. For example, would the earnings impacts of Project Independence have been larger if the percentages of

[28]Applying the crossover adjustment raises the two-year percentage reduction to 7.8 percent for the early cohort of the subgroup without preschool-age children. The adjustment thus makes percentage AFDC impacts look slightly more favorable in comparison to other programs. The AFDC payments percentage reduction for the full subgroup without preschool-age children was 7.5 percent of the control group average. Crossover-adjusted, this figure was 9.4 percent.

the sample in each of the major subgroups had been more similar to those in the earlier program evaluations? For such an assessment, the distribution of the "level of disadvantage" subgroups in some GAIN counties is suitable. The "level of disadvantage" categories were defined in the same way in both studies. The distribution across these categories can be compared for GAIN and for the full sample (with and without preschool-age children) in Project Independence. In the GAIN samples, the level of disadvantage was generally greater than in the Project Independence sample. Impact estimates for the level of disadvantage categories in the Project Independence study can be averaged to produce a new overall impact estimate, giving each category the weight it had in a GAIN county. This increases the total earnings impacts of Project Independence by as much as 20 percent and reduces the rate of decline from year 1 to year 2 by about one-third. AFDC impacts are increased by a little less than 15 percent. Thus, sample characteristics probably have a role, but a relatively minor one, in explaining the impact results for Project Independence.[29]

[29]Two GAIN counties were used in these calculations, Riverside and San Diego. These were selected because they represented a middle level of disadvantagedness among the GAIN counties. The impact estimates and percent-of-sample weights for the level-of-disadvantage subgroups were obtained from Table 6.11 of the present report, which includes cases with and without preschool-age children. For the GAIN counties, percent-of-sample weights were obtained from Riccio, Friedlander, and Freedman (1994), p. 142. The impact estimates produced were as follows:

	Weighted Impact Estimates					
	Earnings Impacts			AFDC Payments Impacts		
	Years 1-2	Year 1	Year 2	Years 1-2	Year 1	Year 2
Project Independence	$280	$183	$97	-$307	-$172	-$135
Riverside GAIN	$330	$197	$133	-$343	-$201	-$143
San Diego GAIN	$336	$200	$136	-$347	-$204	-$144

These are the estimates supporting the discussion in the text. Note that the Project Independence estimates differ from those for the full sample presented in Table 5.1 because they are weighted subgroup averages, and are not estimated directly from the full sample. Details may not sum to totals owing to rounding.

CHAPTER 7

BENEFIT-COST ANALYSIS

Drawing on the analysis of net costs presented in Chapter 4 and the analysis of Project Independence's impacts presented in Chapters 5 and 6, this chapter provides an overall accounting of the financial gains and losses produced by the program. It presents these results from the perspective of the AFDC applicants and recipients who were required to participate in Project Independence (referred to in this chapter as the "welfare sample"), the government budget, taxpayers, and society as a whole. The analysis of benefits, like the study of impacts, includes program-control group differences in the value of earnings, AFDC, and Food Stamps. However, it goes beyond these basic impact measures to consider Project Independence's effects on fringe benefits from employment, taxes, Unemployment Insurance (UI) benefits, Medicaid, and the cost of administering transfer programs. Cost estimates include the *net* costs of providing Project Independence and non-Project Independence employment-related services to program group members. As in Chapter 4, net costs were estimated by subtracting the average value of resources used by control group members from the corresponding average for program group members.

The chapter begins by describing the scope of the analysis and the framework used. The next sections examine Project Independence's effect on earnings, fringe benefits, taxes, and transfer payments for the full research sample. These effects are then added together to produce a single measure of Project Independence's benefit-cost results from each of the four perspectives noted above. The chapter concludes with a brief discussion of the results for the cohort and age-of-youngest child subgroups.

I. Analytical Approach[1]

The benefit-cost analysis places dollar values on the program's effects and its use of resources. It includes both measured effects on earnings, AFDC payments, Food Stamps, and Unemployment Insurance benefits and imputed effects on fringe benefits, state and federal taxes, Medicaid payments, and the costs of administering transfer programs. The analysis uses earnings and transfer payment records in combination with transfer payment eligibility rules, tax regulations, published data from state and federal agencies, and other sources to calculate imputed values.

A. Accounting Methods

The primary benefit-cost estimates presented in this chapter cover a five-year time horizon starting with the first quarter after the quarter of random assignment (quarter 2). This time frame is

[1]The benefit-cost analytical approach used in the Project Independence evaluation is virtually the same as that used in previous MDRC evaluations, and many of the techniques employed were originally developed for the evaluations of state programs in MDRC's Demonstration of State Work/Welfare Initiatives. (See Long and Knox, 1985, for additional information.) This report's description of that approach is adapted from Riccio, Friedlander, and Freedman, 1994 (the final report from MDRC's evaluation of California's GAIN program). Minor distinctions have been introduced because of the data that were available for the present evaluation and the unique features of Project Independence and its contexts.

similar to the one used in most previous MDRC evaluations of welfare-to-work programs that emphasized short-term, job-search-oriented activities and where effects were expected to occur quickly and then decrease over time.

The five-year time horizon includes an *observation period* and a *projection period.* The *observation period* for each sample member encompassed the portion of follow-up when benefits were estimated (or imputed) directly from "observed" – i.e., recorded – earnings and transfer payments data. It extended from quarter 2 through the last month of available data (September 1993) and covered two full years for the full sample and up to three years for those randomly assigned during the first month of the study – July 1990. (It should be noted that 69 percent of the sample had at least two and a half years of follow-up in the observation period.) Gains and losses observed at the end of this period were then *projected* to the end of year 5, using several assumptions about the size of future effects. For the Project Independence evaluation benefit-cost analysis, the *projection period* ranges from two to three years. In general, benefit-cost estimates based primarily on observed data are more reliable because they are less affected by assumptions about how costs and benefits are likely to change in the projection period. Projecting estimates for this study is particularly complicated because, as discussed earlier, the implementation of Project Independence and the state and local environments in which the program was operated underwent several very important changes during the evaluation period. The analysis attempts to account for the effect of some of these changes by making different projection assumptions for different cohort subgroups in the research sample. However, it is important to recognize that the combination of changes exacerbates the uncertainty of the projected estimates both on the cost side (as discussed in Chapter 4) and on the benefits side. At the same time, this uncertainty is not so extreme as to challenge the general pattern of benefit-cost results presented in this chapter.

The main findings of the analysis are expressed in terms of *net present values per program group member.* "Net" means that the amounts represent differences between program and control group members, just as impacts do. "Present value" is an accounting method for estimating the worth today of monetary effects that occur in the future.

In a welfare-to-work program such as Project Independence, most costs are incurred early on, particularly in the first two years, when service use is heaviest, while many benefits (e.g., earnings gains and welfare savings) continue to be realized in later years. However, simply comparing the nominal dollar value of program costs and benefits would be problematic. The value of a dollar is greater in the present than in the future: A dollar available today (either to program group members or to the government) can be invested and produce income over time, making it worth more than a dollar available in the future. Thus, to make a fair comparison between costs and benefits, it is essential to focus on their value at a common point in time – i.e., in the present.

The benefit-cost analysis addresses this issue by discounting, i.e., by adjusting the value of benefits accruing after the program "investment period" to reflect their lower value in terms of *the time when program costs were incurred.* In effect, an estimated amount of interest income foregone must be subtracted from the nominal value of the benefits occurring after the investment period.[2]

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[2]Put differently, a benefit occurring at time 2 has the same value as a smaller benefit occurring at time 1 *plus interest*; thus, subtracting the interest income from the time 2 benefit yields its value at time 1.

This analysis uses the end of the first year following random assignment (quarter 5) as the comparison point for the investment period, since it is about mid-way in the period in which most of the program and control group members' participation in employment-related activities occurred (and, accordingly, mid-way in the period when many costs were incurred, as noted in Chapter 4). Thus, gains that were accrued later were discounted to reflect their value at the end of quarter 5. In calculating these discounted values, it was assumed that a dollar invested at the end of quarter 5 would earn a real rate of return of 5 percent annually.[3] Furthermore, all benefits and costs are expressed in 1993 dollars, eliminating the effects of inflation.

B. Analytical Perspectives

Once estimated, particular net benefits and net costs will constitute gains or losses, or be irrelevant, depending on which of the analytical perspectives – the welfare sample, the government budget, taxpayers, or society – is considered.[4] The *welfare sample perspective* identifies net gains or losses for members of the program group, indicating how they fared as a result of the program.[5] As illustrated by the in-text box that follows shortly, earnings impacts represent gains for the welfare sample, while reductions in AFDC (and other transfers) represent losses.[6] Higher taxes paid by program group members compared to control group members also constitute losses to the welfare sample. In essence, a program produces a net gain from the standpoint of the welfare sample if program group members' earnings gains exceed the value of reductions in transfer payments and higher taxes.[7] The net costs of providing employment-related services to program group members have no direct effect on their income and are not considered as net gains or losses from the perspective

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[3]For example, if a welfare-to-work program increased revenues to the government budget by an average of $1,221 per program group member in the last quarter of year 5, its net present value would be $1,000 from the standpoint of the investment period. That is because $1,000 invested at the end of quarter 5 at a 5 percent annual rate of interest (compounded continuously) equals $1,221 at the end of year 5.

[4]See Friedlander and Gueron, 1992; Friedlander and Hamilton, 1993; and Riccio, Friedlander, and Freedman, 1994, for other examples of these analyses.

[5]The analysis does not take into consideration any effect Project Independence may have had on any "under the table" earnings of program group members. It also does not distinguish (or make any value judgments about) reductions in AFDC payments resulting from sanctions for noncompliance versus reductions owing to increased earnings or to case closures without earnings or sanctions; it counts *all* reductions in AFDC payments as losses to the welfare sample and savings for government budgets.

[6]In this analysis, net increases in support service payments to program group members are *not* considered to be gains from the perspective of the welfare sample. These payments for child care, transportation, and ancillary expenses simply offset additional costs to program group members resulting from Project Independence's participation requirements. However, the analysis does include these payments as costs incurred from the government budget and taxpayer perspectives.

[7]It follows that one program may produce higher earnings gains than another, but that the second may still show more positive benefit-cost results from the standpoint of the welfare sample. This result will occur if the second program produces smaller welfare reductions and increases in tax payments than the first. See, e.g., the comparison of earnings gains and AFDC reductions recorded by the San Diego SWIM and Baltimore Options programs in Friedlander and Gueron, 1992, pp. 24-33. Put differently, a program produces a net gain from the standpoint of the welfare sample if program group members' total estimated income (the sum of earnings and transfer payments, plus the Earned Income Tax Credit, minus taxes) exceeds that of control group members.

of the welfare sample. Similarly, any budgetary savings in administering transfer programs have no direct effect on the welfare sample.

The *government budget perspective* identifies net gains and losses incurred by federal, state, and local governments combined. Net gains to the government budget occur through savings in transfer payments and their related administrative costs and through higher taxes paid by program group members compared to control group members. The government budget comes out ahead to the extent that tax increases (resulting from earnings gains) and savings in transfer payments and administrative costs exceed the net cost of providing employment-related services to program group members. In and of themselves, program group members' earnings gains do not affect the calculations of net gains or losses from the standpoint of the government budget.

The *taxpayer perspective* identifies benefits and costs from the standpoint of everyone in society other than individuals in the AFDC sample.[8] Estimates of net gains and losses from the taxpayer perspective closely resemble those from the government budget perspective. The two perspectives differ only in the treatment of Social Security and Medicare taxes (and, in evaluations that include unpaid work experience, net gains from output that program group members produce in such assignments). Specifically, the government budget gains from both the welfare sample's and their employers' contributions to the two payroll taxes (i.e., Social Security and Medicare), while taxpayers (who include employers) gain only from employee contributions. (Also, only taxpayers would gain from program group members' output in unpaid work experience assignments. However, this effect was not estimated for this evaluation because, as noted in Chapter 3, this activity was not used by the evaluation's research sample.)

This analysis assumes that no displacement occurred as a result of employment gains by program group members. Rather, because displacement could not be measured, it assumes that employment gains for program group members represented an increase in the total level of employment and value of output. Alternatively, one could assume that at least a portion of program group members' employment gains (and earnings increases) occurred because program group members took jobs that would have gone to other members of society, leaving those individuals unemployed and possibly causing some of them to use government transfer programs. To the extent that this occurred, it would reduce the program's overall return for government budgets and taxpayers.

As suggested by the above discussion, the results from the perspectives of the welfare sample, government budget, and taxpayers may be complementary, or they may conflict. One group's gains may appear as another group's losses. The accompanying box helps to illustrate this point. Here, a reduction in AFDC use would translate into a loss for the welfare sample and a corresponding gain for the government budget and taxpayers. However, an increase in earnings would reflect a gain to the welfare sample, but not to the government budget – although any taxes paid on those earnings would be a gain for the government budget. The net cost of employment-related services (e.g., education and training), in contrast, would be a loss to the government budget while leaving the welfare sample unaffected.

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[8]The term "taxpayer" is used for convenience and for the sake of consistency between this analysis and previous benefit-cost analyses. It should be noted that all members of the program group pay sales taxes and that many pay income and Social Security taxes as well.

Effect	Welfare Sample Perspective	Government Budget and Taxpayer Perspectives	Societal Perspective
Increase in earnings	+	0	+
Increase in income tax payments	−	+	0
Reduction in AFDC payments	−	+	0
Net cost of employment-related services	0	−	−

A welfare-to-work program might also produce net gains from the welfare sample, government budget, *and* taxpayer perspectives simultaneously, or net losses from all three perspectives.[9] When the results are mixed (i.e., positive from some perspectives but not from others), an overall assessment of the program's merits depends upon one's willingness to value one perspective more highly than the others. Some will consider a program that increases the income of welfare recipients to be successful, even if taxpayers and the government budget realize some net loss. Others may judge a program as successful only if it produces budgetary savings.

The final perspective, *the perspective of society as a whole*, combines the perspectives of the welfare sample and taxpayers (and the government budget). For a given component in the analysis, a net gain to society occurs only when a gain to one group is not at the expense of another group. For example, earnings gains for program group members represent a gain to the welfare sample without affecting taxpayers; thus, they are counted as a net gain to society. Net losses to society occur when what is a loss from one perspective is not a benefit from another. For example, the net costs of services represent a loss to the taxpayers and government budget but do not affect welfare recipients. Program effects that constitute a net gain from one perspective but a net loss from another (such as AFDC savings) have no financial consequences from the societal perspective – these effects, which represent a *transfer* from one group in society to another, simply cancel each other out. Thus, from the standpoint of society, a welfare-to-work program such as Project Independence would be judged successful in benefit-cost terms if it produced earnings gains for the welfare sample (these do not affect the government budget or taxpayers) and savings in transfer payment administrative costs (these do

[9]There will be net gains from all three perspectives when earnings gains exceed the reductions in transfer payments and increases in taxes (a net gain from the perspective of the welfare sample), *and* the reductions in transfer payments and administrative costs, combined with increased tax revenues, exceed the net cost of providing employment-related services (a net gain from the perspectives of taxpayers and the government budget). It is also possible for a program to produce net losses from all three perspectives (e.g., when welfare savings plus tax increases exceed earnings gains, but net costs are higher still).

not affect welfare recipients) that together exceed the net cost of services. It should be noted that, when adopting the societal perspective, one assumes that the "value," or importance, of a dollar lost by one group is equivalent to that of a dollar gained by another group, which may or may not be a valid assumption.

C. Limitations of the Analysis

Some limits on the comprehensiveness of the benefit-cost analysis should also be recognized. In addition to the fact (already noted) that the estimates below do not take into account possible displacement of other workers by any increased employment of program group members, they do not include the value of the clear, but difficult-to-monetize, benefits associated with society's preference for work over welfare. Also, they do not place a dollar value on the foregone personal and family activities that are replaced by working or the intrinsic benefits of education that are not reflected in earnings. As is typical in benefit-cost analyses, certain effects cannot be quantified, and long-run effects cannot be gauged precisely.

II. Program Effects (Benefits) for the Full Sample

A. Earnings and Fringe Benefits

Chapter 5 showed that Project Independence produced increases in work and earnings by program group members (compared to the control group) during the two-year follow-up period used for the impact analysis. Table 7.1 presents the net present value of these earnings gains over the entire observation period (which, as previously noted, ranged from two to three years).[10] As the table shows, the earnings gain for that period was $365 per program group member (in 1993 dollars).[11]

Fringe benefits – in the form of employer-paid health and life insurance, pension contributions, and worker's compensation associated with these earnings – were part of sample members' total compensation from working, and are included in the analysis. Using published data, these were estimated at the rate of 14.8 percent of wages.[12] Thus, the average increase in earnings

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[10]Tables 7.1 through 7.4, like the cost and impact tables, show program-control group differences as positive when the mean (i.e., average) value for program group members exceeds the mean value for control group members and as negative when the control group mean is higher. Table 7.5, which incorporates the four analytical perspectives, uses a different format for displaying benefit-cost results. In this table, an effect has a positive value if it represents a net gain from the perspective in question and a negative value if it represents a net loss. Therefore, the same effect will appear positive in some columns and negative in others.

[11]Earnings gains and reductions in AFDC and Food Stamps are discounted and expressed in 1993 dollars. In addition, the observation period used in the benefit-cost analysis differs somewhat from the two-year follow-up period used in the impact analysis. Therefore, program-control group differences in these measures differ from the value of impacts displayed in earlier chapters, even for the two-year follow-up, because of these transformations.

[12]U.S. Bureau of the Census, 1993, p. 430. The estimated value of fringe benefits was calculated as a ratio of the combined costs of employer-provided life and health insurance, retirement and pension accounts, and worker's compensation to the combined costs of regular wages, paid leave (e.g., vacation and sick days)

(continued...)

TABLE 7.1

ESTIMATED PROGRAM–CONTROL GROUP DIFFERENCES IN EARNINGS, FRINGE BENEFITS, AND PERSONAL TAXES FOR THE OBSERVATION PERIOD, PER PROJECT INDEPENDENCE PROGRAM GROUP MEMBER (IN 1993 DOLLARS)

Component of Analysis	Program Group	Control Group	Difference
Earnings	7729	7365	365
Fringe benefits (a)	1144	1090	54
Total earnings and fringe benefits	8873	8454	419
Personal taxes			
Social Security payroll tax (b)	591	563	28
Federal income tax	−485	−454	−31
State income tax (c)	n/a	n/a	n/a
State sales and excise tax	259	257	2
Total taxes	365	367	−2
Sample size (total = 18,233)	13,509	4,724	

SOURCES: MDRC calculations from the State of Florida Unemployment Insurance (UI) earnings and benefits records, and from published data on tax rates and employee fringe benefits. The end of the observation period was September 1993 for all outcome measures.

NOTES: Estimates reflect discounting and adjustment for inflation.
Differences are regression–adjusted using ordinary least squares, controlling for pre–random assignment characteristics of sample members.
Tests of statistical significance were not performed.
Rounding may cause slight discrepancies in calculating sums and differences.
(a) These include employer–paid health and life insurance, pension contributions, and workers' compensation.
(b) Employee portion only.
(c) Florida does not have a state income tax, as indicated by "n/a" (not applicable).

of $365 per program group member plus an additional $54 in fringe benefits yielded an average increase in total work-related compensation of $419 per program group member during the observation period.

B. Tax Payments

Project Independence produced an increase in earnings, with effects on federal income taxes, payroll taxes, and state sales and excise taxes.[13] Tax rates and rules for 1992, including the Earned Income Tax Credit (EITC),[14] were applied to an appropriate income base to impute taxes from earnings and other income.[15] As shown in Table 7.1, total taxes per program group member actually decreased very slightly ($2) during the observation period. Interestingly, Project Independence decreased the level of federal income taxes paid by program group members despite their earnings gains because many program and control group members owed no federal income taxes once the value of standard deductions and exemptions was subtracted from their taxable income. Program group members also received larger EITC tax subsidies than control group members, which further offset potential tax increases. Increases in Social Security and Medicare payroll taxes were more than offset by the decrease in federal income taxes.[16]

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[12](...continued)
and other benefits, which include severance pay, and supplemental (employer-provided) unemployment benefits. (Payments for leave time are captured directly by the earnings data and thus are not counted as a fringe benefit in this analysis.) The numerator in this ratio represented 12.0 percent of employer costs in 1992, while the denominator represented 81.1 percent. Dividing the second term into the first yields the fringe benefit rate of 14.8 percent used in this analysis. Legally mandated employer contributions for Social Security and Medicare were treated as taxes and were included later in the analysis.

[13]Florida does not have a state income tax.

[14]The Earned Income Tax Credit (EITC) is a credit against federal income taxes for taxpayers with annual earnings below a threshold level. As with other tax credits, each dollar of EITC reduces by a dollar the taxes owed. Eligible persons can receive EITC as a payment from the government if they owe no federal income taxes. Schedule Z EITC rates for 1992 were used in this analysis. For 1992, only taxpayers who had dependent children and whose earnings ranged from $1 to $22,373 were eligible for the EITC. Taxpayers who had two or more children and who earned between $7,520 and $11,840 received the maximum value of the EITC, $1,384; those with only one child received up to $1,324. Taxpayers earning between $11,840 and $22,373 received a progressively lower value of the EITC. Not all eligible taxpayers receive the EITC. Following the approach MDRC adopted in its evaluation of California's GAIN program (Riccio, Friedlander, and Freedman, 1994), the EITC "take-up" rate was set at 70 percent. The GAIN analysis based this rate on findings from Scholz, 1994, and subsequent conversations with the author. The rate was applied to all sample members. That is, each sample member's earnings were used to calculate the value of the EITC that she would have received; that amount was then multiplied by .7.

[15]Total earnings plus Unemployment Insurance compensation were used in computing federal income taxes for every sample member. The combined income from earnings, AFDC payments, and Unemployment Insurance compensation was used in calculating sales and excise taxes. The estimation of federal taxes are based on 1992 tax rates, exemption amounts, and Earned Income Tax Credit rules, since that year was about midway in the 1990-93 period of data collection for the earnings and AFDC data analyzed in this report.

[16]Employers pay an "employer's share" of these payroll taxes, which matches the rate paid by their employees. Therefore, the same increase in these payments by employers ($28 per program group member) (continued...)

C. Transfer Payments

The impact analysis presented in Chapters 5 and 6 found that Project Independence produced modest savings in AFDC payments and smaller savings in Food Stamps during the common two-year follow-up period. The benefit-cost analysis estimates the effects of Project Independence on these two transfer payments and also considers its effects on Unemployment Insurance (UI) benefits, Medicaid payments, and the costs of administering all four transfer programs. This section discusses the results of this analysis during the two- to three-year observation period. As before, program-control group differences are expressed in 1993 dollars and discounted to the end of quarter 5.

As shown in Table 7.2, Project Independence realized an average of $300 in AFDC savings per program group member and $145 in Food Stamp savings per program group member during the observation period. Unemployment Insurance payments actually increased slightly ($27).

Program-control group differences in average Medicaid payments were imputed on the basis of observed differences in AFDC receipt and earnings, rules governing Medicaid eligibility, and published data on average Medicaid payments made to all eligible individuals. An individual on AFDC is automatically entitled to receive Medicaid and, under certain circumstances, is eligible to receive transitional Medicaid for 12 months after leaving the AFDC rolls for employment.[17] The analysis estimates program-control group differences for AFDC-related and transitional Medicaid and then combines these effects into a single estimate of Medicaid savings. To impute the value of Medicaid payments for AFDC recipients, it is necessary, first, to estimate the average value of Medicaid dollars paid on behalf of the sample member's AFDC case during a typical month of Medicaid eligibility. This average is calculated by multiplying the average Medicaid monthly payment for a single adult or child on AFDC by the number of adults and children on the sample member's case (as recorded at random assignment). (In 1990-91, in Florida, the average value of Medicaid payments per AFDC eligible person per month was $117.)[18] This average is then multiplied by the total number of months of AFDC receipt for each sample member, resulting in an estimate of total Medicaid expenditures for the observation period. Finally, the program-control group difference in total payments is calculated. A similar strategy was used to estimate Project Independence's effects on transitional Medicaid payments (based on the number of months of imputed eligibility for those payments).

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[16](...continued)
was estimated for the analysis (but was not included in Table 7.1). Employer contributions do figure in the benefit-cost results from the perspective of the government budget. See Table 7.5.

[17]Estimates of the value of transitional Medicaid for the entire follow-up period are based on eligibility rules in effect since April 1990. Former AFDC recipients and their families can receive up to 12 months of transitional Medicaid if they lose AFDC eligibility because of increased earnings, increased hours of employment, or loss of earnings disregards. A basic requirement for transitional Medicaid eligibility is that a person receive earnings high enough to terminate her AFDC eligibility. (A person would not be eligible for transitional Medicaid if her gross monthly earnings minus necessary child care costs exceeded 185 percent of the federal poverty level. However, this requirement was not considered in the analysis because relatively few sample members earned that much.) Because only quarterly earnings data were available for the analysis, it was assumed that a sample member had met the earnings requirement in all three months of a calendar quarter if her quarterly earnings were at least three times the minimum level that, in a single month, would have closed her AFDC case.

[18]This information was obtained from Florida's *Medicaid Services Budget Forecasting System Reports: Final Report, FY 1990-91*.

TABLE 7.2

ESTIMATED PROGRAM–CONTROL GROUP DIFFERENCES IN TRANSFER PAYMENTS AND ADMINISTRATIVE COSTS FOR THE OBSERVATION PERIOD, PER PROJECT INDEPENDENCE PROGRAM GROUP MEMBER (IN 1993 DOLLARS)

Type of Payment or Cost	Program Group	Control Group	Difference
Transfer payments			
AFDC	4902	5202	−300
UI compensation	321	295	27
Food Stamps	4897	5042	−145
Medicaid (while on AFDC)	6158	6489	−331
Transitional Medicaid	388	362	26
Total	16666	17390	−724
Administrative costs			
AFDC	819	869	−50
UI compensation	26	24	2
Food Stamps	741	763	−22
Medicaid (while on AFDC)	254	267	−14
Transitional Medicaid	16	15	1
Total	1856	1938	−83
Sample size (total = 18,233)	13,509	4,724	

SOURCES: MDRC calculations from the State of Florida Unemployment Insurance (UI) earnings and benefits records. The end of the observation period was September 1993 for all outcome measures.

NOTES: Estimates reflect discounting and adjustment for inflation.

Differences are regression–adjusted using ordinary least squares, controlling for pre–random assignment characteristics of sample members.

Tests of statistical significance were not performed.

Rounding may cause slight discrepancies in calculating sums and differences.

As indicated in Table 7.2, Project Independence achieved savings in Medicaid (while sample members were on AFDC) of $331. It is interesting to note that total Medicaid payments for program and control group members exceeded the value of their AFDC benefits. This is because, compared to other states, Florida has relatively low AFDC benefit rates and relatively high Medicaid payment rates.[19] Not surprisingly, program group members received slightly higher levels of transitional Medicaid, on average ($26), reflecting their gains in earnings as well as decreases in their AFDC receipt.

Combining average savings in AFDC, Food Stamps, and Medicaid with the small increase in average Unemployment Insurance benefits yielded an average savings in transfer payments of $724 during the observation period. These savings, in turn, decreased the costs of administering transfer payments by an average of $83 per program group member. Project Independence's effects on transfer program administrative expenditures were estimated based on differences in use of the transfers and on information about state and federal program costs.[20]

D. Future Effects

Thus far, only program effects that occurred during the two- to three-year observation period have been considered. However, as discussed above, these effects are likely to last beyond this period, an expectation that should be taken into account in the analysis. Effects are consequently projected for each sample member beyond what was actually observed, so that the measured and projected effects together cover five years from the first quarter of the follow-up period (quarter 2). As discussed above, all sample members have at least two years of projected data, and the last individuals to enter the research sample have three years.

Projecting program effects entails calculating *a base period* estimate and then making an assumption about how it will change in the future. This evaluation used data from each sample member's last four quarters of available follow-up to estimate Project Independence's base period effects. Assumptions then had to be made about the future effect of Project Independence for these individuals through the end of the five-year period.

The first assumption for this analysis was that Project Independence's impacts on AFDC payments and Food Stamp payments would decrease at a rate of 25 percent per year during the projection period. This was based on the patterns observed for the full sample, which indicated that AFDC and Food Stamp impacts declined somewhat in the second year of follow-up and appeared

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[19]For example, in 1991, the average monthly AFDC payment in Florida for a family of three was $294 compared to the national average of $400.

[20]Combined federal, state, and local administrative costs for each of the four transfer payments were estimated as a percentage of the value of the payments, i.e., by dividing total administrative costs by total payments. The estimated percentages were 16.7 (AFDC), 15.1 (Food Stamps), 8.2 (Unemployment Insurance benefits), and 4.1 (Medicaid). Data for calculating these measures were obtained from tables in the U.S. Department of Health and Human Services, "Aid to Families with Dependent Children (AFDC) Information Memorandum," March 14, 1994, No. ACF-IM-94-1; U.S. Congress, House Committee on Ways and Means, *Overview of Entitlement Programs*, 1993; Florida Health Care Financing Administration, "Summary of Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program (Form HCFA64)," 1994; and Florida Agency for Health Care Administration, *Medicaid Statistics,* February 1992.

likely to keep doing so after that point. The analysis also assumes a 25 percent decay rate for Medicaid.

Assumptions about the likely pattern of decay in earnings impacts were complicated by the divergent patterns observed for the cohort subgroups. Specifically, earnings impacts for the early cohort remained stable or increased slightly after the common two-year follow-up.[21] However, the earnings impacts for the late cohort had already declined to less than zero at the end of two years (i.e., in that cohort, those in the program group eventually had slightly lower earnings than those in the control group). Thus, the projection of earnings impacts assumed a split decay rate: For the early cohort, the analysis assumes no decay in earnings impacts during the projection period; for the late cohort, the analysis assumes a 100 percent decay rate (i.e., no impacts on earnings and earnings-related outcomes) during the projection period.

The resulting estimates are presented in Table 7.3. The values of all program effects have been discounted at a 5 percent real annual rate and adjusted for inflation to reflect 1993 dollars. Note that the $236 in projected earnings effects represent 39 percent of the total $600 five-year earnings increase. The projected amounts for AFDC, Food Stamp, and Medicaid impacts represent approximately 30 percent of the five-year totals. This means that projected earnings gains for program group members will not keep pace with their projected losses of AFDC, Food Stamp, and Medicaid benefits. However, as discussed below, the decrease in transfer payments for individuals represents savings from the government budget perspective. The projections in Table 7.3 indicate that the net gain to the government budget will grow in the future.

The projected effects add some uncertainty to the overall five-year estimates, particularly for the earnings impact projections. For example, Table 7.4 shows that assuming a 45 percent decay rate for the full sample would yield a five-year earnings impact of $438 (27 percent less than the $600 estimate using the split decay rate). It is also interesting to note that using a 0 percent decay rate for the full sample would yield a lower five-year earnings impact than the split decay rate. This is because the base period earnings impacts for the late cohort were slightly negative and, under the assumption of no decay, would have continued to be negative throughout the projection period. This makes the five-year earnings impacts lower than they would be assuming that there were *no* earnings impacts (as opposed to *negative* impacts) for the late cohort.

For AFDC and Food Stamps, more extreme assumptions about impact decay rates (for example, 0 or 45 percent per year, rather than 25 percent, starting with the projection base amounts measured at the end of the observation period) would not change the five-year estimated effects by very much. In addition, using the different impact decay rate assumptions for earnings, AFDC, and Food Stamps would not change the general pattern of benefit-cost findings, which is discussed below.

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[21]Some earlier studies of employment programs for welfare recipients have documented such a pattern and, in some cases, have indicated that program effects can actually increase over time. For examples, see the evaluation of the National Supported Work Demonstration (Masters and Maynard, 1981); the evaluation of a WIN job search program in Louisville, Kentucky (Wolfhagen, 1983); the evaluation of longer-term impacts of Options, a welfare employment program in Baltimore, Maryland (Friedlander, 1987); and the evaluation of longer-term impacts of the Arkansas WORK Program (Friedlander and Goldman, 1988).

TABLE 7.3

ESTIMATED EFFECTS OF PROJECT INDEPENDENCE ON BENEFIT VARIABLES DURING THE OBSERVATION PERIOD, PROJECTION PERIOD, AND WITHIN FIVE YEARS AFTER RANDOM ASSIGNMENT, PER PROGRAM GROUP MEMBER (IN 1993 DOLLARS)

		Projection Period		
Benefit Variable	Observation Period	Projection Base (a)	Projected Amount	5-Year Total (Observed+Projected)
Earnings	365	21	236	600
Fringe benefits	54	3	35	89
Payroll taxes				
Employee portion	28	2	18	46
Employer portion	28	2	18	46
Income and sales taxes (b)	-29	-2	5	-25
AFDC payments	-300	-19	-121	-422
Food Stamps	-145	-10	-64	-209
UI compensation	27	2	-2	24
Total Medicaid	-305	-20	-125	-430
Transfer program administration	-83	-5	-35	-118

SOURCES: MDRC calculations from the State of Florida Unemployment Insurance (UI) earnings and benefits records, and from published data on tax rates and employee fringe benefits. The end of the observation period was September 1993 for all outcome measures.

NOTES: Estimates reflect discounting and adjustment for inflation.
Differences are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.
Tests of statistical significance were not performed.
Rounding may cause slight discrepancies in calculating sums and differences.

(a) For each sample member, the projection base period estimate for a given outcome measure is the quarterly average of the estimates for the last four quarters of available follow-up. Program effects observed during this base period are multiplied by a projection factor to estimate benefits from the end of the observation period to the end of year 5. The projection factor for AFDC, Food Stamps, and Medicaid assumes that the effects of Project Independence observed in the base period decay at a rate of 25 percent over the remainder of the five-year period. The projection factor for earnings and related variables assumes that Project Independence's effects observed in the base period decay at a rate of 0 percent for sample members in the early cohort, and at a rate of 100 percent for sample members in the late cohort, over the remainder of the five-year period.

(b) Florida does not have a state income tax.

TABLE 7.4

PROJECTED FIVE-YEAR IMPACTS OF PROJECT INDEPENDENCE ON SELECTED OUTCOME MEASURES, PER PROGRAM GROUP MEMBER, ASSUMING ALTERNATIVE RATES OF DECAY (IN 1993 DOLLARS)

Measure	0% Decay Rate	25% Decay Rate	45% Decay Rate	Split Decay Rate, by Cohort (a)
Earnings	464	452	438	600
AFDC	−470	−422	−389	n/a
Food Stamps	−235	−209	−192	n/a

SOURCES: MDRC calculations from the State of Florida Unemployment Insurance (UI) earnings and benefits records. The end of the observation period was September 1993 for all outcome measures.

NOTES: Estimates reflect discounting and adjustment for inflation.
Differences are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics of sample members.
Tests of statistical significance were not performed.
Rounding may cause slight discrepancies in calculating sums and differences.
(a) The split decay rate for earnings uses a projection factor that assumes the effects of Project Independence observed in the base period decay at a rate of 0 percent for sample members in the early cohort, and at a rate of 100 percent for sample members in the late cohort, over the remainder of the five-year period. "N/a" is used for AFDC and Food Stamps to indicate that the split decay rate is not applicable.

III. Comparing Benefits and Costs for the Full Research Sample

Table 7.5 summarizes Project Independence's monetary effects from the welfare sample, government budget, taxpayer, and societal perspectives. The analysis defines program-control group differences as gains (indicated by positive values) and losses (indicated by negative values). Results are then added together to produce an estimate of the overall net gain or loss – net present value – of the Project Independence program from the perspective in question. As indicated earlier, all estimates for society as a whole constitute the sum of the results for the welfare sample and taxpayer perspectives (the latter includes the government budget perspective). All results cover a five-year period, are discounted and expressed in 1993 dollars, and reflect the assumption of a 25 percent decay in impacts on AFDC, Food Stamps, and Medicaid payments and a split rate of decay (0 percent for the early cohort and 100 percent for the late cohort) in impacts on earnings-related outcomes during the projection period. Five-year estimates of the net cost of providing Project Independence and non-Project Independence services are taken from Table 4.6. Because of the uncertainty surrounding the projections of cost and benefits beyond the observation period, this section of the chapter concludes by examining various benefit-cost results based on alternative assumptions about the projection estimates.

A. Results from the Perspective of the Welfare Sample

The first column of Table 7.5 presents the benefit-cost results from the perspective of the welfare sample. It should be remembered that these results represent program-control group differences in earnings and fringe benefits, taxes, and transfer payments. As discussed earlier, the overall net gain or loss from the perspective of the welfare sample is estimated by subtracting the combined value of tax increases and savings in transfer payments from the value of earnings gains and increased fringe benefits. As the first column of Table 7.5 shows, Project Independence program group members, on average, experienced a net financial *loss* as a result of the program, estimated at $369 per program group member over the five-year period. This occurred because the increase in earnings produced by the program was not enough to compensate for the decreases in AFDC, Food Stamps, and Medicaid benefits. As discussed in Chapter 5, this was likely to have occurred because program group members typically left AFDC for a short-term, relatively low-wage job, but then did not return to the welfare rolls immediately (or at all) after leaving that job.

B. Results from the Perspective of the Government Budget

The second column of Table 7.5 presents the benefit-cost findings from the perspective of the government budget. On average, Project Independence produced a small net *gain* to the government budget of $72 per program group member. One can also consider the cost-effectiveness of the Project Independence program from the standpoint of the government budget by estimating the value of budgetary savings and tax increases per dollar of investment (i.e., per dollar of net costs of Project Independence and non-Project Independence employment-related activities and services). This measure is called *return to budget per net dollar invested* and is presented in the last row of Table 7.5. One calculates Project Independence's *return to budget* by adding together gains in taxes and savings in transfer payments and associated administrative costs and then dividing this total by the total net cost of services (both Project Independence and non-Project Independence). According to this measure, government budgets come out ahead if the program produces more than a dollar's worth of additional

TABLE 7.5

FIVE-YEAR ESTIMATED NET GAINS AND LOSSES AND RETURN
PER PROJECT INDEPENDENCE PROGRAM GROUP MEMBER, BY ACCOUNTING PERSPECTIVE
(IN 1993 DOLLARS)

	Accounting Perspective			
Component of Analysis	Welfare Sample	Government Budget	Taxpayer	Society
Earnings	600	0	0	600
Fringe benefits (a)	89	0	0	89
Tax payments				
Payroll taxes	−46	92	46	0
Income and sales taxes (b)	25	−25	−25	0
Transfer programs				
AFDC payments	−422	422	422	0
Food Stamps	−209	209	209	0
UI compensation	24	−24	−24	0
Total Medicaid	−430	430	430	0
Transfer administrative costs	0	118	118	118
Net cost of Project Independence and non-Project Independence activities and services	0	−1150	−1150	−1150
Preference for work over welfare	+	0	+	+
Foregone personal and family activities	−	0	0	−
Value of education not reflected in earnings	+	0	+	+
Net gain or loss (net present value)	−369	72	26	−343
Return to government budget per net dollar invested in Project Independence and non-Project Independence activities and services (c)	n/a	1.06 per $1	1.02 per $1	n/a

SOURCES: MDRC calculations from the State of Florida Unemployment Insurance (UI) earnings and benefits records, and from published data on tax rates and employee fringe benefits. The end of the observation period was September 1993 for all outcome measures.

NOTES: Results include estimates of projected program effects beyond the observation period (see Table 7.3).
(a) These include employer-paid health and life insurance, pension contributions, and workers' compensation.
(b) Florida does not have a state income tax.
(c) The return to government budget per net dollar invested in Project Independence and non-Project Independence activities and services is computed by dividing tax payments and transfer program savings by the net cost of Project Independence and non-Project Independence activities and services. ("N/a" means not applicable.)

revenues and savings for each additional dollar spent on employment-related services to program group members (compared to control group members).

As seen in the second column of Table 7.5, Project Independence led to a return of $1.06 in revenues and savings for every net dollar spent on program group members (i.e., an increase of six cents per net dollar spent) – a marginally positive return to the budget which, given the uncertainties behind parts of the analysis, is probably best viewed as a "break-even" effect.[22]

C. Results from the Perspective of Taxpayers

The results from the taxpayer perspective are almost identical to those from the perspective of the government budget. As discussed earlier in this chapter, taxpayers (defined for this analysis as everyone in society other than the welfare sample) realized mostly the same benefits as the government budget. However, they benefited less from increased payroll taxes because only the employee share of those taxes is counted as a benefit to taxpayers. As the third column of Table 7.5. shows, the five-year net gain for taxpayers was estimated to be $26, or about one-third the size of the gains for the government budget.

D. Results from the Perspective of Society as a Whole

The last column of Table 7.5 presents the final benefit-cost results from the societal perspective – a combination of the welfare sample and taxpayer perspectives. Once again, benefits accrued to society through earnings gains and savings in transfer program administration. All other effects represent gains from one perspective and losses from the other, resulting in no effect for society as a whole. The net present value of the program to society as a whole (the sum of taxpayer and welfare sample gains) was $343 *below* the break-even point. As previously discussed, this assumes that a dollar lost by one group has the same value as a dollar gained by another group, and that Project Independence caused no displacement effects.

E. Comparing Results That Exclude and Include Projected Benefits or Costs

As discussed earlier in this chapter, the reliance on two to three years of projected benefits and costs in estimating the program's results over a five-year time horizon introduces considerable uncertainty into the analysis. One way to gauge how much those projections affect the overall conclusions one would draw from the analysis is to compare the pattern of results based on estimates that include the projected values of benefits and costs with the pattern found when the projected values are excluded. The in-text table that follows offers such a comparison for the welfare sample and government budget perspectives.

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[22]The ratio of $1.06 returned to budget per net dollar invested is calculated by dividing the combined savings in transfer payments and administrative costs plus tax increases ($1,222) by the $1,150 in net costs of providing Project Independence and non-Project Independence activities and services to program group members.

Net Gain or Loss (Net Present Value) in 1993 Dollars		
Effect	Welfare Sample Perspective	Government Budget Perspective
Observed estimates only (within two to three years after random assignment)	-$304	-$55
Observed plus projected estimates (within five years after random assignment)	-$369	$72

As the table shows, whether or not the projected benefits and costs are included in the analysis, the pattern of results is quite similar: The welfare sample experiences a net financial loss exceeding $300 per person in the program group (reflecting the low full-sample earnings impacts), while the government budget roughly breaks even (i.e., a marginal loss is estimated without making projections and a marginal gain is estimated if projected values are included).

IV. Benefit-Cost Results for Key Subgroups

The final objective of the benefit-cost analysis is to determine whether the economic gains and losses produced by Project Independence varied for sample members according to the time they entered the program and the age of their youngest child. Comparing the early and late cohorts is a way to assess whether the program was more successful for those who (for the most part) experienced it early on, when it was operated more as its designers had intended and in a more favorable economic climate. (See Chapter 1 for a discussion of these changes.) In addition, by separately examining *within each cohort* the results for the child-age subgroups, the analysis can determine whether being in the earlier versus the later cohort mattered more for sample members with preschool-age children or for those whose children were all at least 6 years old.

Before reviewing the findings, it important to stress that the subgroup estimates are subject to greater uncertainty than are the full-sample results because the sample sizes on which the estimates were based are considerably smaller, and because a number of simplifying assumptions had to be made in performing the calculations (especially in estimating the variation in program costs by subgroup). Thus, the reader should focus more on the broad patterns of results than on the specific numerical estimates.

With those caveats in mind, one can see in comparing the first two panels of Table 7.6 that there were substantial differences in benefits and costs for the early and late cohorts *among sample members whose youngest child was age 6 or older*. For example, the estimated five-year net government cost (for Project Independence and non-Project Independence activities and services) dropped from $1,128 for the early cohort to $877 for the late cohort, a reduction of $251, or 22

TABLE 7.6

FIVE-YEAR ESTIMATED NET GAINS AND LOSSES AND RETURN PER PROJECT INDEPENDENCE PROGRAM GROUP MEMBER, BY ACCOUNTING PERSPECTIVE, BY RANDOM ASSIGNMENT COHORT AND AGE OF YOUNGEST CHILD (IN 1993 DOLLARS)

Subgroup and Component	Accounting Perspective			
	Welfare Sample	Government Budget	Taxpayer	Society
Youngest child, age 6 or older:				
Early cohort				
Total from earnings and fringe benefits	1817	0	0	1817
Total from tax payments (a)	−175	296	175	0
Total from transfer payments and administrative costs (b)	−1309	1454	1454	145
Net cost of Project Independence and non-Project Independence activities and services	0	−1128	−1128	−1128
Net gain or loss (net present value)	333	621	500	834
Return to government budget per net dollar invested in Project Independence and non-Project Independence activities and services (c)	n/a	1.55 per $1	1.44 per $1	n/a
Youngest child, age 6 or older:				
Late cohort				
Total from earnings and fringe benefits	657	0	0	657
Total from tax payments (a)	8	36	−8	0
Total from transfer payments and administrative costs (b)	−1420	1587	1587	167
Net cost of Project Independence and Project Independence activities and services	0	−877	−877	−877
Net gain or loss (net present value)	−755	745	702	−53
Return to government budget per net dollar invested in Project Independence and non-Project Independence activities and services (c)	n/a	1.85 per $1	1.80 per $1	n/a

(continued)

TABLE 7.6 (continued)

Benefit–Cost Component	Accounting Perspective: Welfare Sample	Government Budget	Taxpayer	Society
Youngest child, age 3–5:				
Early cohort				
Total from earnings and fringe benefits	782	0	0	782
Total from tax payments (a)	50	3	–50	0
Total from transfer payments and administrative costs (b)	–554	609	609	54
Net cost of Project Independence and non–Project Independence activities and services	0	–1831	–1831	–1831
Net gain or loss (net present value)	277	–1220	–1272	–995
Return to government budget per net dollar invested in Project Independence and non–Project Independence activities and services (c)	n/a	0.33 per $1	0.31 per $1	n/a
Youngest child, age 3–5:				
Late cohort				
Total from earnings and fringe benefits	–291	0	0	–291
Total from tax payments (a)	55	–74	–55	0
Total from transfer payments and administrative costs (b)	–512	567	567	55
Net cost of Project Independence and non–Project Independence activities and services	0	–894	–894	–894
Net gain or loss (net present value)	–748	–402	–382	–1130
Return to government budget per net dollar invested in Project Independence and non–Project Independence activities and services (c)	n/a	0.55 per $1	0.57 per $1	n/a

SOURCES: See Table 7.5.

NOTES: See Table 7.5.
(a) This category includes payroll, income, and sales taxes. Florida does not have a state income tax.
(b) This category includes AFDC payments, Food Stamps, Unemployment Insurance compensation, Medicaid, and transfer administration costs.
(c) The return to government budget per net dollar invested in Project Independence and non–Project Independence activities and services is computed by dividing tax payments and transfer program savings by the net cost of Project Independence and non–Project Independence activities and services.

percent.[23] From the government budget perspective, this drop in net costs resulted in a greater overall economic gain: The return per net dollar invested rose from $1.55 to $1.85. However, from the welfare sample perspective, being in the late cohort meant a financial loss of $755 per program group member over five years, compared to a gain of $333, on average, for those in the early cohort. Unlike the early cohort, the late cohort's earnings gains were simply too small to make up for their losses in transfer benefits (especially AFDC, Food Stamps, and Medicaid).

The third and fourth panels of Table 7.6 present the findings *for sample members with preschool-age children*. Again, average net costs were lower for the late cohort – but by a much larger margin than was the case for the subgroup with older children. Estimated five-year net costs fell from $1,831 per program group member in the early cohort to $894 for those in the late cohort, a reduction of $937, or 51 percent.[24] However, for neither of the cohorts did the government budget come out ahead for those with younger children. In fact, *less* than a dollar was returned to the budget for every net public dollar invested, largely because the combined savings in reduced transfer program costs were smaller than the net government outlays per program group member for employment-related activities and services. From the welfare sample perspective, however, the pattern of results was similar to that observed for the sample members whose children were all age 6 or older: For those with preschool-age children, being in the early cohort meant a small net gain of $277 on average over five years, while being in the late cohort resulted in a net loss of $748.

Overall, then, Project Independence was most successful from a benefit-cost standpoint for the early cohort of sample members whose children were at least 6 years old. It achieved savings for the government budget, while at the same time making the welfare sample somewhat better off financially. Among the other three subgroups, either the welfare sample, the government budget, or both were made worse off financially.

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[23]Overall, the lower net costs of serving the late versus the early cohort (for each of the child-age subgroups) are due in large part to a reduction in net expenditures on vocational training and post-secondary education.

[24]Project Independence child care costs, overall, do not account for a large share of the five-year estimated total gross cost or net cost per program group member with a preschool-age child. However, the reduction over time in access to child care may have affected those overall costs *indirectly* by making participation in relatively expensive vocational training and post-secondary education activities more difficult. Project Independence child care expenditures were estimated to be roughly $230 per program group member with preschool-age children in the early cohort (averaged across those who did and did not use child care). This average fell to only about $80 for those in the late cohort (a 65 percent decline). Also, subtracting imputed payments for control group members with preschool-age children (who could also receive Project Independence child care) reveals a lower *net* expenditure per program group member. One estimate shows those net expenditures falling from an average of roughly $80 for the early cohort to close to $60 for those in the late cohort (a 25 percent decline).

Although none of these numbers is precise, the downward direction of the changes in both the gross and net cost estimates is consistent with program staff members' descriptions of their responses to the reduced availability of Project Independence child care over time. Staff reported that they typically either encouraged individuals who needed child care and were eligible to enter vocational training or post-secondary education to try job search activities instead or did not assign them to any activities at all.

It should also be noted that average Project Independence child care expenditures for sample members with children ages 6 and older were quite low to begin with (e.g., roughly $10 per program group member in the early cohort), and there was little difference across cohorts.

APPENDIX A

SUPPLEMENTAL TABLES TO CHAPTER 2

TABLE A.1

SELECTED CHARACTERISTICS OF AFDC APPLICANTS AND OF APPLICANT SUBGROUPS DEFINED BY RESEARCH STATUS, AT THE TIME OF RANDOM ASSIGNMENT

Characteristic and Subgroup	Sample Size	All AFDC Applicants	Subgroups, by Research Status: Program Group	Subgroups, by Research Status: Control Group	
Ethnicity (%)					
White, non–Hispanic	5,583	34.9	35.1	34.5	
Black, non–Hispanic	5,755	36.0	36.1	35.8	
Hispanic	3,639	22.8	22.7	23.0	
Other	180	1.1	1.1	1.3	
Data not available	832	5.2	5.1	5.5	
Primary language (%)					
English	12,168	76.1	76.3	75.5	
Spanish	2,893	18.1	18.1	18.2	
Other	264	1.7	1.5	2.0	**
Data not available	664	4.2	4.1	4.3	
Average age (years)	15,989	32.3	32.3	32.2	
Number of children (%)					
1 child	7,087	44.3	44.6	43.4	
2 children	4,921	30.8	30.4	32.0	*
3 or more children	3,112	19.5	19.7	18.8	
Data not available	869	5.4	5.3	5.9	
Age of youngest child (%)					
Age 3 to 5	5,958	37.3	37.3	37.3	
Age 6 or older	8,607	53.8	53.9	53.7	
Data not available	1,424	8.9	8.9	9.1	
Total prior AFDC receipt (a) (%)					
First–time applicant	7,120	44.5	44.5	44.7	
Applicant with less than 2 years of AFDC receipt	4,373	27.4	27.5	26.8	
Applicant with 2 years or more of AFDC receipt	3,593	22.5	22.5	22.4	
Data not available	903	5.7	5.5	6.1	
Education (%)					
High school diploma or GED	8,499	53.2	53.3	52.9	
No high school diploma or GED	6,508	40.7	40.8	40.3	
Data not available	982	6.1	5.9	6.9	**
Any earnings during the prior year (%)	15,989	60.8	60.5	61.9	
Job–readiness status (b) (%)					
Job–ready	13,328	83.4	83.5	83.0	
Not job–ready	1,539	9.6	9.7	9.5	
Data not available	1,122	7.0	6.8	7.5	
Random assignment cohort (%)					
Early cohort (July–December 1990)	6,705	41.9	41.9	42.1	
Late cohort (January–August 1991)	9,284	58.1	58.1	57.9	
Sample size		15,989	11,946	4,043	

(continued)

TABLE A.1 (continued)

SOURCES: MDRC calculations from Background Information Forms and Florida Unemployment Insurance (UI) records.

NOTES: Distributions may not add to 100.0 percent because of rounding.

A chi-square test or two-tailed t-test was applied to differences between subgroups. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

(a) This refers to the total number of months accumulated from one or more spells on an individual's own or spouse's AFDC case. It does not include AFDC receipt under a parent's name.

(b) Sample members are defined as "job-ready" if they had completed at least 10th grade or were employed for at least 12 of the 36 months prior to random assignment. They are defined as "not job-ready" if they did not meet both criteria. These definitions are based on those used by Project Independence during the the random assignment period.

TABLE A.2

SELECTED CHARACTERISTICS OF AFDC RECIPIENTS
AND OF RECIPIENT SUBGROUPS DEFINED BY RESEARCH STATUS,
AT THE TIME OF RANDOM ASSIGNMENT

Characteristic and Subgroup	Sample Size	All AFDC Recipients	Subgroups, by Research Status: Program Group	Subgroups, by Research Status: Control Group	
Ethnicity (%)					
White, non–Hispanic	535	23.8	23.6	24.4	
Black, non–Hispanic	1,123	50.0	49.8	50.4	
Hispanic	405	18.0	18.1	17.9	
Other	27	1.2	1.3	1.0	
Data not available	158	7.0	7.3	6.3	
Primary language (%)					
English	1,719	76.5	76.0	77.5	
Spanish	339	15.1	15.4	14.4	
Other	39	1.7	1.6	2.1	
Data not available	151	6.7	7.0	6.0	
Average age (years)	2,248	30.5	30.5	30.5	
Number of children (%)					
1 child	773	34.4	34.6	33.9	
2 children	654	29.1	29.8	27.5	
3 or more children	685	30.5	29.7	32.2	
Data not available	136	6.1	5.9	6.5	
Age of youngest child (%)					
Age 3 to 5	1,253	55.7	55.5	56.4	
Age 6 or older	709	31.5	31.5	31.7	
Data not available	286	12.7	13.1	11.9	
Total prior AFDC receipt (a) (%)					
Recipients with less than 2 years of AFDC receipt	790	35.1	35.9	33.5	
Recipients with 2 years or more of AFDC receipt	1,029	45.8	44.0	49.9	***
Data not available	429	19.1	20.2	16.6	**
Education (%)					
High school diploma or GED	938	41.7	42.8	39.4	
No high school diploma or GED	1,035	46.0	45.1	48.3	
Data not available	275	12.2	12.2	12.3	
Any earnings during the prior year (%)	2,248	63.0	63.4	62.0	
Job–readiness status (b) (%)					
Job–ready	1,608	71.5	72.2	70.0	
Not job–ready	277	12.3	12.3	12.5	
Data not available	363	16.2	15.6	17.5	
Random assignment cohort (%)					
Early cohort (July–December 1990)	806	35.9	39.1	28.5	***
Late cohort (January–August 1991)	1,442	64.2	60.9	71.5	***
Sample size		2,248	1,567	681	

SOURCES AND NOTES: See Table A.1.

TABLE A.3

SELECTED CHARACTERISTICS OF THE FULL SAMPLE AND OF SUBGROUPS DEFINED BY AGE OF YOUNGEST CHILD, AT THE TIME OF RANDOM ASSIGNMENT

Characteristic and Subgroup	Sample Size	Full Sample	Subgroups, by Age of Youngest Child: Age 6 or Older	Subgroups, by Age of Youngest Child: Age 3 to 5
Ethnicity (%)				
White, non-Hispanic	6,118	33.5	34.9	35.4
Black, non-Hispanic	6,878	37.7	37.3 ***	40.6
Hispanic	4,044	22.2	24.8 ***	20.7
Other	207	1.1	1.2	1.2
Data not available	990	5.4	1.9	2.2
Primary language (%)				
English	13,887	76.1	77.1 ***	81.6
Spanish	3,232	17.7	20.3 ***	15.8
Other	303	1.7	1.7	1.7
Data not available	815	4.5	0.9	1.0
Average age (years)	18,237	32.1	35.0 ***	28.6
Number of children (%)				
1 child	7,860	43.1	49.7 ***	38.9
2 children	5,575	30.6	32.5	33.2
3 or more children	3,797	20.8	17.8 ***	27.9
Data not available	1,005	5.5	0.0	0.0
Age of youngest child (%)				
Age 3 to 5	7,211	39.5	0.0	100.0
Age 6 or older	9,316	51.1	100.0	0.0
Data not available	1,710	9.4	0.0	0.0
Total prior AFDC receipt (a) (%)				
First-time applicant	7,120	39.0	42.9 ***	36.7
Applicant with less than 2 years of AFDC receipt	4,373	24.0	24.9	25.3
Recipient with less than 2 years of AFDC receipt	790	4.3	2.7 ***	6.2
Applicant with 2 years or more of AFDC receipt	3,593	19.7	22.3 ***	18.9
Recipient with 2 years or more of AFDC receipt	1,029	5.6	3.2 ***	9.0
Data not available	1,332	7.3	4.0	3.9
Education (%)				
High school diploma or GED	9,437	51.7	54.3 **	52.8
No high school diploma or GED	7,543	41.4	42.8	43.4
Data not available	1,257	6.9	2.9 ***	3.9
Any earnings during the prior year (%)	18,237	61.1	61.1	60.9
Job-readiness status (b) (%)				
Job-ready	14,936	81.9	85.8 ***	84.0
Not job-ready	1,816	10.0	10.2	10.6
Data not available	1,485	8.1	4.0 ***	5.4
Research sample status (%)				
Program group	13,513	74.1	74.4	73.8
Control group	4,724	25.9	25.6	26.2
Random assignment cohort (%)				
Early cohort (July-December 1990)	7,511	41.2	40.9 ***	43.6
Late cohort (January-August 1991)	10,726	58.8	59.1 ***	56.4
Sample size		18,237	9,316	7,211

SOURCES: See Table A.1.

NOTES: See Table A.1.

Sample sizes for subgroups do not add to the full sample size because of missing data. Therefore, the weighted average of the percentages of the subgroups within a characteristic does not equal the percentage for the full sample.

TABLE A.4

SELECTED CHARACTERISTICS OF THE FULL SAMPLE AND OF SUBGROUPS DEFINED BY JOB–READINESS STATUS, AT THE TIME OF RANDOM ASSIGNMENT

Characteristic and Subgroup	Sample Size	Full Sample	Subgroups, by Job–Readiness Status: Job–Ready	Subgroups, by Job–Readiness Status: Not Job–Ready
Ethnicity (%)				
White, non–Hispanic	6,118	33.5	33.7	32.1
Black, non–Hispanic	6,878	37.7	39.5	21.6 ***
Hispanic	4,044	22.2	20.0	41.6 ***
Other	207	1.1	1.0	2.1 ***
Data not available	990	5.4	5.7	2.6 ***
Primary language (%)				
English	13,887	76.1	78.1	58.5 ***
Spanish	3,232	17.7	15.6	37.2 ***
Other	303	1.7	1.4	3.6 ***
Data not available	815	4.5	4.9	0.7 ***
Average age (years)	18,237	32.1	32.1	32.8 ***
Number of children (%)				
1 child	7,860	43.1	43.2	42.0
2 children	5,575	30.6	30.5	30.8
3 or more children	3,797	20.8	20.3	25.2 ***
Data not available	1,005	5.5	2.0	5.9 ***
Age of youngest child (%)				
Age 3 to 5	7,211	39.5	39.3	42.0 **
Age 6 or older	9,316	51.1	50.9	52.5
Data not available	1,710	9.4	9.8	5.5 ***
Total prior AFDC receipt (a) (%)				
First–time applicant	7,120	39.0	39.5	34.6 ***
Applicant with less than 2 years of AFDC receipt	4,373	24.0	23.9	24.3
Recipient with less than 2 years of AFDC receipt	790	4.3	4.2	5.2 *
Applicant with 2 years or more of AFDC receipt	3,593	19.7	19.2	24.5 ***
Recipient with 2 years or more of AFDC receipt	1,029	5.6	5.5	7.3 ***
Data not available	1,332	7.3	7.7	4.1 ***
Education (%)				
High school diploma or GED	9,437	51.7	57.5	0.0 ***
No high school diploma or GED	7,543	41.4	34.9	100.0 ***
Data not available	1,257	6.9	7.7	0.0 ***
Any earnings during the prior year (%)	18,237	61.1	61.2	60.2
Job–readiness status (b) (%)				
Job–ready	14,936	81.9	100.0	0.0 ***
Not job–ready	1,816	10.0	0.0	100.0 ***
Data not available	1,485	8.1	0.0	0.0
Research sample status (%)				
Program group	13,513	74.1	74.1	74.3
Control group	4,724	25.9	25.9	25.7
Random assignment cohort (%)				
Early cohort (July–December 1990)	7,511	41.2	40.7	45.3 ***
Late cohort (January–August 1991)	10,726	58.8	59.3	54.7 ***
Sample size		18,237	14,983	1,816

SOURCES AND NOTES: See Tables A.1 and A.3.

TABLE A.5

SELECTED CHARACTERISTICS OF THE FULL SAMPLE AND OF SUBGROUPS DEFINED BY PRIOR AFDC RECEIPT, AT THE TIME OF RANDOM ASSIGNMENT

Characteristic and Subgroup	Sample Size	Full Sample	Subgroups, by Prior AFDC Receipt (a) None	Less Than 2 Years	2 or More Years	
Ethnicity (%)						
White, non-Hispanic	6,118	33.5	39.9	36.1	26.5	***
Black, non-Hispanic	6,878	37.7	26.7	41.4	55.8	***
Hispanic	4,044	22.2	29.7	19.7	15.6	***
Other	207	1.1	1.8	0.8	0.6	***
Data not available	990	5.4	1.9	2.0	1.5	
Primary language (%)						
English	13,887	76.1	72.8	82.5	86.1	***
Spanish	3,232	17.7	24.4	15.1	11.8	***
Other	303	1.7	2.2	1.5	1.3	***
Data not available	815	4.5	0.7	0.9	0.8	
Average age (years)	18,237	32.1	32.9	31.1	31.7	***
Number of children (%)						
1 child	7,860	43.1	51.4	44.6	34.9	***
2 children	5,575	30.6	30.4	32.9	32.3	***
3 or more children	3,797	20.8	15.8	20.6	31.5	***
Data not available	1,005	5.5	2.5	1.9	1.3	***
Age of youngest child (%)						
Age 3 to 5	7,211	39.5	37.1	44.0	43.6	***
Age 6 or older	9,316	51.1	56.2	49.9	51.5	***
Data not available	1,710	9.4	6.7	6.1	4.9	***
Total prior AFDC receipt (a) (%)						
First-time applicant	7,120	39.0	100.0	0.0	0.0	***
Applicant with less than 2 years of AFDC receipt	4,373	24.0	0.0	84.7	0.0	***
Recipient with less than 2 years of AFDC receipt	790	4.3	0.0	15.3	0.0	***
Applicant with 2 years or more of AFDC receipt	3,593	19.7	0.0	0.0	77.7	***
Recipient with 2 years or more of AFDC receipt	1,029	5.6	0.0	0.0	22.3	***
Data not available	1,332	7.3	0.0	0.0	0.0	
Education (%)						
High school diploma or GED	9,437	51.7	59.3	53.8	46.0	***
No high school diploma or GED	7,543	41.4	37.3	43.3	50.5	***
Data not available	1,257	6.9	3.4	2.9	3.6	
Any earnings during the prior year (%)	18,237	61.1	61.2	61.2	60.5	
Job-readiness status (b) (%)						
Job-ready	14,936	81.9	87.3	85.1	82.3	***
Not job-ready	1,816	10.0	8.8	10.4	12.5	***
Data not available	1,485	8.1	3.9	4.5	5.2	***
Research sample status (%)						
Program group	13,513	74.1	74.6	74.6	73.0	
Control group	4,724	25.9	25.4	25.4	27.0	
Random assignment cohort (%)						
Early cohort (July-December 1990)	7,511	41.2	41.3	42.1	42.1	
Late cohort (January-August 1991)	10,726	58.8	58.7	57.9	57.3	
Sample size		18,237	7,120	5,163	4,622	

SOURCES AND NOTES: See Tables A.1 and A.3.

APPENDIX B

RESULTS OF THE 24-MONTH SURVEY RESPONSE ANALYSIS

Data on a number of participation measures and on job quality and other outcomes came primarily from the 24-month Project Independence survey. This survey was targeted to a particular subsample of the full research sample of program and control group members, as discussed in Chapter 2. The survey sample was designed to be representative, but not all research sample members were in the pool from which the survey sample was drawn. In addition, not all sample members selected to be surveyed could be interviewed. Some could not be located, and some refused or were unable to be interviewed. Sample members who completed the survey are called *respondents*; collectively, they are the *survey respondent sample*. Sample members selected for the survey who did not complete it are called *nonrespondents* or the *survey nonrespondent sample*. The sample of respondents plus non-respondents is the *survey sample*. In Project Independence, respondents made up more than four-fifths of the survey sample. The survey sample plus those sample members who were not selected to be surveyed is called the *full research sample*.

Whenever survey response rates are less than 100 percent, two kinds of biases may be present. First, it is possible that respondents in the program group may have different characteristics from control group respondents. In that case, the fundamental comparison between program and control group members may be invalid, and impact estimates based on survey data may be biased. Second, the sample of completed surveys may not well represent the full survey sample or the full research sample. In that case, impact estimates for survey respondents may not generalize to all program enrollees. This appendix reports the results of an analysis of survey response patterns undertaken to determine whether either of those biases exists and is significant. Such an analysis is routinely performed in field studies using survey data.[1]

To summarize the results presented below: It was found that there was little likelihood of substantial bias in the basic impact comparison between program and control group members within the respondent subsample. In addition, the respondent sample appears to represent the full research sample reasonably well.

The total rate of response within the survey sample was 82 percent, exceeding the target rate of 80 percent. This response rate is high enough to suggest that the survey probably represents the full research sample quite well. Within the program group, the response rate was 83; among controls, it was 81. The similarity of these rates suggests the absence of significant biases in the basic impact comparison.

To look more closely for any program-control differences within the survey respondent sample, the 0/1 dummy variable indicating membership in the program group was regressed on pre-random

[1]The issue of *item nonresponse*, i.e., the failure to respond to a particular question or set of questions, is not examined here. In most instances, item nonresponse was fairly low for sample members who otherwise responded to the survey. Information about item nonresponse is provided in the notes to tables and in the text where appropriate.

assignment demographic characteristics using the survey respondent sample. The regression R-square was not statistically significant, which indicates that membership in one or the other research group was not related to pre-random assignment characteristics. This result, in conjunction with the high and similar response rates, supports the conclusion that the fundamental comparison of program and control groups among survey respondents should not have produced biased impact estimates.

To help assess the generalizability of survey-based estimates, the 0/1 dummy variable indicating survey response versus survey nonresponse was regressed on pre-random assignment demographic information using the survey sample of respondents and nonrespondents combined. After controlling for research group and county,[2] the increment in regression R-square was still statistically significant.[3] Among other differences, slightly higher response rates were obtained for survey sample members who were job ready under the revised definition, and slightly lower response rates were obtained for individuals who were never married. These (and other) differences were not large, however. The respondent sample should therefore be considered reasonably representative of the full research sample.

Impact estimates for the Project Independence 24-month survey respondents were quite similar to those for the rest of the full research sample. Two-year earnings impacts for survey respondents were only about $20 larger than for the rest of the full research sample, a very small and not statistically significant difference. Two-year AFDC impacts were $19 larger, also a small and not statistically significant difference.[4] Thus, other impacts estimated from survey data alone should provide reasonably valid estimates of behavior in the full research sample.

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[2]Response was expected to differ across research group and county because the probability of selection into the survey sample was different for groups defined by those factors. The differences in probability of selection do not make the selected sample nonrandom.

[3]The incremental R-square was also statistically significant when the same regression was run on the full research sample.

[4]Impacts for survey respondents were not statistically significantly different from those of survey nonrespondents, although the numerical estimates were quite different. Those numerical differences do not reflect on the generalizability of the survey; rather, they are a reflection of the small number of nonrespondents, which permits only imprecise impact estimates for them.

APPENDIX C

ESTIMATING RATES OF PARTICIPATION IN PROJECT INDEPENDENCE ACTIVITIES AMONG CONTROL GROUP MEMBERS

Preliminary analysis of the 24-month survey data indicated that, contrary to the research design, 44.8 percent of control group members responded to questions in a way that could be interpreted as meaning they were exposed to Project Independence activities during the two years following their random assignment date. This apparent violation of the research design prompted an intensive investigation of the accuracy of these self-reported data. Although a significant number of control group members were, in fact, exposed to the program, data collected from Project Independence casefiles indicated that the 24-month survey data substantially exaggerated the extent to which this occurred. In all, data collected from Project Independence casefiles indicated that an estimated 19.8 percent of control group members were exposed to some aspect of the Project Independence treatment. This is the most reliable estimate of the control group's involvement with the program and is the one that was adopted for this report.

This appendix provides a description of the data collection and analysis procedures used to arrive at the estimate of the control group's exposure to Project Independence presented in Chapter 3. The first part of the appendix presents findings taken directly from the 24-month survey on control group members' self-reported rates of involvement with Project Independence. The second part of the appendix describes findings from Project Independence casefile data that were collected to verify the accuracy of the self-reported survey information.

Before beginning this discussion, it is important to note that the 24-month survey data appear to provide accurate estimates of the rate at which *program group members* participated in Project Independence activities. This conclusion is based on a comparison of Project Independence participation rates calculated from the 24-month survey data and participation rates calculated for the 12-month program flow analysis, which utilized Project Independence casefile data collected within 12 months following an individual's random assignment date. For example, both data sources indicated that approximately 32 percent of the program group members participated in Project Independence independent job search or job club activities during the first 12 months following random assignment. Both the 24-month survey data and the 12-month program flow analysis also indicated that approximately 13 percent of the program group members participated in Project Independence education or training activities within 12 months after random assignment.

In addition, there is not sufficient evidence to conclude that the 24-month survey data provide inaccurate estimates of the control group's *overall* participation in employment-related activities (combining Project Independence and non-Project Independence activities). Thus, the primary conclusion of the analysis presented in this appendix is that control group members did not accurately label their participation in employment-related activities as part of Project Independence or not part of Project Independence.

I. Control Group Participation in Project Independence Employment-Related Activities: Evidence from the 24-Month Survey

According to the 24-month survey, 21.8 percent of the control group members reported participating in at least one employment-related activity (i.e., independent job search, job club, education, or training) through Project Independence. Some others who did not participate in any employment-related activities reported some exposure to Project Independence: 14.0 percent of control group members reported attending Project Independence orientation, and 1.0 percent reported that they were sanctioned (i.e., their AFDC grant was reduced) for not attending an employment or training program. Finally, an additional 8.1 percent of control group members reported that they were informed that they were "required to go to an education, training, or employment program in order to receive AFDC." Again, however, none of this last group of control group members reported participating in any Project Independence activities. The combination of all these mutually exclusive percentages – 21.8 plus 14.0 plus 1.0 plus 8.1 – yields the estimate of up to 44.8 percent of control group members who may have been exposed to some aspect of the Project Independence treatment.[1] As discussed below, the review of Project Independence casefiles indicated that this estimate is almost certainly much too high.

There are several likely reasons that control group members may have over-reported their involvement in Project Independence on the 24-month survey. First, many of the programs and organizations through which control group members obtained employment-related services are affiliated with Project Independence and often have particular classes and activities set aside for AFDC recipients. If the connection between these agencies and Project Independence was well advertised, it may be that some control group members attributed to Project Independence their participation in activities provided by these organizations, even though they were not referred there by the program and their participation was not paid for by Project Independence. Another explanation is that some control group members may have been involved in Project Independence as part of a previous spell on AFDC that occurred prior to the start of the evaluation. They may have mistakenly attributed this involvement to the evaluation period.

Finally, control group members may have been subject to employment or job search requirements that were associated with their receipt of Food Stamps or Unemployment Insurance benefits. They may have attributed these requirements to Project Independence. In fact, Florida's Food Stamp Employment and Training Program is also called Project Independence and is operated out of the same offices as the AFDC Project Independence program. This version of Project Independence is targeted to Food Stamp recipients who are exempt from the AFDC requirement to attend the program (e.g., because they no longer receive AFDC) and who have no children under age six.[2] The Food Stamp Project Independence program, although provided with very little funding and with few participants, consists primarily of an orientation session and an eight-week independent job search in which participants are required to submit job applications to 24 employers who have available positions.

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[1]These percentages add to 44.9 because of rounding, but 44.8 is the exact sum.

[2]The Project Independence exemption criteria are listed in Chapter 1, footnote 1.

Recipients of Unemployment Insurance benefits are asked to meet job search requirements in order to continue receiving those benefits. An important distinction between Project Independence and the Food Stamp Employment and Training Program and the Unemployment Insurance job search program, however, appears to be that Project Independence was more rigorous in enforcing its participation mandate than either of the other two programs. As a result, control group members' participation in Project Independence may have been qualitatively different from their participation in other programs, even if they were involved in the same services.

In short, the estimates from 24-month survey data represent an upper bound on the actual Project Independence participation rates among control group members. However, as discussed below, data collected from Project Independence casefiles indicate that their actual rate of participation in the program was probably much lower.

II. Control Group Participation in Project Independence Employment-Related Activities: Evidence from Project Independence Casefiles

A Project Independence casefile is usually created for any individual who is referred to the program. The casefile contains a record of the case manager's contact with the individual and of the individual's participation in activities, use of support services, referral for sanctions, and employment. For the Project Independence evaluation, some program offices created casefiles for control group members – even though the control group members were not (or should not have been) referred to the program – as part of procedures to prevent them from participating in the program should they be referred inadvertently.

A. Project Independence Casefile Data for the 24-Month Survey Verification Analysis

To verify the accuracy of the 24-month survey information about participation in Project Independence, MDRC worked closely with staff in the local Project Independence units to locate casefiles for random subsamples of program and control group members who responded to the 24-month survey. Specifically, Project Independence staff were asked to try to locate casefiles for a random subsample of 250 control group members and 150 program group members.[3]

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[3]The subsample of 150 program group members was selected randomly from the 520 program group members who responded to the 24-month survey. The subsample of 250 control group members was designed to over-represent those who reported on the 24-month survey that they were exposed to Project Independence. Specifically, the control group subsample was drawn from four sets of 24-month survey respondents that were defined by their self-reported participation in employment-related activities: (1) 100 were randomly selected from the 111 control group members who reported participating in Project Independence employment-related activities; (2) 50 were randomly selected from the 53 control group members who reported participating in a Project Independence orientation, but not in employment-related activities; (3) 50 were randomly selected from the 93 control group members who reported participating in employment-related activities, but not through Project Independence; and (4) 50 were randomly selected from the 252 control group members who did not report participating in any employment-related activities. This strategy was used to increase the accuracy of participation measures for the first two groups, who reported that they did participate in Project Independence. All estimates of participation for control group members were weighted to reflect the distribution of the casefile sample in the original 24-month survey sample.

In all, Project Independence casefiles were located for a total of 41.8 percent of the 250 control group members who had been selected for this analysis and 77.4 percent of the 150 selected program group members. It was expected that many program group members and the majority of control group members would not have Project Independence casefiles. For example, as discussed in Chapter 3, some program group members never reached Project Independence because they were never approved for AFDC or they obtained employment shortly after being approved and before they were scheduled to attend a program orientation. Since control group members were supposed to be told that they were not allowed to participate in Project Independence, it is not surprising that the percentage of casefiles found for them was much lower than for the program group. At the same time, it was to be expected that some control group members would have Project Independence casefiles, even though they did not participate in the program during the two-year follow-up period. Some control group members had casefiles because they had been in the program in the past, long before the study began. Project Independence staff may have created casefiles for other control group members in order to store a record that they were part of the study's control group and were not supposed to be served.

There were some program and control group members for whom casefiles were not found but who may have been involved in the program. Project Independence staff who conducted the casefile data collection for the 24-month survey verification analysis reported that they were aware of some program and control group members who had been involved in Project Independence, but whose casefiles were no longer accessible, usually because those casefiles had been archived or transferred to other locations. Unfortunately, it was not possible to obtain a precise count of the sample members who were involved in Project Independence but did not have a casefile at the time the 24-month survey verification data were collected.[4] Instead, for this study, the amount of missing casefile data was estimated based on findings for the program group, following the procedures discussed in the next section.

B. Accounting for Missing Casefile Data

As discussed above, findings from casefile data collected for the 12-month program flow analysis indicate that the 24-month survey data provide an accurate estimate of the actual rates of participation in Project Independence activities for *program group members*. Thus, any differences between the 24-month survey estimates and the estimates obtained from the Project Independence casefile data collected for the 24-month survey verification analysis are likely to represent the amount of missing casefile information for the program group. For example, the 24-month survey data indicate that 44.4 percent of the program group members participated in at least one Project Independence employment-related activity. The casefile data collected for the 24-month survey verification analysis, however, indicate that only 36.8 percent of the program group members participated in employment-related activities through Project Independence. This means that the casefile data reflect only about 82.9 percent of the actual rate of participation in Project Independence activities among program group members.[5]

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[4]The casefile data for the 24-month survey verification analysis were collected in August 1994. This was between three and four years after members of the research sample were randomly assigned. Thus, it not surprising that some of the casefiles were missing owing to archiving or transfer.

[5]Some of this difference may be due to the fact that casefile data were collected for only a subsample of the program group members who responded to the survey.

Similarly, the 24-month survey data indicate that 37.5 percent of the program group members participated in Project Independence independent job search or job club activities. The casefile data collected for the 24-month survey verification analysis, however, indicate that only 28.2 percent of the program group members participated in independent job search or job club activities through Project Independence. This means that the casefile data reflect only about 75.2 percent of the actual rate of participation in independent job search or job club activities among program group members.

Finally, the 24-month survey indicates that 16.4 percent of the program group members participated in Project Independence education or training activities. The casefile data for the 24-month survey verification analysis indicate, however, that 14.0 percent of the program group members participated in Project Independence education or training activities. This means that the casefile data reflect only about 85.4 percent of the actual rate of participation in education and training among program group members.

As described below, these findings on missing casefile data for program group members were used to correct Project Independence participation estimates for control group members in order to account for missing casefile data for the control group. For example, the casefile data collected for the 24-month survey verification analysis indicate that 6.2 percent of the control group members participated in at least one Project Independence employment-related activity during the two-year follow-up period. Based on the program group findings discussed above, this estimate was assumed to represent 82.9 percent of the control group's actual rate of participation in these activities. As a result, to account for missing casefile data, this estimate was increased to 7.5 percent (i.e., 6.2 divided by .829).

Similarly, the Project Independence casefile data indicate that 4.5 percent of the control group members participated in Project Independence independent job search or job club activities. Based on the program group findings discussed above, this estimate was assumed to represent 75.2 percent of the control group's actual rate of participation in independent job search or job club activities. As a result, to account for missing casefile data, this estimate was increased to 6.0 percent (i.e., 4.5 divided by .752).

Finally, the casefile data collected for the 24-month survey verification analysis indicate that 1.9 percent of the control group members participated in Project Independence education and training activities. Based on the program group findings discussed above, this estimate was assumed to represent 85.4 percent of the control group's actual rate of participation in education or training activities. As a result, to account for missing casefile data, this estimate was increased to 2.2 percent (i.e., 1.9 divided by .854).

C. Corrected Rates of Participation in Specific Project Independence Activities for Control Group Members

The casefile data collected for the 24-month survey verification analysis did not include separate information on participation in specific Project Independence activities such as independent job search, job club, ABE or GED, ESL, vocational training and post-secondary education, or on-the-job training. Rates of participation in these individual activities, therefore, were estimated from the 24-month survey, but were corrected using the casefile data for the aggregate categories of activities, namely, "independent job search or job club" and "education or training." For example, the 24-month

survey data indicate that 9.4 percent of the control group members participated in education or training activities through Project Independence. The casefile data (including the correction to account for missing casefiles), however, indicate that the control group's actual rate of participation in these activities was 2.2 percent, 77 percent lower than the 24-month survey estimate (i.e., 1 minus 2.2/9.4). Therefore, the separate rates of participation in education (ABE or GED, and ESL) and training (vocational training or post-secondary education, and on-the-job training) were also assumed to be 77 percent lower than the rates indicated by the 24-month survey. The same method was used to estimate rates of participation in independent job search and job club activities. The results of these corrections are presented in Table 3.4 and reflect the most accurate estimates of control group participation in Project Independence employment-related activities.

III. Corrected Rates of Participation in a Project Independence Orientation and Referrals for Sanction

The 24-month survey data indicate that 71.2 percent of program group members attended a Project Independence orientation. However, evidence from the 12-month program flow analysis gives this rate as 77 percent. Since the program flow analysis was prepared using Project Independence casefiles collected within 12 months after program group members were referred to the program, it is likely to be a more accurate estimate of the actual rate of participation in orientation.

According to the casefile data collected later for the 24-month survey verification analysis, only 47.5 percent of program group members attended a Project Independence orientation. Assuming that the 12-month program flow analysis findings are more complete implies that the casefile data for the 24-month survey verification analysis represent only 61.7 percent of the total rate of orientation attendance among program group members. This was used to correct the orientation attendance rate for control group members that was found in the casefile data.

According to the casefile data, 11.5 percent of control group members were found to have attended orientation. Assuming that this represents 61.7 percent of the actual rate (based on the findings for program group members), then a total of 18.6 percent of the control group members attended an orientation (i.e., 11.5 divided by .617). Since this includes the 7.5 percent of control group members who also participated in employment-related activities and, thus, were assumed to have attended orientation, the remaining 11.1 percent of those who attended orientation did not participate in any other program activities.

Finally, both the 24-month survey data and the casefile data indicated that approximately 1 percent of the control group members were referred for a sanction (a reduction in their AFDC grant) because they did not participate in a prescribed Project Independence activity and did not provide an acceptable excuse. Given the similarity between the survey and casefile estimates, no correction was made, and the casefile estimate of 1.2 percent was used as the rate at which control group members were referred for a sanction. None of these sanctioned control group members attended orientation or participated in employment-related activities through Project Independence.

IV. Summary

Corrections based on a review of Project Independence casefiles indicate that 19.8 percent of control group members were exposed to some aspect of the Project Independence treatment. This

estimate includes three elements. First, an estimated 11.1 percent of control group members attended Project Independence orientation but did not participate in any Project Independence employment-related activities. An additional 1.2 percent of the control group were referred for a sanction for not participating in a prescribed activity and were not exposed to any other aspect of the program. Finally, the most intensive involvement in Project Independence was probably limited to 7.5 percent of control group members. These were individuals who participated in at least one employment-related activity through Project Independence. The sum of these three components – 11.1 plus 1.2 plus 7.5 – yields the estimate of 19.8 percent of control group members who were exposed to some aspect of the Project Independence treatment. This is the most reliable estimate of the control group's exposure to Project Independence and is the one that was adopted for this report.

APPENDIX D

SUPPLEMENTAL TABLE TO CHAPTER 4

TABLE D.1

AVERAGE NUMBER OF MONTHS OF PARTICIPATION IN PROJECT INDEPENDENCE AND NON-PROJECT INDEPENDENCE EMPLOYMENT-RELATED ACTIVITIES WITHIN FIVE YEARS AFTER RANDOM ASSIGNMENT

Activity Source and Participation Measure	Program Group	Control Group
Project Independence and non-Project Independence sources combined		
Ever participated in any employment-related activity (a)	7.05	5.51
Ever participated in independent job search or job club (a)	1.66	0.94
Independent job search	1.41	0.84
Job club	0.26	0.13
Ever participated in education or training (a)	6.38	4.99
ABE or GED	1.10	0.82
ESL	0.30	0.51
Vocational training or post-secondary education	4.32	3.16
On-the-job training	0.38	0.34
Project Independence activities		
Ever participated in any employment-related activity (a)	4.73	1.03
Ever participated in independent job search or job club (a)	1.41	0.30
Independent job search	1.20	0.27
Job club	0.23	0.04
Ever participated in education or training (a)	2.31	0.36
ABE or GED	0.38	0.07
ESL	0.16	0.02
Vocational training or post-secondary education	1.35	0.21
On-the-job training	0.22	0.03
Sample size (total = 1,029)	520	509

SOURCES: The 24-month survey of a subsample of program and control group members and Project Independence casefiles.

NOTES: Length of participation is defined as the number of months with any participation in a given activity.
(a) Individuals could participate in more than one activity during the follow-up period; therefore, the sum of percentages in specific activities may exceed the category percentage.

APPENDIX E

SUPPLEMENTAL TABLE TO CHAPTER 5

TABLE E.1

TWO-YEAR IMPACTS OF PROJECT INDEPENDENCE ON EMPLOYMENT, EARNINGS, AFDC RECEIPT, AFDC PAYMENTS, FOOD STAMP RECEIPT, AND FOOD STAMP PAYMENTS FOR THE FULL SAMPLE

Outcome and Follow-up Period	Program Group	Control Group	Difference	Percentage Difference
Ever employed (%)				
Quarters 2-9	66.3	63.8	2.5 ***	4.0%
And employed in quarter 9	38.3	37.8	0.4	1.1%
And not employed in quarter 9	28.1	26.0	2.1 ***	8.1%
Quarters 2-5	55.4	52.6	2.8 ***	5.4%
And employed in quarter 5	36.7	34.6	2.2 ***	6.2%
And not employed in quarter 5	18.7	18.0	0.7	3.7%
Quarters 6-9	53.3	51.2	2.1 ***	4.1%
And employed in quarter 9	38.3	37.8	0.4	1.1%
And not employed in quarter 9	15.1	13.4	1.7 ***	12.7%
Average quarterly employment rate (%)				
Quarters 2-9	37.3	35.5	1.8 ***	5.1%
Quarters 2-5	36.8	34.5	2.3 ***	6.6%
Quarters 6-9	37.8	36.5	1.3 **	3.7%
Employed in all quarters (%)				
Quarters 2-5	19.2	17.4	1.9 ***	10.7%
Quarters 6-9	23.1	22.1	1.0	4.5%
First employed (%)				
Quarters 2-5	55.4	52.6	2.8 ***	5.4%
Quarters 6-9	10.9	11.2	-0.3	-2.5%
Ever employed (%)				
Prior quarter 4	43.3	43.7	-0.4	-0.9%
Prior quarter 3	44.2	44.6	-0.5	-1.1%
Prior quarter 2	44.1	43.2	0.9 **	2.0%
Prior quarter 1	42.0	42.0	0.0	0.0%
Quarter of random assignment	40.1	39.9	0.3	0.7%
Quarter 2	36.5	33.8	2.7 ***	8.1%
Quarter 3	37.2	34.8	2.4 ***	6.9%
Quarter 4	36.7	34.9	1.8 **	5.0%
Quarter 5	36.7	34.6	2.2 ***	6.2%
Quarter 6	37.4	34.9	2.6 ***	7.4%
Quarter 7	37.6	36.6	1.0	2.8%
Quarter 8	38.1	36.7	1.4 *	3.7%
Quarter 9	38.3	37.8	0.4	1.1%
Quarter 10	n/a	n/a	n/a	n/a
Quarter 11	n/a	n/a	n/a	n/a
Quarter 12	n/a	n/a	n/a	n/a
Quarter 13	n/a	n/a	n/a	n/a
Average total earnings ($)				
Quarters 2-9	5766	5539	227 *	4.1%
Quarters 2-5	2548	2401	146 **	6.1%
Quarters 6-9	3219	3138	80	2.6%
Average earnings per quarter employed ($)				
Quarters 2-9	*1931*	*1950*	*-18 (a)*	-0.9%
Quarters 2-5	*1731*	*1739*	*-8 (a)*	-0.4%
Quarters 6-9	*2126*	*2149*	*-23 (a)*	-1.1%

(continued)

TABLE E.1 (continued)

Outcome and Follow-up Period	Program Group	Control Group	Difference	Percentage Difference
Average total earnings ($)				
Prior quarter 4	837	842	−5	−0.6%
Prior quarter 3	845	859	−14	−1.6%
Prior quarter 2	801	799	2	0.2%
Prior quarter 1	695	711	−16	−2.2%
Quarter of random assignment	409	422	−13	−3.1%
Quarter 2	507	485	22	4.6%
Quarter 3	643	580	63 ***	10.8%
Quarter 4	681	650	30	4.7%
Quarter 5	717	686	31	4.6%
Quarter 6	754	720	33	4.6%
Quarter 7	792	757	35	4.6%
Quarter 8	824	812	13	1.5%
Quarter 9	849	849	0	0.0%
Quarter 10	n/a	n/a	n/a	n/a
Quarter 11	n/a	n/a	n/a	n/a
Quarter 12	n/a	n/a	n/a	n/a
Quarter 13	n/a	n/a	n/a	n/a
Ever received any AFDC payments (%)				
Quarters 2–9	88.3	89.5	−1.1 **	−1.3%
Quarters 2–5	85.2	86.7	−1.5 ***	−1.7%
Quarters 6–9	68.6	71.3	−2.7 ***	−3.8%
Ever off AFDC (%)				
Quarters 2–9	62.8	58.7	4.1 ***	6.9%
And did not receive AFDC in quarter 9	48.8	46.4	2.4 ***	5.2%
And received AFDC in quarter 9	14.0	12.4	1.6 ***	13.2%
Quarters 2–5	43.4	37.9	5.5 ***	14.5%
Quarters 6–9	55.7	52.9	2.7 ***	5.2%
First off AFDC (%)				
Quarters 2–5	43.4	37.9	5.5 ***	14.5%
Quarters 6–9	19.4	20.9	−1.4 **	−6.8%
Average number of months receiving AFDC payments				
Quarters 2–9	14.20	15.06	−0.85 ***	−5.7%
Quarters 2–5	7.82	8.31	−0.49 ***	−5.9%
Quarters 6–9	6.39	6.75	−0.36 ***	−5.4%
Ever received any AFDC payments (%)				
Prior quarter 4	22.9	22.8	0.1	0.4%
Prior quarter 3	22.9	22.9	0.1	0.2%
Prior quarter 2	22.4	22.1	0.4	1.6%
Prior quarter 1	20.4	20.2	0.2	
Quarter of random assignment	53.6	54.1	−0.6	−1.0%
Quarter 2	79.7	81.7	−2.0 ***	−2.4%
Quarter 3	72.4	76.3	−3.9 ***	−5.1%
Quarter 4	67.0	71.7	−4.7 ***	−6.5%
Quarter 5	64.6	68.7	−4.2 ***	−6.0%
Quarter 6	62.3	65.4	−3.1 ***	−4.7%
Quarter 7	59.5	62.5	−3.0 ***	−4.8%
Quarter 8	55.7	58.6	−2.9 ***	−4.9%
Quarter 9	51.2	53.6	−2.4 ***	−4.5%
Quarter 10	47.5	49.2	−1.7 **	−3.6%
Quarter 11	n/a	n/a	n/a	n/a
Quarter 12	n/a	n/a	n/a	n/a
Quarter 13	n/a	n/a	n/a	n/a

(continued)

TABLE E.1 (continued)

Outcome and Follow–up Period	Program Group	Control Group	Difference	Percentage Difference
Average total AFDC payments received ($)				
Quarters 2–9	4028	4293	−265 ***	−6.2%
Quarters 2–5	2196	2348	−152 ***	−6.5%
Quarters 6–9	1832	1945	−113 ***	−5.8%
Average AFDC payment per month received ($)				
Quarters 2–9	*284*	*285*	*−2 (a)*	−0.5%
Quarters 2–5	*281*	*283*	*−2 (a)*	−0.6%
Quarters 6–9	*287*	*288*	*−1 (a)*	−0.4%
Average AFDC payments received ($)				
Prior quarter 4	174	176	−2	−1.0%
Prior quarter 3	173	175	−2	−1.1%
Prior quarter 2	169	173	−4	−2.2%
Prior quarter 1	151	153	−2	−1.5%
Quarter of random assignment	321	327	−6	−1.9%
Quarter 2	626	654	−27 ***	−4.2%
Quarter 3	542	584	−43 ***	−7.3%
Quarter 4	518	565	−46 ***	−8.2%
Quarter 5	510	546	−36 ***	−6.6%
Quarter 6	501	531	−30 ***	−5.7%
Quarter 7	480	509	−29 ***	−5.8%
Quarter 8	444	473	−29 ***	−6.1%
Quarter 9	407	432	−25 ***	−5.7%
Quarter 10	376	393	−18 **	−4.5%
Quarter 11	n/a	n/a	n/a	n/a
Quarter 12	n/a	n/a	n/a	n/a
Quarter 13	n/a	n/a	n/a	n/a
Ever received any Food Stamps (%)				
Quarters 2–9	90.5	91.0	−0.5	−0.6%
Quarters 2–5	88.6	89.1	−0.5	−0.6%
Quarters 6–9	72.6	73.9	−1.3 *	−1.8%
Ever off Food Stamps (%)				
Quarters 2–9	55.6	54.0	1.5 *	2.8%
And did not receive Food Stamps in quarter 9	43.2	42.6	0.6	1.4%
And received Food Stamps in quarter 9	12.4	11.5	0.9 *	8.0%
Quarters 2–5	36.6	34.6	2.0 ***	5.8%
Quarters 6–9	49.7	48.4	1.3	2.7%
First off Food Stamps (%)				
Quarters 2–5	36.6	34.6	2.0 ***	5.8%
Quarters 6–9	18.9	19.4	−0.5	−2.6%
Average number of months receiving Food Stamps				
Quarters 2–9	15.36	15.70	−0.34 ***	−2.2%
Quarters 2–5	8.48	8.66	−0.19 ***	−2.2%
Quarters 6–9	6.88	7.04	−0.16 *	−2.2%

(continued)

TABLE E.1 (continued)

Outcome and Follow-up Period	Program Group	Control Group	Difference	Percentage Difference
Ever received any Food Stamps (%)				
Prior quarter 4	33.5	33.7	−0.2	−0.5%
Prior quarter 3	35.4	35.8	−0.4	−1.1%
Prior quarter 2	37.3	37.8	−0.4	−1.1%
Prior quarter 1	42.5	42.5	0.0	0.0%
Quarter of random assignment	84.2	84.3	−0.1	−0.1%
Quarter 2	84.1	84.5	−0.4	−0.4%
Quarter 3	77.0	78.5	−1.5 **	−1.9%
Quarter 4	73.2	74.7	−1.4 **	−1.9%
Quarter 5	70.5	71.8	−1.3 *	−1.8%
Quarter 6	67.4	69.0	−1.6 **	−2.3%
Quarter 7	64.0	65.5	−1.6 **	−2.4%
Quarter 8	59.9	61.4	−1.5 *	−2.5%
Quarter 9	56.8	57.4	−0.6	−1.0%
Quarter 10	54.1	54.3	−0.1	−0.3%
Quarter 11	n/a	n/a	n/a	n/a
Quarter 12	n/a	n/a	n/a	n/a
Quarter 13	n/a	n/a	n/a	n/a
Average total value of Food Stamps received ($)				
Quarters 2–9	4002	4138	−136 ***	−3.3%
Quarters 2–5	2148	2213	−66 ***	−3.0%
Quarters 6–9	1855	1925	−70 ***	−3.6%
Average value of Food Stamps per month received ($)				
Quarters 2–9	*261*	*264*	*−3 (a)*	−1.1%
Quarters 2–5	*253*	*255*	*−2 (a)*	−0.8%
Quarters 6–9	*269*	*273*	*−4 (a)*	−1.5%
Average value of Food Stamps received ($)				
Prior quarter 4	201	203	−1	−0.7%
Prior quarter 3	214	219	−5	−2.2%
Prior quarter 2	228	231	−3	−1.4%
Prior quarter 1	249	251	−2	−0.6%
Quarter of random assignment	470	470	−1	−0.1%
Quarter 2	581	590	−9 *	−1.5%
Quarter 3	536	554	−17 ***	−3.1%
Quarter 4	521	541	−20 ***	−3.8%
Quarter 5	510	529	−19 ***	−3.6%
Quarter 6	502	518	−16 **	−3.2%
Quarter 7	476	498	−21 ***	−4.3%
Quarter 8	453	471	−18 ***	−3.9%
Quarter 9	424	438	−14 **	−3.2%
Quarter 10	387	394	−6	−1.6%
Quarter 11	n/a	n/a	n/a	n/a
Quarter 12	n/a	n/a	n/a	n/a
Quarter 13	n/a	n/a	n/a	n/a
Sample size (total = 18,233)	13,509	4,724		

SOURCES: See Table 5.1.

NOTES: See Table 5.1.
Italics indicate a nonexperimental estimate.
"N/a" indicates that data are not available.
(a) This comparison is nonexperimental. No test of statistical significance was performed.

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About MDRC

The Manpower Demonstration Research Corporation (MDRC) is a nonprofit social policy research organization founded in 1974 and located in New York City and San Francisco. Its mission is to design and rigorously field-test promising education and employment-related programs aimed at improving the well-being of disadvantaged adults and youth, and to provide policymakers and practitioners with reliable evidence on the effectiveness of social programs. Through this work, and its technical assistance to program administrators, MDRC seeks to enhance the quality of public policies and programs. MDRC actively disseminates the results of its research through its publications and through interchange with policymakers, administrators, practitioners, and the public.

Over the past two decades – working in partnership with more than forty states, the federal government, scores of communities, and numerous private philanthropies – MDRC has developed and studied more than three dozen promising social policy initiatives.