

Alternative Welfare-to-Work Strategies for the Hard-to-Employ

Testing Transitional Jobs and Pre-Employment Services in Philadelphia

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Overview

As welfare caseloads have declined over the past decade, policymakers and administrators have focused increasingly on long-term and hard-to-employ recipients who have not made a stable transition from welfare to work. Many of these recipients face serious barriers to employment such as physical and mental health problems, substance abuse, and limited work and educational backgrounds.

This report presents interim results from an evaluation of two different welfare-to-work strategies for hard-to-employ recipients of Temporary Assistance for Needy Families (TANF) in Philadelphia. The study is part of the Enhanced Services for the Hard-to-Employ Demonstration and Evaluation Project, which is testing innovative employment strategies for groups facing serious obstacles to finding and keeping a steady job. The project is sponsored by the Administration for Children and Families and the Office of the Assistant Secretary for Planning and Evaluation in the U.S. Department of Health and Human Services (HHS), with additional funding from the U.S. Department of Labor. It is being conducted by MDRC, a nonprofit, nonpartisan research organization, along with the Urban Institute and other partners.

The first approach being tested is a transitional jobs model operated by the Transitional Work Corporation (TWC). TWC quickly places participants into temporary, subsidized jobs; provides work-related supports; and then, building on this work experience, helps participants look for permanent jobs. The second model, called Success Through Employment Preparation (STEP), aims to assess and address participants' barriers to employment — such as health problems or inadequate skills — before they go to work.

The evaluation uses a rigorous design in which nearly 2,000 long-term and potential long-term welfare (TANF) recipients were assigned at random to TWC or STEP, or to a control group that did not participate in either program. The research team is following all three groups over time using surveys and administrative data. Results for the first 18 months show that:

- The TWC program group members had significantly higher employment rates and earnings than the control group members, but the difference faded after the first year of follow-up. When earnings from transitional jobs and unsubsidized jobs are combined, the TWC group earned about \$1,000 (26 percent) more than the control group, on average, and received significantly less welfare assistance. The earnings gains and welfare reductions largely offset one another, however, leaving the two groups with about the same total income.
- Recipients who were assigned to the STEP program did not work or earn more, or receive less welfare, than the control group. The results may have been affected by the fact that many people who were assigned to STEP did not participate in the program for long periods.

A later report will present results over a three-year period, but these interim results suggest some fairly clear patterns. The TWC program substantially increased employment in the short term, but this and other studies suggest that, in order to sustain impacts, transitional job programs need to help more people obtain and retain permanent jobs. The STEP program has not increased employment so far, adding to a growing body of evidence suggesting that it can be difficult to engage welfare recipients in extensive pre-employment services long enough to significantly improve their employability.

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The Authors

Executive Summary

This report presents interim results from a rigorous evaluation of two different employment strategies for hard-to-employ public assistance recipients in Philadelphia. The study is part of the Enhanced Services for the Hard-to-Employ Demonstration and Evaluation Project, which is testing innovative employment strategies for groups facing serious obstacles to steady work. The Hard-to-Employ project is sponsored by the Administration for Children and Families and the Office of the Assistant Secretary for Planning and Evaluation in the U.S. Department of Health and Human Services (HHS), with additional funding from the U.S. Department of Labor. It is being conducted under contract to HHS by MDRC, a nonprofit, nonpartisan research organization, along with the Urban Institute and other partners.

The Policy Context: Welfare Reform and the Hard-to-Employ

As welfare caseloads nationwide have declined, policymakers, program administrators, and researchers have increasingly focused attention on long-term and hard-to-employ recipients who have not made a stable transition from welfare to work. Many of these recipients face significant barriers to employment such as physical and mental health problems, substance abuse, and limited employment and educational backgrounds.

Until the 1990s, recipients facing serious barriers to work were often exempt from requirements to participate in employment-related activities. During that decade, partly as a result of the 1996 federal welfare reform law, many states began to extend work requirements to a broader share of the Temporary Assistance for Needy Families (TANF) population.¹ Welfare time limits and economic fluctuations also increased the need to offer these recipients effective services to assist them in the transition from welfare to work. TANF reauthorization, passed in early 2006, further strengthened the work participation mandate, making it crucial that welfare agencies focus on working with hard-to-employ recipients.

Until recently, few welfare-to-work programs were designed specifically for the most disadvantaged recipients. When studies assessed whether broadly targeted programs were effective for this subset of recipients, they typically found that the programs succeeded in raising earnings for the most disadvantaged but still left them with very low employment rates and earnings. A series of current studies, including this project, is beginning to build a knowledge base about special models that target recipients who are facing the most serious barriers to employment.

¹In this report, “welfare” is used interchangeably with TANF.

Two Employment Strategies for Hard-to-Employ TANF Recipients

This study is testing two service models designed to increase the employment and earnings of hard-to-employ welfare recipients. The first is a transitional jobs model, which provides subsidized employment for up to six months combined with education and work-readiness activities, job search assistance, and job retention services. This model is based on the theory that recipients can best prepare for work by working, and that transitional jobs can allow program staff to identify and address workplace problems. The second model focuses on assessing and treating participants' barriers to employment up front, before they go to work. This model is based on the assumption that recipients will be better able to obtain and hold jobs if their employment barriers are addressed before they start working.

The transitional jobs model was operated by Transitional Work Corporation (TWC). Founded in 1998, TWC is one of the nation's leading transitional jobs programs. TWC's program begins with a two-week orientation teaching job-readiness skills. After the orientation, participants are placed in a transitional job, usually with a government or nonprofit agency. They are employed by TWC, which pays the minimum wage for up to six months. Office-based TWC staff and on-site work partners provide guidance and support. Recipients are required to work 25 hours per week and to participate in 10 hours of professional development activities at TWC. These activities may include job search and job-readiness instruction, as well as preparation for the General Educational Development (GED) exam and other classes. During the transitional work period, TWC staff work with participants to find permanent, unsubsidized jobs for them. TWC also provides job retention services and bonus payments to participants for six to nine months after they are placed in a permanent job.

The program focusing on pre-employment services, the Success Through Employment Preparation (STEP) program, was run by Jewish Employment and Vocational Service,² a nonprofit social service agency. STEP was developed specifically for this study and served only study participants. In the STEP program, outreach staff first conducted home visits and addressed barriers that might keep participants from coming into the office. Once participants enrolled, the program began with an extensive assessment period to identify their barriers to employment. Specialized staff analyzed the results of the assessments and then met with the participant and the case manager to design an individualized plan to address the barriers. Treatment could include life skills classes, GED preparation, English as a Second Language classes, support groups, professional development sessions and counseling by behavioral health specialists, as well as ongoing case management meetings. If participants' barriers were considered severe, staff could refer them to outside organizations for further assessment and treatment. Eventually, participants worked with job coaches and job developers to find jobs.

²The organization's name has since changed to JEVS Human Services.

The timing of the employment search process depended on participants' individual motivation levels and barriers to employment, but usually did not begin before they had at least completed the assessments and the team had designed a treatment plan.

The Research Design

This evaluation uses a random assignment design to determine whether the TWC and STEP program models are effective strategies for increasing employment and earnings and reducing welfare receipt. Outcomes for recipients assigned to the two programs are being compared with outcomes for recipients in a control group who did not participate in TWC or STEP, but could enroll in other employment activities provided through the welfare agency or in the community. The study targeted TANF recipients who had received cash assistance for at least 12 months since 1997 (when Pennsylvania's TANF program began) or who did not have a high school diploma or the equivalent — and who were not currently employed or participating in work activities.

Recipients who met the study criteria were randomly assigned at four Philadelphia TANF offices into one of the two program groups or the control group. Recipients placed in one of the program groups were referred by TANF agency staff to the appropriate program — TWC or STEP — and received the services described above; they were required to participate. Control group members were encouraged to participate in work or education activities (other than TWC and STEP) but were not supposed to be penalized for failing to enroll in such activities. Random assignment ran from October 2004 to May 2006, and a total of 1,942 people entered the study. The study is tracking all three groups using surveys of study participants and administrative data, including welfare department records and unemployment insurance (UI) quarterly earnings records. Because individuals were assigned to the three groups through a random process, there should be no systematic differences in the groups' measured or unmeasured characteristics at the time they entered the study. Therefore, any differences measured later can be attributed to the effects of the different services provided. One and a half years of follow-up data are now available for all study participants.

Characteristics of the Study Participants

The average age of the study participants is about 29 years. The large majority are single mothers, and just over 80 percent are black/non-Hispanic; about 14 percent are Hispanic.

Many of the sample members have considerable barriers to employment, including low education levels, limited employment history, and responsibilities caring for preschool children. Approximately 92 percent of the sample had been employed previously, but two-thirds had

worked a year or less in the past three years. On average, sample members had received 40 months of TANF benefits since 1997.

Receipt of Employment Services by the Control Group

Findings from a survey that was administered about 18 months after sample members entered the study, along with welfare agency tracking data, were used to measure sample members' participation in work-related activities. Follow-up data for the control group, which describe the experiences of people who did not have access to the two special programs, are discussed first.

- **A large proportion of the control group participated in welfare-to-work activities.**

As discussed earlier, the study design called for the control group to be exempted from work participation requirements. Nevertheless, data from both the survey and the welfare agency records show that a large proportion of control group members participated in employment or education activities. For example, welfare agency data show that about 60 percent of the control group enrolled in a welfare-to-work activity while receiving TANF; in the survey, about 70 percent of the control group reported participating in an employment or education/training activity since entering the study.

Studies often find that many welfare recipients enroll in employment or education activities even when they are not required to do so. However, the rates of participation in this study are particularly high, raising the question of whether some control group members were required to enter such activities despite the study design. Special procedures were put in place to insulate the control group from participation mandates, but it was challenging to ensure that these procedures were followed in all cases because there were major changes in organizational structure and policies during the study period that emphasized the need for all TANF recipients to participate in work activities. The state's time limit on welfare receipt, though not strictly enforced, also may have spurred some control group members to seek employment services. There is no way to know for sure how many control group members volunteered for activities on their own, how many were encouraged to do so by staff, and how many were required to participate. It is clear, however, that very few control group members participated in either TWC or STEP, indicating that this key aspect of the design was administered correctly.

Results for the Transitional Jobs Model

- **Sixty-two percent of those who were randomly assigned to the TWC group actually enrolled in the program by completing the two-week orientation; half of the full TWC group worked in a TWC transitional job.**

As noted earlier, individuals entered the study at TANF offices and then, depending on the random assignment results, were referred to the appropriate program. Whenever random assignment occurs “upstream” from the point of program participation, it can be expected that not everyone will participate in the program that is being tested. Such a scenario was particularly likely in this case because TWC generally did not try to engage nonparticipants and the welfare agency did not strongly enforce participation requirements during much of the study period. Overall, about 11 percent of those who were assigned to the TWC group were never referred to the program by welfare staff (possibly because staff decided they should be exempt from work requirements); 27 percent were referred to the program but either never showed up or dropped out during the two-week orientation period; and 12 percent completed orientation but never worked in a transitional job. Those who entered a transitional job worked for about 30 days, on average. To preserve the integrity of the random assignment design, everyone who was assigned to the TWC group, including those who did not participate in the program, is included in the results described below. The inclusion of many nonparticipants in the sample may have affected the impact results discussed below.

Data from the survey and welfare agency records show that, although some members of the TWC group did not participate in TWC’s program, and some members of the control group did participate in work activities (discussed earlier), the TWC group was still substantially more likely than the control group to participate in job search activities and (not surprisingly) in transitional jobs. There was no difference between the groups in participation in education and training activities.

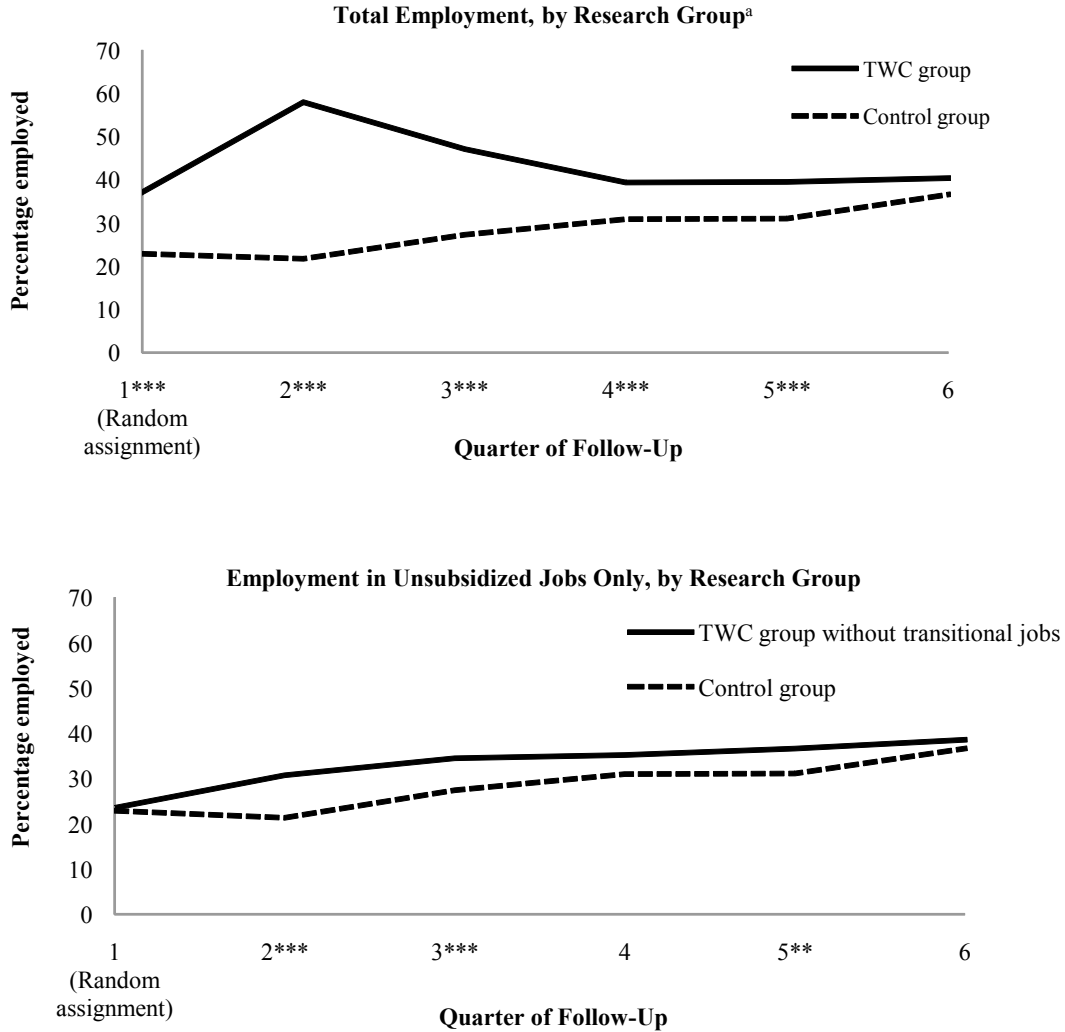
- **The TWC group had significantly higher employment and earnings than the control group, though the impacts appeared to fade after the first year of the follow-up period.**

Figure ES.1 summarizes TWC’s impacts on employment over time. The lines show the percentage of the TWC and control groups who worked in each quarter of the follow-up period. In the top panel of the figure, the employment rates include both TWC transitional jobs and non-TWC employment that was covered by unemployment insurance (UI). Quarters in which the difference between groups was statistically significant (that is, very likely to reflect a true impact) are labeled with asterisks.

The Enhanced Services for the Hard-to-Employ Demonstration

Figure ES.1

Quarterly Employment Rates for Unsubsidized Jobs and Transitional Jobs:
Transitional Work Corporation
Philadelphia Report



SOURCE: MDRC calculations from the National Directory of New Hires and TWC payroll records.

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

TWC = Transitional Work Corporation.

^aEmployment rates include both TWC transitional jobs and all other jobs covered by unemployment insurance.

The figure shows that the employment rate for the control group rose gradually over time, but remained well below 40 percent throughout the period, confirming that the study is targeting a relatively hard-to-employ population. The TWC group was more likely than the control group to work in most of the quarters. The largest differences between the groups were in quarter 2 (36 percentage points) and quarter 3 (20 percentage points), when many TWC group members were working in transitional jobs. Moreover, when earnings from transitional jobs and unsubsidized jobs are combined, the TWC group earned nearly \$1,000 (26 percent) more than the control group over the six quarters (see Table ES.1). However, in the last quarter of the follow-up period, the difference in employment between the groups was no longer statistically significant, as shown in Figure ES.1.

The bottom panel of Figure ES.1 includes only unsubsidized jobs that were covered by unemployment insurance.³ (That is, TWC transitional jobs are excluded.) The control group line is the same as in the top panel because that group did not work in TWC jobs. This graph shows that TWC's impacts on employment were not driven entirely by the transitional jobs. The TWC group was significantly more likely than the control group to work in unsubsidized UI-covered jobs in several quarters. Similarly, Table ES.1 shows that the TWC group was more likely than the control group to work in an unsubsidized job at some point during the follow-up period. As with total employment, however, the impact on unsubsidized employment faded by the end of the follow-up period. Further analysis (not shown in the table) suggests that TWC's impact on unsubsidized employment was concentrated among the most disadvantaged sample members — those with little or no recent work history and long-term welfare receipt.

- **The TWC group received less cash assistance than the control group.**

Welfare-to-work programs that increase employment often generate decreases in cash assistance (that is, TANF) receipt and payments. Indeed, as shown in Table ES.1, the TWC group received almost \$600 (about 10 percent) less in cash assistance over the follow-up period. In addition, the TWC group was significantly less likely to receive cash assistance in each of the last three quarters of follow-up (not shown in the table). The decrease in cash assistance offset the increase in earnings, leaving the TWC and control groups with roughly the same overall income; poverty rates were quite high for both groups.⁴

³The term “unsubsidized jobs” is used to refer to jobs that are recorded in the unemployment insurance earnings data. It is possible that some of these jobs were, in fact, subsidized with public funds (some could have been transitional jobs with organizations other than TWC), but there is no way to know this from the available data.

⁴The finding that TWC did not affect total income holds even after estimating the effect of federal taxes, including the Earned Income Tax Credit.

The Enhanced Services for the Hard-to-Employ Demonstration

Table ES.1

**Selected Impacts on Employment, Earnings, Public Assistance, and Income:
Transitional Work Corporation**

Philadelphia Report

Outcomes, Q1-Q6	TWC Group	Control Group	Impact	P-Value ^a
<u>Employment and earnings</u>				
Ever employed ^b (%)	80.5	57.7	22.7 ***	0.000
In a TWC transitional job	50.6	0.6	50.0 ***	0.000
In an unsubsidized job	67.3	57.4	9.9 ***	0.000
Total earnings ^b (\$)	4,941	3,968	973 **	0.014
From TWC transitional job	472	1	471 ***	0.000
From unsubsidized employment	4,469	3,967	502	0.205
<u>Public assistance receipt and measured income</u>				
Number of months received TANF	13.8	14.6	-0.8 ***	0.002
Total TANF (\$)	5,500	6,097	-596 ***	0.000
Number of months received food stamps	16.1	16.3	-0.3	0.112
Total food stamps (\$)	5,985	6,124	-139	0.169
Total measured income ^c (\$)	16,354	16,314	40	0.923
Sample size (total = 1,217)	731	486		

SOURCE: MDRC calculations from public assistance records from the Pennsylvania Department of Public Welfare, earnings records from the National Directory of New Hires, and TWC payroll records.

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

Rounding may cause slight discrepancies in sums and differences.

TWC = Transitional Work Corporation.

TANF = Temporary Assistance for Needy Families.

^aStandard errors are presented in this report for all impacts with a p-value of 0.000. Following are the standard errors for all TWC impacts with a p-value of 0.000 (presented in the order in which they appear in the table): 2.561, 1.823, 2.685, 28.141, and 130.657.

^bEmployment rates and earnings include both TWC transitional jobs and all other jobs covered by unemployment insurance (UI).

^cMeasured income includes earnings from UI-covered jobs, TANF payments, and food stamps.

Results for the Pre-Employment Services Model

- **Seventy-seven percent of the STEP group participated in the program, though the average number of hours of participation was fairly low.**

Program staff were aggressive about contacting those who were assigned to the STEP group, usually making home visits to introduce the program and begin to identify barriers to participation. Ultimately, almost 80 percent of the STEP group came to the program office to enroll in the program. However, despite this aggressive follow-up, sample members did not participate in the program for many hours: on average, those who enrolled attended a total of 68 hours of activities at the program site (plus, in some cases, other activities in the community). This translates into two to three weeks of full-time participation.

Despite the relatively low levels of intensive participation in the program, the STEP group was more likely than the control group to participate in job search activities and to receive mental health treatment. There was no statistically significant difference between groups in the percentage who enrolled in education or training.

- **Patterns of employment, earnings, and welfare receipt for the STEP group were similar to those for the control group.**

As shown in Table ES.2, employment rates and earnings for the STEP group were almost identical to those for the control group throughout the study period. Likewise, there were very few statistically significant differences in welfare receipt or payment amounts. It will be important to see whether these patterns change with longer follow-up, since STEP was designed to address barriers before helping participants look for jobs.

Conclusions and Implications

This study is not complete. A later report will present results over a three-year follow-up period. Nevertheless, the results presented here add to the growing body of evidence about employment strategies for hard-to-employ TANF recipients.

The study experienced some challenges. The policy and program environment in Philadelphia was in flux during the study period and it is possible that some control group members were required to participate in welfare-to-work activities. Although not consistent with the original research design, given the current environment in the welfare system, this may have created a more “real-life” benchmark against which to compare TWC and STEP. Moreover, very few control group members accessed TWC or STEP services, so this key aspect of the design was implemented successfully.

The Enhanced Services for the Hard-to-Employ Demonstration

Table ES.2

**Selected Impacts on Employment, Earnings, Public Assistance, and Income:
Success Through Employment Preparation
Philadelphia Report**

Outcomes, Q1-Q6	STEP Group	Control Group	Impact	P-Value
<u>Employment and earnings</u>				
Ever employed (%)	60.8	57.7	3.1	0.226
Total earnings (\$)	3,741	3,968	-226	0.569
<u>Public assistance receipt and measured income</u>				
Number of months received TANF	14.4	14.6	-0.2	0.410
Total TANF (\$)	6,152	6,097	55	0.674
Number of months received food stamps	16.2	16.3	-0.1	0.517
Total food stamps (\$)	6,119	6,124	-5	0.958
Total measured income ^a (\$)	16,001	16,314	-313	0.452
Sample size (total = 1,211)	725	486		

SOURCE: MDRC calculations from public assistance records from the Pennsylvania Department of Public Welfare. Employment and earnings records from the National Directory of New Hires.

NOTES: A two-tailed t-test was applied to differences between outcomes for the program and control groups. There are no significant differences between the research groups on any measures in this table.

Rounding may cause slight discrepancies between sums and differences.

STEP = Success Through Employment Preparation.

TANF = Temporary Assistance for Needy Families.

^aMeasured income includes earnings from jobs covered by unemployed insurance, TANF payments, and food stamps.

The transitional jobs model produced a large, though relatively short-lived, increase in employment and earnings. There are reasons to believe that the results may be a conservative estimate of the model's potential. TWC's funding was substantially reduced near the end of the study period and many staff were laid off. Although managers did their best to maintain services for the research sample, the program environment was certainly affected. In addition, as discussed earlier, the impacts reflect the fact that many people in the TWC group did not participate in the program. However, the rate of unsubsidized employment at the end of the study period for the subset of the TWC group that enrolled in the program (42 percent) was only slightly higher than the rate for the full group (39 percent). This finding suggests that many TWC participants struggled with the transition to permanent jobs.

The STEP program was new and experienced some implementation problems, so it could be argued that the disappointing results from this study to date apply to a particular program, not to the model in general. Nevertheless, other, similar programs have produced similar results. For example, a program in Hennepin County, Minnesota, tested as part of the multisite, HHS-funded Employment Retention and Advancement project, also relied on comprehensive assessments, intensive case management, and individualized services to address barriers to employment facing long-term welfare recipients. That program also failed to increase employment and earnings, and it experienced similar problems engaging recipients in activities that were designed to address employment barriers. It will be important to see whether the STEP program produces impacts over a longer follow-up period.

Finally, when results to date for the TWC and STEP programs are compared, it is interesting to note that TWC produced larger increases in employment and earnings, while STEP enrolled a larger share of its target group. It would be interesting to learn whether and how the impacts of a transitional jobs model would be affected by adding more extensive outreach to reluctant participants.

Chapter 1

Introduction

This report presents implementation and interim impact findings for the Philadelphia site in the Enhanced Services for the Hard-to-Employ Demonstration and Evaluation Project. The Hard-to-Employ project is sponsored by the Administration for Children and Families (ACF) and the Office of the Assistant Secretary for Planning and Evaluation in the U.S. Department of Health and Human Services (HHS), with additional funding from the U.S. Department of Labor. In addition to the study described in this report, the project is evaluating three diverse strategies designed to improve employment and other outcomes for parents and their children in the Early Head Start program, ex-prisoners, and mothers experiencing depression and their children who are on Medicaid. An earlier report described the origin of the project and the rationale for the demonstration, the study design, the four sites, the characteristics of their participants, and some early lessons about the challenges of designing and operating programs that target the hard-to-employ.¹

The Philadelphia site is testing two service models designed to increase the employment and earnings of hard-to-employ welfare recipients.² The first is a transitional jobs model, which provides subsidized employment for up to six months combined with education and work-readiness activities, job search assistance, and job retention services. The second is an intensive case management model that focuses on assessing participants' barriers to employment and providing services to help them overcome these barriers up front, or before they go to work. The evaluation compares two groups of recipients who were required to participate in programs based on these two models with a control group that did not participate in either program. The study targets welfare recipients who had received cash assistance for at least one year, or who did not have a high school diploma or a General Educational Development (GED) certificate. It assesses whether the programs improve recipients' employment, earnings, income, welfare receipt, and other outcomes, compared with recipients in the control group. This report presents results for the first one-and-a-half years of the study's follow-up period; a later report will present results over three years.

This chapter provides information on the program models being tested in the Philadelphia site, the research design, the research sample intake process, the data sources used in this report, and the characteristics of the study participants.

¹Bloom et al. (2007).

²In this report, "welfare recipients" are recipients of Temporary Assistance for Needy Families (TANF). They are also referred to as "clients."

Background and Policy Relevance of the Philadelphia Hard-to-Employ Site

As welfare caseloads nationwide have declined, policymakers, program administrators, and researchers have increasingly focused attention on long-term and hard-to-employ recipients who have not made a stable transition from welfare to work. While many recipients of Temporary Assistance for Needy Families (TANF) receive welfare grants for only a short period during a crisis or at a time of brief unemployment, a substantial proportion of the caseload is composed of hard-to-employ recipients, who often remain on TANF for longer periods. Many of these recipients face significant barriers to employment, such as physical health problems, mental health conditions, substance abuse, and limited employment and educational backgrounds.³

Although recipients with serious barriers to employment may not make up a larger proportion of the welfare caseload today than in the past, they are of more concern to policymakers and administrators. Until the 1990s, such recipients were often exempt from requirements to participate in employment-related activities. During that decade, partly as a result of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, many states began to extend work requirements to a broader share of the TANF population.⁴ Welfare time limits and economic fluctuations also increased the need to offer these recipients effective services to assist them in the transition from welfare to work. TANF reauthorization, passed in January 2006, further strengthened the participation mandate, making it crucial that welfare agencies focus on working with hard-to-employ recipients.⁵

Over the last 30 years, many studies have provided insight into which programs are most effective in assisting recipients to move from welfare to work; however, fewer have targeted more disadvantaged recipients. An analysis of the results from 20 welfare-to-work programs geared for the general welfare population concluded that the programs generally increased earnings about as much for the more disadvantaged groups (defined in this case as

³For example, one study synthesized results from a survey that was administered to welfare recipients in five states and Washington, DC, in 2002. It found that 40 percent of recipients lacked a high school diploma or GED certificate; 21 percent had a physical health limitation; 30 percent met the diagnostic criteria for major depression or were experiencing severe psychological stress; and 29 percent had a child with health problems (Hauan and Douglas, 2004).

⁴Bloom and Butler (2007).

⁵TANF reauthorization strengthened the participation mandate in several ways. It adjusted the caseload reduction credit — by which states can reduce their minimum required participation rate if they reduce their caseload — so that the baseline year against which the current caseload is compared is 2005, rather than 1995. The bill also required states to count toward the participation rate families receiving TANF through separate state programs — programs that receive no federal TANF funding but do receive state funding that counts toward the state's Maintenance of Effort requirement.

long-term welfare recipients with no high school diploma and no recent work history) as for the less disadvantaged groups. However, the more disadvantaged groups earned considerably less than the others.⁶ This outcome suggests that it may be necessary to target resources and develop specific programs to meet the needs of the most disadvantaged TANF recipients.

In recent years, a few rigorous studies have begun to examine such specialized programs. The evaluation of New York City's Personal Roads to Individual Development and Employment (PRIDE) program, part of the ACF-funded Employment Retention and Advancement (ERA) project, is testing a model designed for welfare recipients with work-limiting health conditions. The program, which combined tailored unpaid work experience, basic education, and job placement assistance, generated significant increases in employment and reductions in welfare payments. However, most of the recipients who were subject to PRIDE were still on welfare and not working two years after entering the study.⁷ Another ERA site, in Minnesota, tested a program that provided intensive case management and other services to recipients who had failed to find jobs through the state's regular welfare-to-work program. That program produced few significant impacts on employment outcomes.⁸ A third study is testing a home visiting and life skills education program for hard-to-employ welfare recipients in rural Nebraska. That program, which uses master's-level staff with very small caseloads, has produced statistically significant increases (that is, increases that are unlikely to be a result of chance) in employment and earnings, particularly for the most disadvantaged recipients.⁹ Finally, two studies have tested programs for welfare recipients with substance abuse problems. The study conducted in New Jersey found that a case management program for female recipients increased participation in substance abuse treatment and decreased drug use.¹⁰ Another study, part of ERA, is testing a larger-scale substance abuse case management model in New York City; the impacts were generally smaller than in the New Jersey study.¹¹

Many experts consider the transitional jobs model to be a promising approach for long-term welfare recipients. The roots of this approach can be traced back at least to the 1970s, when the National Supported Work Demonstration tested a subsidized employment model for four target groups, including long-term welfare recipients. The program's impacts were largest for the

⁶Michalopoulos and Schwartz (2000).

⁷Bloom, Miller, and Azurdia (2007).

⁸LeBlanc, Miller, Martinson, and Azurdia (2007).

⁹Meckstroth, Burwick, and Moore (2008).

¹⁰Morgenstern et al. (2006).

¹¹Martinez, Azurdia, Bloom, and Miller (2009).

welfare target group, and were particularly large for the most disadvantaged participants within the research sample (very long-term recipients and those without a high school diploma).¹²

As the welfare system evolved to strengthen the participation mandate and provide only temporary cash assistance, the subsidized employment model evolved as well. Facing time-limited welfare and an emphasis on meeting participation rates through employment-related services, administrators shortened the period of subsidized employment and increased the focus on the transition to permanent work. The modified model became known as “transitional jobs.” Policymakers and practitioners have recently turned to this restructured model as a promising approach to assist hard-to-employ TANF recipients, ex-prisoners, and others.¹³ As discussed in Box 1.1, another site in the Hard-to-Employ project is testing a transitional jobs model for ex-prisoners.¹⁴

The transitional jobs model places participants almost immediately into subsidized work, on the assumption that barriers to employment will surface and be resolved through the working process. An alternative model often used with hard-to-employ TANF recipients is an intensive case management model, focusing on assessing and treating barriers to employment up front, or before recipients look for jobs. Under this model, programs typically develop individualized service plans based on the assessment results, provide services to address employment barriers, and then help clients look for jobs. The Minnesota ERA site, described earlier, tested a version of this approach. Two other studies of Minnesota-based programs, the Integrated Services Project and the Intensive Integrated Intervention, have examined other versions of this general approach, though neither includes an impact analysis.¹⁵

The Philadelphia Context

Philadelphia is the nation’s sixth largest city, with about 1.4 million residents. The city’s population has been shrinking for decades, and its poverty rate, about 23.5 percent, is substantially above the state and national figures.¹⁶ The unemployment rate in the city was

¹²Board of Directors, Manpower Demonstration Research Corporation (1980). The National Supported Work Demonstration showed different results for different subgroups — for example, it showed significant results for welfare recipients but not for ex-offenders.

¹³For more information on the transitional jobs model, see www.transitionaljobs.net.

¹⁴Bloom, Redcross, Zweig, and Azurdia (2007).

¹⁵Pavetti and Kauff (2006); Martinson, Ratcliffe, Harbison, and Parnes (2007).

¹⁶U.S. Census Bureau. See <http://quickfacts.census.gov/qfd/states/42/42101.html>.

Box 1.1

Two Studies of Transitional Jobs Programs

Two of the four sites in the Hard-to-Employ project are testing transitional jobs models: the Philadelphia site discussed in this report, and the New York City site, which is testing a program operated by the Center for Employment Opportunities (CEO). Because readers may want to compare the results for the two sites, it is useful to note some key differences between the two studies:

Program Characteristic	Transitional Work Corporation (TWC)	Center for Employment Opportunities (CEO)
<u>Service group</u>	Mostly female TANF recipients in Philadelphia	Mostly male ex-prisoners in NYC
<u>Program design</u>		
Primary service provided	Participants provided with temporary paid jobs	Participants provided with temporary paid jobs
Model	Scattered-site model	Work crew model
Payment schedule	Participants paid biweekly	Participants paid daily
<u>Research design</u>		
Goals	<ol style="list-style-type: none">1. Increase employment (direct goal)2. Reduce welfare receipt (indirect goal)	<ol style="list-style-type: none">1. Increase employment (direct goal)2. Reduce recidivism (indirect goal)
Point of study entry/random assignment	At time of referral to the program ^a	At time participant went to CEO seeking services

^aThe percentage of people who actually received services and worked in a transitional job is substantially lower in the TWC study than in the CEO study, because people who are referred to a program do not necessarily participate, even if required.

dropping during the study period — from 7.3 percent in 2004 to 6.0 percent in 2007 — but remained above the national average.¹⁷

Pennsylvania has a state-administered TANF program, so the staff who operate the program in Philadelphia County (coterminous with the City of Philadelphia) are employed by the Pennsylvania Department of Public Welfare (DPW). During the study period, the state's

¹⁷Bureau of Labor Statistics. Under "Unemployment," see "Local Area Unemployment Statistics," at <http://data.bls.gov>.

TANF caseload fluctuated between about 90,000 and 95,000 families (the third or fourth largest state caseload in the nation), with about 40 percent of the total in Philadelphia.¹⁸ (Philadelphia has only about one-eighth of the state's population.)¹⁹

Pennsylvania's TANF policies are typical of those in many other states. The state's monthly TANF grant level — \$403 for a family of three — is about average nationally.²⁰ There is a 60-month time limit on benefit receipt, but families can receive Extended TANF benefits beyond the 60-month point if they comply with work participation requirements. Penalties for noncompliance with work requirements are moderate by national standards: during the first 24 months on assistance, a family's welfare grant is reduced in response to noncompliance; "full-family sanctions" that cancel a family's entire grant can be imposed after the 24-month point.

The study occurred during a period of flux in the state and local welfare systems. In 2004, DPW issued the Sanction Prevention policy, which stated that "sanctions should be used only as a last resort." For some time after, sanctions were rarely used to enforce work requirements. In 2005, DPW revised the policy somewhat, and a second memo, issued in late 2005 (about a year after study enrollment began), instructed caseworkers to follow up with recipients who were not enrolled in work activities and acknowledged that sanctions might increase. Around the same time, DPW began to restructure the TANF program in Philadelphia, creating a series of neighborhood-based Employment, Advancement, and Retention Network (EARN) centers to provide assessment and case management services to TANF recipients. The centers, operated by private contractors, took over some functions that had previously been assigned to DPW staff in welfare offices.²¹

Overview of the Program Models

The models that this study tests grew out of programs that were already operating in Philadelphia and that administrators felt showed promise in assisting more disadvantaged recipients to make the transition from welfare to permanent work. Both programs in the evaluation were supported primarily by TANF funds, made available from DPW through the Philadelphia Workforce Development Corporation, the Workforce Investment Act's fiscal agent.

¹⁸Bureau of Program Evaluation, Division of Statistical Analysis (2006).

¹⁹U.S. Census Bureau. See <http://quickfacts.census.gov/qfd/states/42/42101.html>.

²⁰Seith, Rich, and Richburg-Hayes (2007).

²¹For a more detailed description of the changes in Philadelphia's TANF program, see Seith, Rich, and Richburg-Hayes (2007).

Transitional Work Corporation

The Transitional Work Corporation (TWC) administered the transitional jobs program.²² TWC was formed in 1998 in a joint effort by the Commonwealth of Pennsylvania, the City of Philadelphia, the Pew Charitable Trusts, and Public/Private Ventures. It was founded to provide transitional jobs to TANF recipients in Philadelphia who had received benefits for at least 24 months and were required to participate in work-related activities. It has since expanded its services to other groups and, during the study period, served over 1,500 people a year. It is one of the nation's largest and most prominent providers of transitional jobs to welfare recipients.²³

The TWC model begins with a two-week orientation, consisting of intensive job-readiness activities. After the orientation, participants are placed in a transitional job, usually with a government or nonprofit agency. They are employed by TWC during this period and are paid the minimum wage (\$5.15 per hour from the start of the study through December 2006, then \$6.25 from January 2007 through June 2007, then \$7.15 starting July 2007) for up to six months. In addition to providing case management through office-based staff, TWC identifies on-site work partners to provide additional guidance and act as on-the-job mentors during the transitional work period. Recipients are required to work 25 hours per week and to participate in 10 hours of professional development activities at TWC. These activities may include job search and job-readiness instruction, as well as preparation for the GED exam and other classes. During and, if necessary, after the transitional job period, TWC staff help participants to find permanent, unsubsidized jobs. TWC also provides job retention services to participants for six to nine months after their placement in a permanent job. In addition, the program offers bonuses of up to \$800 for recipients who retain their full-time jobs during the six months following their permanent employment start date.

Only a portion of the clients whom TWC served during the study period are part of the evaluation, but all of the TANF recipients whom the program served during this time received the same set of services.

²²This section describes the Transitional Work Corporation program as it operated during most of the study period; there have been changes since then.

²³A 2004 report examining the TWC program showed increased employment and earnings outcomes and decreased TANF receipt outcomes for TWC participants. However, the study did not use a random assignment design to compare the outcomes with those of similar individuals who did not receive TWC services (VanNoy and Perez-Johnson, 2004).

Success Through Employment Preparation

The program focusing on preemployment services to overcome barriers to work, the Success Through Employment Preparation (STEP) program, was run by JEVS Human Services (at that time Jewish Employment and Vocational Service).²⁴ JEVS is a nonprofit social service agency, founded in 1941, that provides a broad range of education, training, health, and rehabilitation programs in the Philadelphia area. The STEP program was derived from Philadelphia's Maximizing Participation Project (MPP), a voluntary program for TANF recipients who are exempt from participating in work-related programs because they have a physical or mental disability or because they face multiple barriers to employment.²⁵ MPP provides intensive case management and support to assess and treat drug and alcohol, behavioral health, and vocational barriers. JEVS, one of the contracted providers for the MPP program, designed STEP based on MPP, but targeted it for recipients who are not exempt from the participation requirement. STEP was developed specifically for this study and served only study participants. It provided intensive services to help participants address employment barriers and then helped them to find jobs.

In the STEP program, outreach staff first visited clients in their homes and tried to assist with any barriers that might keep them from coming into the program office. Once the recipients were enrolled, the program began with an extensive assessment period to identify their barriers to employment. Specialized staff analyzed the results of the assessments and then met with each participant and her or his primary case manager to design a plan to address these barriers. Treatment could include various life skills classes, GED preparation, English as a Second Language classes, support groups, professional development sessions and counseling with behavioral health specialists, as well as ongoing case management meetings. If participants' barriers could not be addressed in-house, STEP staff referred them to outside organizations for further assessment and treatment. Generally, after participating in life skills courses, participants worked with job coaches and job developers to find permanent employment. The timing of the employment search process depended on participants' individual motivation levels and barriers to employment, but usually did not begin before they had at least completed the assessments and the team had designed treatment plans. To avoid overlap with the TWC model, the STEP program did not provide subsidized employment.

²⁴The STEP program stopped operating in June 2007.

²⁵The Maximizing Participation Project becomes mandatory for these recipients if they are receiving TANF after they have reached the 60-month time limit.

Research Design

The study includes three main components: an implementation and process study that examines how the TWC and STEP programs operated, an impact analysis that assesses whether the programs are effective in promoting employment and reduced welfare receipt, and a cost analysis.

The impact analysis uses a random assignment design. That is, outcomes for recipients assigned to the two programs are being compared with outcomes for recipients in a control group, who did not participate in either of the programs but were otherwise similar to the program group members.²⁶ In addition, the study seeks to explain whether the models are generally more effective in assisting certain subgroups of recipients and which model best serves particular subgroups.

In designing the study, MDRC, DPW, and the funders sought to balance several concerns. First, the team wanted the study to target a hard-to-employ group of TANF recipients. Second, the three-group design necessitated a fairly large sample size. Third, because random assignment would occur in DPW offices (see below), and would affect daily operations, there was a desire to limit the number of offices involved and the time period during which random assignment would take place. Finally, it was important to limit the number of recipients assigned to the control group, since the design called for these individuals to be exempted from work requirements and there was concern that this might affect the state's overall work participation rate.

In the end, it was agreed that the study would seek a total sample of 2,000, that three relatively large DPW offices would be involved, and that the target population for the study would be TANF recipients who had received cash assistance for at least 12 months since 1997 or who did not have a high school diploma or a GED certificate.²⁷ The study did not include "U" cases (usually two-parent cases),²⁸ recipients who were exempt from work requirements or had good cause not to participate, and recipients who were currently employed.

Individuals who have received benefits for 12 months would not necessarily be considered "long-term" recipients but, as discussed further below, in fact, most study participants had received welfare for much longer. Including individuals who had received fewer than 12 months

²⁶In the previous report from the Hard-to-Employ project (Bloom et al., 2007), this group was referred to as the Voluntary Services group. For simplicity, this report uses the term "control group."

²⁷Originally, study enrollment occurred in the Delancy, North, and Vine welfare offices. Later, after one of the offices closed, enrollment was shifted to the Elmwood office. DPW began tracking months of TANF receipt in 1997, when the state implemented TANF.

²⁸"U" is a designation for the unemployed parent category, which establishes certain criteria for qualifying as an unemployed parent when determining eligibility for TANF.

of benefits but did not have a high school diploma or a GED certificate allowed the study to include some “potential” long-term recipients who were relatively new to the TANF program.

Figure 1.1 provides an illustration of the intake process for the research sample, which occurred in local welfare offices. Intake workers screened TANF applicants to determine whether they met the study criteria and, if so, sent them to a research aide stationed in the DPW office.²⁹ Similarly, Career Development Unit workers, who were responsible for assigning recipients to employment and training activities, screened ongoing TANF recipients who were not participating in a work activity and sent potential study participants to the research aide.³⁰ Most recipients who were sent to the research aides entered the study, but recipients who showed that they already had specific education- or employment-related plans that would be disrupted by the study were able to opt out of participating. Those who entered the study signed a data release form. The aide also collected their baseline information, including age, gender, race, education and employment history, family and living circumstances, and number of months of TANF receipt. (Data on TANF receipt were obtained from the state data system, which tracks months accumulated toward the TANF time limit.) Study participants received a \$10 gift card to compensate for the time they spent providing this information. The aide then randomly assigned recipients via a Web-based system or the telephone to one of the two program groups or to the control group. Approximately three of every eight sample members were assigned to the TWC group; three of eight were assigned to the STEP group; and two of eight were assigned to the control group.

Recipients who were placed in one of the program groups were referred by DPW staff to the appropriate program — TWC or STEP — and were required to participate. Control group recipients were given a list of community resources, and staff were instructed to encourage — but not require — them to participate in work activities; that is, they were supposed to be considered exempt from work requirements. Several mechanisms were put in place to identify the control group members and remind agency staff that these clients were not required to participate in work activities. For example, a special code was entered into the welfare data system, and the clients’ case files were labeled. Despite these measures, it was difficult to ensure that the procedures were followed by all of the many staff who interacted with clients throughout Philadelphia’s large, complex TANF program. (All sample members started in the offices where random assignment was conducted, but they could have moved to other offices

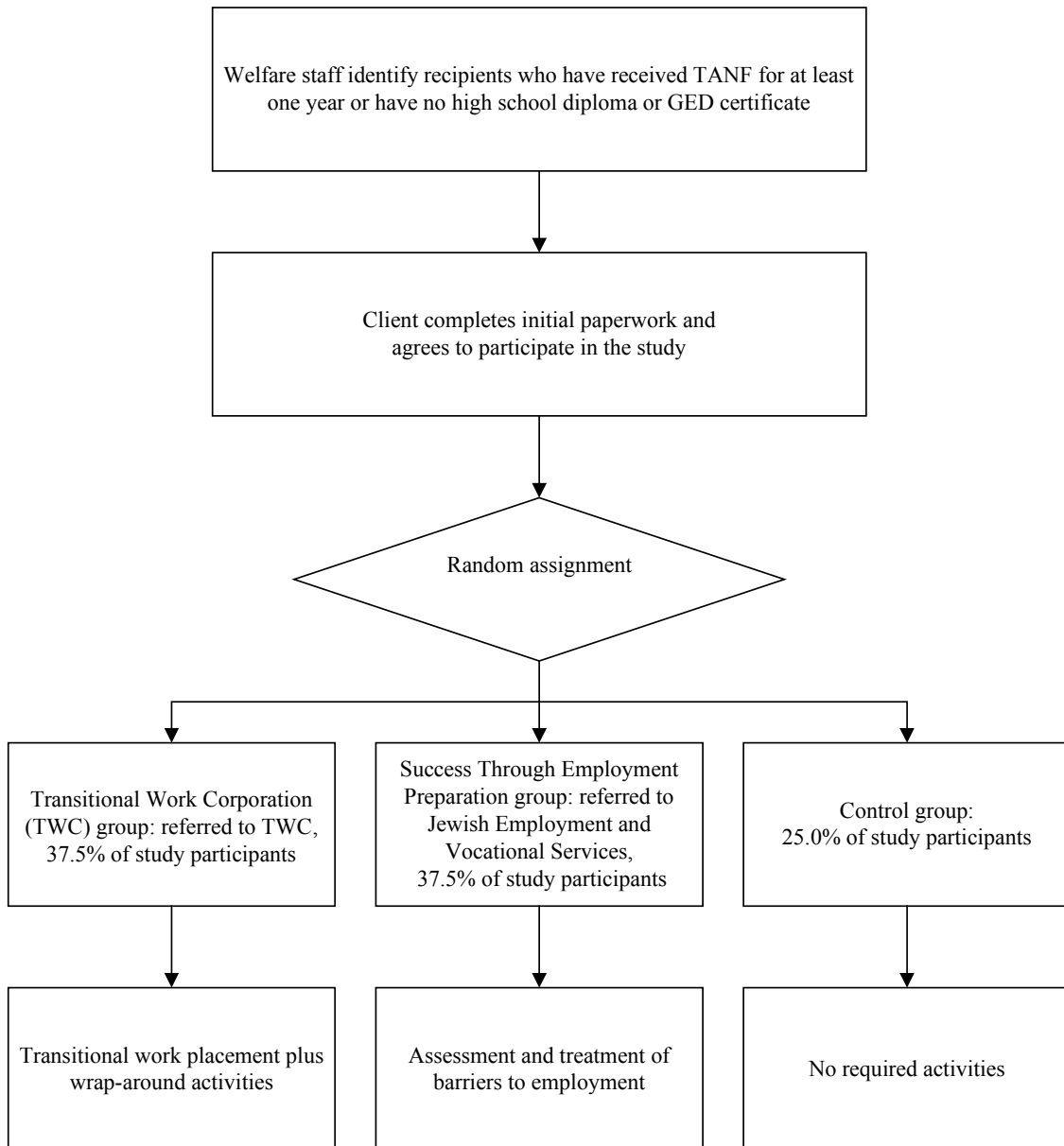
²⁹The research aides were MDRC employees. Three of the four research aides who were initially hired were former Pennsylvania TANF recipients.

³⁰Initially, the study included only incoming TANF applicants (both new applicants and re-applicants). However, sample build-up occurred more slowly than predicted, so MDRC and DPW decided early on to expand the eligibility criteria to include ongoing TANF recipients who were not participating in any employment-related activities.

The Enhanced Services for the Hard-To-Employ Demonstration

Figure 1.1

**Basic Design for the Philadelphia Hard-to-Employ Demonstration
Philadelphia Report**



NOTE: TANF = Temporary Assistance for Needy Families. GED = General Educational Development.

during the study period.) The task of maintaining the control group’s exempt status became even more difficult when welfare-to-work services in the city were restructured, as described earlier. As discussed further in Chapter 3, in the end it was difficult to determine how many control group members volunteered for work activities on their own, how many were “encouraged” to do so by agency staff, and how many were erroneously required to do so.

Because of the random assignment design, any significant differences that emerge between each of the program groups and the control group can be attributed to the services provided by TWC and STEP. In other words, the control group provides a counterfactual against which the programs can be compared.

Random assignment started in October 2004 and ended in May 2006, with a total of 1,942 study participants.

Data Sources

The data sources for the analyses presented in the report are:

- **Baseline data:** MDRC’s research aides collected baseline demographic data for each participant at the time of random assignment through a brief interview.
- **Program data:** MDRC analyzed program participation data from TWC’s and STEP’s management information systems. MDRC also analyzed data from TWC’s payroll database, which includes data about earnings from transitional jobs. In addition, the research team visited the two program sites in May 2005 and summer 2006, and interviewed staff and managers to gain an understanding of the structure of the programs and the activities in which recipients were participating. Research staff also interviewed employees at the DPW offices in order to clarify the intake process and the participation-monitoring procedures. Finally, members of the research team visited several TWC transitional job sites to observe participants on the job.³¹
- **Administrative records:** MDRC analyzed data from the National Directory of New Hires (NDNH), showing sample members’ quarterly earnings in jobs covered by unemployment insurance (UI).³² MDRC also analyzed data on

³¹This research was conducted for the Hard-to-Employ project by Demetra Nightingale of the Johns Hopkins Institute for Policy Studies and John Trutko of Capital Research Corporation.

³²The NDNH data show more than just UI-covered jobs — they also include federal government employees, for example.

TANF and food stamp receipt, and participation in work activities, from DPW. All of these sources provide data for all study participants for at least one and a half years after study entry.

- **Survey data:** Information about sample members' participation in program services and about their employment, income, and other outcomes was gathered through a survey administered about 18 months after participants entered the study. The survey targeted 938 people in all three groups, and 738 interviews were completed (a 79 percent response rate).³³

Characteristics of the Research Sample

Table 1.1 shows the baseline characteristics of the sample members by research group. Most of these data are drawn from the baseline interview that was conducted with each study participant just prior to random assignment. The characteristics across the three groups are very similar, which is expected because of the random assignment design. (There are no statistically significant differences across groups in any of the characteristics shown in the table.) In addition, the data indicate that the study is reaching a hard-to-employ population, as intended.

The average age of the sample members is about 29 years. The large majority of sample members are single mothers (gender is not shown in the table). Just over 80 percent are black/non-Hispanic and about 14 percent are Hispanic. Approximately two-thirds of the sample members have a child under 6 years of age, and the average number of children under 18 years is 2.2.

Approximately 92 percent of the study participants reported that they had worked in the past, but about two-thirds had worked a year or less in the past three years. Many face considerable barriers to employment, including low education levels and limited employment history. Over half (56 percent) do not have a high school diploma or a GED certificate.

According to data from DPW, about 70 percent of the sample members had received TANF for more than two years before random assignment, and the average number of months of TANF receipt was about 40. Federal law stipulates that federal funding cannot be used toward recipients' TANF grants after they have received 60 months of assistance, except under certain circumstances. Many participants in the study were nearing this limit, and over one-

³³Sample members were selected from those who were randomly assigned between January 2005 and mid-February 2006. Because, by the research design, fewer sample members were assigned to the control group, all control group members who were randomly assigned during that period were selected (N = 312). MDRC then randomly selected an equal number of TWC group members and an equal number of STEP group members. The characteristics of the survey sample are in line with the characteristics of the full sample.

The Enhanced Services for the Hard-to-Employ Demonstration

Table 1.1

Baseline Characteristics, by Research Group: Full Sample

Philadelphia Report

Characteristic	TWC Group	STEP Group	Control Group	Total
Average age (years)	29.5	29.3	29.2	29.4
Race/ethnicity (%)				
Black/non-Hispanic	78.8	84.2	81.5	81.5
Hispanic ^a	17.1	11.8	13.5	14.2
White/non-Hispanic	2.6	2.9	3.3	2.9
Other	1.5	1.1	1.7	1.4
Highest degree (%)				
High school diploma	29.0	32.1	27.2	29.7
GED certificate	8.3	6.7	6.6	7.3
Postsecondary	7.6	7.9	5.9	7.3
None of the above	55.1	53.3	60.3	55.7
Marital status (%)				
Unmarried, not living with a partner	91.3	89.5	90.2	90.3
Married, living with spouse	1.7	1.5	2.9	1.9
Married, separated	5.8	6.0	4.4	5.5
Unmarried, living with a partner	1.2	3.0	2.5	2.2
Number of children under 18 years (%)				
None	4.0	2.6	3.3	3.3
One	33.4	31.7	28.4	31.5
Two	28.5	30.5	32.1	30.1
Three	18.2	18.5	20.8	18.9
Four or more	16.0	16.7	15.4	16.1
Average number of children under 18 years	2.2	2.2	2.3	2.2
Any children under 6 years (%)	63.6	65.2	66.0	64.8
Limited English (%)	5.3	4.4	5.0	4.9
Living in public housing (%)	28.6	33.5	32.1	31.3
Housing status (%)				
In a house or apartment that you rent	60.1	62.6	63.5	61.9
In a house or apartment that you own	6.1	6.1	5.6	6.0
Live with friends or relatives	30.0	27.6	27.1	28.4
Other	3.9	3.7	3.8	3.8
Total TANF receipt ^b (%)				
Never received TANF	6.7	5.5	5.3	5.9
Less than 1 year	9.2	10.5	8.0	9.4
1 year or more but less than 2 years	16.6	14.6	15.4	15.6
2 years or more but less than 5 years	43.5	44.7	45.1	44.3
5 years or more	24.1	24.7	26.1	24.8

(continued)

Table 1.1 (continued)

Characteristic	TWC Group	STEP Group	Control Group	Total
Average months of TANF receipt ^b	39.3	39.8	40.2	39.7
Ever employed (%)	91.7	92.6	90.3	91.7
Time since last employment (%)				
6 months or less	37.6	38.8	41.6	39.0
7-12 months	14.8	13.5	13.8	14.1
13-24 months	16.3	18.8	14.4	16.7
More than 24 months	21.2	20.1	18.5	20.1
Missing	10.1	8.8	11.7	10.0
Average months since last employment	18.0	18.3	15.9	17.6
Ever worked 6 or more months for one employer (%)	70.0	70.1	66.7	69.2
Months employed in last 3 years (%)				
Did not work	19.7	19.3	20.0	19.6
Less than 6 months	24.1	19.3	22.0	21.8
7 to 12 months	24.6	24.1	21.2	23.6
13 to 24 months	15.7	20.1	20.8	18.6
More than 24 months	14.5	16.0	13.8	14.9
Study eligibility status (%)				
No high school diploma or GED certificate	12.3	11.2	10.1	11.3
More than 12 months of TANF ^b	42.7	42.8	38.3	41.6
No high school diploma or GED certificate and more than 12 months of TANF	41.5	41.2	48.4	43.1
Unknown ^c	3.6	4.8	3.3	4.0
Sample size	731	725	486	1,942

SOURCE: Philadelphia Baseline Data Sheet.

NOTES: In order to assess differences in characteristics across research groups, chi-square tests were used for categorical variables and analysis of variance was used for continuous variables. A two-tailed t-test was applied to differences between outcomes for the program and control groups. There are no significant differences between the research groups on any measures in this table.

TWC = Transitional Work Corporation.

STEP = Success Through Employment Preparation.

TANF = Temporary Assistance for Needy Families.

GED = General Educational Development.

^aSample member is coded as Hispanic if she/he answered "yes" to Hispanic ethnicity.

^bTANF receipt data are from the Pennsylvania Department of Public Welfare and include receipt from 1997 until the beginning of random assignment.

^cSome sample members in this category had less than 12 months of TANF receipt but did not answer the baseline question about whether they had a high school diploma or GED certificate. Others had less than 12 months of TANF receipt and indicated in the baseline interview that they had a high school diploma or GED certificate. In both situations, the research aides may have assumed that these people had no high school diploma or GED certificate based on data recorded in the welfare database.

fourth were already receiving Extended TANF, Pennsylvania's state-funded assistance for recipients who have received TANF for more than 60 months.

Finally, Table 1.1 shows how sample members met the study eligibility criteria, which required that sample members have at least 12 months of prior TANF receipt or that they lack a high school diploma or GED certificate. Nearly 85 percent of the sample had received TANF for at least one year. An additional 12 percent had not received one year of benefits, but had no high school diploma or GED certificate. More than 40 percent of the sample met both criteria.

Organization of the Report

Chapter 2 discusses program implementation findings and presents participation data from the programs' management information systems. Chapter 3 provides information on the programs' impacts on participation in education and work-related activities and service receipt. Chapter 4 describes the programs' impacts on employment and earnings. Chapter 5 discusses the programs' impacts on TANF and food stamp receipt, income, and other outcomes measured in the survey. Chapter 6 discusses the costs of the programs.

Chapter 2

Program Implementation

This chapter provides details about the Transitional Work Corporation (TWC) program and the Success Through Employment Preparation (STEP) program, discussing each program's staffing structure and intended service flow — including sample intake and orientation, the core services that the programs offered, and their job search and retention services. Additionally, it covers participation in the programs, based on data from each program's management information system (MIS). Data from the field research inform both the discussion of the intended service flow and the discussion of program participation.

Summary of Findings

Transitional Work Corporation

The TWC program was implemented largely as intended, though a substantial proportion of those who were assigned to the TWC group did not participate in the program's core activities. Specifically, less than two-thirds of those who were randomly assigned to the TWC group completed the program's two-week orientation and formally enrolled in the program; the others either failed to report to TWC or reported to TWC but did not complete orientation, or were never referred by the public benefits office to TWC because they were already participating in another activity or were granted "good cause" not to participate. About half of the sample (or about 80 percent of those who completed orientation) worked in a transitional job. Among those who worked in a transitional job, the average amount of time worked was about 30 days. TWC also required recipients to participate in professional development activities to supplement the transitional jobs; however, only a portion of those who worked in a transitional job participated substantially in those activities. A significant number of TWC staff were dedicated to helping participants find and retain unsubsidized work, and a considerable proportion of the participants who reported to TWC that they started work received the retention bonuses that the program offered as an incentive to stay in work.

Success Through Employment Preparation

The STEP program faced some implementation challenges. Some of those challenges seem likely to have occurred because the program was new and encountered typical start-up issues, while others may have been related to features of the program model. The program offered an array of services, including barrier assessments, life skills classes, basic education classes,

counseling services, and job-readiness activities; however, it lacked a clear structure to fill sample members' 30-hour participation requirements, and staff said they struggled to assign sample members to enough activities to fill the time. A high proportion of sample members in the program group participated in activities at some point during their time in the program, but the average number of hours of participation per sample member was low. In addition, the program was intended to begin with assessments to indicate the barriers that each participant faced, the results of which would then be used to devise appropriate service trajectories. However, implementation data suggest that it took some participants a long time to complete the assessments, both because they failed to report to the program and because the team that was designated to analyze the results of the assessments was small and unable to keep pace with the number of incoming clients. Participation data suggest that many clients participated in other activities at STEP without completing assessments. While STEP's individualized service model may have benefited some participants who needed intensive services to help them overcome barriers to employment, the lack of structure created a challenge to maintaining their engagement.

Transitional Work Corporation: Program Flow and Participation

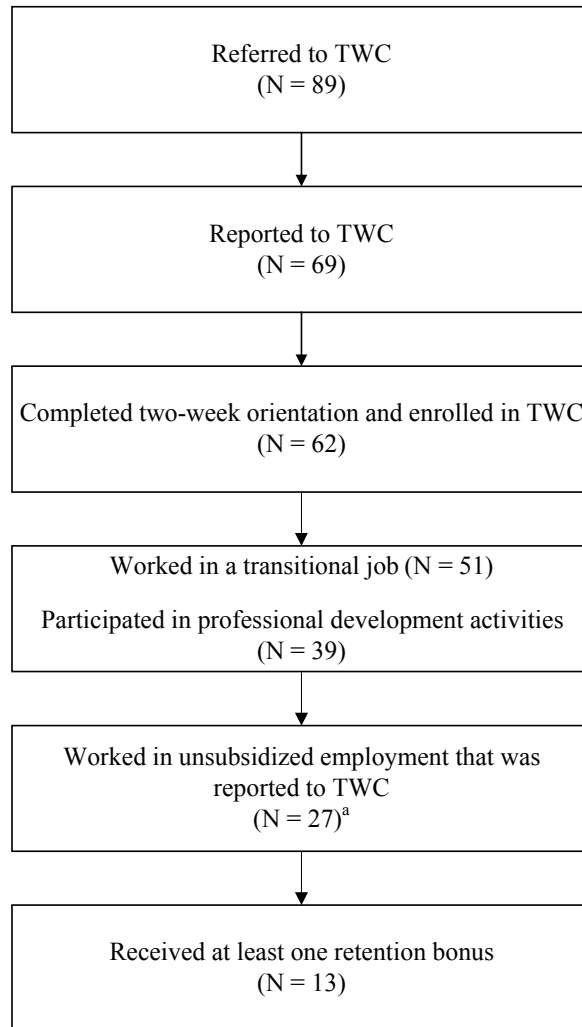
This section presents findings from the implementation research about the TWC program and participation data for each component of the program. Figure 2.1 gives an overview of the program flow and indicates participation rates in each component for 100 typical sample members. Table 2.1 shows more detail about TWC program group members' participation in the program.

Program staff at TWC were organized into teams of 10 to 12 staff members, overseen by a team director. Each team was primarily made up of three types of career advisers, who worked with participants during one of the three phases of their trajectory at TWC (orientation, transitional work, and unsubsidized work), and "sales reps," who were in charge of helping participants find unsubsidized work. Participants were assigned to work with one adviser during each stage of the program, and were assigned a primary sales rep. Additional staff at TWC were in charge of facilitating orientation and professional development activities.

The data included in this section reflect TWC's operations throughout most of the study period. However, as discussed intermittently throughout this section, TWC underwent some significant changes near the end of the study period. Facing pressures to decrease costs and to increase participation, particularly in unsubsidized employment, TWC reduced its staff and made programmatic changes that emphasized rapid entry into unsubsidized work. This may have had the effect of reducing some clients' participation in the services that TWC typically offered during the orientation period and the transitional work period. Because these changes did not take place until near the end of the study period, the program descriptions below refer to the program as it was implemented during most of the study period, unless otherwise noted.

The Enhanced Services for the Hard-to-Employ Demonstration

Figure 2.1
Program Flow and Participation Among 100 Typical Sample Members:
Transitional Work Corporation
Philadelphia Report



SOURCE: MDRC calculations from TWC's ANEMONE database and TWC payroll records.

NOTES: TWC = Transitional Work Corporation.

^aSome participants in the TWC group worked in unsubsidized employment but did not work in a transitional job. Thirty-two percent of the total sample worked in unsubsidized employment that was reported to TWC; 5 percent of the sample worked in unsubsidized employment but did not work in a transitional job.

The Enhanced Services for the Hard-to-Employ Demonstration

Table 2.1

**Enrollment and Participation in Program Activities and Unsubsidized Employment:
Transitional Work Corporation
Philadelphia Report**

Outcome	TWC Group
<u>Among the full sample</u>	
Enrolled in TWC (%)	62.2
Never enrolled in TWC (%)	37.8
Never referred to TWC	10.9
Referred but did not report to TWC	20.0
Reported to TWC but did not enroll	7.1
Worked in a transitional job (%)	50.6
Average number of days worked in transitional employment ^a	15.0
Participated in professional development activities (%)	39.3
Average number of hours of professional development	23.3
Ever placed in or reported unsubsidized employment (%)	32.1
Ever received retention bonus (among those in unsubsidized employment) (%)	46.8
<u>Among those who worked in transitional employment^b</u>	
Average number of days worked in transitional employment ^a	29.7
Participated in professional development activities (%)	77.0
Average number of hours of professional development	46.0
Placed in or reported unsubsidized employment (%)	52.4
Sample size	731

SOURCE: MDRC calculations from TWC's ANEMONE database and TWC payroll records.

NOTES: This table reflects participation and employment through March 2007, and includes follow-up ranging from 5 to 11 quarters.

TWC = Transitional Work Corporation.

^aThe calculation for the average number of days worked assumes a 6.25-hour work day, based on TWC's 25-hour weekly transitional work requirement spread over four days per week.

^bSample size among those who were placed in transitional employment is 370.

Intake, Orientation, and Enrollment

Almost 90 percent of all sample members who were randomly assigned to the TWC group were referred to TWC through the Pennsylvania Department of Public Welfare's (DPW's) client referral system (not shown in Table 2.1). Those who were not referred were likely granted "good cause" not to participate in work-related activities (for example, because of a health problem) or indicated that they were already participating in another educational or work-related activity. The enrollment process was designed to identify these issues before random assignment took place, so, in theory, all clients should have been referred to TWC, but in some cases these issues may have surfaced after the client entered the study.

The TWC model began with a two-week orientation, led by an orientation facilitator. The orientation included job-readiness activities, such as workshops on "soft skills" (described in the next section) that are required in the workplace; a small number of assessments, including the Test of Adult Basic Education (TABE) and an interest assessment to help match clients with an appropriate transitional worksite; time to work on clients' résumés; and interviews at transitional worksites. Box 2.1 shows a sample orientation program flow, based on one orientation facilitator's description. (Interviews with transitional worksites are not included in this box because clients go to these interviews as they are scheduled.) Facilitators said that the size of their orientation classes usually ranged from 22 to 35 clients, with a 35-client maximum. TWC paid clients a \$25 stipend for each day that they attended orientation, meaning that they could earn up to \$250 if they attended all 10 days of orientation.

During orientation, participants also worked with an orientation career adviser, who tracked their attendance, addressed any attendance issues, and ensured that supportive services — such as provision of child care, transportation, and clothing — were in place. On some teams, orientation career advisers also worked to match clients with transitional worksites (while, on other teams, this responsibility fell to the transitional career adviser). Orientation career advisers said that their role encompassed getting to know clients, assessing their barriers to employment and marketability to potential employers, and building trust with them so they could begin to talk about any issues they faced. They generally had two in-depth meetings with clients during the orientation process, which they used, for example, to review assessments from the orientation, discuss child care issues, and create a plan for the client's trajectory in the program. Orientation career advisers said that, in addition to the two formal meetings, they often met informally with clients during the orientation period. Advisers who determined that clients faced severe barriers to employment, such as domestic violence or mental health problems, could refer them to outside services, although advisers generally said they did this infrequently. They only occasionally determined that such barriers were so severe that a client would not be appropriate for the program; in those instances, the case was reviewed with the team director (who supervised groups of advisers), as well as with the client's caseworker at the public benefits office.

Box 2.1

**Transitional Work Corporation Program:
Sample Orientation Activity Flow**

Day 1

- Introduction to TWC
- Introduction to orientation career adviser
- Completion of basic client profiles
- Test of Adult Basic Education

Day 2

- Career assessment with sales rep to inform transitional job placement
- Self-Directed Search career assessment
- Public speaking exercise

Day 3

- Discussion of interviews with transitional worksites
- Review of Self-Directed Search career assessment
- Workshop about communication and job retention skills

Day 4

- Résumé work in the computer lab
- Résumé critique

Day 5

- Workshop on workplace etiquette
- Workshop on communication in the workplace

Day 6

- Discussion of transitional worksite interviews
- Targeted discussion with participants who have not yet been on transitional worksite interviews
- Workshops on soft skills needed in the workplace

Day 7

- Résumé work in the computer lab
- Public speaking exercise

Day 8

- “Business plan” exercise, in which participants envision themselves as the employer

Day 9

- Résumé work in the computer lab
- Job search, for those participants who have completed their résumé

Day 10

- “Business plan” presentations
- Meetings with orientation career adviser
- Discussion of job retention issues
- Distribution of orientation stipend

Throughout most of the study period, clients had to complete the orientation process in order to enroll in the program and move into transitional work.¹ In order to complete the orientation process, clients had to attend regularly and cooperate with program staff. As shown

¹Near the end of the study period, TWC began enrolling participants on the first day of orientation instead. Clients still went through the same two-week orientation process, unless they found unsubsidized employment, in which case they could leave orientation to begin work.

in Table 2.1, 62 percent of the TWC group enrolled in the program. The proportion who never enrolled at TWC included, in addition to those who were not referred from DPW, those who never reported to the program (20 percent of the total sample), as well as those who showed up but did not complete the full orientation (7 percent of the total sample). Clients who did not show up on the first day were automatically terminated from the program. Clients could also be terminated if they did not report for five consecutive days, or if they demonstrated behavioral problems or refused to cooperate. Staff would work with participants to keep them from being terminated, but varied in their level of tolerance for lack of attendance and behavioral issues; some staff said they followed up repeatedly with participants who did not attend regularly, but the majority conveyed a belief that participants who could not get through the two-week orientation period might not be ready for the program. TWC staff confirmed that this belief was in line with their typical program practices outside the Hard-to-Employ Demonstration; they said that they traditionally did not conduct extensive outreach with clients and that the somewhat low enrollment rate was not unusual. The drop-off may also have been a result, in part, of the fact that during much of the study period, DPW did not strongly enforce participation requirements, so clients may not have felt a strong mandate to participate.

About two-thirds of those who enrolled did so within two to four weeks after random assignment, which means that they began orientation soon after they were referred. It is likely that some sample members did not report initially, drawing out the average amount of time between random assignment and enrollment to six weeks.

In the later stages of the study period, as TWC began to place more emphasis on rapid engagement in unsubsidized work, the program's job developers could present job leads to an orientation class, and interested clients could leave orientation to follow up on them. This practice was generally not in place during most of the study period. One orientation career adviser said that in these later stages, over a two-week orientation course, an average of four clients would leave to move directly into unsubsidized work, although she said she had some discretion in advising the job developers when clients were not ready to take a job.

Transitional Employment

As mentioned above, participants began to interview for transitional jobs during the orientation period, and either the orientation career adviser or the transitional career adviser — who worked with clients during their time in transitional work — or both together would make the placements into transitional work. Participants were required to work 25 hours per week at their transitional worksites, for which TWC paid the minimum wage (\$5.15 per hour from the

start of the study through December 2006, then \$6.25 from January 2007 through June 2007, then \$7.15 from July 2007 through the end of the study period).²

TWC's transitional job sites were generally with government or nonprofit agencies. Sales reps were in charge of identifying worksites and on-site work partners, who were trained by TWC to provide guidance and act as on-the-job mentors to their clients. As of 2007, TWC had relationships with nearly 200 transitional worksites.³ Most worksites offered entry-level work in service sector positions; the type of work assigned varied, but could include, for example, clerical work or child care. The work assignments generally emphasized enhancing clients' soft skills — such as punctuality, attendance, steady work, cooperation with coworkers, and taking direction from supervisors. Some jobs offered opportunities for clients to build hard skills, such as word processing or receptionist skills, though often the work was quite basic and did not offer such opportunities; because many participants had little or no work experience, however, adding work to their résumés and securing job references could represent benefits in themselves. Box 2.2 describes several examples of transitional worksites.⁴

The career advisers said that they attempted to match participants, based on their skills and interests, with the most appropriate transitional worksite. Each team had relationships with a subset of worksites, and chose from this pool in making placements. To assign worksites, they used the assessments from the orientation period, as well as what they learned through meetings with the orientation facilitators and the client, in which they would ask clients what they wanted to do and discuss the types of available worksites. They also took into consideration the personalities of the key worksite staff and how they would mesh with individual clients. They felt that their matches were generally accurate, and reported that switching worksites was rare.

As shown in Table 2.1, just over 50 percent of the full sample worked in a transitional job (totaling to just over 80 percent of those who enrolled in the TWC program). This drop-off is somewhat surprising; it is unclear why one-fifth of those who enrolled did not work in a transitional job, though it may in part be because some participants entered directly into unsubsidized work, either on their own or, especially later in the study period, through TWC's efforts.

²Minimum wage increased to \$7.25 per hour in July 2009.

³This information is based on field research that was conducted for the Hard-to-Employ project by Demetra Nightingale of the Johns Hopkins Institute for Policy Studies and John Trutko of Capital Research Corporation.

⁴Transitional worksite descriptions were drawn from the field research of Nightingale and Trutko (see note 3 above).

Box 2.2

Transitional Work Corporation Program: Examples of Transitional Jobs

Demetra Nightingale and John Trutko describe in detail five transitional worksites where Transitional Work Corporation (TWC) recipients worked, based on observations of participants at the worksite. The worksites that they observed included:

- The Office of the Family Court, where participants sorted through family court case files to select critical case file documents. Their supervisor would then copy these documents to microfiche and destroy the paper case files. At the start of the shift, each participant was given several legal-size boxes of case files (each case file is often an inch or more in thickness) and had to sort through to select several “critical” documents from each one.
- A nonprofit, low-income housing agency, where the participant worked as a receptionist, greeting visitors and answering the telephone, typing and printing out documents and correspondences on the computer, and developing labels for mass mailing. For about one hour each day, the participant was also assigned to serving free lunches to about a dozen neighborhood children and monitoring their lunchtime activities.
- The medical records unit in the city’s public health department, where the participant served as a part-time clerical staff person. The participant’s primary responsibility was to pull and refile medical records for patients who were seen by psychiatrists and social workers. On occasion, the participant also photocopied medical records to support applications for Supplemental Security Income and Social Security Disability Income, and shredded medical records.
- A nonprofit, community-based organization, where the participant assisted permanent staff with caring for a population of 15 to 20 young children. The participant also helped with production of the organization’s newsletter and did some clerical work in the organization’s management office.
- A nonprofit, community-based organization, where the participant served as a temporary clerical staff person responsible for filing and copying client information, and occasionally performing secretarial work, such as answering phones.

Generally, participants who worked in a transitional job were placed into transitional work within a week after they were enrolled in the program. This aligns with TWC staff accounts that they worked to place participants in transitional employment immediately after orientation ended. Staff said that if participants did not yet have a placement immediately after orientation, they would go to a day of training.

Once placed at a worksite, the transitional career advisers monitored participants' attendance, helped ensure that they were not terminated for lack of attendance or behavioral issues, and helped them find unsubsidized work. These advisers said that they had close relationships with the worksite partners and were generally in contact with them about once or twice a week to get updates on how clients were doing. TWC mandated that the transitional career advisers meet with clients a minimum of four times per month, although one adviser said that the average was closer to 12 contacts per month. The advisers reported that, with some clients, they were able to use these meetings to discuss unsubsidized work: what the client wanted to do in the short term and long term, and how those goals compared with placement options. They said that when more serious barriers to employment arose, they could refer clients to other agencies, but that referrals could be difficult because the advisers did not always know the range of services that were available and were not licensed social workers or psychologists. With some clients, transitional career advisers said that they had to spend a substantial amount of time following up on attendance problems. (Similar to the orientation process, TWC would terminate clients if they failed to attend their worksite for a certain number of days — 10 days at the beginning of the study period, and five days by the end of the study period.)

Participants were also supervised daily by worksite sponsor personnel at the worksite. The amount of time that participants spent with their supervisors varied considerably; in some jobs they spent less than 20 percent of the day with their supervisor, while in other jobs they spent over 50 percent of the day. In addition, the worksites were meant to offer participants an opportunity to work side by side with regular employees, although the study found that only some worksites offered interaction with other employees or with the general public.⁵

Among the full sample, as shown in Table 2.1, the average number of days worked in a transitional job was 15 (totaling to 30 days among those who ever worked in a transitional job).⁶ This suggests that those who worked in a transitional job worked for a substantial period — about eight weeks, given that clients worked four days per week, on average. (Clients were to spend the rest of the time in professional development activities, described in greater detail below.) Average earnings from transitional employment were \$472; among those who worked in a transitional job, average earnings were \$924 (not shown in table).⁷

⁵This information is based on field research that was conducted for the Hard-to-Employ project by Demetra Nightingale of the Johns Hopkins Institute for Policy Studies and John Trutko of Capital Research Corporation.

⁶The calculation for the average number of days worked assumes a 6.25-hour work day, based on TWC's 25-hour weekly transitional work requirement spread over four days per week. The follow-up period includes five to eleven quarters following random assignment. Days worked may not have been consecutive.

⁷The follow-up period for the earnings data includes six quarters following random assignment for 88 percent of the sample, and five quarters of follow-up for the remainder of the sample.

TWC's benchmark for the proportion of clients who were successfully terminated from transitional work because they took unsubsidized jobs was 50 percent of the total number of terminations; each transitional career adviser strived to meet this rate. On the whole, among the members of the research sample, TWC met this goal: about half of the terminations from transitional employment were for negative reasons (for example, because the participant did not attend or failed to cooperate) and about half of the terminations were for positive reasons (generally because the participant found unsubsidized employment). Some clients in both of these groups ultimately returned to transitional employment after being terminated from it. About 20 percent of those who worked in a transitional job had more than one transitional work placement after random assignment. Clients who left for unsubsidized work could return to transitional work if they lost their jobs. In cases of negative terminations, clients could be referred again through the public benefits office back to the TWC program and start a second transitional job at that point.

Although most clients ended transitional employment before reaching their six-month maximum, either because they found unsubsidized work or were terminated for nonattendance, a small number of clients did complete six months of transitional work. Transitional career advisers said they could opt at that point to send the client back to the public benefits office, which they did when clients were not attending or were not complying with the program in other ways, but that they more often would continue to work with them. At that point, clients could begin doing unpaid community service work.

Professional Development Activities

Clients were also required to participate in professional development activities for 10 hours per week during their time in transitional employment. These activities could include job search and job-readiness instruction, as well as preparation for earning a certificate of General Educational Development (GED) and other classes, such as clerical skills, computer training, and customer service training. These activities were led by professional development facilitators. These facilitators said that clients without a high school diploma were generally encouraged to attend GED courses, while the clerical skills classes were the most popular among clients.

However, attendance was less regular at professional development activities than in transitional work; among the full sample, 39 percent participated in any professional development activities. (Seventy-seven percent of those who worked in a transitional job participated in any professional development activities.) The average number of hours of participation among the full sample was 23; among those who ever participated, it was 46. Staff said that they followed up with clients who were not attending, but that the low attendance may have reflected TWC's lack of an immediate penalty for failure to attend professional development activities. (Clients could maintain the child care and transportation benefits that they received from the

public benefits offices, and were not terminated from TWC for failing to attend professional development activities.) Because attendance was not regular, the curriculum for professional development classes had to be structured so that classes did not build on each other; each class could be attended independently of others.

The staff cuts that came later in the study period had particular effects on the professional development staff; by the summer 2006 site visit, there were only two permanent professional development facilitators and two temporary facilitators. Staff attributed this decline to TWC's increasing focus on putting clients into unsubsidized work quickly. At the time of this visit, staff mentioned that there was internal tension about whether clients should build their skills before being placed in work or whether they should move directly into work as soon as possible.

Placement in Unsubsidized Employment

Sales reps worked to place clients in unsubsidized jobs. Participants generally began meeting with sales reps early in the transitional job period, but did not work with them intensively until the career advisers thought they were "job-ready." The determination that a client was job-ready was left largely to the discretion of the transitional career adviser; staff did not describe companywide principles guiding this determination. One transitional career adviser said that she deemed clients "work-ready" when they reliably went to their transitional job, attended professional development training, and kept advisers informed of any changes; however, staff seemed to each use their own criteria, and to make this determination on a case-by-case basis. Later in the study period, clients began working with sales reps intensively earlier in the program's trajectory, and staff indicated that they had less discretion in making the case that clients were not job-ready. Some staff said at these later dates that they felt pressure to move clients into permanent work more quickly than they thought was appropriate.

Sales reps reported that their role encompassed developing job leads and working with clients to make appropriate placements. They were able to access a large shared job bank and maintained personal relationships with employers; the number of employers with whom they had personal relationships seemed to be about 25 to 50. In order to identify new employers, sales reps had "field days" during which they went out to meet with employers (for example, to "hit the mall"), and they searched newspapers and made cold calls. The types of jobs they identified varied; one sales rep listed nursing, food service, telemarketing, customer service, surveying, cashier work, restaurant servers/hosts, housekeeping, office cleaning, and clerical jobs. In the 2006 site visit, when the minimum wage was \$5.15, sales reps generally said that they aimed to identify jobs that paid at least \$7 per hour, although one sales rep said he aimed for \$8 to \$10 per hour.

Sales reps divided their interactions with clients between individual meetings and twice-weekly “job fairs,” in which all sales reps and clients in attendance came together to discuss job leads. At the one-on-one meetings, sales reps helped clients prepare for jobs by conducting mock interviews and discussing workplace and job interview etiquette, in addition to discussing the types of jobs in which clients might be interested and the types of jobs that were available. Sales reps also communicated with the career advisers and orientation facilitators to help them make appropriate matches based on interests and skill levels. They had an incentive to match clients well with job leads, because if clients accepted jobs and did not retain them, they came back to the sales rep; second placements for a given client were not counted toward a sales rep’s benchmark (which varied from three to fifteen placements per month, depending on the sales rep’s level). When clients were sent to follow up on job leads and not offered positions, the sales reps sometimes called employers with whom they had relationships to ask why that individual had not gotten the job, and then worked with the client on those areas. Sales reps said they also encouraged clients to look for work independently — the sales reps could receive credit for job placements even if a client found the job on his or her own, as long as the client presented a letter of hire from the employer and other paperwork. Clients were given three opportunities to turn down job offers before they were no longer allowed, by program rules, to turn down an offer.

Among the full sample, according to data from TWC’s MIS, 32 percent were ever placed in or reported having unsubsidized employment; among those who worked in transitional employment, over half (52.4 percent) were ever placed in unsubsidized employment. (These data include only employment placements that TWC made or that clients reported to TWC; as Chapter 4 indicates, a larger proportion of the sample actually worked during the follow-up period.) There is no evidence that clients who participated in professional development activities were more likely to be placed in or report having unsubsidized employment. Among those in the MIS who worked in a transitional job and showed unsubsidized employment (which includes 235 participants), most worked full time in jobs that paid above the minimum wage with fringe benefits; this may indicate that TWC’s sales reps were able to place clients in relatively good jobs. The average number of hours per week for these participants was 35, and over 80 percent of those who were placed in permanent employment had jobs that included benefits. The average wage per hour for these jobs was \$8. However, some of these participants may have been unable to retain these jobs; almost a third of those who ever worked in permanent employment were placed by TWC in more than one job.

Retention Services and Incentives

After recipients began unsubsidized work, TWC provided job retention services — including case management and monetary bonuses — for six to nine months. During this period, each client worked with a retention career adviser, who continued to assist with any employ-

ment barriers that arose. TWC required that retention career advisers meet with clients weekly. Advisers said that these meetings most often occurred when clients came in to obtain their transportation vouchers, which TWC provided to clients in unsubsidized work because they became ineligible to receive them through the public benefits offices. (Pennsylvania offered transportation vouchers to TANF recipients who were participating in employment programs, but not to recipients who were working.) During their meetings, retention career advisers said they generally discussed any barriers that had arisen in the client's personal life or on the job, and that they worked with clients to address those barriers.

Retention career advisers also made worksite visits to check in with clients and discuss their connection to support services — such as child care and transportation — and any job retention issues. They said they tried to schedule worksite visits about twice a month. MDRC observed one worksite visit, in which the retention career adviser used a form that she had designed (it was not a companywide form) with a list of issues to discuss, including child care, transportation, and on-the-job problems. The client she was visiting had not been coming in to receive her transportation vouchers, so the adviser encouraged her to do so, but ultimately offered to deliver the vouchers to the client at work. The adviser also asked the client how she liked her job; this question brought up problems that the client had in getting along with her coworkers. The adviser then encouraged the client to let her know if she was going to quit, and to come in to TWC to get reconnected to another job before leaving her current one.

In addition, TWC offered bonuses of up to \$800 for clients who retained their full-time jobs during the six months following their permanent employment start date; clients could receive \$100 every 30 days for the first five months of employment, and an additional \$300 after they had worked for six months. The retention career advisers said the bonuses were a key motivator in keeping clients engaged in work. Among the full sample, 13 percent received a retention bonus; among those who worked in an unsubsidized job and were recorded as such in TWC's database, almost half received a retention bonus. (This may indicate that many clients worked for less than one month, but it is also possible that the data regarding retention bonuses are incomplete.) The average total amount of retention bonuses received per participant who worked in unsubsidized employment was \$472, which would indicate that these participants worked, on average, for four to five months.

If a client quit or lost her job, the retention career adviser and the sales rep worked to help her find another job. TWC's goal was to re-attach clients to work within five days so that they would not have a large gap in their earnings; however, the retention career advisers reported that this goal was not realistic, and that it more often took at least two to three weeks. Sometimes, clients who lost their permanent employment were placed back into transitional work, if they had not exhausted their six months. Clients who failed to find work or to begin

participating in transitional employment within 28 days after losing their job were terminated from the program.

Success Through Employment Preparation: Program Flow and Participation

This section presents findings from the implementation research about the STEP program, and participation data for each component of the program. Figure 2.2 gives an overview of the program flow and indicates participation rates in each component for 100 typical sample members. Table 2.2 shows more detail about STEP program group members' participation in the program.

STEP's program staff were organized into small teams in charge of case management, as well as groups of clinical support specialists and employment services staff. Each case management team consisted of a case coordinator, who served as the participant's primary case manager, and his or her assistants. The clinical support specialists included behavioral health specialists, assessment counselors, and instructors. The employment services staff included job coaches, who worked with participants on job preparation activities, and job developers, who were in charge of helping participants find employment and retain jobs. In total, at its peak, STEP employed more than 20 full-time case coordinators, three full-time job developers, three job coaches, and two vocational rehabilitation specialists, who reviewed participant assessments in order to develop a specialized plan for each participant's job-readiness activities.

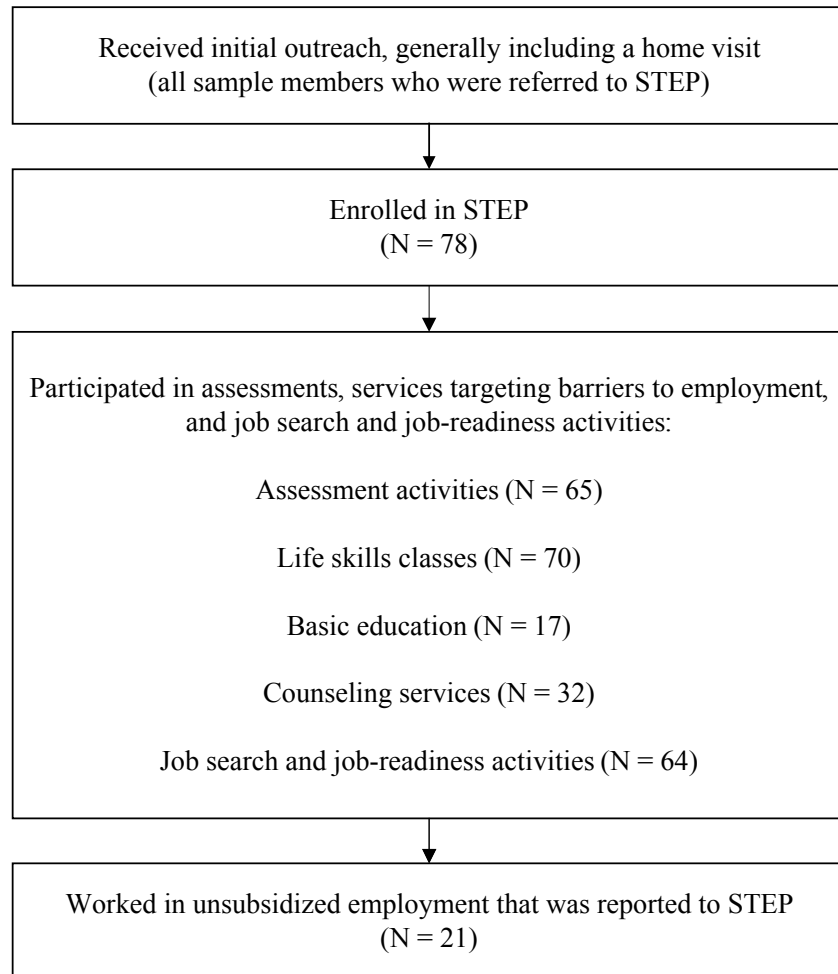
Initial Outreach and Enrollment

The STEP model began when outreach staff, called community liaisons, first contacted sample members who had been assigned to the STEP group to explain the program and bring them into the office to enroll. Generally the staff would make a phone call and, if they were not able to reach the sample member, they would send a letter to that individual; they then visited most individuals' homes. If the sample member had any barriers to coming in initially — for example, lack of child care or transportation — the community liaison worked with her to resolve those issues so that she could come into the office. Community liaisons also said that if they noticed other problems in the household — such as lack of electricity or furniture, leaks, or even signs of child neglect — they would try to seek help for that individual. The community liaisons made multiple attempts to contact program group sample members, and said they ultimately got in touch with most of them.

The Enhanced Services for the Hard-to-Employ Demonstration

Figure 2.2

**Program Flow and Participation Among 100 Typical Sample Members:
Success Through Employment Preparation
Philadelphia Report**



SOURCE: MDRC calculations from STEP's Efforts to Outcomes database.

NOTES: While STEP recorded off-site participation in activities, these data reflect only participation in services at STEP.

STEP = Success Through Employment Preparation.

The Enhanced Services for the Hard-to-Employ Demonstration

Table 2.2

**Enrollment and Participation in Program Activities and Unsubsidized Employment:
Success Through Employment Preparation
Philadelphia Report**

Outcome	STEP Group
<u>Among the full sample</u>	
Enrolled in STEP (%)	77.7
Participated in any STEP activity (%)	77.4
Average number of hours participated at program site	52.5
Participated in (%)	
Assessment activities	64.6
Job-readiness activities	64.4
Life skills classes	70.3
ABE, GED, or ESL	17.2
Counseling services	32.4
Average number of hours participated on site	
Assessment activities	4.1
Job-readiness activities	15.1
Life skills classes	17.8
ABE, GED, or ESL	5.5
Counseling services	2.0
Ever placed in or reported unsubsidized employment (%)	20.7
<u>Among those who enrolled in STEP^a</u>	
Participated in any STEP activity (%)	99.6
Average number of hours participated at program site	67.6
Participated in (%)	
Assessment activities	83.1
Job-readiness activities	82.9
Life skills classes	90.6
ABE, GED, or ESL	22.2
Counseling services	41.7
Average number of hours participated on site	
Assessment activities	5.3
Job-readiness activities	19.5
Life skills classes	22.9
ABE, GED, or ESL	7.1
Counseling services	2.6
Sample size	725

(continued)

Table 2.2 (continued)

SOURCE: MDRC calculations from STEP's Efforts to Outcomes database.

NOTES: This table reflects participation and employment through June 2007, and includes follow-up ranging from 14 to 33 months.

STEP = Success Through Employment Preparation.

ABE = Adult Basic Education.

GED = General Educational Development.

ESL = English as a Second Language.

^aSample size among those who enrolled in STEP is 563.

Unlike enrollment in the TWC program, which required completion of a two-week orientation, enrollment at STEP occurred the first time the participant came into the STEP office to meet with her case coordinator. Those who did not enroll, therefore, included only participants who could not be located by the outreach workers and those who were located but never came into the office.

Just under 80 percent of all sample members who were randomly assigned to the STEP group were enrolled in the program. Among those who enrolled, almost two-thirds enrolled between two and five weeks after random assignment. The average number of weeks between random assignment and enrollment among those who enrolled was about five and a half. This somewhat lengthy period between referral and enrollment likely reflects the fact that community liaisons made multiple attempts to reach sample members, so there may have been a lag between the time when they first attempted to contact some sample members and when those individuals came in to enroll.

Intensive Case Management and Overall Program Participation

Once the client came into the office, she was assigned to a case coordinator, who was in charge of coordinating case management and other activities throughout the client's time in the program. The case coordinator's role was to meet with clients on an ongoing basis and assign them to participate in other activities. The case coordinators typically had small caseloads, reflecting STEP's commitment to individualized service delivery; at the time of MDRC's second visit to STEP, case coordinators said their caseload was 20 clients at a maximum, and at some points could even dip below 10 clients. At their meetings with clients, case coordinators typically discussed any issues in the client's life that presented barriers to employment, and their plans for participating in activities in the following week. Case coordinators also said they used their meetings with clients to discuss household budgeting issues, especially in terms of changing income sources as clients made the transition from welfare to work. When child care, transportation, or clothing allowance issues arose, case coordinators contacted the public benefits offices to help connect clients to those benefits.

Almost all participants who enrolled in the STEP program showed some participation in one of STEP's activities — which primarily included assessments, life skills courses, basic education classes, counseling, and job-readiness activities — largely because the first meeting with the case coordinator was generally counted as participation in the program. The average number of hours of participation in STEP among the total sample was 52.5; among those who enrolled, the average number of hours of participation was 67.6.

STEP also recorded participation in activities outside of STEP, such as other job search activities, community service, or counseling. Clients could go to any activities that STEP did not offer on site; for example, at the beginning of the program, STEP did not offer on-site GED or literacy services, so staff referred clients to take these courses off site, or if clients' mental health needs required traditional therapy, they could see a therapist off site. Among those who enrolled, the average number of hours of participation in off-site activities was 69.⁸ About 54 percent of the off-site hours were in job-readiness activities; about 19 percent were in community service activities; about 13 percent were recorded as life skills; and other activities included, for example, attending doctor appointments or appointments at the school of the client's child. STEP did not limit the number of hours that clients could participate in off-site activities, but based on a review of the case notes, it is likely that not all of these activities would have counted toward the TANF participation rate. For example, volunteering at their children's schools, attending doctor appointments, and fulfilling other basic health care responsibilities may not have been countable. Off-site hours are not shown in Table 2.2 because it was difficult to determine exactly what clients were doing during that time.

The overall level of participation in STEP was relatively low. Field research and the review of case notes from the STEP program indicate that case coordinators spent a substantial amount of time following up with clients who did not attend meetings and other activities, but encountered challenges to fostering steady attendance; Box 2.3 shows three cases in detail, providing examples of clients who often failed to report as well as one who reported more regularly. It is possible that the low participation rate may, in part, be due to the fact that STEP did not offer enough activities for clients to fill the 30-hour weekly TANF participation requirement. When MDRC asked case coordinators how they ensured that participants met the 30-hour requirement, they responded that they would encourage them to go to the full array of activities that STEP offered; however, by the accounts of the case coordinators as well as a review of case files, there may not have been enough activities to fill this time. One case coordinator specifically suggested that the program needed a more structured schedule. The low participation rate may also be partly attributable to the fact that clients did not feel a strong

⁸STEP also tracked hours in employment outside the program, but employment hours are not included in these figures.

Box 2.3

Success Through Employment Preparation Program: Case Notes for Three Participants

CASE 1

The case notes for this participant cover a period of approximately 10 months, and STEP's database shows 51 hours of on-site participation. The client completed the assessment phase of the program in about a month. She missed several assessment appointments, in spite of the case coordinator's frequent follow-up calls. The intake process revealed that the client had a special-needs child, physical health problems (primarily sciatica), no high school diploma or General Educational Development (GED) certificate, and some housing problems. It took about three months after the assessments were complete for the vocational rehabilitation team to have the results, although the case coordinator assigned the client to attend life skills classes in the interim. Her attendance initially was intermittent, and grew worse over time. She participated in these classes for a total of 13 hours during her time at STEP, and also participated in 13 hours of job-readiness activities. The case coordinator called when the client missed appointments, but her attendance did not improve. Generally, the client would explain, for example, that she was sick or taking her son to the doctor. The client mentioned that she was doing some independent job search and reported twice that she had obtained employment, although it seems that she did not ever start either job, even though the case coordinator was in touch with the TANF office to help her get child care and clothing vouchers. Partway through her time in the program, the client started Adult Basic Education classes and said she was excited about them, but her attendance also waned quickly for these classes. Near the end of her time in the program, the client started reporting that she needed surgery; however, she never sent in documentation from a doctor. The case coordinator discussed the client's attendance problems with her multiple times, but finally terminated her for lack of attendance.

CASE 2

The case notes for this participant cover a period of approximately one year and three months, and STEP's database shows 71 hours of on-site participation. The client completed the assessment phase of the program in about a week. The intake process revealed that the client faced one major barrier, her child's mental health needs. Over the course of the program, the majority of the client's on-site activities were in life skills classes (27 hours), which she attended intermittently. Off site, the client volunteered at schools, which counted toward off-site job-readiness activities; in total, she had 117 hours of off-site job-readiness participation. In addition, the client was given credit for taking her special-needs child to therapy and taking her children to doctor appointments. The client did not participate substantially in on-site job search activities, although there is some mention that she and the case coordinator discussed job applications and interviews. At one point, the client revealed a history of past family trauma, and was referred to the behavioral health counselor, but does not seem to have met with the counselor.

(continued)

Box 2.3 (continued)

Toward the end of her time in the program, the client's attendance worsened. She was assigned to attend English language classes, but generally did not show up. The case notes state that she was ultimately terminated from the program because she "was unable to complete the program successfully" during the maximum amount of time that clients could stay in the program.

CASE 3

The case notes for this participant cover a period of approximately one year and three months, and STEP's database shows 167 hours of on-site participation. The client finished the assessment phase in three days; however, she was not scheduled to meet with the vocational rehabilitation team to discuss the results until about four months into the program; by this time, her barriers to employment were clear and the meeting with vocational rehab did not seem to offer additional information. She was able to participate in other activities in the interim. Through the intake process, the client revealed that she had a serious problem with domestic violence; she also had neither a high school diploma nor a GED certificate. During the first few months of her time in the program, she came in frequently and attended life skills classes, as well as spent time in the computer lab, presumably working on her résumé and doing job search. She and her case coordinator discussed her domestic violence problems regularly. The case coordinator gave the client information on domestic violence support services, such as hotlines, counselors, and battered women's shelters. She also encouraged the client to get a restraining order. In addition, the client met sometimes with the behavioral health counselor.

The client's attendance became less regular over time; this seems to have been in part because of her domestic violence issues — but also may have been because she had already attended some of the classes that were being offered, and there were no clear alternative activities. Her case coordinator was in frequent contact with her throughout this time — generally, many times per week — and the client was responsive; they generally discussed her lack of participation in the program as well as her domestic violence issue. However, her attendance remained sporadic. The case notes make little mention of formal job search or job-readiness activities until several months into the client's time in the program. She was scheduled to attend a few job fairs, and, especially later in the program, often did independent job search (which, as long as she provided documentation, such as a call log and business cards, counted toward her hours of participation). Her case shows 258 hours of off-site job-readiness participation, though it is not clear from the case notes exactly what she did to acquire that high number of hours. About nine months into the program, her case coordinator noted that she was out of ideas for how to help the client. Then the case coordinator left STEP, and the client was assigned a new case coordinator, who was more focused on job search and gave the client job leads. In December, the client started a job as a painter at a hotel, and the case notes end.

participation mandate from the TANF system. Despite sometimes low attendance, case coordinators were generally reluctant to terminate participants, and attempted to contact them several times before terminating them. STEP's guidelines stated that clients would be terminated if their participation was significantly lower than the required number of hours, but case coordinators said there was room for discretion.

Assessments and Development of a Service Plan

Once clients were enrolled, the program was designed to begin with an extensive assessment period to identify their barriers to employment. The assessments covered a broad range of measures. When MDRC visited STEP in summer 2006, staff were administering five assessments to all incoming clients: the Test of Adult Basic English, a temperament test, a career interest test, a "personal problems checklist," and a test measuring mental and emotional health. During the program's early operations, STEP had administered more than five assessments, but chose to reduce the number of assessments in order to reduce the amount of time clients spent completing the assessments. Most of the STEP group members who ever participated took part in some assessment activities (totaling to 64.5 percent of the full sample, or 83 percent of those who ever participated). Among the full sample, the average number of hours of participation in on-site assessment was 4.1; among those who enrolled in the program, the average number of hours of participation in on-site assessment activities was 5.3.

The program was initially developed such that, in order for clients to move to other stages in the STEP program, they had to complete these assessments (except when they were incapable of finishing the assessments — for example, because they could not read or use a computer — in which case they could be referred to basic skills classes before finishing the assessments). Assessment counselors, who were in charge of administering the assessments, said that if clients participated full time, it would take about two days to complete the five assessments. However, most clients did not complete the assessments consecutively, both because they failed to attend and because case coordinators generally did not schedule full days of assessment. Thus, clients generally had to come in multiple times to finish the assessments. Assessment counselors and case coordinators reported that many clients missed several appointments and that it could take several weeks for some clients to finish taking all of the assessments, as was true for Case 1 in Box 2.3. A review of the case notes indicated that staff followed up diligently with clients who missed appointments. Attendance may have been low because clients did not fully understand why they were being asked to complete the assessments, and, as noted above, the weak participation mandate from the Philadelphia TANF offices may have created a sense that failing to attend would have few consequences. In the meantime, for the most part, staff assigned clients to attend other activities, such as life skills classes.

According to the program's design, once clients finished the assessments, specialized staff — called vocational rehabilitation staff — would analyze the results and create a report describing their findings. Once the report was finalized, the vocational rehabilitation staff and the client, often in conjunction with the case coordinator, would meet to go over the results of the assessments and to discuss the client's job interests. The case coordinator and the client would then design an individualized service plan to address any barriers to employment. The plans included clients' goals in the program and outside the program, any barriers to reaching those goals, and steps that the client and the case coordinator agreed on to help the client reach the stated goals. The STEP program design called for the plans to be updated regularly, and included small bonuses (\$5 to \$20) for completion of the plans.

However, there were also lags between the time when clients participated in assessment activities and when the vocational rehabilitation team completed the reports describing the results and met with clients to develop service plans; in fact, the data indicate that many clients — nearly 40 percent of those who participated in assessment activities — did not participate in service plan development activities. STEP intended for the vocational rehabilitation team's analysis to be completed quickly after the assessments were finished, but few staff were in this role, so sometimes it could take several weeks before the team completed its analysis of the results. Among those for whom the data show participation in assessment activities at least once, and, at a later date, at least once in service plan activities (which included 225 STEP participants), the average time between those activities was about 10 weeks (although a smaller number of clients participated in service plan activities without participating at all in assessments, and participated in both types of activities but not in the order intended by the program design). The lag between assessment activities and service plan development may have hindered some clients' participation in other activities, although the case notes and data indicate that, for the most part, staff assigned clients to attend activities before they had met with the vocational rehabilitation team. Staff may have moved away from the program design in this way because many clients took more time to complete the assessment phase than STEP staff thought they would, so program managers implemented strategies to increase participation in other activities earlier. Regardless, this may have been a limitation in the program's implementation, as the results from the assessments and the development of the service plan were meant to inform the client's trajectory in the program from the outset, which would not have been possible if those results were not available until several months after the client entered the program or if the client never completed a service plan. However, the case notes generally indicate that the review of the assessments did not uncover barriers that staff had not already learned about during clients' first few months in the program.

Activities to Help Clients Overcome Employment Barriers

Clients were also assigned to complete various activities designed to help them overcome any barriers to employment. All clients were assigned to attend life skills classes, and most clients were also assigned to attend other activities.

STEP offered a very broad array of life skills classes, from classes regarding communication (such as “Anger Management,” “Conflict Resolution,” and “Listening”) to personal attitude (such as “Stress,” “Self-Attitude,” and “Individual Strengths”) to decision-making and problem-solving (such as “Time Management” and “Working Together”). Among the full sample, 70 percent participated in life skills classes, and on average participated on site in these classes for about 18 hours. Among those who ever participated, almost all (91 percent) participated in life skills classes, and these recipients participated on site in these classes for about 23 hours on average. The classes that STEP offered in a given month rotated, so clients who were engaged in the program at different points likely attended different classes; there were no specific classes that a large proportion of participants completed. The classes were generally an hour and a half long each, and several classes were offered each day. In addition, according to STEP’s database, among those who ever participated, clients took part in an average of nine hours of life skills classes off site; however, it is unclear exactly what kinds of activities these classes comprised.

Beyond the life skills classes, clients’ assigned activities were generally intended to address their specific barriers to employment, as uncovered during the assessment period or as determined through meetings with case managers. Table 2.3 lists the barriers that STEP participants faced, based on the data collected by STEP. On the whole, 70 percent of participants faced at least one barrier to employment. Eighteen percent of recipients faced one barrier, 21 percent faced two barriers, 16 percent faced three barriers, and 16 percent faced four barriers or more. Among those who faced at least one barrier (which included 509 recipients), 45 percent had a work history barrier (most likely meaning they had limited or no work history); 45 percent faced a “family barrier,” such as caring for a child with a medical or behavioral health issue, caring for an elderly or sick parent, or lacking child care; 34 percent had a housing barrier; and 31 percent lacked transportation. In addition, 13 percent faced a mental health barrier, and 9 percent had substance abuse problems.

Depending on each client’s particular impediments to working, they were assigned activities such as basic education classes — including GED, Adult Basic Education (ABE), and English as a Second Language (ESL) classes — as well as computer classes, support groups, or counseling. Case coordinators said they particularly encouraged participants who lacked educational background or vocational skills to take part in the education classes. Among the full sample, 17 percent participated in ABE, GED, or ESL courses, which totals to 22 percent of those who ever participated in STEP. On average, among the full sample, clients participated on

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Table 2.3

Barriers to Employment Among Participants in the
Success Through Employment Preparation Program

Philadelphia Report

Outcome	STEP Group
<u>Among the full sample</u>	
Number of barriers to employment (%)	
None	29.8
One	17.5
Two	20.7
Three	15.9
Four or more	16.1
Average number of barriers to employment	1.8
<u>Among those who had at least one barrier to employment^a (%)</u>	
Types of barriers faced	
Work history	45.4
Family	44.6
Housing	33.6
Transportation	31.0
Language	4.9
Drug	9.0
Mental health	13.0
Physical health	9.0
Sample size	725

SOURCE: MDRC calculations from STEP's Efforts to Outcomes database.

NOTES: STEP = Success Through Employment Preparation.

^aSample size among those who had at least one barrier to employment is 509.

site in these classes for about five and a half hours; among those who ever participated, they spent seven hours on site in these classes, on average. Among those who ever participated, they also spent about one hour on average participating in education activities off site.

STEP also hired behavioral health specialists (who also taught some of the life skills classes) to work with clients who had severe barriers to employment, such as mental health

problems, drug or alcohol addiction, or domestic violence.⁹ The case coordinator and behavioral health specialists could also make outside referrals for clients whose barriers could not be treated by STEP staff. A behavioral health counselor at STEP said that when he made outside referrals, he often attended the first meeting at the outside organization and continued to work with the client at STEP as well. Among the full sample, about 32 percent participated in counseling activities on site, and spent 2.0 hours in these activities on average; among those who ever participated, about 42 percent participated in counseling activities on site, and the average number of hours of participation in these activities was about 2.6. Despite the emphasis that STEP placed on counseling, participants did not spend a lot of time meeting with the behavioral health counselors. The number of hours spent in off-site counseling activities was also low: 1.4 hours, on average, among those who participated.

Case coordinators reported that they spent much time following up with clients who did not attend these activities, with multiple phone calls, a home visit, and a letter to encourage them to participate. A review of the case notes indicates that participants often missed these appointments repeatedly, and the reasons may be similar to those cited above for missed appointments in the assessment phase.

Comparing the STEP program with other intensive case management programs that are focused on assessment of barriers to employment and services to help individuals overcome those barriers is suggestive. For example, as mentioned in Chapter 1, a study in Nebraska is testing a home visiting and life skills education program targeted to hard-to-employ welfare recipients, and has produced statistically significant increases in employment and earnings, particularly for the most disadvantaged recipients.¹⁰ Another program — the Intensive Integrated Intervention implemented in Ramsey County, Minnesota (St. Paul) — was targeted at recipients nearing the welfare time limits and used several similar service components: assessments, development of an individualized service plan, intensive case management, and follow-up to address problems. However, beyond the STEP model, the Intensive Integrated Intervention program included home visits that were designed to investigate not just whether clients had barriers to employment, but how those barriers affected their day-to-day functioning and how, specifically, those barriers could be overcome.¹¹ In addition, rather than spending time making phone calls to follow up with clients, the case managers spent more time in clients' homes, driving them to appointments, and locating specialized services for them.¹² The authors of the

⁹Behavioral health specialists were generally required to have a bachelor's degree in psychology, counseling, clinical social work, or human services, as well as three years of experience working in mental health and/or substance abuse areas. It was preferred that they were certified addictions counselors.

¹⁰Meckstroth, Burwick, and Moore (2008).

¹¹Pavetti and Kauff (2006).

¹²Pavetti and Kauff (2006).

study conclude that those components were important to the success of the program; however, there is no quantitative evidence that the program was effective.

The Intensive Integrated Intervention program also differed from STEP in some other key ways. It was a smaller, more targeted program; the STEP program, by contrast, had a diverse array of clients with varying levels of employment barriers, which may have made it difficult for staff to truly implement individualized service plans. In addition, the Intensive Integrated Intervention program was not meant to be a mandatory participation program, like STEP; it was meant only to identify and address the needs of families reaching the time limits. Because the clients in that program were nearing the time limits, they may have had an added incentive to participate, even if the program was not mandatory; in contrast, Philadelphia did not enforce time limits, so even participants nearing 60 months of benefit receipt may not have felt this pressure.

Job-Readiness Activities and Job Placement

Once clients were deemed “job-ready” — a subjective decision made by the case coordinator — they began working with a job coach, whose role was to help them formulate employment goals, prepare a résumé, and resolve problems that may have hindered them from finding work, such as lack of child care. At this point, which for some clients was early in their trajectory in the program and for others was later, clients were generally assigned to attend job-readiness workshops. These workshops covered, for example, résumé writing and interviewing skills. The job coaches reported that the number of times they met with clients and the frequency with which they met depended on each client’s individual needs. One job coach said she generally worked with clients on average for about two months.

The client then began working with a job developer, who worked to match clients with employment and to help them maintain their employment. The job developers reported that they found job leads through job fairs and relationships with employers, as well as in newspapers and magazines, and on Internet sites. One job developer said that the most common job openings were in office work, customer service, sales, and housekeeping. She said she worked to match clients’ interests with appropriate jobs and encouraged them to take only positions that they really wanted, because she also wanted them to retain their jobs. In addition, she said she encouraged clients to look for jobs on their own.

The timing of the employment search process depended on participants’ individual motivation levels and barriers to employment. Staff reported that they sometimes “fast-tracked” job-ready participants to work with the job coaches and job developers if they felt that the participants did not have significant barriers to employment. Among the full sample, 64 percent participated in on-site job-readiness activities; as was shown in Table 2.2, most of the STEP

group members who ever participated took part in some on-site job-readiness activities (about 83 percent). Among the full sample, clients participated in job-readiness activities on site for 15 hours, on average; among those who enrolled, it was 20. In addition, the number of hours, on average, that the full sample participated in off-site job-readiness activities (not shown in table) was 29 (totaling to 37 among those who ever participated); the case notes indicate that this number likely included independent job search efforts, as long as they were documented, and may have included volunteer activities that could build a client's résumé.

Among the full sample, according to STEP's MIS, 21 percent were ever placed in or reported having unsubsidized employment. (Similar to TWC, this proportion includes only those whom STEP placed in employment and those who reported employment to STEP. Chapter 4 discusses employment data in greater depth.)

STEP offered small bonuses to clients who found work. From the beginning of the program through February 2006, the program offered \$20 to clients who found a job; from March 2006, the bonus was increased to \$125. When clients were employed, STEP offered transportation vouchers and a retention bonus of \$50 for those who worked for 90 days. When a client lost a job, she could continue to work with the job developer to obtain new employment. STEP's goal was for clients to become re-attached to the labor force within 21 days of losing a job (if they did, they could remain eligible for the retention bonus). However, most staff did not emphasize these bonuses during MDRC's interviews, which may indicate that they did not play a major role in motivating clients to find and maintain employment.

Chapter 3

Impacts on Program Participation and Service Receipt

In the Hard-to-Employ project in Philadelphia, participation in work-related and education and training activities was a key treatment component of both the Transitional Work Corporation (TWC) program and the Success Through Employment Preparation (STEP) program. Emphasis was placed especially on work-related activities. The TWC program offered transitional jobs and professional development activities, including job search and, as needed, education and training classes. The STEP program offered a wide range of activities to help participants address problems that might affect their ability to find and keep a job. These activities included education and training classes, life skills classes, substance abuse and mental health treatment or referral, and job-readiness activities. In addition, both programs provided at least some participants with other services, such as help with basic needs like child care and transportation. These program components are described in detail in Chapter 2.

This chapter presents the impacts of TWC and STEP, compared with the control group, on participation in education- and work-related activities and on service receipt. The analysis uses two data sources: the 18-month client survey data and administrative data from the Pennsylvania Department of Public Welfare (DPW).

The survey data allow an analysis of self-reported participation in job search and unpaid work, education and training activities, and service receipt. Survey respondents were asked whether they participated in specific types of activities, in or outside of the STEP and TWC programs, like job search and basic education, and whether they received specific types of services, like help with paying for transportation, at any time between random assignment and the survey date. However, they were not asked to name particular programs or to indicate when activities occurred during the follow-up period. For more information about the survey, see Appendix A.

The administrative data provided by DPW include additional information about participation in employment and training activities. Using these data, it is possible to estimate the proportion of sample members who participated in DPW-sponsored employment and training activities, including those at TWC and STEP, in each of the six quarters following random assignment. These data include only those activities that occurred in programs linked with DPW, and they measure only participation for those sample members who were receiving Temporary Assistance for Needy Families (TANF) cash benefits during that quarter. In addition, while the administrative data show participation in welfare-to-work activities, these data do

not provide information on specific types of service receipt, like help with paying for transportation or advice on household budgeting.

This chapter first presents findings from an analysis of the 18-month survey separately for the TWC and STEP research groups. Then, participation findings from the DPW administrative data are presented for all groups.

Box 3.1 explains how to interpret the impact tables presented in the remainder of the report.

Transitional Work Corporation: Survey Findings

- **TWC group members were more likely than control group members to report participation in job search activities and unpaid work, but not in education and training activities.**

Table 3.1 compares participation and service receipt outcomes for the TWC and control groups, as reported in the 18-month survey. Compared with control group members, TWC group members were 14 percentage points more likely to report ever participating in an employment- or education-related activity since random assignment. Eighty-five percent of TWC group members participated in at least one activity, compared with 71 percent of control group members. Since the survey does not ask specifically about programs, the activities reported by TWC group members include those that took place at TWC as well as activities that may have taken place as part of another program or service.

TWC impacts on participation were concentrated on employment and job search activities. Forty-seven percent of TWC group respondents reported ever participating in an individual job search activity, defined as an activity in which clients searched for work under the supervision of a staff person, compared with 34 percent of control group respondents. TWC also increased participation in group job search/job club activities; 73 percent of TWC group respondents reported participating in group job search, compared with 48 percent of control group respondents. Overall, TWC increased participation in any job search activity by 21 percentage points. Among those who participated in job search activities, TWC group members and control group members participated for similar amounts of time, about 13 to 14 weeks on average.¹

TWC's job search impacts are somewhat smaller than those of similar employment-focused programs that produced employment impacts. For example, in the evaluation of the

¹These numbers were calculated only among those who participated in job search. Because they do not include the full survey sample, they are not experimental.

Box 3.1

How to Read the Impact Tables in This Report

Most tables in this report use a similar format, illustrated below. The table shows several participation outcomes for the Transitional Work Corporation (TWC) group and the control group. For example, the table shows that about 85 (84.8) percent of the TWC group and about 71 (70.5) percent of the control group ever participated in any employment- or education-related activity.

The “Impact” column shows the differences between the two research groups’ participation rates — that is, the TWC program’s estimated *impact* on participation. For example, the TWC program’s estimated impact on participating in job search activities can be calculated by subtracting 54.8 from 76.1, yielding 21.3 percentage points.

Differences marked with asterisks are “statistically significant,” meaning that it is quite unlikely that the differences arose by chance. The number of asterisks indicates whether the estimated impact is statistically significant at the 10 percent (one asterisk), 5 percent (two asterisks), or 1 percent (three asterisks) level; the lower the level, the less likely that the impact is due to chance. For example, as shown below, the TWC group model had a statistically significant impact of 14.3 percentage points at the 1 percent level on participating in any employment- or education-related activity, meaning that there was less than a 1 percent probability that the difference occurred by chance. The p-value shows the exact level of significance.

Impact estimates are regression-adjusted using background characteristics of the sample, including age, race/ethnicity, educational attainment, prior employment, prior welfare receipt, number of children, and other relevant characteristics.

Impacts on Participation in Employment- and Education-Related Activities

Outcome (%)	TWC Group	Control Group	Impact	P-Value
Participated in any employment- or education-related activity	84.8	70.5	14.3 ***	0.000
Participated in job search activity	76.1	54.8	21.3 ***	0.000
Group job search/job club	72.9	48.1	24.8 ***	0.000
Individual job search	47.2	34.2	13.0 ***	0.004
Participated in education/training activity	33.9	38.1	-4.2	0.347
Participated in unpaid work	26.9	18.3	8.6 **	0.016
Sample size (total = 496)	246	250		

SOURCE: MDRC calculations from responses to the 18-month survey.

NOTES: TWC = Transitional Work Corporation.

Significance levels are indicated as: *** = 1 percent, ** = 5 percent, and * = 10 percent.

The Enhanced Services for the Hard-to-Employ Demonstration

Table 3.1

**Impacts on Participation in Job Search, Education, Training, and Other Activities:
Transitional Work Corporation
Philadelphia Report**

Outcome	TWC Group	Control Group	Impact	P-Value ^a
Ever participated in any employment- or education-related activity (%)	84.8	70.5	14.3 ***	0.000
Participated in job search activity (%)	76.1	54.8	21.3 ***	0.000
Group job search/job club	72.9	48.1	24.8 ***	0.000
Individual job search	47.2	34.2	13.0 ***	0.004
Participated in education/training activity (%)	33.9	38.1	-4.2	0.347
Adult Basic Education/GED classes	19.5	18.2	1.3	0.716
English as a Second Language (ESL) classes	1.4	1.2	0.2	0.851
College courses	7.4	10.5	-3.1	0.261
Vocational training	12.4	15.6	-3.2	0.308
Participated in unpaid work (%)	26.9	18.3	8.6 **	0.016
Average number of weeks participating in				
Job search activities	10.5	7.0	3.5 **	0.023
Education/training activities	5.2	6.7	-1.5	0.265
Unpaid work	2.4	1.8	0.7	0.223
<i>Among those who participated, average number of weeks in</i>				
<i>Job search activities</i>	<i>13.9</i>	<i>13.0</i>	<i>0.9</i>	
<i>Education/training activities</i>	<i>16.5</i>	<i>19.4</i>	<i>-2.9</i>	
<i>Unpaid work</i>	<i>10.4</i>	<i>8.8</i>	<i>1.6</i>	
Sample size (total = 496)	246	250		

SOURCE: MDRC calculations from responses to the 18-month survey.

NOTES: A two-tailed t-test was applied to differences between outcomes for the program and control groups.

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

Rounding may cause slight discrepancies in sums and differences.

TWC = Transitional Work Corporation.

GED = General Educational Development.

All outcomes shown in italics are nonexperimental measures and do not include p-value or significance levels.

^aStandard errors are presented in this report for all impacts with a p-value of 0.000. Following are the standard errors for all TWC impacts with a p-value of 0.000 (presented in the order in which they appear in the table): 3.6, 4.1, and 4.3.

Minnesota Family Investment Program (MFIP), which included a similar research sample, the impact on job search activities among single, long-term welfare recipients in urban counties was about 30 percentage points.² Similarly, employment-focused programs that were part of the National Evaluation of Welfare-to-Work Strategies (NEWWS) study also produced job search impacts of about 30 percentage points.³ The somewhat smaller impacts of TWC may reflect especially high rates of participation by control group members. This is discussed in more detail below.

TWC group respondents were more likely than control group respondents to report participation in unpaid work. About 27 percent of TWC group respondents reported participating in unpaid work compared with 18 percent of control group respondents. This was not expected, as participants in TWC's transitional jobs were paid. However, this impact may reflect some respondents' misinterpretation of the survey question, which asked whether a government program, such as a welfare or employment program, gave the respondent an unpaid job. Given TWC's relationship with public assistance, some respondents may have included their participation in a TWC transitional job in this category.⁴ As discussed in Chapter 4, the survey included a separate question about transitional jobs, but this question did not appear to be a reliable measure.

There were no TWC impacts on participation in education or training activities, as more than one-third of the members of both the TWC group and the control group participated in these activities. This lack of impact is somewhat surprising, given that TWC's professional development activities included General Educational Development (GED) preparation classes and training classes, such as clerical skills, computer, and customer service training.

- **Compared with control group members, TWC group members were more likely to receive help with job placement, financial advice, and other support services.**

Table 3.2 shows the impacts of TWC on service receipt. The findings generally align with the program's goals and services. TWC group members reported receiving substantially more help with job placement and retention than did control group respondents. Twenty-seven percent of TWC group members received these services compared with 15 percent of control group members. The most common form of help in this category was in referrals to specific job openings; 24 percent of TWC group respondents reported receiving such a referral, while only

²Miller et al. (2000).

³Freedman et al. (2000).

⁴According to implementation findings, some TWC group members who exceeded the six-month limit for participation in a transitional job continued to work with TWC in unpaid positions. However, the number of participants who did this was very small, and it is unlikely that this drove the impact on unpaid work.

The Enhanced Services for the Hard-to-Employ Demonstration

Table 3.2

**Impacts on Areas in Which the Survey Respondent Received Help:
Transitional Work Corporation**

Philadelphia Report

Outcome (%)	TWC Group	Control Group	Impact	P-Value
Received help with support services	71.5	64.3	7.2 *	0.077
Finding child care	34.2	33.7	0.5	0.900
Paying for child care	60.1	54.6	5.4	0.182
Paying for transportation	53.5	44.3	9.2 **	0.042
Received help with basic needs	31.2	28.3	2.9	0.487
Solving housing problems	8.3	9.7	-1.5	0.580
Treating mental health problems	14.6	12.0	2.6	0.431
Treating substance abuse	4.4	2.9	1.5	0.338
Addressing domestic violence problems	6.1	6.3	-0.2	0.923
Addressing legal issues	9.6	9.4	0.2	0.952
Received financial advice	34.4	22.3	12.1 ***	0.004
Handling household budgeting or other financial issues	17.9	12.3	5.6 *	0.099
Filling out tax return or receiving tax credits	23.1	11.8	11.3 ***	0.001
Received help with public benefits	57.6	62.9	-5.3	0.230
Getting or keeping Medicaid	52.4	57.5	-5.1	0.257
Getting or keeping food stamps	51.6	56.5	-5.0	0.279
Received help with job placement or retention	27.0	14.7	12.3 ***	0.002
Finding a job through referrals to specific openings	24.1	13.2	10.9 ***	0.004
Dealing with problems at work	6.1	1.4	4.7 ***	0.010
Sample size (total = 496)	246	250		

SOURCE: MDRC calculations from responses to the 18-month survey.

NOTES: A two-tailed t-test was applied to differences between outcomes for the program and control groups.

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

Rounding may cause slight discrepancies in sums and differences.

TWC = Transitional Work Corporation.

13 percent of control group respondents reported doing so. In addition, although a small proportion of both the TWC group and the control group received help in dealing with problems at work, significantly more TWC group members reported receiving this help.

These impacts likely reflect TWC's commitment to helping participants find unsubsidized work and to helping them resolve issues that arise while working. However, the proportion of TWC group members who reported receiving this help is lower than expected, which may reflect, in part, generally low levels of program participation. As discussed in Chapter 2, only 50

percent of the total sample worked in a transitional job (and thus were likely to have substantial contact with TWC after orientation); among this group, not all participated in activities at TWC, where they may have been likely to work with job developers and job retention advisers.⁵

TWC group members were also more likely to receive advice on financial matters like household budgeting and taxes than were control group members. Thirty-four percent of TWC group respondents reported receiving advice in this area, compared with 22 percent of control group respondents. In particular, a larger proportion of TWC group members reported receiving guidance with their taxes; 23 percent of TWC group respondents reported receiving this help, compared with 12 percent of control group respondents.

Finally, survey respondents were asked whether they had received help finding and paying for child care and paying for transportation. While both TWC group and control group respondents reported high rates of help in obtaining these support services, TWC group members were more likely to receive this help. Seventy-two percent of TWC group respondents received help in these areas, compared with 64 percent of control group respondents. TWC group members were especially more likely to receive help paying for transportation.

Sample members in both groups, and especially in TWC, may have received help with these support services at the DPW offices. TWC staff helped connect clients to the DPW offices to receive transportation vouchers during the time that they participated in the program, and TWC itself offered transportation vouchers to participants when they were in unsubsidized employment and were not eligible to receive vouchers through the DPW office.

Success Through Employment Preparation: Survey Findings

- **STEP group members were more likely than control group members to report participation in job search activities, but not in education and training activities or in unpaid work.**

Table 3.3 compares participation and service receipt outcomes for the STEP and control groups, as reported in the 18-month survey. STEP group members were significantly more likely to participate in any education- or work-related activity than were control group members. Eighty-five percent of STEP and 71 percent of control group respondents reported such participation. As the survey did not ask about specific programs, these activities may

⁵Those who enrolled in the TWC program were more likely to report receiving help with job placement than were TWC group members who did not enroll in the TWC program. About 30 percent of enrollees reported receiving a job referral, compared with about 16 percent of TWC group non-enrollees.

The Enhanced Services for the Hard-to-Employ Demonstration

Table 3.3

**Impacts on Participation in Job Search, Education, Training, and Other Activities:
Success Through Employment Preparation**

Philadelphia Report

Outcome	STEP Group	Control Group	Impact	P-Value ^a
Ever participated in any employment- or education-related activity (%)	84.7	70.5	14.2 ***	0.000
Participated in job search activity (%)	77.6	54.8	22.7 ***	0.000
Group job search/job club	71.7	48.1	23.6 ***	0.000
Individual job search	44.4	34.2	10.2 **	0.025
Participated in education/training activity (%)	41.1	38.1	3.0	0.502
Adult Basic Education/GED classes	22.9	18.2	4.7	0.180
English as a Second Language (ESL) classes	1.1	1.2	-0.1	0.926
College courses	11.8	10.5	1.4	0.618
Vocational training	10.9	15.6	-4.7	0.134
Participated in unpaid work (%)	14.4	18.3	-3.9	0.267
Average number of weeks participating in				
Job search activities	14.1	7.0	7.1 ***	0.000
Education/training activities	6.1	6.7	-0.6	0.662
Unpaid work	1.8	1.8	0.0	0.945
<i>Among those who participated, average number of weeks in</i>				
<i>Job search activities</i>	<i>18.0</i>	<i>13.0</i>	<i>5.1</i>	
<i>Education/training activities</i>	<i>16.1</i>	<i>19.4</i>	<i>-3.3</i>	
<i>Unpaid work</i>	<i>10.9</i>	<i>8.8</i>	<i>2.0</i>	
Sample size (total = 492)	242	250		

SOURCE: MDRC calculations from responses to the 18-month survey.

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

Rounding may cause slight discrepancies in sums and differences.

STEP = Success Through Employment Preparation.

GED = General Educational Development.

All outcomes shown in italics are nonexperimental measures and do not include p-value or significance levels.

^aStandard errors are presented in this report for all impacts with a p-value of 0.000. Following are the standard errors for all STEP impacts with a p-value of 0.000 (presented in the order in which they appear in the table): 3.6, 4.1, 4.3, and 1.527.

include both those that occurred at STEP and activities that occurred with other programs or service providers.

As with TWC, STEP impacts on participation were driven by job search activities. Seventy-eight percent of STEP group respondents participated in either group or individual

job search activities, compared with 55 percent of control group respondents. This finding corresponds with the participation findings discussed in Chapter 2; according to program management information system data, about three-fourths of the STEP group enrolled in the program, and of those, over 80 percent (64 percent of the total STEP group) participated in job-readiness activities, which included job search. Like TWC, the impacts are somewhat smaller than those of similar employment-focused programs that had employment impacts. Among those who participated in job search activities, STEP group members participated for about 18 weeks and control group members participated for about 13 weeks on average.⁶

There were no STEP impacts on education or training activities; about 40 percent of both STEP group respondents and control group respondents participated in any education or training activity. This is surprising given that STEP case coordinators, as discussed in Chapter 2, assigned participants to GED, Adult Basic Education (ABE), English as a Second Language (ESL), and computer classes, which were offered at STEP, if the participant faced educational or vocational barriers to employment. This result suggests that STEP group members who participated in education or training activities at STEP would have participated in those activities elsewhere if they had not had the opportunity to do so at STEP.

- **STEP group members were more likely than control group members to receive help with job placement, financial advice, mental health treatment, and support services.**

Table 3.4 shows STEP impacts on service receipt, as reported in the 18-month survey. STEP group members were more likely to report receiving help with job placement or retention, in comparison with control group members. Twenty-eight percent of STEP group respondents said they received such help, compared with 15 percent of control group respondents. In particular, more STEP group members reported having been referred to a specific job opening. This likely reflects the fact that STEP staff included job developers who helped participants find work. Consistent with STEP's focus on addressing participants' barriers to employment, STEP increased access to mental health services. Substantially more STEP group members (20 percent of respondents) reported receiving help treating mental health problems than did control group members (12 percent). This impact likely reflects the fact that STEP hired behavioral health counselors who were trained to work with participants who faced severe barriers to employment, such as mental health problems. In addition, STEP staff reported that they often made referrals to outside organizations when participants had barriers to employment that STEP's internal staff members were not equipped to treat.

⁶These numbers were calculated only among those who participated in job search. Because they do not include the full survey sample, they are not experimental.

The Enhanced Services for the Hard-to-Employ Demonstration

Table 3.4

**Impacts on Areas in Which the Survey Respondent Received Help:
Success Through Employment Preparation**

Philadelphia Report

Outcome (%)	STEP Group	Control Group	Impact	P-Value
Received help with support services	70.8	64.3	6.4	0.114
Finding child care	39.5	33.7	5.9	0.170
Paying for child care	63.1	54.6	8.4 **	0.039
Paying for transportation	54.8	44.3	10.5 **	0.021
Received help with basic needs	36.1	28.3	7.8 *	0.064
Solving housing problems	9.2	9.7	-0.5	0.845
Treating mental health problems	19.5	12.0	7.5 **	0.024
Treating substance abuse	2.0	2.9	-0.9	0.561
Addressing domestic violence problems	6.7	6.3	0.4	0.848
Addressing legal issues	13.6	9.4	4.1	0.150
Received financial advice	27.5	22.3	5.2	0.212
Handling household budgeting or other financial issues	19.1	12.3	6.7 **	0.049
Filling out tax return or receiving tax credits	13.9	11.8	2.1	0.536
Received help with public benefits	60.7	62.9	-2.2	0.623
Getting or keeping Medicaid	53.9	57.5	-3.6	0.425
Getting or keeping food stamps	50.8	56.5	-5.8	0.211
Received help with job placement or retention	27.7	14.7	13.0 ***	0.001
Finding a job through referrals to specific openings	24.7	13.2	11.5 ***	0.002
Dealing with problems at work	4.4	1.4	3.0	0.104
Sample size (total = 492)	242	250		

SOURCE: MDRC calculations from responses to the 18-month survey.

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

Rounding may cause slight discrepancies in sums and differences.

STEP = Success Through Employment Preparation.

A larger proportion of STEP group respondents (19 percent) reported receiving help handling household budgeting or other financial issues, compared with control group respondents (12 percent). As discussed in Chapter 2, STEP’s case coordinators specifically reported discussing household budgeting in their meetings with clients, particularly in terms of money flowing in during the transition from welfare to work.

Finally, compared with control group members, STEP group members were more likely to receive help with certain support services. More STEP group members reported receiving help paying for child care and for transportation, compared with control group members. This may be a reflection of STEP's goal to help participants overcome their barriers to employment.

Impacts on DPW-Approved Employment and Training Activities

This section presents findings from an analysis of participation data provided by the Pennsylvania Department of Public Welfare (DPW). The data show participation in welfare-to-work activities that qualify under the TANF Employment and Training Program (ETP) participation requirement.⁷ These data record monthly participation in programs, including TWC and STEP, that provide employment-related services like job search and job-readiness, education and training services, and other services like drug and alcohol, mental health, and domestic violence services.

Using these data, it is possible to estimate the proportion of sample members who participated in DPW-approved employment and training activities in each of the six quarters following random assignment. The data indicate the type of activity in which the sample member participated, including whether she participated in a transitional job, like those in TWC. This is especially helpful because transitional jobs do not appear to have been consistently reported on the survey (see Chapter 4). In addition, these data indicate whether the employment and training activities took place at TWC, STEP, or a different program.

It is important to note that these data include only those activities that occurred in programs approved and recorded by DPW and that they measure participation only for those sample members who were receiving TANF during the relevant quarter. In addition, unlike the survey data, the administrative data do not provide information on specific types of service receipt, like help with paying for transportation.

- **Findings from administrative participation records correspond with the survey findings; both TWC and STEP increased participation in welfare-to-work activities compared with the control group, and TWC group members were more likely to participate in a transitional job.**

Table 3.5 shows results from the analysis of data on participation in DPW-approved welfare-to-work activities.⁸ These results look similar to those from the 18-month survey data,

⁷www.dpw.state.pa.us/oimpolicymanuals/manuals/bop/ca/135/135-01.htm#P206_4868.

⁸The DPW data include a wide range of activities, such as job search, job club, work programs, and other employment-related activities, education and training activities, life skills, drug and alcohol services, assessment and evaluation services, and so forth. Not all activities are specifically related to employment or training.

The Enhanced Services for the Hard-to-Employ Demonstration

Table 3.5

Impacts on Participation in Welfare-to-Work Activities: TWC and STEP Programs
Philadelphia Report

Outcome (%)	TWC Group	Control Group	Impact	P-Value ^a	STEP Group	Control Group	Impact	P-Value ^b
<u>Any participation in welfare-to-work activities</u>								
Quarter 1 (quarter of random assignment)	54.6	29.4	25.2 ***	0.000	60.9	29.4	31.5	0.000
Quarter 2	62.3	28.1	34.2 ***	0.000	78.5	28.1	50.4 ***	0.000
Quarter 3	48.3	32.1	16.2 ***	0.000	71.6	32.1	39.5 ***	0.000
Quarter 4	43.3	31.4	12.0 ***	0.000	62.3	31.4	31.0 ***	0.000
Quarter 5	42.3	34.7	7.6 ***	0.008	52.7	34.7	18.0 ***	0.000
Quarter 6	38.6	34.2	4.4	0.115	44.5	34.2	10.4 ***	0.000
Quarters 1-6	87.0	62.5	24.5 ***	0.000	90.6	62.5	28.1 ***	0.000
<u>Worked in a transitional job</u>								
Quarter 1 (quarter of random assignment)	33.5	2.4	31.1 ***	0.000	0.7	2.4	-1.7	0.354
Quarter 2	44.6	2.8	41.7 ***	0.000	0.4	2.8	-2.5	0.192
Quarter 3	22.7	4.3	18.4 ***	0.000	0.3	4.3	-4.0 **	0.017
Quarter 4	10.5	3.9	6.6 ***	0.000	1.3	3.9	-2.6 **	0.045
Quarter 5	7.4	5.2	2.2 *	0.080	1.9	5.2	-3.3 ***	0.008
Quarter 6	4.6	5.3	-0.7	0.543	2.8	5.3	-2.5 **	0.032
Quarters 1-6	61.0	13.4	47.6 ***	0.000	5.7	13.4	-7.7 ***	0.001
Sample size (total = 1,942)	731	486			725	486		

SOURCE: MDRC calculations from public assistance records from the Pennsylvania Department of Public Welfare.

NOTES: Results in this table are adjusted for pre-random assignment characteristics. A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent, ** = 5 percent, and * = 10 percent.

TWC = Transitional Work Corporation.

STEP = Success Through Employment Preparation.

^aStandard errors are presented in this report for all impacts with a p-value of 0.000. Following are the standard errors for all TWC impacts with a p-value of 0.000 (presented in the order in which they appear in the table): 2.804, 2.675, 2.800, 2.816, 2.138, 1.808, 1.902, 1.665, 1.315, and 2.215.

^bStandard errors are presented in this report for all impacts with a p-value of 0.000. Following are the standard errors for all STEP impacts with a p-value of 0.000 (presented in the order in which they appear in the table): 2.803, 2.675, 2.799, 2.815, 2.852, 2.816, and 2.137.

with significant impacts of both TWC and STEP on participation. In the six-quarter follow-up period, 87 percent of TWC group members and 91 percent of STEP group members participated at least once in a DPW-approved activity, compared with 63 percent of the control group.⁹ These impacts decrease over the follow-up period, with no impact for TWC by quarter six.

Figure 3.1 shows participation among TANF recipients only. Unlike Table 3.5, which includes zeroes for sample members who were not receiving TANF, sample members are not included in a quarterly rate in Figure 3.1 unless they were receiving TANF during that quarter. As a result, these rates are nonexperimental, but they demonstrate the level of welfare-to-work participation among those who were receiving TANF. For TANF recipients in both the TWC and STEP groups, participation in welfare-to-work activities was highest early in the follow-up period, especially in quarter 2, when about 63 percent of TWC TANF recipients and 81 percent of STEP TANF recipients participated in at least one welfare-to-work activity. Among TANF recipients in the control group, participation increased gradually over the follow-up period from about 30 percent in quarter 1 to about 44 percent in quarter 6.

Not surprisingly, TWC impacts on transitional jobs participation were especially large, as shown in the second panel of Table 3.5. DPW records show 61 percent of TWC group members participating in transitional work. A small proportion of control group members, 13 percent, and of STEP group members, 6 percent, participated in a transitional job. For a small number of people in both the control group and the STEP group, these transitional jobs were at TWC; about 4 percent of control group members and 2 percent of STEP group members participated in a TWC transitional job (not shown in table).¹⁰

Control Group Participation

By study design, control group members were exempt from TANF mandates to participate in employment and training activities, although they were encouraged to do so. Several procedures were put in place, including a study participant flag in the DPW database and color-coded case files, to maintain random assignment status and prevent control group members from being mandated to participate. However, the levels of control group participation indicated

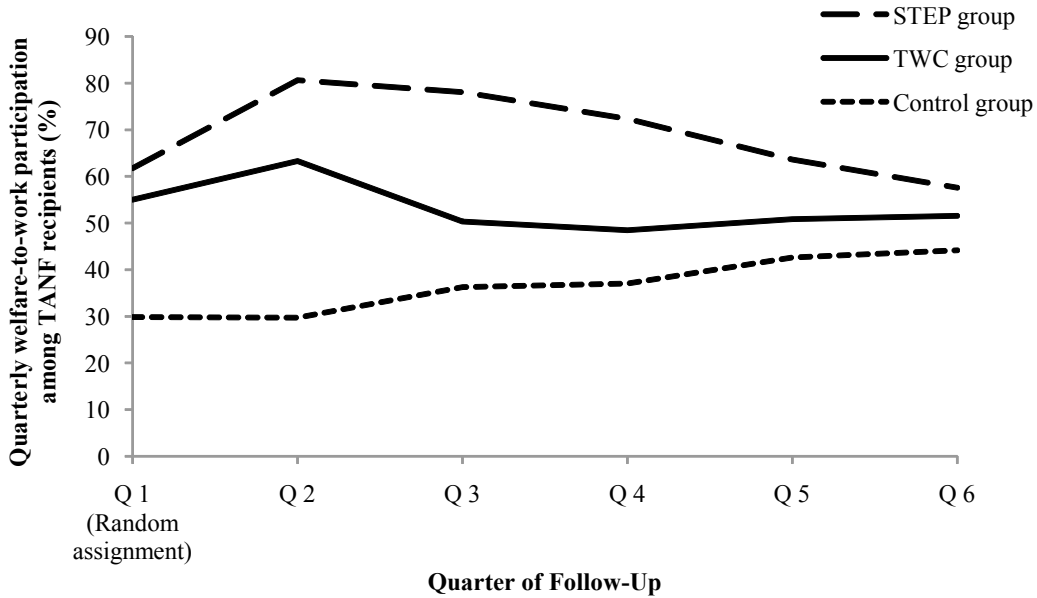
⁹The analysis includes zeroes for sample members who were not receiving TANF.

¹⁰According to DPW data, over the six-quarter period, 58.1 percent of TWC group members, 1.5 percent of STEP group members, and 3.9 percent of control group members participated in a TWC transitional job (not shown in table). These data are not consistent with TWC's payroll data, which, as reported in Chapters 2 and 4, show that 50.6 percent of the TWC group participated in a TWC transitional job. The reason for this discrepancy is not clear. However, TWC's payroll data are more likely to be reliable, as they show actual checks issued for work in a transitional job. The DPW data may include some participants who were scheduled to work but did not. Therefore, this report relies mainly on TWC payroll data to measure work in TWC transitional jobs.

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Figure 3.1

Quarterly Participation in Welfare-to-Work Activities Among TANF Recipients:
Transitional Work Corporation and Success Through Employment Preparation
Philadelphia Report



SOURCE: MDRC calculations from participation records provided by the Pennsylvania Department of Public Welfare.

NOTES: All measures in this figure are calculated among those who were receiving TANF in the given quarter; they are therefore considered nonexperimental and are not tested for statistical significance.

TWC = Transitional Work Corporation.

STEP = Success Through Employment Preparation.

TANF = Temporary Assistance for Needy Families.

by both the survey findings and the administrative data suggest that, despite these procedures, some control group members may have been required to participate.

On the survey, 70 percent of control group members reported participating in an employment- or education-related activity. Job search activities were most common; 55 percent participated in job search, and, specifically, 48 percent participated in group job search. Similarly, administrative data show 63 percent of control group members participating in at least one welfare-to-work activity. Forty-two percent participated in an employment-related activity and

36 percent in an education or training activity.¹¹ In addition, the proportion of control group members who participated, which was already 29 percent in quarter 1, increased about 5 percentage points from quarter 1 to quarter 6, suggesting that procedures meant to keep control group members from being mandated may have become less effective over time.

Unfortunately, it is difficult to know whether these participation rates are higher than would be normal for a “voluntary” control group in this context, in which welfare department expectations for TANF recipients to participate in employment and training activities were generally high and in which there were time limits on TANF receipt. There are few studies with a similar research design and population. In the MFIP evaluation, mentioned earlier in this chapter,¹² among single, long-term welfare recipients in urban counties, participation in employment and training activities was voluntary for the control group. Similarly, the control groups were voluntary in the evaluation of four employment-focused programs in the aforementioned NEWWS study.¹³ However, both studies took place in the 1990s, when expectations for participation by welfare recipients were generally low. Indeed, program group participation rates in the NEWWS sites were 19 to 37 percentage points lower than TWC and STEP group participation rates.

Control group participation in employment and training activities in both the MFIP and the NEWWS evaluations was lower than comparable participation by control group members in Philadelphia. In MFIP, survey data indicated that 61 percent of control group members participated in any employment or training activity, and in the NEWWS sites, control group participation ranged from 19 to 42 percent, compared with 71 percent of control group members in Philadelphia. Similarly, control group participation in job search was 35 percent in MFIP and ranged from 5 to 8 percent in NEWWS,¹⁴ compared with 55 percent for the Philadelphia control group.

Although these are imperfect comparisons, the differences suggest that some control group members may not have been entirely exempt from TANF employment and training participation requirements. Sanctioning data are consistent with this inference; about 4 percent of control group members were sanctioned by DPW for nonparticipation during the study, indicating that at least some were mandated to participate.¹⁵ It is not possible to know from available data the extent to which individual case workers encouraged or required TANF recipients to participate. However, administrative data show that participation by control group

¹¹Some activities were neither employment- nor education-related activities. These included, for example, drug and alcohol services, mental health services, and life skills.

¹²Miller et al. (2000).

¹³Freedman et al. (2000).

¹⁴Miller et al. (2000); Freedman et al. (2000).

¹⁵See Appendix D for more details.

members who were flagged by DPW as being exempt from participation requirements was as high as participation by control group members who were not flagged as being exempt.¹⁶ In addition, administrative data show that few control group members participated in TWC (about 5 percent) and no control group members participated in STEP, suggesting that random assignment status was largely maintained. It may be that a high percentage of control group members voluntarily participated in welfare-to-work activities.

Summary of Findings

Both survey and welfare department data show that a high proportion of control group members participated in employment- and education-related activities during the follow-up period. Despite these high levels of control group participation, both TWC group and STEP group members were more likely to participate in employment activities and to receive certain services than were control group members.

TWC's impacts on participation reflected the program's emphasis on transitional employment and other employment-related activities. According to the 18-month survey data, TWC increased participation in job search activities. However, TWC did not affect participation in education and training activities. TWC group members were more likely to receive help with job search, financial advice, and other support services. Corresponding to the survey, DPW data indicate that TWC group members were more likely to participate in DPW-approved welfare-to-work activities. In addition, TWC group members were much more likely to participate in a transitional jobs program than were control group members.

STEP impacts on participation and service receipt also mostly matched expectations from the implementation research. Survey data indicated that STEP group members were more likely to participate in job search activities. However, STEP had no impacts on participation in education or training. STEP group members were more likely than control group members to receive help with job search, help treating mental health problems, financial advice, and support services. Finally, STEP group members were more likely than control group members to participate in DPW-approved welfare-to-work activities.

¹⁶All control group members were flagged in DPW records to delineate their control group status. Although the proportion of control group members receiving TANF who were flagged as exempt declined over time, dropping from 87 percent to 70 percent, this does not appear to have driven control group participation. Exempt control group participants were as likely to participate as nonexempt control group participants.

Chapter 4

Impacts on Employment and Earnings

In recent years, policymakers have increasingly focused on the need to move long-term recipients of Temporary Assistance for Needy Families (TANF) into employment and off of the welfare rolls. At the same time, many of these recipients face significant barriers to employment. The goal of the Transitional Work Corporation (TWC) program is to place hard-to-employ TANF recipients in short-term subsidized employment that provides valuable work experience while allowing TWC staff to identify and correct workplace problems. The goal of the Success Through Employment Preparation (STEP) program was to identify and address the barriers that prevent participants from succeeding in the workplace before helping them to find regular employment. Ultimately, both programs sought to increase employment and retention in unsubsidized jobs.

This chapter presents the impacts of the TWC and STEP programs on employment and earnings. The analysis uses quarterly wage data from the National Directory of New Hires (NDNH) database and payroll data from TWC. Using the NDNH data, it is possible to accurately estimate the proportion of sample members who were employed in jobs covered by unemployment insurance (UI) and average earnings in each of the six quarters following random assignment. Some transitional job programs report earnings to the UI system and some do not. TWC's transitional jobs are not included in data from NDNH. Therefore, estimates of TWC transitional employment and earnings are derived from TWC payroll data. For the purposes of this analysis, employment and earnings that show up in the NDNH data are assumed to be from unsubsidized jobs, though it is possible that some subsidized or transitional employment (provided by organizations other than TWC) may also be included.¹ Estimates of unsubsidized employment are calculated from NDNH data, and estimates of total employment and earnings are calculated using a combination of NDNH data and payroll data from TWC. Impacts on employment and job characteristics based on the 18-month client survey are also presented.

Results for TWC and STEP are presented separately in this chapter. Findings for the TWC program are discussed first, followed by findings for the STEP program.

¹As discussed in Chapter 3, some control group members worked in subsidized or transitional jobs at organizations other than TWC. However, the study did not obtain payroll data from any other organizations, and there is no way to know whether the control group's subsidized jobs are included in the NDNH data. Thus, it is possible that the total employment and earnings figures for the control group are understated. However, data from the Philadelphia Department of Public Welfare indicate that the proportion of control group members who worked in a transitional job was relatively low — 13 percent — as discussed in Chapter 2.

Transitional Work Corporation

- **TWC substantially increased employment during the first year, but the impact faded during year 2.**

Figure 4.1 presents quarterly employment rates over the follow-up period. This figure shows employment patterns for the TWC and control groups and examines how they changed over time.² Differences that are statistically significant are indicated with asterisks next to the quarter number on the chart's X-axis. The employment rates shown in the figure include both TWC transitional jobs and unsubsidized jobs that were reported in the NDNH data.

Results for the control group provide evidence of what the employment patterns would have been without TWC's services. In general, employment rates for the control group are relatively low, with less than one-third employed in most quarters.³ Low employment levels for the control group are not surprising and are consistent with the selection criteria of the study, which targeted individuals who were considered "hard to employ" and were unlikely to find employment easily without program services. Nevertheless, the control group's employment rate increased somewhat over time.

The figure shows that TWC substantially increased employment early in the follow-up period. Over time, as participants moved out of the TWC transitional jobs, the rate of employment decreased for the TWC group. By quarter 6 there is no statistically significant difference in employment between the TWC and control groups. The diminishing impacts are the result of both a decline in employment for the TWC group and the control group "catching up" to the TWC group over time, as is common in evaluations of employment programs.

- **TWC increased employment in both TWC transitional jobs and unsubsidized jobs during the follow-up period.**

Table 4.1 presents TWC's quarterly impacts on employment and earnings. Results are shown separately, by quarter, for TWC transitional jobs, unsubsidized employment, and total employment (which includes TWC and unsubsidized jobs). TWC's goal was to ultimately increase employment in unsubsidized jobs. Therefore, it is helpful to examine employment

²Most MDRC reports do not include the quarter of random assignment as an impact quarter. This report includes quarter 1 as an impact quarter because placement in TWC's transitional jobs, an important component of the employment and earnings analysis, occurred very early in the follow-up period.

³Employment rates for this control group sample are lower, for example, than employment rates for the control group sample in the Minnesota Employment Retention and Advancement (ERA) program. Rates for the control group in that evaluation were generally above 40 percent in most quarters of the follow-up period. The Minnesota ERA program also served long-term welfare recipients who had barriers to employment (LeBlanc, Miller, Martinson, and Azurdia, 2007).

The Enhanced Services for the Hard-to-Employ Demonstration

Figure 4.1

Quarterly Employment: Transitional Work Corporation

Philadelphia Report



SOURCE: MDRC calculations from National Directory of New Hires data and TWC payroll records.

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

Employment rates include both TWC transitional jobs and all other jobs covered by unemployment insurance.

TWC = Transitional Work Corporation.

results separately in order to account for the program’s effects on unsubsidized employment separate from employment in TWC transitional jobs.

The first panel of the table shows quarterly employment in TWC’s transitional jobs using data from the program’s payroll records. As discussed in Chapter 2, many of the people who were assigned to the TWC group did not show up to the program or did not complete the initial

The Enhanced Services for the Hard-to-Employ Demonstration

Table 4.1

Impacts on Employment and Earnings: Transitional Work Corporation
Philadelphia Report

Outcome	TWC Group	Control Group	Impact	P-Value ^a
Employment (%)				
TWC transitional employment				
Quarter 1 (quarter of random assignment)	17.5	0.1	17.4 ***	0.000
Quarter 2	39.6	0.4	39.3 ***	0.000
Quarter 3	18.3	0.0	18.3 ***	0.000
Quarter 4	6.5	0.0	6.6 ***	0.000
Quarter 5	4.0	0.0	4.1 ***	0.000
Quarter 6 ^b	2.7	0.0	2.7 ***	0.000
Ever employed in a TWC transitional job (Q1-Q6)	50.6	0.6	50.0 ***	0.000
Unsubsidized employment				
Quarter 1 (quarter of random assignment)	23.5	22.9	0.7	0.773
Quarter 2	30.7	21.3	9.4 ***	0.000
Quarter 3	34.5	27.4	7.1 ***	0.007
Quarter 4	35.2	31.0	4.2	0.114
Quarter 5	36.6	31.1	5.4 **	0.045
Quarter 6	38.6	36.6	2.0	0.468
Ever employed in an unsubsidized job ^c (Q1-Q6)	67.3	57.4	9.9 ***	0.000
Total employment ^d				
Quarter 1 (quarter of random assignment)	37.1	22.9	14.2 ***	0.000
Quarter 2	58.0	21.7	36.3 ***	0.000
Quarter 3	47.1	27.3	19.8 ***	0.000
Quarter 4	39.4	30.9	8.5 ***	0.002
Quarter 5	39.5	31.0	8.4 ***	0.002
Quarter 6	40.4	36.6	3.8	0.170
Ever employed (Q1-Q6)	80.5	57.7	22.7 ***	0.000
Sample size (total = 1,217)	731	486		

(continued)

Table 4.1 (continued)

Outcome	TWC Group	Control Group	Impact	P-Value ^a
<u>Earnings (\$)</u>				
Earnings from TWC transitional employment				
Quarter 1 (quarter of random assignment)	53	0	53 ***	0.000
Quarter 2	242	3	239 ***	0.000
Quarter 3	114	0	114 ***	0.000
Quarter 4	28	0	29 ***	0.000
Quarter 5	20	0	21 ***	0.000
Quarter 6 ^b	16	0	16 ***	0.001
Total earnings from TWC transitional employment (Q1-Q)	472	1	471 ***	0.000
Earnings from unsubsidized employment ^c				
Quarter 1 (quarter of random assignment)	348	302	46	0.517
Quarter 2	482	492	-10	0.893
Quarter 3	749	647	102	0.231
Quarter 4	912	801	110	0.241
Quarter 5	954	811	143	0.155
Quarter 6	1,023	913	110	0.296
Total earnings from unsubsidized employment (Q1-Q6)	4,469	3,967	502	0.205
Total earnings ^d				
Quarter 1 (quarter of random assignment)	402	302	99	0.162
Quarter 2	724	495	229 ***	0.002
Quarter 3	863	647	217 **	0.011
Quarter 4	940	801	139	0.140
Quarter 5	974	810	164	0.102
Quarter 6	1,037	912	125	0.238
Total earnings (Q1-Q6)	4,941	3,968	973 **	0.014
Sample size (total = 1,217)	731	486		

SOURCE: MDRC calculations from the National Directory of New Hires and TWC payroll records.

NOTES: A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent, ** = 5 percent, and * = 10 percent. Results in this table are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

Dollar values include zeroes for sample members who were not employed.

Rounding may cause slight discrepancies in sums and differences.

TWC = Transitional Work Corporation.

^aStandard errors are presented in this report for all impacts with a p-value of 0.000. Following are the standard errors for all TWC impacts with a p-value of 0.000 (presented in the order in which they appear on the table). Employment: 1.374, 1.779, 1.395, 0.889, 0.708, 0.618, 1.823, 2.49, 2.685, 2.448, 2.591, 2.684, and 2.561. Earnings: 5.281, 14.868, 11.201, 5.279, 5.010, and 28.141.

^bData are incomplete for TWC transitional employment and earnings in quarter 6; 11.3 percent of the TWC group is missing data in that quarter.

^cJobs covered by unemployment insurance.

^dTotal employment and total earnings include both TWC transitional jobs and unsubsidized employment.

orientation. Thus, only about half of the TWC group worked in a TWC transitional job. The relatively low rate of participation in TWC jobs may dilute TWC's overall impacts on employment and earnings.⁴

The second panel of the table shows the program's impact on unsubsidized employment using wage data from NDNH. The table shows that TWC led to statistically significant increases in unsubsidized employment during the follow-up period. However, in quarter 6, the control group's employment rate jumped and, as a result, there was no significant difference in unsubsidized employment in that quarter. Nearly 39 percent of the TWC group worked in an unsubsidized job in the last quarter compared with 37 percent of the control group; the difference of 2 percentage points is not statistically significant. Ultimately, this evaluation will track people for three years. Additional follow-up will determine whether TWC continued to increase employment or whether the result in quarter 6 represents the true fading of the impacts of the program. However, given the general trend in the impact results, it is unlikely that TWC continued to increase employment beyond quarter 5.

The third panel of Table 4.1 shows the numbers underlying Figure 4.1. As mentioned above, less than one-third of the control group worked in any given quarter of the follow-up period (except quarter 6, when 36.6 percent worked). Overall, TWC increased employment by 22.7 percentage points over the follow-up period. Eighty-one percent of the TWC group worked in an unsubsidized job or a TWC job for at least one day, compared with 57.7 percent of the control group.

- **TWC increased combined earnings from TWC transitional jobs and unsubsidized employment by an estimated \$973 during the first year and a half.**

The second half of Table 4.1 presents TWC's impact on earnings from TWC transitional jobs and from unsubsidized employment, estimated using data from TWC's payroll system and the NDNH. The first panel in this section shows the program's impact on earnings from TWC transitional jobs. It shows that TWC group members earned \$472 from TWC transitional employment during the first year and a half. As expected, the control group earned almost nothing from TWC jobs.⁵ The second panel shows earnings from unsubsidized jobs that show up in NDNH data. The TWC group earned \$4,469, on average, compared with \$3,967 for the control group. However, the difference of \$502 is not statistically significant.

⁴In order to maintain the integrity of the experimental design, all program group members (including those who worked in a TWC job and those who did not) are included in impact calculations.

⁵The TWC payroll reported results for a handful of control group participants. DPW administrative data showed that about 4 percent of the control group worked in a TWC transitional job during the follow-up period.

The last panel of the table presents total earnings for both research groups. Although earnings were low for both groups, TWC increased total earnings by \$973, with TWC group members earning \$4,941, and control group members earning \$3,968, on average. This difference is statistically significant. Overall, earnings from TWC's transitional jobs made up a small proportion of total earnings for the TWC group, but the increase in earnings is attributable to both TWC employment and unsubsidized employment. Unsubsidized employment contributed slightly more to the increase in earnings (\$502 compared with \$471 from TWC jobs).

Appendix Table B.1 shows TWC's effects on other employment outcomes, including measures of employment stability. TWC increased the average quarterly employment rate and the number of consecutive quarters employed during the follow-up period.

TWC's Impacts on Job Characteristics

Table 4.2 presents TWC's impacts on self-reported employment and job characteristics from the client survey, which was administered 18 months after random assignment, on average, and lines up well with the six-quarter follow-up period for administrative data. For the most part, survey reports of employment are consistent with the NDNH data. For example, survey data indicate that roughly equal percentages of program and control group respondents were working at the time of survey administration, which is similar to what was found in the NDNH data showing that TWC had no impact on employment in quarter 6.

The first outcome in the table shows that 67.8 percent of TWC group respondents reported working since random assignment, compared with 57.7 percent of control group respondents, indicating that TWC increased employment by about 10 percentage points. This impact is smaller than the 22.7 percentage point impact found in administrative and payroll data (see Table 4.1). The discrepancy appears to be the result of lower employment rates reported on the survey by the TWC group respondents compared with what was found in administrative data. (Control group rates are identical in the survey and administrative data.) Analysis indicates that some TWC group members did not report their TWC transitional job as employment, or may have reported it as unpaid employment (see Chapter 3).⁶ Thus, the survey underestimates employment for the TWC group and, as a result, also underestimates the impact of TWC on employment.

⁶A similar problem was found in the New York transitional jobs program site of the Hard-to-Employ evaluation. Many respondents did not remember working in a transitional job or did not report the transitional job as employment. As was shown in Chapter 3, data provided by DPW largely agree with TWC payroll data and show that about half of TWC group members worked in transitional employment at TWC and a small proportion (13 percent) of control group members worked in a transitional job.

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Table 4.2

**Impacts on Job Characteristics: Transitional Work Corporation
Philadelphia Report**

Outcome	TWC Group	Control Group	Impact	P-Value ^a
Ever worked for pay since random assignment (%)	67.8	57.7	10.1 **	0.018
Ever worked in a paid transitional job since random assignment (%)	22.2	5.2	17.0 ***	0.000
Working for pay at time of survey (%)	30.6	28.2	2.4	0.567
<u>Characteristics of current/most recent job</u>				
Job type (%)				
Full-time, permanent position	42.0	33.0	9.0 **	0.034
Part-time, permanent position	21.9	20.1	1.8	0.640
Seasonal or temporary position, or odd jobs	3.5	4.4	-0.9	0.649
Average hours worked per week	21.9	18.2	3.7 **	0.378
Earnings per week (\$)	176	161	15	0.332
Hourly wage (%)				
Less than \$6 per hour	12.8	8.2	4.6	0.105
\$6.00 - \$7.99	22.0	17.2	4.9	0.187
\$8.00 - \$9.99	18.6	14.4	4.2	0.225
\$10.00 or more	13.6	17.5	-3.9	0.220
<i>Average hourly wage, among those employed (\$)</i>	<i>8.04</i>	<i>8.95</i>	<i>-0.92</i>	
Receiving any benefits (%)	27.1	20.0	7.1 *	0.057
Sick days with full pay	14.8	10.7	4.1	0.179
Paid vacation	17.6	13.1	4.5	0.166
Receiving or offered health care coverage	21.3	18.3	3.0	0.393
Sample size (total = 496)	246	250		

SOURCE: MDRC calculations from responses to the 18-month survey.

NOTES: A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent, ** = 5 percent, and * = 10 percent. Results in this table are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

Rounding may cause slight discrepancies in sums and differences.

Dollar values include zeroes for sample members who were not employed, unless otherwise noted.

TWC = Transitional Work Corporation.

All outcomes shown in italics are calculated among those who worked since random assignment and are therefore considered nonexperimental and are not tested for statistical significance.

^aStandard errors are presented in this report for all impacts with a p-value of 0.000. Following are the standard errors for all TWC impacts with a p-value of 0.000 (presented in the order in which they appear in the table): 2.7

The remainder of Table 4.2 shows TWC's effects on the characteristics of the current or most recent job. The table shows that TWC group members reported working more hours per week, on average, than control group members. TWC group members were also more likely to report that their most recent job was full time and permanent. It is likely that this finding represents an impact on unsubsidized employment because TWC's jobs were temporary and were also not full time. (TWC participants worked 25 hours per week in the transitional job.)⁷ Further, for many, the timing of the current or most recent job is likely to correspond better with employment that occurred later in the follow-up period, after they had left the TWC job (which typically occurred shortly after random assignment).

Although TWC increased hours worked per week, there was no corresponding increase in weekly earnings because TWC group members who worked earned less per hour, on average, than their control group counterparts. This finding could have occurred because TWC put people to work who would not have worked otherwise and those people may have had lower earnings potential.⁸ The table shows that, on average, TWC and control group members earned similar wages of \$161 to \$176 per week (note that the earnings figures include zeroes for respondents who did not work). Among those who worked since random assignment, TWC group members earned 92 cents less per hour than the control group, on average.

TWC group members were more likely than control group members to report receiving at least some benefits, such as sick days, health coverage, or paid vacation, from their most recent job (27 percent compared with 20 percent).

TWC's Impacts for Subgroups

It is possible that TWC could have been more or less successful for certain subgroups of the sample. For example, transitional employment models are thought to work best for those who cannot find employment on their own and need extra help preparing for regular jobs. Transitional job models were designed to help address the needs of people with special barriers to finding and keeping employment. These barriers may include substance abuse, poor mental

⁷The survey question that was asked described full-time employment as 30 or more hours per week.

⁸The analysis presented earlier showed that TWC increased the proportion of TWC group members who worked since random assignment by 22.7 percentage points. This suggests that TWC put people to work who otherwise would not have worked, and those people may have had lower earnings potential. Another possibility is that some TWC group members are reporting on their earnings from TWC's transitional jobs, which paid only minimum wage and were part time. However, this is unlikely given the timing of the survey and the proportion of TWC group members who described the current or most recent job as full time or part time and permanent. See discussion above.

and physical health, disability, low educational attainment, limited work experience, and criminal records.⁹

Although the criteria for the study were designed to focus on the hard-to-employ, baseline demographics indicated that some sample members were more disadvantaged than others. Based on the subgroup hypothesis, the research team examined the program's effects for a group thought to be highly disadvantaged — those with little or no recent work history and long-term welfare receipt — compared with those who were less disadvantaged.¹⁰ Subgroup results showed that TWC's impacts on unsubsidized employment were much larger and lasted longer for the highly disadvantaged subgroup compared with those who were less disadvantaged. TWC's effects on earnings were similar for both subgroups. Table 4.3 shows the impact of TWC on employment during the follow-up period for those who were highly disadvantaged and those who were less disadvantaged. (Detailed impacts on employment and earnings for those subgroups are presented in Appendix Tables E.1 and E.2.)

Effects were also examined separately for those with a high school diploma or General Educational Development (GED) certificate at baseline, compared with those who did not have either credential. The findings for these subgroups are less clear, but suggest a similar pattern — that TWC's program worked better for those who were more disadvantaged. Impacts were somewhat larger for those without a high school diploma or GED certificate; however, the difference in impacts between the two subgroups was not statistically significant for the main outcomes (see Appendix Table E.3).

TWC experienced budget cuts and reduced staffing late in the follow-up period, a time when stricter policies regarding participation in work activities for TANF recipients may have increased control group participation levels (discussed in Chapter 3). The combined effects of these two policy and program changes could have reduced the ability of TWC to affect employment outcomes for a later cohort of the study sample. A subgroup analysis was conducted that examined impact results for the early sample members, who were randomly assigned before July 2005, compared with those who were randomly assigned later in the study period. The results of this subgroup analysis were mixed and inconsistent. Employment impacts were slightly smaller for the early cohort, but not statistically different from the later cohort. Earnings impacts were larger for the early cohort, and for some outcomes, impacts were statistically

⁹In 2001, the General Accounting Office (GAO) conducted interviews with TANF program administrators in six states and found that the administrators believed that TANF recipients with one or more of the barriers listed above had the most difficulty entering the workforce (General Accounting Office, 2001).

¹⁰The highly disadvantaged subgroup comprised sample members who, at the time of random assignment, had received at least two years of TANF in their lifetime and had worked one year or less in the past three years.

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Table 4.3

**Impacts on Employment and Earnings, by Level of Disadvantage:
Transitional Work Corporation
Philadelphia Report**

Outcome (Q1-Q6)	Impacts		Difference Between Subgroup Impacts
	Highly Disadvantaged Subgroup	Less Disadvantaged Subgroup	
<u>Employment and earnings</u>			
Ever employed (%)	31.0 ***	17.6 ***	††
TWC transitional job	47.4 ***	52.1 ***	
Unsubsidized job	18.9 ***	4.5	†††
Total earnings (\$)	1,142 **	1,118 *	
TWC transitional job earnings	453 ***	486 ***	
Unsubsidized job earnings	689	631	

NOTES: TWC = Transitional Work Corporation.

The highly disadvantaged are defined as sample members who, at the time of random assignment, had received at least two years of Temporary Assistance for Needy Families in their lifetime and had worked one year or less in the past three years. The less disadvantaged are defined as sample members who are not highly disadvantaged.

A two-tailed t-test was applied to differences between outcomes for the program and control groups. (Control group outcomes are not shown.) Statistical significance levels are indicated as follows: *** = 1 percent, ** = 5 percent, and * = 10 percent.

The H-statistic test was used to test for statistically significant differences in impact estimates across different subgroups. Statistical significance levels are indicated as follows: ††† = 1 percent, †† = 5 percent, and † = 10 percent.

different from the later cohort. The overall impact story for the early cohort was very similar to that of the full sample.

All subgroup results are presented in Appendix E.

Employment Patterns by TWC Enrollment Status

As described in Chapter 1, random assignment and enrollment into the research study were conducted in the Pennsylvania Department of Public Welfare (DPW) county assistance office. Chapter 2 showed that many people who were randomly assigned to TWC never actually enrolled in the program. (Most of those sample members never showed up at the TWC

office.) It is almost always true in random assignment studies that the results represent access, or an intention to treat, because the sample includes some people who never actually receive the treatment. The proportion of TWC group members who did not receive the treatment is unusually high in this study. Box 4.1 examines employment in TWC and unsubsidized jobs for those who did not enroll in the program, those who enrolled in the program, and the full TWC group. Even with careful screening, it is not always easy to tell which participants will benefit most from transitional jobs. Perhaps some of the clients who did not enroll in TWC's program opted out because they were able to find employment on their own. It is also possible that those who did not enroll had significant barriers that made working in any kind of job difficult and may have been exempted from participating by their DPW case manager after they were randomly assigned.

The analysis in Box 4.1 shows that nearly everyone (95.2 percent) who enrolled in TWC worked during the follow-up period in either a TWC job or unsubsidized employment, or both. Among TWC group members who did not enroll, 45 percent did not work in a UI-covered job during the six-quarter follow-up period. All TWC group members are included in the impact analysis whether they received TWC services or not. It is likely that the TWC group members who never enrolled in the TWC program are diluting the program's impact results somewhat. As the last row in the table in Box 4.1 shows, even if the analysis included only those who enrolled in the program, by the last quarter of the follow-up period, the percent of TWC enrollees working in an unsubsidized job is only about 3 percentage points higher than the proportion of the full TWC sample working in that quarter (42 percent compared with 39 percent). These results indicate that while the impact results may have been larger if the sample had included only those who enrolled in the program, the overall story would have been similar by the end of the follow-up period.

Summary of Findings for TWC

The results presented above show that TWC substantially increased employment and combined earnings from TWC and unsubsidized jobs. TWC's employment effects were not driven entirely by the transitional jobs. The program also increased employment in unsubsidized jobs throughout most of the follow-up period. However, by the end of the follow-up period, it appears that the impact faded as TWC group members lost their jobs and the employment rate for the control group increased.

The theory behind transitional jobs suggests that program models offering this type of service may be more successful for individuals who are more disadvantaged and unlikely to find employment on their own, without extra help to prepare for regular jobs. The TWC results

Box 4.1

**Employment Patterns, by Enrollment Status, for the
Transitional Work Corporation Program Group**

Outcome (%)	TWC Program Group		
	Enrolled	Not Enrolled	Full TWC Sample
<u>Quarters 1-6</u>			
Not employed	4.8	45.2	19.7
Employed	95.2	54.8	80.3
Worked only in a TWC transitional job	20.8	0.0	13.1
Worked only in an unsubsidized job	15.6	54.8	30.1
Worked in both TWC and unsubsidized jobs	58.8	0.0	37.1
<u>Quarter 6 only</u>			
Employed in an unsubsidized job	42.1	33.0	38.7
Sample size	461	270	731

SOURCE: MDRC calculations from the National Directory of New Hires and TWC payroll records.

NOTES: TWC = Transitional Work Corporation.

The results in this box show that more than half of those who did not enroll in the program worked in a job covered by unemployment insurance (UI) for at least one day during the follow-up period. Some of these clients probably did not enroll in TWC because they found a job on their own quickly after random assignment. Quarterly results on these outcomes are shown in Appendix Table B.2 and suggest that about one-fourth of those who did not enroll worked during the quarter of random assignment (quarter 1); a similar proportion worked in quarter 2 (which is when most clients started their TWC job). In the last quarter of the follow-up period, one-third of those who did not enroll were employed.

Among those who did enroll in the program, a small proportion only worked in a TWC transitional job (21 percent of those who enrolled). Over half worked in both a TWC transitional job and unsubsidized employment; many of these participants were placed by TWC into an unsubsidized job. At the end of the follow-up period, 42 percent were employed.

seem to support this hypothesis, as employment impacts were larger and lasted longer for the subgroup that was considered highly disadvantaged.

A number of policy and program changes took place during the study period. Moreover, only about half of the TWC group ever enrolled in the program and worked in a transitional job. Taken together, it is likely that these circumstances reduced the ability of TWC to significantly increase the employment outcomes of program group members during the follow-up period. Nonetheless, the analysis shows that by the end of the follow-up period, the TWC group's employment levels were similar to the control group levels. This would be true even if the analysis had included only participants who enrolled in TWC's program.

Success Through Employment Preparation

This section examines the impact of the STEP program on employment and earnings outcomes. The STEP program was designed to identify and resolve significant barriers to employment before helping clients find a job. It was expected that STEP may not affect employment outcomes until later in the follow-up period, though many sample members participated in job search activities, as discussed in Chapter 2.

- **STEP had no significant effect on employment or earnings during the follow-up period.**

Table 4.4 presents quarterly impacts on employment and earnings for the STEP program using quarterly wage data from the NDNH. The top panel of the table shows the proportion employed in a UI-covered job for the STEP group and the control group. (The control group for STEP is the same as the control group for TWC, so the numbers for that group in Tables 4.1 and 4.4 are the same.) Sixty-one percent of the STEP group compared with 58 percent of the control group worked for at least one day in a UI-covered job during the first six quarters following random assignment. The difference of 3.1 percentage points is not statistically significant.

The bottom half of Table 4.4 shows average earnings for each quarter of the follow-up period as well as total earnings for all six quarters, by research group. Both STEP and control group members earned about the same amount, which was under \$4,000 during the first year and a half.

STEP's Impacts on Job Characteristics

Table 4.5 presents the impact of STEP on self-reported employment and job characteristics as estimated from the client survey. The first outcome in the table shows that there was no difference between STEP and control group respondents in reported employment since ran-

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Table 4.4

**Impacts on Employment and Earnings: Success Through Employment Preparation
Philadelphia Report**

Outcome	STEP Group	Control Group	Impact	P-Value
<u>Employment (%)</u>				
Total employment				
Quarter 1 (quarter of random assignment)	22.0	22.9	-0.9	0.709
Quarter 2	22.0	21.7	0.3	0.904
Quarter 3	30.3	27.3	3.0	0.263
Quarter 4	33.0	30.9	2.0	0.453
Quarter 5	33.2	31.0	2.1	0.436
Quarter 6	37.2	36.6	0.6	0.822
Ever employed (Q1-Q6)	60.8	57.7	3.1	0.226
<u>Earnings (\$)</u>				
Total earnings				
Quarter 1 (quarter of random assignment)	268	302	-35	0.625
Quarter 2	377	495	-118	0.106
Quarter 3	609	647	-38	0.659
Quarter 4	737	801	-65	0.492
Quarter 5	803	810	-7	0.942
Quarter 6	948	912	36	0.734
Total earnings (Q1-Q6)	3,741	3,968	-226	0.569
Sample size (total = 1,211)	725	486		

SOURCE: MDRC calculations from National Directory of New Hires data.

NOTES: A two-tailed t-test was applied to differences between outcomes for the program and control groups. There are no significant differences between the research groups on any measure in this table. Results in this table are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

Rounding may cause slight discrepancies in sums and differences.

Dollar values include zeroes for sample members who were not employed.

STEP = Success Through Employment Preparation.

dom assignment. The rates of employment are similar to those found in administrative records for the same time period — the survey was administered 18 months after random assignment, on average, and therefore covers roughly quarters 1 to 6 after random assignment. Twenty-eight percent of both groups reported that they were working at the time of the survey.

This is somewhat lower than estimates from administrative records for both groups in quarter 6, which corresponds roughly to the quarter of survey administration. This difference is probably explained by the fact that estimates from UI data consider individuals to be employed if they worked for at least one day in a quarter. The number of people employed at any given time will be lower than the number employed at any point in a quarter.¹¹

The second part of the table presents outcomes that describe the characteristics of the current or most recent job. There were no significant differences between STEP and control group members on those characteristics.

STEP's Impacts for Subgroups

As discussed above, and similar to TWC, it is possible that STEP could have been more or less successful for certain subgroups of the sample. Employment and earnings effects were examined separately for a highly disadvantaged subgroup, compared with a subgroup that was considered less disadvantaged. STEP impacts were similar for both of these subgroups.

Effects were also examined separately for those who had a high school diploma or a GED certificate at baseline, compared with those who did not have one. The findings were similar for these subgroups as well.

The impacts were examined for the early cohort (randomly assigned prior to July 2005) compared with a later cohort. A cohort analysis is interesting for the STEP program for two reasons. First, similar to TWC, it was a good way to determine whether the impacts of STEP were different, as control group members experienced higher rates of participation in welfare-to-work activities. Second, STEP was a start-up program and was put in place specifically for the study. It is possible that the program may not have reached its full potential until many months into program operations, and impact findings may be better for the later cohort. Unfortunately, these two sets of circumstances would work in opposite directions, and each may cancel out any potential effects of the other. The cohort analysis showed that STEP's impact findings were similar for both cohorts. All subgroup results are presented in Appendix E.

¹¹On average, sample members were surveyed 18 months after random assignment, which, as indicated in the text, corresponds to quarter 6 of the follow-up period in UI data. However, some sample members were surveyed in quarter 5 or quarter 7, which may also explain part of the discrepancy between survey and UI employment rates. This issue is also present in the TWC group, where fewer respondents reported working at the time of the survey compared with what was found in the administrative data in quarter 6.

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Table 4.5

**Impacts on Job Characteristics: Success Through Employment Preparation
Philadelphia Report**

Outcome	STEP Group	Control Group	Impact	P-Value
Ever worked for pay since random assignment (%)	58.4	57.7	0.7	0.877
Ever worked in a paid transitional job since random assignment (%)	4.4	5.2	-0.8	0.760
Working for pay at time of survey (%)	28.1	28.2	-0.1	0.982
<u>Characteristics of current/most recent job</u>				
Job type (%)				
Full-time, permanent position	29.5	33.0	-3.6	0.403
Part-time, permanent position	22.6	20.1	2.5	0.514
Seasonal or temporary position, or odd jobs	5.6	4.4	1.2	0.528
Average hours worked per week	18.7	18.2	0.5	0.769
Earnings per week (\$)	159	161	-2.1	0.896
Hourly wage (%)				
Less than \$6 per hour	8.7	8.2	0.5	0.863
\$6.00 - \$7.99	18.2	17.2	1.1	0.770
\$8.00 - \$9.99	18.6	14.4	4.2	0.224
\$10.00 or more	12.6	17.5	-4.9	0.126
<i>Average hourly wage, among those employed (\$)</i>	<i>8.2</i>	<i>9.0</i>	<i>-0.7</i>	
Receiving any benefits (%)	21.1	20.0	1.1	0.762
Sick days with full pay	12.3	10.7	1.6	0.600
Paid vacation	12.6	13.1	-0.5	0.878
Receiving or offered health care coverage	17.7	18.3	-0.6	0.863
Sample size (total = 496)	246	250		

SOURCE: MDRC calculations from responses to the 18-month survey.

NOTES: A two-tailed t-test was applied to differences between outcomes for the program and control groups. There are no significant differences between the research groups on any measure in this table. Results in this table are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

Dollar values include zeroes for sample members who were not employed.

Rounding may cause slight discrepancies in sums and differences.

Outcomes shown in italics are calculated among those who worked since random assignment; they are therefore considered nonexperimental and are not tested for statistical significance.

STEP = Success Through Employment Preparation.

Summary of Findings for STEP

The findings from the STEP program indicate that its intensive case management to help participants overcome barriers to employment did not lead to any significant differences in employment or earnings during the follow-up period. The STEP program model was operated as a demonstration in this evaluation and, thus, it took a few months to reach capacity and smooth out program operations. Nonetheless, most sample members appear to have received at least some type of assessment and job-readiness services from the program. Other evaluations of similar programs are consistent with these findings and suggest that it is difficult to affect employment outcomes using this model.¹² It is possible that impacts on employment outcomes will emerge later in the follow-up period, and future reports will address that question.

The impact of the TWC transitional jobs model compared with the STEP model of intensive case management focusing on barrier removal is shown in Appendix F. Employment rates were similar for the STEP and control groups. Therefore, it is not surprising that the impact of transitional work over and above assessment and barrier removal is similar to the impact of TWC compared with the control group.

¹²LeBlanc, Miller, Martinson, and Azurdia (2007).

Chapter 5

Impacts on Public Assistance, Income, and Poverty

This chapter presents the impacts of the Transitional Work Corporation (TWC) program and the Success Through Employment Preparation (STEP) program on public assistance receipt, income, and poverty in the six quarters following random assignment for Philadelphia's Hard-to-Employ Demonstration and Evaluation Project. The analysis uses administrative data from the Pennsylvania Department of Public Welfare (DPW) to compare cash assistance and food stamp outcomes for the two program groups with those for the control group. Philadelphia 18-month survey data are used to examine impacts on income, poverty, and other outcomes. Findings are presented first for TWC and then for STEP.

Transitional Work Corporation

Impacts on Cash Assistance and Food Stamp Receipt

TWC may affect public assistance receipt through at least two mechanisms. First, the program's impacts on employment and earnings, described in Chapter 4, may lead to reduced or terminated public assistance benefits as sample members qualify for smaller grants or no longer qualify for public assistance. The public assistance impacts reported in this chapter were most likely produced by this mechanism. Second, the enforcement of mandates to participate in the program may lead to an increase in the sanctioning of those who do not participate, which would result in a reduction or termination of benefits. However, although there were small impacts on sanctions, there were very few sanctions overall, and there is little evidence that these produced TWC's public assistance impacts.

- **TWC decreased the receipt of Temporary Assistance for Needy Families (TANF) and reduced TANF payment amounts, but did not affect the receipt of food stamps.**

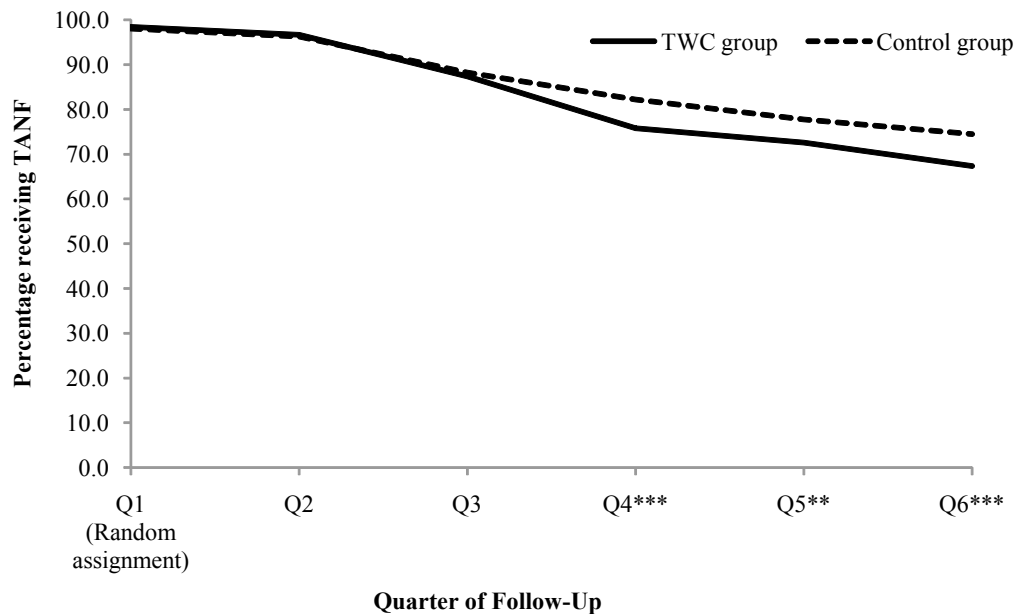
Figure 5.1 compares the quarterly rates of receipt of TANF cash assistance over the six-quarter follow-up period.¹ More than 98 percent of both the TWC group and the control group received TANF in the quarter of random assignment. This was expected, since the sample included those who were either receiving or applying for TANF and were very likely to receive it

¹For exact numbers, see the quarterly TANF and food stamp impacts presented in Appendix C.

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Figure 5.1

Quarterly TANF Receipt: Transitional Work Corporation
Philadelphia Report



SOURCE: MDRC calculations from public assistance records from the Pennsylvania Department of Public Welfare.

NOTES: A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent, ** = 5 percent, and * = 10 percent. Results in this table are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

TWC = Transitional Work Corporation.

TANF = Temporary Assistance for Needy Families.

at the time of random assignment. For both groups, the proportion receiving TANF decreased during the six-quarter follow-up period.

Evaluations of similar programs have also found a general decline in cash assistance and food stamp receipt following random assignment. For example, in the Minnesota Employment Retention and Advancement (ERA) evaluation,² nearly all sample members received

²LeBlanc, Miller, Martinson, and Azurdia (2007).

TANF and food stamps in the quarter of random assignment, and those proportions decreased to just over 60 percent and about 80 percent, respectively, by quarter 6. Of note, however, is that public assistance receipt among Philadelphia Hard-to-Employ participants declined at a relatively low rate. For example, about 70 percent of Philadelphia study participants were receiving TANF in quarter 6, compared with about 60 percent of Minnesota ERA study participants. This may be an indication of the level of disadvantage of the Philadelphia sample, but it also may reflect other factors, like state differences in grant levels and earnings disregards.

Although public assistance receipt rates for both groups declined over time, the proportion of TWC group members receiving TANF declined more rapidly, leading to significantly lower rates of TANF receipt for TWC group members in quarters 4 through 6, compared with control group members. By quarter 6, there was a 7 percentage point difference in TANF receipt, with 67.3 percent of TWC group members and 74.5 percent of control group members receiving TANF.

As shown in the first panel of Table 5.1, TWC did not affect TANF receipt during the six-quarter follow-up period as a whole, as rates of receipt for all groups in the initial quarter were very high. However, TWC did reduce — by about one month, from 14.6 months to 13.8 months — the average number of months in which sample members received TANF during that period.

TWC consistently reduced the average TANF benefit amounts that sample members received.³ These impacts began in the second quarter following random assignment, were largest in quarter 3 — with TWC group members receiving about \$166 less than control group members received in that quarter (\$909 compared with \$1,075) — and continued through quarter 6.⁴ Overall, during the six-quarter follow-up period, TWC group members received \$596 (about 10 percent) less, on average, than did control group members.

TANF recipients may be sanctioned, leading to reduced or terminated benefits, if they do not comply with TANF work requirements. Among all sample members, the rate of sanctioning was low overall (7 percent were ever sanctioned over the six-quarter period), but sanctions were higher for the TWC group (9 percent) than for the control group (4 percent).⁵ Since sanctions may lead to the termination or reduction of benefits, TWC's impact on TANF could have been attributable in part to its impacts on sanctioning. However, further analysis, discussed

³Receipt dollar values include zeroes for sample members who were not receiving TANF.

⁴Quarterly TANF and food stamp impacts are shown in Appendix C.

⁵In theory, control group members should not have been sanctioned at all since they were not subject to participation mandates. However, administrative data suggest that some control group members may have been required to participate during the follow-up period, which may explain why some control group members were sanctioned. This issue is discussed in detail in Chapter 3.

The Enhanced Services for the Hard-to-Employ Demonstration

Table 5.1

Impacts on Public Assistance Receipt: Transitional Work Corporation

Philadelphia Report

Outcome	TWC Group	Control Group	Impact	P-Value ^a
<u>TANF measures</u>				
Received TANF, Q1-Q6 (%)	99.3	99.2	0.0	0.937
Number of months received TANF, Q1-Q6	13.8	14.6	-0.8 ***	0.002
Total TANF, Q1-Q6 (\$)	5,500	6,097	-596 ***	0.000
<u>Food stamp measures</u>				
Received food stamps, Q1-Q6 (%)	99.3	99.4	-0.1	0.845
Number of months received food stamps, Q1-Q6	16.1	16.3	-0.3	0.112
Total food stamps, Q1-Q6 (\$)	5,985	6,124	-139	0.169
<u>Status in quarter 6 (%)</u>				
Employed and not receiving TANF	19.3	15.1	4.2 **	0.050
Employed and receiving TANF	21.1	21.5	-0.4	0.862
Not employed and receiving TANF	46.0	53.3	-7.3 **	0.011
Not employed and not receiving TANF	13.6	10.2	3.5 *	0.062
<u>Income (\$)</u>				
Total measured income, Q1-Q6 ^b	16,354	16,314	40	0.923
Sample size (total = 1,217)	731	486		

SOURCE: MDRC calculations from public assistance records from the Pennsylvania Department of Public Welfare. Employment and earnings data from the National Directory of New Hires and TWC payroll records.

NOTES: Dollar values include zeroes for sample members who had no income, were not employed, or were not receiving child support or public assistance.

A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent, ** = 5 percent, and * = 10 percent. Results in this table are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

Rounding may cause slight discrepancies in sums and differences.

TWC = Transitional Work Corporation.

TANF = Temporary Assistance for Needy Families.

^aStandard errors are presented in this report for all impacts with a p-value of 0.000. Following are the standard errors for all TWC impacts with a p-value of 0.000 (presented in the order in which they appear on the table): 130.657.

^bMeasured income includes earnings from jobs covered by unemployment insurance, TANF payments, and food stamps.

in detail in Appendix D, suggests that TWC's impacts on TANF were not driven by sanctions. The results suggest that with no sanctioning, the impacts on TANF receipt and payment amounts would be more modest, but would not be substantially different.

There is a lag of about two quarters between TWC's impacts on employment and earnings (Chapter 4, Table 4.1), which begin in quarters 1 and 2, and its impacts on TANF receipt rates, which, as shown in Figure 5.1, do not appear until quarter 4. However, there is no lag between impacts on employment and impacts on TANF amounts, which both begin in quarter 2. It may be that earnings levels in quarters 2 and 3, though higher for TWC group members than for the control group, tended to result in a reduction rather than a termination of benefits. Earnings from TWC employment were not large (participants earned the minimum wage and worked 25 hours per week), and Pennsylvania has an income disregard policy of a flat 50 percent.⁶ As a result, earnings from TWC jobs may not have put participants' total earnings over the threshold level for termination of benefits, producing impacts on benefit amounts while having no impact on rates of benefit receipt in the early quarters. An analysis of combined measures of employment and TANF receipt (not shown in the table), supports this explanation. TWC group members were especially likely to combine work and welfare in the early quarters, and the proportion doing so decreased over time, while the proportion working but not receiving TANF increased over time.

However, this explanation does not account for why the TANF impacts continue through quarter 6 while the employment and earnings impacts last only through quarter 5. It may be that sample members who lost their jobs did not reapply for benefits immediately, resulting in a lag between employment impacts and TANF impacts.

Aside from impacts in quarter 4, TWC did not affect food stamp receipt or average food stamp amounts. For both groups, food stamp receipt declined by only 10 percentage points from the random assignment quarter to quarter 6, when nearly 90 percent of sample members were still receiving food stamps. Since income thresholds for food stamp receipt are higher than those for TANF receipt,⁷ a smaller decrease in food stamp receipt over time is expected. The data suggest that some sample members left TANF, but continued to receive food stamps as their incomes increased.

⁶Seith, Rich, and Richburg-Hayes (2007). Fifty percent of the earnings of TANF recipients who become employed is not counted toward income when TANF eligibility is determined and payment amounts are calculated. Therefore, some TANF recipients may earn above the income thresholds for TANF eligibility.

⁷Seith, Rich, and Richburg-Hayes (2007).

Impacts on Combined Measures of Employment and Public Assistance and on Income

The third panel in Table 5.1 shows TWC impacts on combined measures of employment and receipt of cash assistance in quarter 6. TWC increased by 4 percentage points the number of people who were employed and not receiving TANF by the end of the follow-up period. However, less than 20 percent of the sample members in both groups were in this category; 19 percent of TWC group members and 15 percent of control group members were employed in quarter 6 and did not receive TANF during that quarter. There was no TWC impact on combined employment and public assistance; about 21 percent of sample members in both groups were employed and also received TANF in quarter 6.⁸

TWC reduced, by about 7 percentage points, the number of people who were unemployed and receiving TANF by the end of the follow-up period. Forty-six percent of TWC group members were in this category in quarter 6, compared with 53 percent of control group members. Finally, TWC group members were about 4 percentage points more likely to be unemployed and not receiving TANF in quarter 6. This impact may be the result of a higher rate of sanctioning of TWC group members than of control group members,⁹ since a sanctioned sample member may lose her TANF benefits while still meeting the income eligibility requirements for TANF. However, sample members in this category were not necessarily without income, as they may have had earnings from jobs that weren't covered by unemployment insurance (UI), food stamps, income from a family member, or income from some other source.

Although TWC increased earnings from employment, this increase was offset by the reduction in income from public assistance. Therefore, TWC did not increase total income. Table 5.1 shows total income from subsidized and unsubsidized employment, TANF, and food stamps during the six-quarter follow-up period. The TWC group and the control group have nearly the same mean income of about \$16,300 for the six-quarter period. This finding is consistent with the results from the 18-month survey, below, which show no impact on individual or household income.

It is possible that, though TWC did not affect total gross income, it could have increased tax-adjusted income by increasing earnings from employment, which, unlike income from public assistance, count toward the federal Earned Income Tax Credit (EITC). To test this hypothesis, income was calculated, adjusting for the estimated amount of feder-

⁸Sample members in this category were not necessarily employed and receiving TANF at the same time. They were employed at least once and received TANF at least once during quarter 6.

⁹Impacts on TANF sanctions are shown in Appendix D.

al taxes, credits, and the EITC. The analysis showed that TWC had no significant impact on tax-adjusted income, which averaged about \$17,000 for both groups (not shown in table).¹⁰

Subgroup Impacts

It is possible that TWC's impacts could have been larger for certain subgroups in the sample. For example, transitional job programs like TWC may have the largest effect for those participants with the shortest work histories. Although all sample members in this study were disadvantaged, some were more disadvantaged than others. A subgroup analysis compared TWC impacts for the highly disadvantaged — defined as sample members who, at the time of random assignment, had received at least two years of TANF in their lifetime and had worked one year or less in the past three years — with the less disadvantaged. This comparison showed no significant differences in impacts on public assistance (see Appendix Table E.1). As discussed in Chapter 4, there were subgroup differences in TWC's impacts on employment, which were larger and longer-lasting among the highly disadvantaged than among the less disadvantaged. However, similar results were not expected for public assistance, as there were no subgroup differences in impacts on earnings.

A second subgroup analysis compared impacts for those with a high school diploma or a General Educational Development (GED) certificate at baseline with those who had neither one. There were some significant differences in impacts. Overall, TWC public assistance impacts were larger among those with a high school diploma or GED certificate than among those with less education. For example, while TWC decreased the total amount of TANF received during quarters 1 through 6 for both groups, the impact was significantly larger among the high school/GED group (see Appendix Table E.3). These results are unexpected, as TWC was designed to benefit most those with the largest barriers to employment. However, there are no subgroup differences in impacts on total employment or earnings (see Chapter 4).

Finally, the research team conducted a subgroup analysis comparing TWC impacts for an early cohort, randomly assigned before July 2005, with those for sample members who were randomly assigned later. As discussed in Chapter 3, control group participation in employment and training activities increased over the follow-up period, which may have decreased the difference in services received between research groups, leading to smaller impacts. In addition,

¹⁰Federal taxes and credits were estimated by applying 2006 rules for Federal Insurance Contributions Act (FICA) taxes, federal income tax, the EITC, and other federal tax deductions and credits to the earnings portion of sample members' income. This analysis assumed that all earnings from TWC and UI-covered jobs were taxable and that all sample members filed taxes and applied for the EITC. The analysis used the number of children at random assignment to estimate the number of eligible dependents for each sample member in the tax calculations. The analysis did not include state taxes.

TWC experienced budget cuts and staff reductions late in the follow-up period. However, the analysis shows no significant differences in TWC impacts by cohort (see Appendix Table E.4).

All subgroup results are presented in Appendix E.

18-Month Survey Results: Public Assistance, Income, and Poverty

- **The 18-month survey data show no TWC impacts on public assistance, income, or poverty.**

Table 5.2 shows public assistance, income, and poverty results from the 18-month survey. These measures are useful because they include some sources of income, such as income from child support and the earnings of other household members, that are not included in sample members' unemployment insurance or public assistance records. There were no significant estimated TWC impacts on public assistance, income, or poverty. About 61 percent of respondents in both groups reported receiving TANF in the month prior to taking the survey.¹¹ As expected, a higher proportion of respondents in both groups, 81 percent for the TWC group and 85 percent for the control group, reported receiving food stamps in that month.

Although these findings may initially seem inconsistent with the TANF impacts that are found using administrative data, the two sources represent different time periods. More than half of the survey respondents took the survey after quarter 6, and TANF impacts based on administrative data were declining toward the end of the six-quarter follow-up period. Using administrative data, an analysis of TANF receipt in the month prior to the survey date also showed no TANF impacts.¹² Similarly, among survey respondents, administrative data showed no impacts on food stamps receipt at that time.

Consistent with findings from administrative data, TWC had no impacts on individual or household income at the time of the survey. Average household income, which includes income from employment, public assistance, and other sources, was about \$1,150 in the month prior to the survey for both groups. Finally, there was no significant difference between the TWC group and the control group in the proportion of respondents who were living in poverty,¹³ based on a comparison of household income with federal poverty thresholds for 2006. In both groups, about 80 percent of respondents were living in poverty at the time of the survey.

¹¹Relative to random assignment, the mean survey month was month 18, the minimum survey month was month 16, and the maximum survey month was month 26.

¹²This analysis included only those sample members who were survey respondents.

¹³The poverty measure was calculated only for those respondents who reported a household income and the number of people in their household (N = 412). This is an estimate of poverty based on available data, and it is not an official poverty measure.

The Enhanced Services for the Hard-to-Employ Demonstration

Table 5.2

**Impacts on Household Income and Poverty Status: Transitional Work Corporation
Philadelphia Report**

Outcome	TWC Group	Control Group	Impact	P-Value
<u>Individual and household income</u>				
Individual income source (%)				
Own earnings	35.6	34.3	1.3	0.758
Child support	13.0	18.0	-5.1	0.133
Public assistance	85.5	87.7	-2.2	0.455
TANF	61.0	61.8	-0.8	0.847
Food stamps	80.9	85.3	-4.3	0.188
SSI or disability income	2.7	4.1	-1.4	0.444
Other household members' income source (%)				
Earnings from other members	19.8	18.1	1.7	0.642
Child support	1.6	1.3	0.2	0.806
Public assistance	40.0	41.0	-1.0	0.815
TANF	21.6	22.0	-0.4	0.916
Food stamps	29.4	28.3	1.0	0.793
SSI or disability income	14.5	13.6	0.8	0.791
Total individual income in prior month (\$)	872	851	21	0.643
Total household income in prior month (\$)	1,183	1,134	49	0.473
Percentage of household income that is respondent's (%)	81.9	81.0	0.8	0.777
Does not know household income (%)	7.4	9.4	-2.1	0.422
<u>Poverty status^a</u>				
Below federal poverty level (%)	78.1	82.8	-4.7	0.204
Sample size (total = 496)	246	250		

SOURCE: MDRC calculations from responses to the 18-month survey.

NOTES: Dollar values include zeroes for sample members who had no income, were not employed, or were not receiving child support or public assistance.

A two-tailed t-test was applied to differences between outcomes for the program and control groups. There are no significant differences between the research groups for any measure in this table. Results in this table are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

Rounding may cause slight discrepancies in sums and differences.

TWC = Transitional Work Corporation.

TANF = Temporary Assistance for Needy Families.

SSI = Supplemental Security Income.

^aThe poverty measure was calculated only for those respondents who reported a household income and the number of people in their household (N = 412). This is an estimate of poverty based on available data; it is not an official poverty measure.

Impacts on Other Outcomes

The 18-month survey measured several other outcomes that TWC could have affected directly, through program services, or indirectly, through impacts on employment, earnings, and public assistance. Results for those outcomes, which include self-reported drug and alcohol use, mental health, health insurance coverage, use of child care, housing, and household composition, are presented in Table 5.3.

The survey data provide two measures of health: self-reported substance abuse and psychological distress, which was measured by the K6 scale.¹⁴ TWC was not expected to affect either of those outcomes. The program did not focus on providing treatment or referrals for substance abuse or mental health problems. Had TWC increased income, it may have been expected to decrease psychological distress. However, TWC's impacts on earnings from employment were offset by reductions in income from public assistance. As expected, TWC did not affect self-reported substance abuse; members of both the TWC group and the control group reported drinking less than one day per week, on average, and using a substance other than alcohol less than one day per month.

Contrary to expectations, TWC respondents indicated significantly higher levels of psychological distress than did control group respondents. TWC group respondents averaged about one point higher on the K6 scale and were nearly twice as likely to indicate serious psychological distress, at 23 percent compared with 13 percent among control group respondents. The mechanism producing these impacts is not clear. One possibility is that they stem in part from distress related to mandatory rather than voluntary participation in employment and training activities. However, as discussed in Chapter 3, control group participation in welfare-to-work activities was also high and such participation may not have been voluntary for all control group members during the follow-up period. Another possible explanation is that, as a result of their involvement in life skills, job-readiness, or other program components, TWC group members' awareness of psychological issues, like stress or coping strategies, increased. This may have led them to indicate a higher level of psychological distress than did control group members.

Another possibility is that this control group, by chance, has levels of distress that are lower than would be normal for the study's target population. This would produce the significantly higher levels of psychological distress among the TWC group and the STEP group (see below), which have very similar K6 scale results, compared with the control group. Although using a random assignment design should lead to groups that are statistically the same on all

¹⁴The K6 scale is the sum of the responses to six questions asking how often a respondent experienced symptoms of psychological distress. (See www.hcp.med.harvard.edu/ncs/k6_scales.php.) The scale ranges from 0 to 24. A score of 13 points or more on the K6 scale is considered an indication of serious psychological distress.

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Table 5.3

Impacts on Outcomes Related to Health, Child Care, and Housing:
Transitional Work Corporation
Philadelphia Report

Outcome	TWC Group	Control Group	Impact	P-Value
<u>Health insurance coverage (%)</u>				
Respondent has health insurance coverage ^a	91.7	92.3	-0.6	0.817
Publicly funded	88.7	89.3	-0.6	0.829
Privately funded	11.4	11.3	0.1	0.979
All dependent children have health insurance coverage	96.2	97.6	-1.4	0.400
<u>Health</u>				
Substance abuse				
Number of days per week had at least one drink	0.6	0.5	0.1	0.435
Number of days per week used drug other than alcohol	0.7	0.4	0.3	0.408
Psychological Distress Scale ^b	7.7	6.4	1.3 **	0.017
Experienced serious psychological distress in the past month ^c (%)	23.2	12.7	10.5 ***	0.004
<u>Child care</u>				
Used any child care since random assignment (%)	67.9	59.2	8.8 **	0.020
Used any informal child care since random assignment (%)	48.2	42.9	5.3	0.215
Amount spent on child care per month (\$)	39	23	15 *	0.096
<u>Housing type (%)</u>				
Living in public housing	18.6	18.9	-0.3	0.922
Living in private, government subsidized housing	12.3	14.9	-2.6	0.377
Living in private, unsubsidized housing	57.9	58.9	-1.0	0.800
Owns home	8.5	4.3	4.2 *	0.052
<u>Household composition</u>				
Number in household	4.0	4.0	-0.3	0.980
Living with spouse or partner (%)	11.5	9.2	2.3	0.403
Sample size (total = 496)	246	250		

(continued)

Table 5.3 (continued)

SOURCE: MDRC calculations from responses to the 18-month survey.

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

Rounding may cause slight discrepancies in sums and differences.

TWC = Transitional Work Corporation.

STEP = Success Through Employment Preparation.

^aSome respondents have both public and private health insurance coverage.

^bBased on the K6 scale, which includes six questions about how often respondents experienced symptoms of psychological distress during the past 30 days. The response codes (0-4) of the six items for each person are summed to create a scale with a 0 to 24 range.

^cA value of 13 or more for this scale is used here to define serious psychological distress (www.hcp.med.harvard.edu/ncs/k6_scales.php).

characteristics, there is a chance that groups will differ on some characteristics. Since psychological distress was not measured at baseline, it is not possible to determine whether there were research group differences prior to the study.¹⁵ In the end, it is not clear why TWC group members reported higher levels of psychological distress than did controls.

Table 5.3 also shows measures of child care use. TWC may have increased the use of child care both indirectly, by increasing employment (see Chapter 4) — and, therefore, the need for child care — and directly, through program services. As discussed in Chapter 2, TWC’s orientation career advisers helped clients deal with child care needs that might be barriers to employment, and, as discussed in Chapter 3, TWC increased the receipt of help to pay for child care. As shown in the third panel of Table 5.3, TWC group respondents were more likely than control group respondents to report using any child care. Since random assignment, 68 percent of TWC group respondents used child care, compared with 59 percent of control group respondents. In addition, TWC group respondents spent significantly more on child care, at \$39 per month, compared with \$23 per month for control group respondents.¹⁶

Finally, the survey measured respondents’ housing type and household composition. Had TWC increased income, it may have been expected to affect these outcomes by, for example, increasing home ownership. However, given that TWC’s impacts on earnings from employment were offset by reductions in income from public assistance, no impacts on those

¹⁵Both TWC and especially control group scores on the distress scale are lower than those found in the Minnesota Employment Retention and Advancement (ERA) evaluation, in which the average score for both program and control groups was 8.5, compared with 7.7 for TWC and 6.4 for the control group here. However, the proportion of control group members experiencing severe psychological distress in this study is nearly identical to the Minnesota ERA findings, while the TWC outcome is especially high (LeBlanc, Miller, Martinson, and Azurdia, 2007).

¹⁶Child care expense amounts include dollar values of zero for sample members who did not use child care.

measures were expected. However, TWC respondents were significantly more likely to own a home, at about 9 percent, compared with 4 percent for control group respondents. The reason for this impact is not clear and may be a statistical aberration.

Success Through Employment Preparation

Impacts on Cash Assistance and Food Stamp Receipt

This section compares the receipt of public assistance (TANF and food stamps) for STEP group members with that of control group members. As described in Chapter 4, STEP had no impacts on employment or earnings, and, as a result, the program would not be expected to reduce receipt of public assistance. The results presented in this section are consistent with this expectation.

- **STEP had no consistent impacts on receipt of TANF or food stamps or on the size of payments compared with the control group.**

Patterns of TANF and food stamp receipt for STEP group members do not differ from those of the control group. Nearly all members of both groups were receiving TANF and food stamps in the random assignment quarter. Over time, these proportions decreased at the same rate for both groups, such that by quarter 6, about 72 percent were receiving TANF, and about 89 percent were receiving food stamps. Similarly, TANF receipt amounts declined for both groups, from an average of over \$1,000 in the first quarter to about \$800 in quarter 6. Aside from a significant impact on the average TANF receipt amount in quarter 2, STEP had no other significant impacts on public assistance outcomes.¹⁷ Table 5.4 shows summary measures for the six-quarter follow-up period, on which there were no STEP impacts.

As expected, given that STEP had almost no impacts on employment or public assistance, the program had no impacts on combined measures of employment and public assistance in quarter 6. These results are shown in the third panel of Table 5.4. For both the STEP and control groups, about half of the sample was unemployed and receiving TANF in quarter 6. About 15 percent of both groups were employed and not receiving TANF, and about 20 percent combined welfare and work during the quarter. Finally, about 10 percent of both groups were neither employed nor receiving TANF during the quarter.¹⁸ In addition, STEP had no impacts on

¹⁷Quarterly TANF and food stamp measures are shown in Appendix C.

¹⁸Sample members in this category may have had income from other sources that were not measured by unemployment insurance data or public assistance data.

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Table 5.4

**Impacts on Public Assistance Receipt: Success Through Employment Preparation
Philadelphia Report**

Outcome	STEP Group	Control Group	Impact	P-Value
<u>TANF receipt</u>				
Received TANF, Q1-Q6 (%)	99.2	99.2	-0.1	0.872
Number of months received TANF, Q1-Q6	14.4	14.6	-0.2	0.410
Total TANF, Q1-Q6 (\$)	6,152	6,097	55	0.674
<u>Food stamp receipt</u>				
Received food stamps, Q1-Q6 (%)	99.2	99.4	-0.2	0.627
Number of months received food stamps, Q1-Q6	16.2	16.3	-0.1	0.517
Total food stamps, Q1-Q6 (\$)	6,119	6,124	-5	0.958
<u>Status in quarter 6 (%)</u>				
Employed and not receiving TANF	16.9	15.1	1.8	0.411
Employed and receiving TANF	20.3	21.5	-1.2	0.631
Not employed and receiving TANF	52.0	53.3	-1.3	0.661
Not employed and not receiving TANF	10.8	10.2	0.6	0.736
<u>Income</u>				
Total measured income, Q1-Q6 ^a (\$)	16,001	16,314	-313	0.452
Sample size (total = 1,211)	725	486		

SOURCE: MDRC calculations from public assistance records from the Pennsylvania Department of Public Welfare. Employment and earnings data from the National Directory of New Hires.

NOTES: A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent, ** = 5 percent, and * = 10 percent. Results in this table are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

Rounding may cause slight discrepancies in sums and differences.

Dollar values include zeroes for sample members who were not receiving TANF or food stamps.

STEP = Success Through Employment Preparation.

TANF = Temporary Assistance for Needy Families.

^aMeasured income includes earnings from jobs covered by unemployment insurance, TANF payments, and food stamps.

total income, which includes earnings from employment and income from TANF and food stamps. Sample members in both groups averaged about \$16,000 in income over the six-quarter follow-up period.

Subgroup Impacts

STEP's impacts were compared for three sets of subgroups: (1) the highly disadvantaged versus the less disadvantaged, (2) those with no high school diploma or GED certificate versus those with a high school diploma or GED certificate, and (3) an early random assignment cohort versus a late random assignment cohort.

As with employment (see Chapter 4), there were no significant differences in impacts between the highly disadvantaged (defined as those who, at the time of random assignment, had received at least two years of TANF in their lifetime and had worked one year or less in the past three years) and the less disadvantaged (see Appendix Table E.5).

STEP had no impacts on public assistance outcomes for the full sample or among those who did not have a high school diploma or GED certificate, but it decreased TANF payment amounts in quarters 4 through 6 — though not for the follow-up period as a whole — among those with a high school diploma or GED certificate. (Appendix Table E.6 shows summary measures; quarterly measures are not shown.) For example, in quarter 6, among those in this subgroup, STEP group members received \$125 less in TANF payments (\$735 compared with \$860) than did control group members. As with the TWC results, these differences are unexpected, since STEP was designed to benefit most those with the largest barriers to employment. However, these subgroup differences appear only for quarters 4 through 6, and there are no subgroup differences in impacts on employment (see Chapter 4).

Since STEP was a new program, developed specifically for this study, it is possible that the program was not as effective for early participants, who enrolled when the program was first implemented, as it was for later participants, who enrolled after the program was operating more smoothly. Based on this hypothesis, the research team ran a subgroup analysis comparing STEP impacts for an early cohort, including those who were randomly assigned before July 2005, and a late cohort, including those who were randomly assigned from July 2005 to May 2006. The results do not support the hypothesis that STEP was more effective for late cohort sample members, as there were nearly no significantly different impacts by cohort subgroup (see Appendix Table E.7). These results are consistent with the employment findings, which showed similar results for both cohorts (see Chapter 4).

All subgroup results are presented in Appendix E.

18-Month Survey Results: Public Assistance, Income, and Poverty

- **The 18-month survey data show no STEP impacts on public assistance, income, or poverty.**

Table 5.5 shows public assistance, income, and poverty outcomes for STEP group members and control group members, based on data from the 18-month survey. Consistent with the administrative data, the survey shows no significant estimated STEP impacts on respondents' receipt of TANF or receipt of food stamps. The proportion of survey respondents — about 62 percent for both STEP group and control group members — who indicated that they received TANF in the month prior to taking the survey was slightly lower than the proportion of those respondents who received TANF in that month according to administrative data. Administrative records show that 69 percent of STEP group respondents and 66 percent of control group respondents received TANF in that month. Food stamp receipt, which did not differ between groups, matched well between the survey data and the administrative data.

The survey data show no significant STEP impacts on other sources of income, including earnings from employment, income from child support, and Supplemental Security Income (SSI) or disability income. In addition, STEP had no impacts on individual income, which was about \$850 in the month prior to the survey for both groups, or household income, which was about \$1,150 for both groups. This finding is consistent with results from the administrative data, presented above, which show no STEP impact on income. Finally, there was no impact on poverty at the time of the survey.¹⁹ Over 80 percent of both groups were living in poverty.

Impacts on Other Outcomes

Given that STEP had no impacts on respondents' employment or receipt of public assistance, the program would not be expected to affect other outcomes indirectly through those mechanisms. However, since STEP was designed to address barriers to employment — which may have included, for example, health or child care issues — it is possible that the program could have directly affected other outcomes measured by the 18-month survey. Results for those outcomes, which include self-reported substance abuse, mental health problems, health insurance coverage, use of child care, housing, and household composition, are presented in Table 5.6.

STEP had no impacts on self-reported alcohol or drug use. According to STEP's participation data, discussed in Chapter 2, only 9 percent of STEP participants were identified as having a substance abuse issue that was a barrier to employment. Although STEP had a behavioral

¹⁹The poverty measure was calculated only for those respondents who reported a household income and the number of people in their household (N = 413). This is an estimate of poverty based on available data, and it is not an official poverty measure.

The Enhanced Services for the Hard-to-Employ Demonstration

Table 5.5

**Impacts on Household Income and Poverty Status:
Success Through Employment Preparation**

Philadelphia Report

Outcome	STEP Group	Control Group	Impact	P-Value
<u>Individual and household income</u>				
Individual income source (%)				
Own earnings	31.5	34.3	-2.8	0.510
Child support	16.5	18.0	-1.5	0.661
Public assistance	91.8	87.7	4.2	0.158
TANF	62.2	61.8	0.4	0.924
Food stamps	87.5	85.3	2.3	0.493
SSI or disability income	5.5	4.1	1.4	0.444
Other household members' income source (%)				
Earnings from other members	20.6	18.1	2.5	0.491
Child support	0.4	1.3	-0.9	0.331
Public assistance	33.0	41.0	-8.0 *	0.069
TANF	16.2	22.0	-5.9	0.104
Food stamps	23.3	28.3	-5.1	0.206
SSI or disability income	13.3	13.6	-0.3	0.914
Total individual income in prior month (\$)	846	851	-6	0.900
Total household income in prior month (\$)	1,152	1,134	18	0.796
Percentage of household income that is respondent's	84.0	81.0	2.9	0.320
Does not know household income (%)	8.8	9.4	-0.6	0.810
<u>Poverty status^a</u>				
Below federal poverty level (%)	86.6	82.8	3.7	0.315
Sample size (total = 492)	242	250		

SOURCE: MDRC calculations from responses to the 18-month survey.

NOTES: A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent, ** = 5 percent, and * = 10 percent. Results in this table are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

Dollar values include zeroes for sample members who had no income, were not employed, or were not receiving child support or public assistance.

Rounding may cause slight discrepancies in sums and differences.

STEP = Success Through Employment Preparation.

SSI = Supplemental Security Income.

TANF = Temporary Assistance for Needy Families.

^aThe poverty measure was calculated only for those respondents who reported a household income and the number of people in their household (N = 413). This is an estimate of poverty based on available data; it is not an official poverty measure.

The Enhanced Services for the Hard-to-Employ Demonstration

Table 5.6

Impacts on Outcomes Related to Health, Child Care, and Housing:
Success Through Employment Preparation
Philadelphia Report

Outcome	STEP Group	Control Group	Impact	P-Value
<u>Health insurance coverage (%)</u>				
Respondent has health insurance coverage ^a	90.6	92.3	-1.7	0.513
Publicly funded	89.4	89.3	0.0	0.989
Privately funded	8.1	11.3	-3.2	0.251
All dependent children have health insurance coverage	96.4	97.6	-1.3	0.445
<u>Health</u>				
Substance abuse				
Number of days per week had at least one drink	0.5	0.5	0.1	0.501
Number of days per week used drug other than alcohol	0.9	0.4	0.6	0.114
Psychological Distress Scale ^b	7.3	6.4	1.0 *	0.080
Experienced serious psychological distress in the past month ^c (%)	21.7	12.7	9.0 **	0.013
<u>Child care</u>				
Ever used any child care since random assignment (%)	67.3	59.2	8.2 **	0.030
Used any informal child care since random assignment (%)	44.7	42.9	1.8	0.675
Amount spent on child care per month (\$)	26	23	213	0.815
<u>Housing type (%)</u>				
Living in public housing	19.2	18.9	0.3	0.929
Living in private, government subsidized housing	12.9	14.9	-2.0	0.489
Living in private, unsubsidized housing	61.3	58.9	2.4	0.525
Owns home	5.4	4.3	1.1	0.606
<u>Household composition</u>				
Number in household	3.9	4.0	-0.1	0.262
Living with spouse or partner (%)	11.4	9.2	2.3	0.419
Sample size (total = 492)	242	250		

(continued)

Table 5.6 (continued)

SOURCE: MDRC calculations from responses to the 18-month survey.

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

Rounding may cause slight discrepancies in sums and differences.

TWC = Transitional Work Corporation.

STEP = Success Through Employment Preparation.

^aSome respondents have both public and private health insurance coverage.

^bBased on the K6 scale, which includes six questions about how often respondents experienced symptoms of psychological distress during the past 30 days. The response codes (0-4) of the six items for each person are summed to create a scale with a 0 to 24 range.

^cA value of 13 or more for this scale is used here to define serious psychological distress (www.hcp.med.harvard.edu/ncs/k6_scales.php).

health counselor who helped clients with these issues or referred them to other providers as needed, STEP was not expected to affect drug and alcohol use, because few participants had substance abuse problems.

As with TWC, psychological distress was higher among STEP group members than among control group members, as measured by the K6 scale, and STEP group members were nearly twice as likely to report serious psychological distress as were control group members. As with TWC, the reason for this result is not clear. This issue is discussed in more detail in the TWC section above.

STEP group members were 8 percentage points more likely to use child care than were control group members, at 67 percent compared with 59 percent. Given that STEP did not have an impact on employment outcomes, its impact on use of child care is not an indirect effect through increased employment. Thus, it is not clear what might have led to this impact. Increased use of child care may reflect case management services at STEP, since case coordinators occasionally contacted TANF offices to help clients obtain child care services.

Summary of Findings

TWC consistently reduced TANF receipt and TANF payment amounts during the six-quarter follow-up period. Compared with control group members, TWC group members were less likely to receive TANF in quarters 4 through 6 and received less in TANF payments in quarters 2 through 6. TWC did not affect food stamp outcomes. TWC's impacts on TANF receipt were most likely a result of the program's impacts on employment and earnings, which

were reported in Chapter 4. TWC did not affect overall income, since the program's impacts on earnings from employment were canceled out by reductions in income from public assistance.

STEP had almost no impacts on either TANF or food stamp receipt during the six-quarter follow-up period. This was expected, since STEP did not affect employment or earnings, as discussed in Chapter 4. Consistent with those findings, STEP had no impacts on income.

Chapter 6

Program Costs

The previous chapters reported on the implementation and impacts of the Transitional Work Corporation (TWC) and the Success Through Employment Preparation (STEP) programs. This chapter presents estimates of the costs of operating TWC and STEP and the costs of services that the control group received. Comparisons are made based on estimated costs for services received from within each program and from outside organizations.

This chapter begins with a brief description of the methodology and data sources used in the cost analysis. The chapter presents the costs of providing TWC services to the TWC group, followed by a comparison between the cost of services for the TWC group and the cost of serving the control group in job search, education, and training activities. A similar analysis is then presented for the STEP program. Finally, a short discussion on cost-effectiveness of the two programs concludes the chapter.

Methodology

The cost analysis measures the difference between program and control group expenditures — that is, expenditures for serving each of the TWC and STEP groups compared with the control group expenditures — and so it compares the costs of an enhanced set of services with the costs of services provided to control group members by other organizations. The analysis considers the value of all resources required for service provision. The general approach is to place dollar values on all resources used either by directly measuring them or by estimating them.¹ The costs of services were estimated for 18 months following random assignment, on average.² The costs are estimated and presented as an average cost per program group member.

Main Cost Components

Figure 6.1 illustrates the main expenditure components for the TWC group, the STEP group, and the control group. For TWC, it shows that the costs for TWC's program services and transitional job expenses (box A in Figure 6.1) and expenses for services received outside of TWC (box B) make up the gross cost for each TWC group member (box C). The main cost

¹The resulting estimates do not separately account for the various sources of funding for each program. However, both TWC and STEP were funded primarily by the Pennsylvania Department of Public Welfare.

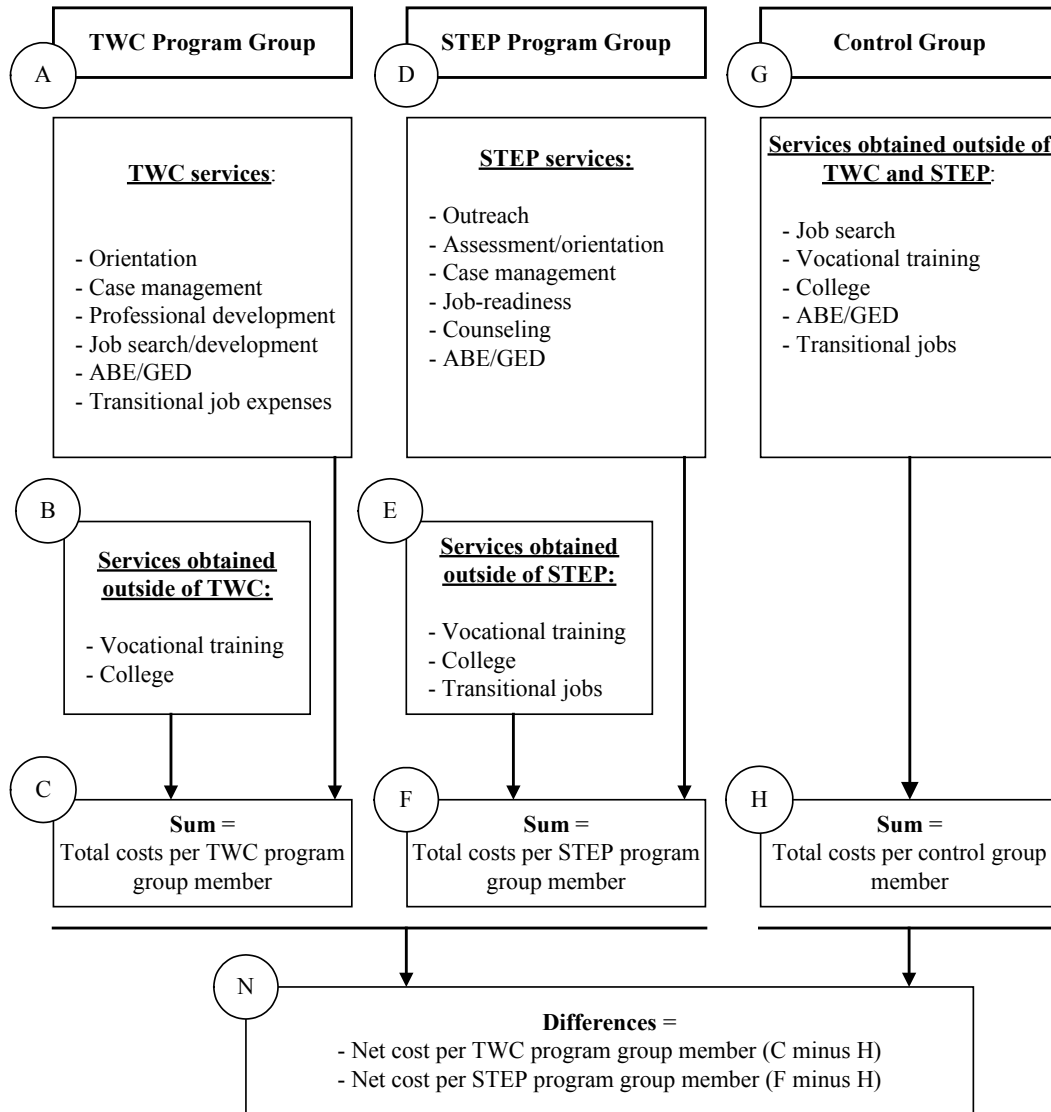
²The 18-month time frame for TWC and STEP services covers all costs to serve a participant in each of the programs, as services extended beyond one year in only a few cases.

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Figure 6.1

Simplified Diagram of Major Cost Components: Transitional Work Corporation and Success Through Employment Preparation

Philadelphia Report



NOTES: TWC = Transitional Work Corporation.
 STEP = Success Through Employment Preparation.
 ABE = Adult Basic Education.
 GED = General Educational Development.

components for the TWC program include the following: (1) program services (for example, orientation, case management, professional development activities and materials, job search, job development, and job retention), including fringe benefits and overhead; (2) transitional job expenses, including transitional job wages, fringe benefits, and worksite expenses (for example, worksite supervisor training and incentives); and (3) participant bonuses and incentives. In addition, costs for the TWC group include expenses incurred by other organizations for education and training services received outside of TWC.³

Figure 6.1 also illustrates the main expenditure components for the STEP group. For STEP, it shows that the costs for STEP's program services (box D) and expenses for services received outside of STEP (box E) made up the gross cost for each program group member (box F). The main cost components for the STEP program include staff salaries and fringe benefits, overhead, and administration, and they consist of the following: (1) outreach; (2) assessment/orientation; (3) case management; (4) job-readiness activities, including life skills workshops, job development, and job search services; (5) counseling, including behavioral health services; and (6) adult basic education (ABE)/General Educational Development (GED). In addition, costs for the STEP group include expenses incurred by other organizations for vocational training and college courses received outside of STEP. Costs for transitional jobs are included because a few STEP group members received them from other organizations, as was shown in Chapter 3.

The cost of services provided to control group members represents what the government would have spent on TWC or STEP group members in the absence of the programs. The cost components for the control group services consist of expenditures by outside agencies for providing job search and education and training services — which include vocational training, college, and ABE/GED — and transitional jobs, including wages and fringe benefits. Box H in Figure 6.1 represents the estimated gross costs that accrued to the control group, which consists of costs for all services (box G).

The net cost of each of the TWC and STEP programs — that is the cost per TWC or STEP group member over and above the cost per control group member — is represented in box N in Figure 6.1. The net cost is obtained by subtracting the gross cost per control group member from the gross cost per TWC or STEP group member.

Data Sources

Ideally, cost estimates are calculated once programs have reached a steady state of operation. The TWC program was an ongoing program and had been operating steadily during

³It is assumed that the TWC group received job search services from TWC.

most of the study period.⁴ Because the STEP program was operated solely as part of the evaluation, it was more difficult to define a steady-state period, when the program was neither starting up nor winding down. In an effort to exclude start-up costs, financial data for the STEP program were analyzed for the period January 2005 to July 2006.⁵ For both TWC and STEP, data on participation in program activities were collected for the corresponding periods from each program's management information system (MIS).⁶

Cost estimates for services received outside of TWC and STEP are based on multiple sources of information. Estimates for job search activity were based on costs provided by STEP for similar services. Costs for vocational training were derived from the Commonwealth Workforce Development System, which published cost estimates for vocational programs in Philadelphia. The cost of college courses was estimated using tuition and fees information for Philadelphia public colleges from the Center for Education Statistics. Costs for transitional job wages and fringe benefits for STEP and control group members were estimated using payroll expenses provided by TWC, which represents the best available source for data on transitional job wages.

Limitations of the Analysis

The cost analysis has some limitations. First, this analysis is not a cost-benefit analysis and therefore does not account for any offsetting benefits of the TWC or STEP programs. For example, in this analysis, the wages, fringe benefits, administrative expenses, and some supervisory costs of TWC's transitional jobs are presented as part of operating costs, but the analysis does not account for any offsetting benefits (to employers or society, for example) of the labor output. Likewise, the analysis does not account for the cost of possibly displacing other workers as more TWC group members find jobs.

Finally, this analysis does not account for monetary savings to the government budget resulting from reduced Temporary Assistance for Needy Families (TANF) payments to TWC group members, nor does it account for any nonmonetary benefits or costs of the TWC or STEP programs.

⁴Toward the end of the study period, the TWC program experienced budget and staffing cuts. Financial data were not used from that time period.

⁵Financial reports for TWC covered fiscal year 2006; financial expenditures for STEP covered January 2005 to July 2006. For STEP, expenditures prior to January 2005 were excluded as "start-up" costs. Sample members enrolled in the programs between October 2004 and May 2006. In addition, \$120,000 in unemployment insurance payments associated with the termination of employees who were hired specifically for the term of the grant were treated as "wind down" and were excluded from the costs.

⁶The participant information used for the calculation of the TWC and STEP unit costs and the average length of time spent in program activities comes from each program's MIS and was presented in Chapter 2.

Costs of the Transitional Work Corporation Program

Operating Costs

TWC's operating costs cover expenditures for the average TWC group member and have been estimated for all of the main program activities or functions of the program. The average operating cost per TWC group member was calculated by first estimating a unit cost (that is, the average cost per participant in a given activity). This unit cost includes all staff salaries, fringe benefits, overhead, and administrative costs for the activity. However, not all TWC group members participated in these activities. In order to obtain the average cost per TWC group member, the cost per participant was multiplied by the participation rate in that activity.

- **The cost of providing TWC services was about \$3,500 per TWC group member, including \$700 in direct payments to participants.**

Table 6.1 presents the estimated unit and gross costs of operating TWC. The average cost of TWC's program services was \$2,652 per TWC group member. The cost of program services for TWC includes all program services except direct expenses of transitional jobs (for example, wages and worksite expenses). Program services include orientation, case management, professional development activities, job search, job development, and job retention.⁷ Wages for transitional jobs were \$472 per TWC group member, on average (\$925 per person who worked in a transitional job).⁸ Transitional job fringe benefit costs and other worksite expenses, including supervisor training and incentives, were \$70 and \$41 per TWC group member, respectively. Beyond payments to participants in transitional jobs, TWC provided participant bonuses and incentives at the completion of orientation and for successfully meeting various job retention goals; these costs were estimated to be \$248 per program group member.

The total gross cost to operate TWC was about \$3,483 per TWC group member. Of this amount, over \$700 included direct payments to participants in the form of wages, bonuses, and incentives.

Net Cost

The control group in this evaluation consists of TANF recipients who were not referred to either TWC or STEP and were excused from the requirement to participate in employment-

⁷Expenditure data in TWC's financial reports and MIS data lacked sufficient detail to itemize program services by component.

⁸Program group members' transitional wage costs include a 15 percent mark-up for workers' compensation and payroll taxes.

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Table 6.1

**Estimated Gross Cost of Program per Sample Member:
Transitional Work Corporation
Philadelphia Report**

Cost Component	Average Cost per Participant (2006 \$)	TWC Group Participation Rate (%)	Gross Cost per TWC Group Member (2006 \$)
<u>TWC services</u>			
Program services ^a	4,444	62.2	2,652
Transitional job expenses			
Transitional job wages ^b	925	50.6	472
Transitional job fringe benefits ^c	138	50.6	70
Worksite expenses ^d	82	50.6	41
Participant bonuses and incentives	755	Varied	248
Total TWC operating costs	6,345		3,483

SOURCE: Financial expenditure reports for fiscal year 2006, in-depth interviews with TWC program fiscal staff, payroll expenses for transitional job wages, and TWC's management information system data on participation.

NOTES: TWC = Transitional Work Corporation.

^aAssumes that everyone who enrolled in TWC received the full range of services (for example, orientation, case management, Adult Basic Education/General Educational Development classes, job development, job retention). Also includes costs for professional development materials and training, which was estimated using a 39.3 percent participation rate.

^bObtained from TWC payroll. Assumes that all TWC program group members who worked a transitional job worked the average number of days for the TWC group, which was 30.

^cIncludes a 15 percent mark-up on wages for workers' compensation and payroll taxes.

^dIncludes worksite supervisor training and incentives.

related services, but could have voluntarily attended such services. As Chapter 3 showed, many control group members — and some program group members — received job search, education, and training services from other organizations. This section presents the net cost of TWC, which estimates the total cost of employment, education, and training services for the TWC group compared with the cost of those services for the control group.

- **The cost of all employment and training services was about \$2,400 more per TWC group member than the cost of services for the average control group member.**

The top half of Table 6.2 shows the net cost of TWC’s services. The bottom half of Table 6.2 presents estimates of expenditures by outside organizations to provide job search and other education and training services to the TWC and control groups. The client survey indicated that almost 55 percent of control group members obtained job search services. Also, as shown in Chapter 3, some control group members participated in transitional jobs in other organizations. Job search services account for the bulk of expenditures for the control group (\$853).⁹ The cost of education and training activities was only slightly higher for the control group, which is not surprising since there is little difference in participation in those activities (see Chapter 3). After accounting for costs of services received outside of TWC, the net cost of the enhanced set of services per TWC group member over and above the cost of services for the average control group member was \$2,402 (represented by box N in Figure 6.1).

The net cost of services for the TWC group is somewhat lower than for the other transitional jobs program in the Enhanced Services for the Hard-to-Employ Evaluation — the Center for Employment Opportunities (CEO), which had a net cost of about \$3,200 per program group member. The two programs were operated by different organizations, used different transitional jobs models, served different target populations, and operated in different cities. Thus, any number of factors could be contributing to the cost differential. Notably, the unit cost of program services for the CEO program is only slightly higher than that of the TWC program, which suggests that the higher costs for CEO are the result of higher rates of participation in program activities among CEO group members.¹⁰

Costs of the Success Through Employment Preparation Program

Operating Costs

STEP’s operating costs cover expenditures for all STEP sample members and, for this analysis, have been divided into six main program activities, or functions, which are shown in Table 6.3 and outlined above. Similar to TWC, the average operating cost per STEP group member for a specified activity was calculated by first estimating a unit cost (that is, the average cost per participant in the activity). This unit cost includes staff time and any associated overhead and administrative costs, as well as the cost of training materials where applicable. The unit cost was then multiplied by the participation rate to obtain a gross cost per STEP group member. Chapter 2 of this report presented detailed information about the services that STEP provided.

⁹In order to estimate the cost of job search services, the cost of job-readiness services provided by STEP was used as a proxy. Given the start-up and temporary nature of the STEP program, job search costs may be overestimated for the control group.

¹⁰See Chapter 1, Box 1.1, “Two Studies of Transitional Jobs Programs,” in this report, for a brief comparison of the TWC and CEO programs. Cost information was obtained from Redcross et al. (forthcoming).

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Table 6.2

Estimated Net Cost of Program per Sample Member:
Transitional Work Corporation

Philadelphia Report

Cost Component	Gross Cost per TWC Group Member (2006 \$)	Gross Cost per Control Group Member (2006 \$)	Net Cost per TWC Group Member (2006 \$)
<u>TWC services</u>			
Program services ^a	2,652	0	2,652
Transitional job expenses			0
Transitional job wages ^b	472	0	472
Transitional job fringe ^c	70	0	70
Worksite expenses ^d	41	0	41
Participant bonuses and incentives	248	0	248
Total TWC costs	3,483	0	3,483
<u>Services obtained outside of TWC</u>			
Job search ^e	0	853	-853
Education/training			
Vocational training ^f	87	108	-22
College ^g	25	44	-18
Adult Basic Education/GED ^h	0	50	-50
Transitional jobs			
Wages and fringe benefits ⁱ	0	138	-138
Total non-TWC costs	112	1,193	-1,081
Total TWC and non-TWC costs	3,595	1,193	2,402

(continued)

Table 6.2 (continued)

SOURCE: Financial expenditure reports for fiscal year 2006, in-depth interviews with TWC program fiscal staff, payroll expenses for transitional job wages, TWC's management information system data on participation, and the 18-month client survey.

NOTES: TWC = Transitional Work Corporation.

GED = General Educational Development.

^aAssumes that everyone who enrolled received the full range of TWC services (for example, orientation, case management, Adult Basic Education/GED classes, job development, job retention).

^bObtained from TWC payroll. Assumes that all TWC program group members who worked a transitional job did so for the average number of days for the TWC group, which was 30.

^cIncludes a 15 percent mark-up on wages for workers' compensation and payroll taxes.

^dIncludes worksite supervisor training and incentives.

^eBased on job-readiness costs estimated for the Success Through Employment Preparation program.

^fBased on information posted on the Commonwealth Workforce Development System Web site for vocational programs in Philadelphia, and an average of 2.0 weeks of vocational training reported by both TWC program and control group members.

^gBased on tuition and fees information for Philadelphia public colleges posted on the Center for Education Statistics Web site, and an average of 1.45 weeks and 1.77 weeks, respectively, of college attendance reported by TWC program and control group members.

^hBased on Adult Basic Education/GED costs estimated for the Success Through Employment Preparation program.

ⁱBased on transitional job wages and fringe benefit costs estimated for the TWC program.

- **The cost of providing STEP services was about \$6,600 per STEP group member.**

Table 6.3 presents the estimated unit and gross costs of operating the STEP program. In total, the gross cost to operate STEP was \$6,571 per STEP group member. The bulk of STEP's program expenses were for case management, counseling, and job-readiness activities (\$5,025). STEP employed more than 20 full-time case coordinators and case manager aides, who spent approximately 80 percent of their time working with and tracking clients enrolled in the program. (The other 20 percent of case coordinators' time was spent conducting assessments.) Case management costs totaled \$2,628. Counseling services represent the second largest expense of the STEP program (\$1,261). STEP hired behavioral health specialists to work with clients who had severe barriers to employment, such as mental health problems, substance abuse, or domestic violence issues. Costs were high for these kinds of staff because relatively few clients received those services (32 percent). Provision of STEP's job-readiness services to STEP group members is estimated to be about \$1,136 per program group member. Job-readiness costs include expenditures for job coaching, job development, vocational rehabilita-

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Table 6.3

Estimated Gross Cost of Program per Sample Member:
Success Through Employment Preparation

Philadelphia Report

Cost Component	Average Cost per Participant (2006 \$)	STEP Group Participation Rate (%)	Gross Cost per STEP Group Member (2006 \$)
STEP services			
Outreach	368	100	368
Job readiness	1,556	73.0	1,136
Assessment/orientation	1,260	66.8	842
Case management	4,425	59.4	2,628
Counseling	3,891	32.4	1,261
Adult basic education/GED	2,261	14.9	337
Total STEP operating costs	13,760		6,571

SOURCE: Financial expenditure reports for July 2004 through June 2006, in-depth interviews with STEP program fiscal staff, and STEP's management information system data on participation.

NOTES: STEP = Success Through Employment Preparation.
GED = General Educational Development.

tion, and life skills workshops.¹¹ STEP employed three full-time job developers, three job coaches, and two vocational rehabilitation specialists, who reviewed client assessments in order to develop a specialized plan for each client's job-readiness activities. Other services provided by STEP represent smaller shares of the total costs per STEP group member, including outreach (\$368) and ABE/GED (\$337).

STEP's costs are largely driven by high unit costs for individual activities since, as Chapter 2 showed, while most clients participated at least once in a core set of services, many STEP group members did not participate at all or they did not participate for many hours. Table 6.3 shows that the average cost of STEP's program components among those who received each service was high: \$13,760 per participant in total. High unit costs for the STEP program resulted from a low client-to-staff ratio. A high number of staff served only members of the STEP research sample, and this is probably not representative of how the program would operate in a "real world" setting.

¹¹Job-readiness activities also include services offered in-kind to participants by students at the Wharton Graduate School of Business at the University of Pennsylvania (UPenn). UPenn students donated 192 hours of their time to work with participants to develop their job interviewing skills. Since no market price for student time is available, the value of donated time was estimated to be \$20.00 per hour.

Net Cost

This section presents the net cost of STEP — that is, the cost of running STEP over and above the cost of services provided to the control group. In addition to costs for STEP services, the net cost presented in Table 6.4 estimates expenditures on welfare-to-work activities provided by other agencies to the STEP and control group participants.

- **The cost of all employment and training services was \$5,561 more per STEP group member than the cost of services for the average control group member.**

As Table 6.4 shows (also presented in Table 6.2), the largest expense for the control group was for job search activities.¹² After accounting for costs of services received outside of STEP, the net cost for the enhanced set of services provided to the STEP program group members over and above the cost of services provided to the control group was \$5,561 (represented by box N in Figure 6.1).

This cost is higher than that for other programs offering enhanced services to current or recent TANF recipients. For example, net operating costs for case management and job search services in the Employment Retention and Advancement (ERA) evaluation ranged from \$1,000 to \$1,800 per program group member, which is a fraction of the net cost of the STEP program.¹³ Although every effort was made to exclude “start-up” and “wind-down” costs from this analysis, the resulting estimates almost certainly reflect a higher-than-normal cost for these services because of the temporary and start-up nature of the STEP program in this evaluation.

Conclusion

Although this analysis did not attempt to estimate the monetary benefits resulting from participation in TWC or STEP, it is possible to briefly explore the cost-effectiveness of each of the programs by comparing the information on estimated costs with the impacts produced thus far.¹⁴

When thinking about cost-effectiveness, it is important to consider different viewpoints. From the government budget or taxpayer perspective, TWC cost more than the services that the control group received, but those additional services paid for increases in employment and

¹²In order to estimate job search services, the cost of job-readiness services provided by STEP was used as a proxy. Thus, job search costs may be overestimated for the control group.

¹³Redcross, Deitch, and Farrell (forthcoming).

¹⁴A thorough exploration of cost-effectiveness should include a consideration of nonmonetary effects. No attempt to estimate such effects is included in this analysis.

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Table 6.4

**Estimated Net Cost of Program per Sample Member:
Success Through Employment Preparation**

Philadelphia Report

Cost Component	Gross Cost per STEP Group Member (2006 \$)	Gross Cost per Control Group Member (2006 \$)	Net Cost per STEP Group Member (2006 \$)
<u>STEP services</u>			
Outreach	368	0	368
Job readiness	1,136	0	1,136
Assessment/orientation	842	0	842
Case management	2,628	0	2,628
Counseling	1,261	0	1,261
Adult basic education/GED	337	0	337
Total STEP costs	6,571	0	6,571
<u>Services obtained outside of STEP</u>			
Job search ^a	0	853	-853
Education/training			
Vocational training ^b	54	108	-55
College ^c	69	44	25
Adult basic education/GED ^d	0	50	-50
Transitional jobs			
Wages and fringe benefits ^e	61	139	-78
Total non-STEP costs	183	1,194	-1,010
Total STEP and non-STEP costs	6,755	1,194	5,561

SOURCE: Financial expenditure reports for July 2004 through June 2006, in-depth interviews with STEP program fiscal staff, STEP's management information system data on participation, and the 18-month client survey.

NOTES: STEP = Success Through Employment Preparation.

GED = General Educational Development.

^aBased on job-readiness costs estimated for the STEP program.

^bBased on information posted on the Commonwealth Workforce Development System Web site for vocational programs in Philadelphia, and an average of 1.41 and 2.0 weeks, respectively, of vocational training reported by STEP and control group members.

^cBased on tuition and fees information for Philadelphia public colleges posted on the Center for Education Statistics Web site, and an average of 2.49 weeks and 1.77 weeks, respectively, of college attendance reported by STEP program and control group members.

^dBased on Adult Basic Education/GED costs estimated for the STEP program.

^eBased on transitional job wages and fringe benefit costs for the Transitional Work Corporation program. Participation rates for the STEP and control groups in transitional jobs are based on Department of Public Welfare administrative data.

earnings as well as reductions in TANF payments during the first year. More than one-fourth of the additional costs of \$2,400 for the TWC group were recouped via reductions in public assistance payments. (Chapter 5 showed that TWC reduced TANF and food stamp payments by over \$700, on average, during the follow-up period.) In addition, some benefits are expected from TWC's transitional jobs that were not accounted for. For example, one expected benefit is the value of labor output from work performed by TWC transitional job participants. Additionally, it is possible that taxpayers may place some value on increased employment and reduced welfare that is not easily monetized, but should be considered. While costs for TWC were incurred primarily during the first year of the follow-up period, the program group would not be expected to continue to incur additional costs beyond year 1, but it is possible for financial benefits to continue to accrue into the future (for example, continued lower public assistance payments and increased earnings). However, the trend in impact results does not suggest that TWC's financial benefits will continue beyond the follow-up period in the report.

From the perspective of the TWC group member, TWC had no effect on income, compared with the control group. Increases in earnings were offset by reductions in welfare payments. It is likely that tax credits, such as the Earned Income Tax Credit, offset any increases in tax payments that TWC group members may have incurred from higher earnings. Also from the perspective of the TWC group member, the program had no financial effect in terms of the measures analyzed in this report, but it may have led to increases in work-related expenses that were not accounted for here (for example, child care and transportation).

The STEP program resulted in a net loss from the government budget or taxpayer perspective because the cost to operate the program was substantially higher than the cost of services for the control group, and STEP did not generate impacts on any of the financial outcomes in this evaluation. It will be important to reexamine STEP's cost-effectiveness with longer-term follow-up. It is possible that the impact of STEP's program was not fully realized during the first 18 months of follow-up, especially since STEP was designed to address barriers to employment before helping participants to look for jobs.

Appendix A

Philadelphia 18-Month Survey Response Bias Analysis

This appendix assesses the reliability of the impact results from the 18-month survey. It also examines whether the impacts for the survey respondents can be generalized to the impacts for the research sample. The appendix begins with a description of how the survey sample was selected, followed by a discussion of the response rates for the survey sample and the control group. Next, the three research groups are compared among the survey respondents, and differences between survey respondents and nonrespondents are examined. Finally, the impacts on employment and public assistance are compared across survey samples and the research sample, as calculated using administrative records.

This appendix concludes, with some caution, that the 18-month survey is reliable and that the results for the survey respondent sample can be generalized to the research sample. There were some significant differences between respondents and nonrespondents. However, there were no significant differences in administrative impact estimates among the research sample, fielded sample, and respondent sample, and there were no systematic research group differences in baseline characteristics among the respondents. These results suggest that it is unlikely that the differences between respondents and nonrespondents affected impact estimates.

Survey Sample Selection

As noted in Chapter 1, the *research sample* includes 1,942 sample members who were randomly assigned from October 2004 to May 2006. All members of the research sample who were randomly assigned between January 1, 2005, and February 15, 2006, were included in the *survey-eligible sample* (N = 1,246). The *fielded sample* was then selected from the survey-eligible sample in the following manner: All control group members in the survey-eligible sample were selected (N = 312). Then, 313 Transitional Work Corporation (TWC) group members and 313 Success Through Employment Preparation (STEP) group members were randomly selected from among the survey-eligible sample. In all, 938 individuals — 48 percent of the research sample — were selected to be interviewed. (See Appendix Box A.1.)

Survey Response Rates

Fielded sample members who were interviewed for the 18-month survey are referred to as “survey respondents” or the respondent sample, while fielded sample members who were not interviewed are known as “nonrespondents,” or the nonrespondent sample. A total of 738 sample members, or 79 percent of the fielded sample, completed the survey. Seventy-nine percent (N = 246) of the TWC fielded sample, 77 percent (N = 242) of the STEP fielded sample, and 80 percent (N = 250) of the control group fielded sample completed the survey. These response rates are not significantly different across the research groups.

Appendix Box A.1

Key Samples in the Philadelphia Hard-to-Employ Demonstration

Research sample. All individuals in the study who were randomly assigned from October 2004 through May 2006.

Survey-eligible sample. Members of the research sample who were randomly assigned between January 1, 2005, and February 15, 2006 (N = 1,246).

Fielded sample. Members of the survey-eligible sample who were randomly selected for the field interview (N = 938).

Respondent sample. Members of the fielded sample who completed the client survey (N = 738).

Nonrespondent sample. Members of the fielded sample who were not interviewed because they could not be located, refused to be interviewed, or were excluded for other reasons (N = 200).

Of the nonrespondent sample, 79 percent (157 out of 200) could not be located for the interview.¹ Whenever the response rate is lower than 100 percent, nonresponse bias may occur. Differences may exist between the respondent sample and the larger, fielded sample, owing to differences between sample members who completed the survey and those who did not. Furthermore, the estimates may be biased if the background characteristics differ between research groups.

Comparison of the Research Groups in the Respondent Sample

Random assignment designs minimize potential bias. There is the possibility, however, that the characteristics of each research group differed because of the selective nature of the survey response process. If that is the case, the reliability of impact estimates for the respondent sample may be affected.

Appendix Table A.1 shows baseline characteristics by research group among survey respondents. In general, differences among the three groups are relatively small and not statisti-

¹Other members of the fielded sample were not included in the respondent sample because they were located but did not complete the interview, refused to be interviewed, moved far away, could not complete the interview because of a language barrier, were incapacitated, or were deceased.

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Appendix Table A.1

**Selected Baseline Characteristics of Survey Respondents, by Research Group
Philadelphia Report**

Characteristic	TWC Group	STEP Group	Control Group	Total	Sig.
Average age (years)	29.5	29.7	29.3	29.5	
Race/ethnicity (%)					
Black/non-Hispanic	78.6	85.1	79.4	81.0	
Hispanic ^a	16.9	10.0	15.7	14.2	
White/non-Hispanic	2.1	2.9	2.4	2.5	
Other	2.5	2.1	2.4	2.3	
Has high school diploma or GED certificate (%)	46.4	48.9	40.2	45.2	
Average number of children under 18	2.2	2.2	2.4	2.3	
Has children under 6 years (%)	62.2	62.8	68.0	64.4	
Speaks limited English (%)	2.9	2.1	3.3	2.8	
Lives in public housing (%)	28.1	34.9	33.8	32.3	
TANF receipt (%)					
Never received TANF	7.7	3.3	5.2	5.4	
Less than 1 year	9.3	9.5	8.0	8.9	
1-2 years	14.2	16.1	14.8	15.0	
2-5 years	41.1	47.9	46.8	45.3	
5 years or more	27.6	23.1	25.2	25.3	
Ever employed (%)	88.6	89.7	91.2	89.8	
Time since last employment (%)					
6 months or less	36.2	40.1	43.6	40.0	
7-12 months	13.4	10.7	11.6	11.9	
13-24 months	15.0	16.1	15.2	15.4	
More than 24 months	23.6	21.1	19.6	21.4	
Missing	11.8	12.0	10.0	11.2	
Ever worked 6 or more months for one employer (%)	69.1	65.7	68.0	67.6	
Months employed in last 3 years (%)					**
Did not work	23.2	23.1	18.8	21.7	
Less than 6 months	22.4	18.6	22.4	21.1	
7-12 months	28.9	23.1	20.4	24.1	
13-24 months	14.2	15.7	23.2	17.8	
More than 24 months	8.9	18.2	13.2	13.4	
Sample size	246	242	250	738	

(continued)

Appendix Table A.1 (continued)

SOURCE: Philadelphia Baseline Data Sheet.

NOTES: In order to assess differences in characteristics across research groups, chi-square tests were used for categorical variables and analysis of variance was used for continuous variables. A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels (Sig.) are indicated as follows: *** = 1 percent, ** = 5 percent, and * = 10 percent.

TWC = Transitional Work Corporation.

STEP = Success Through Employment Preparation.

GED = General Educational Development.

TANF = Temporary Assistance for Needy Families.

^aSample member is coded as Hispanic if she/he answered "yes" to Hispanic ethnicity.

cally significant. Only one statistically significant difference, measured by chi-squared tests, was found between research groups: the research groups differed on employment history during the three years prior to random assignment. A test of the joint significance of all baseline variables was conducted by running a regression predicting TWC group status versus control group status and a regression predicting STEP group status versus control group status among survey respondents. In both cases, there was no significant difference between the program group and the control group in baseline characteristics as a whole.

Comparison Between Respondents and Nonrespondents Within the Survey Sample

This section examines whether there are any systematic differences between those who responded to the survey and those who did not. Appendix Table A.2 shows selected baseline characteristics for respondents and nonrespondents. The results show some differences between the two groups. For example, respondents are somewhat older, more likely to be black and less likely to be Hispanic, more likely to be living in public housing, and generally have longer histories of receiving Temporary Assistance for Needy Families (TANF) than do nonrespondents.

A test of the joint significance of all baseline variables was conducted by running a regression predicting survey response that included all baseline variables in the model. The model shows that the baseline coefficients as a group are significantly different from zero, indicating that there are systematic differences between survey respondents and nonrespondents. However, as shown in the following section, analysis of administrative outcomes by respondent group suggests that these differences are not related to impact results.

The Enhanced Services for the Hard-to-Employ Demonstration

Appendix Table A.2

Selected Baseline Characteristics of Survey Respondents and Nonrespondents

Philadelphia Report

Characteristic	Respondent Group	Non-Respondent Group	Total	Sig.
Average age (years)	29.5	28.1	29.2	**
Race/ethnicity (%)				***
Black/non-Hispanic	81.0	66.5	77.9	
Hispanic ^a	14.2	28.5	17.3	
White/non-Hispanic	2.5	3.5	2.7	
Other	2.3	1.5	2.1	
Has high school diploma or GED certificate (%)	45.2	37.9	43.6	*
Average number of children under 18	2.3	2.2	2.3	
Has children under 6 years (%)	64.4	72.0	66.0	**
Speaks limited English (%)	2.8	10.2	4.4	***
Lives in public housing (%)	32.3	18.2	29.3	***
TANF receipt (%)				***
Never received TANF	5.4	12.0	6.8	
Less than 1 year	8.9	14.0	10.0	
1-2 years	15.0	17.0	15.5	
2-5 years	45.3	38.0	43.7	
5 years or more	25.3	19.0	24.0	
Ever employed (%)	89.8	89.0	89.7	
Time since last employment (%)				
6 months or less	40.0	42.5	40.5	
7-12 months	11.9	16.5	12.9	
13-24 months	15.4	14.5	15.2	
More than 24 months	21.4	15.5	20.1	
Missing	11.2	11.0	11.2	
Ever worked 6 or more months for one employer (%)	67.6	61.0	66.2	
Months employed in last 3 years (%)				
Did not work	21.7	21.0	21.5	
Less than 6 months	21.1	25.0	22.0	
7-12 months	24.1	20.5	23.3	
13-24 months	17.8	17.0	17.6	
More than 24 months	13.4	15.5	13.9	
Sample size	738	200	938	

(continued)

Appendix Table A.2 (continued)

SOURCE: Philadelphia Baseline Data Sheet.

NOTES: In order to assess differences in characteristics across research groups, chi-square tests were used for categorical variables and analysis of variance was used for continuous variables. A two-tailed t-test was applied to differences between outcomes for the respondent and nonrespondent groups. Statistical significance levels (Sig.) are indicated as follows: *** = 1 percent, ** = 5 percent, and * = 10 percent.

GED = General Educational Development.

TANF = Temporary Assistance for Needy Families.

^aSample member is coded as Hispanic if she/he answered "yes" to Hispanic ethnicity.

Comparison of the Respondent Sample with the Fielded and Research Samples

This section discusses whether the survey respondents' impacts can be generalized to the fielded sample and the research sample. Consistency of impact findings among the samples is considered to be the best result, suggesting that impacts on measures calculated from survey responses can be generalized to the research sample. Survey results may be considered unreliable because of response bias when impacts for survey respondents that are calculated using administrative data differ in size and direction from results for all other samples. When impacts for the respondent and fielded samples are similar but both sets of impacts differ from those of the research sample (from which the respondent and fielded samples are drawn), a "sampling bias" may exist.

Appendix Table A.3 shows the adjusted means and impacts on employment, earnings, and TANF receipt outcomes for the research sample, fielded sample, and respondent sample. This comparison is useful in assessing whether the patterns of impacts change when using different samples. The table shows that employment impacts do not differ substantially by sample. Among the research, fielded, and respondent samples, there is a significant TWC impact of 16 to 23 percentage points on employment in the follow-up period. For the research sample, TWC significantly increased total earnings. Although there is no significant impact on total earnings among the respondent sample and the fielded sample (possibly because of a smaller sample size), the direction and magnitude of the difference is similar across groups. For all samples, STEP had no impacts on employment or earnings. A separate analysis (not shown) indicates that there are no significant differences in employment impacts between survey respondents and all others in the research sample.

Overall, impacts on public assistance (TANF and food stamps) do not differ substantially by sample. TWC reduced TANF receipt significantly in the six-quarter follow-up period for

the research sample. Although there is no significant impact on this measure for the respondent sample, the direction of the difference for this group is the same. In addition, TWC impacts on TANF payment amounts are significant and in the same direction for all groups. Food stamp results for TWC, and both TANF and food stamp results for STEP, show nearly no significant impacts among all samples (food stamp results not shown in Table A.3). A separate analysis (not shown) indicates that there are few significant differences in public assistance impacts between survey respondents and all others in the research sample, and that these differences do not show a systematic pattern.

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Appendix Table A.3

**Two-Year Impacts on Employment, Earnings, and TANF Receipt for the
Research, Fielded, and Respondent Samples, by Research Group**

Philadelphia Report

Outcome, Q1-Q6 (%)	TWC Group	Control Group	Impact	P-Value ^a	STEP Group	Control Group	Impact	P-Value ^a
Total employment (%)								
Research sample	80.5	57.7	22.7 ***	0.000	60.8	57.7	3.1	0.226
Fielded sample	77.0	60.6	16.5 ***	0.000	58.8	60.6	-1.8	0.620
Respondent sample	76.8	58.5	18.4 ***	0.000	58.2	58.5	-0.2	0.955
Total earnings (\$)								
Research sample	4,941	3,968	973 **	0.014	3,741	3,968	-226	0.569
Fielded sample	4,662	3,916	746	0.175	3,744	3,916	-172	0.754
Respondent sample	4,485	3,905	580	0.319	3,189	3,905	-716	0.219
Number of months received TANF								
Research sample	13.8	14.6	-0.8 ***	0.002	14.4	14.6	-0.2	0.423
Fielded sample	14.1	14.8	-0.7 **	0.047	14.2	14.8	-0.6 *	0.080
Respondent sample	14.3	14.9	-0.6	0.156	14.6	14.9	-0.3	0.418
Amount of TANF received (\$)								
Research sample	5,504	6,094	-589 ***	0.000	6,150	6,094	56	0.667
Fielded sample	5,732	6,213	-482 ***	0.009	6,104	6,213	-109.0	0.549
Respondent sample	5,858	6,277	-419 **	0.043	6,281	6,277	4	0.986

SOURCE: MDRC calculations from the National Directory of New Hires, payroll data from TWC, and public assistance records from the Pennsylvania Department of Public Welfare.

NOTES: Results in this table are weighted by week of random assignment and adjusted for pre-random assignment characteristics.

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

Rounding may cause slight discrepancies in sums and differences.

Sample sizes: research sample = 1,942; fielded sample = 938; respondent sample = 738.

TWC = Transitional Work Corporation.

STEP = Success Through Employment Preparation.

TANF = Temporary Assistance for Needy Families.

^aStandard errors are presented in this report for all impacts with a p-value of 0.000. Following are the standard errors for all TWC impacts with a p-value of 0.000 (presented in the order in which they appear on the table): 2.561, 3.622, 4.113, and 130.734.

Appendix B

Additional Employment Impacts

The Enhanced Services for the Hard-to-Employ Demonstration

Appendix Table B.1

Impacts on Other Employment Outcomes: Transitional Work Corporation

Philadelphia Report

Outcome (%)	TWC Group	Control Group	TWC Impact	P-Value ^a
Average quarterly employment	43.6	28.4	15.2 ***	0.000
Employed four or more consecutive quarters	25.7	16.7	9.1 ***	0.000
Employed all six quarters	8.1	6.6	1.6	0.277
Sample size (total = 1,942)	731	486		

SOURCE: MDRC calculations from National Directory of New Hires data and payroll records from TWC.

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

Rounding may cause slight discrepancies in sums and differences.

TWC = Transitional Work Corporation.

^aStandard errors are presented in this report for all impacts with a p-value of 0.000. Following are standard errors for all TWC impacts with a p-value of 0.000 (presented in the order in which they appear on the table): 1.780 and 2.290.

The Enhanced Services for the Hard-to-Employ Demonstration

Appendix Table B.2

Quarterly Employment, by Enrollment Status: Transitional Work Corporation

Philadelphia Report

Outcome (%)	TWC Enrolled	TWC Not enrolled	TWC Full Sample
<u>Quarter 1</u>			
Not employed	55.3	77.0	63.3
Employed	44.7	23.0	36.7
Worked only in a TWC transitional job	21.3	0.0	13.4
Worked only in an unsubsidized job	17.1	23.0	19.3
Worked in both TWC transitional jobs and unsubsidized jobs	6.3	0.0	4.0
<u>Quarter 2</u>			
Not employed	23.9	73.7	42.3
Employed	76.1	26.3	57.7
Worked only in a TWC transitional job	43.0	0.0	27.1
Worked only in an unsubsidized job	13.9	26.3	18.5
Worked in both TWC transitional jobs and unsubsidized jobs	19.3	0.0	12.2
<u>Quarter 3</u>			
Not employed	43.6	69.3	53.1
Employed	56.4	30.7	46.9
Worked only in a TWC transitional job	19.7	0.0	12.4
Worked only in an unsubsidized job	27.8	30.7	28.9
Worked in both TWC transitional jobs and unsubsidized jobs	8.9	0.0	5.6
<u>Quarter 4</u>			
Not employed	54.9	70.0	60.5
Employed	45.1	30.0	39.5
Worked only in a TWC transitional job	6.5	0.0	4.1
Worked only in an unsubsidized job	34.9	30.0	33.1
Worked in both TWC transitional jobs and unsubsidized jobs	3.7	0.0	2.3

(continued)

Appendix Table B.2 (continued)

Outcome (%)	TWC Enrolled	TWC Not enrolled	TWC Full Sample
Quarter 5			
Not employed	54.7	71.1	60.7
Employed	45.3	28.9	39.3
Worked only in a TWC transitional job	4.6	0.0	2.9
Worked only in an unsubsidized job	39.0	28.9	35.3
Worked in both TWC transitional jobs and unsubsidized jobs	1.7	0.0	1.1
Quarter 6^a			
Not employed	55.1	67.0	59.5
Employed	44.9	33.0	40.5
Worked only in a TWC transitional job	2.8	0.0	1.8
Worked only in an unsubsidized job	41.2	33.0	38.2
Worked in both TWC transitional jobs and unsubsidized jobs	0.9	0.0	0.5
Sample size	461	270	731

SOURCE: MDRC calculations from the National Directory of New Hires and TWC payroll records.

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

TWC = Transitional Work Corporation.

^aData are incomplete for TWC employment and earnings in quarter 6; 11.3 percent of the TWC group is missing data in that quarter.

The Enhanced Services for the Hard-to-Employ Demonstration

Appendix Table B.3

**Impacts on Other Employment Outcomes: Success Through Employment Preparation
Philadelphia Report**

Outcome (%)	STEP Group	Control Group	Impact	P-Value
Average quarterly employment	29.6	28.4	1.2	0.500
Employed four or more consecutive quarters	16.8	16.7	0.1	0.948
Employed all six quarters	5.2	6.6	-1.4	0.344
Sample size (total = 1,942)	725	486		

SOURCE: MDRC calculations from the National Directory of New Hires.

NOTES: A two-tailed t-test was applied to differences between outcomes for the program and control groups. There are no significant differences between the research groups on any measure in this table.

STEP = Success Through Employment Preparation.

Appendix C

Additional Public Assistance Impacts

The Enhanced Services for the Hard-to-Employ Demonstration

Appendix Table C.1

Impacts on Quarterly Public Assistance Receipt: Transitional Work Corporation

Philadelphia Report

Outcome	TWC Group	Control Group	Impact	P-Value ^a
<u>TANF receipt (%)</u>				
Quarter 1 (quarter of random assignment)	98.4	98.1	0.3	0.645
Quarter 2	96.7	96.3	0.4	0.698
Quarter 3	87.4	88.2	-0.9	0.645
Quarter 4	75.8	82.2	-6.4 ***	0.005
Quarter 5	72.6	77.7	-5.1 **	0.034
Quarter 6	67.3	74.5	-7.2 ***	0.005
<u>Average amount of TANF (\$)</u>				
Quarter 1 (quarter of random assignment)	1,070	1,047	22	0.257
Quarter 2	1,096	1,171	-75 ***	0.002
Quarter 3	909	1,075	-166 ***	0.000
Quarter 4	846	989	-143 ***	0.000
Quarter 5	811	944	-133 ***	0.000
Quarter 6	769	870	-101 ***	0.005
<u>Food stamps receipt (%)</u>				
Quarter 1 (quarter of random assignment)	98.6	98.4	0.2	0.746
Quarter 2	97.5	98.1	-0.6	0.466
Quarter 3	95.8	95.9	-0.1	0.900
Quarter 4	91.5	94.2	-2.7 *	0.079
Quarter 5	90.2	92.7	-2.5	0.126
Quarter 6	86.7	89.3	-2.5	0.161
<u>Average amount of food stamps (\$)</u>				
Quarter 1 (quarter of random assignment)	1,007	1,002	4	0.756
Quarter 2	1,055	1,057	-2	0.902
Quarter 3	1,026	1,050	-24	0.255
Quarter 4	985	1,035	-51 **	0.037
Quarter 5	966	1,003	-37	0.153
Quarter 6	947	977	-30	0.265
Sample size (total = 1,217)	731	486		

SOURCE: MDRC calculations from public assistance records from the Pennsylvania Department of Public Welfare.

NOTES: Dollar values include zeroes for sample members who were not receiving TANF or food stamps.

A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent, ** = 5 percent, and * = 10 percent. Results in this table are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

Rounding may cause slight discrepancies in sums and differences.

TWC = Transitional Work Corporation.

TANF = Temporary Assistance for Needy Families.

^aStandard errors are presented in this report for all impacts with a p-value of 0.000. Following are the standard errors for all TWC impacts with a p-value of 0.000 (presented in the order in which they appear on the table): 31.941, 33.968, and 34.427.

The Enhanced Services for the Hard-to-Employ Demonstration

Appendix Table C.2

**Impacts on Quarterly Public Assistance Receipt:
Success Through Employment Preparation**

Philadelphia Report

Outcome	STEP Group	Control Group	Impact	P-Value
<u>TANF receipt (%)</u>				
Quarter 1 (quarter of random assignment)	98.5	98.1	0.4	0.584
Quarter 2	96.7	96.3	0.4	0.682
Quarter 3	88.6	88.2	0.4	0.847
Quarter 4	81.4	82.2	-0.8	0.739
Quarter 5	77.7	77.7	0.0	0.987
Quarter 6	72.2	74.5	-2.3	0.371
<u>Average amount of TANF (\$)</u>				
Quarter 1 (quarter of random assignment)	1,077	1,047	29	0.136
Quarter 2	1,227	1,171	56 **	0.021
Quarter 3	1,107	1,075	31	0.327
Quarter 4	990	989	1	0.967
Quarter 5	910	944	-35	0.316
Quarter 6	841	870	-29	0.425
<u>Food stamps receipt (%)</u>				
Quarter 1 (quarter of random assignment)	98.6	98.4	0.2	0.732
Quarter 2	98.5	98.1	0.4	0.599
Quarter 3	95.5	95.9	-0.4	0.739
Quarter 4	92.0	94.2	-2.1	0.160
Quarter 5	90.1	92.7	-2.6	0.114
Quarter 6	89.1	89.3	-0.1	0.941
<u>Average amount of food stamps (\$)</u>				
Quarter 1 (quarter of random assignment)	1,010	1,002	8	0.584
Quarter 2	1,079	1,057	22	0.200
Quarter 3	1,054	1,050	4	0.842
Quarter 4	1,021	1,035	-14	0.563
Quarter 5	991	1,003	-12	0.631
Quarter 6	964	977	-13	0.632
Sample size (total = 1,211)	725	486		

SOURCE: MDRC calculations from public assistance records from the Pennsylvania Department of Public Welfare.

NOTES: Dollar values include zeroes for sample members who were not receiving TANF or food stamps.

A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent, ** = 5 percent, and * = 10 percent. Results in this table are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

Rounding may cause slight discrepancies in sums and differences.

STEP = Success Through Employment Preparation.

TANF = Temporary Assistance for Needy Families.

Appendix D

**Impacts of the Transitional Work Corporation Program
on Sanctions**

This appendix begins by presenting the impacts of the Transitional Work Corporation (TWC) program on sanctions for noncompliance with the Temporary Assistance for Needy Families (TANF) Employment and Training Program (ETP) participation requirements. An examination follows of whether TWC impacts on public assistance, as reported in Chapter 5, may be attributable to sanctioning. The analysis uses administrative data from the Pennsylvania Department of Public Welfare (DPW). The appendix concludes that although TWC did have impacts on sanctions, the program's public assistance impacts are not driven primarily by sanctioning. With no sanctions, TWC's impacts on public assistance would most likely have been more modest than, but not substantially different from, those reported in Chapter 5.

Only a small proportion of the total Hard-to-Employ Philadelphia sample was sanctioned; 7 percent of sample members were ever sanctioned during quarters 1 through 6 because of noncompliance with TANF ETP requirements.¹ Sanctioning rates for Pennsylvania were low overall during the study period as a result of the "Sanction Prevention Policy" issued by DPW in May 2004. As of March 2005, 3 percent of the Pennsylvania DPW caseload was in sanction status.²

The top panel of Table D.1 shows TWC's impacts on sanctions. Throughout the follow-up period, TWC participants were significantly more likely to be sanctioned than were control group members. During the six-quarter period, 9 percent of TWC participants were sanctioned for nonparticipation compared with 4 percent of control group members.³ In Pennsylvania, sanctions result in either a reduction or termination of benefits. For those who have received TANF for less than 24 months, a sanction results in the loss of the adult portion, though not the child portion, of their TANF grant. For those who have received TANF for more than 24 months, a sanction results in the complete termination of their TANF grant.⁴ Since sanctions may lead to the reduction or termination of benefits, TWC's impacts on TANF may be attributable in part to TWC's impacts on sanctioning.

However, further analysis suggests that TWC impacts on TANF were not driven by sanctions. The bottom two panels of Table D.1 show estimated impacts of TWC on TANF outcomes, with adjustments for sanctioning. These adjustments produce an estimate of TANF receipt and TANF amounts as they would have been had no one in the sample been sanctioned.

¹TANF recipients may also be sanctioned for noncompliance with other TANF rules, such as child support requirements. See Pennsylvania Department of Public Welfare (2008). Only sanctions related to ETP are included in this analysis.

²Seith, Rich, and Richburg-Hayes (2007).

³In theory, control group members should not have been sanctioned at all since they were not subject to participation mandates. However, administrative data suggest that some control group members may have been required to participate during the follow-up period, which may explain why some of them were sanctioned. This issue is discussed in detail in Chapter 3.

⁴Seith, Rich, and Richburg-Hayes (2007).

The Enhanced Services for the Hard-to-Employ Demonstration
Appendix Table D.1
18-Month Impacts on Quarterly Public Assistance Sanctions:
Transitional Work Corporation
Philadelphia Report

Outcome	TWC Group	Control Group	Impact	P-Value ^a
<u>Ever sanctioned^b (%)</u>				
Quarter 1 (quarter of random assignment)	2.2	1.6	0.7	0.130
Quarter 2	1.2	0.0	1.2 ***	0.007
Quarter 3	2.4	0.3	2.1 ***	0.003
Quarter 4	3.4	0.3	3.1 ***	0.000
Quarter 5	3.8	1.6	2.2 **	0.021
Quarter 6	4.4	1.5	2.9 ***	0.008
Sanctioned year 1 (Q1-4) (%)	5.8	2.1	3.7 ***	0.000
Sanctioned Q1-Q6 (%)	8.7	3.7	5.0 ***	0.000
<u>Ever received TANF, adjusted for sanctions^c (%)</u>				
Quarter 1 (quarter of random assignment)	98.5	98.1	0.5	0.523
Quarter 2	96.7	96.3	0.4	0.698
Quarter 3	88.1	88.3	-0.2	0.926
Quarter 4	77.1	82.1	-5.0 **	0.027
Quarter 5	73.9	77.7	-3.9	0.109
Quarter 6	68.8	74.5	-5.7 **	0.025
Received TANF (adjusted for sanctions), Q1-Q6 (%)	99.4	99.2	0.2	0.740
Number of months received TANF (adjusted for sanctions), Q1-Q	14.0	14.6	-0.6 **	0.019
<u>Average amount of TANF, adjusted for sanctions^d (\$)</u>				
Quarter 1 (quarter of random assignment)	1,079	1,053	26	0.186
Quarter 2	1,101	1,171	-70 ***	0.004
Quarter 3	922	1,076	-154 ***	0.000
Quarter 4	866	989	-124 ***	0.000
Quarter 5	835	948	-114 ***	0.001
Quarter 6	800	873	-73 **	0.044
Total TANF, Q1-Q6	5,602	6,111	-509 ***	0.000
Average quarterly TANF receipt, Q1-Q6	934	1,018	-85 ***	0.000
Sample size (total = 1,217)	731	486		

(continued)

Appendix Table D.1 (continued)

SOURCE: MDRC calculations from public assistance records from the Pennsylvania Department of Public Welfare.

NOTES: Dollar values include zeroes for sample members who were not receiving TANF or food stamps.

A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent, ** = 5 percent, and * = 10 percent. Results in this table are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

Rounding may cause slight discrepancies in sums and differences.

TWC = Transitional Work Corporation.

TANF = Temporary Assistance for Needy Families.

^aStandard errors are presented in this report for all impacts with a p-value of 0.000. Following are the standard errors for all TWC impacts with a p-value of 0.000 (presented in the order in which they appear in the table): 0.810, 0.969, 1.350, 31.792, 33.938, 131.254, and 21.876.

^bAnalysis includes ETP (Employment and Training Programs) sanctions only. These refer to sanctions related to TANF work and training participation requirements.

^cTANF receipt measures are adjusted for sanctions by setting TANF measures to 1.0 for all months in which a participant either received TANF or was sanctioned.

^dTANF amounts are adjusted for sanction by setting the amount received for months in which a participant was sanctioned to the amount received in the most recent month prior to sanctioning.

To make these adjustments for TANF receipt, the analysis assumes that all those who were sanctioned in a given month would otherwise have received TANF in that month. For TANF amounts, the analysis assumes that for each month in which a sample member was sanctioned, she would otherwise have received the amount she had received in the last month prior to being sanctioned. For example, if a sample member received TANF in month 9 and was sanctioned in months 10 to 12, the analysis assumes that in months 10 to 12, she would have received TANF in the same amount per month that she received in month 9.

Using these adjusted estimates, the results suggest that with no sanctioning, the impacts on TANF receipt and amounts would be more modest. For example, using the actual TANF receipt amounts (not shown in Table D.1), TWC participants received \$596 less, on average, than control group members during the six-quarter follow-up period. Using the sanction-adjusted estimates, this impact is reduced to \$509. However, the overall pattern of TANF impacts using sanction-adjusted data is not substantially different from the pattern that was found with the actual rates of sanctioning, suggesting that the TWC impacts on TANF are not driven by impacts on sanctioning.

Appendix E
Subgroup Impacts

The Enhanced Services for the Hard-to-Employ Demonstration

Appendix Table E.1

Impacts on Employment and Public Assistance Receipt, by Level of Disadvantage: Transitional Work Corporation

Philadelphia Report

Outcome (Q1-Q6)	Highly Disadvantaged				Less Disadvantaged				Difference Between Subgroup Impacts
	TWC Group	Control Group	Impact	P-Value ^a	TWC Group	Control Group	Impact	P-Value ^a	
Employment and earnings									
Ever employed (%)	75.6	44.6	31.0 ***	0.000	85.5	67.8	17.6 ***	0.000	++
Ever employed in a TWC transitional job	48.3	1.0	47.4 ***	0.000	52.2	0.0	52.1 ***	0.000	
Ever employed in an unsubsidized job	63.0	44.1	18.9 ***	0.000	72.0	67.5	4.5	0.211	+++
Total earnings (\$)	3,803	2,661	1,142 **	0.020	6,012	4,895	1,118 *	0.071	
Total earnings from TWC transitional job	454	2	453 ***	0.000	484	-3	486 ***	0.000	
Total earnings from unsubsidized employment	3,349	2,659	689	0.158	5,529	4,897	631	0.307	
Public assistance									
Received TANF (%)	100.0	99.8	0.2	0.622	98.7	98.8	-0.2	0.842	
Number of months received TANF	14.7	15.6	-1.0 ***	0.005	13.0	13.7	-0.6 *	0.095	
Total TANF (\$)	6,118	6,733	-614 ***	0.001	4,976	5,557	-581 ***	0.002	
Received food stamps (%)	99.8	99.2	0.6	0.393	99.0	99.3	-0.3	0.725	
Number of months received food stamps	16.8	16.9	0.0	0.895	15.4	15.8	-0.4	0.193	
Total food stamps (\$)	6,493	6,503	-10	0.940	5,575	5,757	-182	0.229	
Sample size (total = 1,196)	327	218			394	257			

(continued)

Appendix Table E.1 (continued)

SOURCE: MDRC calculations from public assistance records from the Pennsylvania Department of Public Welfare. Employment and earnings data from the National Directory of New Hires and TWC payroll records.

NOTES: The highly disadvantaged are sample members who, at the time of random assignment, had received at least two years of TANF in their lifetime and had worked one year or less in the past three years. The less disadvantaged are defined as sample members who are not highly disadvantaged.

A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent, ** = 5 percent, and * = 10 percent. Results in this table are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

The H-statistic was used to test for statistically significant differences in impact estimates across different subgroups. Statistical significance levels are indicated as follows: ††† = 1 percent; †† = 5 percent; † = 10 percent.

Rounding may cause slight discrepancies in sums and differences.

Dollar values include zeroes for sample members who had no income, were not employed, or were not receiving child support or public assistance.

TWC = Transitional Work Corporation.

TANF = Temporary Assistance for Needy Families.

^aStandard errors are presented in this report for all impacts with a p-value of 0.000. Following are the standard errors for all TWC impacts with a p-value of 0.000 (presented in the order in which they appear on the table and beginning with the "Highly Disadvantaged" subgroup): 4.051, 2.786, 4.171, 41.911, 3.372, 2.498, and 39.406.

The Enhanced Services for the Hard-to-Employ Demonstration

Appendix Table E.2

Quarterly Impacts on Employment and Earnings, by Level of Disadvantage: Transitional Work Corporation

Philadelphia Report

Outcome	Highly Disadvantaged				Less Disadvantaged				Difference Between Subgroup Impacts
	TWC Group	Control Group	Impact	P-Value ^a	TWC Group	Control Group	Impact	P-Value ^a	
Employment (%)									
Unsubsidized employment									
Quarter 1 (quarter of random assignment)	20.3	14.6	5.7 *	0.064	26.8	28.9	-2.1	0.535	†
Quarter 2	26.2	14.0	12.2 ***	0.000	35.2	26.9	8.4 **	0.022	
Quarter 3	29.2	21.4	7.8 **	0.039	39.9	32.1	7.8 **	0.038	
Quarter 4	31.1	23.5	7.6 *	0.053	39.7	36.1	3.6	0.341	
Quarter 5	33.0	22.9	10.2 ***	0.010	40.2	37.1	3.2	0.419	
Quarter 6	34.5	28.4	6.1	0.130	42.7	42.8	-0.1	0.979	
Ever employed in an unsubsidized job (Q1-Q6)	63.0	44.1	18.9 ***	0.000	72.0	67.5	4.5	0.211	†††
Total employment ^b									
Quarter 1 (quarter of random assignment)	31.8	14.0	17.8 ***	0.000	41.8	29.4	12.5 ***	0.001	
Quarter 2	52.7	15.2	37.5 ***	0.000	62.4	26.8	35.7 ***	0.000	
Quarter 3	42.9	21.3	21.7 ***	0.000	51.5	31.9	19.6 ***	0.000	
Quarter 4	35.4	23.5	12.0 ***	0.003	43.8	36.0	7.9 **	0.041	
Quarter 5	37.3	22.7	14.6 ***	0.000	42.0	37.0	5.0	0.201	†
Quarter 6	36.5	28.3	8.1 **	0.046	44.5	42.8	1.7	0.660	
Ever employed (Q1-Q6)	75.6	44.6	31.0 ***	0.000	85.5	67.8	17.6 ***	0.000	††
Sample size (total = 1,196)	327	218			394	257			

(continued)

Appendix Table E.2 (continued)

Outcome	Highly Disadvantaged				Less Disadvantaged				Difference Between Subgroup Impacts
	TWC Group	Control Group	Impact	P-Value ^a	TWC Group	Control Group	Impact	P-Value ^a	
Earnings (\$)									
Earnings from unsubsidized employment									
Quarter 1 (quarter of random assignment)	246	187	59	0.377	453	389	64	0.595	
Quarter 2	388	280	108	0.230	571	646	-75	0.513	
Quarter 3	577	445	132	0.218	913	806	107	0.421	
Quarter 4	617	532	85	0.416	1,191	982	209	0.172	
Quarter 5	774	520	254 *	0.052	1,134	1,009	126	0.409	
Quarter 6	747	696	51	0.706	1,267	1,066	201	0.214	
Total earnings from unsubsidized employment (Q1-Q6)	3,349	2,659	689	0.158	5,529	4,897	631	0.307	
Total earnings ^b									
Quarter 1 (quarter of random assignment)	289	186	103	0.124	514	391	123	0.310	
Quarter 2	614	286	328 ***	0.000	823	646	177	0.122	
Quarter 3	689	444	245 **	0.023	1,029	804	226 *	0.089	
Quarter 4	648	530	118	0.261	1,217	982	235	0.124	
Quarter 5	798	520	278 **	0.033	1,152	1,007	145	0.339	
Quarter 6	766	695	70	0.608	1,277	1,065	212	0.189	
Total earnings (Q1-Q6)	3,803	2,661	1,142 **	0.020	6,012	4,895	1,118 *	0.071	
Sample size (total = 1,196)	327	218			394	257			

(continued)

Appendix Table E.2 (continued)

SOURCE: Employment and earnings data from the National Directory of New Hires.

NOTES: The highly disadvantaged are sample members who, at the time of random assignment, had received at least two years of TANF in their lifetime and had worked one year or less in the past three years. The less disadvantaged are defined as sample members who are not highly disadvantaged.

A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent, ** = 5 percent, and * = 10 percent. Results in this table are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

The H-statistic was used to test for statistically significant differences in impact estimates across different subgroups. Statistical significance levels are indicated as follows: ††† = 1 percent; †† = 5 percent; † = 10 percent.

Rounding may cause slight discrepancies in sums and differences.

Dollar values include zeroes for sample members were not employed.

TWC = Transitional Work Corporation.

TANF = Temporary Assistance for Needy Families.

^aStandard errors are presented in this report for all impacts with a p-value of 0.000. Following are the standard errors for all TWC impacts with a p-value of 0.000 (presented in the order in which they appear on the table and beginning with the "Highly Disadvantaged" subgroup): 3.492, 4.171, 3.360, 3.761, 3.907, 3.975, 4.051, 90.818, 3.713, 3.851, and 3.372.

^bTotal employment and total earnings include both TWC transitional jobs and unsubsidized employment.

The Enhanced Services for the Hard-to-Employ Demonstration

Appendix Table E.3

Impacts on Employment and Public Assistance Receipt, by Educational Attainment: Transitional Work Corporation
Philadelphia Report

Outcome (Q1-Q6)	No High School Diploma / No GED				High School Diploma / GED				Difference Between Subgroup Impacts
	TWC Group	Control Group	Impact	P-Value ^a	TWC Group	Control Group	Impact	P-Value ^a	
<u>Employment and earnings outcomes</u>									
Ever employed (%)	77.0	51.8	25.2 ***	0.000	86.1	66.0	20.2 ***	0.000	
Ever employed in TWC job	47.0	0.7	46.3 ***	0.000	54.6	1.1	53.5 ***	0.000	†
Ever employed in an unsubsidized job	63.9	51.5	12.4 ***	0.001	72.5	65.8	6.7	0.104	
Total earnings (\$)	3,730	2,723	1,007 **	0.021	6,614	5,552	1,062	0.161	
Total earnings from TWC	414	3	410 ***	0.000	525	1	524 ***	0.000	†
Total earnings from unsubsidized employment	3,316	2,720	596	0.169	6,089	5,551	538	0.477	
<u>Public assistance</u>									
Received TANF (%)	99.3	98.8	0.5	0.480	99.4	99.5	-0.1	0.846	
Number of months received TANF	14.2	14.9	-0.7 **	0.023	13.1	14.3	-1.1 ***	0.008	
Total TANF (\$)	5,877	6,319	-442 **	0.015	4,952	5,958	-1,006 ***	0.000	††
Received food stamps (%)	98.9	98.8	0.1	0.898	99.7	100.3	-0.6	0.315	
Number of months received food stamps	16.1	16.3	-0.3	0.298	16.0	16.3	-0.3	0.230	
Total food stamps (\$)	6,252	6,272	-21	0.885	5,618	5,993	-374.6 **	0.016	†
Sample size (total = 1,184)	393	284			320	187			

(continued)

Appendix Table E.3 (continued)

SOURCE: MDRC calculations from public assistance records from the Pennsylvania Department of Public Welfare. Employment and earnings data from the National Directory of New Hires and TWC payroll records.

NOTES: A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent, ** = 5 percent, and * = 10 percent. Results in this table are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

The H-statistic was used to test for statistically significant differences in impact estimates across different subgroups. Statistical significance levels are indicated as follows: ††† = 1 percent; †† = 5 percent; † = 10 percent.

Rounding may cause slight discrepancies in sums and differences.

Dollar values include zeroes for sample members who had no income, were not employed, or were not receiving child support or public assistance.

TWC = Transitional Work Corporation.

TANF = Temporary Assistance for Needy Families.

GED = General Educational Development.

*Standard errors are presented in this report for all impacts with a p-value of 0.000. Following are the standard errors for all TWC impacts with a p-value of 0.000 (presented in the order in which they appear on the table and beginning with the "No High School Diploma" subgroup): 3.583, 2.443, 35.703, 3.844, 2.914, 46.693, and 205.094.

The Enhanced Services for the Hard-to-Employ Demonstration

Appendix Table E.4

Impacts on Employment and Public Assistance Receipt, by Random Assignment Cohort:
Transitional Work Corporation

Philadelphia Report

Outcome (Q1-Q6)	Early Cohort ^a				Late Cohort ^b				Difference Between Subgroup Impacts
	TWC Group	Control Group	Impact	P-Value ^c	TWC Group	Control Group	Impact	P-Value ^c	
<u>Employment and earnings</u>									
Ever employed (%)	77.8	56.6	21.3 ***	0.000	83.4	59.1	24.2 ***	0.000	
Ever employed in a TWC transitional job	49.7	1.0	48.7 ***	0.000	51.3	0.3	51.0 ***	0.000	
Ever employed in an unsubsidized job	62.7	56.2	6.5 *	0.091	72.1	59.2	12.9 ***	0.001	
Total earnings (\$)	4,727	3,145	1,582 ***	0.003	5,152	4,970	182	0.764	†
Total earnings from TWC transitional job	539	4	536 ***	0.000	399	0	399 ***	0.000	††
Total earnings from unsubsidized employment	4,188	3,142	1,046 **	0.049	4,753	4,970	-217	0.719	
<u>Public assistance</u>									
Received TANF (%)	99.4	99.7	-0.3	0.627	99.0	98.8	0.2	0.808	
Number of months received TANF	14.3	15.0	-0.6 *	0.058	13.3	14.1	-0.8 **	0.039	
Total TANF (\$)	5,790	6,375	-585 ***	0.002	5,212	5,807	-595 ***	0.002	
Received food stamps (%)	99.2	98.7	0.5	0.547	99.6	100.0	-0.4	0.497	
Number of months received food stamps	16.3	16.3	0.0	0.956	15.8	16.4	-0.6 **	0.029	
Total food stamps (\$)	6,112	6,175	-63	0.669	5,871	6,080	-209	0.145	
Sample size (total = 1,217)	379	254			352	232			

(continued)

Appendix Table E.4 (continued)

SOURCE: MDRC calculations from employment and earnings data from the National Directory of New Hires and TWC payroll records. Public assistance records from the Pennsylvania Department of Public Welfare.

NOTES: A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent, ** = 5 percent, and * = 10 percent. Results in this table are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

The H-statistic was used to test for statistically significant differences in impact estimates across different subgroups. Statistical significance levels are indicated as follows: ††† = 1 percent; †† = 5 percent; † = 10 percent.

Rounding may cause slight discrepancies in sums and differences.

Dollar values include zeroes for sample members who had no income, were not employed, or were not receiving child support or public assistance.

TWC = Transitional Work Corporation.

TANF = Temporary Assistance for Needy Families.

^a"Early cohort" refers to all those assigned prior to July 2005.

^b"Late cohort" refers to all those assigned after July 2005.

^cStandard errors are presented in this report for all impacts with a p-value of 0.000. Following are the standard errors for all TWC impacts with a p-value of 0.000 (presented in the order in which they appear on the table and beginning with the "Early Cohort" subgroup): 3.693, 2.536, 43.168, 3.620, 2.683, and 35.853.

The Enhanced Services for the Hard-to-Employ Demonstration
Appendix Table E.5
Impacts on Employment and Public Assistance Receipt, by Level of Disadvantage:
Success Through Employment Preparation
Philadelphia Report

Outcome (Q1-Q6)	Highly Disadvantaged				Less Disadvantaged				Difference Between Subgroup Impacts
	STEP Group	Control Group	Impact	P-Value	STEP Group	Control Group	Impact	P-Value	
<u>Employment and earnings</u>									
Ever employed (%)	51.6	44.6	7.0 *	0.084	69.1	67.8	1.2	0.717	
Total earnings (\$)	2,220	2,661	-442	0.368	4,989	4,895	95	0.877	
<u>Public assistance</u>									
Received TANF (%)	99.6	99.8	-0.2	0.636	98.8	98.8	0.0	0.977	
Number of months received TANF	15.2	15.6	-0.5	0.185	13.6	13.7	0.0	0.933	
Total TANF (\$)	6,708	6,733	-25	0.897	5,711	5,557	154	0.413	
Received food stamps (%)	99.2	99.2	0.0	0.977	99.2	99.3	-0.1	0.895	
Number of months received food stamps	16.8	16.9	-0.1	0.789	15.8	15.8	-0.1	0.841	
Total food stamps (\$)	6,552	6,503	49	0.720	5,790	5,757	33	0.826	
Sample size (total = 1,192)	319	218			398	257			

SOURCE: MDRC calculations from public assistance records from the Pennsylvania Department of Public Welfare. Employment and earnings data from the National Directory of New Hires.

NOTES: The highly disadvantaged are sample members who, at the time of random assignment, had received at least two years of TANF in their lifetime and had worked one year or less in the past three years. The less disadvantaged are defined as sample members who are not highly disadvantaged.

A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent, ** = 5 percent, and * = 10 percent. Results in this table are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

The H-statistic was used to test for statistically significant differences in impact estimates across different subgroups. There are no significant differences between the subgroups on any measures in this table.

Rounding may cause slight discrepancies in sums and differences.

Dollar values include zeroes for sample members who had no income, were not employed, or were not receiving public assistance.

STEP = Success Through Employment Preparation.

TANF = Temporary Assistance for Needy Families.

The Enhanced Services for the Hard-to-Employ Demonstration
Appendix Table E.6
Impacts on Employment and Public Assistance Receipt, by Educational Attainment:
Success Through Employment Preparation
Philadelphia Report

Outcome (Q1-Q6)	No High School Diploma / No GED				High School Diploma / GED				Difference Between Subgroup Impacts
	STEP Group	Control Group	Impact	P-Value	STEP Group	Control Group	Impact	P-Value	
<u>Employment and earnings</u>									
Ever employed (%)	52.9	51.8	1.1	0.761	70.6	66.0	4.6	0.228	
Total earnings (\$)	2,818	2,723	95	0.828	5,010	5,552	-542	0.469	
<u>Public assistance</u>									
Received TANF (%)	99.0	98.8	0.2	0.773	99.6	99.5	0.1	0.848	
Number of months received TANF	14.8	14.9	-0.1	0.719	13.7	14.3	-0.5	0.195	
Total TANF (\$)	6,542	6,319	223	0.220	5,636	5,958	-322	0.111	++
Received food stamps (%)	99.1	98.8	0.3	0.754	99.2	100.3	-1.0 *	0.063	
Number of months received food stamps	16.4	16.3	0.0	0.848	16.0	16.3	-0.3	0.259	
Total food stamps (\$)	6,358	6,272	86	0.549	5,818	5,993	-175	0.250	
Sample size (total = 1,184)	380	284			333	187			

SOURCE: MDRC calculations from public assistance records from the Pennsylvania Department of Public Welfare. Employment and earnings data from the National Directory of New Hires.

NOTES: Dollar values include zeroes for sample members who had no income, were not employed, or were not receiving child support or public assistance.

A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent, ** = 5 percent, and * = 10 percent. Results in this table are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

The H-statistic was used to test for statistically significant differences in impact estimates across different subgroups. Statistical significance levels are indicated as follows: ††† = 1 percent; †† = 5 percent; † = 10 percent.

Rounding may cause slight discrepancies in sums and differences.

STEP = Success Through Employment Preparation.

TANF = Temporary Assistance for Needy Families.

GED = General Educational Development.

The Enhanced Services for the Hard-to-Employ Demonstration

Appendix Table E.7

**Impacts on Employment and Public Assistance Receipt, by Random Assignment Cohort:
Success Through Employment Preparation**

Philadelphia Report

Outcome (Q1-Q6)	Early Cohort				Late Cohort				Difference Between Subgroup Impacts
	STEP Group	Control Group	Impact	P-Value	STEP Group	Control Group	Impact	P-Value	
<u>Employment and earnings outcomes</u>									
Ever employed (%)	55.0	56.6	-1.6	0.657	67.1	59.1	7.9 **	0.029	†
Total earnings (\$)	3,285	3,145	140	0.791	4,186	4,970	-784	0.198	
<u>Public assistance</u>									
Received TANF (%)	99.8	99.7	0.1	0.869	98.6	98.8	-0.2	0.811	
Number of months received TANF	14.5	15.0	-0.4	0.207	14.1	14.1	0.0	0.968	
Total TANF (\$)	6,375	6,375	0	0.999	5,877	5,807	70.1	0.717	
Received food stamps (%)	99.1	98.7	0.4	0.618	99.2	100.0	-0.8	0.158	
Number of months received food stamps	16.0	16.3	-0.3	0.276	16.4	16.4	0.0	0.874	
Total food stamps (\$)	5,996	6,175	-179	0.220	6,222	6,080	142	0.323	
Sample size (total = 1,211)	377	254			348	232			

SOURCE: MDRC calculations from employment and earnings data from the National Directory of New Hires and public assistance records from the Pennsylvania Department of Public Welfare.

NOTES: A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent, ** = 5 percent, and * = 10 percent. Results in this table are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

The H-statistic was used to test for statistically significant differences in impact estimates across different subgroups. Statistical significance levels are indicated as follows: ††† = 1 percent; †† = 5 percent; † = 10 percent.

Rounding may cause slight discrepancies in sums and differences.

Dollar values include zeroes for sample members who had no income, were not employed, or were not receiving child support or public assistance.

STEP = Success Through Employment Preparation.

TANF = Temporary Assistance for Needy Families.

^a"Early cohort" refers to all those assigned prior to July 2005.

^b"Late cohort" refers to all those assigned after July 2005.

Appendix F

Additional Impacts of the Two Service Models

The Enhanced Services for the Hard-to-Employ Demonstration
Appendix Table F.1
Impacts on Employment and Public Assistance Outcomes, by Research Group
Philadelphia Report

Outcome (Q1-Q6)	TWC Group	STEP Group	Control Group	TWC Impact	vs. P-value ^a	Control	STEP Impact	vs. P-value ^a	Control	TWC Impact	vs. P-value ^a	STEP
<u>Employment and earnings</u>												
Employed (%)	80.5	60.8	57.74	22.7	***	0.000	3.1	0.226		19.5	***	0.000
Total earnings (\$)	4,941	3,741	3,968	973	**	0.014	-226	0.569		1,172	***	0.001
<u>Public assistance</u>												
Received TANF (%)	99.3	99.2	99.2	0.0		0.937	-0.1	0.872		0.1		0.789
Number of months received TANF	13.8	14.4	14.6	-0.8	***	0.002	-0.2	0.410		-0.6	**	0.010
Total TANF (\$)	5,500	6,152	6,097	-596	***	0.000	55.0	0.674		-651	***	0.000
Received food stamps (%)	99.3	99.2	99.4	-0.1		0.845	-0.2	0.627		0.1		0.747
Number of months received food stamps	16.1	16.2	16.3	-0.3		0.112	-0.1	0.517		-0.2		0.294
Total food stamps (\$)	5,985	6,119	6,124	-139		0.169	-5.3	0.958		-134		0.141
Sample size (total = 1,942)	731	725	486									

SOURCE: MDRC calculations from employment data from the National Directory of New Hires and public assistance records from the Pennsylvania Department of Public Welfare.

NOTES: Dollar values include zeroes for sample members who had no income, were not employed, or were not receiving child support or public assistance.

A two-tailed t-test was applied to differences between outcomes for the program and control groups. Statistical significance levels are indicated as follows: *** = 1 percent, ** = 5 percent, and * = 10 percent. Results in this table are regression-adjusted using ordinary least squares, controlling for pre-random assignment characteristics.

Rounding may cause slight discrepancies in sums and differences.

TWC = Transitional Work Corporation.

STEP = Success Through Employment Preparation.

TANF = Temporary Assistance for Needy Families.

^aStandard errors are presented in this report for all impacts with a p-value of 0.000. Following are the standard errors for all impacts with a p-value of 0.000 (presented in the order in which they appear on the table): 2.561, 130.734, 2.239, and 117.547.

References

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The Power of Work

The Center for Employment Opportunities Comprehensive Prisoner Reentry Program

2006. The Center for Employment Opportunities and MDRC.

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MDRC is a nonprofit, nonpartisan social and education policy research organization dedicated to learning what works to improve the well-being of low-income people. Through its research and the active communication of its findings, MDRC seeks to enhance the effectiveness of social and education policies and programs.

Founded in 1974 and located in New York City and Oakland, California, MDRC is best known for mounting rigorous, large-scale, real-world tests of new and existing policies and programs. Its projects are a mix of demonstrations (field tests of promising new program approaches) and evaluations of ongoing government and community initiatives. MDRC's staff bring an unusual combination of research and organizational experience to their work, providing expertise on the latest in qualitative and quantitative methods and on program design, development, implementation, and management. MDRC seeks to learn not just whether a program is effective but also how and why the program's effects occur. In addition, it tries to place each project's findings in the broader context of related research — in order to build knowledge about what works across the social and education policy fields. MDRC's findings, lessons, and best practices are proactively shared with a broad audience in the policy and practitioner community as well as with the general public and the media.

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- Improving Public Education
- Raising Academic Achievement and Persistence in College
- Supporting Low-Wage Workers and Communities
- Overcoming Barriers to Employment

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